

REPORT ^{Rahadur} OF THE INDIAN BAR COMMITTEE.

—Introductory.

1. The Indian Bar Committee was constituted by the Government of India Home Department resolution No. F.-591—23-judicial, dated the 7th November 1923. By this resolution the committee was required to examine and report on—

- (1) the proposals made from time to time for constituting an Indian Bar, whether on an All-India or Provincial basis, with particular reference to the constitution, statutory recognition, functions and authority of a Bar Council, or Bar Councils, and their position *vis-a-vis* High Courts;
- (2) the extent to which it may be desirable to remove existing distinctions enforced by statute or practice between Barristers and Vakils; and to make recommendations.

The constitution of the Committee was as follows:—

President.

Sir E. M. des C. Chamier, Kt., Barrister-at-Law, Legal Adviser and Solicitor to the Secretary of State, and late Chief Justice of the High Court of Judicature at Patna.

Members.

- (1) The Hon'ble Mr. Justice V. M. Goutts Trotter, Barrister-at-Law, Judge of the High Court, Madras.
- (2) The Hon'ble Mr. Justice Dinshah Fardunji Mulla, LL.B., Additional Judge of the High Court, Bombay.
- (3) Mr. S. R. Das, Barrister-at-Law, Advocate General, Bengal.
- (4) Mr. H. P. Duval, I.C.S., Secretary to the Government of Bengal, and Superintendent and Remembrancer of Legal Affairs, Bengal.
- (5) Colonel Sir Henry Stanyon, Kt., C.I.E., V.D., Barrister-at-Law.
- (6) Rao Bahadur Tiruvenkata Rangachariar, Vakil, High Court, Madras.
- (7) Mr. Sitaram Sunderrao Patkar, LL.B., Government Pleader, Bombay.
- (8) Mr. M. M. Chatterji, President of the Incorporated Sons who Society, Calcutta.

Mr. J. H. Wise, I.C.S., *Secretary.*

Shortly after the issue of the Government of India, in their Home Department resolution No. F.-591—23-Judicial, dated the 17th November 1923 appointed Rai Bahadur Babu Lalit Mohan Banarji, M.A., LL.B., Government Advocate, Allahabad, to be a member of the Committee in his place.

2. The President arrived in Delhi on the 18th November 1923. In order to save time and to enable the Committee, which was to assemble in Bombay on the 23rd November, to embark on its enquiry with the least possible delay, he decided to draw up and issue a questionnaire which would define, however widely, the lines which the enquiry would follow. The questionnaire was purposely designed to cover as wide a field as possible. Previous proposals for the creation of an Indian Bar had been embodied in a resolution moved by Munshi Iswar Saran in the Legislative Assembly on the 24th February 1921. These proposals were submitted to the criticisms of associations and individuals throughout India, and the opinions expressed on them proved the wide divergence of the views held and of their implications. The object of the questionnaire was, by eliciting opinions on particular aspects of the question, to provide a basis for oral enquiry and enable the Committee to focus its attention on particular points which seemed to require further elucidation. The questionnaire was necessarily issued without the concurrence of the Committee, but at its first meeting in Bombay on the 24th November 1923 the Committee formally approved the action taken.

3. We assembled in Bombay on the 23rd November 1923, and at preliminary meetings discussed the itinerary which should be followed, the evidence which should be invited and generally the manner in which the enquiry should be conducted. It was provisionally decided that, after concluding our sittings in Bombay, we should visit Madras, Calcutta and Allahabad, and then conclude our tour in Delhi. Witnesses from the headquarters of other Chartered High Courts were to be invited to meet the Committee at whichever centre was the most convenient for them, those from Rangoon being invited to come to Calcutta, those from Patna to Calcutta or Allahabad, and those from Lahore to Delhi. Subsequent events necessitated a modification of this programme. It was found impossible to obtain the presence of witnesses from Rangoon in Calcutta, and improbable that we should have the views of the Lahore High Court and Bar adequately represented in Delhi. In both places the Bar seemed to us to present peculiar difficulties which required investigation. On the other hand if we were to visit Rangoon our programme would have been so far from being protracted to an extent which we thought

undesirable. We therefore decided that Mr. Justice Coutts Trotter and Dewan Bahadur T. Rangachariar should, on the conclusion of our meetings in Calcutta, hear evidence in Rangoon, while the rest of the Committee went to Allahabad and Lahore. This programme was adhered to, and the Committee reassembled in Delhi on the 14th January.

4. We also gave consideration to the question of visiting the headquarters of the Judicial Commissioners' Courts at Karachi, Nagpur and Lucknow, since it was desirable for the completeness of our enquiry to have information regarding the organisation of the Bar in these places also. We decided, however, that, provided we could obtain this information by other means, it was undesirable to incur the expense and delay involved in such an extension of our tour. We therefore requested full replies to the questionnaire from these places, and in the case of Nagpur and Lucknow invited representatives of the legal profession to meet us in Calcutta and Allahabad. In the case of Karachi we were able to hear in Bombay the evidence of witnesses who had experience of the working of the judicial system in Sind.

5. At the same time we discussed the extent to which we should hear oral evidence. It seemed likely that we should receive more offers to give oral evidence than we could, having regard to the limited time at our disposal, afford to accept. We therefore decided to invite the evidence of any Judges of the High Courts which we visited who might wish to express their views, and also representatives of the various legal associations and distinguished members of the legal profession. We also invited Local Governments, should they wish to do so, to depute representatives to discuss informally the questions under enquiry. In this way we hoped to secure that every interest directly involved in any change of the existing legal system would have full opportunities of expressing its views.

6. We also discussed the question of inviting evidence from Chambers of Commerce and other commercial or political bodies which might be expected to voice the opinions of the litigant public. We fully realised the paramount interest which the public must have in maintaining the efficiency, expedition and cheapness of whatever legal system may be in existence. On the other hand any changes which may be effected in the legal system must necessarily involve the consideration of possibly technical and professional questions on which the views of laymen could not be expected to be of value. We considered that so long as we did not in our enquiry lose sight of the objects which are the primary concern of the public who have recourse to the courts, we should serve no useful purpose by hearing the evidence of persons who

could reiterate their adherence to certain ideals in the administration of justice but could not give expert views on the technical questions to which an enquiry of this kind must necessarily be mainly directed. We therefore decided to give such public bodies an opportunity of bringing their views before the Committee in writing, but not to invite them to give oral evidence. Our action in this respect has met with criticism in certain quarters, but we trust that we have made it clear that it was not prompted by any underestimation of the interest which the litigant public has in the matters under enquiry.

II.—Description of the existing organisation of the Bar in India.

7. Since all suggestions for the institution of an All-India Bar or of Provincial Bars necessarily involve some disturbance of existing arrangements, it seems to us desirable at the outset to describe briefly the constitution of the Bar in India as it now is. Full control of practitioners entitled to practise in the High Courts is under the present system vested in the several High Courts, in the case of the Chartered High Courts by their Letters Patent and in the case of the principal non-Chartered High Courts other than that of Sind by the Legal Practitioners Act, 1879, subject only, in the latter case, to certain powers of control reserved to the Local Governments. Similar provision exists in the case of the Judicial Commissioner's Court of Sind, which, with the rest of the Bombay Presidency, is excluded from the operation of most of the provisions of the Legal Practitioners Act, in the Sind Courts Act (Bombay Act XII of 1866). The enrolment of pleaders and mukhtars for the subordinate courts is regulated for the most part by rules made by the High Courts under the Legal Practitioners Act, 1879, in Bombay by the Sind Courts Act, 1866, for Sind and by the Bombay Pleaders Act, 1920, for the rest of the Presidency, and in other parts by special statutory provisions. Rules so made usually require the sanction of the Local Government when the High Court is not a Chartered High Court. Section 9 of the Letters Patent of the Calcutta High Court, which may be taken as typical, gives power to the High Court to "approve, admit and enrol such and so many advocates, vakils and attorneys as to the said High Court shall seem meet" and also gives power to the High Court to regulate by such rules and directions as it may make the manner in which such advocates, vakils and attorneys shall appear and plead or act or plead and act for suitors of that Court. Section 10 of the same Letters Patent gives the High Court power to make rules for the qualification and admission of advocates, vakils and attorneys, and also gives power to remove or suspend

from practice any such practitioners. In short, the control of the High Courts is complete. They not only determine by their rules the qualifications for admission to the different branches of the legal profession entitled to practise before them and the manner in which the members of those branches shall practise, but they also exercise exclusive disciplinary powers over all members of the legal profession, except over revenue agents in Bengal, Bihar, Assam, the United Provinces and the Central Provinces.

8. We shall now summarize the rules made by the Chartered High Courts so far as they relate to the qualifications required for admission to practise in the High Courts in the various branches of the profession. We rely on the latest information to which we have had access, but it is possible that in some cases recent modifications of the rules have not come to our notice. In the case of advocates, every High Court recognises as a primary qualification the call to the Bar in England, Scotland, or Ireland, while, with the exceptions of Calcutta and Rangoon, other avenues for admission to the roll of Advocates are provided. And, with the single exception of Lahore, all Chartered High Courts require in the case of barristers some further qualifications beyond the mere call to the Bar in the United Kingdom.

In Calcutta, where only barristers are admitted to the roll of advocates, every applicant for admission is required to furnish a certificate that he has read in the chambers of a practising barrister in England for a year, and in addition he must either have been educated in England for three years, exclusive of the time spent in chambers, or have taken a degree in the United Kingdom or a law degree in an Indian University.

The Bombay rules require a barrister to have read in the chambers of a practising European barrister of more than ten years' standing for at least one year. But the rules also admit as advocates Bachelors of Laws of the Bombay University who pass an examination under the direction of the High Court, while there is a provision whereby the High Court may dispense with the examination when the candidate is a pleader of the High Court of not less than ten years' standing.

In Madras barristers of England or Ireland are required to have read for six months in the chambers of a practising barrister in England or Ireland of not less than seven years' standing. The rules also admit advocates of Calcutta, Bombay and Allahabad and Masters of Laws of the University of Madras who have studied for eighteen months with an advocate of the High Court of Madras, this period being reduced to twelve months in the case of a candidate who has served an apprenticeship of one year for the purpose of being enrolled as a vakil.

In Allahabad the rules require a barrister of England or Ireland to be in possession of a law degree of an English University or of the Universities of Calcutta or Allahabad, or to have read for not less than a year in the chambers of a practising barrister in England, and in addition to have been educated in the United Kingdom for three years, exclusive of the year in chambers, or to have taken a degree in a University of the United Kingdom. The rules also admit Doctors of Laws of the University of Allahabad who have practised for three years in the United Provinces, and advocates of Calcutta who are otherwise eligible under the Allahabad rules. Attorneys and vakils of ten years' standing are also eligible on the invitation of the Chief Justice and Judges.

In Patna barristers of England or Ireland are required, in addition to one year's reading in chambers, to have been educated in the United Kingdom for three years, exclusive of the year in chambers, or to have taken a degree in a University in the United Kingdom or a law degree in an Indian University. The rules also admit Doctors of Laws of Allahabad or Calcutta who have practised for three years in Bengal or Behar and Orissa. There is a similar provision to that in force at Allahabad for attorneys and vakils of ten years' standing.

In Lahore, as noted above, the rules admit barristers of the United Kingdom without any further qualification. They also admit first grade pleaders who have practised as such for not less than ten years, including five within the jurisdiction of the High Court, this period being reduced to three years within the jurisdiction of the High Court when such pleaders are Doctors of Laws of the Punjab University.

In Rangoon, as in Calcutta, only barristers of the United Kingdom are admitted to the advocates' roll. A barrister of England or Ireland is required either to have read for a year in England or Ireland in the chambers of a practising barrister of over five years' standing, to have practised in the courts of the country in which he has been called for at least two years, to have read in Burma in the chambers of a practising barrister of ten years' standing for two years, or to have practised, prior to his call, as a pleader or advocate of the first or second grade in Burma for at least seven years. An advocate of Scotland is required to have practised as such in Scotland for at least two years.

9. The qualifications required for admission as a vakil in Calcutta are the degree of Bachelor of Arts or of Science followed by the degree of Bachelor of Laws, and two years' service as an articulated clerk to an approved practising vakil of five years' standing. The period may be and usually is reduced by the Court and may coincide with the period during which the student is reading for his

law degree. The possessor of a law degree in an Indian University may also be admitted if he can prove four years' *bona fide* practice as a pleader in a subordinate court. Three years' service as an attorney of the High Court is also a qualification. But in every case the candidate is required to pass an examination, mainly in procedure, before the Judges in chambers though we understand that it has been little more than a formality in recent years.

In Bombay a matriculate of the Bombay University or an attorney can be admitted by passing an examination, prescribed by the High Court, and a Bachelor or Master of Laws is eligible without further qualification.

In Madras a Bachelor of Laws of the Madras University is admitted as a vakil after passing an examination in procedure and practice (this requirement being waived if the candidate has served for three years as a subordinate judge in the Presidency) and serving one year's apprenticeship with a practising advocate, vakil or attorney of the Court. In all cases the candidate must attend an approved course of lectures on professional conduct and etiquette. A Bachelor of Laws of Allahabad or Calcutta is also admitted after a similar apprenticeship. A Bachelor of Laws who has practised for five years as a pleader in the courts of a District or subordinate Judge may also be admitted as a vakil.

In Allahabad the rules admit a holder of the degree of LL.B. of the Allahabad University, or of B.L. of the Calcutta or Madras University, to be enrolled in the High Court as a vakil. There is also a test of the applicant's knowledge of the vernacular. But a vakil is only allowed to practise in the High Court after two years' *bona fide* practice in the subordinate courts.

In Patna the qualifications are the possession of the degree of B.A. or B.Sc. together with the B.L. or LL.B. of an Indian University, and two years' service as an articled clerk under an approved practising vakil of the High Court. A pleader holding a degree of B.L. who has practised for four years in a subordinate court may also be admitted. Three years' service as an attorney of the High Court also qualifies. But in every case the candidate is required to pass an examination in law and procedure prescribed by the High Court, and in certain cases a language test in Hindi is required.

The Lahore rules admit English, Scottish and Irish solicitors, vakils or attorneys with three years' practice in Chartered High Courts who pass an examination in the Revenue Law, Procedure and Customary Law of the Punjab, and persons who have obtained honours in law at the Punjab University. Second grade pleaders of two years standing if they are Bachelors of Laws of the Punjab University, of three years standing if they are Bachelors of Law

of another University, and of five years' standing if they are without a law degree, may also be admitted.

In Rangoon the qualifications are the degree of Bachelor of Laws of the Rangoon University, or of the Calcutta University if the candidate has passed in Buddhist law and Burma local laws, followed by three years' practice as a second grade pleader or advocate. As an alternative to the degree in law a candidate may present himself for the first grade pleaders' examination. Solicitors of the United Kingdom are also admitted as first grade pleaders.

10. In addition to the provisions made in their rules for advocates and vakils, the High Courts of Calcutta, Bombay, Madras, Allahabad and Patna have all prescribed qualifications for enrolment as attorneys. We do not consider it necessary to set out these qualifications in detail. Only in the three Presidency High Courts is this branch of the legal profession of material importance. In the other High Courts we find that few if any persons seek admission as attorneys. We do not propose to make any recommendation affecting either the qualifications required for admission as attorneys, which we consider adequate, or their relations with the other branches of the legal profession.

11. The above summary deals only with the qualifications prescribed by the Chartered High Courts under the powers conferred by their Letters Patent. It gives no account of the various grades of practitioners entitled to appear in subordinate courts, for whom rules are made by the High Courts under the Legal Practitioners Act, 1879, and the Bombay Acts. Nor does it describe the qualifications prescribed for practitioners by the non-Chartered High Courts. Some courts, as for instance the Judicial Commissioner's Court at Karachi, differ in that they have only a single grade of practitioners entitled to appear before them. But generally it may be said that in the matter of qualifications for admission to practice the non-Chartered High Courts present no peculiar features of importance, but reproduce largely, with variations due to local conditions, the system in force in one or other of the Chartered High Courts. We do not therefore propose to set out these qualifications in detail. Nor do we propose to describe at length the many varieties of legal practitioners who practise in the subordinate courts throughout India. We have noticed a general tendency towards the unification of these grades and the gradual disappearance of the practitioners of low qualifications whose practice is confined to the lowest courts. This tendency is one which in our opinion is wholly beneficial and we look to the time when there will be in each province a single grade of practitioners entitled to appear in all courts, from the High Court to the

lowest Revenue Court. But the various provincial systems and the local conditions which they reflect vary so widely that we are satisfied that any attempt to legislate for these subordinate grades of practitioners on any but provincial lines must be doomed to failure. We do not propose therefore to discuss them at length in this report, but content ourselves with expressing the opinion that the disappearance of these grades is an ideal which should be kept prominently in view by whatever authority may be vested with the control of the Bar in each province.

12. This summary of the organisation of the Bar in the various High Courts would be incomplete without some reference to the conditions under which advocates on the one hand and vakils or pleaders on the other are entitled to practise. In the Calcutta and Bombay High Courts vakils are not entitled to appear on the original sides of the Courts, nor in appeals from the original sides except in cases in which a question of Hindu or Mahommedan law or usage arises. Advocates can appear on both sides of the Courts, but in Calcutta they must be instructed by attorneys on the original side and in appeals from the original side, and on the appellate side and in the mufassil by attorneys, vakils or lower grade practitioners, while in Bombay they must be instructed by attorneys on the original side and by attorneys or pleaders on the appellate side, and can appear without instructions outside the High Court. In Madras both advocates and vakils can appear on both sides of the High Court, but on the original side advocates can only appear on instructions from attorneys or vakils. No such distinctions exist in Rangoon, where both advocates and pleaders can appear, plead and act on both sides of the High Court. The remaining High Courts have no ordinary original jurisdiction, and all practitioners are equally entitled to appear, plead and act. In all High Courts vakils or pleaders are required to file vakalatnamas, and in all except Calcutta, where the rule has recently been revised, advocates have preaudience of vakils or pleaders. These distinctions we shall discuss later at greater length.

III.—Distinctions between grades of legal practitioners.

13. We have described above the organisation of the Bar in India as it now exists, its control and the different kinds of practitioners of which it is composed, and we have referred briefly to the conditions under which advocates and vakils practise and the distinctions which are made between them. We shall consider later the extent to which the exclusive control of the High Courts should be retained. But before doing so it is desirable to consider how far the present organisation is suitable and, as a preliminary

to this, whether the distinctions made between advocates and vakils should be maintained.

14. As has been seen, in every High Court except Calcutta advocates take precedence over vakils or pleaders. Vakils are obliged to file vakalatnamas, while in many cases advocates are not. To take first the question of precedence, we are satisfied that a rule by which the latest joined barrister-advocate takes precedence over and enjoys pre-audience of the most senior and experienced vakil or pleader cannot be defended. In some cases advocates of High Courts have higher qualifications than vakils or pleaders of the same Courts, but they appear, from the evidence which we have heard, to be willing to abandon such precedence as they have in order that an uniform rule may be established. We have heard the views of many witnesses on the subject, and the evidence shows that this is a privilege for the exercise of which occasion rarely arises, since it is exceptional for a junior advocate and a senior vakil to be briefed together on the same side. On the other hand the evidence equally shows that when occasions do arise when a junior advocate might claim pre-audience of a senior vakil, the privilege is almost invariably waived in favour of the senior. We have not found among barrister witnesses any general desire to retain a privilege which they seldom exercise, while vakil witnesses, although they recognise the ineffectiveness of the rule in practice, unanimously wish to remove a distinction which they not unnaturally regard as a mark of inferiority. The objections to the rule lose none of their force from the fact that they are largely based on sentiment.

15. The objection to the other distinction, which relates to the filing of vakalatnamas, is not entirely based on sentiment. The ability to act without a vakalatnama may be an advantage when a vakalatnama cannot be procured in time to save an appeal or application from being barred by limitation, or when the same party has to file a number of connected appeals, for each of which a separate vakalatnama is required if they are filed by a vakil or pleader. Here again we find it hard to justify the retention of the existing distinction. With certain exceptions which need not be detailed advocates, vakils and pleaders may and do appear, plead and act under exactly the same conditions. If the filing of a vakalatnama is necessary in the case of a vakil, it is equally necessary in the case of an advocate; if it is unnecessary to impose this duty on the advocate, it is in the case of the vakil a superfluous burden from which he ought to be relieved. We have heard witnesses who would abolish vakalatnamas altogether and witnesses who would

make advocates file them as well as vakils. But in no case has it been seriously maintained that, when all are practising in the same way, this distinction between advocates and vakils has any logical foundation.

16. We are agreed therefore that these two distinctions should be abolished. But before we make a definite recommendation as to the manner in which this is to be effected and proceed to consider the more serious distinctions which exist with regard to practice on the original sides of the Calcutta and Bombay High Courts, it would be well to survey the position to which we are led if uniformity is established in these respects between advocates and vakils. These being the only distinctions which are operative in the majority of the High Courts, in which there is no original side, we are left with two grades of practitioners in these Courts, both practising on identically similar terms and neither of them enjoying any peculiar privilege or suffering under any peculiar disability. It is difficult to avoid the conclusion that the position is anomalous and that the time has come when all practitioners entitled to appear in each of these High Courts should be enrolled as a single grade and under the same designation. To preserve distinctions of form when no distinctions exist in fact is to perpetuate a potential, if not actual, source of grievance and discord. The view has been expressed that this division of practitioners into advocates and vakils serves a useful purpose even when no distinctions of practice exist, in that it provides the means for according recognition to distinguished work at the vakil bar. We find that in more than one High Court provision is made for the admission of vakils of ten years' standing as advocates on the invitation of the Chief Justice and Judges, and that when this power is exercised by the Court it is regarded as the recognition of outstanding talent. We have also evidence that in Allahabad, where such a rule exists, this elevation to the Advocates' roll is a distinction which is highly prized by the profession. It may or it may not be desirable to provide for the recognition of distinguished merit at the Bar by elevation to a higher grade of practitioners. This is a question which does not properly come within the terms of our enquiry. But if it is desirable, we consider that a more suitable form of recognition, such as the grant of the rank of King's Counsel, could be devised than elevation to a grade which, while it may contain a higher average of outstanding talent, cannot possibly be regarded as exclusively composed of successful practitioners. We do not therefore think that this consideration detracts in any way from the desirability of unifying the grades.

17. But there is a positive consideration in favour of taking this step to which we attach importance. We have found throughout

India an almost universal desire among members of the legal profession that in some measure they should be given a hand in the management of their own affairs. We shall consider later in this report the extent to which we think this desire can be met. It is sufficient at this stage to record our opinion that a system which contains divisions which are not absolutely necessary is a most unstable foundation on which to build any scheme of self-government. In fact, we regard it as an important preliminary to the proposals which we shall make in this respect that the largest degree of unification of grades of practitioners which is now possible should be effected.

18. We have confined our attention in the preceding paragraphs to those High Courts in which the only distinctions in practice between advocates and vakils are those relating to precedence and vakalatnamas. We have not touched on the distinctions which are peculiar to the High Courts at Calcutta, Bombay and Madras. But before we proceed to deal with these questions, we propose to consider how far it is possible to apply the conclusions which we have so far reached to these three Courts, in spite of the peculiar conditions which govern practice at their Bars. Our conclusion that the precedence of advocates over vakils should be abolished applies equally to all High Courts. In the case of vakalatnamas, we have reached the conclusion that the rule must be made the same for advocates and vakils on consideration of the equality on which the two grades practise in most High Courts. We decided that when both grades habitually act as well as plead, any distinction in the matter of the filing of vakalatnamas is illogical. In Calcutta, Bombay and Madras this equality of practice does not exist. But our conclusion still applies to these three Courts if we express it in the form that when the particular kind of practice is the same there should be no distinction. If there is any case in which an advocate acts as well as pleads he should be subject to the same rules as a vakil who acts as well as pleads. If a vakil confines himself to pleading, there should be no distinction between him and the advocate who does the same. In short, if vakalatnamas are to be filed in some cases and not in others, the only logical distinction is one which is based not on the grade to which the practitioner belongs but to the kind of work in which he is engaged.

19. We decided that when there are two grades of practitioners working side by side on exactly the same terms it was desirable to merge them and enrol only one grade. When we come to apply this conclusion to the High Courts at Calcutta, Bombay and Madras we are faced with the facts that in Calcutta and Bombay

pleading on the original side is confined to advocates, and that advocates on either side of the Court can only appear on instructions; while in Madras, although vakils are admitted to the original side, they do not practise on that side in the same way as advocates, in that they can both plead and act, whereas an advocate is confined to pleading. We recognise the wide cleavage which these distinctions make between the two grades. On the other hand we do not consider that the existence of these distinctions, whether in their present or in a modified form, should militate against the end which we regard as desirable in itself, namely, that one and the same title should be applied to all practitioners entitled to plead before the High Courts. We have been told that an advocate of the Calcutta High Court going out to conduct a case in the mofussil is bound by the same restriction as to acting as in the High Court itself. Whether or not this is a corollary of the fact that in Calcutta only barristers are enrolled as advocates, the same does not apply in Bombay and Madras. In both provinces advocates and vakils of the High Court when they conduct cases in the mufassil are able to do so on exactly the same terms. We regard this as an additional reason for the step which we now recommend. Without in any way anticipating the conclusions which we shall come to with regard to the original sides of the Calcutta and Bombay High Courts, which are now closed to vakils, and without disturbing the position of attorneys we recommend that in all High Courts a single grade of practitioners entitled to plead shall be enrolled, to be called advocates, (not barristers), that there shall cease to be a separate grade of High Court Vakils or Pleaders, and that when special conditions are maintained for admission to plead on the original side of the High Court the only distinction shall be within that grade which shall consist of advocates entitled to appear on the original side and advocates not so entitled.

20. We recommend that Advocates enrolled in a High Court should be entitled to appear occasionally in any other High Court subject to such conditions as may be imposed by the Bar Council attached to the court in which he desires to appear or by the court where there is no Bar Council, for example, payment of a special fee and employment of a local advocate in association with him.

21. We are now in a position to make definite proposals for abolishing the distinctions in regard to precedence and vakalat-namas. We propose that advocates who are barristers shall take precedence *inter se* according to the dates on which they were called to the bar, that advocates who are not barristers shall take precedence *inter se* according to the dates on which they became

entitled to practise in a High Court, and that an advocate who is a barrister shall take precedence over another advocate only if he was called to the Bar before such other advocate became entitled to practise in a High Court. We do not restrict the precedence of an advocate to the date on which he became entitled to practise in the particular High Court in which precedence is claimed. We provide for the case of the advocate who is enrolled as such after removing his name from the roll of advocates of another High Court. In such case we consider that he should be entitled to count his precedence from the date on which he was first entitled to practise in any High Court. Further, when a barrister has been called to the bar after admission to practise in a High Court, he should be allowed to take precedence not from the date of his call, but from the prior date of his admission to practise in a High Court. These proposals follow the lines of rules made recently by the Calcutta High Court for the appellate side, but they are intended to apply to the original as well as to the appellate sides.

22. As regards vakalatnamas we have heard much evidence both against and in favour of their abolition. Some would abolish vakalatnamas altogether, others would make them compulsory for all classes of practitioners. Neither course commends itself to us.

✓ The rules regarding vakalatnamas are no doubt abused in some cases, but the system has been in force for many years and we are satisfied that on the whole it has worked well. The courts generally are in favour of their retention, for obvious reasons, and many vakils and pleaders have stated that they regard the vakalatnama as a valuable protection to themselves against the vagaries of their clients. We have been referred to rules made by the Calcutta High Court and other High Courts which are designed to ensure that the taking of a vakalatnama shall not be regarded as a mere formality, and we have no doubt that in the great majority of cases the vakalatnama is a reality and serves a useful purpose.

On the other hand we think that vakalatnamas are now demanded in some cases in which there is no real necessity for them. When a practitioner is required to act a vakalatnama signed by or on behalf of his client is, in our opinion, necessary for the protection both of the practitioner and of the client. But we do not consider that the same necessity exists when the practitioner is only required to appear and plead. Advocates of Chartered High Courts now appear and plead without vakalatnamas, and no difficulty has arisen therefrom.

23. We therefore propose that all practitioners shall be required to file vakalatnamas when they act, but that when they merely appear and plead they shall be allowed the option of filing a memorandum of appearance, signed by them, giving the names of the parties to the case, the name of the party for whom they appear and the name of the person who authorised them to appear. We would not, however, apply this rule, but would maintain the existing practice, in the case of an advocate who under the rules in force can only appear on the original sides of the Calcutta, Bombay and Madras High Courts on the instructions of an attorney. The option of filing a document of either kind is proposed because of the practice which prevails in some parts of the country whereby the names of a large number of practitioners are entered in a vakalatnama and any of them may endorse his acceptance. In many cases it may be more convenient for a practitioner to make use of a vakalatnama which has already been prepared. We propose no alteration in this respect in the rules relating to Mukhtars or revenue agents.

24. This proposal may be criticised as likely to lead to complications. But it must be remembered that in the great majority of cases only one practitioner is engaged who both acts and pleads, and therefore, under the rule we propose, will be obliged to file a vakalatnama. We would add that any difficulty which might result from an unavoidable delay in procuring a vakalatnama is easily met if the courts allow a suit, appeal or application to be filed with a memorandum of appearance on an undertaking that the requisite vakalatnama will be forthcoming as soon as it can be procured and before the case proceeds further.

In the preceding paragraphs we have primarily had in view civil cases. In some parts of India vakalatnamas are and in some parts are not required to enable practitioners to appear, plead or act on behalf of accused persons. We think that it should be left to the High Courts to determine in what courts and in what classes of cases a memorandum of appearance might be substituted for a vakalatnama where a practitioner acts on behalf of an accused person.

Any loss of revenue which might result from the rule which we suggest can be avoided by making the memorandum of appearance liable, as in the Madras Presidency, to the same court-fee as a vakalatnama. ✓

25. We now pass to a consideration of the conditions which are peculiar to the High Courts at Calcutta, Bombay and Madras. In all these courts there is, in varying degrees, a compulsory dual

system of advocates and attorneys or vakils. We have heard many arguments on the merits and demerits of the dual system. Some witnesses have urged that the dual system not only makes for greater efficiency and expedition in the disposal of suits, but is actually no more expensive for the litigant than the single agency, others admit the greater expense of the dual agency but consider that the expense is more than justified by the gain in efficiency, others contend that the dual system is preferable in itself but that it involves additional expense which it is undesirable to impose on the Indian litigant, while others maintain not only that the single agency is cheaper but that a system whereby the practitioner who is going to plead the case has direct access to his client is the best from every point of view. We have heard on the one hand the argument that the single agency is in force in most High Courts and in the mufassil and that no question has arisen as to the efficiency of the system in these cases, on the other hand we have heard witnesses who would welcome the increased efficiency which they hold would result from an extension of the dual system, were it possible, to courts where it is not in force. The views of our Committee on this old-standing controversy are as divided as those of the legal world generally and we are not in a position to give any decision on the merits of the two systems. Notes have been prepared by Mr. Justice Coutts Trotter and Diwan Bahadur T. Rangachariar, representing different views on the question, and are annexed to this report.

26. It follows from this division of opinion between us that we do not recommend any change in this respect of the existing system in India. It would only be possible to make such a recommendation, involving as it would the uprooting of long-established arrangements on the original sides of the Presidency High Courts, if we, as a Committee, were strongly of opinion that the present system is a bad one. As it is we are all agreed that where in India a compulsory dual system is now in existence that system should be allowed to continue. It is on the basis of this conclusion that we shall proceed to discuss the distinctions between advocates and vakils on the original sides of the High Courts at Calcutta, Bombay and Madras.

27. The exclusion of vakils from the original side of the Calcutta High Court is a survival of the time when the Supreme Court had jurisdiction in Calcutta and over certain persons only elsewhere, and the Sadar Diwani Adalat and the Sadar Nizamat Adalat had jurisdiction in Bengal outside Calcutta. Barristers and solicitors alone were entitled to practise in the Supreme Court, while both barristers and vakils were entitled to practise in the Sadar Courts. The position was the same in Bombay and Madras. The High

Courts at Calcutta, Madras and Bombay, which were established in 1832, succeeded to the jurisdiction of the Supreme and Sadar Courts, the original side of the High Court taking the place of the Supreme Court and the appellate side taking the place of the Sadar Courts.

28 In the Bombay High Court there has been in operation for over fifty years a rule whereby a Bachelor of Laws has been able by passing an examination conducted by the Court to qualify himself to become an advocate and so be admitted to practise on the original side. A comparatively recent rule enables the Court to enrol as an advocate without any examination an approved vakil of ten years' standing who is a Bachelor of Laws. In the Madras High Court for nearly sixty years vakils have been entitled to practise on the original side without any restrictions. A Master of Laws who serves a period of apprenticeship may be admitted as an advocate and he becomes entitled to practise on the same conditions as advocates who are barristers. But the Calcutta High Court has never admitted as advocates any persons other than barristers, nor has it allowed vakils to practise on the original side, the result being that no one has been able to qualify himself for admission to the original side except by getting himself called to the Bar in England, Scotland or Ireland.

29. The Calcutta High Court therefore presents the extreme example of this particular distinction of classes of practitioners, since only there is the door to the roll of advocates rigorously closed to all but barristers. It seems likely that if we can find the means of bridging the gulf in Calcutta, we shall have found a solution which it should be possible to apply to Bombay, where the distinction exists, but not in such an extreme form. In Madras, where vakils are admitted to the original side, the conditions are peculiar and will be separately considered later.

30. While admitting that advantages are to be gained from a legal education in England we think that the time has come when another avenue of approach to practise on the original side of the Calcutta High Court must be provided. We have briefly referred to the origin of this restriction in the old Supreme Court which administered a different law and conducted its business in a different language from the Sadar Courts to which vakils were then restricted. In our opinion the conditions which made this distinction between barristers and vakils the only possible arrangement when the Supreme Court and the Sadar Courts were in existence have to a great extent passed away. The language on both sides of the Court is English, while legal and general education in this country have advanced so far that it is not reasonable to require a man to leave India in order to qualify himself for admission

to the highest grade of legal practitioners. There is always a natural reluctance to abandon any established system which has worked well for the sake of principles, however laudable, when the consequences of a change cannot be accurately foreseen. But it is possible to overestimate the dangers said to be involved in a liberalisation of the rules for admission to the original side in Calcutta. We have no evidence that the rules in force in Bombay have led to any deterioration of practice on the original side there. We have come to the conclusion that it is our duty to suggest some modification of a system which imposes so marked a disability on the Indian in his own country. We are the more impelled to do so by the opinion which we hold that the present system does not always ensure the maintenance of a higher professional efficiency in the practitioner whom it admits to the Advocates' Roll. Under the present rules of the Inns of Court it is possible for any person who has been enrolled as a vakil of the High Court, although he may not have practised as such, to be called to the Bar in one year, during which time he not only sits for the Bar Examination but also reads in chambers. He is then entitled, by virtue of his call to the Bar, to be enrolled as an advocate. There is evidence that some vakils, immediately on enrolment in a High Court, have proceeded to England and got themselves called to the Bar not so much as a means of improving their equipment for a legal career, but for the purpose of obtaining in the shortest possible time a formal qualification which will automatically confer on them material advantages on their return to India.

31. We realise that our proposal to change the rules means taking away from barristers a privilege which they have enjoyed exclusively in the High Court for more than sixty years. We should be reluctant to make any proposal detrimental to any genuine vested interest, but we do not consider nor, we suppose, would it be seriously urged by the supporters of the existing system, that in this case any question of vested interest is really involved. This privilege is one to which the vakil Bar cannot be said ever to have submitted willingly. As long ago as the time of the passing of the Legal Practitioners' Act 1879, Mr. Nanabhai Haridas, who was afterwards a Judge of the Bombay High Court, raised the question whether it was any longer necessary to restrict vakils to the appellate side of the High Courts in the Presidency Towns, and he proposed the omission of what is now the proviso to Section 4 of that Act. The feeling has always been present with vakils that this rule was an injustice which should be done away with, and the feeling found expression in correspondence which passed between the Vakils' Association of Calcutta and the High Court during the ten years following 1911.

The case has been strongly represented before us by Vakils and others, and the demands which are now made come with the accumulated force of many years' unavailing effort and the irritation aroused thereby.

32. We realise that any scheme whereby the original side was thrown open without restriction to all who are now practising at the Vakil Bar would lead to a disorganization of existing conditions which no theoretical desire for unification could possibly warrant. We also realise the great difference between practice on the original side and practice on the appellate side. On the other hand we feel that no scheme would be complete which made provision for future entrants into the legal profession but gave no opening to men already practising as vakils, should they elect to do so, to practise on the original side. Our proposals therefore provide both for the present vakils and for the future. We guard against the possible effects of a rush to the original side by imposing conditions which will make the process gradual, and we make provision for the possession of the qualifications which work on the original side demands. The correspondence between the Vakils' Association and the Calcutta High Court shows that the vakils of that Court proposed that the Court should proceed on the lines which we have suggested.

33. We have recommended elsewhere that all who are entitled to plead in a High Court should be called advocates, but in setting out our proposed scheme we refer to those who are not barristers as "vakils" in order to avoid misunderstanding. We should also explain that when we refer to a Bar Council we anticipate the proposals which we shall make later in this report. We propose:—

that vakils of not less than ten years' standing shall be entitled to be admitted at once to practise on the original side;

that vakils of less than five years' standing shall similarly be entitled to be admitted after they have read for one year with an advocate, approved by the Court, practising on the original side. During that year they should be allowed to plead, but not to act, on the appellate side or in the subordinate courts;

that vakils of less than five years' standing shall similarly be entitled to be admitted on the same terms and subject to the same restrictions, but shall in addition pass an examination, to be prescribed by the Court, in commercial law and practice on the original side;

- (4) that the rules for the admission of vakils shall provide that a Bachelor of Laws who wishes to practise on the original side of the High Court as well as on the appellate side shall, after passing the examination for the degree of Bachelor of Laws, read for one year with an advocate or attorney, approved by the Court, practising on the original side, and pass an examination, to be prescribed by the Court, in commercial law and the practice on that side. A vakil admitted on these terms should be entitled to practise on the original side in accordance with this scheme;
- (5) that the name of a vakil admitted to practise on the original side shall be entered on a special list. A vakil should be entitled at any time to have his name removed from that list, but a name once removed should not be restored to the list;
- (6) that as regards practice on the original side, vakils and others entitled to practise on that side shall all be subject to the same rules;
- (7) that vakils whose names are on the special list shall be subject to the same restriction as barristers when practising on the appellate side or in the subordinate courts;
- (8) that proposals (1) to (3) shall remain in force for seven years from the date when the scheme comes into force, that proposals (4) to (6) shall remain in force for seven years or until they are modified whichever is the longer period, but that proposal (7) shall remain in force for seven years and shall then cease to have effect unless the High Court, if there is no Bar Council, or the Provincial Bar Council with the approval of the High Court otherwise determines.

34. We consider that these proposals should apply equally to attorneys, but that no attorney should be required to pass a further examination, and that those of less than ten years standing should be required, instead of reading with an advocate, to abstain from acting in any court for one year from the date of announcing their intention to apply for admission to practise as advocates on the original side.

35. We consider that the arrangements we propose, while they give no more than reasonable facilities for men to qualify for admission to all sides of the High Court without the necessity of going to England to be called to the Bar, are so devised that they will not result in a rush to the original side which might embarrass

the work of the Bar there and seriously overcrowd the profession on that side of the Court.

36. In Bombay the present conditions are different. Arrangements already exist whereby a Bachelor of Laws can gain admission to the original side by passing an examination prescribed by the Court, but it is to be noted that he cannot present himself for that examination until two years after he has passed the examination for the degree of Bachelor of Laws. There is also a provision whereby Bachelors of Laws who are Vakils of over ten years' standing may become advocates on the invitation of the Chief Justice and Judges. From enquiries made in Bombay we learnt that there are now on the roll of the High Court, as against 333 advocates who are barristers, 33 who passed the Advocates Examination and 10 who were admitted under the ten years rule. The numbers actually practising cannot be ascertained. A witness in Bombay estimated that 85 per cent. of the barristers admitted as advocates in recent years were men who had gone to England as vakils and had taken advantage of the concessions which the Inns of Court allow, and that only the remaining 15 per cent. had completed the full course of twelve terms. From 1903 until recently a vakil was required to keep a minimum of six terms. He may now be called after keeping four terms on certain conditions. These facts seem to us to point unmistakably to the conclusion that the facilities given for the admission of non-barristers as advocates have in fact been extremely limited. We were told that the advocates' examination was until recently, when the standard was lowered, considered difficult, and that even now it is more difficult than the examination for a call to the Bar, and the result has been that rather than wait for the prescribed two years and then try to pass the Advocates' examination many who could afford to go to England have preferred to take the easier and shorter course of becoming vakils and then getting themselves called to the Bar. In fact the call to the Bar has been regarded by many as an easy way round the serious obstacle which the advocates' examination has presented. As regards the ten years rule, which has been in existence in one form or another since 1895, the fact that only ten advocates have been admitted in this way forces the conclusion that the benefit supposed to be conferred is largely illusory. Moreover we disapprove in principle of a rule which enables a Court to make invidious distinctions between practitioners. The result of applying to Bombay the arrangements we have suggested above for Calcutta would be to substitute in the case of the Bachelor of Laws who wishes to be admitted to practise on the original side a period of reading in the chambers of an original side practitioner, followed by an examination in commercial law and original side

practice, for the advocates' examination which he is under the present system required to pass. He would also be relieved of the necessity of waiting for as long a period as two years before he can appear at the examination. We attach the greatest importance to the practical training derived from reading in good chambers, and we consider that the absence of any provision for such reading is a defect in the present rules in Bombay for the admission of advocates who are not barristers. In fact, we wish to add to our recommendations, in connection with the scheme we are proposing for Calcutta and Bombay, that those who wish to practise as vakils only on the appellate side and in the subordinate courts should be required to read with an advocate approved by the Court who is practising on the appellate side.

37. At the same time we consider that in Bombay, as in Calcutta, provision should be made for a limited number of years for those who are now practising as vakils or attorneys of the High Court to obtain admission as advocates to the original side of the Court if they are of more than ten years' standing and to qualify themselves for such admission in the manner which we have suggested if they are of less than ten years' standing.

We therefore recommend that the arrangements which we have proposed above should apply to the Bombay as well as to the Calcutta High Court. The only modifications which we would make in adapting the proposals to the conditions in Bombay is that the restrictions referred to in proposals (2), (3) and (7) should, in the case of Bombay, not extend to the subordinate courts.

38. In the Madras High Court the existing arrangements are peculiar. On the appellate side advocates, vakils and attorneys may and do appear, plead and act. On the original side vakils may and do appear, plead and act, but they cannot appear, plead, or act in Insolvency cases. Advocates, whether barristers or not, may appear and plead only when they are instructed by attorneys or vakils, and they are not entitled to act. In Insolvency cases advocates can appear and plead, but only on instructions from attorneys.

Our colleague Mr. Rangachariar, who is strongly in favour of the unified system, *i.e.*, the system under which all practitioners are entitled to appear, plead and act, would prefer on principle to put an end to what remains of the dual system on the original side of the Madras High Court. He would continue the system of enrolling attorneys, but would provide that all advocates, vakils and attorneys should be entitled to appear, plead and act. He maintains that it would be to the advantage of junior advocates that they should be allowed to act and so be able to get into direct touch with clients instead of being dependent on the retainer of

attorneys. Mr. Justice Coutts Trotter on the other hand, is strongly in favour of the dual system, and would on principle prefer to make that system compulsory on the original side by requiring that every practitioner appearing and pleading should do so only on the instructions of an attorney or a vakil. Both recognise, however, that since vakils have for about 60 years been entitled to appear, plead and act on the original side and attorneys have been practising as such for an even longer period, their respective proposals would entail a considerable disturbance of existing conditions. The rest of the Committee also feel that this is a case where definite vested interests exist and that these interests should not lightly be overridden.

39. We have accordingly decided to recommend that on the original side an advocate should have the option of appearing and pleading only, in which case he would do so on the instructions of an attorney, or of appearing, pleading and acting in the same way as vakils now do, but that he should not be entitled to do both. We propose that if any advocate wishes to act on the original side he should give an undertaking not to appear and plead on the instructions of an attorney. On the other hand, if a vakil wishes to appear and plead on the original side on the instructions of an attorney he should undertake not to act in any case on that side of the Court. In short, we leave the existing system as it is, but we give to advocates the option of assuming the position which vakils have under the present system and to vakils the option of assuming the position which advocates now have. We feel that in this way vested rights will be safeguarded and at the same time relief will be afforded to junior advocates who wish to avail themselves of the right to act on the original side. We are conscious that the arrangement proposed is not ideal, but we are unable to suggest any other way of dealing with a difficult situation.

It may be that, if Bar Councils are established in accordance with the proposals which we shall make later, the Bar Council at Madras may in the course of time be able to devise a more satisfactory solution.

40. We are all agreed that the practice in Insolvency cases in Madras should be assimilated to that which we proposed above for the original side. We are also agreed that a curious inequality regarding fees on the original side should be removed. At present if an advocate appears on the instructions of an attorney the latter's bill of costs is taxed between party and party in the usual way and various fees are allowed both for the advocate and the attorney according to a prescribed scale. But if an advocate appears on the instructions of a vakil or if a vakil appears with

or without another vakīl there is no regular taxation of costs between party and party, but the vakīl's fee is calculated as in the mufassil courts on an *ad valorem* basis, that is, it depends on the value of the subject matter in dispute. The result is that if the successful party is represented by an attorney he receives from his adversary an amount which is commensurate with the costs actually incurred by him, but if he is represented by a vakīl he receives on account of his vakīl's fee the amount allowed on the *ad valorem* scale and certain amounts on account of witnesses, etc., but nothing on account of the expense, which may be considerable, incurred by his vakīl in the preparation of the case. The High Court has full powers to deal with the matter, and we recommend that no time should be lost in equalising the practice for advocates and vakīls. We suggest that if costs are to continue to be taxed on an itemized scale as between party and party when an attorney is engaged, the Court should at least have discretion, when there is no attorney, to allow more than the *ad valorem* fee when it is obvious that other costs have actually been incurred, as, for instance, when a case has been prepared by a second vakīl or when two vakīls appear and the case of sufficient value or importance to warrant special treatment. We may note that a provision already exists whereby the Court can certify for two counsel on the original side, and on the appellate side can allow for more than one advocate or vakīl.

41. Before we pass from the subject of the distinctions which exist between the different branches of the legal profession in India there are certain other distinctions which require consideration. There are certain appointments which by Statute are reserved for barristers. For instance, under Section 101 (4) of the Government of India Act, 1919, not less than one-third of the judges of a Chartered High Court, including the Chief Justice but excluding additional judges, must be barristers of England or Ireland or Members of the Faculty of Advocates in Scotland of not less than five years' standing. Again, a barrister of five years' standing may be appointed to be a judge of a Chartered High Court, whereas a vakīl must be of ten years' standing before he can be appointed. Another distinction is that vakīls are, while barristers are not, according to most authorities, liable to be sued for negligence in the conduct of a case, while vakīls may, but barristers may not, according to most authorities, sue for their fees.

With regard to appointments, we are of opinion that no appointments should be reserved for barristers as such. All those who are entitled to practise in a High Court should be equally eligible for appointments reserved for members of the legal profession. Neither a barrister of only five years' standing nor a

vakil of only ten years standing is likely to be appointed to be a judge of a Chartered High Court, but the rule as regards standing should be the same for all classes of practitioners. Our recommendations in respect of these distinctions are supported by the great majority of those whom we have consulted.

42. In practice the distinction relating to suing for negligence and being sued for fees is not of great importance. Suits by or against legal practitioners in respect of fees and the conduct of cases are extremely rare. But we consider that in any case in which a legal practitioner has 'acted' or agreed to 'act' he should be liable to be sued for negligence, and entitled to sue for his fee.

IV.--Proposals for the establishment of an Indian Bar and Bar Councils.

43. It is believed that the first proposal for the establishment of an Indian Bar was made by Lord Haldane, who was of opinion that the training and education offered to Indian students by the Inns of Court in England was unsatisfactory and that it was not desirable that Indians should be encouraged to go to England to qualify themselves for admission to the legal profession in India.

Giving evidence before Lord Lytton's Committee in July 1921, he advocated the establishment of a Bar in India to which men should be called, and the setting up of a Council to which all questions of legal education, control, enrolment and disciplinary action should be transferred. It is not known whether Lord Haldane had ever visited India or whether he intended to advocate the establishment of an All-India Bar as distinct from provincial Bars. But it is noticeable that he referred to Manitoba, which has a Bar of its own distinct from the Bars of other provinces in Canada. On the whole it seems probable that he had not formed any definite opinion on the question whether one Bar should be constituted for the whole of India or separate Bars for the different provinces.

44. In India the first definite public proposal for the establishment of an Indian Bar seems to have been made by Mr. Iswar Saran when he moved a Resolution in the Legislative Assembly in 1921, recommending "legislation with a view to create an Indian Bar so as to remove all distinctions enforced by statute or by practice between barristers and vakils". He disavowed any desire to prevent Englishmen from joining the Bar in India or Indians from getting themselves called to the Bar in England with a view to practising in India, but he recommended that all such persons should be called to the Indian Bar in the same way as they may be called to the Bar in the self-governing dominions. He

advocated the abolition of all distinctions between barristers and vakils as regards precedence, pre-audience, the production of vakalatnamas and eligibility for judicial appointments, and he proposed to set up statutory bodies consisting of members of the legal profession to provide for the education of law students and to take over the powers of the High Courts as regards the admission and control of legal practitioners. He reserved for further consideration the question whether the Bar should be organised on an all-India or on a provincial basis. On behalf of the Government of India it was stated in the Assembly that they were prepared to be guided by the expression of definite constructive public opinion. The Government of India proceeded to collect opinions on the subject of the Resolution, attention being directed to the following specific questions :—

- (1) Whether the constitution of the Bar should be by an Act of the Legislature or otherwise.
- (2) The organisation of a Council of Legal Education.
- (3) The disciplinary powers of such a body.
- (4) The changes, if any, which the proposed scheme would necessitate in the existing law.
- (5) The desirability of separating or uniting the functions of solicitor and counsel in India.
- (6) The effect which the constitution of an Indian Bar would have on the tendency of Indian students proceeding to England to be called to the Bar.

45. In September 1922, Mr. K. C. Neogy introduced into the Assembly a Bill to remove the distinction between barristers and vakils as regards the right to practise on the original side of the High Courts at Calcutta and Bombay, and in the same year Mr. Girdhari Lal Agarwala introduced a Bill to relieve all practitioners from the necessity of filing vakalatnamas.

Opinions on both these Bills were collected in the usual way and the Bills were referred to Select Committees. Before the Committees could make their reports our colleague Diwan Bahadur T. Rangachariar introduced into the Assembly a Bill to 'consolidate and amend the law relating to Legal Practitioners in India and to empower the Government of India and Local Governments to establish Bar Councils in each Province'. We think it unnecessary to state in detail the provisions of this Bill, for Mr. Rangachariar described them as being only of a tentative character, and stated in effect that his object was to call attention to the different questions involved in the proposals to establish an Indian Bar.

46. We have had little difficulty in coming to the conclusion that it is not practicable to set up an all-India Bar in the sense of a body of legal practitioners admitted to practice and controlled by one central authority for the whole of India. The notion of an all-India Bar has proved attractive to some minds as being in accordance with what is called the national movement. But it is not possible to have an all-India Bar in any real sense unless there is to be throughout India a single type of advocate possessed of the same qualifications and entitled to practise in all the courts of the country. It might perhaps be possible to secure uniformity in the three Presidencies, but our enquiries in the different places which we visited have satisfied us that elsewhere this would not be possible. The tendency is for the presidencies and provinces to develop on their own lines, education is more advanced in some than in others and the same degree of proficiency cannot at present be attained or insisted on throughout India. From a practical point of view nothing is to be gained by setting up a central body which shall prescribe different qualifications for admission to the profession in the different provinces. A central body would necessarily have inadequate knowledge of local conditions, and apart from Burma, where opinion is strongly opposed to that province being included in any all-India scheme, there are not wanting indications that a provincial Bar would not readily submit to being governed by a body which would necessarily contain a majority of members insufficiently acquainted with its special needs and difficulties. Another consequence of the establishment of an all-India Bar in the sense indicated above would probably be the removal of the language and residence tests which have been devised by some provinces in order to protect themselves against their stronger neighbours. The latter test is presumably based on deliberate considerations of policy which we do not feel entitled to interfere with as it were by a side wind. Most of those who advocate an all-India Bar appear to do so on the ground that it would be difficult, if not impossible, to set up in each province a Committee or Council of legal practitioners independent and strong enough to exercise satisfactorily and with general acceptance the powers now entrusted to the High Court. There is force in this consideration, but we think that if an ultimate controlling authority is required, as in our opinion would certainly be the case, it would be better to rely upon the High Court of the province concerned than upon an untried all-India authority. It is conceded by those who advocate the constitution of an all-India Council that it would be necessary for that body to delegate its disciplinary authority to provincial Councils. Busy practitioners could not be expected to attend frequent meetings of an all-India Council at places far distant from their homes, and judges would hardly feel justified in

doing so. Any useful purpose which might be served by the constitution of an all-India Council, such as the gradual co-ordination of standards, could in our opinion be as well attained by occasional meetings between representatives of provincial Councils or even by correspondence between them.

47. No institution corresponding to an all-India Council with definite powers of control is to be found in any other part of the Empire. The English, Scottish and Irish Bars are entirely distinct from each other, although there is a Supreme Court of Appeal for the United Kingdom. Canada has a Supreme Court in which barristers, advocates, solicitors, attorneys and proctors of any of the provinces may practise. But each province has its own separate Bar constituted by provincial legislation. Practitioners in the different provinces are not even designated by the same title.

The Commonwealth of Australia has a High Court in which any person may practise who is entitled to practise in any of the States either as barrister or solicitor or both, and the High Court also has power to enrol its own practitioners. But each State in the Commonwealth has a separate Bar attached to its own Supreme Court. In some of the States there are both barristers and solicitors. In others, for example in Victoria, the functions of barristers and solicitors are united in one person. In America there is no such thing as an United States Bar. Each of the 48 States has its own Bar and the Federal Union also has its Bar. The Federal and State Bars are linked together by the establishment of voluntary organisations, such as the well-known American Bar Association, in which representatives of the different Bars meet for the purpose of discussing legal reforms, qualifications for admission to the Bar and legal education. If provincial Councils are established in India we see no reason why their representatives should not form a similar association. Apart from the circumstance that India has no Supreme Court conditions are probably less favourable in India to the establishment of one Bar for the whole country than they are either in Canada or Australia.

48. While we are of opinion that the establishment of an all-India Bar or all-India Council is not practicable we think that the time has come when the bars attached to some of the High Courts should be accorded a measure of self-government. At present legal education is almost entirely in the hands of the Universities, and such influence as the Bar can bring to bear on it is due to individual members of the Bar being members of the Faculties of law and the Bar has no control direct or indirect over the prescription of qualifications for admission to the profession. Moreover as regards the important question of discipline, the only power which the profession now has is the power to exclude practitioners from

its associations and informally report cases of misconduct to the Courts.

Where Bar Councils are established they should, we think, be given some definite representation on the Faculties of law. For the present it is unlikely that the Bar will be able itself to make arrangements for the education of students, though it may be able to supplement the education given by the Universities by the provision of practical training or lectures on the procedure of the Courts and the duties of members of the legal profession. If the Bar were to undertake the entire training of candidates for the profession the Faculties of law would probably cease to exist. We think it best to preserve the existing University law courses, which appear generally to give satisfaction and to ensure reasonable efficiency; and not to supersede them until it is demonstrated that a more efficient machinery is ready to take their place. That has certainly not been shown to our satisfaction.

49. As regards admission to the profession and the discipline of practitioners there is a strong demand in all the provinces that powers should be conferred upon local Bar Councils similar to those which are exercised by the governing bodies of the Bars in the United Kingdom and the self-governing dominions. At the various centres which we have visited and from witnesses who came from places which we have been unable to visit we have enquired whether at all, and if so to what extent, the different Bar and Vakils' Associations have endeavoured to exert their influence in such matters. We regret to say that the result of our enquiries is not such as to enable us to feel confident that Councils at all the High Courts would at present be able to make the best use of the power which witnesses have suggested should be conferred upon them.

Our enquiries have made it clear that the bars at the different centres vary greatly both in their numerical strength and in the prestige which attaches to them: and we think it would be impossible to suggest a uniform system based on a supposed equality of membership or authority of the bars in all the centres which in fact does not exist.

50. In the Punjab we found that there has been in existence for a number of years a Bar Council, consisting of the President of the Bar Association, two senior lawyers nominated by the Association and two members selected by the Judges, of whom one must be an advocate or vakil practising in the High Court and the other is ordinarily the Registrar. This council is appointed under the direct authority of the High Court, and is intended to act

as a disciplinary committee. It has power to inquire into charges of misconduct against advocates and pleaders practising in the Punjab, such cases being referred to it by the Judges or brought to its notice by complaint made to it by any member of the legal profession or by any association of legal practitioners. If the Council holds that a charge of misconduct has been established, it submits its proceedings with a recommendation to the High Court. But there is a provision in the rules whereby the Council can, in cases where it is alleged that a fee has been paid but not earned, dispose of the case itself, by ordering a refund, and if its decision is accepted by the practitioner complained against and a refund is made, the case is not reported to the Court at all. We were informed that most of the cases which come before the Council are disposed of in this way. We heard further that in spite of the power of the Council to deal with cases brought to its notice by an individual practitioner or an association, it was never called on by either to deal with such a malpractice as touting, which all admitted to be rampant in the Punjab. In fact it was generally admitted that under the conditions now existing there a Bar Council at Lahore would not function at all unless it were entirely controlled and guided by the Bench.

51. There can however be no doubt that throughout India abuses exist with which the courts cannot deal effectively without the assistance of the Bar. We think that the stronger bars should be empowered by law to assist the courts in this and other matters, and we are not without hope that when definite powers are vested in them they will make a real effort to act up to their new responsibilities.

52. Many different suggestions have been made to us as regards the composition and powers and local extent of the jurisdiction of Bar Councils. For example, some would constitute Councils entirely on an elective basis, while others would have a certain number of ex-officio members or give power to the High Court to nominate a certain proportion of the members. Some would have the Councils composed entirely of legal practitioners, while others would include judges also. Some would hand over unconditionally to the Councils all the disciplinary authority now exercised by the High Courts, while others would reserve a right of control to the High Courts by way of appellate or revisional authority. Others again would reserve all disciplinary authority to the High Courts and invest the Councils with no more than an advisory capacity. In view of the great variety of opinions which we have received and the ill-concealed doubts in the minds of responsible witnesses whether it is safe to entrust Bar Councils with the powers now exercised by the High Courts, and in particular whether the

Councils can be expected to be free from communal, political and religious influences, we feel that entirely uncontrolled power should not be conferred upon them at present.

53. A system which is suitable for one country may be entirely unsuitable for another, and it would not be safe to assume that any of the systems in force in the Empire would be entirely suitable for India. But as the claim now made that the Bar in India should be allowed to govern itself is avowedly based on the systems which prevail in the United Kingdom, the self-governing Dominions and the United States, it may be desirable to state shortly the essential features of some of those systems. In England the right to call to the bar is vested in the Inns of Court, governed by Benchers, being past and present judges and senior members of the Bar. Regulations have been made by the Inns regarding the admission of students, their examination and the calling of them to the bar. Disciplinary authority is exercised by the Benchers and there is a right of appeal to the judges as Visitors. A recent instance of the exercise of the right of appeal shows that it is by no means confined to cases in which a barrister has been disbarred. In Ireland the system is much the same, except that the disciplinary authority of the Benchers is not so extensive as in England and the appeal lies to the Lord Chancellor. The admission of solicitors in England is conducted by the Law Society under the authority of rules made by the Master of the Rolls. Previous to 1919 a Committee of the Society could recommend to the court that a solicitor should be struck off the rolls. Since 1919 the Committee has had power to strike a solicitor off the rolls, but an appeal lies to the court at the instance either of the solicitor or of the person who instituted proceedings against him.

The High Court of Australia makes rules regarding the admission of persons to practise in the court and alone has power to strike a practitioner off the rolls.

In New South Wales and Queensland practitioners are admitted by a Board consisting of the judges, the Attorney General and two barristers. In South Australia the Supreme Court makes rules for the admission of practitioners. The Law Society may enquire into complaints of misconduct by practitioners and make a report to the Court, which may call for further enquiry if necessary. Final orders are passed by the Court.

In Victoria there is a Council of Legal Education which may make rules to be laid before Parliament as to examination, articles and admission of practitioners. The Law Institute has powers similar to those of the Law Society in South Australia.

In Western Australia practitioners are admitted by a Board. The same Board has power to enquire into cases of misconduct and report to the Court.

In Tasmania also practitioners are admitted by a Board. The Law Society has certain disciplinary powers, but the power to strike off the rolls rests with the Court.

In New Zealand the Court makes rules regarding the qualification and admission of practitioners. The Court alone has power to suspend or strike off the rolls. In South Africa, admission to the profession is under rules made by the Court, which has power to suspend or strike off the rolls.

In Canada the Bars have somewhat larger powers, according to the latest legislation on the subject.

In British Columbia there is a Law Society governed by Benchers who educate, examine and call students to the Bar, and admit solicitors. They may suspend, disbar or strike off the rolls for good cause any barrister or solicitor, but their order is subject to appeal to the judges of the Supreme Court as Visitors.

In Manitoba also there is a Law Society governed by Benchers who have powers similar to those of the Benchers in British Columbia. But the Court has a similar power and can restore a barrister or solicitor struck off the rolls by the Benchers.

In Ontario there is a Law Society governed by Benchers who have power to suspend or disbar or strike off the rolls both barristers and solicitors. The court has power to restore a solicitor, but in the case of a barrister the power of the Benchers appears to be absolute.

In Newfoundland the system is the same, but there is a right of appeal to the Supreme Court.

In the United States of America each State determines for itself what shall be the qualification of candidates for admission to its own Bar. In almost all the States the power to admit to practise and to disbar rests with the court. In Washington the power rests with the State Board of examiners.

54. This summary is not complete, but according to the latest information available is accurate as far as it goes. It will be seen that in none of the countries, states or provinces mentioned, except in the province of Ontario, has the Bar been invested with final disciplinary authority, and in Ontario the last word rests with the Court in the case of a solicitor. It is necessary to emphasise this point because it has been made clear to us in the course of our

enquiries that many who expressed themselves in favour of wholly independent Bar Councils in India with final disciplinary authority, have done so in ignorance of the fact that they are advocating an institution which is almost without parallel in the Empire or the United States of America. The constitution of Bar Councils of any kind is an experiment the value of which can only be tested by experience, and it is in our opinion unthinkable that the first flight should carry the Bar in India to a position which the English Bar, with centuries of traditions and experience in self-management, has never yet aspired to. We have found in nearly all the responsible views we have heard on this subject a feeling that in one way or another the authority of the High Courts should be retained. And even those witnesses who would give final authority to a Bar Council have generally desired that the High Court should be represented on the Council itself. From the evidence we have heard we think it would be unduly optimistic to believe that in all provinces the Bar Councils will be wholly immune from religious, political or communal influences; and we doubt whether a Council could always be assured of having the full weight of professional opinion behind it if it dealt severely with a case of misconduct. Nowhere, on the other hand, have we heard any complaint regarding the way in which the High Courts have exercised their powers, and we feel that we can only interfere with an established system which is generally admitted to have worked well if we ensure that the system to be set in its place has a reasonable chance of continuing the work successfully. If the first step taken is successful and the experiment proves that Bar Councils can exercise their powers to the satisfaction of the High Courts, the legal profession and the public, there is no reason why their powers should not be gradually increased. But in the meantime we would move with caution, and, while we all agree that Bar Councils should be constituted at certain places, we would not give them greater powers than we feel they can properly exercise.

The great majority of advocates and vakils in India act as well as plead. They are in immediate contact with the lay public and their position is to be compared rather with that of the solicitor than with that of the barrister in England and elsewhere. It will be seen that the powers which we propose should be given to Bar Councils are similar to those exercised by the Incorporated Law Society in England up to the passing of the Solicitors Act, 1919.

55. For the purpose of our proposals regarding Bar Councils, Assam having no separate High Court and comparatively few legal practitioners must be treated as part of Bengal. Sind could not conveniently be brought under a Bar Council at Bombay,

probably would not willingly consent to such an arrangement, were it possible. Similarly we think that there can be no question of placing the Bar in Oudh under a Bar Council at Allahabad. Territories outside the Governors' Provinces are not affected by our proposals. In those territories there are many courts having the powers of High Courts at which we think it would be impossible to set up Bar Councils. We have been unable to visit Nagpur, Karachi and Lucknow, but the opinions which we have received from those places and the evidence which we took ourselves at Lahore lead us to doubt whether it would be advisable to establish Bar Councils at those four centres. For the present we recommend that statutory Bar Councils be established only at Calcutta, Madras, Bombay, Allahabad, Patna and Rangoon, but that provision be made for setting up Councils at Lahore, Nagpur, Karachi and Lucknow when experience has been gained of the working of the Councils at the centres we have indicated.

56. We have already said that we look forward to the time when pleaders and others entitled to practise only in subordinate courts will disappear and all legal practitioners will be entitled to practise in the High Courts as well as in the subordinate courts and revenue offices. For this reason and also because we think that it would be better for the present to confine the membership of and electorate for the Bar Councils to the highest grade of legal practitioners, that is, those who are Advocates of the High Courts, we propose that all other legal practitioners should continue as at present to be enrolled and controlled by the High Court.

57. A Bar Council, if it is to function properly, must be a small and compact body. We propose that the number of members should be limited to 15. Four should be nominated by the High Court, including, where possible, the Advocate General or the Government Advocate and the Government Pleader. The remaining eleven, of whom six should be advocates of at least ten years' standing, should be elected by Advocates of the High Court, provided that in Calcutta and Bombay the High Courts should determine how many of the eleven should be Advocates entitled to practise on the original side. The first Councils should hold office for 3 years, the term of office of subsequent Councils being determined by rules to be framed by the Councils themselves.

58. The question whether judges should be members of a Bar Council has been much canvassed. Some judges have stated that they would object to serve on a body in which they would necessarily be in a minority, and we feel that there might be difficulties when questions of discipline were under discussion or when, as we hope will not be the case, the councils are liable to be affected

by extraneous influences. We propose therefore that the nominated members also should ordinarily be advocates. But the evidence which we have taken suggests that for the present it may be advisable in some places for judges to assist the Councils by their presence. We would therefore leave it open to the High Courts to nominate judges past or present if they think proper.

59. We recommend that a Bar Council should have power to make rules subject to the approval of the High Court in respect of the following matters:—

- (a) The qualifications, admission and certificates of proper persons to be advocates of the High Court.
- (b) The powers and duties of advocates.
- (c) The conduct of any examination which may be prescribed by it and the fees to be paid for appearing at the same.
- (d) Legal education, including the delivery of lectures to students and the fees chargeable therefor.
- (e) Matters relating to the discipline and professional conduct of advocates.
- (f) Procedure and practice in cases falling within the disciplinary jurisdiction of the Council.
- (g) The method of holding elections of members of the Council and all matters incidental thereto.
- (h) The meetings of the Council, the quorum necessary for the transaction of business, the election of a President or other officer and the appointment of committees for special purposes.
- (i) The period for which a Council, after the first Council, should hold office and the filling of vacancies occurring between elections.
- (j) The terms on which advocates of another High Court may be permitted to appear occasionally in the High Court to which the Council is attached and
- (k) any other matter prescribed by the High Court.

The rules regulating the election of the first Council and the filling of vacancies before rules are made by the Council should be made by the High Court, and it should be provided that no rules shall be made affecting the special provisions we have suggested for the original sides of the Calcutta and Bombay High Courts so long as those provisions remain in force.

60. A Bar Council should have power either of its own motion or on complaint or on a reference by the High Court to inquire into all matters of the kind referred to in sections 12 and 13 of the Legal Practitioners Act, 1879, breaches of rules and other improper conduct in which an advocate of the Court is concerned, and make a report to the High Court with a recommendation as to the action, if any, to be taken by the Court.

A Bar Council should also be entitled to be heard in any matter relating to the admission of an advocate or in support of any report made by it to the court.

61. The existing disciplinary jurisdiction of the High Court should be maintained, but the Court should be bound before taking disciplinary action against an advocate, except in regard to contempt of court and the like, to refer the case to the Bar Council for enquiry and report. On receipt of a report from the Bar Council the Court should be empowered itself to make or require the Council to make further inquiry. At the request of a Bar Council or on its own motion a High Court should be authorised to order an enquiry to be held by a local court.

Provision should be made for procuring with the sanction of the court the attendance of witnesses and production of documents required by the Council for an inquiry, and witnesses should receive the same protection as when they give evidence before a court.

The High Courts should retain their power to fix the amount payable by a party in respect of the fees of an adversary's legal practitioner.

62. We have expressed elsewhere our opinion that attorneys should continue to be enrolled as such in the three Presidency High Courts where alone they are to be found in any numbers. We have excluded attorneys from the Bar Councils which we have proposed, because although some witnesses were in favour of giving the Bar Councils powers of control over all classes of practitioners, including attorneys, the great majority, including the attorneys themselves, supported the view that attorneys should have a completely separate organization.

In Calcutta there appear to be 275 attorneys, of whom 206 belong to the Incorporated Law Society. In Bombay also there is a considerable number of attorneys, of whom 147 are members of the Incorporated Law Society.

In Madras there are about 30 attorneys, nearly all of whom belong to the Attorneys' Association, which is not an incorporated

body. In Calcutta there was a difference of opinion on the question whether the Incorporated Law Society should be given statutory power to control its members. In Bombay the President of the Society stated his personal opinion that such power should be given. The fact appears to be that neither Society is really interested in the question or has given it much thought. If the Societies in Calcutta and Bombay make a definite request that statutory power of control should be given to them we see no reason why the request should not be granted. In that event we would suggest that disciplinary power should be given to them similar to that enjoyed by the Incorporated Law Society in England before the passing of the Solicitors Act, 1919, namely, power through a Committee to enquire into cases of alleged misconduct and to make a report to the Court.

The number of attorneys in Madras being so small, it is doubtful whether it would be practicable to give them statutory power of control. They appear to be content to remain under the control of the High Court.

V.—Miscellaneous.

63. There are one or two matters to which reference should be made before we close our report. In the first place we would discuss briefly the effect which our proposals may be expected to have on the recruitment of barristers, whether English or Indian, to the Indian Bar.

64. Lord Lytton's Committee found that in October 1921 there were 337 Indian students on the rolls of the Inns of Court. It is believed that there are now well over 500. But in both cases the number includes men who take the course not with any intention of practising in the courts but as part of their general education while they are studying for entry into the public services.

Between 1901 and 1920 no less than 1,997 Indians joined the Inns of Court. The chief reasons which in the past led such large numbers of Indians to go to England to be called to the English bar appear to have been that it was considered to be much easier to pass the Bar examination in England than to qualify as a vakil of a High Court in India, and that there were distinctions between barristers and vakils in such matters as precedence, eligibility for appointments and practice on the original sides of the High Courts.

65. The Bar examination in England is more difficult than it used to be and the standard of general education required for admission to an Inn of Court is higher than it formerly was. Further all the Chartered High Courts except Lahore now require

more than a mere call to the Bar as a qualification for the enrolment of a barrister as an advocate. In many instance, as indicated in an earlier part of this Report, an applicant for enrolment is required to have read in the chambers of a barrister in England or to have other qualifications. The provisions referred to appear to have resulted in a diminution in the number of barristers enrolled in courts which require qualifications beyond that of a call to the Bar. The average number of barristers enrolled in the last four years in the Lahore High Court, which is content with a mere call to the Bar, is 20, while the total yearly enrolments in the High Courts at Calcutta, Madras, Bombay, Allahabad and Patna together amount to an average of only 25; and of the 42 enrolled in Calcutta in the four years just one half were vakils who availed themselves of the shorter course with reading in chambers in England.

With the special privileges hitherto enjoyed by barristers we have already dealt and if our proposals in this connection are accepted there will not be the inducements which now exist for students who do not also desire a University education in England to go there for their legal education.

66. The evidence recorded by us and by the committee presided over by Lord Lytton leads us to the conclusion that in the past a considerable number of students have gone to England insufficiently equipped and so have not had the opportunity of availing themselves to the full of the educational facilities there provided. We are far from being opposed to students going to England, enlarging their general knowledge there and profiting by the better teaching there available, but we are of opinion that only fully equipped students or those who also wish to take advantage of an English University course are likely to gain real benefit by such a visit. We anticipate, however, that with the removal of distinctions between barristers and vakils and the prospects which we propose shall be open to advocates educated in India to hold the highest posts in the legal profession the number of those who go solely for the purpose of a call to the English Bar will be diminished.

67. In the past many Englishmen have come out to the country to practise in the Indian courts, but of late years their numbers have decreased, though a certain number still come out to Rangoon and a few have recently joined the Lahore and other High Courts. There is a consensus of opinion that in the past the presence of Englishmen practising in the courts has been a source of strength to the Bar itself and we would do nothing to discourage their coming, but they should be admitted to practise as advocates on terms equivalent to those on which Indians are admitted.

68. We desire to add a few words regarding the rule of some of the High Courts which makes reading in chambers in England a necessary or alternative qualification. Under Regulation 44 of the Consolidated Regulations of the Inns of Court a vakil may be exempted from keeping a certain number of terms if he produces a certificate from a practising barrister *approved by the Council of Legal Education* that he had read for 12 months in that barrister's chambers. Reading in suitable Chambers in England is in our opinion most valuable, but it cannot be expected that the Council of Legal Education will take upon itself the burden of finding or approving of chambers for Indian students to whom Regulation 44 does not apply. It is difficult for other Indian students to find suitable chambers and we fear that there can be no doubt that reading in chambers in England has been in many cases a mere formality. We think that the High Courts should consider the advisability of allowing Indians to read with an approved Indian practitioner instead of reading in chambers in England, at least when it is shewn that the individual cannot obtain entry into suitable chambers in England.

69. We would next refer briefly to a system which we found to be in existence in certain places in India, namely the system of partnerships between legal practitioners. We apprehend that there is nothing in the conditions on which a student is called to the Bar in England which prevents him from entering into partnership with other legal practitioners in countries in which such partnerships are permitted or recognized. Partnerships between legal practitioners of all classes have long been recognised in Rangoon and Karachi and have been found to suit the conditions prevailing in those towns. We think that such partnerships should be permitted wherever all classes of legal practitioners are entitled to act as well as to appear and plead.

70. We feel that our report would not be complete without some reference to an evil which was brought prominently to our notice in the course of our enquiry. The evidence which we have received leaves no doubt that touting of various kinds prevails in most parts of India. The law with reference to touting was strengthened in 1896, but has proved entirely ineffective. The plain fact is that unless the legal profession assists the courts to suppress touts little can be done by way of legislation.

One of the principal causes of the existence of this evil is the serious overcrowding of the legal profession. Touting has undoubtedly increased with the increase in the numbers admitted. It would appear that in some provinces in the near future there will not be any necessity to retain the lower grades of legal practitioners. If the profession of the law is closed to all but those who

have qualifications entitling them to practise in the High Courts and the qualifications of entrants are raised, the number admitted should not be excessive and it may be possible to enforce a higher standard of discipline.

We trust that the Bar Councils will regard the suppression of touting as one of their principal concerns.

71. In conclusion we desire to express our warm appreciation of the services of our Secretary, Mr. J. H. Wise, I.C.S., who made all the arrangements for our tour and has been of great assistance to us in the preparation of our report.

E. M. D. CHAMIER,
President.

V. M. COUTTS TROTTER.

S. R. DAS.

H. P. DUVAL.

HENRY J. STANYON.

T. RANGACHARIAR.

L. M. BANERJI.

S. S. PATKAR.

M. M. CHATTERJI.

J. H. WISE,
Secretary.

Delhi, the 1st February 1924.

MEMORANDUM BY MR. JUSTICE COUTTS TROTTER

THE DUAL AGENCY.

The following memorandum is intended to put forward what in my opinion can be said for the maintenance of the dual agency, where it already exists, and is not in any way to be taken as a plea for its extension to any court where it does not exist and to which our unanimous report does not suggest that it should be extended. I have written it deliberately in my own name, though of course after careful discussion of the matter with all my colleagues; I have done so on full consideration, because I necessarily am compelled to express opinions on controversial topics, to which I do not wish to bind any of my colleagues except in so far as they desire to subscribe to them specifically.

The witnesses who canvassed the rival merits of the dual and single agencies directed themselves in the main to three topics, efficiency, purity and costliness: and I propose to deal with these in that order. I have made a special study of this matter, and besides my experience of both systems as a judge sitting in Madras, I have for my own satisfaction done the following things over and above hearing the evidence given before us. In the first place, I read through a number of counsels' briefs kindly put at my disposal by firms of solicitors or advocates in Bombay, Calcutta and Rangoon. Secondly, I attended the trial of original suits in all three courts. In Rangoon, owing to the non-appearance of witnesses who had volunteered themselves, but had failed to come forward. I had nearly two whole days available for the purpose.

The question is one which for practical purposes only concerns the High Courts of Bengal, Bombay and Madras. In Bengal barristers have the sole right of audience on the original side and can only appear when instructed by an attorney. Furthermore, a barrister in Bengal cannot appear on the appellate side, unless instructed by a solicitor or a vakil, and in the mofassil he must be instructed by a vakil or pleader. In Bombay, advocates must be instructed by an attorney on the original side, but can take instructions from an attorney or vakil on the appellate side and direct from the client in the mofassil. In Madras, the two systems exist side by side. A barrister can in theory take instructions either from an attorney or a vakil: in practice hardly any barrister ever appears except on the instructions of an attorney. On the other hand, a vakil can appear on the original side of the Madras High Court instructed directly by the client. In Rangoon there are a few solicitors—only three said to be in active practice, and many

barristers, but the dual agency does not exist, and the client has direct access to the advocate who is going to conduct his case in court. These being the facts, I propose to deal with the question under the three heads I have outlined.

Efficiency.—I do not think that any disinterested enquirer can doubt that under the dual agency, the work of preparing and presenting cases to the court is infinitely better done than under the other. Subdivision of labour and specialization everywhere tend to efficiency, and markedly so in the law. The mere fact of having to put together a brief, *i.e.*, the materials on which another man will fight the case in court, tends to completeness and compactness of preparation. The documents are properly inspected, copies are prepared for the use of counsel and judges, irrelevant evidence, whether oral or documentary is weeded out, and the whole material is focussed on the true issues of the case. Proper proofs of the witnesses are taken and they are confined to what is relevant. Under the system of the single agency, cases are prepared in a much more slipshod way: the inspection of documents is perfunctory, irrelevant matter is most inadequately excised, and the court gets far less efficient assistance all round. The matter of course affects the client, who is necessarily a gainer by having his case well presented to the court; but it affects the courts even more. The situation was graphically summed up by a Bombay judge who had experience of both systems? of the single agency as Judicial Commissioner in Karachi, of the dual as a High Court Judge in Bombay. He is a civilian and not a barrister judge, and therefore can have no associations or predilections to obscure or prejudice his judgment: and he said that he could get through as much work in an hour in Bombay under the dual agency as he could get through in a day at Karachi under the single. Similar testimony abounded from witnesses who are familiar with both systems. No doubt some allowance must be made for the fact that the most skilled practitioners naturally tend to practise in the highest court of original jurisdiction, rather than in an up-country centre, however important: but I feel no doubt that most of the increased efficiency should be ascribed to the system and not to the superior qualities of individual practitioners. My perusal of the briefs put at my disposal confirmed this view entirely. The Bombay and Calcutta briefs were complete in every respect, such briefs as a barrister in England would expect to receive from a good firm of solicitors—clear instructions, complete copies of documents and carefully drawn proofs of all the witnesses. Any advocate could perfectly well conduct the case on the materials so put before him. The Rangoon briefs were altogether a different affair—those on the appellate side doubtless had a complete record, but on the

original side they were unintelligible; a copy of the pleadings and interlocutory orders, copies of a few but by no means of all the letters, no proofs of witnesses, no extracts from the account books of the opposite side. No one could possibly have conducted the case from the haphazard bundle called a 'Brief', unless he had seen all the witnesses and gone through the documents personally. This impression was confirmed by what I heard in court of trials in progress. In Bombay and Calcutta everything was ready to hand and the cases were got through promptly and in a business-like way. In Rangoon I heard the trial of a heavy commercial suit involving 2 lakhs before a trained commercial judge. The barristers who appeared had worked up their own briefs, and the result was chaos and an appalling waste of time—I heard 2 hours spent in a roving enquiry into the contents of a ledger: had it been properly inspected and proper notes made on inspection, the whole of the relevant entries could have been put before the court in five minutes. Both sides were represented by eminent counsel, members in each case of a leading firm: but counsel on both sides were obviously picking up their real case as they went along.

The reason is clear: an advocate who is busy in court all day cannot give the time to get up his materials properly. He must have conferences, draw pleadings and write opinions when he is not actually arguing in court, and the preparation of cases for hearing is patently neglected. It may sift itself out in the end, but it involves a great waste of judicial time, and one cannot wonder that there are serious arrears in courts whose time is so whittled away. In Madras, the vakils on the original side do their work very well: but that is because the substance of the dual agency prevails there. The work, other than that which goes to solicitor and counsel, is on the whole very adequately handled. But it is all in the hands of a few men, who each have in their office a team of juniors who get up their cases for them, inspect the documents and take notes for the use of the leader in court, and take proofs of the witnesses. The result is reasonably satisfactory from the point of view of the dispatch of business: it has other evils which will be best dealt with under the head of costliness. It has driven the work into very few hands: and the leading vakil on the original side is credited with having 40 per cent. of the cases which do not go to attorneys and barristers. In cases on the Madras original side where junior vakils are employed who have no assistants to get up their cases for them, they are presented to the court in a state of confusion, and the judge has to muddle along as best he can, at the cost of endless waste of time. Indeed, it constantly occurs that he has to point out what materials are necessary for a proper trial of the case, and adjourn it for them to be procured and produced.

2. *Purity*.—A good deal of misunderstanding prevailed about this, and it was very difficult to get the witnesses who advocated the rival systems to understand the opposite point of view. The protagonists of the single agency appeared to think that the dual agency involved that no barrister should ever see his client before the trial in conference in any circumstances. They dilated on the advantage to the barrister of knowing what his client's case was from his own lips, and on the satisfaction derived by the client by coming into personal touch with the man who was actually going to conduct his case. The advocates of the dual agency at times used language which suggested that no honest practitioner could see a client or a witness without contamination and without yielding to the temptation to coach him as to what exactly he was to say to suit his case.

I do not share either of these extreme views. Barristers in England constantly have conferences with their lay clients brought to their chambers for the purpose by the instructing solicitor. Again every barrister can and must see expert and professional witnesses in conference in order to understand the trend of their evidence, which would otherwise be unintelligible to him. But he does not see and does not take the proofs of witnesses who are to speak to facts, which under the single agency he must do. I have no doubt that it is a great advantage in the interests of a high professional standard that he should not. The most scrupulous practitioner who examines witnesses out of court cannot help unconsciously conveying to the witnesses' mind what evidence would be most useful to the case. It is said that the attorney under the dual agency is subject to the same temptation. In my opinion it makes all the difference that the man who interviews the witnesses is not the man who is going to examine them in court. The rule against leading questions in examination in chief loses much of its force if the examiner has been in contact with the witness. I fully accept our joint conclusion embodied in our report that it would be impracticable to impose the dual agency on courts where it does not exist—as it would be impracticable to forbid solicitors from appearing as advocates in country courts in England. But that the dual system is a valuable safeguard against malpractices, and tends to the independence and dignity of the Bar, I do not question, and I think it would be a retrograde step to abolish it in those courts where it has taken firm root, *i.e.*, Calcutta, Bombay and to a certain extent Madras.

Moreover, the single agency undoubtedly opens the door to touting, and the evidence before us leaves little room for doubt that that evil is rampant in Indian courts despite all the efforts that

have been made to curb it. Touting is of course possible under the dual system, but it is much more difficult and consequently much more rare.

3. *Costliness*.—Every one fixes on this as the vulnerable point in the dual system, and on the surface it is easy enough to say that in the nature of things two men must cost more than one, and very few of our witnesses said anything more than that. The careful figures given to us by the Taxing Officer at Calcutta appear to show conclusively that under the existing scale, litigation under the dual agency on the original side is extremely moderate in its cost in that city, and no one has suggested that it costs any more in Bombay or Madras than it does in Calcutta. No doubt you could get the work more cheaply done—possibly by a single agency, but I do not gather that there is any real dissatisfaction with the dual system in the Presidency towns, where the contested suits are substantial in the amount at stake or the principle involved or both, and where the litigants are more concerned to have their work well done than to quarrel over items in a bill of costs. The alternative system is the *ad valorem* fee; and so far as it obtains in High Courts on their original sides, it appears only in Burma and Madras, which require separate examination.

As to Burma, there is no taxation of profit costs, as distinct from out of pocket, by an officer of the court by items. But the trial judge has a discretion to indicate the proper *ad valorem* scale which should be applied to a given case and acts as a rough and ready taxing master. Such a method must proceed largely by impression and guess work, and it is obvious that the costs so fixed as between party and party, must in many cases fall below what is legitimately charged as between solicitor and client; and a proper Taxing Officer would doubtless allow many charges as between party and party which at present are irrecoverable from the losing side. At the same time so far as could be gathered, the system works without great dissatisfaction: and I gravely doubt whether barristers working as in reality they do under the single agency in Burma would have the time or the equipment to prepare proper bills of costs with items.

In Madras the results of the co-existence of the two systems side by side in original suits, are obviously anomalous and unfair in their incidence. Where a vakil appears there are of course inevitably present the inherent vices of the *ad valorem* system. A case involving a large sum may be defended merely to gain time, and when it comes to trial go through practically as an undefended case, casting no burden of work on the plaintiff's vakil, and yet he gets a heavy *ad valorem* fee allowed against the other side.

On the other hand, a difficult and complicated suit may entail elaborate preparation, may raise a question of vital importance, and yet, because the actual sum of money at stake is small, may carry with it a trivial fee recoverable from the losing side. Worst of all, there is a maximum vakils fee of Rs. 1,000 for profit costs, which cannot be exceeded: and may apply to a case which has involved months of careful preparation, and has perhaps occupied several days at the trial.

All this matters little to the vakil in assured practice. His fee as between himself and his client he fixes without reference to the *ad valorem* scale, but according to the amount of work he expects to have to do in the case though of course the *ad valorem* fee allowable is naturally his minimum. But it works out in practice that no vakil of any standing in the court will take up a case at any figure that is not far in excess of the *ad valorem* fee recoverable from the losing side. That is obviously unjust to the client who has to pay fees which are a reasonable remuneration for the work done, but a large portion of which he cannot hope to recover from the other side. And of course the vakil in large practice has to keep up an office and a staff of juniors to get up his cases for him. He charges his client with a fee which covers a proportion of these matters; not one rupee of that part of his fee is recoverable from the other side. It is said that some junior vakils are content to appear for *ad valorem* fees, because it levels itself up: while they are underpaid for what they do in some suits, they are overpaid in other. That may be well enough for them, but it is no consolation to the losing side in the latter class of case. Moreover, in the big commercial centres, the continued existence of the solicitor is absolutely vital to the community. The big business concerns have millions of English capital invested in them, and employ thousands of Europeans in their direction and supervision of the vast number of Indian workmen in their employment. They require to have the type of advice that they can only get from a solicitor trained in the English system—it is immaterial whether he is Indian or European by birth, and no racial question whatever is involved. A solicitor is a man with a business training, altogether apart from his knowledge of law: and neither a barrister nor a vakil has that training. The solicitor is entirely a creature of the dual agency, and if it goes, he goes with it. But he is indispensable to the business world; and I see no way to preserve him other than by continuing the dual system where it now obtains. To my mind, any attempt to weaken the present system in the big commercial towns would be a rash and unwarranted experiment and might gravely jeopardise the commercial and industrial future of India.

In Rangoon, there are very few solicitors though it is a big commercial and industrial town. As against that, firms who do not have a solicitor partner, usually have one who has had the training of a chancery barrister, and is therefore accustomed to drafting and advisory work whether in connection with the transfer of property or the formation of companies or the settling of business agreements. In the firms which only contain barristers, the position may not unfairly be summed up by saying that one of the partners (usually one trained in chancery chambers) has practically turned himself into a solicitor, and concentrates on the class of work undertaken by his firm which would be done in England by a solicitor.

I am quite aware that advocates of the single agency claim that vakils exist who are as competent as solicitors and attorneys to serve the needs of the commercial community of India. I am convinced that any one who will impartially compare the training required from an attorney and its nature, with that required from a vakil, will see that it plainly cannot be so. It also fails to be observed that the vakils who protest themselves able to do what I may call solicitors' work have large practices as advocates, which they do not for a moment propose to relinquish; on the other hand, no solicitor who gave evidence before us indicated the slightest desire to be given any opportunity to practise as an advocate in the higher courts. The inevitable conclusion is one that I do not hesitate to draw, and put forward with any weight that may be ascribed to my personal experience in Madras. I do not believe that any one who claims the right to appear in court as an advocate and who has not gone through the training involved in the serving of articles is fitted in the least to do the class of work which properly appertains to the solicitor. In a place like Madras, leading vakils with an office of junior assistants may undertake drafting work which is done in the rough by their juniors and finally supervised by themselves. Neither junior nor leader has been through the mill that the solicitor has, and the leader who professes to look through the draft spends the greater part of his day as an advocate in court and can have little time left over to supervise drafts, even if he were a skilled draftsman, which in fact he is not. If vakils in any appreciable number wish to become solicitors, I would grant them facilities for doing so, and tide over the difficulty of their not having served their articles in the ordinary way. But it would be an essential condition that they should abrogate the right to appear as advocates and I question whether they would welcome such an option. The lay client is the person who has to be protected, and it is a useless pretence to offer him the services of a man who purports to be considering his case in office, but in

reality is fighting cases in court as an advocate all his time, and leaves his office work to his juniors.

V. M. COUTTS TROTTER.

Delhi, the 1st February, 1924.

We agree with the above.

S. R. DAS.
M. M. CHATTERJI.

NOTE BY DEWAN BAHADUR T. RANGACHARIAR.

THE DUAL SYSTEM.

During the anxious and prolonged discussion we had in Committee during the last week on the problems before it, there are 3 or 4 guiding principles which we kept prominently in view—at any rate which I kept in view—in making suggestions and accepting suggestions.

It was recognised almost at the outset, that the conditions varied from province to province, that no question was to be decided merely on *a priori* reasoning as to the merits or demerits of any particular system in the abstract, that we must maintain the state of things where it has existed for long, that vested interest should not be lightly disturbed, that local opinion should be respected and favoured whenever possible, that violent or sudden changes should not be introduced in any province, and that any changes which were recommended should be so framed as to cause the minimum amount of disturbance.

It was in the view mentioned above we have refrained from considering the merits or demerits of the dual system as we find it in each province and our conclusions stated above were reached quite apart from this consideration.

We have, however heard evidence on this point and from my long experience in a province where both the systems have been in vogue in the same court, I have come to some definite conclusions and I place them on record for what they are worth as the question is bound to come up again sooner or later.

I consider that the dual system is quite unsuited and unnecessary even for the original side of the various High Courts in the 3 Presidency Towns and the advantages claimed for that system are more or less problematical and are not substantial enough to make it necessary to keep up a variety different from the prevailing one which has taken root throughout the whole country. I will shortly substantiate this position by a few main considerations.

The best evidence in support of this conclusion is that actual experience gained by the concurrent trial of both the systems in the capital city of the Madras Presidency where alone the conditions under which the trial took place over a long period have been fairly equal on both sides. Neither in Bombay nor in Calcutta have the conditions been favourable for instituting a fair comparison. The class of suits tried in the different courts in the mofussal and the calibre and equipment of the Bar or of the Bench there are very different from what obtains in the High Court. The unitary system to use a short expression has almost displaced

the dual system in Madras and during all the years this process has been going on, there has been no sign of any dissatisfaction either from the Bench or from the public. On the other hand warm advocates of the dual system on the Bench of the Madras High Court hitherto candidly recognised that "the vakils on the original side do their work very well", "that work is adequately handled", "the result is reasonably satisfactory from the point of view of despatch of business" and that "the situation so far as litigation is concerned works well enough".

There has been no complaint of any importance that the tone of the Vakil Bar in Madras is not all that is desirable. Only recently Sir Walter Schwabe, the Chief Justice who retired last month, paid a high compliment to the Vakil Bar for their ability and for the way in which the traditions of the English Bar are being kept up by them and he favoured unification. The greatest compliment that can be paid to the way the unitary or fusion of functions system has worked in Madras lies in the fact that the Madras Government advocates that the unitary system should be made universal there.

The barristers in Madras though brought up in the English traditions, in a body, demand unification. There are only one or two who cling to the dual system.

There has been no complaint on the part of the litigant public that their work was not properly attended to or that justice suffered by reason of the fusion of functions. On the other hand if the voice of the litigant public is to be any factor at all, I am almost certain that the litigant public would protest against the dual system, especially having regard to the enormous cost which that system would entail in a poor country like this. There has been no agitation from within the ranks of the profession in the presidency, that the profession must be reorganised on the basis of a unitary agency in the interests of efficiency or otherwise.

It will be recognised that much may be said on both sides arguing on *a priori* grounds. There are two sides to every question and advocates, eminent ones too, are not wanting on either side.

On the one hand it has been urged that the dual system contributes to efficiency as the result of a division of labour, that it brings into existence a band of specialists, that the advocate who is not in touch with the client and has not been collecting materials for a case is likely to bring to bear a freshness of outlook in the conduct of a case, that it at least makes one section of the profession clean, that it imparts a dignity and prestige to the Advocate because of his non-identification with the client, owing to the interposition of a professional gentleman between himself and the

client. On the other hand, it has been urged with equal force that the virtues claimed for the dual agency are imaginary, that it is purely a historical accident in England, that in the early stages of man's profession it is impossible to demarcate the professional functions, that there is no necessary incongruity and antagonism between the pleading and acting functions, that advocacy is the best school of law, that the average practitioner under the single agency system has good working, all round knowledge and is better than either the Barrister or Solicitor of the dual agency system, that there is no high principle involved in compelling a young man to make choice when he enters the profession and closing the door against all honourable ambition and putting an embargo upon the full play of talent in the case of one set of practitioners, that the dual agency strikes at the fundamental principle of the administration of justice in making litigation so expensive as to act as a deterrent to the poor man in asserting his just rights.

At any rate it cannot be said that there is anything sacred or inviolable in the dual agency system, when we find that is not the system obtaining in the great continent of America or in most of the Colonies, and in most of the courts in this country. Viscount Bryce bears testimony to the fact that in spite of the non-existence of the dual agency in America the profession as a whole has stood on a level with the profession taken as a whole in England and that the Bar in America has reached a power and social consideration relatively greater than the Bar ever held on the eastern side of the Atlantic. In recounting the advantages of the single agency system in the light of American experience he points out that the average city practitioner in America is a much better lawyer than the average Barrister or Solicitor. The single agency system affords a far better prospect of speedy employment than the beginner who is not strongly backed can look to in England. He says that according to the universal witness of laymen and lawyers no man who combines fair talent with reasonable industry fails to earn a competence within six or seven years of his career and to have an opportunity of showing whether he has in him the makings of something great. The gain to the client is still clearer and even those very few American Counsel who say that for their own sake they would prefer the English plan admit that the litigant is more expeditiously and effectively served where he has but one person to look to and deal with throughout. It does not suit him, say the Americans, to be lathered in one shop and shaved in another.

Even in England in recent times there has been a sharp difference of opinion though it must be admitted that the volume of opinion in favour of the total abolition of the existing system is not

quite strong as yet. It is somewhat noteworthy that such an eminent authority as Sir Edward Clarke was in favour of the fusion of functions. Lord Haldane has advised it for India. A section of Solicitors and a section of the junior Bar have also been in favour of the single agency system as practice tends under the dual agency to drift into the hands of a few practitioners who were influentially connected or who are related to Solicitors. The late Mr. Benjamin who was acquainted both with the English and American systems was of opinion that for countries not having a historic Bar, it would be difficult to maintain the separation which exists in England.

My own experience in Madras amply bears out most of the claims made on behalf of the single agency system in America.

In the original side the Vakil both acts and pleads. It is true in important causes a senior practitioner is associated with a junior practitioner in the work of preparation. But the question is not whether in the case of a very busy practitioner a junior is also associated with him but whether the junior if he does merely the junior counsel's and Solicitor's work in certain cases does not also do in certain causes what may be called an advocate's work of arguing cases and of examining witnesses. I know of a number of young men who are doing the preparation and the instructing work as well as what I might call the pucca advocate's work of conducting and arguing cases and to their credit it must be said they do the one kind of work quite as efficiently as the other kind of work. This is quite different from the dual system as it is understood in England.

Under this system more than 80 per cent. of the cases on the original side is done by Vakils for both the parties.

There are about 150 Vakils who have work of some sort or other on that side, of whom more than 50 have a fair amount of work, earning Rs. 500 a month or upwards—*vide* Mr. Grant and Mr. V. V. Srinivasan.

In the Madras High Court with its limited quantity of original side work, with only two courts (sometimes only one) sitting to hear cases I should say that that is a very fair distribution. In Calcutta, with its heavy original side, with four times the work, the evidence was that only two dozen barristers got on and the optimistic correction made later was that 40 men make a living.

In Bombay, where the work of the original side is even very much larger, with 7 courts sitting, there was the same story. In fact, the evidence given by the Bar Association, Madras, and by Mr. Justice Devadoss was that they advocated the unitary system because the juniors would have a better chance of getting work from the larger number of patrons, the clients, than the

smaller number the attorneys. In the appellate side in Madras the work has spread out considerably. A casual perusal of the original side cause lists, has convinced me that a fairly large amount of work on the original side is in the hands of nearly 70 to 80 Vakils and a very small quantity of work in the hands of four or five attorneys or attorney firms. During the first ten years of my practice between 1891 and 1901, there was a much larger volume of work in the hands of attorneys and counsel on the original side.

Luckily, some of the more serious objections to the attorney system have been removed from the unitary system as it prevails in Madras.

It is considered unprofessional for a Vakil to stipulate for fees varying with the result of a cause. He is not to engage himself in any business without the express permission of the Court.

It is not considered honourable conduct for a Vakil to get an interest in the subject matter of the litigation in which he is engaged. There is a professional robe also to remind him constantly of the honourable profession to which he belongs. In such matters the vakil's position is more approximate to that of a Barrister and with the safeguards the fusion of functions in Madras has tended to efficiency and popularity and to the existence of a fairly high tone in the profession.

The conditions even in the Presidency Towns are quite different from what they are in England. The language of the court is not the language of the client or of the witnesses. There are only very few cases in which Europeans are parties. Probably one in 2 or 3 hundred. The Indian client will never be content unless he goes to the man who handles his case in court. The Indian witnesses are nervous and timid set of people and have not the intelligence or education of English witnesses. There are great advantages to be gained by direct interview with the witnesses on the part of the advocate. The Indian Attorneys have not the same knowledge, ability or training to handle Indian witnesses and to elicit all they know as the experienced Advocates can. Leading questions are as much prohibited under the dual as under the other systems. The European Attorney is at the mercy of his interpreter often his own clerk. He does not know the language, is not familiar with the customs and manners nor with the language or method in which documents and accounts are written and kept. The dual system with the European Attorney with a European Barrister means to the client he is at the mercy of the Attorney's clerk. The great advantage to the profession in my view from the fusion system as it prevails in Madras is both the senior and the junior profit by it. The junior of to-day becomes the

senior of to-morrow and very soon becomes a leader. The opportunity for work, for contract with clients and for getting known to the Judges and to leaders in the profession is great and within a very short time the juniors of merit are able to set up business on their own account. Almost every leading man within my experience emerged out of this system. Justice Sundara Ayyar worked with Sir Subrahmania Ayyar, Sir K. Srinivasa Ayyangar first with Willie Grant and later with Sundara Ayyar, S. Srinivasa Ayyangar with Sir V. Bashyam Ayyangar also Sir V. C. Desikachariar and C. R. Tiruvenkatachari. Similarly T. R. Venkatarama Sastri, with Sir P. S. Sivaswamy Ayyar, Alladi Krishnaswami Ayyar with Sundara Ayyar and later with Sir K. Srinivasa Ayyangar, C. P. Ramaswami Ayyar with Kumaraswami Sastri and many others like that. I was myself working with Mr. Wedderburn for the first 5 years of my practice on the appellate side. The senior when he becomes a senior is fully equipped for his work having gone through the various stages himself. All these things will cease to exist if the dual system is to be made compulsory. The risk of contamination with the witnesses is there always. Is it not there to the attorney? Is his branch considered any the less honourable? Eminent Counsel in Calcutta, Mr. Pugh, was a barrister first, an attorney next and is now a barrister. What about the hundreds of barristers practising in the other High Courts and in the districts and in the Colonies? They have not suffered by contamination. The chances of abuse are less if you leave that risky work to be done by a superior man. So long as the safeguard of preventing undue interest in the subject of litigation is there, the risk is not a serious one. Both in America and in our own country the tone has not deteriorated on this account.

An iron-bound caste system of attorney and advocate is detrimental to the attorney and is not as good to the advocate as the fusion system. Average ability is less under the dual system. The attorneys look to the counsel for even simple questions. If despatch of business in court is secured under the dual system it is because the work gets into the hands of a few leading counsel. They know the judges and judges know them. But is that desirable? If there is laxity in preparation under the unitary system, a little attention on the part of the trying judge is bound to set it right.

We cannot have perfection in this world! If so we must be importing the best judges from England. Can we get them? In the case of the dual system there is divided responsibility to the client. The last word as regards efficiency is certainly not in favour of the dual agency. True the mechanical portion is better done. The materials are methodically arranged, neatly got up

As regards intellectual preparation the other system in which two people jointly work is decidedly more suited. The junior and the senior in the unitary system are both in touch with the main essentials of the case. The Advocate is responsible to the client. There are opportunities for frequent consultation without the incubus of piling up fees. The client gets the advantage of his legal advisers picking the brain each of the other—there is more harmony among them as they are each other's choice and the legal advisers getting into direct touch with the client and therefore more thorough with the facts. The Indian client cannot unburden himself as easily as the Englishman. The hands of the clock will be moving and the bill of costs also.

There is undoubtedly the risk of the Advocate identifying himself unduly with the clients' interests. Some identification is necessary in the Advocate. He is not to assume to himself the functions of a Judge.

But as Lord Haldane has remarked :

“ There is only one real safeguard and that is to have an *esprit de corps* among the Bar and a high standard of honour that would search out and repress inequities far better than any amount of technical rules ”.

Litigation under the dual system is more expensive and I cannot accept any protestations to the contrary. There is always a tendency to mount up costs against the defeated party by unnecessary proceedings. When I was working with Mr. Wedderburn, I have seen pages and pages of quotations from Lindley on Partnership or such other books in the briefs delivered to him. Mr. Inverarity has referred to this tendency in his evidence. The tendency for securing agreements with the client is there. If it is said that the unitary system is more conducive to touting, the dual system encourages nepotism and undue interest in the result of the case. The Solicitor's ugly daughter and multiple pounding are well known sayings. It is also stated that struggling junior barristers are faced with heavy handicaps in the shape of sons and nephews of Solicitors. There will always be black sheep under any system. Man-made laws during the ages have not destroyed crimes. It is impossible to affirm that a larger percentage of dishonourable persons are produced under one system rather than the other. When it is admitted that in over one thousand and odd civil courts in the country where by far a larger number and more important and intricate cases are disposed of the dual system is unsuited, it requires a very strong case to force it and that partially on three courts. The survival in that area of the system is due to historical accident. The reason for its existence was that English law as such applied to that

court. That no longer is the case. English law may be the guide but not the law. When impossible rules are set up for observance, dummy attorneys and dummy pleaders and other make-believes continue to exist.

Eminent Barristers will continue to settle fees with the mofussal clients and take briefs direct. A thing cannot be good for the Barrister in Allahabad and Patna and yet be bad in Calcutta. What is good in Karachi and in Ahmedabad cannot be evil in Bombay. Lay opinion does ask for the abolition of the dual system where it exists. Indian opinion, commercial and otherwise, both in Calcutta and Bombay is decided against it. There has been constant agitation both in Calcutta and Bombay over this question during the last 10 years. We have not got the dual system here as it prevails in England. We cannot have it. In England litigation is conducted under the directions of a junior Counsel who is a specialist. Counsel's advice is often resorted to. Can that be done here? Will the Indian litigant be in a position to bear the cost?

It is again said that the system of *ad valorem* fees works as a hardship in some cases. True; but it is not peculiar to the original side vakils of Madras. It comes into prominence there because both systems of taxation are extant on that side. Madras has always held that the costly system cannot be allowed to continue. That was why the City Civil Court was established, notwithstanding the fact that it had all along the cheaper agency of the vakil on the original side also. The rule as to Vakil's fees can be revised.

There is one more argument urged, which has also to be noticed, namely, the necessity of preserving the solicitor for the English capitalist's benefit. At whose cost, is the first question. Is it at the cost of the Indian litigant who has to pay? If to the English investor it is a necessity to have the attorney, let him find his way to secure his presence. No one has suggested that attorneys should not be enrolled hereafter. Such Attorneys' work as there is will always find its way to him or to other hands who can do that sort of work. If the Barrister in Rangoon can learn the art of drafting and conveyancing by practice, surely the vakil in Madras can do it, and he does it. Paying work will always find a man to do it. Only he will call himself differently. What does the investor do in the United States of America and in the Colonies where the unitary system prevails? With all respect, I fail to recognise any force in the argument. The English firms in Presidency towns do mostly exporting and importing business for the benefit of traders, which does not need the investment of millions of English capital. Such capital as has been invested is

mostly outside the Presidency towns. The planting and the mill areas are in the districts, where he has to be content with the unitary system. The line of reasoning "that for the benefit of the English investor the English Attorney is necessary, the English Attorney can be kept alive only by enforcing the dual system which is ideally better, it must be enforced at all cost" ignores the true interests of the vast Indian litigant public. What about the Indian commercial and business interests? The Englishman will and does prefer the European Attorney who is not suited to the Indian.

Conclusion.

It is essential to have a homogeneous bar throughout the country. Then only "esprit de corps" will come into existence. It is impossible to introduce the dual system where it does not exist. Uniformity is desirable and necessary. No great harm will be done by abolishing the dual system where it exists.

T. RANGACHARIAR.

The 27th January 1924.

No. F.-591—23.

GOVERNMENT OF INDIA.

HOME DEPARTMENT.

JUDICIAL.

RESOLUTION.

Delhi, the 26th March, 1924.

The Indian Bar Committee, with Sir E. M. desC. Chamier, Barrister-at-Law, as President, was appointed by the Governor General in Council under the orders contained in the Resolutions of the Government of India in the Home Department, Nos. F.-591-23-Judicial, dated the 7th and 17th November, 1923, respectively. The Committee assembled at Bombay on the 23rd November, 1923, and after visiting and recording evidence at several places, submitted their report to the Government of India on the 7th February, 1924. Before coming to final conclusions upon the proposals of the Committee, the Governor General in Council considers that the Report should be placed before the public, and he has accordingly been pleased to order that it shall be published for general information.

2. The Governor General in Council desires to take this opportunity of expressing his high appreciation of the services rendered by the President, Sir Edward Chamier, and by the Members of the Committee.

3. From the estimates received from the Secretary of the Committee, it appears that the total expenditure which has been incurred by the Committee and will be incurred in the printing of the Report will be about Rs. 1,17,000.

Order.—Ordered that a copy of the above Resolution be communicated to all Local Governments and Administrations, the Calcutta High Court, and the Legislative Department for information.

H. TONKINSON,

Joint Secretary to the Government of India.

DEED
GOVERNMENT CENTRAL PRESS
1924

REPORT

OF THE

Indian Mercantile Marine Committee

1923-24



DELHI
GOVERNMENT CENTRAL PRESS
1924

REPORT

OF THE

Indian Mercantile Marine Committee

1923-24



DELHI
GOVERNMENT CENTRAL PRESS
1924

NOTE.

The estimated cost of the Indian Mercantile Marine Committee, including the cost of printing the Report and the Evidence is 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
1 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
---	----

Minute of Dissent	40—46
Appendix A	47
Appendix B	56
Appendix C	66
Appendix D	88

CHAPTER I.

Introductory.

In pursuance of a Resolution moved by Sir P. S. Sivaswami Iyer in the Indian Legislative Assembly and adopted by that body on the 12th January 1922, the Government of India on the 3rd February 1923 announced the appointment of this Committee to consider and report what measures can usefully be taken to further the objects advocated by that Resolution. The composition of the Committee is as follows :—

President.

Captain E. J. Headlam, C.M.G., D.S.O., A.-D.-C., R.I.M.,
Director, Royal Indian Marine.

Members

The Honourable Sir Arthur H. Froom, Kt., J.P., Partner
Messrs. Mackinnon Mackenzie and Co., Ltd., Bombay

The Honourable Mr. Lalubhai Samaldas, C.I.E.

Jadu Nath Roy, Esq., Bengal National Chamber of Commerce.

Sir John Biles, K.C.I.E., LL.D., D.Sc.; Consulting Naval
Architect to the India Office.

Diwan Bahadur Tiruvenkata Rangachariar, M.L.A.

Secretary.

Mr. J. H. Green.

The following are the terms of reference to the Committee :—

To consider what measures can usefully be taken :—

- (1) for the liberal recruitment of Indians as Deck or Executive Officers and Engineers in the Royal Indian Marine;
- (2) for the establishment of a Nautical College in Indian waters for the purpose of training Executive Officers and Engineers of ships;
- (3) for ensuring the entertainment of Indian apprentices for training as such officers and engineers in the ships owned by shipping firms that enjoy any subsidy or other benefits from Government on any account and for the creation of an adequate number of State scholarships for providing instruction in the Nautical Colleges and Training ships in England pending the formation of a Nautical College in India :

- (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 Yusuf, 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.
„ 5th 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 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 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

Appendix C. Japan is attached as an Appendix to this 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. Paragraph 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 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

Conditions which militate against the development of shipping enterprises by the people of this country.

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

Facilities for the training of officers and engineers the first step to be taken.

View of certain witnesses that no further assistance beyond the provision of training facilities is required.

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 presented to us by witnesses and we admit 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 Mercantile Marine, one direction in which 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.

excluding British ships from the Indian coasting trade. As already stated the policy of British Dominions or Possessions in regard to their own coasting trades is determined by 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.

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

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

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

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 if 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

* Appendix D. this Report a statement which gives the details of all the vessels built for India from 1910 to March 1921.

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 Indian shipowners repairs of ships, which have been developed during the war, for which full employment should have their own repair shops which could not now be found. Some of these facilities be developed later into yards. shipbuilding yards. 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.

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.

CHAPTE R 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. Re-organisation of the Royal Indian Marine 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.

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. FROOM.

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. FROOM.

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 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, the boys should serve a period of apprenticeship to the sea. Further training as apprentices 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 Executive Officers. appointment to the junior executive rank of the 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?
 Indirect Aid. - If so, what are they?

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 491,258 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. Borner, R.I.M., Principal Engineer and Ship Surveyor to the Government of Bombay. 4. Manmohandas 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 Scindja 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. Killiek 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. Turney, 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— <i>contd.</i>	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— <i>contd.</i>	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. R. K. Bomranji, Esq., Calcutta.
	71. Bengal Chamber of Commerce, Calcutta.
	72. Babu Nil Krishna Roy, Calcutta.
	73. R. 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, Bangiya 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.
Burma— <i>contd.</i>	84. The Commissioners for the Port of Rangoon. 85. The Rangoon Trades' Association. 86. Messrs. Bulloch Brothers & Coy., Ltd., Rangoon. 87. Lt. Commdr. W. G. Horley, R.I.M., Principal Engineer and Ship Surveyor to the Government of Burma, Rangoon. 88. S. N. Haji, 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 R. Severs, R.D., R.N.R., Port Officer, Cuddalore. 94. Chairman, Port Trust, Madras. 95. M. R. Ry., Rao Bahadur, 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. Commdr. L. L. Scott, R.N.R. (Retd.), Port Officer, Pamban. 98. Sir Ahmed Thamby Maricair, Kt., Negapatam. 99. The Southern India Skin and Hide 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.
<i>Madras—cont'd.</i>	103. L. B. Clarke, Esq., Port Officer, Cochin. 107. Cochin Landing and Shipping Dues Committee. 108. H. F. Heycock, Esq., Port Officer, Mangalore. 109. Rao Sahib Presingu Venkata Rangayya, Masulipatam. 110. Commdr. E. H. Daughish, R.I.M., Surveyor in Charge, Marine Survey Office, Coonoor. 111. S. D. Krishna Iyengar, Esq., B.A., B.L., Madura. 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., B.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, Retd., Asst. Traffic Superintendent, B. B. & C. I. Railway, Ajmer.

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

Name of place.	Name of the witness.	Name of the firm, Association or Chamber which he represented.
Bombay	1. Capt. H. Morland, R.I.M., Port Officer, Bombay.	.....
	2. Engr. Lt. Comdr. F. S. Borner, R.I.M., Principal Engineer and Ship Surveyor, Bombay.	.....
	3. Manmohandas Ramji, Esq., J. P.	. . . . .
	4. Manmohandas Ramji, Esq., J. P.	Bombay Native Piece Goods Merchants' Association.
	5. Hiralal Dayabhai Nanavati, Esq., Solicitor, Bombay.	.....
	6. B. F. Madon, Esq. . . . .	.....
	7. Capt. R. Parcou, F.R.G.S., Honorary Secretary, Mercantile Marine Association of Liverpool in Bombay.	.....
	8. L. W. H. Young, Esq.	Bombay Steam Navigation Company.
	9. L. W. H. Young, Esq.	Messrs. Killick, Nixon and Company.
	10. F. E. Hardcastle, Esq., Marine Surveyor, Bombay.	.....
	11. Mathradas Canji Natani, Esq.	Bombay Rice Merchants' Association.
	12. N. Birrell, Esq.	Bombay Chamber of Commerce.
	13. F. L. Barnett, Esq.	Bombay and Persia Steam Navigation Co., Ltd.
	14. A. J. Turner, Esq., Principal and Secretary, Victoria Jubilee Technical Institute.	.....
	15. E. P. Newnham, Esq., C.I.E., Chief Constructor, R.I.M. Dockyard, Bombay.	.....
	16. Walchand Hirachand, Esq.	Scindia Steam Navigation Company.
	17. B. F. Madon, Esq., and Lalji Naranji, Esq.	Indian Merchants' Chamber, Bombay.
	18. F. C. Annesley, Esq., of Messrs. Killick, Nixon and Company, Bombay.	.....
	19. Capt. J. C. Richards	Messrs. Ericson and Richards.

**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.
Bombay—contd.	20. Jivandas Pitamber, Esq.	.....
	21. Seth Velji Lakhamsi, B.A., LL.B.	Grain Merchants' Association.
	22. J. E. P. Curry, Esq., Shipping Master, Bombay.	.....
	23. Professor K. T. Shah, University Professor of Economics.	.....
Sind	24. Manilal B. Nanavati, Esq., Baroda Government.	Baroda Government.
	25. Commdr. N. M. Wood-Smith, R.I.M., Offg. Port Officer, Karachi.	.....
	26. Engr. Lt. Commdr. J. S. Page, R.I.M., Engr. and Ship Surveyor, Karachi.	.....
	27. Haridas Lalji, Esq. and Ishardas N. Malik, Esq.	Indian Merchants' Association, Karachi.
	28. E. A. Pearson, Esq.	Messrs. Forbes, Forbes, Campbell and Company.
	29. Mian Mohd. Bakhsh	Hedjaz Steam Navigation Company.
	30. Seth Mohd. Ali A. K. Alvi, Seth Haridas Lalji Lakhmidas.	Buyers and Shippers Chamber, Karachi.
Bengal	31. Sir Montagu Webb, Kt., C.I.E., General Manager, Forbes, Forbes, Campbell and Coy.	.. ..
	32. Professor S. C. Shahani, M.A., Principal, D. J. Sind College.	.....
	33. Capt. O. Goldsmith, Port Officer, Calcutta.	.....
	34. Engr. Commdr. W. H. Waters, R.I.M., Principal Engr. and Ship Surveyor.	.....
	35. J. W. A. Bell, Esq.	Messrs. Mackinnon, Mackenzie and Company.
	36. J. W. A. Bell, Esq.	Bengal Chamber of Commerce.
	37. Commdr. E. C. Withers, C.I.E., R.I.M., Port Officer, Chittagong.	.....

**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. Erulkar, Esq., Manager, Scindia Steam Navigation Co.	.....
	46. Kumar Pramathanath Roy	British Indian Association.
	47. Dr. Pramathanath Panerjee, 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. Bowden, R I M., Principal Port Officer, Burma, Rangoon.	.....
	53 J. W. Richardson, Esq.	Burma Chamber of Commerce.
	54 S. N. Haji, Esq. B.A. (Oxon). Manager, Scindia Steam Navigation Co., Ltd.	.....
	55. G. R. 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>cont'd.</i>	56. Lt. Comdr. W. G. Horley, R.I.M., Principal Engineer and Ship Surveyor, Rangoon.	.....
	57. Maung Ba Dun, M.L.C., Barrister-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.B.E., R.I.M., Presidency Port Officer, Madras.	.....
	67. Rao Sahib P. Papayya Chetty	Madras Piece Goods Merchants Association.
	68. S. D. Krishna Ayyangar, Esq., B.A., F.L., Madura.	.....
	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. Ryozo 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 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

* Enclosure 2. 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. Ryozo 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

† Enclosure 4. 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

‡ Enclosure 5. 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

* Enclosure 3. modern Japan up to 1907 (copy enclosed); to Mr. Yamakawa I am indebted for a great deal of personal attention in showing the ship-yards 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 Ship-building 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 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 1889 and 1893. In 1884 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 *Diet* 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:—

San 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	58,564
100—1,000	945	392,726
1,000—3,000	442	809,523
3,000—6,000	311	1,410,450
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	390,731
More than 25 years' old	218	565,320

(c) *According to speed—*

12—15 knots	104	496,824
15—17 "	18	115,076
More than 17 knots	5	53,432

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 Chino-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 1,708,386 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	896,904	1913	11,376,019
1900	4,132,627	1914	9,599,625
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	7,166,571		

Amount paid as Shipbuilding encouragement grants.

Year.	Amount.	Year.	Amount.
	Yen.		Yen.
1897	13,109	1911	614,654
1898	213,875	1912	673,384
1899	187,780	1913	998,645
1900	152,930	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	232,786	1918 (up to Sept.) . . .	2,459,681
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	1921	1,50,000
Japan Sea	1922	3,77,250
Kagoshima-Nawa	1922	90,000
China (Yangtze-Kiang)	1922	6,55,500
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		<u>1,26,33,951</u>

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 seagoing 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 seagoing 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 58 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 order 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 55 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 1896 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 1896. 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 1863, giving subsidies; junks were steadily replaced by semi-foreign or foreign types of vessels. In 1885, 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 6,000.	G. T. Over 7,000.
1883	...	1,416 (1)	...	...	...	...	...	...
1884	...	...	...	...	...	...	...	...
1885	...	...	...	...	...	...	...	...
1886	...	...	...	...	...	...	...	...
1887	...	...	...	...	...	...	...	...
1888	...	...	...	...	...	...	...	...
1889	...	...	...	...	...	...	...	...
1890	...	...	...	...	...	...	...	...
1891	708 (1)	...	...	...	...	...	...	...
1892	...	...	...	...	...	...	...	...
1893	...	...	...	...	...	...	...	...
1894	...	...	...	...	...	...	...	...
1895	...	1,503 (1)	...	...	...	...	...	...
1896	...	...	...	...	...	...	...	...
1897	...	1,610 (1)	...	...	...	...	...	...
1898	723(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)	2,186 (1)	...	...	5,539 (1)	6,444 (1)	...
1904	5,416 (7)	2,834 (2)	2,039 (1)	...	...	5,068 (1)	...	...
1905	2,501 (3)	9,580 (6)	...	...	...	...	...	7,463 (1)
1906	4,096 (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	1,321	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	344,918	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	479,405
6,000—7,000 „	46	298,651	193,700
7,000—8,000 „	32	234,549	148,823
8,000—9,000 „	3	24,884	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	3,151,202	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	238	174,468
1895	339	279,668
1896	373	334,592
1897	434	404,475
1898	462	454,163
1899	477	473,704
1900	484	468,187
1901	503	524,125
1902	535	555,230
1903	544	565,542
1904	591	668,360
1905	691	870,839
1906	775	996,553
1907	829	1,068,747
1908	865	1,140,177
1909	861	1,150,858
1910	846	1,146,977
1911	861	1,200,975
1912	960	1,344,991
1913	1,037	1,500,014
1914	1,103	1,798,336
1915	1,155	1,826,068
1916	1,151	1,847,453
1919	1,418	2,325,266
1920	1,940	2,895,878
1921	2,033	3,354,896
1922	2,025	3,586,918
1923	2,003	3,604,147

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	37,208
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	85,861
1915 }	26	49,408
1916 } Great War	55	145,624
1917 }	164	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
		Ft. in.	Ft. in.	Ft. in.			Inch.		
<i>Vessels 180' to 250' long.</i>									
"Lees"	1912	205 0	43 0	13 0	T. S. C.	11"—17"—28"	21	206	2 Cylindri
"Oswald" and "Campbell"	1912	210 0	38 0	9 0	T. S. C.	19"—30"—50"	27	1127	2 Cylindri
"Nearchus"	1914	180 0	29 0	14 6	Turbine	10"—16"—26½"	16	578	2 Cylindri
and Dredging Engines	1916	180 0	33 6	13 6	T. S. C.	16½"—27"—43"	24	882	...
"Cachalot"	1919	225 0	34 0	19 9	Turbine	...	...	685	1 Yarrow
"e"	1920	240 0	38 0	24 6	Turbine	11"—17"—26"	21	640	1 Cylindri
								1800	2B. and W
								2200	2B. and W
<i>Vessels under 180' long.</i>									
commerce"	1910	46 0	8 0	4 9	Motor	4½"	5	84	...
"ara" and "Damukdia"	1910	132 0	22 0	6 0	P. C. S. C.	16½"—30"	42	360	1 Yarrow
anch for Madras	1910	20 0	5 0	2 10½	Motor	4½"	5	12	...
stna"	1910	40 0	8 0	4 0	T. S. C.	5½"—8"—12"	6	53	1 Yarrow
opper Barge	1911	110 0	25 0	12 0	...	...	...	...	...
urma	1913	90 0	15 0	7 6	T. S. T. S. C.	6"—9½"—15"	9	180	1 Mumfor
urma	1913	76 0	12 0	6 0	T. S. T. S. C.	6"—9½"—14"	7	260	1 Simpson land W.
rab Dredger	1913	70 0	21 6	5 0	...	...	...	...	1 Vertical
olhanmerah	1913	60 0	11 0	4 0	C. S. C.	7"—14"	8½	91	1 Simpson land W.
unches, Burma	1914	26 9	7 0	3 2	...	3½"	4½	7	...
ontoon "Lees"	1915	80 0	56 0	7 6	...	...	...	...	1 Cochran
ontoon and Pipe Line "Mudlark"	1916	50 0	37 0	6 0	...	...	...	...	...
unches, Basra	1916-17	60 0	11 0	4 0	C. S. C.	7"—14"	8½	96	1 Simpson land W.
r Pegu-Sittan Canal	1920	102 0	25 0	7 9	C. S. C.	13"—26"	15	...	1 Cylindri
and Pump Engines	1921	94 0	26 0	7 6	C. S. C.	13"—26"	15	206	1 Cylindri

Minutes of the Evidence

recorded by the

Indian Mercantile Marine Committee



CALCUTTA
SUPERINTENDENT GOVERNMENT PRINTING, INDIA
1924

TABLE OF CONTENTS.

	PAGES.
INSTRUCTIONS TO PERSONS INVITED TO GIVE EVIDENCE	1
QUESTIONNAIRE	2—36
Appendix A.—Shipbuilding and Engineering	7—8
Appendix B.—Terms of Reference	8
Appendix C.—Forms of State Aid or protection given in various countries for the develop- ment of a National Mercantile Marine	9—36

Oral Evidence of Witnesses and their Written Statements.

Witness No.	Name.	Designation, etc.	Written statement pages.	Oral evidence pages.
BOMBAY.				
1	Commander H. Morland, R.I.M.	Officiating Port Officer, Bombay .	37	37—43
2	Engr.-Lt.-Comdr. E. S. Borner, R.I.M.	Principal Engineer and Ship Surveyor to the Government of Bombay.	43—44	44—51
3	Mr. Manmohandas Ramji, J.P..	....	52—54	58—68
4	The Bombay Native Piecegoods Merchants' Association.	....	54—57	58—68
5	Hiralal Dayabhai Nanavati, Mr.	Solicitor	68—70	70—79
6	Madon, Mr. B. F.	Of Messrs. R. D. Tata & Co., Ltd. .	79—86	86—97
7	Parcou, Captain R., F.R.G.S. .	Hony. Agent of the Mercantile Marine Service Association of Liverpool in Bombay.	97—98	99—101
8	Young, Mr. L. W. H.	General Manager, Bombay Steam Navigation Co., Ltd.	101—103	103—110
9	Killick, Nixon & Co., Messrs. .	....	103	103—110
10	Mathradas Kanji Matani, Mr. .	Of the Bombay Rice Merchants' Association.	111—114	114—116
11	Birrell, Mr. N.	Of the Bombay Chamber of Commerce.	116—118	118—124
12	Barnett, Mr. F. L.	Of the Bombay and Persia Steam Navigation Company.	124—126	126—132
13	Turner, Mr. A. J., J.P., B.Sc. (Lond.), F.I.C.	Principal and Secretary, Victoria Jubilee Technical Institute, Matunga.	132	132—136

Witness No.	Name.	Designation, etc.	Written statement pages.	Oral evidence pages.
BOMBAY—contd.				
14	Newnham, Mr. E. P., C.I.E.	Chief Constructor, Royal Indian Marine Dockyard.	136—138	133—144
15	Walchand Hirachand, Mr.	Of the Scindia Steam Navigation Co., Ltd.	144—150	151—162
16	Madon, Mr. B. F., and Lalji Narainji, Mr.	Of the Indian Merchants' Chamber	162—166	166—171
17	Richards, Captain J. C., F.R.G.S.	Of Messrs. Ericson and Richards, Marine Surveyors.	171—172	172—182
18	Jiwandas Pitamber, Mr.	Of Messrs. Pitamber and Company	182—184	184—190
19	Velji Lakhamsi, Seth, B.A., LL.B.	Of the Grain Merchants' Association.	190—192	192—198
20	Darvell, Captain H. F.	Acting Shipping Master	199—200	..
	Curry, Mr. J. E. P.	Shipping Master	..	200—206
21	Shah, Professor K. T., B.A., B.Sc. (Economics, London), Bar.-at-Law.	University Professor of Economics, University of Bombay.	206—212	212—224
KARACHI.				
22	Salmund, Captain H. M., C.I.E., R.I.M.	Port Officer	224—226	..
	Wood-Smith, Commander N., R.I.M.	Officiating Port Officer	..	226—234
23	Page, Engr.-Lt.-Comdr. J. S., R.I.M.	Engineer and Ship Surveyor	234—235	235—239
24	Haridas Lalji Lakshmidas and Ishardas N. Malik, Seths.	Of the Karachi Indian Merchants' Association.	239—243	243—255
25	Pearson, Mr. E. A.	Of Messrs. Forbes, Forbes, Campbell and Company.	255—257	257—264
26	Mohamed Buksh, Mian	Of the Hedjaz Steam Navigation Company, Ltd.	264—266	266—268
27	Muhammad Ali A. K. Alvi, Mr., and Haridas Lalji, Seth.	Of the Buyers' and Shippers' Chamber.	269—271	272—278
28	Webb, Sir Montagu, Kt., C.I.E., C.B.E.	General Manager, Forbes, Forbes, Campbell and Company.	278—279	279—287
29	Shahani, Professor S. C., M.A.	Principal, D. J. Sind College	288—290	290—295

Witness No.	Name.	Designation, etc.	Written statement pages.	Oral evidence pages.
CALCUTTA.				
30	Glanville, Commander P. G., R.I.M.	Officiating Port Officer . . .	295—296	..
	Goldsmith, Captain O., R.I.M.	Port Officer . . . . .	..	296—300
31	Waters, Engr.-Comdr. W. H., R.I.M.	Principal Engineer and Ship Surveyor to the Government of Bengal.	301	301—307
32	Boll, Mr. J. W. A.	Of Messrs. Mackinnon, Mackenzie & Co.	307—308	308—323
33	Bell, Mr. J. W. A.	Of the Bengal Chamber of Com- merce.	323—326	326—330
34	Withers, Comdr. E. C., C.I.E., R.I.M.	Port Officer, Chittagong . . .	330—343	343—348
35	Khaitan, Mr. D. P.	Of the Marwari Association . .	349—354	354—364
36	Clark, Mr. I. A.	Of Messrs. Anderson, Wright & Co.	364—365	365—371
37	Thompson, Mr. G. S.	Of the East Bengal Engineering Works, Cossipore.	371	371—374
38	Cameron, Mr. A., M.I.M.E., and King, Mr. Millar M.	Of the Indian Engineering Asso- ciation.	374—376	376—381
39	Muhammad Nur-ul-Haq Chaudhri, Maulvi, M.A., B.L.	Of the Central National Muham- madan Association.	381—384	384—391
40	Bando, Mr. S. N.	Of Messrs. Bando & Co.	391—395	395—398
41	Jogendra Nath Roy, Babu . . .	Of the East Bengal River Steam Service, Ltd.	398—400	400—403
42	Erulkar, Mr. David S., B.A. (Cantab.), Bar.-at-Law.	Manager, Scindia Steam Naviga- tion Co.	403—409	409—421
43	Pramathanath Roy, Kumar . . .	Of the British India Association	421—424	424—431
44	Pramathanath Banerjee, Dr., D.Sc. -	Of the Indian Association . . .	432—434	434—442
45	Nil Krishna Roy, Babu	Of Messrs. Sonaton Nittyundo Roy of Chittagong.	442—444	444—453
46	Doogar, Mr. R. C.	Of Messrs. Madhulal Doogar & Co.	453—454	454—462
47	Ahmad, Mr. K., M.L.A., and Daud, Mr. M.	Of the Indian Seamen's Union . .	462—464	465—471
48	Upendra Lal Roy, Rai Bahadur	Of the Bengal National Chamber of Commerce.	472—476	476—483

Witness No.	Name.	Designation, etc.	Written statement pages.	Oral evidence pages.
RANGOON.				
49	Bowden, Captain A. St. C., R.I.M.	Principal Port Officer, Burma .	483—485	485—494
50	Richardson, Mr. J. W. . . .	Of the Burma Chamber of Commerce.	494—495	495—505
51	Haji, Mr. S. N., B.A. (Oxon.), Bar.-at-Law.	Manager, Scindia Steam Navigation Co., Ltd.	505—513	513—529
52	Campbell, Mr. G. R. . . .	Of Messrs. Bulloch Brothers & Co., Agents, B. I. S. N. Co., Ltd.	529—530	530—538
53	Horley, Lieut.-Comdr. W. G., R.L.M.	Principal Engineer and Ship Surveyor to the Government of Burma.	538—539	539—541
54	Maung Ba Dun, Bar.-at-Law, M.L.C.	Of Messrs. Ba Dun and Leong, Advocates.	541—542	542—546
55	Joseph, Mr. A. V.	Of Messrs. A. V. Joseph & Co., Saw-millers and Timber Merchants.	546—548	548—553
BARODA.				
56	Dewan of the Baroda State . .	....	553—554	..
	Manilal B. Nanavati, Mr. . .	Of the Baroda State . . . . .	..	554—555
MADRAS.				
57	Severs, Commander R. D., R.N.R.	Port Officer, Negapatam . . .	555—557	557—564
58	Maricar, Sir Ahmed Thamby, Kt.	....	564—565	565—571
59	Cooke, Lieut.-Comdr. F. H., R.N.R. (Retd.).	Port Officer, Calicut	571—573	..
60	The Calicut Chamber of Commerce.	....	573—575	..
	Cooke, Lieut.-Comdr. F. H., R.N.R. (Retd.).	As Port Officer, Calicut, and Representative of the Calicut Chamber of Commerce.	..	575—584
61	Govindan Avl., M. R. Ry. Rao Bahadur, B.A.	Assistant Director of Fisheries (Coast), Calicut.	584—589	589—598
62	Abdul Rahim Sahib, M.A., and Mohamed Ismail Sahib.	Of the Southern India Skin and Hide Merchants' Association.	599—601	601—605
63	Huddleston, Captain E. W., C.I.E., C.B.E., A.D.C., R.I.M.	Presidency Port Officer . . .	605—606	607—613

Witness No.	Name.	Designation, etc.	Written statement pages.	Oral evidence pages.
MADRAS—contd.				
64	Papayya Chetty, Rao Sahib B.	Of the Madras Piecegoods Merchants' Association.	613—616	616—622
65	Krishna Iyenger, Mr. S. D., B.A., B.L.	Madura	622—626	626—634
66	Narayanaswami Naidu, Mr. A. V.	Vizagapatam	634—636	636—639
67	Clarke, Mr. L. B.	Port Officer, Cochin	639—640	640—644
68	Diwan of the Travancore State .	....	645	..
69	Chief Engineer, Travancore State.	....	645—647	..
70	Principal Port Officer, Travancore State.	....	647—648	..
	Chandrasekhara, Mr. C. V., M.A. (Oxon.).	Of the Travancore State . . . . .	..	648—652
DELHI.				
71	Maung Tok Kyi, M.L.A.	Of the Burmese Chamber of Commerce.	652—654	654—657
72	Digby-Beste, Commander H., O.B.E., R.I.M.	....	..	657—661

Information obtained by Sir John Biles, K.C.I.E., on the Japanese Mercantile Marine.

	PAGES.
Questionnaire	661—664
Reply of Ryoro Asano of Asano and Company, Ltd., Tokyo	664—667
Replies of the President of the Uruga Dock Co., Ltd., Tokyo	667—672
Replies of K. Yamakawa of the Kawasaki Shipbuilding and Engineering Co., Ltd., Kobe	672—673
Answers by the Ministry of Communications, Japan	673—682
Replies by Mr. Y. Ito of the Nippon Yusen Kaisha, Tokyo	682—685
Memorandum on the Training of Officers and Engineers for the Japanese Mercantile Marine	685—686
Memorandum on the History of Shipping and Shipbuilding in Modern Japan up to 1907	686—691
The Japanese Mercantile Marine by Mr. Yonejiro Ito, President of the Nippon Yusen Kaisha	692—714

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 (Appendix B). 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 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 Appendix A 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 ship-building 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 measure 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 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, 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 Royal Indian Marine, viz., Sub-Lieutenant, are 17 and 22 years. A Board of Executive Officers. 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 Ship "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 an apprentice in a recognised Engineering firm or Government Dockyard. Engineer Officers.

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 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. Postal Subventions.

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

Finance.

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.

APPENDIX A.

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 ship-owners 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 491,258 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.

TERMS OF REFERENCE.

To consider what measures can usefully be taken:—

- (1) for the liberal recruitment of Indians as Deck or Executive Officers and Engineers in the Royal Indian Marine;
- (2) for the establishment of a Nautical College in Indian waters for the purpose of training Executive Officers and Engineers of ships;
- (3) for ensuring the entertainment of Indian apprentices for training as such Officers and Engineers, in the ships owned by Shipping firms that enjoy any subsidy or other benefits from Government on any account, and for the creation of an adequate number of State scholarships for providing instruction in the Nautical Colleges and training ships in England, pending the formation of a Nautical College in India;
- (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.

APPENDIX C.

**Forms of State Aid or protection given in various Countries for the
development of a National Mercantile Marine.**

NAVIGATION BOUNTIES.

AUSTRIA.

The support given by the Austrian Government to national shipping took two forms:—

- (i) Bounties to shipping companies which maintained contract, or "conventional" services (including subsidies for postal service). These conventional services included coastal services and river services, besides the East African and Brazilian services.
- (ii) Bounties given to the "free" mercantile marine, i.e., to vessels not working under contract with the Government.

(i) *Conventional services.*—There was in the year 1908 a large increase in the bounties granted to Austrian mercantile shipping, the total for that year rising from £566,500 to £901,458. This increase was accounted for chiefly by the additional subvention of £50,000 to the Austrian Lloyd Company, by new subsidies granted to the Dalmatian and the Brazilian services, and by a large addition to the postal subsidies.

A yearly subvention of £50,000 rising to £62,500 was also granted to the Austrian Danube Steamship Company until 1935. A shipping and postal contract with the shipping company "Dalmatia" was made in December 1910, under which this company was to receive a yearly subsidy commencing at £40,000.

Very little was done by the State for the South American service, which belonged practically to the "free shipping," or lines which received no regular subventions, only a sum of £33,000 being received as subsidy by the Brazilian service ("Austro-Americana" Line).

(ii) *Bounties to free mercantile marine.*—By the Law of February 23rd, 1907, and under the conditions prescribed therein, merchant vessels engaged exclusively in non-subsidised navigation on long voyages or in the larger coasting services received (a) a "working" subsidy, and (b) a navigation bounty.

The working subsidy for mercantile ships of at least 400 gross tons was granted, if the legal conditions were fulfilled, from the day on which the ship received the authorisation to carry the flag and until the expiration of 15 years from the day of launching. The working subsidy was reckoned according to the age of the ship, and, for ships registered since January 1st, 1907, amounted, in the first three years after launching and for each ton of the gross tonnage, to (i) 10 kronen (8s. 4d.) for merchant vessels of iron and steel, built and completed in Austrian yards since July 1st, 1907; (ii) (a) 7 kronen (6s.) for all other merchant vessels of iron and steel if registered before the end of 1910, (b) 6 kronen (5s.) if registered after December 31st, 1910; and (iii) 6 kronen (5s.) for sailing vessels built in national dockyards of wood or mixed materials.

From the commencement of the fourth year these amounts were to diminish by 5 per cent. annually, and from the commencement of the tenth year they were to diminish annually by 10 per cent.

The working subsidy was granted to merchant ships of over 7,000 gross tonnage, but only in the same proportion as to those of 7,000 tons.

The fixed working subsidy for merchant ships registered after January 1st, 1907, was granted for a maximum of 18,000 gross tons (of which 3,000 tons for sailing vessels) in each year.

A navigation bounty was granted for voyages outside the small coasting trade, if the actual cargo carried by the vessel from or to an Austrian port corresponded in general to at least a third of the net tonnage of the vessel, or to cargo capacity of at least 1,700 tons net, and if these voyages were undertaken in the interests of national trade and traffic and not by steamers of one of the regular lines subventioned by the State. This bounty amounted to 10 hellers (1*d.*) per ton of the net tonnage for every 100 sea miles.

BELGIUM.

Loans to Belgian Shipping Companies.—With a view to assisting and encouraging certain maritime undertakings, a Law of the 18th of August 1907 empowered the Government to subscribe, subject to certain conditions, a total sum of 5,000,000 francs (£200,000) towards the capital of three Belgian shipping companies, the loans being secured by the issue of debentures bearing interest at 3 per cent. and redeemable after twenty years at par of their nominal value.

The three Belgian companies to which this loan was made were:—

- (a) The "Ocean": a company founded in 1903 and possessing five steamships, supplemented by chartered vessels, trading regularly to certain ports in the Mediterranean.
- (b) The "Compagnie Royale Belgo-Argentine": a concern founded in 1906 and possessing four steamers, supplemented by chartered vessels, engaged in a service between Antwerp and the Argentine.
- (c) The "Compagnie Nationale Belge de Transports Maritimes": a company founded in 1889, possessing nine steamships and carrying on a regular service between Antwerp and the Levant:

The conditions imposed on these companies in consideration of the financial accommodation furnished by the Government were that their respective capitals should be increased up to certain specified amounts, and that the proceeds of the issues of debentures should be applied, exclusively, to increasing their fleets.

The fleets of these three companies, in the order named, were, in June 1910, as follows:—

- (a) 10 vessels, mostly of local construction, varying from 1,100 to 13,000 tons net.
- (b) 6 vessels, also mostly of local construction, varying from 1,825 to 3,056 tons.
- (c) 9 vessels of local and foreign construction varying from 1,500 to 3,000 tons.

Subsidies granted to Foreign Shipping Companies.—The Belgian Government in 1886 concluded a convention with the Norddeutscher Lloyd, of Bremen, whereby the company undertook that their line of vessels from Bremerhaven to East Asia and Australia should call at Antwerp, on both outward and homeward journeys. The company, in return, were to receive a subsidy of 80,000 francs (£3,200) per annum, as well as the repayment of all pilot and light dues claimed from the company by the Belgian and Dutch authorities.

In 1889, the Belgian Government entered into a contract with the "Deutsch-Australische-Dampfschiffs-Gesellschaft," whereby the latter undertook that their outward-bound vessels from Hamburg to Australia should call every four weeks at Antwerp, and that their homeward-bound vessels should touch at the same port not

less than six and not more than thirteen times in the year. In return for this undertaking, the company were to receive 1,500 francs (£60) for each journey to and from Australia. The vessels of this company are bound to take at least 1,500 tons of cargo at Antwerp on their outward journeys.

By an arrangement concluded as long ago as 1874 with the German "Kosmos" Line, it was provided that the pilot and light dues, both Belgian and Dutch, paid by every vessel of the line which made the outward voyage from Antwerp to South America once a month and undertook the transport of the mails, should be refunded by the Government to the company. The service has since been increased to two sailings a month.

The amounts paid by the Belgian Government to these three lines in 1911 and 1912 were about £12,000 in all, of which, about £5,800, was refund of pilot dues.

The Compagnie Belge Maritime du Congo does not receive any direct bounty but the Ministry of the Colonies undertakes to send all Government officials, whose fares are paid by the Government, and all Government stores for the Congo by this line.

No postal subsidies are paid by the Belgian Government. The mail steamers engaged in the service between Ostend and Dover are the property of the Government and run in connection with the State Railways.

CHILE.

The Pacific Steam Navigation Company, which is one of the largest companies operating under the British Flag and is reported as doing by far the largest shipping business in Chile, was for many years the recipient of a postal subvention from the Chilean Government in return for the maintenance of a fortnightly service between Liverpool, Valparaiso and Callao. The Company has renounced the subvention and in lieu thereof has received from the Chilean Government valuable facilities for discharging cargo at the Government wharf at Valparaiso.

A contract for the free transport of Chilean mails to Liverpool and intermediary ports was signed between the Pacific Steam Navigation Company and the Chilean Government on 25th February 1921. The contract is for a period of 5 years and is terminable at 3 months' notice by either party.

The Company are granted certain privileges in return for carrying the mails such as permission to discharge after the regular hours, to use the Talcahuano dock with a 50 per cent. reduction in price and to employ the Customs jetty at Valparaiso on payment of the customary fees.

The Chilean Government stipulate that a 25 per cent. reduction should be made by the Company in the fares to Europe of salaried Government officials and of emigrants, whose travelling expenses are paid out of public funds: a similar reduction is claimed on the freight of Government cargo. For the fares of officials from Panama to New York a 15 per cent. reduction is made. The Company will be preferred to others when passages are taken for Government servants and cannot be obliged to transport troops in time of war.

A contract was also signed on December 30th, 1920, for the carriage of Chilean mails to New York and United States Atlantic ports at which Pacific Steam Navigation Company vessels call. According to this agreement, which will remain in force for 5 years from January 1st, 1921, and is terminable at 2 months' notice, the Company will be paid 35 cents, United States gold, for every 460 grammes of letters and postcards carried and 4 cents for each 460 grammes of other postal correspondence.

This contract was obtained in direct competition with the Grace Line which maintains regular service between Valparaiso and New York.

FRANCE.

The first subsidy law in France, that of 29th January 1881, was intended to benefit both shipbuilding and shipping. No substantial results, however, accrued from the large amounts expended largely owing to the almost irreconcilable conflict between the ship-builders and the ship-owners. The former accused the latter of absorbing not only the construction bounty but also much of the navigation bounty by raising unnecessarily the price of domestic built ships.

The operation of the law of 1881 was limited to ten years but was later extended to twelve years. During this period a total of £4,907,920 was paid in bounties to ship-owners, £1,266,320 for construction and £3,641,600 for navigation. Notwithstanding an increase of 187,062 tons in steam tonnage, the total tonnage during the period decreased from 914,373 tons to 895,423 tons. In many cases the higher cost of building ships in French yards more than offset the construction bounty as well as the higher navigation bounty paid to French-built ships.

The law of 1881 granted construction and navigation bounties for vessels built in France and also at half rates for vessels built abroad but registered in France.

The law of 1893 abolished the navigation bounty to all foreign-built ships, to French-built sailing vessels of less than 80 tons gross, and to French-built steamships of less than 100 tons gross. No vessel more than 15 years old could receive a bounty. The rates of bounty were not materially increased, being fixed in 1893 at the following:—for steamers up to 3,000 tons, 1 franc 70 centimes (1s. 4½d.) per ton and per 1,000 miles run for the first year (with annual reductions of 4 centimes for four years, 8 centimes for the next four years, and 16 centimes for the next four years); for vessels above 3,000 tons, the original amount was to be reduced by 1 centime for every 100 tons or part thereof in excess of 3,000 tons, with a minimum bounty, however, of 1 franc 50 centimes (1s. 2½d.) up to 7,000 tons. To be entitled to the bounty at all, vessels were required to have a minimum average speed of 10 knots, and they were not to receive the full amount unless their average speed attained 16 knots. For sailing vessels the maximum bounty in the first year was to be the same as for steamships (it decreased with an increase of size of the ships from 600 to 1,000 tons) but the subsequent annual reductions were to be at only half the rates mentioned above.

Notwithstanding the law of 1893 the number and tonnage of steamers continued to decline. There was, however, a fair increase in tonnage during the last four years of the operation of the Law. Between 1893 and 1901 the total amount paid in construction bounties was £1,870,232, and in navigation bounties £4,171,040.

So far as sailing ships were concerned certain features of the 1893 Law were continued after 1901, £39,235 actually being paid in respect of them in 1913.

The only difference in the law of 7th April 1902, so far as construction bounties were concerned, was that no more than 20 per cent. of foreigners could be employed on ships constructed under it. The policy of paying navigation bounties to foreign built ships operating under the French flag was, in effect, reverted to, the bounty taking the form of an equipment bounty based upon the number of days in commission instead of upon the length of the voyage. An additional requirement was that ships should carry between their departure from French ports and their return to them a cargo representing in freight tons at least one-third of the net tonnage of the vessels for at least one-third of the voyage. Steamships of French construction had the privilege of choosing for each voyage between the equipment bounty and the navigation bounty.

The law of 1902 was enacted for a period of twelve years and, unlike the two laws preceding it, limited the total tonnage which might benefit and the total amount of bounty which might be granted, the maximum figures being 500,000 gross tons (of which 200,000 tons might be built abroad) and 150,000,000 francs respectively. These limitations resulted in a rush to get first place in the building yards irrespective of the state of the market.

The following rates per day fitted out (with a maximum of 300 days per year) were to be paid under the law of 1902:—5 centimes per net ton up to 2,000 tons;

4 centimes for each additional ton up to 3,000 tons; 3 centimes for each additional ton up to 4,000 tons; and 2 centimes for each additional ton up to 5,000 tons.

The provisions of this law proved unsatisfactory in practice and further legislation was deemed necessary in 1906.

The law of 1906 provided for "*equipment bounties*" to be accorded to steamships on the French register (wherever built) at the rates per day fitted out of 4 centimes per ton up to 3,000 tons and 3 centimes per ton from 3,000 to 6,000 tons; for sailing vessels the rates were:—up to 500 tons, 3 centimes per ton; 500 to 1,000 tons, 2 centimes; above 1,000 tons, 1 centime. These equipment bounties were subject to certain conditions as to average daily distances traversed, to quantity of cargo carried, and average speed (the minimum being 9 knots per hour). This "*equipment bounty*" was payable in respect of vessels built abroad, if not less than two years old when transferred to the French register. There was no limit under this law as to the number of days in the year for which this bounty could be earned. No bounty was paid on tonnage in excess of 7,000 tons, and there was a twelve years age limit.

GERMANY.

Bounties granted to particular lines of steamers.—Two German steamship companies, viz., the "German East Africa Line" of Hamburg and the "German Levant Line" of Hamburg, received assistance from the State in a form which is equivalent to an indirect bounty. This assistance was given by granting largely reduced rates of carriage by all German State railways to goods exported from inland places of Germany on through bills of lading either to East Africa or to the Levant respectively by the "German East Africa Line" or the "German Levant Line" steamers. The railway portions of these combined land and sea through rates of freight, which were introduced for the "Levant Line" on the 15th June 1890 and for the "East Africa Line" on the 1st April 1895, are understood to have been much lower than those in force for goods sent to German ports for direct exportation by sea.

The rates of the "Levant Line" Tariff were based upon the arrangement made by this company with the German Government for carrying German exports from the interior of Germany to all parts of the Levant (excepting Tunis and Tripoli), including Malta, Alexandria, the Piræus, Smyrna, all important ports of Turkey, Bulgaria, Roumania (and various stations of the Turkish and Bulgarian railways), and all ports of the Black Sea. Besides being favoured by the reduced sea freights of the "Levant Line" and on the German State railways, goods sent by this company's steamers on through bills of lading profited also by reduced rates of carriage on the Turkish and Bulgarian lines, if they were destined for stations thereon.

Besides the tariff from Germany to the Levant ports *viâ* Hamburg, a further tariff to the Levant ports *viâ* Bremen was introduced on 1st January 1906.

ITALY.

The subsidies to shipping granted in Italy before the war fell under two heads:—(a) subsidies for maritime, postal and commercial services; (b) Navigation premiums.

(a) *Subsidies for maritime, postal and commercial services.*—By a law of June 1910, which was intended as a temporary arrangement to provide for the continued working of the postal services pending a complete re-examination of the whole system, an annual expenditure of £545,000 was authorised.

The "Messaggero" of June 22nd, 1922, published the text of a Bill which has been presented to the Chamber of Deputies of which the following is a summary.

In its present form the Bill provides that Italian steamships laid down in national yards on or before June 30th, 1921, and for which at least half the required material had been collected in the yards on or before April 30th, 1921, will receive a subsidy.

This subsidy will only be granted however on condition that they commence running between July 1st, 1919, and December 31st, 1922.

The subsidy will be granted for two years in respect of journeys from and to Italian ports at the following rates:—

- (a) For ships commencing running from July 1st to 31st, 3 lire per ton of effective cargo carried 100 nautical miles.
- (b) For ships which commence running after this date, the same subsidy less lire 0.12 per ton, for each month after July 1921.

In order to enjoy the above benefits the ships must belong to Italian citizens, or to companies constituted in Italy with Italians sitting on the Board of Directors.

Furthermore, they must be entered in No. 1 class of the Italian Naval Register which must be kept up for five years from the date of the granting of the certificates.

The subsidy is only admitted in respect of ships which travel beyond Gibraltar, Perim or the Dardanelles.

A clause is provided stating that ships thus subsidised may not be requisitioned either by the civil or the military authorities.

Certain subsidies are also provided for passenger cargo ships commencing to run on or before 31st December 1923, and passenger ships on or before 31st December 1924.

The Italian Government have entered into an agreement with the Societa Coloniale per L'Africa Occidentale for the maintenance by the latter of a quarterly steamship service between Italy and the West Coast of Africa. The minimum itinerary for this service does not include any British ports but goes from Genoa via Marseilles and Lisbon to Dakar, Matadi and a port in Angola. Among the ports which the service may embrace at the option of the company are Freetown, Accra and Lagos.

The ships must fly the Italian flag, be of 2,000 tons dead weight and a speed average of 8 miles an hour. These vessels will be required to carry free of charge all postal matter.

As regards freights and tariffs it is laid down that the freights for goods must never exceed those of competing services. The fares for 'emigrants' and 'workmen's families' are to be agreed upon or fixed by the Commissioners for Emigration. Provision is also made for the free carriage of a certain quantity of commercial samples each voyage and also for free passages for Italian commercial travellers to the extent of not more than two each trip, and of officials sent abroad by the Government or Royal Institutes for scientific or commercial purposes with the same limits. The company are also required to give Government goods a reduction of 30 per cent. on current freights.

The subsidy to be paid is at the rate of 500,000 lire per annum and the period of the agreement is for ten years. The original agreement was signed on May 16th, 1920, and was approved by a Ministerial decree of November 4th, 1920.

The avowed object of the establishment of this new service under subsidy is that "the moment is opportune for Italian commercial penetration into certain regions of West Africa."

JAPAN.

Bounties of Navigation.—Until the end of 1909 subsidies were paid to vessels trading between Japan and foreign countries, or between foreign ports, under the Navigation Encouragement Law of 1896. In January 1910, however, the Ocean

Lines Subsidy Law came into force abolishing the Navigation Encouragement Law, with a proviso that ships receiving subsidies under the old law might continue to do so until the expiry of their contracts in 1914, but that in such cases they could not subsequently benefit under the Ocean Lines Subsidy Law. This new law is only applicable to the lines to Europe, Australia, and North and South America.

Subsidized lines running between ports in Japan and the neighbouring islands are under the control of the local authorities.

Extracts from the "Navigation Encouragement Law," 1896.

Article I.—Under the provisions of this law navigation subsidies may be paid to Japanese subjects or to commercial firms, the members and shareholders of which are all Japanese subjects, which engage in the transport of goods and passengers between Japan and foreign countries, or between foreign ports with vessels borne on the Japanese register which are their exclusive property, in respect of such vessels.

Article II.—Vessels which are to receive navigation subsidies under this law must be steamships built of iron or steel with a gross tonnage of not less than 1,000 tons and a maximum speed of not less than 10 knots, which conform with the ship-building regulations laid down by the Minister of Communications.

Article III.—The owners of vessels wishing to receive navigation subsidies must obtain beforehand the sanction of the Minister of Communications in respect of their vessels.

Article IV.—The following vessels cannot receive navigation subsidies:—

- (1) Vessels built abroad which are five years old at the time of their entry on the Japanese register subsequent to the enforcement of this law.
- (2) Vessels built more than 15 years ago.
- (3) Vessels used on services under the order of the Japanese Government.

Article V.—Navigation subsidies will be paid at the rate of 25 sen (6d.) per 1,000 knots navigated per ton of the gross tonnage in respect of vessels having a gross tonnage of 1,000 tons and a maximum speed of 10 knots per hour. For every additional 500 tons gross tonnage an additional 10 per cent. and for every additional knot per hour maximum speed an additional 20 per cent. will be paid. However, in respect of vessels exceeding 6,500 tons gross tonnage or 18 knots per hour maximum speed, subsidies will be paid at the rates for vessels of 6,000 tons gross tonnage and 17 knots per hour maximum speed.

Navigation subsidies will be paid in full in respect of vessels less than five years old, for vessels more than five years old a reduction of five per cent. will be made for each year.

For vessels built abroad, which were entered on the Japanese register subsequent to 1st October 1899, half the amount of the navigation subsidy to be paid under the provisions of the two preceding paragraphs shall be granted.

In calculating navigation subsidies fractions of a ton or knot shall not be included.

Article VI.—The distance navigated shall be calculated according to the shortest route between the various ports.

As regards vessels calling at Japanese ports and leaving for foreign ports, the last port of call shall be treated as the starting-point, and as regards vessels sailing from abroad and calling at Japanese ports, the first port of call shall be treated as the terminus, in calculating the distance navigated.

As evidence of the distance navigated the certificates of call given by the authorities of the ports called at must be produced.

Article VII.—The Minister of Communications may, by issuing instructions and granting a suitable sum of money, use for the public service vessels which have received the sanction mentioned in Article III.

Owners of vessels may, when they are dissatisfied with the amount of the grant mentioned in the preceding paragraph, bring an action in a court of law within three months from the date upon which they received notice thereof.

The action mentioned in the preceding paragraph does not suspend the use (of the vessel).

Article VIII.—Owners of vessels which have received the sanction mentioned in Article III shall, in accordance with instructions from the Minister of Communications, take on board those vessels at their own expense apprentices within the following proportions and shall make them allowances as determined by that Minister:—

	Apprentices.
Between 1,000 and 2,500 tons gross tonnage	2
Between 2,500 and 4,000 tons gross tonnage	3
Above 4,000 tons gross tonnage	4

Article IX.—Unless the permission of the Minister of Communications has been obtained, owners of vessels which have received the sanction mentioned in Article III, cannot employ foreigners as officials in their head or branch offices, or on the staff of those vessels. However, should a vacancy in the staff of a vessel occur abroad, owing to death or some other unavoidable circumstance, it may be filled on obtaining the official recognition of the local authorities. In such cases the owners or master of the vessel in question must immediately apply for the permission of the Minister of Communications.

Article X.—In cases where the owners of vessels, which have received the sanction mentioned in Article III, make voyages and receive navigation subsidies, they shall, in obedience to instructions received from the Minister of Communications, carry post office officials on those vessels free of charge, and convey free of charge by those vessels, mail and parcel post matter, and articles required therefor.

Article XI.—Owners of vessels which have received the sanction mentioned in Article III, and their successors, may not, while they are performing voyages and receiving navigation subsidies, nor within a period of three years from the date of completing such navigation, sell, loan, exchange, give, hypothecate or mortgage those vessels to foreigners. However, this restriction does not apply when the navigation subsidy already received in respect of the vessels has been refunded, or when navigation could not be continued owing to natural calamity, or other irresistible compulsion, or when the permission of the Minister of Communications has been obtained.

Article XII.—With regard to matters pertaining to the duty of the shipowner under this law, the Minister of Communications may issue instructions direct to his representative or to the master of the vessel.

Article XVII.—When a shipowner has broken this law the Minister of Communications may suspend the grant of navigation subsidies. The same applies in cases coming under Article XII, when a representative or master has committed the infraction.

Article XVIII.—The penal clauses of the preceding Articles, as regards commercial companies, are applicable to the members of the company or the directors who are responsible for the commission of the acts mentioned in those clauses.

Article XIX.—This law shall come into force on October 1st, 1896, for a period of eighteen years.

Extracts from the "Ocean Lines Subsidy Law," 1910.

Article 1.—The Minister having control (i.e., the Minister of Communications) is given power to grant a subsidy to Japanese subjects, or companies consisting solely of Japanese subjects, and during a period not exceeding 5 years make them maintain a service on the following four routes.

However, the consent of the Diet must be obtained to the amount of the subsidy and the period.

- (1) European Route.
- (2) North American Route.
- (3) South American Route.
- (4) Australian Route.

In this law the term "subsidized services" means the services according to the preceding article.

Article 2.—Vessels must be over 3,000 tons gross, and 12 knots speed, and less than 15 years old.

Article 3.—Foreign-built vessels cannot receive this subsidy. This does not apply to vessels which have been on the Japanese register for not less than 5 years and for which the consent of the Minister of Communications has been obtained.

Article 4.—The subsidy shall be given, according to the conditions of the route, at a rate of not more than 50 sen (1s. 0½d.) per ton of gross tonnage for every 1,000 miles traversed at a speed of 12 knots and for every extra knot the sum given will be increased by not more than 10 per cent. The subsidy will be reduced by 5 per cent. annually after 5 years. When foreign-built vessels are used, half of the abovementioned sum is to be given. When vessels have been built according to special official orders or are employed on a route not yet opened for 5 years, the sum may be increased by not more than 25 per cent.

Article 5.—Passenger rates and rates of freight must be arranged with consent of Minister of Communications.

Article 6.—Subsidized ships must carry postal matter free, instal wireless telegraph apparatus and carry free of charge any officials sent on special duty by the Minister of Communications.

Article 7.—Proper steps must be taken for maintenance of fixed routes.

Article 8.—Subsidized ships must take a certain number of apprentices in proportion to their size.

Article 9.—Foreigners may not be employed by companies carrying on subsidized navigation except with consent of the Minister of Communications. This does not apply when vacancies, caused by death of crew, occur at a foreign port.

Article 12.—Vessels which are, or have been, subsidized may not be sold, chartered or mortgaged to a foreigner during three years from their last subsidized voyage. But this does not apply where the subsidy is returned, or where special circumstances arise, or the consent of the Minister of Communications has been obtained.

Article 13.—The Minister of Communications shall decide matters relating to the terminal points and ports of call; the number, tonnage, speed and age of vessels to be used; the number of voyages to be made and the time to be occupied; the method of giving the subsidy; and all matters relating to the reduction, suspension or return of the subsidy in consequence of non-fulfilment of obligations.

Article 14.—The Minister may give orders directly to the Agent or Captain in connection with matters relating to such obligations.

Supplementary Regulations.

This law shall be enforced from January 1st, 1910. The Navigation Encouragement Law shall be abolished. But ships which, at the time this law comes into force, are entitled under the Navigation Encouragement Law to a subsidy, or are being built with a view to enjoying that subsidy, may receive it until 30th September 1914. But vessels which have taken advantage of the preceding clause to enjoy the old form of subsidy cannot benefit by the new one.

The provisions of Article 4 do not apply to foreign-built vessels which were on the Japanese Register before 30th September 1899.

HOLLAND.

An Act of 30th July 1921 sanctioned the grant of a subsidy to the Holland-South Africa Line.

The amount of the subsidy is Fls. 1,000,000 per annum for a period of 5 years and the following are the main conditions attached to the grant:—

- A.—The number of voyages shall be not less than twelve per annum but after the lapse of 5 years the number shall be twenty-four per annum.
B.—The route to be followed shall be—

Outwards:—

$\frac{\text{Amsterdam}}{\text{Rotterdam}}$ Capetown—Durban.

Return:—

Durban—Capetown $\frac{\text{Amsterdam}}{\text{Rotterdam}}$.

G.—The Captains, First, Second, etc., Officers and Engineers shall be subjects of the Netherlands, unless exemption from this rule be granted by the Minister.

D.—The Company shall be obliged to carry mails and postal packets.

E.—Should the profits of the Company in any one year amount to more than six per cent. the surplus shall be paid over to the State as interest on the unredeemed portion of the subsidy. The rate of interest will be five per cent. per annum.

F.—Any remaining surplus after the said provision for interest has been met shall be allocated as follows:—

One-half towards redemption of the subsidy.

One-half to be divided amongst the shareholders.

G.—The following fines shall be imposed on the Company in the event of the conditions of the subsidy not being fulfilled:—

(1) For every voyage short of the number laid down under condition A as above—Fls. 50,000.

(2) For each omission to call at one of the ports mentioned in the plan of route—Fls. 10,000.

(3) For every voyage made with a steamship not registered at Lloyds, the Bureau Veritas of the Netherlands Underwriters' Association—Fls. 5,000.

H.—The Company shall have its domicile in the Netherlands and the Directors and Managers shall be subjects of the Netherlands unless special exemption be granted by the Minister.

I.—No debentures may be issued by the Company unless with the consent of the Minister of Agriculture, Commerce and Industry.

J.—The Service shall be opened within a period of six months subsequently to the ratification of the agreement.

The main objects connected with the grant appear to be:—

1. To establish a direct line of cargo steamers between Holland and South Africa and thus extend the trade connections with that country.
2. To enable the Company to compete with British lines engaged in the cargo carrying trade between Europe and South Africa.

 SPAIN.

Bounties on general navigation.—No system of direct bounties to Spanish shipping existed prior to the year 1909; in that year there was enacted a law known as the "Ley para el fomento de las industrias y comunicaciones maritimas

nacionales" (Law for the development of national maritime industries and communications). The following are its chief provisions:—

(i) National steamships engaged in oversea and "coastwise" trade (the latter term including voyages between Spanish ports and those of the rest of Europe and of Africa situated in the Mediterranean) are to receive navigation bounties amounting in the first case to 40 centimos (4*d.*) and in the second to 50 centimos per gross ton and per 1,000 miles navigated. In order, however, to be entitled to these bounties, ships must fulfil certain conditions, of which the most important are:—(a) the entire crew shall be Spanish; (b) Spanish mails shall be carried free of charge; and (c) the average amount of cargo carried throughout the year shall not be less than 50 per cent. of the ship's maximum capacity, and of this 50 per cent. three-fifths shall consist exclusively of national products carried in the export trade.

No one ship may receive during any one year bounties for more than 20,000 miles navigated in the coastwise trade, nor for more than 30,000 miles, navigated on the high seas. The total liability of the Government under this heading is limited to 2,900,000 pesetas (equivalent at 25 pesetas to the £ to £116,000).

(ii) A further series of bounties is granted according to a somewhat complicated scale, which may be summarised as follows:—

(a) A bounty of 60 centimos (6*d.*) per ton and per 1,000 miles navigated is paid in respect of vessels which attain an average annual speed of ten knots and make twelve voyages during the year from a port on the north, north-east, east or south coasts of Spain to Brazil, Uruguay, and the Argentine, and call at the Canaries. The total amount of bounty payable by the Government to vessels of this group is limited by the law to 670,000 pesetas (£26,800).

(b) A bounty at the rate of 80 centimos (8*d.*) per ton and per 1,000 miles navigated is granted in respect of ships which attain an average annual speed of 11½ knots, and make twelve voyages during the year from a port on the south or east coast of Spain to the Adriatic, to the Black Sea or to the Sea of Azof. The same rate of bounty is granted to vessels of the same average speed which maintain throughout the year a weekly service between a port on the south or east coast of Spain and Algiers. The Government's total annual liability to vessels included in these groups may not exceed 380,000 pesetas (£15,200).

(c) The rate of bounty is raised to one peseta (9½*d.*) per ton and per 1,000 miles navigated in the case of vessels whose average speed is 13 knots, and which maintain a monthly service between ports on the north and north-east coast of Spain and New York and Havana. The total liability of the Government under this heading is limited to 950,000 pesetas (£38,000).

The same conditions with regard to nationality of the crew and carriage of mails as were stated above under (i) must be fulfilled by ships claiming the above bounties. They are also required to maintain throughout the year an average of Spanish exports amounting to 40 per cent. of their maximum capacity and of imports to Spain amounting to 33 per cent. of their maximum capacity. These figures are reduced to 33 per cent. and 25 per cent. respectively, in the case of steamship lines which have been in existence less than two years.

(iii) The total annual liability of the Government in respect of navigation bounties of the two above classes combined is limited to 4,900,000 pesetas (£196,000). No statistics are, however, available with regard to the bounties actually paid by the Government under the provisions of the law.

Subventions for special Services.—Under the same law of 1909, regulations were introduced for the establishment of regular services by the Spanish mercantile marine between Spain and various parts of the world. The lines engaged in such services hold a Government contract and enjoy subventions calculated according to average speed and to the number of miles navigated. All ships so engaged fulfil certain conditions of which the following are the most important:—(a) free

carriage of mails and of the precious metals destined for conversion into coinage; (b) carriage at special rates of official passengers and cargo; (c) liability to serve as auxiliary cruisers in case of war; (d) ships fitted to engage in the emigrant traffic must compete with their foreign rivals and must give special facilities for the transport of emigrants to the Spanish possessions in Africa and to Morocco; (e) a scale of fares, 30 per cent. lower than the ordinary tariff, must be established for commercial agents and official commissioners sent abroad by the Government to attend exhibitions, etc.; (f) ten free passages to America must be allotted to the Ministry of Public Instruction for Commissioners sent abroad on missions of national utility; (g) preference must be given to Spanish foreign merchandise at all ports of embarkation; (h) all freight tariffs must be approved by the Government before being put in force; (i) free carriage must be provided for patterns, samples and objects destined either for Spanish commercial museums or for exhibitions held abroad; (j) all vessels receiving a subvention must be the property of Spanish citizens, must fly the Spanish flag and be registered in Spain; (k) crews must be entirely Spanish; and (l) ships' provisions and stores shall be embarked, so far as possible, in Spanish ports and shall consist of Spanish products. When coaling in Spanish ports, at least two-thirds of the coal embarked must be Spanish.

UNITED STATES OF AMERICA

The United States have since the early part of last century reserved their coasting trade to vessels flying the United States flag. This regulation was relaxed during the War but in 1920 the principle was once more re-enacted.

The United States Shipping Board, which was appointed under the Merchant Marine Act, 1920, consists of seven members appointed by the President through the Senate, and its duties are to manage or sell the shipping constructed by the United States during the War, and to make recommendations for assisting United States shipping in general. The Board have powers to insure, out of their profits, any interest of the United States on any vessels or plants and materials acquired by the Board. Further provisions of the Act are that the system of "Deferred Rebates" is forbidden to shipping lines, and that preferential railway rates may be granted only to United States vessels, unless adequate shipping facilities are not granted by United States vessels.

The Ship Subsidy Bill, which is at present before the United States Senate, proposes further to aid United States shipping as shown below.

INDIRECT AID.

Income-tax Relief.—(a) In order to create an incentive for shippers to use American flag ships and as a stimulus to foreign trade, a deduction from net Federal income-tax payable should be allowed on the basis of a small percentage, say five per cent. of the freight paid on goods imported or exported in American flag vessels. This deduction, in time, might amount to eight or ten million dollars per year.

(b) Through co-operation with the Treasury Department and by legislation a greater allowance for depreciation for income-tax purposes should be made on ships, in order to make the depreciation allowance more accurately represent the actual depreciation of vessels and to give effect to the marked slump in the value of tonnage during the past several years.

(c) Section 23 of the Merchant Marine Act should be amended so that the payment of all income-taxes (which would otherwise be payable on net earnings of vessels in foreign trade) shall be waived by the Government, when the amount of such taxes is applied to half the cost of new ship construction, increasing same from one-third as at present.

Immigration.—Through co-operation with the Bureau of Immigration of the Department of Labour, regulations should be prescribed and legislation enacted that would assure to American flag passenger ships at least 50 per cent of the immigration coming to this country.

Government Patronage of American vessels.—To increase the revenues of American vessels and to furnish an example for all American citizens to follow in giving preference to American vessels, legislation should be enacted that will prohibit hereafter the overseas transportation of passengers or freight at the expense of the Government, other than in a vessel flying the American flag, unless suitable and convenient transportation by an American vessel is not obtainable.

The Army Transport Service.—Based on current commercial rates, and on the volume of passenger and cargo movement for 1921 on Trans-Pacific traffic alone, the total charge for transporting Government passengers and cargo by commercial vessels would be, approximately, \$7,500,000 per annum. There can be no economic justification for the withholding of this business from Shipping Board ships which are available or from privately owned ships. The withdrawal of the army and the navy transport services, which the President should be authorized to effect by Executive Order in whole or in part, will materially reduce the operating losses of the Shipping Board. It is estimated that during the first year the diversion of this traffic to Trans-Pacific Shipping Board lines would result in increased net earnings to the Shipping Board of approximately \$5,000,000. This business would be an impelling inducement to private owners to purchase at a fair valuation the Shipping Board passenger cargo vessels adapted for this service.

DIRECT AID.

Manner of applying direct aids.—The following fundamental considerations should govern the application of direct aids.

Direct aid should be given to all vessels of the United States of over 1,500 gross tons making voyages of more than 150 miles length in the foreign trade of the United States, whether propelled by sail, steam or other motive power.

Direct aid should be given only to vessels under American registry at the time the Act goes into effect and, thereafter, only to ships built in American yards.

Direct aid should be given only to vessels maintaining the highest classification fixed by the American Bureau of Shipping.

The provisions of direct aid shall not apply to any vessels except those in the foreign trade as defined in the proposed legislation. This eliminates two very considerable groups of American ships—those engaged in coastwise trade and those plying the waters of the Great Lakes.

Tramp ships receiving direct Government aid must enter and clear from a port of Continental United States at intervals not greater than twelve months, and direct aid should not be paid to American flag ships engaged in liner services exclusively between foreign ports, except ships operated in feeder services to regular liner services in the direct trade of the United States.

Direct aid should be paid to a ship exclusively or largely engaged in carrying the cargo of its owner only when one-third of its cargo capacity is available to the general public at the current market rates.

It should be provided that three years after the passage of the proposed legislation the benefits of direct aid shall accrue only to a vessel the owner of which, during each calendar year, shall have operated as owner, charterer or agent not less than 75 per cent. of his vessels, based on gross tonnage, under the American flag.

Limitation of profits.—Any plan for the support of the American merchant marine should provide aid when aid is necessary and be flexible enough to withhold aid, in whole or in part, when shipping companies earn more than 10 per cent. on their capital invested in ships and facilities—thus answering the charge that the direct aid might result in profiteering.

So far as possible, it is desirable to obtain the assistance necessary to establish an American merchant marine by indirect methods as herein proposed. However, it is evidently impossible exactly to value the effect of these indirect aids, as it is impossible exactly to foretell the effect of a new tariff bill. Since it seems necessary to provide in addition to the indirect aids, specified direct aid, the

compensation should be paid as earned but made subject to adjustment and refund to the United States, should the experience of any owner during any year prove the direct aids to be unnecessary to permit him to earn an adequate return on his invested capital. By adequate return is intended one that is sufficient to make the shipping business an attractive one, giving play to initiative and to draw to it the capital necessary for its development.

Basic Differential.—Several methods of computing this differential suggested themselves and were considered.

It is recommended that the direct aid be computed on a differential based on a combination of speed, tonnage and distance covered.

By this method there is combined in one provision the direct aid to be paid to a vessel. The basic idea is that the aid paid to the ship must be measured by her actual service in the foreign trade and her possible value to the country as a naval auxiliary. For this reason the compensation is made to vary with the size of the ship and the distance covered in the foreign trade, with an additional allowance for speed.

For speeds up to 13 knots on light draught the rate per ton per 100 miles is constant.

Beginning with 13 knots, the rate increases rapidly, thus placing a premium upon speed. The reason for adopting this premium is to encourage the building and operating of high speed vessels suitable for carrying the mails and for use as naval auxiliaries and to compensate for the increased cost of such construction.

Following is the form proposed for the application of the differential payment at the various rates.

Every vessel of the United States entitled to direct aid shall receive a sum equal to one-half per cent. gross ton for each 100 miles covered.

Because of the greater differential in small units, both in initial and in operating cost between American and foreign tonnage, vessels of between fifteen hundred and five thousand gross tons shall, for the purpose of determining the amount of aid to be paid under this legislation, be figured as of five thousand tons gross.

Such vessels, if capable of operating at a speed of 13 knots or over when on light draught, shall be entitled to additional aid per 100 miles covered, as follows:—

	Cents per gross ton.
13 knots . . . . .	.2
14 " . . . . .	.3
15 " . . . . .	.4
16 " . . . . .	.5
17 " . . . . .	.7
18 " . . . . .	.9
19 "	1.1
20 "	1.3
21 "	1.5
22 "	1.8
23 and over	2.1

It is estimated that the total annual expenditure for the differential payments for the entire American merchant marine in foreign trade, five years hence, when it is expected that the fleet will have symmetrically developed to a total of 7,500,000 gross tons, which it is estimated would be capable of carrying about one-half of the exports and imports of the country, will be not in excess of \$30,000,000. For the first year, it is estimated that the annual expenditure for the existing fleet will not be in excess of \$15,000,000; and this annual amount will increase gradually as the results of a national policy of encouragement to shipping are realized and improved types of new steamers are completed and commissioned.

Postal Earnings.—Any vessel enjoying the benefit of direct aid shall relinquish to the Merchant Marine Fund the compensation earned for the carriage of all first and second class foreign mails from the United States. With this object in view

the Postmaster General is to pay such earnings, which now amount to about \$4,000,000 per annum, into the Merchant Marine Fund instead of to the vessel.

Customs receipts.—The fund for the payment of direct aid should be created by diverting 10 per cent. of the customs collections on all imports into a special fund to be known as the Merchant Marine Fund, to be administered by the Shipping Board for the purpose of paying the compensation to American ships on the basis adopted.

It is estimated that for the fiscal year 1922-23 the customs receipts will amount to about \$300,000,000; 10 per cent. thereof would be \$30,000,000.

Tonnage taxes.—This fund should be augmented by adding thereto the tonnage taxes collected in American ports from all ships, American and foreign. These tonnage taxes for the ensuing fiscal year it is estimated will be \$2,000,000 on the present basis, but if the increase in tonnage dues proposed under the pending measures is made effective the collections would probably amount to \$4,000,000.

BRITISH DOMINIONS.

(1) *Refrigerated Space.*—The Dominions export quantities of produce which require refrigerated holds for transport overseas. In the Australian contract of 1921 with the Orient Steam Navigation Company, 2,000 tons of 40 c. ft. ton capacity is called for in each vessel, in the New Zealand 30,000 c. ft.; in the South African contract up to 18,000 c. ft.; and more has to be provided, upon due notice being given if reasonably required; in the Canada-South Africa contract, 200 tons, etc.

(2) *Control of Freights, under Subsidy Contracts.*—Certain rates for refrigerated produce are fixed in the New Zealand and South African contracts, and in the case of New Zealand for other goods, *e.g.*, wool and hides and for general cargo. In the case of the Australian contract of 1921, it is provided that no higher rates of freight for butter or fruit than the current ruling rates shall be charged.

As regards Canada, however, the steamship lines receiving subsidies are subject to complete control as regards freights of all kinds. They are required to submit their rates to the Minister of Trade and Commerce for approval, and further, the Minister has power to fix maximum rates for all classes of cargo.

(3) *Speed and Type of Ship.*—The time allowed for runs between the terminals in the mail services is specifically laid down, and penalties are imposed for any extra time taken unless good reasons are forthcoming. The actual ships to be employed are often specified, and under the contract, the Company usually has to undertake to provide additional new vessels for the service.

(4) *Rebate System.*—Under the South African contract, the Union Castle Company must conform to the P. O. Administration and Shipping Combinations Discouragement Act, 1911, and not be a party to any rebate system. This condition does not appear in other contracts.

(5) *Discrimination.*—It is expressly laid down in these contracts (except in the South African) that there shall be no discrimination against any particular port, merchant or shipper in the particular Dominion, nor as between large and small shippers.

(6) *Freight Space.*—In some cases this is reserved, in the first instance, for the shippers of the particular Dominion paying the subsidy.

There are numerous other clauses in particular contracts designed to assist in developing the trade of the particular Dominion, *e.g.*, in South Africa, the Company must import pedigree live stock freight free and undertake to export 50,000 tons of coal in excess of their steamer's requirements provided the price does not exceed a certain limit (based on pre-war prices). In Canada, also, opportunity is taken to assist the National Railways by providing that goods must be forwarded by them unless otherwise consigned.

AUSTRALIA.

The subsidies to shipping companies paid by the Commonwealth of Australia in respect of mail services may be divided as (a) Ocean and (b) Coastal.

(a) *Ocean*.—The only subsidy paid is to the Orient Steam Navigation Company. Under the original mail contract, which came into operation in February 1919, for a period of ten years and which was extended to September 1921, the Company undertook to provide a fortnightly service in return for an annual subsidy of £170,000. Under the new contract which was signed in April 1921, and came into operation in September or October 1921, the Company are to provide a four-weekly mail service both ways between a South European port (Toulon or possibly Marseilles) and Fremantle. The main conditions are:—

- (1) The amount of the subsidy is £130,000 per annum (*i.e.*, on the basis of £5,000 per single voyage). The agreement is determinable at the expiration of twelve months after notice has been given by either party.
- (2) The contract time for the outward voyage to Fremantle is 632 hours (26 days, eight hours) and homeward 644 hours (26 days, 20 hours), including the stop at Colombo. During the S. W. Monsoon an extension of 36 hours is allowed on the homeward run.
- (3) The voyage, however, is to be extended to the United Kingdom at the one end and to Adelaide, Melbourne, Sydney, Brisbane, and Hobart at the other.
- (4) Each mail vessel is to have 2,000 tons of 40 c. ft. of insulated space and also a special chamber for butter if 300 tons in the aggregate are offered for shipment. The rates for butter and fruit on mail vessels is not to be higher than those charged or received (after deduction of all rebates allowed or allowable) for the carriage of butter or fruit on other lines of steamships regularly engaged in the trade in question.
- (5) No differentiation as between any ports of call within the Commonwealth shall be made in respect of freight, exclusive of special charges, "unless at the time being there is in operation a freight war which shall not have been entered upon with the consent of the steamship company."
- (6) If earnings are decreased or expenses increased by not less than £5,000 per annum, on account of new Commonwealth shipping legislation, the Company have the right to determine the agreement unless the subsidy is increased.
- (7) The Company are not to give any undue preference to any foreign company or person in regard to the conveyance of or the rates to be charged for persons or goods by the ships in question as against persons resident within the British Dominions.
- (8) Delays or other failure to fulfil the conditions of the contract involve forfeiture of certain sums.

(b) *Coastal*.—There are several subsidised coastal mail services (*e.g.*, to and from the northern ports of Queensland, weekly, £20,000 per annum) and also between Australia and Tasmania.

The total of the subsidies paid by Commonwealth Postal Department during 1918-19 for coastal services was £50,035. In many cases the coastal mails are carried at poundage rates and the total payments in this way during the same year were £77,877.

(c) *Other subsidies*.—In addition to the purely local services, two other routes are subsidised though the amounts are apparently not borne on the Post Office vote. These are:—

- (1) Services from Sydney to the Pacific Islands (Norfolk Islands, New Hebrides, Papua, Solomon Islands, etc.). This is borne on the vote of the Prime Minister's Department as "Mail Service to Pacific Islands" and amounted to £35,000 in 1917-18 and £28,800 in 1918-19.

- (2) Service from Sydney to Singapore *via* Queensland Ports, Darwin, Timor and Dilly—alternate trips—Monthly service.

NEW ZEALAND.

SUBSIDISED SEA MAIL SERVICES.

(a) *Ocean.*

The following ocean mail services maintained by the Union Steamship Company of New Zealand are subsidised by the New Zealand Government.

(a) *New Zealand to San Francisco.*—The contract signed, in 1914, provides for a four-weekly service between Wellington and San Francisco calling on outward and homeward voyages at Rarotonga and Papeete in return for an annual subsidy of £25,000 in proportionate instalments for each round trip. The call at Papeete can be omitted if the Government of Tahiti do not pay a subsidy.

Among the conditions attaching to the contract are the following:—

- (1) The S. S. "Tahiti" (7,585 gross, 17 knots), "Moana" (3,915 gross, 15 knots) and "Aorangi" (4,268 gross, 14½ knots) were originally to perform the service, the two latter to be replaced by end of 1915 by two other vessels of "larger size and improved design," but no doubt the war prevented this. The service is now carried on by the "Moana" and "Tofua" (4,345 gross, 14½ knots).
- (2) The Company to extend their service, if desired, to Sydney, and they are at liberty to enter into a contract with the Australian Government in respect of this part of the service. [The service has been extended, but no Australian subsidy is paid, mails being forwarded by this route from Sydney at poundage rates.]
- (3) So long as no Australian subsidy is paid, New Zealand shippers have first refusal of all freight space; and all cold storage space (of which up to 30,000 c. ft. is eventually to be provided in each vessel) is reserved for New Zealand shipments for practically all the year though the portion not booked a month before the vessel leaves Sydney shall be available for other shippers (*i.e.*, in Australia). No undue preference to be given to any individual shipper.
- (4) Certain maximum rates are fixed in the contract both for passengers and cargo of various kinds, both to and from San Francisco. Under the contract these rates may be increased if normal conditions are disturbed and the following rates were in operation in April 1921:—

Wellington to San Francisco:—Wool (greasy), 2*d.*; wool scoured, 2½*d.* per pound; fibre, 60 per 40 c. ft.; butter 1*d.* per pound; meats 1½*d.* per pound. Cargo not otherwise specified, including skins, 80 to 100 shillings per ton weight or measurement at ships' option.

Passenger rates in force since 1920:—

	Single.			Return.		
	£	s.	d.	£	s.	d.
First	50	0	0	83	6	8
Second	33	10	0	55	16	8
Third	22	10	0	37	10	0

No discrimination to be shown against any New Zealand port, railway or shipper.

- (5) The Company is to furnish, as required, full details of passengers and cargo carried, etc.

This contract was in force for 5 years from 1914. It was renewed in 1919 till July 1920 and was renewed further until July 1922. The mileage for the complete round voyage is 12,180 miles, and the cost per mile has hitherto been 3*s.* 1*89d.* per mile.

(b) *New Zealand to Vancouver.*—The contract made in July 1912 provides for a four-weekly service from Auckland to Vancouver *via* Suva (Fiji), Honolulu and Victoria in return for an annual subsidy of £20,000. The main conditions are as in the New Zealand-San Francisco contract above. The service was to be maintained by the Makura (8,075 gross, 16½ knots), Marama (6,437 gross, 16 knots) and Zelandia. The Niagara (13,415 gross, 17 knots) and Makura are now on this service. Accommodation to be provided for 130 passengers. Only outward maximum freights are imposed and these are now the same as on the Wellington to San Francisco service. The service is also subsidised by the Fiji Islands (£5,000 per annum) and the Canadian Government (£37,090, 18·2 per annum).

(b) *Coastal.*

In addition to the ocean services, some 22 coastal mail services are subsidised by amounts varying from £1,000 to £25 and amounting in all to £4,842.

During the year 1919-20, the amount paid for conveyance of mails by sea was £53,811-15-3, but presumably this included payments for mails carried at poundage or postal union rates. At present mails for the United Kingdom are despatched by the subsidised services as above or by the services *via* the Panama Canal if "a better despatch can be made"

SOUTH AFRICA.

The only mail steamship service which is subsidised is that between the United Kingdom and South Africa. The contract, signed in September 1912, provided for a weekly service each way between Southampton and Table Bay *via* Madeira, by the Union Castle Mail Steamship Company, Limited. The length of voyage is not to exceed 16 days 15 hours, either way. The annual subsidy is £171,000, of which £21,000 is in consideration of the mail steamers commencing and terminating their voyages at Durban instead of Capetown. The Government may require the voyage to be done in 16 days on payment of an additional subsidy of £19,000. The agreement was in force for ten years from 1912 and expires on 12 months' notice from either side in or after 1922. Although the contract is administered by the Union of South Africa, the cost of the service appears to be divided between the United Kingdom, the Union of Southern Rhodesia and the Bechuanaland Protectorate on the basis of user. Apart from those relating to the actual mail service the following important clauses appear in the contract:—

- (1) The Contractors shall observe the Post Office Administration and Shipping Combinations Discouragement Act, 1911, and in particular they shall not give, offer or promise to any person any rebate, refund, discount or reward upon condition that such person shall ship or in consideration of such person having shipped goods by ships of particular lines to the exclusion of any others.
- (2) The Union Government undertake to confine all emigrant traffic both ways to the Union Castle Line who will charge 20 per cent. less than the rates in force for third class or steerage passengers.
- (3) The mail boats are to have cool or cold chamber accommodation to the extent of 18,000 cubic feet, or as near as possible, and in the event of such space not proving sufficient for conveyance of produce at height of export season, the Company shall, on 12 months' notice being given, increase such capacity as far as reasonably practicable.
- (4) The following rates of freight for articles carried in cold storage shall apply:—40s. graded and inspected and 50s. ungraded ton net per 40 c. ft. measurement for fresh fruit; ½d. per pound net butter, ¾d. per pound net frozen mutton or lamb; chilled meat at not more than current contract rates from South America; citrons, fruits and pine-apples (Government inspected) 25 ton net per 40 c. ft. measurement. (These rates have no doubt been revised.)

- (5) These rates to be through rates to Nine Elms Station from usual ports of shipment. The contractor's liability shall commence upon receipt of goods in ships' tackle on board.

To assist in the agricultural development of South Africa, the mail and intermediate steamers shall carry free of freight from Great Britain to usual South African ports and Lourenco Marques pedigree live stock for breeding purposes.

- (6) The Company have the liberty to revise rates of freight as circumstances require, but undertake to protect the interest of the small shipper by carrying his cargo at same rate as that of larger shipper. If an equality of rates is found impracticable, the Company shall give notice of the facts to the Postmaster General.
- (7) To assist development of South African coal trade, the Company agree to purchase for export not less than 50,000 tons per annum above their own requirements, provided this coal can be supplied at a price not less than 1.6d. per ton at ship's side below the prices for similar coals delivered in July 1912. (Presumably, therefore, this clause is not now operative.)
- (8) In case of public emergency the Government has the right to ship at current rates on any of the ships in question, cargo which shall receive preference over all other cargo.

CANADA.

A list of the Ocean " Mail Subsidies and Steamship Subventions " paid by the Canadian Government is annexed and also of certain clauses which are common to them. Special clauses peculiar to a particular contract are noted in the " Remarks " column. In addition to the services enumerated, numerous local and coastal services are subsidised. The total amount voted for 1919-20 was \$2,629,500 and for 1920-21 \$1,416,000. The difference is due to the fact that the United Kingdom-Canada contract of \$1,000,000 has lapsed and mails are now carried on a 50 cents per c. ft. of mails basis.

Some clauses common to all contracts.

(1) List of passengers and copies of cargo manifests to be furnished, and also, if required, financial statements of revenue and expenditure on service.

(2) All freight and passengers, which may be reasonably offered or obtained, must be carried on each steamer according to its capacity and at tariff rates approved by the Minister.

(3) *In ocean service contracts only.*—Company shall furnish, at least three weeks prior to first sailing under contract, a schedule of the freight rates proposed which shall be subject to approval by the Minister of Trade and Commerce and after approval shall not be changed without consent. They have to be made available to the public. Minister has power, if he thinks fit, to fix maximum rates between ports. No discrimination shall be made as regards rates, etc., against Canadian merchants or shippers who shall always have precedence for freight and goods over all other merchants and shippers. Rates on goods to or from inland points in Canada, or through bills of lading, are not to exceed rates to or from same points *via* United States of America ports.

(4) *Government railway clause.*—[Inserted in contracts for Atlantic ocean services.] All freight booked and carried to St. John or Halifax or Montreal is to be forwarded inland by the Canadian National Railways, unless expressly otherwise routed by shippers and consignees.

CANADA.

Ports of Call.	Company.	Type of ship, etc.	Frequency of Service.	Subsidy— (a) Voted for 1919-20. (b) Voted for 1920-21. (c) Paid calendar year 1919.	Duration of Contract.	Cold Storage.	REMARKS.
Montreal or St. John to New Zealand ports (and Australia).	New Zealand S. Co., Ltd.	10-knot ship 7,500 tons at 40 c.f. ton.	Monthly. Outward only; steamers do not return to Canada direct.	(a) \$140,000 (b) \$140,000 (c) \$81,666	Opening of Navigation 1919 to March 1920.	Reasonable capacity to be provided.	Average cargo of 5,000 tons to be carried each trip. \$2 per ton is to be deducted at end of year from subsidy for every ton carried short in total amount for year. Subsidy was instituted in 1910 and has been paid continually except in 1918. Government railway clause included. No mails or passengers have been carried, though mails, if required, must be carried free. Passengers, mails and freight are carried.
North Sydney to Port aux Basques.	Reid Newfoundland Co., Ltd.	Speed not stated (3 boats of 1,000 gross and 12 knots are employed).	Daily round trip except Sunday.	(a) \$70,000 (b) \$35,000 (c) \$55,808	April 1919 to March 1920.		
Montreal or St. John, Halifax to Cape town and two other South Africa ports.	Elder Dempster and Co., Ltd.	10 knots. (Boats of 4,500 tons are employed.)	Monthly, during first 15 days of each month.	(a) \$146,000 (b) \$146,000 (c) \$133,383	Ditto	200 tons capacity; more to be provided if necessary.	No mails and practically no passengers have been carried. A subsidy has been paid since 1907. No cargo is carried inward. Extra vessels are to be employed if required. Mails to be carried free if required. Government railway clause is included.
Royal Mail S. P. Co.	St. John and Halifax to Georgetown, B. G., via Bermuda, St. Kitts, Antigua, Montserrat, Dominica, St. Lucia, St. Vincent, Grenada, Barbados and Trinidad.	11 knots. (Boats of 4,800 gross are employed.)	Fortnightly.	(a) \$340,666-66 (b) \$340,666-66 (c) \$340,666-66	November 1919-20.		This service and subsidy will probably be revised under the new Canada-West India trade agreement. Contractors to use utmost endeavor to develop cargo and passenger trade between Canada and West Indies.

<p>ffic Ports alia or nd. ustralia oyal Mail</p>	<p>Vancouver, Victoria, Honolulu, Suva and Auckland Co. can extend to Australia if they desire and this is regularly done.</p>	<p>Union S. S. Co., Ltd.</p>	<p>Duration not to exceed 20 days including one day's detention.</p>	<p>Sailing every four weeks.</p>	<p>(a) \$180,509 (b) \$180,509 (c) \$152,738</p>	<p>August 1919 to July 1920.</p>	<p>The New Zealand contract provides for cold storage.</p>	<p>Indies and through r from inter da. Throu lading to South Am visited by run by pany. No nation be pers in a Governme clause Mails are carried. This servie subsidised Zealand ar ernments. crimination freight of rates is t against Car railways Preference to Canadi as regards at Canadi Freight rate couver or New Zeala exceed the similar ca Zealand any U. S. ports. Passenger r same as direction. rates are l the New Z tract.) No dis against passengers or ports. to exceed r on steam similar cla A. ports o fic coast. be carried</p>
<p>ina and</p>	<p>Vancouver to Hong Kong via Yokohama on each trip via Woosung (Shanghai) on each east-bound trip and once on each alternate west-bound trip.</p>	<p>C. P. O. S., Ltd.</p>	<p>(Two boats of 17,000 tons gross and 2 of 8,000 tons gross are employed.)</p>	<p>Twice a month in each direction.</p>	<p>(a) \$253,333-34 voted and \$121,666-66 authorised by statute = \$375,000-00 (b) \$200,000-00 to be voted and \$121,666-66 authorised by statute = \$321,666-66 (c) \$328,450</p>	<p>April 1919 to March 1920.</p>		

CONSTRUCTION BOUNTIES.

AUSTRIA.

Construction bounties are granted when at least 50 per cent. of home-produced material is ordered: the amounts are (i) in the case of steamships of iron and steel (a) for the hull, 40 kronen (£1 13s. 4d.) for every ton gross; (b) for new ship engines, new boilers, new pipes or tubes and supplementary engines of every kind, 8 kronen for every 100 kilos or 3s. 5d. per cwt.; (ii) in the case of sailing ships of iron and steel, for the hull, when more than half of the material employed is of home production, the bounty is increased by 1 per cent. of its amount for every 1 per cent. of such material in excess of 50 per cent.; (iii) in the case of sailing ships of wood or mixed construction, for the hull, 10 kronen (8s. 4d.) for every ton gross.

The construction bounty is allowed also, under certain conditions, when less than 50 per cent. of home materials is used; but in that case the bounty is diminished by $\frac{1}{2}$ per cent. of its amount for every 1 per cent. under 50 per cent.

DENMARK.

The Tariff Law of 1908 provides for the refund of customs duties on imported materials used for the construction of new ships, subject to the limitation that the refund must not exceed in amount 2 per cent. of the contract sale price.

FRANCE.

By the provisions of the law enacted in the year 1906, the construction bounty for steamships was fixed at a maximum of 172 francs 50 centimes (£6 18s.) to cover both hull and machinery and was to diminish gradually for ten years. The amount was to be divided as follows:—

for hulls, 145 francs (£5 16s.) per ton, with an annual decrease of 4 $\frac{1}{2}$ francs (3s. 7d.) per ton for ten years; and

for machinery, 27 francs 50 centimes per 100 kilos (11s. 2d. per cwt.), with an annual decrease of 75 centimes per 100 kilos (3 $\frac{1}{4}$ d. per cwt.) for ten years.

The construction bounty for sailing ships of 150 tons and over was fixed at 40 francs (£1 12s.) per ton, and of less than 150 tons at 30 francs (£1 4s.) per ton.

Only seven-tenths of the bounties were payable in respect of vessels built to foreign orders; the remaining three-tenths were payable in addition to vessels sailing under the French flag—two-tenths one year after registration and the remaining one-tenth at the end of the second year.

So long as the law of 1902 was in force, these bounties were not to be paid in respect of more than 50,000 tons of steam vessels and 15,000 tons of sailing vessels per annum.

No more than 10 per cent. of foreigners could be employed on ships constructed under this law.

Vessels built for subsidised mail services are entitled only to a building bounty of 65 francs (£2 12s.) per ton for hulls and 15 francs per 100 kilos (6s. per cwt.) for machinery.

GERMANY.

Construction bounties in Germany do not take the form of a premium on the construction of ships, but consist of:—

- (1) Special Customs facilities for goods destined for use in shipbuilding yards;
- (2) Preferential railway rates.

(1) Sub-section 12 of section 6 of the German Customs Tariff Law of the 25th December 1902 exempts, from payment of Customs duty, materials used for constructing, repairing, or fitting out sea-going or river vessels, except cabin and kitchen furniture. Pleasure boats for rivers and lakes are excluded from the enjoyment of this privilege.

In accordance with the Regulations issued by the Bundesrat to give effect to the foregoing provision of the Law, the exemption from duty extends to raw materials, as well as partly-manufactured and wholly manufactured articles, which are used for the construction (original construction or alteration), the repair or the equipment of sea-going vessels (defined as vessels provided with a fixed sea-worthy deck, entirely or chiefly destined for traffic on the sea, or its bays, harbours, and shallows), as also of lake and river vessels to be used commercially for passenger traffic, for the conveyance of goods for the industrial pursuit of fishing, tugging, and dredging, for river-works, dock and inspection services, and other public services; also the auxiliary boats of all the foregoing lake and river craft, but not floating dredgers, even if they be provided with means of self-propulsion.

Goods for fitting out cabins or kitchens, including even articles which are to be permanently fixed to the body of the vessel, as also articles intended to be used in the manufacture of such goods, are not accorded exemption from duty.

(2) Preferential railway rates were in force on German State Railways for certain raw materials and partly manufactured articles used for the construction of German shipping. The railway rates of October, 1895, allowed a preference rate of 1·7 pfennig, plus 12 pfennig booking fee per ton per kilometre, in lieu of the ordinary rate 4·5 pfennig to 3·5 pfennig plus 12 pfennig on the materials in question "in order to assist German iron industry and shipbuilding." This is a reduction of from 11 per cent. to 17 per cent. The same preferential rate also applied to the following list of articles of the "Special tariff for Iron and Steel": rivets, nails, screws, screw and rivet plates, nuts, wire, files, ships' chains, ships' frames, anchors, and all other articles, contained in Tariff III, used in shipbuilding.

ITALY.

Provision is made by a law which came into operation in July 1911 for construction and repair bounties, and remissions of Customs duties, during a period of fifteen years. The following are the main provisions of the law:—

The construction bounties are:—

On merchant vessels, dredgers, and bridged tugs, with iron and steel hulls, 55 lire (£2 4s.), 50 lire (£2), and 45 lire (£1 16s.) per gross ton, if launched within 5, 10, and 15 years, respectively, from the date of promulgation of the law;

On wooden sailing vessels, 10 lire (8s.) per gross ton;

For steam motors and auxiliary apparatus forming an integral part thereof, 15 lire (12s.) per indicated horse-power;

For turbine machinery, 17 lire (13s. 7d.) per shaft horse-power;

For boilers and auxiliary apparatus considered as accessories thereof, 12 lire (9s. 6d.) per 220·5 lbs.=4s. 10d. per cwt.;

For other auxiliary apparatus, 13·5 lire (10s. 9d.) per 220·5 lbs.=5s. 5½d. per cwt.;

For motor apparatus, 27 lire (21s. 7d.) per shaft horse-power.

The law provides that bounties at the above rates may not be paid in any one year in respect of more than 40,000 gross tons in the case of steamships, and 1,600 gross tons in the case of sailing vessels, of iron or steel; 8,000 tons in the case of wooden sailing vessels, 40,000 indicated horse-power in the case of engines; 2,500 tons of boilers; and 800 tons of auxiliary apparatus.

The *repair bounties* are fixed at a maximum of £8,800 per annum.

Remission of customs duties.—The law further provides that ship constructors in Italy may import free of duty one quarter of the metallic materials necessary for the construction of the hulls of merchant ships, dredgers, and bridged tugs built at the order of Italians and intended for sea, lake, lagoon, or river use, and provided that this quarter does not exceed 120 kilogrammes per ton of gross tonnage. A quarter of the metallic materials necessary for the transformation of vessels, resulting in an increase of the gross tonnage, may also be imported duty-free, provided that such quarter does not exceed 120 kilogrammes for each ton added to the vessels.

The law also allows temporary duty-free admission in respect of (a) foreign metallic materials employed in the construction of the hulls, machinery, boilers, and auxiliary apparatus of merchant vessels ordered by foreigners, or in the construction of iron and steel craft destined for exportation, or of war or other vessels ordered by foreign governments from Italian shipyards; (b) articles of equipment or armament for the above-mentioned vessels; (c) their machinery and boilers, or parts thereof; and (d) foreign metallic materials, machinery and boilers, complete, or separate parts thereof, to be employed in the repair or transformation in Italy of war or other vessels belonging to foreign governments.

Italian shipbuilders may claim this privilege of temporary admission in respect of materials for vessels ordered by Italians, if they renounce the other customs and construction bounties accorded by the law.

The quantities in respect of which the remission of customs duties may be made in any one year are limited by the law, and the maximum annual total of construction bounties (including the loss of customs revenue other than by temporary admission) is fixed at £191,976. This, with the navigation premiums and repair bounties, and a small sum for the expenses of administering the law, makes a total authorised annual expenditure of £248,000.

JAPAN.

The bounty payable on tonnage-constructed locally is regulated by the provisions of the Law for the Encouragement of Shipbuilding, which came into force on January 1st, 1910.

By the provisions of this law, only those ships are eligible to receive a bounty which are constructed by Japanese subjects, or by firms which have only Japanese subjects as members or shareholders.

Vessels receiving bounties must be built of steel and be of 1,000 tons or more gross tonnage. They must be constructed under supervision in accordance with the shipbuilding regulations drawn up by the Minister of Communications.

The rate is within the limits of yen 11·00 (22s. 5½d.) and yen 22·00 (44s. 11d.) per ton of the gross tonnage of the hull.

Ships are divided into two classes and four grades for the purposes of the subsidy, *viz.* :—

Class A. Ships with sleeping accommodation for 50 or more 1st or 2nd class passengers, or having accommodation for one or more 1st or 2nd class passengers per 100 tons of gross tonnage.

Class B. Ships not coming under Class A.

Grade 1. Ships coming under Grade 1 of the Shipbuilding and Survey Regulations, with the proper equipment for ocean voyages.

Grade 2 Ships coming under Grade 2 of the same Regulations.

Grade 3. Ships coming under Grade 3 of the same Regulations.

Grade 4. Ships coming under Grade 4 of the same Regulations.

The following are the rates payable per gross ton:—

—	Grade 1.	Grade 2.	Grade 3.	Grade 4.
	Yen.	Yen.	Yen.	Yen.
Class A	22	21	19	14
„ B	19	18	16	11

If the engines are built with the vessel, or—provided the sanction of the Minister of Communications has been obtained beforehand—at any other works in Japan, a further bounty of yen 5·00 per actual horse-power is to be granted.

Except in accordance with regulations laid down by the Minister of Communications, foreign manufactured articles may not be used for the hull, engines, or equipment of vessels which are to receive shipbuilding encouragement bounties.

In constructing the hull or the machinery for a vessel which is to receive the subsidy, foreign-made materials may not be used except for the following parts:—

- (1) Stem, sternpost, rudder and rudder tiller, rudder post, quadrant, rudder pintles used for vessels of 3,000 tons or more.
- (2) Triple screw shaft bearing.
- (3) All stanchions not less than 7-inch diameter.
- (4) All kinds of springs.
- (5) Corrugated and plain or flanged furnaces.
- (6) Rotor (wheel) spindle or shaft, blades and brackets for turbine engine.

Patented articles or articles of new design made abroad can only be used in the construction of hull or machinery with the special permission of the Minister of Communications.

The following articles used in the equipment of a vessel which is to enjoy the subsidy must not be foreign made:—hemp and Manila rope; articles made of canvas; windlass; cargo winches; steering engine and gear; anchor chains, wire ropes, hawsers, etc.; centrifugal pumps; hand bilge pumps; fire pumps; boat davits and other davits; boat and life-saving gear; skylights and cabin ports; ventilators; electric apparatus; auxiliary condenser; steam pumps; ash ejector; dynamos; and valves and cocks.

There is a similar proviso to the one above mentioned with regard to foreign patented articles or those of new design.

SPAIN.

Spanish shipbuilders pay the full customs duties on material imported, but receive the following bounties:—

- (1) Per ton gross of all wooden ships constructed to navigate without motive power of their own, 80 pesetas (£3 4s.).
- (2) Per ton gross of wooden ships constructed to navigate with their own power, 100 pesetas (£4).
- (3) Per ton gross of iron or steel ships without motive power (dredgers, floating cranes, hoppers, etc.), 120 pesetas (£4 16s.).

- (4) Per ton gross of iron or steel cargo boats, 160 pesetas (£6 8s.). The same bounty is paid on the construction of iron and steel fishing boats.
- (5) Per ton gross of iron or steel vessels constructed to carry both cargo and passengers, 170 pesetas (£6 16s.).
- (6) Per ton gross of iron or steel vessels constructed for passenger traffic, 185 pesetas (£7 8s.). An additional 10 per cent. is paid on every knot in excess of 14 attained in trials undergone by the vessel when carrying half her maximum cargo.

The above scale of bounties having been established in 1909, the following year was the first in which payments were made to shipbuilders. They amounted in that year to a total of 738,432 pesetas (£29,537).

SWEDEN.

Material required for use in Swedish shipbuilding yards for the construction or repair of ships of over 40 tons for use in the Swedish Mercantile Marine, or of ships of under 40 tons for immediate sale abroad, may be admitted free of customs duty.

UNITED STATES OF AMERICA.

By section 19 of the United States Tariff Act of 1909, all materials of foreign origin intended for the construction of vessels in the United States may be imported free of customs duty. But vessels which have so benefited in construction may not engage in the general coastwise trade (which is reserved to American-owned vessels) for more than six months in each year, though they may engage in the trade between Atlantic and Pacific ports of the United States.

The United States laws admit to participation in the coastal traffic of the United States only those vessels which are on the United States Shipping Register, and moreover admit to that Register only those vessels which are built in the United States. This limitation to United States built vessels, though occasionally relaxed in the past, has been the chief State incentive to shipbuilding.

By the 1920 Merchant Marine Act the United States Shipping Board may set aside from the proceeds of the sale of ships or from its profits a sum of \$25,000,000 per annum for five years, to be used as loans for the construction of vessels for such services as it deems advisable, the rates of interest and conditions of maintenance of service to be determined by the Board. Another provision of this Act is that the net earnings or proceeds of sale of United States registered ships may for ten years be deducted from net income for the purposes of war-profits and excess profits tax, provided that such earnings are invested in a trust fund for the construction of new vessels of a type to be approved by the Board. The owners must in addition pay two-thirds of the cost of this new construction out of their ordinary funds or capital.

Relation of the Government to Railways in India.

The relations between the Government and the guaranteed companies now working railways may be summarised as follows:—

The lines that they work are the property of the State.

The greater part of the capital is the property of the Government, either through having been originally supplied by it or through the acquisition by the Government of the greater part of the companies' interests on the termination of old contracts.

When funds are required for further capital expenditure, the Government has the option either of providing them or of calling on the company to provide them.

The company receives guaranteed interest at a fixed rate on its capital; and similar payments out of the earnings are made to the Government. If, after these have been made, surplus profits remain, they are divided between the Government and the company in the various proportions provided for by the contracts. The company's share is in all cases only a small fraction of the Government's share.

All the contracts, except one, which is for a fixed term of 25 years, are terminable at the option of the Secretary of State, at specified dates; and on termination the company's capital is repayable at par (except in the case of the East Indian Railway Company, which is for special reasons to receive a terminable annuity instead of a cash payment).

(For detailed information on the above subject reference may be made to Appendix A, Volume I of the Administration Report on Indian Railways in 1921-22.)

NOTE.—All bounties and subsidies mentioned above are not in force at the present day.

The amounts of the bounties and subsidies have been converted into pounds sterling at the pre-war par rate of exchange.

Witness No. 1.

Commander H. MORLAND, R.I.M., Officiating Port Officer, Bombay.

Written statement, dated the 15th March 1923.

With reference to your letter No. 112, dated 7th March 1923, enclosing 6 copies of the questionnaire prepared for witnesses, who wish to give evidence before the Indian Mercantile Marine Committee, I have the honour to state that no one in this Department wishes to give evidence.

2. My own views are correctly expressed in the report of a Committee appointed by the Government of Bombay and presided over by Captain C. S. Hickman, D.S.O., R.I.M., the files of which have already been lent to Captain Headlam by my Office, to which I may add, in reply to question 44, that:—

I consider one insuperable difficulty will be the question of the diversity of religions and castes, requiring in many cases different cooking

places, food scales and even drinking water, this would militate against economy of running vessels and therefore against employment.

I also do not think that Indian youths will be prepared to undergo the years of training which are necessary to evolve a superior Seaman, and it is evident that unless a considerable number of men, of a stamp much higher, both by birth and education, than any of those now serving as Indian Officers in the Merchant Service, present themselves for training, no ship-owner, Indian or European, will care to entrust their ships to them if better personnel is available.

Oral evidence, Bombay, the 26th November 1923.

President.—Q. I only propose to ask questions actually on the letter you wrote in answer to our Questionnaire. The first question you referred to was No. 44 and you stated that your views were correctly expressed in the report of a Committee appointed by the Government of Bombay and presided over by Captain Hickman. Had you anything to do with that Committee?

A. No, I had nothing to do with it. As Assistant Port Officer I saw the papers.

Q. The Committee stated in their report that the British Indian Steam Navigation Company, the Asiatic Steam Navigation Company, Scindia Company and Mogul Line of shipping were not in favour of employing Indians on their ships.

A. You have the correspondence about that. I sent you the file.

Q. The Committee did not say where they got that statement from.

A. Replies were obtained from the various Companies.

Q. You did not see all the replies received from the Companies?

A. Yes, I have seen them, they are on the file I sent you.

Q. Do you think that the young Indian gentlemen who wish to join the Mercantile Marine would be prepared to accept the fact that it is impossible in a sea life to have separate accommodation, separate cooking arrangements, etc., for different classes of people?

A. I think it would help very much if they did sink all those differences.

Q. I think you will agree that it would be impossible in a merchant ship to have separate accommodation and cooking arrangements for apprentices?

A. Yes, most decidedly.

Q. Now, have you at any time when you have been Port Officer had people talking to you about Indian gentlemen wanting to join the Mercantile Marine?

A. No.

Q. Nobody has ever talked to you about it?

A. I know that people know what is going on, but I have never heard the matter discussed.

Q. You have had no enquiries as to the possibility of young Indian gentlemen joining the sea service?

A. No, Sir.

Sir John Biles.—Q. Not at all?

A. Not at all. There are certain classes of young men who have been bred in the country who may be desirous of joining the sea but they are all of European parentage.

President.—Q. You say that you do not think that Indian youths will be prepared to undergo the years of training which are necessary to evolve a superior seaman. Does that mean as an Officer?

A. Yes.

Q. Do you think that if Government started training schools for apprentices and gave facilities—they could begin more or less easily—they would like to take to sea?

A. Personally I do not think so.

Q. You as Port Officer examine the Indian seamen who wish to pass as masters on the coasting trade?

A. Home trade mates and masters.

Q. Do you think from your experience that any considerable number of these men, if given facilities for training would be likely to become sufficiently advanced to go overseas as masters and mates?

A. There will have to be a very great difference in their standard of education and also their training.

Q. You only examine, I understand, for home trade and inland waters?

A. Also for Board of Trade foreign.

Q. Have you had any Indians come up for examination for foreign certificates?

A. No. A few from Mauritius, etc., to be examined for foreign-going certificates as masters and mates.

Q. No Indian?

A. I cannot remember a single case of an Indian for foreign-going trade.

Q. For the home and inland waters has the standard of examination been raised of late years?

A. Yes, I think it has.

Q. For inland waters?

A. Not for inland waters, because it is purely oral examination, but for home trade, it has been raised, I think. It is 30 or 40 years in the majority of cases since the present masters passed their examinations; in those days it was a matter of pure seamanship and experience.

Q. Do you find that the younger generation when they appear for examination are more highly qualified than the older ones?

A. No, I do not think so. As regards seamanship, certainly not. But as regards the actual multiplication, addition and smaller arithmetic paper which they have to do, I daresay they are better educated than the old men.

Q. Can you tell us at all, roughly, what the percentage of passes is?

A. I could not tell you exactly. I have a record, but I have not worked out the percentage.

Q. It is a considerable number?

A. Yes. This is so with the foreign trade too; but in the home trade, the failures are very much more than the passes.

Q. What is the highest they can get, first class masters?

A. Home trade masters and mates.

Q. Those are the only men who are at present qualified to be officers?

A. Yes.

Q. What is the exact limit of their scope?

A. It is different in different Acts. The home trade can go from here to Aden and, from here to Singapore; but if they go to Karachi and then to Muscat, that is not home trade. It is ridiculous, of course, but that is so. The other day a small Indian Company wanted permission to run a vessel from Karachi up to Chahbar and across to Muscat which only takes a night's steaming and I gave them permission in anticipation of Government's sanction. The home trade master, an Indian Christian by name Socrates Andradi, could not go to Muscat.

Q. That was due, I take it, to the wording of the Act.

A. Yes.

Q. Do you know if there are many Home Trade ships that go to Aden?

A. None at all.

Q. What is the standard of theoretical navigation that they have to pass?

A. I have two papers here. One of them was in force when I first came to the Port about 3½ years ago; it was made out by my predecessor, the Assistant Port Officer, Captain Taylor. Captain Hickman and I agreed that we should make out another one, rather more severe. There is not very much difference between the two papers, but here they are. AD is the old paper and AG is mine. I used to give the old paper to the mates and the new paper to the masters.

Q. It insists on addition, division, subtraction, multiplication, rule of three and things of that kind.

A. Yes. The chart paper is the same for all grades and is fairly comprehensive.

Q. Is that a written paper?

A. Yes, they have to do that on a model chart.

Q. They must do it in English?

A. It is done in English. If any candidate does not understand anything, it is explained to him both in English and in the vernacular. It is not done in the verna-

cular, because the vernacular has not got the words necessary.

Q. Do you find they have a real knowledge of tides?

A. They know the tide tables.

Q. They have experience too?

A. They are good at that.

Q. Have they any idea of the theory of tides?

A. Not the slightest.

Q. In examining them, do you occasionally find men who appear to have ambitions to go further afield?

A. No. I have not come across such men. They are mostly bent on getting through the examination.

Q. From your experience of the Indian seaman at the present day, do you find him better educated than he was?

A. Indian Marine?

Q. Take the ordinary seaman.

A. I do not think the merchant seaman is; but I think the Indian marine man is, because he gets more training and as you know he is well paid.

Q. You have men coming up who are trained in the general and other mercantile lines; you also have a certain number of Indian Marine men coming up. Which do you find the better?

A. The Indian Marine man, most decidedly. He has got more education; he has been taught a great deal before and he has got a good knowledge of seamanship which the other people have not. I believe there are one or two men, old home trade masters, efficient enough themselves to be able to teach.

Q. Are there places in Bombay where the men that come up, home trade masters and mates, can receive instruction?

A. I think there are two. I have no real knowledge of them, except one I met the other day. He had heard there was going to be a training college and the man said he would like to be a master or an instructor. He said he heard the rumour in the bazaar. He is not an efficient instructor, I think.

Q. If you had a training college, would you get efficient men to teach?

A. No. If you look in the deviation paper, you will find a question "What marks will you take sailing along the coast for adjusting your compass or finding an error in the compass?" Such questions they are not all able to answer correctly. Some give marks on the coast of England from a book.

Q. Do you think that if the Government instituted a really efficient Nautical College in Bombay, say, with efficient instructors,

do you think that would improve the efficiency of the coasting trade?

A. Yes, most decidedly.

Q. Are you as Port Officer and as President of the Board of Examiners quite happy as to the safety of the coastal trade?

A. As long as the vessels are in the hands of the present masters, yes; because their seamanship is excellent and very hard to beat; but when these younger men come along, they will not be the same class of men.

Q. You do not think the younger men who are coming along will be efficient?

A. They do not seem to have the brains or the ideas like the older men. Some of these men, the masters of the vessels, have to work in all sorts of dirty weather and do extraordinarily well. A great many of them have been presented with diplomas gold watches, etc., and they thoroughly deserve them; but the young men I get up for examination now, the mates, are not the same class of men.

Sir John Biles.—Q. What would you suggest as the best method of improving the training of these mates who are not as good as their predecessors?

A. I would suggest a proper school for training both in navigation and seamanship and if you can give them practical training at sea, it would very much improve them undoubtedly.

Q. If you had a training ship and proper courses of training, do you think the masters would be competent to take proper charge of any ships?

A. No, no; only small home trade ships.

Q. What size would you limit them to?

A. 2,000 tons.

Q. You do not think that any training in a training ship or in the Royal Indian Marine would make them competent to officer a more than 2,000-ton ship?

A. I do not think so. As far as navigation is concerned, there is no reason why a proper course of training should not improve their prospects, but that will not make seamen of them.

Q. No courses in a training ship would make them seamen?

A. I think it is very doubtful.

Sir Arthur Fromm.—Q. Have you had any application from the parent of a boy, wanting to send his son to sea as an officer or be trained to start as a cadet?

A. No. There was an application from a man who wanted to be a ship's clerk, but not an Executive officer.

Q. The certificate for a home-trade master or that for a home-trade mate is very wide from the Board of Trade's certificate?

A. Yes. In this connection I have certain papers for you to see.

President.—Q. May we keep these papers?

A. They are the Board of Trade papers.

Q. The only thing he has got to know is whether he is so far up or down the coast.

A. The chart is the same for all grades. There is considerable difference, but it is not very great.

Sir Arthur Froom.—Q. I think the Home trade comprises the voyage from Bombay to Aden.

A. Yes.

Q. And seamen with a home-trade certificate would be allowed to take a ship there?

A. Yes. That is due to the wording of the Act.

Q. You have never known an Indian master take a ship to Aden?

A. No. He would have to do it on dead reckoning and observations for latitude only.

President.—Q. It is perfectly absurd to put Aden on the home-trade list?

A. Yes, and I presume the reason is because it is considered to be in the Bombay Presidency.

Sir Arthur Froom.—Q. Do you know of any Indian master holding a foreign-trade masters' certificate?

A. No.

Q. You do not think that Indians would ever go to sea to any extent?

A. I said that I do not think that the class of men would be forthcoming. Students with much higher education are necessary to be trained as Indian officers in merchant shipping.

Q. Do they take large vessels round the coasts?

A. They take vessels of a thousand tons and 1,500 tons or so.

Q. Do you find that the masters of the home-trade vessels spoken of by you keep discipline in their ships?

A. I fancy they do; but that does not affect the Port Officer except in the case of an accident into which I enquire.

Sir John Biles.—Q. Did I understand you to say about home-trade masters and mates that with full training in a training ship, they would not be successful for foreign trade? Does this apply to the present class of men?

A. I do mean to say this in regard to the present class of men who are at sea. I do not think they are fit to be officers in large vessels without good training and without a first class certificate.

Diwan Bahadur T. Rangachariar.—Q. Supposing I have a young man whom I want to put to sea. Is there anything to show that you are the person to be applied to for information in that line? Have you got any notice put up to that effect?

A. It is not part of my work. You have got to apply to the company, but I would always assist.

Q. Supposing you have been asked in a friendly way; would you give the information required by the young man.

A. Though it is not part of my duty, I would inform the young man where to apply.

Q. Have you been in any of the schools in Bombay where the Indian youths are taught? Are you familiar with the youths of Bombay either in school or college life?

A. I take great interest in the Victoria Technical Institute, but I have not come across the youths in the colleges or schools.

Q. So you have had no opportunities to test the capacities or the potentialities of the youths of Bombay who go to colleges or schools.

A. No, I have had no opportunities.

Q. Supposing a man applies to you for information, whom would you refer him to the proper quarter?

A. I would refer him to such companies as take in apprentices.

Q. I believe there are only two important companies who are running big vessels.

A. There are three important companies; they are, the British India, the Asiatic and the Scindia.

Q. In the first two companies that you have mentioned, opportunities for learning are not given: so that unless the British India and the Asiatic Steam Navigation Company condescend to take Indian youths, it will be very difficult to get opportunities for the sea-life for Indians.

A. Yes; unless they like to start private enterprise.

Q. You know about the committee which sat in 1920, which found these companies entirely unsympathetic?

A. Yes, from their answers in the file.

Q. As it is, there is no opening for Indian youths unless they go home for getting a training in sea-life.

A. No, there are none so far as I know.

Q. Do you know anything about the training of apprentices?

A. I know of one Indian company which took an apprentice and after a period of three years' training the young man came up for his eyes to be tested. He was a very good boy but it was found that he was

colour blind and so he was unfit. My Assistant Port officer examined him and found him unfit. The boy naturally complained that it would be very hard to turn him out after a period of three years' training. I sympathised with him but could not help him and advised him to appeal to the Government Ophthalmic Surgeon who had the last word to say in this matter.

Q. Do you know Sir Muhammad Yusuf's Institute?

A. I have not seen it. I have heard that there is nothing nautical about the school at all now.

Q. You will admit that without trial we cannot postulate the possibilities of any human being, that we cannot predict what a man will do or what he will not do?

A. Yes.

Q. The two companies, namely, the British India and the Asiatic Steam Navigation Companies are quite unsympathetic in the matter and so you admit that the Indian youths have had no opportunities all along to show their talents in the line.

A. Yes.

Q. Do you therefore admit that if the Government want that the people of India should take to sea-life, the Government will have to provide opportunities for the same?

A. I do not think the Government ought to be called on to provide opportunities; this ought to be done by private enterprise.

Q. Have not private enterprises failed?

A. It has never been tried at all. You must start colleges and training ships by private enterprise.

Q. You mean philanthropic men must come forward?

A. No, this should not be done by philanthropy at all.

Q. Do you know of any nation which has thrived in the mercantile marine without State aid?

A. Yes, Great Britain.

Q. Do you know that Great Britain had to put forth all her efforts in the seventeenth century to crush Denmark and some other countries?

A. I do not know much about that.

Q. You mentioned about religious difficulties. Do you know that there are various people like the Parsis, Indian Christians, Muhammadans and Hindus who really do not mind about these religious scruples?

A. I have carried on board ship high class Hindus and Muhammadans for many years and I have also carried regiments and I found them a perfect nuisance because separate cooking arrangements had to be made

for them. Separate arrangements also had to be made for drinking water.

Q. Is it really difficult to make separate arrangements?

A. A ship is not a town; we cannot make arrangements for everybody separately. I do not see how that difficulty can be got over unless the man who comes here says: I have no caste scruples, I will eat with any man. But yet there is another difficulty and that is that different people eat different kinds of food; some eat rice and others take wheat and so on. If they do not sink all these differences there will be much difficulty.

Q. How do you manage with the lascars?

A. They are all Muhammadans and there is no difficulty about them.

Q. Do you know whether large companies like the Peninsular and Oriental Steam Navigation Companies, which carry Indian passengers, experience any difficulty in this matter?

A. I know nothing about that.

Q. What was the composition of the committee which sat in 1920?

A. The committee consisted of—

C. S. HICKMAN, Captain, R.I.M.,
Chairman of the Committee,
Port Officer, Bombay.

MEMBERS:

H. F. DARVELL,
Shipping Master, Bombay.

R. C. LOWNDES,
Bombay Steam Navigation Co.

F. L. BARNETT,
Marine Superintendent,
the Mogul Line.

H. J. ROUSE,
Asstt. Marine Superintendent,
British India Steam Nav. Co.

The Hon'ble Mr. Lalubhai Samaldas.—Q. When you referred to the difficulty as regards messing arrangements, I believe you referred only to the Hindus.

A. Yes.

Q. As regards Christians and Muhammadans, there was no difficulty?

A. No.

Q. Most of the men who have taken home-trade certificates are Muhammadans?

A. I know of Christians and Muhammadans who have taken home trade certificates but not Hindus. The Christians that

we got are as a rule Anglo-Indians or persons from Mauritius and Seychelles.

Q. If Hindus come forward and say they would give up the religious scruples, then I suppose there will be no difficulty on that score?

A. Certainly none.

Q. You said in reply to Mr. Rangachariar that because people did not come forward in large numbers, it had to be inferred that they were not prepared to undergo training.

A. What I meant to imply by that is that the present class of men who come to the Indian merchant service home trade are not the class of men that should be in foreign trade.

Q. If a better type of men with higher social status and better education offer themselves for training, putting aside all their religious scruples, would you have any objection to train them?

A. I have no objection to train them up.

Q. What is the difference between a home-trade master and one who has passed a second mate's examination? How many years' training would it require for a man who has passed the home-trade master's examination to pass the second mate's examination?

A. He ought to be able to pass it in one year. His seamanship is beyond reproach if he has passed the home-trade examination. As regards the other part, it is only a question of his assimilating and understanding the subjects.

Q. If the right type of men came forward for training would you have any objection on racial grounds to allow him to go to the top?

A. Most decidedly not.

Q. Can you give any reasons why the young men who now come forward do not belong to the same class of men as the old class?

A. I think there is the same difficulty in the British mercantile marine also. I think the men who come up for examination now have not got the same good and intimate knowledge of the subjects as men who came a few years ago. I think the conditions are absolutely altered.

Q. Can it be due to the fact that the young men who now come would not be satisfied with the opportunities that the older men were satisfied with? Is it not due to the fact that there are not better openings for young men that the right type of men do not come forward?

A. No, I do not think so. The young men of the present day are a sign of the times. The older men in the merchant service were better trained than the young men because

opportunities were such. A man has to be half a mechanic.

Q. You said that the boys came cramming all the answers. If provision was made to train them up properly and teach them the theory, it will not be necessary for them to cram?

A. It all depends upon the boys. If they are properly trained, they need not cram anything at all.

Q. Usually would a man who gets a master's certificate be 30 years or more?

A. Not necessarily.

Q. How many years would it take for a man to take a master's certificate?

A. The information about these things would be found in the regulations. A candidate for a master's certificate must be not less than 21 years of age and must have served five years at sea and so on. I have seen many cases where certificates had been granted at 22 years of age.

Q. Do you admit that if there is direct recruitment and if boys at the age of 14 from good family and with sufficient high school education are selected and if they are given a training of 2 or 3 years in a training ship then they may be able to come to your standard?

A. Yes, I think so.

Q. India has a very big coast-line and before the advent of the British, we had our own ships; but that industry had died out. What I want to know from you is whether that shipping industry could be revived by giving proper training to the people and providing suitable opportunities.

A. If we get the right type of men, we can revive the industry.

Mr. Jadu Nath Roy.—*Q.* You have stated that no Indians have hitherto applied for sea training. Is it not due to the fact that they are not aware that any opportunity is open to them?

A. I have already answered that.

Q. Have you any knowledge of the Bengal people?

A. I was Port Officer, Chittagong, for some time.

Q. There Indian serangs do very well?

A. You mean the inland serangs in the Sunderbans. I believe the Companies employ them and they do very well; they run their ships all right.

Q. If they got proper training they will be able also to go to sea?

President (to Mr. Jadu Nath Roy).—*Q.* You mean the purely river navigation.

A. Yes.

Witness.—I do not think these men will be suitable as mates and masters on foreign-going ships.

Mr. Jadu Nath Roy.—Q. I understand that on the Chittagong side there are several people who can still navigate big vessels.

A. You mean steamers or sailing ships?

Q. Take sailing ships?
A. I do not think so. As a matter of fact there is now the home trade sailing ship examination. It is a very different thing; it was started during the war.

*Sir Arthur Froome.—*Captain Morland pointed out that all his lascars are Muhammadans. I do not like the impression to be gained that there are no Hindu lascars. The B. I. S. N. employ Hindu lascars. The P. & O. take Muhammadans

There is one other point. Mr. Rangachariar said that a great many Indians do not travel on the sea. I hope a great many will. But a passenger on a big passenger ship is one thing and being a mate on a cargo ship is another. In the former the accommodation is comfortable and roomy. In the latter the accommodation is limited although it is much better than what it used to be some years ago.

*President.—*Captain Morland, thank you very much.

*Witness.—*I will let you have a schedule of B. O. T. and Indian Home Trade Examinations with the rules governing them.

Witness No. 2.

Engineer Lieutenant Commander E. S. BORNER, R.I.M., Principal Engineer and Ship Surveyor to the Government of Bombay.

Written Statement, dated the 24th March 1923.

Q. 1. Stagnant and very unsatisfactory.

Q. 2. Increased wages and poor trade, only large capitalised Companies being able to un-

Q. 3. Without improved trade no shipping industry can prosper. People of this country have in the past shown themselves very willing to invest money in shipping and are hitherto with a considerable measure of disaster.

Q. 4. Yes, but not until trade so improves as to warrant expenditure on shipping.

Q. 5. Free advice and supervision in case of construction, free carriage of material for vessels of a reasonable tonnage on State Railways and Government Insurance for vessels and cargo.

Q. 6. Consolidation of Indian Merchant Shipping Act to be completed. Cancel Rebates and fix maximum and minimum fares and freights.

Q. 7. (a) Yes: (b) Yes: (c) No.

Q. 8. No, because special routes would probably be operated by large companies to the detriment of the small owner who would be able to open up many small ports for trade.

Q. 9. Minimum 500 tons for steam vessels with a minimum speed of 8 miles per hour, to be discontinued when vessel is 15 years old (subject to survey for condition for insurance purposes each year).

Q. 11. Only in the case of mail services.

Q. 12. Would suggest a reduction from 10 to 15 years.

Q. 13. A reduced bounty say 50 per cent. for vessels built out of India in order to encourage Indian enterprise.

Q. 14. As for 9.

Q. 15. Only on vessels of a suitable size and with suitable accommodation, *i.e.*, comply with the English Merchant Shipping Act.

Q. 16. British subjects only.

Q. 17. Not if British subject.

Q. 18. Navigation Bounty should enable favourable competition with all comers.

Q. 19. Uncertain, probable increase in freight and passenger fares.

Q. 21. Steel steamers of 750—3,000 tons.

Q. 22. Private shipyards.

Q. 23. More or less at a standstill.

Q. 24. No demand, increased wages, insufficient freight to make shipping a paying proposition.

Q. 25. General resuscitation of trade to increase the demand. Navigation Bounties might open coasting trade with small ports and small vessels.

Q. 26. Yes, as a temporary measure.

Q. 27. Assistance in providing building ships and cheap import and free conveyance of Indian material to be used in construction.

Q. 29. Yes.

Q. 30. No, also to wood sailing ships in a lesser degree.

Wood sailing 250 tons.

Steel Steam 500 tons.

Q. 31. A scale of rate for varying sizes to encourage the larger type of vessel.

Q. 32. Yes.

Q. 33. No restriction.

Q. 34. Customs free for articles impossible to manufacture in India.

Q. 35. No stock except for immediate needs and free import of raw material which is to be used for the manufacture of these articles to encourage local manufacture.

Q. 36. Unsatisfactory, there being no demand.

Q. 37. Trade depression, inferior construction and equipment of vessels making insurance difficult and unable to compete with steam, seamanship being such that Masters wait for favourable winds.

Q. 38. No.

Q. 39. Yes.

Q. 40. Create demand, compulsory supervision during construction.

Q. 41. Abolition of rebate system.

Q. 42. Yes.

Q. 43. Yes. Government Insurance to approved vessels conditional on compulsory supervision during construction.

Q. 44 to 58. No remarks.

Q. 59. Possibly if sufficient demand for their services.

Q. 60. (a) Yes, if a Mercantile Marine be created.

(b) This would be met if the numbers recruited under (a) were not excessive.

(c) I do not think there would be sufficient private enterprise in India.

Q. 62. Time served in India is accepted by the Board of Trade in proportion of 5 years in India to 4 years in the United Kingdom.

Q. 63. Schools recognised by the Board of Trade and time accepted during 3 years at School equal to 2 years workshop service (subject to satisfactory report).

Bombay, Victoria Jubilee Technical Institute (Half time only).

Sibpur, Civil Engineering College.

Poona, College of Engineering (Half time with a maximum of 18 months).

Q. 65. It would appear necessary.

Oral evidence, Bombay, the 26th November 1923.

President.—Q. Mr. Borner, we only want to ask you questions over your answers to our Questionnaire, because we consider that any question you have not answered you do not wish to reply to.

In answer to the first question, you say "Stagnant and very unsatisfactory." Would you tell us on what you base that?

A. There are no cargoes for any vessels at all just now. That is based on the fact that the trade is absolutely bad.

Q. If the trade increased, do you think that there is any reason which would militate against an Indian Shipping Company being prosperous? By "Indian," I mean a purely Indian-owned company managed in India by an Indian.

A. I think the Rebate system is against them and there are no fixed rates for them.

Q. Otherwise you think there is nothing against them?

A. I do not think so.

Q. You are in favour of State Aid to the extent of free advice and supervision in case of construction. You mean that Government should establish a sort of supervisory office?

A. No. I think there should be constituted a Department, the same as has been done by the Board of Trade in the United Kingdom.

Q. Do the Board of Trade give free advice?

A. All plans are submitted to them for examination in so far as they comply or otherwise with the regulations.

Q. Supposing an Indian Company was formed and purchased ships; do you think that it ought to be given any State Aid or could it simply work out its own salvation?

A. I think a system of bounty should be inaugurated for them.

Q. Have you worked out at all or considered how this bounty should be levied or how the money should be found?

A. No, Sir.

Q. You say fixed maximum and minimum rates, how would you fix these?

A. I think if fixed rates were made, it would avoid cutting, which is a thing that has been done before.

Q. But what would you base the maximum and minimum on?

A. I think that would be a question for the Shipping people themselves.

Q. You would pay navigation bounties to vessels owned by the people of this country between India and ports abroad and between ports outside India. Have you worked out any figures showing the cost of these navigation bounties to India?

A. Nothing at all.

Q. Or considered where the money should be found?

A. No.

Q. Can you tell us why you fixed a minimum of 500 tons for steam vessels?

A. Because I think there is a lot of trade for vessels of that tonnage. Anything lower than that would be too small to make a paying proposition of. I do not think they would carry a sufficient freight below 500 tons to give them a fair return.

Q. You are in favour of private shipyards?

A. Yes, I think so.

Q. Can you give us any reason for that?

A. I do not think it is advisable for Government to enter into commercial competition with an outside firm.

Q. I take it your answer really to Question No. 5 comes to this, that in private shipyards you recommend free advice and supervision and free carriage of material for vessels of a reasonable tonnage on State Railways and Government Insurance.

A. Yes.

Q. By Government Insurance, you mean that if a ship, is built by a private company, the Government ought to insure it?

A. I think Government ought to inaugurate a system of Insurance for ship and cargo.

Q. Would not that be rather unfair to private enterprise?

A. They do not do it, not for the small ships; small ships have very great difficulty, Indian sailing ships particularly, in getting insured.

Q. And you think Government ought to meet that difficulty?

A. I think it would help them to a great extent.

Q. Carriage of material with a reasonable tonnage on State Railways; you think that ought to be allowed?

A. I think some preference should be given to them. I don't say it should be carried free, but at reduced cost to enable them to compete with Home ship-building.

Q. Supposing Government took your advice and had free advice and supervision and free carriage of material and Government Insurance. You think that the ship-building industry would spring up in India?

A. I think so, sir. It has done in other countries, why not in India.

Q. You think the labour will be suitable?

A. A certain amount of training would be necessary, but I think the labour would be generally suitable.

Q. Supposing a new Company started a shipyard, do you think that the educated Indian would be able to fill the post of constructor in charge of the workshops?

A. No, not for a considerable time.

Q. Not at present?

A. No, nor for some time either.

Q. Do you think, if properly trained, there is any reason why they should not do so? Supposing facilities for study in engineering, etc., were given, is there any reason why they should not become efficient ship-builders?

A. As far as my experience goes, they have not shown themselves very capable of application, but I think with training they might, but certainly not for some considerable time. It requires to be bred into them; they are not capable of it at present.

Q. They would in time, with proper training, and opportunities given, be able to adapt themselves to modern conditions?

A. I do think so.

Q. There is no reason why they should not?

A. Not at all.

Q. Wooden ships. Do you think there is any future for wooden ships?

A. They are a thing of the past.

Q. Even with Government Aid or in a country that has no wood, do you think they would not be a paying proposition?

A. So far as India is concerned, I think they would; but I do not think they should be encouraged in preference to steel vessels, because in course of time they will die out. There are a very large number of sailing vessels on the coast, capable of doing very good service.

Q. You would not advocate establishing a wooden ship-building industry for the future of India?

A. No, it would be very unfair. There is a very large proportion of the Indian population who use these wooden vessels, practically the whole of the Eastern coast.

Q. But you said wooden ships were a thing of the past?

A. Generally speaking.

Q. If you were looking to the future of India, don't you think it would be better to encourage the modern product rather than the old one?

A. Certainly.

Q. Do you think we ought to stick to the wooden one?

A. No. I think the majority of Indians round the coast are more used to sailing ships than to steam vessels. There are a very large number of them who will go to sea in the sailing ship.

Q. As education becomes more general, do you think that that idea would change?

A. It will take a long while to do so.

Q. As far as the actual carrying of the cargoes on these coast sailing ships are

concerned, are they carried as efficiently in the sailing ships as in the steamers?

A. No.

Q. Can you give us your reasons for this?

A. Faulty construction of the vessels.

Q. Supposing you had a really well built wooden ship, would it carry cargo as well as a steam ship?

A. The Indian would have to be trained to go to sea in all weathers.

Q. Supposing in countries where you have the wood, is it possible to build a wooden ship as efficient for cargo carrying as a modern steamer?

A. No, sir.

Q. You are a Board of Trade Engineer?

A. Yes, sir.

Q. You have examined a large number of Indians?

A. Parsees and Anglo-Indians.

Q. No other Indians?

A. None at all since I have been an Examiner.

Q. Do they pass the ordinary Board of Trade examination?

A. Yes, first and second class.

Q. They have never gone up higher?

A. They would not be capable of it.

Q. If they were given facilities?

A. I think they might, but only a few.

Q. Is the standard of examination improving?

A. The examination is harder, but the type of candidates is not improving in any way.

Q. In answer to Question 63, you mentioned the Victoria Jubilee Technical Institute and the Sibpur Civil Engineering College. Do they coach in theoretical engineering?

A. They do.

Q. Is it good?

A. It is accepted by the Board of Trade.

Q. Do the majority of candidates that appear pass the second grade?

A. There is a very large percentage of failures.

Q. And in surveying the ships that have these Indians and Anglo-Indians as Engineers, do you think that the engines are kept in good condition?

A. Excellent condition.

Q. Do you think that if there are difficulties in the way of a break-down, for example, they overcome them?

A. The majority of them are running under European supervision as far as Superintending Engineers are concerned.

Q. Is there any Company that have got an Indian Superintending Engineer?

A. I believe the Scindia Steam Navigation Company have a Parsee, but I do not know

very much about them. They don't come in for survey.

Q. What are the lines that employ Indians?

A. All the coast lines, the Bombay Steam, the Indian Co-operative and several other small Companies which run periodically.

Q. Do you know any of them serving in big ships?

A. The Persian Gulf Steam Navigation Company and Eastern Steam Navigation Company.

Q. All Indian Engineers?

A. Not all, some of them have European Chief Engineers.

Q. And those are mostly oldish ships?

A. Yes.

Q. Do you know any very modern type of engines run by Indian Engineers at sea?

A. Not in large ships. Bombay Steam have four and the Indian Co-operative two.

Q. High speed engines with water tube boilers, and they satisfactorily work these?

A. Yes.

Q. After they have been in the College, where do they get their apprenticeship?

A. In the Engineering shops in Bombay and other places, Alcock Ashdown Mazagaon docks, etc.

Q. You find them satisfactory?

A. They are accepted by the Board of Trade.

Q. Do you think they are good in the ship-building yard?

A. No.

Q. On what ground?

A. There is no engine construction.

Q. Supposing that difficulty is got over, and supposing Government established a College, in your opinion is there any reason why young Indian Engineers should not in time become as efficient as any one else?

A. You mean Indians generally.

Q. Yes.

A. It is limited to Parsees and Anglo-Indians at present.

Q. If they were given the same facilities as people in England and the same facilities of going to sea, etc., do you think they will become highly qualified and efficient?

A. No.

Q. On what grounds?

A. They may in course of time, but not for some considerable period.

Q. But there is no reason why they should not become efficient after some considerable time?

A. No, sir.

Q. You find that only Parsees and Anglo-Indians come forward?

A. Except for the driver class where we get Muhammadans.

Q. Have you had applications from parents or boys themselves to enter into the Indian marine?

A. No, sir.

Q. Is there a driver's class?

A. Yes; we have a sea-going driver, 50 N.H.P.

Q. That is a very small coasting steamer?

A. Yes.

Q. Any one that has to go as Engineer in charge has to pass the second class Board of Trade Examination?

A. Yes.

Q. What size of engine does he take up?

A. He can take up any home trade steamer.

Q. Do these drivers give you an idea that, if given opportunities of education, they would become good Engineers?

A. I think they would, sir.

Q. It is lack of education that keeps them away?

A. I think the driver class is really a very good sea-going class.

Q. What time do they take by the time they qualify to be put in charge?

A. I have no idea.

Q. They are not all Parsees?

A. They are all Muhammadans.

Q. Any Hindus?

A. I do not know of any. The majority are Muhammadans; I think we might say they are all Muhammadans.

Q. Is it a pretty stiff examination that they have to undergo?

A. It is a practical examination. No written test; they are not capable of that.

The Hon'ble Mr. Lalubhai Samaldas.—Q. The Indian Merchant Shipping Act has been consolidated?

A. It is not quite complete; so far as the consolidation is concerned, it is not quite in line with the English Act.

Q. You referred to the cancellation of the rebates. Do you mean deferred rebates or do you refer to any other system?

A. I meant only the deferred rebates.

Q. What do you mean by the fixing of maximum and minimum fares?

A. I suggested the fixing of maximum and minimum fares because then the shipping companies could compete without resorting to the cutting of rates.

Q. Do you mean to say that the cutting of freights has been done away with by fixing the maximum and minimum in some countries?

A. I meant only the cutting of rates; I do not know about the fixing of rates.

Q. Do you admit that the cutting of freights has been carried on to such an ex-

tent as to necessitate the closing down of some companies?

A. Yes.

Q. One can understand the necessity for fixing a minimum; what is the idea of fixing a maximum?

A. It is with the idea of having a limit of reasonable competition that a maximum is fixed. If you had no maximum rate, then they can raise the rate to any figure they like.

Q. If a minimum is fixed fairly near the average, will there be any necessity for fixing the maximum also?

A. Fixing the maximum would avoid the earning of excess profits by the companies.

Q. As regards navigation bounties, can you suggest on what scale it should be given?

A. I think a limit of 10,000 miles a year may be reasonably placed on the vessels.

Q. Which department as constituted at present could offer free advice in these matters?

A. Any one can go to the Survey Department and get free advice.

Q. If Government were to embark upon building ship-building yards, or grant subsidies for private enterprise, do you think the present survey staff would be able to give the advice?

A. At present the survey staff may be able to cope with the work, but as shipbuilding increases, an increase in the staff may be necessary.

Q. You said that Government should not build ship-building yards, because it would compete with private enterprise?

A. Yes.

Q. Supposing private enterprise is not forthcoming, would you have any objection to the Government starting the building yards and then after some years leaving it for private enterprise?

A. If there is not sufficient private enterprise in the initial stages, I am afraid, it may not be forthcoming to maintain it at all.

Q. We have seen that in the case of some industries, the Government started them in the beginning and then handed them over to private enterprise. I know several instances in the United Provinces and the Punjab where industries were started by the Government and afterwards they were handed over to private enterprise after showing that they could be run profitably.

A. That may be possible if Government have sufficient money to do it.

Q. You said there was difficulty about the insurance of wooden ships. Are you aware of any indigenous insurance companies which are prepared to insure wooden ships?

A. I do not know of any. I know that some wooden vessels plying to Rangoon experienced great difficulty in the matter of insurance.

Diwan Bahadur T. Rangachariar.—Q. Is it not a very unsatisfactory state of things that 87 per cent. of the coastal shipping should be in the hands of non-Indians?

A. Yes.

Q. Supposing 87 per cent. of the English coastal shipping were in the hands of Indians in England, would an Englishman feel all right from the people's point of view?

A. From an Englishman's point of view, it would be an unsatisfactory state of affairs.

Q. How long have you been in this country?

A. For 19½ years.

Q. In your experience have people shown themselves willing to invest money in shipping enterprises?

A. Yes.

Q. Do you not think that the present lack of enterprise on the part of the people is due to the cutting of rates?

A. I do not think it is altogether due to the cutting of the rates. It is due to want of knowledge in running ships.

Q. Is it also due to the cutting of rates?

A. Partly.

Q. You know the recent instances where there was a reduction of rates from Rs. 18 to Rs. 6?

A. I know nothing about it.

Q. Are you for encouraging steel ships being built here?

A. Yes.

Q. If the Government propose to give opportunities for Indians to become navigators and ship-builders, would it not be advantageous for the Government to develop its ship-building yards?

A. I think it would be.

Q. From your knowledge of the present docks, do you think they can be improved with the above end in view?

A. No, I cannot say.

Q. I want your opinion whether the present docks would be improved at all?

A. I think the dockyard officials can give that information.

Q. Given the opportunities both for training and education, you are hopeful that Indians will show themselves fit for navigation and to run their own ships?

A. Yes.

Q. In answer to Questions 7 and 8 you speak of navigation bounties. For what do you recommend bounties?

A. It is solely to encourage the Indian coastal trade.

Q. Why do you say in answer to Question 8 that you would extend the navigation bounty rules to small vessels?

A. I think it is only the small coasting vessels that require bounties; if bounties were given to large vessels also operating on special routes, small ports would not get opened up.

Q. So you think that small ports should be opened up?

A. Yes.

Q. Is not the coastal trade now mainly in the hands of big ships?

A. I know of a few small ships also; but I do not know much about coastal trade to speak on the subject.

Q. Are you distinctly of opinion that this system of rebates should be cancelled if Indian shipping is to flourish at all?

A. I think so; but at the same time it seems to me rather unfair that the large vessels should be left without any guarantee to keep their lines open between certain ports. If they have no guarantee at all, it means they have to work to the detriment of their interests.

Q. Do you therefore advocate the cancellation of the rebate system?

A. If the rebate system is abolished, it would mean compensation to the large vessels in some form or other.

Q. From your own knowledge of the conditions here, do you think that it is at all possible for Indian shipping to develop without State-aid?

A. I do not think so.

Q. Do you think the shipping industry would develop if coastal trade is reserved for ships on the Indian register?

A. No, I think competition is good in all things.

Q. Is it not a fact that they will have to compete with well established foreign lines?

A. If the rates are fixed the foreign lines also would have to conform to them.

Q. Have we got any ships to carry on the existing coastal trade?

A. I do not know about that.

Q. The Government want to encourage the Indian shipping industry. There is enough foreign tonnage available to carry on the coastal trade. Do you not think that it will induce Indian shippers to carry on the trade if the coastal trade is reserved for them?

A. I am advocating the opening of small ports for small ships. For that purpose, I do not want the coastal trade to be reserved for Indian shipping alone.

Q. How do you expect the Indian shipping industry to develop without some aid such as the reservation of the coastal trade and the payment of bounties?

A. I think the Indian ships would be able to compete with the bigger lines.

Q. So you say that the only aid to be given is the prevention of the cutting down of the rates?

A. If you allow fair competition, I think Indian shipping would be able to hold their own with well established companies already in possession of the trade.

Q. Would you agree that reservation of some sort would help the growth of Indian shipping?

A. Possibly.

Q. Provided you safeguard the public against undue high rates what harm do you think would result by reservation of the coastal trade for Indian shipping?

A. I do not think any particular harm would result.

Q. As regards shipbuilding I suppose you know that there is more tonnage available than is really needed. If this is so how do you think private enterprise in shipbuilding will flourish at all?

A. If the people are allowed to compete at fair rates with other countries, I do not think it would be difficult for private enterprise to flourish here.

Q. Do you know that there are enough ships available which can be bought at a reasonable price?

A. I have no information about the price of ships.

Q. If shipbuilding is to thrive in this country would you advise the Government to encourage shipbuilding by private enterprise? Or would you advise the Government to go in for foreign ships?

A. That depends upon the price of the foreign ships.

Q. Do you think there are possibilities of encouraging shipbuilding industry both in the matter of labour and material?

A. Yes.

Q. Did the Parsi and Anglo-Indian Engineers that you mentioned get their training in the mechanical schools and workshops?

A. Yes.

Q. Do you know of any Hindu Mechanical Engineers?

A. I do not know of them.

Q. Have Indians, as engineers proved efficient?

A. Yes.

Q. Does the British India Steam Navigation Company employ Indian engineers?

A. I do not know that. I know the Asiatic Steam Navigation Company employs them.

Q. Is there any particular reason why the British India should not employ them?

A. I cannot say.

Sir Arthur Froom.—Q. You referred to the Muhammadan drivers as being very capable in preference to other communities. Why do you think so?

A. As far as practical work is concerned, I prefer the Muhammadan driver because the Muhammadans as a class are good men. But the greatest drawback is they are not able to speak English well and they are not able to pass the examinations. But in their practical work they are all right.

Q. Have you had experience of Hindu engineers?

A. None at all.

Q. In Engineers' examinations is there any differentiation between home trade and foreign trade certificates as there is for the officers of ships?

A. None at all. Personally I think an Intermediate stage between the sea-going Engineer and our present driver's examination would be an excellent one. A home trade coasting certificate imposing a limit of 500 miles between ports for examination purposes would be very suitable.

Q. Do you find Parsi sea-going engineers efficient?

A. Yes.

Q. Do you find that in a crisis or break down of the machinery, Parsi engineers stand the strain?

A. Yes. The Parsis in particular are quite good.

Q. The present standard of education is much higher than it was some years ago. When such is the case why do you say that candidates who now come forward do not show improvement? I am not in any way challenging your statement. Can you suggest any reason?

A. If practical training is given to them, they are quite good; but they are very poor in the written part of the examination, i.e., mathematics and engineering knowledge.

Q. If the higher educated man offers himself where is the difficulty?

A. The higher educated man does not consider this profession sufficiently attractive. The particular man that goes to sea as an engineer has not got the requisite mathematical training.

Q. Do you know that a certain number of wooden ships were tried during the war? Did they prove successful?

A. I do not think they were quite successful; some of them were successful, but they were built merely as war propositions at the time when freights were high but soon after, well finished steamers were able to come up and take their places.

Q. Talking of wooden ships, were they successful?

A. Some of them were efficient, but most of them were a great loss.

Q. It has been suggested that Government should assist in the insurance of these wooden ships. If insuring these ships were really a profitable business why did no private company come forward to insure these ships? Is it because they thought it was a losing business?

A. I know that in 1919 a large number of sailing ships in Rangoon could not be insured. Had they been able to get themselves insured, they would have got cargo. Of course the losses in these sailing ships were small considering the number that were run.

Q. There are a lot of insurance companies, why did they not take up the insurance?

A. A large number of ships were inefficiently constructed; they were not constructed under proper supervision.

Q. You suggest that the rebate system should be done away with. Have you studied this problem very deeply?

A. I do not know much about it.

Q. I think we generally suffered from Government control during the war. Business people suffered from Government control in every direction; it was very much felt in England. Now you suggest the fixation of minimum and maximum rates of control. That introduces control again?

A. From a general point of view it appears to me that both the cutting of rates and the Rebate system opens up very unfair competition.

Q. I see; that is how it appeals to you personally.

A. Yes.

Q. About the coastal trade I want to ask you one question. Do you consider that Indian-owned steamers should be substantially assisted to enter into competition with established lines on the coastal trade?

A. They should be assisted by navigation bounties.

Q. But you said that if the Rebate system was done away with and they had a chance of fair competition they should succeed without any other assistance?

A. They should have some sort of assistance in the meantime; they will not be able to start work straightaway.

Q. You mean it would not be an efficient service?

A. I do not think they would run them efficiently; they have not sufficient knowledge of shipping at all.

Sir John Biles.—Q. Mr. Rangachariar asked you as to what kind of competition Englishmen are having with Indian ships

trading on the Indian coasts. Is there anything at present to prevent the latter from trading?

A. I do not know; they might go there and trade if they wanted.

Q. What do you think the Britisher would do if he found the competition of Indians severe on the English coast? Would he try and meet it?

A. I think he would.

Q. Do you think the Indian, if he chooses, could succeed in competition on the Indian coast against the Britisher?

A. Given a fair opportunity, I think he could. I am rather concerned with small coasting vessels.

Q. In the first place, you want to restrict competition; is that what you call a fair opportunity?

A. I do not quite follow you.

Q. You want to limit the freight rates which you suggest should be fixed?

A. Yes, with the maximum and minimum.

Q. I suppose they would be fixed so that a man who could not work very cheaply would be enabled to do so; otherwise you would not call that a fair competition? You would restrict competition; when it becomes too severe, you would stop it.

A. I cannot understand you, sir.

Q. What I am trying to get at is what competition really is. You say you believe in competition, but you don't believe in competition to the ultimate limit. You do not believe in fighting it out to the end?

A. No large capitalist company could afford to cut their rates.

President.—Q. I take it that what you mean is that you want competition, not entirely by capital, but you would fix the rates to a certain extent so that the best run and most efficient company would do better than the inefficiently run company; you do not want competition entirely on the ground of capital.

A. That seems to be the best thing.

Sir John Biles.—Q. That is what you really want.

A. I think reasonable competition is a very good thing.

Q. You think bounties ought to be given to Indian Companies?

A. To any company. I did not say to an Indian company alone.

Q. You mean giving bounties all round. It does not help anybody; I want you to tell me if it does.

A. I think ships registered in India should be eligible for a bounty to assist them.

Q. Whether they are British Companies or Indian Companies, run by Indian or non-Indians?

A. I think so.

Q. And you think that bounties are to be bestowed all round, not particularly to the Indian or a new Indian mercantile marine?

A. No.

Q. That is not very clear to me. I understood you to say that the new companies which had difficulties and had no experience should be helped; and now you say *any* company?

A. I think it rather unfair to give the concession to an Indian Company only. To any company registered in India, the concession should be extended.

Q. What chance of success do you think an Indian mercantile marine would have in competition with the existing ships?

A. The larger ships would have a very fair chance. I think there is a future for small coasting vessels in India, that only exist on a very small scale at present.

Q. The class that does now exist on the coasting trade. You think that if the English ships remained on the coasting trade with the Indian mercantile marine they could have a chance of successful competition?

A. I think perhaps they might.

Q. If the Rebate system was removed and if the rates were fixed in a reasonable way?

A. I think they could.

Q. It does not imply that they can be run as efficiently as English ships. Is that your belief?

A. They could after a time, not at the present moment, and not to the same extent of profit. They could be run as a commercially paying proposition.

Q. You think the existing ships are run at such a large margin of profit that the new Indian ships could be run with a sufficient margin even if they are less efficient?

A. I do not know anything about the present profits.

Q. It was stated at the Imperial Conference of Shipping that at present the ship-owners were barely existing, hanging on by the skin of their teeth. Is this a proper time for starting an Indian marine?

A. Evidently not.

Q. If you successfully create an Indian marine and confine the operations of that marine to the coasting trade and exclude any other marine, won't you be in the same position as you are at present; what you call a monopoly?

A. Yes.

Q. And a monopoly run by Indians instead of by Britishers?

A. There is no real advantage except that the Indians would have their own Mercantile Marine and some interest in the vessels running.

Q. What about the cost of subsidies and the temporary, if not permanent, inefficiency of the services?

A. I do not think so. I think Indian Companies could run small coasting vessels very efficiently.

Q. But the coasting trade is not run altogether by a small coasting ship. The existing trade is done 98 per cent. by ships that are owned by Britishers?

A. But my point is the opening up of small ports which are not at present touched.

Q. What are the reasons after all that an Indian marine should be created by subsidies and freight rates? What is it going to mean to India?

A. I think it might improve the general trade of the country.

Q. In what way?

A. There is a lot of trade that is now done by small sailing vessels and it is not efficiently carried. There is no reason why that should not be carried in steamers to ports which are not now touched.

Q. Is there anything that prevents the Indians from running these new steamers now?

A. Nothing at all.

Q. Is it not the trade that prevents the British from going into these ports?

A. I cannot say that.

Q. If that is so, why should Indians go?

A. I am of opinion that it would be profitable.

Q. Is it not to the British owner?

A. I know that the small Indian ships now run are always full.

Q. Have they any opportunity to increase their number?

A. Yes. I believe that owners of vessels are always talking about increasing their number.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. At present we have no steel plates here. Do you think it would be profitable to import steel plates?

A. Tatas are manufacturing steel plates.

Q. It will take some time?

A. Yes.

Q. But you do not think it would be advisable to import steel plates and then build ships?

A. As conditions are at present, no.

Q. You said that smaller ports could be touched by small sailing vessels and Sir John asked you why it is that they are not being touched by existing vessels. Is it not because bigger ships want bigger profits, while small Indian ships will be satisfied with small profits?

A. I do not know.

President.—Thank you very much.

Witness No. 3.

Mr. MANMOHANDAS RAMJI, J.P., Bombay.

Written statement, dated the 21st August 1923.

Q. 1. I am of opinion that the present condition of shipping industry in India is very backward and unsatisfactory.

Q. 2. The conditions in India which militate against the development of shipping enterprises by the people of this country are:—

- (i) the high rate of interest prevailing in this country, as compared with other advanced countries of the world;
- (ii) the keen competition by foreign steam-ship companies;
- (iii) to some extent, the want of check by Government of foreign steamers;
- (iv) the total neglect of this industry by the State; and
- (v) the want of Government help to private Indian shipping enterprise.

Q. 3. No measure or measures can mitigate or remove the existing difficulties and disabilities to encourage the people of this country to embark on shipping enterprises, without State aid in some form.

Q. 4. Yes. State aid is absolutely essential.

Q. 5. I would advocate (i) that the State should maintain its own shipbuilding yards; (ii) that the State should give every facility and encouragement to private Indian enterprise to construct shipbuilding yards by reserving the entire coastal passenger and cargo traffic exclusively to Indian owned vessels and by a system of bounty to Ocean Navigation by Indian owned shipping companies.

Q. 6. Yes. The principal legislative measures should be—

- (i) for the prohibition of all foreign ships on the coastal passenger and cargo traffic;
- (ii) for the creation of a Shipping Fund: the fund might be created out of a small tax on every ton of cargo brought into this country, and a small percentage of the Customs revenue which might be given by the State; this Fund should be utilised only for improving the shipbuilding industry and enterprise in India;
- (iii) for the State to control the freight rates with sufficient power to

check freight wars; such as power to prevent any shipowner from increasing the rates, unless he shows sufficient and reasonable grounds for so increasing, after he has once reduced the rates for the purpose of a freight war;

- (iv) for the Indian shipping companies or shipowners employed in the coastal trade being exempted from payment of income tax, if they utilise the amount of income tax towards building in India ships of a certain capacity to be specified; and
- (v) for preferential treatment to be shown in every case to Indian shipping companies, as against foreign shipping companies.

Q. 7. I am in favour of the grant of navigation bounties to Indian owned vessels trading (a) between Indian ports, (b) between India and ports abroad and (c) between ports outside India.

Q. 8. While generally in favour of the grant of navigation bounties, I recommend in the first instance that the grant might be given only to vessels employed in the coastal trade. When this coastal trade is completely in the hands of the Indian shipping companies, and also when this trade is fully developed only then can we think of granting navigation bounties to vessels employed in other trades indicated in the above question. My reason for this is, that our first endeavour must be to induce, encourage and foster the shipping industry initially in the coastal trade; and after this aim is successfully attained, we can direct our attention to further development beyond the Indian waters. It will then be a proper time to determine whether the vessels employed in ocean-going trade are in need of navigation bounties, and if they are, to grant them.

Q. 9. I suggest that there should be a limit in each case; but I cannot say what should be the limits. The limit should not be excessive.

Q. 11. Yes. The percentage might be determined by a body like the Shipping Board.

Q. 12. This question would arise only after the Indian shipping industry is sufficiently advanced. When that stage is arrived this question might be decided after a

full and thorough enquiry into the state of the industry; and such an enquiry might take place periodically.

Q. 13. No. To encourage the Indian shipbuilding industry navigation bounties should also be given to foreign built vessels registered in India and owned by Indian Companies. The bounty might be on a somewhat reduced scale until Indian shipbuilding is sufficiently advanced.

Q. 14. Yes. After 15 years.

Q. 15. Yes. This must be insisted on the vessels receiving navigation bounty.

Q. 16. No. Well qualified non-British subjects or non-British Indian subjects might be employed if the services of such persons are necessary in the interests of the development of this national industry, only if qualified Indians are not available for the same posts.

Q. 17. Yes.

Q. 18. I favour the complete reservation or the entire coastal trade exclusively for the development of an Indian Mercantile Marine.

Q. 19. The effect of such reservation will be to encourage Indians to come forward to develop an Indian Mercantile Marine, Indian shipbuilding industry and naval Engineering.

Q. 20. Yes.

Q. 21. Steam vessels of the minimum gross tonnage of 1,500.

Q. 22. I recommend the establishment and development of well equipped Government Dockyards for the purpose; but the Government should give all possible encouragement and help to private enterprise.

Q. 23. To my knowledge there is no shipbuilding or Marine Engine construction industry in India for building large ships.

Q. 24. This is very unsatisfactory.

Q. 25. It is impossible to remove the difficulties and disabilities unless the State pioneers the industry.

Q. 26. Yes.

Q. 27. I would advocate (i) the State giving facilities to obtain suitable shipbuilding yards, (ii) the State guaranteeing interest on capital and (iii) the State giving expert advice free of cost.

Q. 28. Yes. The legislative measures should be (i) to exempt in the first instance, all shipbuilding materials imported into India by the shipbuilders specially for the shipbuilding from customs duties and (ii) to refund the income tax if the Indian company or shipowner utilises that amount for shipbuilding in India only.

Q. 29. Yes.

Q. 30. Yes. A minimum gross registered tonnage of 1,500.

Q. 31. I would suggest 15 per cent. of the cost of the Hull.

Q. 32. Yes.

Q. 33. I am not against the importation of materials for shipbuilding. But the materials not being available in India, the shipbuilder must be given the freedom of using imported materials for shipbuilding. But, if the Hull or propelling machinery is entirely Indian built, that vessel must get a special rate of enhanced bounty.

Q. 34. No duty should be charged on the materials specially imported for the purpose of shipbuilding.

Q. 35. I do not think there would be any room for abuse of these concessions. Should, however, there be any such case, their right to concessions, and also if necessary their right to bounty might be withdrawn.

Q. 36. This industry is in a comparatively more satisfactory form.

Q. 37 to 42. No.

Q. 43. There is no difficulty in insuring either wooden ships or cargo with private Indian firms which carry on the business of Marine Insurance, and there are a number of such Indian firms.

Q. 44. I am of opinion that a considerable number of youths of this country are likely to be desirous of following the sea in the capacity of officers in the Indian Mercantile Marine.

Q. 45. The Government should take steps for (a) their training, (b) future employment and (c) facilities for further study when qualifying for the Board of Trade Certificates in the various grades.

Q. 46. I suggest that a preliminary training might be given on shore at first, then in the Dockyards and then on sea.

Q. 47. The Government should take active steps to establish a Nautical College in India and also a training ship. They should be provided and supported by Government.

Q. 48. I am against giving any scholarship for the purpose of training any cadet in England. Necessary establishments for their training must be provided by the Government in India as early as possible.

Q. 49. The maintenance charges of such institutions should be met partly by the levy of fees and partly by Government.

Q. 50. As answered in Question 47, I recommend the establishment of both.

Q. 51. The training might be, if it could be so arranged, in both or in either. This may be determined by technical experts.

Q. 52. I recommend that all shipowners who get either subsidy in any form, or Mail contracts should be compelled to take apprentices in each ship. Others might be persuaded to take a limited number of apprentices.

Q. 53. Shipowners who get subsidy must be compelled to take apprentices free of any premium. Government need not pay any portion.

Q. 54. The sea-going training ship should be maintained by Government, but if need be, freight or Government stores might be carried by that ship.

Q. 55. The practice prevailing in Europe might be followed here.

Q. 56. I have no views.

Q. 57. I favour the idea of the system in Great Britain being followed in this case.

Q. 58. I consider that one, or preferably two such Academies are required and that Bombay and Calcutta might be chosen for their situation. They should be maintained wholly by Government.

Q. 59. Considerable number of youths of this country would only eagerly seize the opportunity if it offers itself to them.

Q. 60. Government should take active and immediate steps to provide for (a), (b) and (c).

Q. 61. I have no detailed idea, but I would like the Government to supply all possible and necessary facilities.

Q. 62. Not answered.

Q. 63. I am not aware of the existence of any such school college or institute in India.

Q. 64. The present arrangement is not adequate. India wants Indians only to be appointed to these posts. But as for being trained as such they have to start a sea life at a tender age of 14 or 15, it is very inadvisable to send the Indian boys to a distance of 5 or 6 thousand miles away from their home. It would therefore be better, and I suggest that all suitable and necessary and efficient arrangements as indicated in the question should be made obtainable in India itself.

Q. 65. Yes, but only till those facilities are made obtainable in India itself; and serious and early attempts must be made by Government to secure these in India itself as soon as practicable.

Q. 66. I accept in general the views stated but recommend that preference should always be given to an Indian company if other conditions are equal or even if slightly inferior.

Q. 67. One other condition in my opinion that should be enforced in mail contracts is that such companies who have the Mail contract must take a specified number of apprentice officers and engineers and train them.

Q. 68. I would suggest tender.

Q. 69. The various methods of State aid that I would suggest are (i) Construction bounties, (ii) Navigation bounties, (iii) Government pioneering shipbuilding, (iv) Government encouraging and assisting private enterprise; (v) giving mail contracts to Indian companies, (vi) promising carriage of troops, (vii) providing emigration passengers, carriage of Government stores and railway materials and (viii) giving special reduced rates by Railways in case of exports and imports carried by Indian ships.

Q. 70. The following are the methods I would suggest for raising the funds required for the purpose:—

- (i) A small tax on all foreign ships entering the Indian ports.
- (ii) A tax on every ton of cargo imported or exported in foreign ships, and also
- (iii) a small percentage of the total receipts of the customs duties to be set aside for the purpose of raising the funds required.

The fund created out of these realisations, after deduction of necessary incidental expenditure, to be utilised for bounties, subsidies, and construction loans. The management of this fund should be by a shipping board to be constituted by Statute. Such a Board when constituted should have independent powers to deal with all matters connected with the Indian shipping trade and industry in an efficient manner, for the proper working of the proposed Shipping Act and for the early development of an Indian Mercantile Marine.

Witness No. 4.

The Bombay Native Piece-Goods Merchants' Association.

Written statement, dated the 22nd August 1923.

Q. 1. Our Committee is of opinion that the present condition of the shipping industry in India is very unsatisfactory.

Q. 2. The conditions in India which militate at present against the development of

the shipping enterprises are, in the opinion of our Committee:—

- (a) the high rate of interest prevailing in the country,

- (b) the keen competition by foreign steamship companies,
- (c) to some extent, the want of check by Government on foreign steamers,
- (d) the total neglect of this industry by the State, and
- (e) the want of Government help to private shipping enterprise.

Q. 3. In the opinion of our Committee no other measure can mitigate or remove the existing difficulties and disabilities without in the first instance, direct State aid.

Q. 4.—Our Committee's opinion is in the affirmative.

Q. 5. Our Committee suggests—

- (i) that the State should maintain ship-building yards.
- (ii) that the State should give every facility and encouragement to private enterprise to construct shipbuilding yards by reserving the coastal passenger and cargo traffic exclusively to Indian owned vessels and by a system of bounty to Ocean Navigation by Indian owned shipping companies.

Q. 6. In the opinion of our Committee the principal Legislative measures necessary are:—

- (i) for the prohibition of all foreign ships on the coastal passenger and cargo traffic, and
- (ii) for the creation of a fund for the said purpose.

The fund might be created out of a small tax on every ton of cargo brought into this country. A small percentage of the Customs revenue might also be given by the State for the said fund. This fund should be utilised only for improving the shipbuilding industry and enterprise in India.

- (iii) The State to control the freight rates with power to check freight wars; such as power to prevent any ship-owner from increasing the rates, unless he shows sufficient and reasonable grounds for so increasing, after he has once reduced the rates for the purpose of a freight war.
- (iv) The Indian shipping companies or ship-owners employed in the coastal trade being exempted from payment of income tax, if they utilise the amount of income tax towards building in India ships of a certain capacity.
- (v) For preferential treatment to be shown in every case to Indian

shipping companies, as against foreign shipping companies.

Q. 7. Our Committee favours the grant of Navigation Bounties to vessels owned by the people of this country in all the three cases, (a), (b), and (c).

Q. 8. Our Committee recommends that the Navigation Bounty, should in the first instance be given only to the coastal shipping companies; and later on, when that trade is fully developed, and the coastal passenger and cargo traffic is entirely in the hands of Indian shipping companies, the question of navigation bounty to ocean-going steamers may be considered. The reasons for our Committee to make this suggestion is that attempts should first be made to induce and encourage Indians to develop the shipping industry fully first in the coastal trade; and after this is achieved completely, it will be the proper time to consider the question of giving navigation bounties.

Q. 9. Our Committee would like to limit the tonnage and speed.

Q. 11. Our Committee recommends an additional percentage of increased bounty for extra speed.

Q. 12. Our Committee is of opinion that this question may be considered at some future date, if necessary, when the Indian shipping industry is fully and satisfactorily developed. Till that time, our Committee is of opinion that this question does not arise. When that stage is reached, this question may be decided after a full enquiry; and such an enquiry may take place periodically.

Q. 13. Our Committee is of opinion that to encourage the Indian shipping industry, navigation bounties should also be given to foreign built vessels registered in India and also owned by Indian companies. It should be on a somewhat reduced scale until the Indian shipbuilding enterprise is sufficiently advanced.

Q. 14. Our Committee advocates the stoppage of navigation bounties after a specified period; and would fix 15 years.

Q. 15. Our Committee desires that provision must be made for insisting this.

Q. 16. Our Committee does not desire to exclude the employment of well qualified non-British subjects or non-British Indian subjects, should the services of such persons be necessary in the interests of the development of this national industry, only if qualified Indians for the same posts are not available.

Q. 17. Our Committee desires the cessation of navigation bounties in the case of vessels

being sold, chartered, or mortgaged to non-Indians.

Q. 18. Our Committee recommends the complete reservation of all India coasting trade exclusively for the development of an Indian Mercantile Marine.

Q. 19. The effect of such reservation, in the opinion of our Committee, is that it will be to encourage Indians to come forward to develop an Indian Mercantile Marine, Indian shipbuilding industry and Naval engineering.

Q. 20. Our Committee's opinion is in the affirmative.

Q. 21. In the opinion of our Committee, steam vessels of over 1,500 gross tonnage are most likely to be required for an Indian Mercantile Marine.

Q. 22. Our Committee suggests, in the first instance, the establishment of well equipped Government Dockyards for the purpose, and is of further opinion that at the same time the State should also give all possible encouragement and help to private enterprise.

Q. 23. Our Committee thinks that, to its knowledge, there is no shipbuilding or Marine Engine construction industry in India for building large ships.

Q. 24. The opinion of our Committee for this unsatisfactory situation is the utter want of sufficient facilities and encouragement by the State.

Q. 25. Our Committee is decidedly of the opinion that it is absolutely impossible to remove the existing difficulties unless the State pioneers the industry.

Q. 26. The opinion of our Committee is in the affirmative.

Q. 27. Our Committee would advocate.

- (i) the State aid giving facilities to obtain suitable shipbuilding yards,
- (ii) the State guaranteeing interest on capital, and
- (iii) the State giving expert advice free of cost.

Q. 28. Our Committee thinks that some legislative measures are necessary for the satisfactory development of these industries. The legislative measures should be with a view to (i) exempting, in the first instance, all shipbuilding materials imported into India by the shipbuilders specially for shipbuilding from customs duties, and (ii) refunding of income tax if the Indian Company or shipowner utilises that amount for shipbuilding in India only.

Q. 29. Our Committee is in favour of the grant of construction bounties to vessels built in Indian shipyards.

Q. 30. Our Committee advocates the restriction of construction bounties to vessels

built of steel only. The minimum gross tonnage of such ships to be entitled to the bounty should be 1,500.

Q. 31. Our Committee recommends that such a bounty might be about 15 per cent. of the cost of the Hull.

Q. 32. Our Committee answers in the affirmative.

Q. 33. Our Committee do not advocate any restriction on the importation of materials for shipbuilding. But it is of opinion that if those materials are not available in India, the hull might be constructed with imported materials. In its opinion, the same remark applies for the propelling machinery also. But should the construction be entirely Indian made, our Committee is of opinion that a special rate of enhanced bounty should be given to such builders.

Q. 34. If the materials not being available in India, are specially imported by the shipbuilders for the purpose of shipbuilding, no duty should be charged on them.

Q. 35. Our Committee is of opinion that in view of its answers to questions 33 and 34, there cannot be any room for abuse of these concessions. However, should there be any such case of abuse, their right to such concession and also, if necessary, their right to bounty, can be withdrawn.

Q. 36. Our Committee thinks that wooden shipbuilding in India is in a comparatively more satisfactory form.

Q. 37 to 42. Our Committee's answer for all these questions is in the negative.

Q. 43. Our Committee is of opinion that there is no difficulty in insuring either wooden ships or cargo with private Indian firms which carry on the business of Marine Insurance, and our Committee believes there are many such Indian firms.

Q. 44. Our Committee considers that considerable number of youths of this country are likely to be desirous of following the sea in the capacity of officers in the Indian Mercantile Marine.

Q. 45. Our Committee is decidedly of the opinion that Government should take active steps to provide for (a), (b) and (c).

Q. 46. Our Committee suggests that a preliminary training might be given on shore at first, then in the dockyards and then on sea.

Q. 47. Our Committee recommends that the training ship or establishment must be provided by Government.

Q. 48. Our Committee suggests that Government should take active steps to establish a Nautical College in India, but no scholarship should be given by Government for training in foreign countries.

Q. 49. Our Committee suggests that the maintenance charges of such institutions should be met partly by the levy of fees and partly by the Government.

Q. 50. Our Committee advocates the establishment of both.

Q. 51. Our Committee's opinion is that the training must be, if it could be so arranged, in either or both which can be determined by technical experts.

Q. 52. Our Committee recommends that all ship-owners who get subsidy in any form or mail contracts should be compelled to take apprentices in each ship. Others might be persuaded to take apprentices.

Q. 53. Our Committee thinks that ship-owners who get subsidy must take apprentices free of any premium. Government need not pay any portion.

Q. 54. Our Committee thinks that such a sea-going training ship should be maintained by Government.

Q. 55. Our Committee opines that the procedure prevailing in Europe should be followed here.

Q. 56. Our Committee have no views.

Q. 57. Our Committee favours the idea of the system in Great Britain followed here.

Q. 58. Our Committee is of the opinion that in the first instance at least, one or preferably two such academies are required, and that Bombay and Calcutta might be chosen for their situation. They should be maintained wholly by Government.

Q. 59. Our Committee thinks that many youths of this country would eagerly seize the opportunity if only it offers itself to them.

Q. 60. Our Committee recommends that Government should take immediate and active steps.

Q. 61. Our Committee has no detailed views on the matter; but would like the Government to supply all possible and necessary facilities.

Q. 62. Our Committee believes that sufficient practical training to apprentices to enable them to become efficient Marine Engineers might be made available in India, in Government Dockyards and other ship-building yards.

Q. 63. Our Committee is not aware of the existence in India of any such School, College or Institute.

Q. 64. Our Committee is of the opinion that as India wants Indians only to be appointed to these posts, and as for being trained as such they have to start a sea life at an early age of 14 or 15, it would be better to secure all suitable and efficient arrangements as indicated in the question for their training in India itself, and not

at a distance of 5,000 or 6,000 miles away from their homes in a place like England.

Q. 65. Our Committee desires that Government should make earnest attempts to provide such facilities in India itself as early as possible.

Q. 66. Our Committee in accepting in general the views set forth, desires that preference should be given to an Indian company if other conditions are equal or even if slightly inferior.

Q. 67. Our Committee considers that another condition might be imposed, viz., that such companies who have mail contracts should take a definite number of Indian apprentices as Officers and Engineers and train them.

Q. 68. Our Committee suggests Tender.

Q. 69. In the opinion of our Committee some of the various methods of State aid to promote the establishment of an Indian Mercantile Marine are:—

(1) Construction bounties.

(2) Navigation bounties.

(3) Government pioneering shipbuilding.

(4) Government encouraging and assisting private enterprise.

(5) Giving mail contracts to Indian companies.

(6) Promising carriage of troops.

(7) Providing Emigration passengers, carriage of Government stores and railway materials.

(8) Giving special reduced rates by Railways in case of exports and imports carried by Indian ships.

Q. 70. Our Committee suggests the imposition of a small tax on all foreign ships entering the Indian ports, a tax on every ton of cargo imported or exported in foreign ships, and also a small percentage of the total receipts of the customs duties to be set aside for the purpose of raising the funds required. The fund created out of these realisations, after deduction of necessary incidental expenditure, to be utilised for bounties, subsidies, and construction loans.

The management of this fund should be by a Shipping Board to be constituted by statute. In addition to the above answers, our Committee suggests that when legislative measures are considered for the development of an Indian Mercantile Marine and shipbuilding industry, provision should be made for creating by statute an independent Shipping Board with powers to deal with the proper working of the proposed Shipping Act.

Our Committee is unable to give any figures in support of their suggestions.

Oral evidence of Mr. MANMOHANDAS RAMJI, J.P., who appeared also as the representative of the Bombay Native Piecegoods Merchants' Association, dated the 26th November 1923.

President.—*Q.* In answer to Question 2 you say that the shipping industry is bad on account of the high rate of interest prevailing in the country. Would you just explain how that is affected?

A. The ordinary rate of interest in the Indian market for raising money is from 7 to 9 per cent. whereas in England the average rate of interest is about 4 per cent. A Company started in India expects to earn, say, about 10 to 12 per cent. to satisfy its shareholders and has to allow for depreciation out of that, whereas a Company floated in England can satisfy its shareholders with a lesser amount of revenue.

Q. Can you give the reason for that?

A. The reason, according to my view, is that in the principal markets of the world the rate of interest is much lower and it is much better.

Q. Would that apply to the shipping industry?

A. To all industries.

Q. You also say that it is due to the total neglect of the industry by Government. Do you mean by that that Government have neglected the shipping industry more than they have other industries?

A. It applies to all, not particularly to shipping, because Government have not taken sufficient steps to develop the industries as they ought to have done.

Q. That is in general?

A. Yes.

Q. You are in favour of having shipbuilding yards entirely run by Government?

A. That is one of the suggestions.

Q. Have you any suggestion as to how these will be managed?

A. As long as Government have to maintain them, there should be a Department of Government specially created for that purpose.

Q. Do you think that it is likely to be a sound business proposition?

A. If India wants her own Mercantile Marine, she must be provided with shipbuilding yards; by the time private enterprise comes into operation, some sort of administration must be started by Government and then when the people come forward, these may be handed over to them.

Q. You want Government to start the enterprise?

A. Yes, to start the shipbuilding industry and when people come forward, hand it over to them to be managed.

Q. Would you start it under European management?

A. Under the best expert management. I do not say Indian or European, but under expert management.

Q. Provided Government, started these shipbuilding yards and if they did not prove a financial success for some time, what would you recommend?

A. They should be given a sufficient trial. Within a short period the whole thing would be worked on economical lines.

Q. Would you give us any idea as to where the Government could find the money for starting such an industry; it would cost them very much?

A. If they are not able to provide the money they will have to considerably help a private enterprise in some way in order to encourage it.

Q. By shipbuilding yards, do you mean a yard that will build ships in every particular or only construct the ships?

A. Construct the ships.

Q. Getting the parts of it from other places?

A. Quite so. It is impossible at present to contemplate building the whole of a ship here, but gradually given facilities, it could be developed in time.

Q. You say you would reserve the coastal passenger and cargo traffic exclusively to Indian-owned vessels; does not that mean all vessels registered in India?

A. Registered in India and owned by Indians.

Q. Do you mean to say you would prohibit a European from buying shares in the Company?

A. No, I would have no objection to that.

Q. But if he buys sufficient shares, he will have control?

A. Not to an extent which is objectionable.

Q. At the present moment the English Shipping Act, 1894, lays down that in any Act or ordinance regulating the coastal trade of any British possession all British ships must be treated alike. If the coastal trade is reserved for purely Indian vessels, how would you propose to achieve that object?

A. The law will have to be changed.

Q. Can you define your idea as to what a purely Indian Shipping Company is?

A. The definition of an Indian Company is that the management should be entirely by Indians and the shares should be held by Indians in the majority.

Q. And would you say that the money must be raised in India?

A. Of course in India.

Q. Supposing you had an Indian Company managed by Indians, are there Indians available at the present moment or in the near future with a sufficient knowledge of the shipping business?

A. They can take assistance from experts. There are huge institutions in India where the agents are not experts in the line, but they are guided by expert advice and when they get sufficient expert knowledge, they act independently.

Q. What you mean is that you will have experts do it at first?

A. With the assistance of experts.

Q. In your (i) of reply to Question 6, you refer to the prohibition of all 'foreign' ships on the coastal passenger and cargo traffic. What do you mean by 'foreign'?

A. If a foreign registered ship comes into any harbour with a foreign cargo, it should be allowed; but it should not ply in the coastal trade of India carrying any Indian cargo.

Q. Do you call British 'foreign' or Canadian 'foreign'?

A. There must be some discrimination between the purely Indian and ships belonging to the Empire.

Q. The Australian trade, for example, did not succeed in reserving its coastal traffic. You have to pay the Australian rates?

A. If you cannot reserve it exclusively, you must have greater control or something like that.

Q. What I want to get at is where you use the word 'foreign,' you mean every one outside India?

A. Yes.

Q. Now, you suggest the creation of a small Fund out of a small tax on every ton of cargo for improving the shipbuilding industry and enterprise. Have you worked out at all what it would cost?

A. It is a very big problem to calculate. It will have to be gone into very carefully.

Q. If you put a tax on all cargoes, it means, that everything is going to be more costly to the country?

A. If you want to develop a certain industry, you must be prepared to undergo certain amount of cost and it should be considered in what manner it could be best realized and I indicated the lines on which it could be easily gathered without any particular class of industry being taxed.

Q. Therefore Government would develop this industry at the expense of all other industries in the country?

A. Not this particular industry, of course. This is an industry along with the others. If you develop other industries this industry must also be developed.

Q. You say that the State should control freight rates. Would you just briefly give us some outline as to how the State would control freight rates?

A. By fixing the maximum rate. If a Company once reduces its rates, it should be made difficult for that company to raise the rates again when they want to raise it. That means there will be freer competition, but as soon as a company has the intention of cutting the throat of the other competitor company by reducing its rates, it will have to think twice before that action is taken and Government will have to be satisfied that the reduction was *bona fide*.

Q. Why should you require the Government to interfere in the matter of the regulation of rates?

A. In order to put down competition, in rates I want that there should be legislative provision for Government to interfere. For instance the B.I.S.N. Company are trading between Bombay and Rangoon and since competition began, they began the freight war. At present they simply kill a new comer by reducing the freight very low and then raising it. For instance if they once reduce the freight say from Rs. 18 to Rs. 6, I want that they should not be able to raise it again without the permission of the Government. I want that there should be legislative power for the Government to go into each question before any company is allowed to increase its rates.

Q. What sort of department would be able to control all this?

A. A branch of the Commerce and Industries department would attend to this.

Q. Are you suggesting control in shipping?

A. I am suggesting control in the fixing of rates. Supposing a company is charging, say Rs. 10 for carrying cargo between two ports; after five years when the price of coal had gone up and the labour also had become dear, the company may desire to revise their rates in accordance with the changed conditions. The company must not give effect to this desire without the permission of the Government. The company must satisfy the Government that in the altered circumstances, it is compelled to raise the rate and unless the Government gives express permission, the company should not raise the rate.

Q. Supposing there is a big manufacturing firm and tenders are called for, the firm rather than allowing somebody to take the offer would make the tender even at a loss. How do you expect the Government to interfere in these matters?

A. First of all the proposition is that the Government have thought and the people

of this country think that India must be allowed to have its own mercantile marine. If this proposition is answered in the affirmative, then these are the measures intended to satisfy those conditions.

Q. I suppose you would not like to satisfy yourself at the expense of another?

A. No. When Government decides after careful investigation that a particular industry deserves protection in a certain form, the protection should be continued till they are satisfied that the control is no more required. Otherwise it is impossible to develop any industry.

Q. You have also suggested that they may be freed from income tax?

A. I have suggested that income tax should be utilised towards shipbuilding instead of going into the coffers of the Government; it should be a direct encouragement to the shipbuilder to utilise that sum. For instance if I had paid for the last five years a lakh of rupees as income tax I must get back that amount from the Government on condition that I use the money in shipbuilding. That is one method of encouraging shipbuilding.

Q. You suggest the taxing of cargo?

A. The Port Officer will recover it and the ship owner will have to pay it in the first instance.

Q. That would mean it would be more expensive to take cargo from one port to another, if you pay so much extra per ton?

A. It may not be more expensive. If that is not feasible the general taxpayer will have to bear the expenses by way of additional taxes.

Q. Don't you think you are driving away the trade from India by the levy of this tax on cargo?

A. No, every cargo that is brought into India will be subject to that.

Q. Are you in favour of navigation bounties?

A. Yes.

Q. You say it is not difficult to effect insurance of wooden ships; but that is contrary to the evidence we have so far received.

A. I do not think there is great difficulty in insuring wooden vessels. A large amount of cargo is taken from Indian ports by wooden vessels and fifty per cent. of them if not more are insured by local firms and traders who do regular business of this kind.

Q. Are the wooden ships insured?

A. In some cases they are; but the cargo is insured.

Q. Do you say that the ships are insured?

A. Of course there are firms who take the

risk of insuring ships also; but these ships are owned by Indians and they do not care to insure. But I am quite sure there is no difficulty.

Q. We have heard in practice that it is very difficult to insure wooden ships.

A. I ship to Cochin from Bombay piece goods. I think if one tries there would be no difficulty in getting the wooden ships insured.

Q. Have you got definite proof that there are boys of sufficient education to come forward to be trained in the Indian Mercantile Marine?

A. If there is an opening for learning, the natural instinct will be to avail oneself of this opportunity. This is evident from the large number of candidates that every year present themselves for all sorts of examinations. There will be no difficulty in getting boys to study for the mercantile marine. If facilities are given, I am sure young men would come forward in large numbers.

Q. Have you got any of your relations willing to take up the sea-faring life?

A. There is a general desire for people to have knowledge in this particular line.

Q. The sea is a peculiar life, it takes away the boys from their homes?

A. I would not mind my son taking up sea-faring life.

Q. Inclination is the greatest factor in all these things.

A. Yes.

Q. Would you prefer that the training should first be confined to the shore?

A. If a man is to be trained in the higher grade, he has to begin his education rather early. At a young age, perhaps, there may be difficulty in taking the boys far away from their parents. But after the preliminary education is over, say for two or three years on the shore, the boys become accustomed to such training and they would be willing to go out to sea.

Q. Is it your idea that the training ship should be in harbour and not in the mid ocean?

A. The idea of having the training ship in the harbour is to get the boys accustomed to the ship-life. This is exactly what is done in England.

Q. How is this institution to be maintained?

A. Partly by fees and partly by Government.

Q. Are you also representing the Piece Goods Association?

A. Yes.

Q. Have you got any private opinion different from that which you have given as representative of this association?

A. No.

Q. Do you suggest that the mail contracts should be reserved for Indians?

A. I suggest that in cases where India is a party to the contract, preference should be given to Indian companies.

Sir John Biles.—Q. Do you say that where India is a party to the mail contract, preference should be given to the Indian companies to carry the mails?

A. As India is a party to the contract, it is but natural that its convenience should be looked after.

Q. How are you going to carry this out in practice?

A. Supposing tenders are called for for carrying mails between two ports to which the Government of India is a party. If two companies come forward on equal terms, one an English Company and the other an Indian company, then preference should be given to the Indian company.

Q. Supposing there is a British company running mails from Marseilles to India?

A. If there is an Indian company which is competing to get this tender on the conditions laid down by the Government, then they must give preference to that Indian company.

Q. You see in these mail contracts, there are two parties, namely the British Government and the Indian Government; if you say that preference should be given to Indian companies, the British Government may say that preference should be given to British companies?

A. I think they must settle all these differences among themselves. There must be some sort of compromise.

Q. How are you going to give preference to Indian companies when the British also insist that preference should be given to British companies?

A. Then my case becomes stronger. If my conditions are not agreed to, I would not be a party to such contract.

Q. If it comes to that would you rather have no mail contract at all?

A. Why should it come to that. If you are asked to take a few apprentices on the boat, it does not mean anything very serious.

Q. You see there is another side of the question, that is the other party?

A. They must come to some agreement.

Q. Then as regards the question of freight do they not vary from week to week and day to day?

A. I do not think the freights vary like that. I think in England the freights are settled for three to five years sometimes. It never varies. Of course for export, it

association has been doing business for the last 40 years and they have succeeded in keeping the rates low only on account of their contract. The rate that they were paid in 1913 was 12s. 6d. or 15s. 6d. with rebate of 4s. 6d. per ton from Liverpool. That was a contract for five years.

Q. Do you think the coastal rates also can be fixed?

A. If a syndicate is formed, I think it possible to fix cargo rates for coastal trade also.

Q. How are you going to regulate the rates when the freight rates vary for different articles? Do you wish the Government to regulate these rates?

A. I do not want the Government to regulate the freight rates from day to day. My suggestion is that the Government should maintain a register of the companies. Suppose there are x, y and z companies. Suppose the freight between two ports, Bombay and Calcutta is fixed as Rs. 15 a ton. The company may not charge Rs. 40 per ton because the maximum is fixed. Suppose they want to reduce the rate from Rs. 15 to Rs. 10 they can do so without any objection and they can continue the same. If on account of altered circumstances, such as a rise in the price of coal or dearness of labour, they want to increase the rate, then the Government must give permission for such increase.

Q. That would never work in shipping business in India where freights vary from day to day?

A. As far as Indian trade is concerned, freights from England to India do not vary from day to day. Nor do freights on the coasting trade vary from day to day. My suggestion is there would be no difficulty working out this system.

Q. Do you propose to prohibit foreign trade from trading on the coasts of India?

A. Yes.

Q. You propose to prohibit foreign trade from trading on the coastal trade of India?

A. Yes.

Q. You also propose to give a bounty on Indian ships?

A. Certainly, in the first instance, until they are developed.

Q. Would you continue to give the bounty even after the foreigners have ceased to trade on the coastal trade?

A. Certainly not. If the shipping industry is so developed as to provide a sufficient number of steamers and if they are able to carry on their trade, then they deserve

Q. How long do you think it would be before the foreigner is completely prohibited?

A. If effective measures are taken, say, within 15 years.

Q. Your proposal is that during 15 years the number of foreigners should be gradually reduced.

A. Yes.

Q. And during the time they are reduced, the Indian Mercantile Marine should receive a bounty?

A. Yes.

Q. In addition to that, you limit the freights within a certain range?

A. Yes.

Q. You think that will have the effect of creating an Indian Marine?

A. Yes.

Q. Without affecting the consumer?

A. The Indian people must be prepared if they have a desire to develop a certain thing to pay for it in one shape or another. If they have not that desire, there is no need for this enquiry at all. If Government and the people are satisfied that it is a legitimate desire, that desire should be developed and people must be prepared to pay for it.

Q. You have not made any estimate of what the cost of carrying out that desire will be?

A. It is a very huge question and it has to be carefully considered by the Committee if they recommend it.

Q. Can't you enlighten us in the matter by submitting figures?

A. I think as a general business man, I can do it, but it will take time and the materials at your disposal are far more favourable than those at mine.

President.—Q. Whatever we recommend, it should be done without hitting other industries too hard?

A. If every industry is not considered on its own merits and the whole lot of the industries of India are to be considered from one point of view, that is an impossible matter for any Government to take up. You should develop each one on its merits, the most essential first.

Q. Anyhow you are not able to give us any information now?

A. Not at the present moment.

Sir Arthur Froom.—Q. I gather from the answers you have given that you personally are in favour of an Indian Mercantile Marine?

A. I am.

Q. Is that based chiefly on the idea of a new industry for Indians or the idea of giving employment to certain educated classes in ships or both?

A. India wants to be independent as far as her coastal trade and the sea-going trade is concerned in the same way as other people.

Q. Independent in the same way as other people, you mean other nations?

A. Other nations, and also other parts of the Empire.

Q. Which other parts?

A. Australia and Canada.

Q. If you read the report of the Canadian Mercantile Marine, you will find that they would be glad to get rid of it?

A. After gaining experience only.

Q. Please do not think I am biased. Our whole idea is to collect sufficient information and to write a really good report. It may be one way or the other. You want Government to help the shipping industry?

A. Yes.

Q. You have blamed the Government for not helping the industry at all. How many years has it taken the mill industry to develop?

A. It is now 60 to 75 years and yet the industry is not able to supply the requirements of the whole of India. If it were helped by Government it would have taken 15 or 20 years only.

Q. In my time in India the mill industry has made great strides?

A. They are making strides every day.

Q. You are not willing to leave the shipping industry to take its own time to develop?

A. No, on account of competition.

Q. In the mill industry, is there no competition, not with Manchester?

A. No.

Q. There was?

A. There is no competition now. When Manchester was supplying India with coarse cloth, perhaps there was; as soon as India began to make coarse cloth, they went for something better.

Q. I have a high opinion of Indians in industries, they can compete with anybody. I have been out here for nearly 30 years and I know they can compete with any industry?

A. They only want a lead.

Q. You describe a foreign ship as anything that is not registered in India?

A. Yes.

Q. Would you discriminate, say, between a ship belonging to the Empire and a foreign ship?

A. Why not.

Q. Do you know there are foreign ships sailing on the coast now, I mean ships outside the Empire?

A. Yes.

Q. Now as regards the Shipping fund to be raised by taxing every ton of cargo. It has always been held that the tax on cargoes is essentially the concern of a Port Administration. If you tax a ship or its cargo, you would be trespassing on the preserves of the Port Trust?

A. Customs. It will be a surcharge on the Customs revenue, or a portion of so much per cent. on the customs revenue.

Q. That would reduce the Central revenues to Government?

A. You must spend from the revenues.

Q. You talk about the control of freight rates and fixing the minimum and maximum?

A. I am not for fixing the minimum, only maximum.

Q. Supposing you reserve the coastal trade; with the trade open to any number of Indian Companies, would they not compete amongst themselves?

A. Yes.

Q. Will conditions be better by Indians competing amongst themselves?

A. The consumer will be benefitted by the competition. I want that as soon as the competition dies out the powerful companies should be checked from raising their rates.

Q. Don't you think that the trade should look after itself in its own way?

A. If there is no competition.

Q. Looking at the question of the coastal trade being reserved for Indian-owned ships. Supposing that happened, would you leave the Companies to look after themselves?

A. Not until the Indian Mercantile Marine is developed.

Q. Supposing the Companies put their rates up?

A. The railway freight is almost nearly doubled and yet the trade has not suffered.

Q. That is because wages have increased?

A. The capacity to pay more must increase side by side.

Q. I assume that you reach a figure at which you kill the trade.

A. In this particular instance, there is no question of killing the trade. It is a question of welcoming the competition.

Q. This very natural desire on the part of the Indians to create an Indian Mercantile Marine, is it prevailing all over the country? Some people in Bombay, some in Calcutta, some elsewhere are in favour of it. Do you think the general body of the people have taken much interest in it?

A. If the question is put to them in a proper form, they will take an interest in it.

President.—*Q.* Can you get a majority in the Legislative Assembly?

A. Yes.

Sir Arthur Froom.—*Q.* Do the people of the country realize that it will cost a good deal of money and the cost will take the form of a tax?

A. The salt tax which was doubled has given the Government six crores of rupees with a stroke of the pen. If half of that is utilized for developing and encouraging the Indian Mercantile Marine that will be quite sufficient.

Q. You are in favour of Government helping?

A. Yes.

Q. You propose to deal with the coastal traffic first?

A. Yes.

Q. You start with the coastal service and supposing it is supported by Government, you think that reservation will produce the same amount of efficiency?

A. Not by a stroke of the pen. I should spread my programme, say, over ten years.

Q. You think that educated boys will go to sea?

A. Yes. We want to give them a chance; we can only judge by subsequent events.

Q. What I have noticed in Bombay is that no Indian boy goes in for yachting as a form of recreation. We have one of the finest harbours here and I have never seen an Indian boy on account of his love of the sea-going in for yachting?

A. There is a genuine desire for this particular line.

Q. I am talking of the educated boys. It has struck me as rather an extraordinary thing, that those boys who have a certain amount of money and can afford it do not go in for yachting?

A. If they have the facilities, they would take to yachts.

Q. There is facility; they can buy a yacht?

A. And maintain it at what cost?

Q. You said there were a number of Hindu Engineers on the coastal trade?

A. Hindus, Parsees and Muhammadans. The majority are Parsees.

Q. A previous witness told us there were no Hindu Engineers?

A. I have many times travelled on coastal steamers and come across Hindu engineers. As Manager of a group of mills, I have something to do with the engaging of Engineers. I receive several applications from Indians who have worked as sea-going Engineers, from Hindus, Parsees and Muhammadans.

Q. There are a number of Parsee Engineers at sea in possession of Chief Engineers' Board of Trade certificates; also Muhammadans although they do not hold the same certificates,—they go as drivers chiefly and have not progressed any further. The wit-

ness I told you of before said that there were no Hindu Engineers at sea?

A. My experience is that applications are received if you advertise for Engineers.

President.—Q. One question about rate wars. Supposing the coast was reserved for Indian shipping; would not a great many Indian Companies be formed and introduce rate wars?

A. Before the rate war comes into operation, there will be a certain number of Companies to compete, and once you create competition, you have no fear. Under my proposal the rates will be automatically checked.

Q. If you had no minimum rate, is there not a chance of big companies reducing their rates till you break the back of a small company?

A. The idea is to develop it first. It is quite natural that the survival of the fittest will go on. The question before us is to develop it first and leave it to take care of itself.

Diwan Bahadur T. Rangachariar.—Q. You have been connected with public affairs in the Bombay city for many years?

A. Yes.

Q. You have been in the Local Council, in the Legislative Assembly, you have been President of the Corporation, of the Indian Merchants' Chamber, also of the Piece Goods Merchants' Association. In many capacities you know the views of the public in these matters?

A. Yes.

Q. You have had occasion to get yourself acquainted with public views?

A. Yes, public views and public questions.

Q. Will you advise this Committee to accept the conclusions of the Indian Industrial Commission which sat in 1917-18 in respect of the relationship of the State to this industry also?

A. Yes.

Q. The question of the policy to be adopted by the State towards the industries of the country was carefully investigated by that Commission and they formulated their conclusions on it?

A. Yes.

Q. With reference to the shipping industry, you say there is a general demand for the development of the Indian Mercantile Marine of this country from the vocal section of the people?

A. Yes.

Q. There was one question put which rather weighs with me, that India is well served by a Mercantile Marine both for the coastal and overseas trade. What, then, is the necessity for developing an Indian Mer-

cantile Marine? As a business man tell us please why India should go in for it? What is the economic advantage to the country?

A. To have its own Mercantile Marine is a decided advantage to a country if that country wishes to be independent. Why is dumping stopped by legislation? Because it cheapens the cost to a consumer, so measures are rightly taken to stop dumping.

Q. You consider it will be economically advantageous for India to have her own Mercantile Marine?

A. Yes.

Q. You said that during the war the coastal trade suffered.

A. Considerably.

Q. For want of an Indian Mercantile Marine?

A. Yes. Railways were controlled by Government for movements of troops, stores, etc., people could not get any facility.

Q. If India is spending 12 to 13 crores per annum in coastal trade alone and if the coastal trade is confined to Indians alone, then all that money would be a saving to the country?

A. At present the whole money goes to foreign pockets and if an Indian Mercantile Marine is developed, then all this money would remain in the country. It will also increase the buying power of the country.

Q. Have the people of India any opportunities for the marine service of the world or of the companies which carry on trade with India?

A. I do not think there is any opportunity at present. If there is an Indian Mercantile Marine it would be a distinct advantage to the country.

Q. Is it these things that weigh with you and others when you say that the Indian mercantile marine should be developed?

A. Yes; although at present the cost of developing the marine may be high, eventually it will be of great advantage to the country.

Q. You were asked about the rate of interest being high. If you had really a good concern can you not borrow the capital in the London market?

A. If you are able to satisfy the London market the concern is a sound one, there will be no difficulty, but even in that case, India will have to pay a little more being a foreign government.

Q. Do you think that the high rate of interest should in any way deter the Government from raising loans in the London market?

A. I think it should not.

Q. What do you mean by saying that the Government should develop the ship-building industry?

A. I mean that the Government should be pioneers in the field.

Q. Would you require this committee to recommend to the Government that they should have their own ship-building yards?

A. If one desires to have his own mercantile marine, it necessarily follows that he must have his own ship-building yards.

Q. Not necessarily; you may have your marine by buying foreign ships.

A. I want shipbuilding also to be improved as an industry.

Q. Supposing it is possible to take over all the coastal trade by buying steamers in the open market, would you then also require the Government to open ship-building yards?

A. My suggestion is that the Government should also build ships so that this ship-building industry may thrive along with the development of the mercantile marine. The mercantile marine has to work both the steamers purchased in the open market and those built by the Government.

Q. As regards coastal trade, there are now two companies, the British India and the Asiatic. If these two companies which now monopolise the coastal trade are replaced by an Indian Mercantile Marine, then it would mean they have to disappear from Indian waters?

A. As a natural consequence of the development of the Indian mercantile marine, it would follow they would have to disappear from Indian waters.

Q. If the companies get to know that in the course of 10 or 15 years, they would have to withdraw from the coastal trade altogether, they might at once withdraw, then how would you meet the situation?

A. Then you will be able to develop the mercantile marine all the sooner.

Q. Will people come forward to take these lines?

A. I am sure if there is demand there will be supply immediately.

Q. Is it your opinion as a businessman that the shipping trade is so good that people would come in in large numbers but for this ruining competition?

A. Where there is a prospect of investing capital on a profitable return, there will always be capital forthcoming.

Q. Is it possible for the Government to reserve coastal trade just as you suggest without the consent of the companies which are now running unless the Government purchases hundred of steamers all at once?

A. The Government can charter the ships from other companies and in the meanwhile

the Government can develop the Indian mercantile marine.

The President.—*Q.* You have no Indian officers to run these ships at present?

A. I hope it is not suggested that officers should be trained first before ships run. Both things should simultaneously work up their course.

Diwan Bahadur T. Rangachariar.—*Q.* In case the companies withdraw immediately, the Government should be prepared to meet the emergency?

A. Yes.

Q. Do you think it would be difficult to buy ships in the open market?

A. I do not think there will be any difficulty in purchasing ships.

Q. Do you think that should stand in the way of reservation of the coastal trade being aimed at?

A. No.

Q. Would you be content with this definition of "Indian owned," that is:

"A company registered with a rupee capital with a majority of Indian shareholders and a majority of Indians on the Board of Directors."

A. I have my own views on that particular point. You cannot keep intact always a majority of Indian shareholders.

Q. Will you be content with a rupee capital and Indian management?

A. So long as management is concerned, I will be content with such a definition.

Q. You know that aliens are prohibited from owning ships in England?

A. That is just my idea here in India. Every nation should safeguard its own interests.

Q. As regards taxes on cargoes, what do you suggest?

A. I suggest that revenue arising from the shipping trade should be devoted to the shipbuilding industry.

Q. Can you suggest how much per ton of cargo should be levied?

A. To begin with, I should suggest one rupee per ton of cargo and that too for imports.

Q. In your written answers, you have suggested taxes both for exports and imports?

A. I have suggested taxes on cargoes exported in foreign ships to foreign countries.

Q. Do you think that it will in any way affect the export trade?

A. I do not think that a small percentage will affect it. The present rate for carrying cargo to Liverpool from India is 18 to 20 rupees. For export, it is I think 50 thillings per ton from Liverpool for the last five years. This tax of Re. 1 will come to only 1/20 of the freight paid for the cargo. I

think that will not affect the trade at all. The addition will fall on the consumer eventually.

Q. Do you think that the amount realised would be sufficient if it is ear-marked for the ship-building industry?

A. Yes.

Q. Do you think that the present customs establishment can be utilised for that also?

A. A certain amount of work would be involved but not much.

Q. Do you think that the Indian shippers will not raise any objection?

A. I do not think any possible objection could be raised.

Q. As regards the question of Indians seeking the marine service, do you think they will come forward in large numbers?

A. If a career is assured, then the Indian youths would come forward in large numbers.

Q. In your early days very few people took to riding; very few used to play cricket. Do they not now ride and do they not play cricket?

A. Thousands of people play cricket and many ride.

Q. Do you think there is anything inherently wrong in the Indian that he should not take to this avocation?

A. No.

Q. As a tax-payer you have no objection to risk this experiment being made?

A. It is not an experiment, but a necessity.

Q. As regards the question of rates, are they not as a matter of fact fixed.

A. Where there is extensive trading all the year round, people have to know before they enter into a contract what the rate is going to be. If the rates fluctuate then people cannot trade at all. For instance the rice trade between Burma and India is fixed generally for at least 12 months. It is very seldom the rates are varied; if they are varied they are for valid and special causes.

Q. Would you advise the Government to run their own ships to carry Government goods?

A. In one of my answers I think I have stated the Indian ships should carry the Government stores.

Q. Now you have no Indian mercantile marine; till it is developed, would you advocate the Government of India to retain the ships in their hands?

A. Yes. They must avail themselves of the present opportunity.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You said the country must have its own mercantile marine, if it is to have indepen-

dence. I do not think you mean political independence?

A. I meant economic independence.

Q. How many ship yards do you want to be started under expert management?

A. I should be satisfied with one only at present, either at Calcutta or Bombay. I think if the present dockyards can be extended they will amply serve the purpose.

Q. After a sufficient number of ships had been built and after a sufficient number of men have been trained up, would you desire the Government to continue the business or would you like the Government to hand it over to private enterprise?

A. In the absence of any private enterprise, I think the Government should continue to maintain the dockyard. But as far as the shipbuilding portion is concerned, as soon as a desire from the public is forthcoming to build ships, the dockyards should be given to the highest bidder. If it is a specially started dockyard like the Government dockyard, then it may not be possible for the Government to sell it out-right.

Q. You accept the definition of an "Indian owned" company suggested by Mr. Rangachariar?

A. Yes.

Q. When you meant that the management should be Indian, you meant that that the Directors should be Indian?

A. Yes.

Q. There are the Tata Sons where non-Indians are appointed. I suppose you have no objection to such exports being appointed?

A. No. If a company is floated and registered in India it should be managed by either Indian directors or Indian agents.

Q. Would you insist, that the management should be Indian in order that the company may receive bounties?

A. Yes. But I would not object to the managers or the technical men being non-Indians.

Q. What is your suggestion in regard to income-tax?

A. Supposing I have to pay 5 lakhs as income-tax. My suggestion is that I should carry to a reserve fund particularly started for the shipbuilding industry the amounts I am bound to pay every year to the Government as income-tax. I would accumulate the amount for a considerably long period and then I would spend it on shipbuilding industry.

Q. What sort of guarantee would you give the Government that you would spend this money on ship-building.

A. I think the scheme can be worked out on the lines I have indicated in my written memo. of evidence.

Q. Was it not a fact that in the beginning of the Victoria Technical Institute there was a complaint that high caste Hindus would not take off their coats and mix freely with manual labourers?

A. There was such a complaint before but now all that has disappeared. I myself have worked with coolies. It is no longer considered beneath one's dignity to mix freely with labourers.

Q. Will that difficulty remain as regards mercantile marine engineering?

A. I expect no difficulty on that score. That complaint has died out long ago.

Q. Sir Arthur Froom asked you a question about Indian boys not going to the sea. Do you know that in small coastal towns young boys always resort to the sea; they take to boating and so on? I know this is so in Surat, Broach, and Kathiawar.

A. I cannot speak on this point from experience; but there is nothing unusual about it.

Q. Do you think that the levy of Re. 1 per ton of cargo will affect the trade appreciably?

A. No, it will not affect the trade; it is only for export trade outside India.

Q. You know that the Government of India have agreed to put aside 30 crores of rupees per annum for five years for repair work and extension of Railways?

A. Yes.

Q. If one-tenth of that amount is taken for the Mercantile Marine, how is it going to affect the general tax-payer?

A. That is my proposition; it is not going to hit anybody.

Q. You do not favour a minimum freight?

A. No.

Q. Why? We have been told that a minimum freight should be fixed. Otherwise a rate cutting war might continue and the smaller companies might be wiped off.

A. There is a difficulty in fixing a minimum rate. Will you fix it for each line of steamer or generally for all? It is impossible to fix a minimum for each company from port to port.

Q. We were told that the Rebate system is an unfair competition and one of the witnesses told us just now that it should be made illegal. Can you give us your reasons for that?

A. It is to some extent restraining the constituents from taking advantage of any other line of steamers. Supposing I send my piece goods to Calcutta by B. I. and get a rebate of a certain amount at the end of the year. If I happen to ship by any other line, I forfeit my rebate. Practically I am

bound by that steamer; therefore, I say it is unjust and should be checked. I am not, of course, against the rates being fixed by contract, I am against the Rebate system.

Q. In reply to Question 48 you say that you are against giving any scholarship for the purpose of training any cadet in England. But during the transition period, would you have any objection to sending men out for training?

A. My objection is that if we sent out men for training we will have no facilities out here. As Indians we should have our own equipment. Scholarships will always be granted because it is cheaper. Say £50 or £100 and send out five or ten students every year costing about £1,000 or £2,000 every year, whereas to maintain a College it will cost several thousands.

Q. You said in reply to Sir John Biles that the mail contracts between Britain and India were actually carried out by negotiation, and not under the orders of the Secretary of State. Do you think they could carry out terms which will be profitable to India?

A. There is every probability of that being done.

Q. Government Postal contracts on the coast. You will give this to Indians at once?

A. Yes. The difficulty of negotiation does not arise in this case.

Q. You said that the coastal trade could be reserved for Indian Companies in, say, 15 years. We had one witness who said it could be done in five. Do you think it could be done in 5 or 10 years?

A. My estimate is 10 to 15 years.

President.—It takes 8 years according to law to make a Master mariner.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. The coastal traffic managed by Indians will always employ Englishmen to start with?

A. I do not object to expert people being engaged from any part of the world. As we get experience, dispense with them.

Mr. Jadu Nath Roy.—Q. If consumers have to pay for these bounties, is not this rather unfair?

A. New careers are open to them and new industries in the country.

Q. Sir Arthur Froom was telling us about Indians not taking to yachts. Indians go in for rowing, I know?

A. I am not prepared to answer that.

Sir Arthur Froom.—Q. You know that in Great Britain no aliens are allowed to own ships?

A. Yes.

Q. In India also no aliens are allowed to own ships?

A. That is a common law.

Q. That does not prevent an Englishman from owning a ship in India or an Indian from owning a ship in Great Britain?

A. No.

Q. The Japanese cannot own a ship on the English coast, because he is an alien.

A. Yes.

Q. There is no question of aliens between Englishmen and Indians?

A. It may come later on when the whole thing is developed. Free trade must survive.

Q.—When I suggested about Indian boys not taking to sailing, I never suggested there was anything inherently wrong about them. It is a mere natural taste. I do not go in for yachting myself, because I get seasick.

President.—Thank you very much.

Witness No. 5.

Mr. HIRALAL DAYABHAI NANAVATI, Solicitor, 80, Esplanade Road, Bombay.

Written statement, dated the 2nd April 1923.

Q. 1. The present condition of the Shipping Industry in India is absolutely disappointing and highly unsatisfactory.

Q. 2. The conditions which militate against the development of Shipping enterprises by the people of India are:—

1. The competition of foreign companies, established in Indian Waters since many years with the sympathy and help of the Indian Government.
2. Absolute indifference of the Government of India towards the Indian Shipping enterprises, the result being the strangulation of Indian enterprises by the said vested interests.

Q. 3. No. 1

Q. 4. Yes. State aid is necessary as well as desirable for developing Shipping industries inasmuch as Shipping industries in other countries have been and are being developed by State aid in various ways. There is no reason why in India the State should neglect these very important industries, which bring prosperity in times of peace and are useful for offence and defence in times of war.

Q. 5. Construction and navigation bounties and restriction of Coastal Navigation to Indian Vessels, Loans on easy terms, preferential Railway rates and preference in all Government work including the carriage of post are some of the methods by which State aid ought to be given.

Q. 6. Legislative measures would be necessary for the purpose of reserving the Coastal Navigation for the ships owned by Indians and for the purpose of declaring the system of deferred rebate illegal. The reservation

of coastal trade should be made gradually perfect, say within the next five years, by a reduction of foreign tonnage say 20 per cent. every year.

Q. 7. Navigation bounties should be given only to vessels owned by Indians and on the Indian Register and trading—

- (a) between Indian Ports,
- (b) between India and Ports abroad but not to
- (c) those trading between ports outside India.

So soon as the Coastal trade is completely reserved for Indian owned Vessels, the same may be stopped.

Q. 8. So far as Vessels engaged in Coastal trade are concerned, the question of specifying the route does not arise. So far as the Vessels trading between India and other ports are concerned I would not give preference to any particular route but would allow the foreign export and import trade to have its own course.

Q. 9. I do not advocate any limits to gross registered tonnage but would like to regulate the navigation bounty according to speed and age of the vessels.

The minimum speed and maximum age of the vessel should be laid down after a careful consideration of the existing vessels likely to assist the Shipping Industry so as not to exclude them.

Q. 10. I would follow the lines laid down by Japan and the United States.

Q. 11. Yes. 7 (c) I have already excluded. The answer therefore applies to 7 (a) and 7 (b). In this I would follow the lines laid down by Japan.

Q. 12. It is not possible to answer this question now. We must wait for some years

and see the developments which take place after the introduction of the Navigation Bounties.

Q. 13. As the building of large vessels is not done in India on account of the absence of facilities I would not at present go so far as to say that no navigation bounty should be paid to vessels built outside India, but for such vessels I will put in a condition, viz., that the same should be owned by Indians and be on the Indian Register at least for one year prior to their becoming eligible for the bounty.

Q. 14. Not possible to fix any period now. Much will depend on the State aid for construction of vessels in India and the results thereof.

Q. 15. Yes. Most certainly.

Q. 16. I would exclude the employment of Non-British Subjects as well Non-Indian Subjects, but not of Non-British Indian Subjects (meaning thereby natives of India domiciled within the territories of the Princes and Chiefs in India).

The exclusion, however, cannot be effected immediately but after five or seven or even ten years when we have Indians ready to fill up the vacancies.

No exceptions need be made and no such power be reserved to Government.

Q. 17. Certainly.

Q. 18. The Indian Coasting Trade Act V of 1850 should be amended so as to reserve the Indian Coasting trade for the development of Indian Mercantile Marine. This may be done gradually in 5 or 7 years.

Q. 19. The effect would be to build up an Indian Merchant Marine so far as the Coastal trade is concerned.

Q. 20. Yes.

Q. 22. For the present I recommend the establishment and development of Government Dockyards for the purpose of building ships. Later on private Dockyards should be encouraged.

Q. 23. Most unsatisfactory.

Q. 24. The situation is unsatisfactory. The advantage obtained by other countries of being in the line for a long time and the absence of State aid militate in my opinion against the development of shipbuilding industry in India.

Q. 25. No.

Q. 26. Yes.

Q. 27. Construction bounties, and cheap loans.

Q. 28. Legislative measures giving preference to Indian made vessels are necessary.

Q. 29. Yes.

Q. 30. No. Construction bounties should be given to Vessels of steel as well as of

wood. Minimum gross tonnage should be 1,000.

Q. 31. I am not prepared for the details.

Q. 32. Yes.

Q. 33. Yes. Such of them as can be had cheaper outside India.

Q. 34. If Construction bounties are given, no Custom Concession need be given as they are likely to be abused.

Q. 35. See reply to Question 34.

Q. 36. The same is not carried out on a scientific or intelligent basis. The present condition is unsatisfactory.

Q. 37. Want of encouragement.

Q. 38. No.

Q. 39. Yes.

Q. 40. Construction bounties should be given to wooden ships over 500 tons.

Q. 42. Yes.

Q. 44. Yes. If proper facilities are given to them to acquire the necessary knowledge both scientific and practical and after they acquire the knowledge suitable openings are afforded to them.

Q. 45. Most certainly. The Government should take active steps to provide for—

(a) their training;

(b) future employment;

(c) facilities for further studies, etc.

The State should not leave these measures to private enterprises. If the Government makes a beginning, private enterprise would follow.

Q. 46. Preliminary training in a training ship or establishment on shore would be of great assistance and usefulness.

Q. 47. Yes. Preliminary training should be given in India and the Government ought to support a training ship or establishment.

Q. 48. In the beginning for some years some cadets may be trained in England, the Government granting them State Scholarships.

Q. 49. At each of the principal ports in India, viz.: Bombay, Calcutta, Karachi and Madras a training ship or establishment should be located. The maintenance charges of such establishments should for the first five years be met wholly by Government, and the same may thereafter be met partly by Government grant, partly by a grant from Indian Merchant Shipping Companies and partly by fees.

Q. 50. Yes. I do.

Q. 51. Yes.

Q. 52. The shipowners are not generally willing to accept apprentices. But in case of those who receive any State Aid they are bound to accept apprentices without any premium if the State Aid is given to them on those terms.

Q. 53. The Government should pay a portion of the premium only.

Q. 54. Partially by Government expenses, partially by premiums and partially by freight, etc.

Q. 55. Yes.

Q. 57. Yes.

Q. 58. At each of the principal ports, viz., Bombay, Calcutta, Madras and Karachi.

Q. 59. Yes.

Q. 60. Yes.

Q. 62. No.

Q. 63. No.

Q. 64. A combined training ship for Royal Indian Marine and Indian Mercantile Marine.

Q. 65. Yes.

Q. 66. So long as an Indian Steamer Company is available to execute the postal work

on the same rates and as efficiently as at present, preference should be given to the Indian Company in respect of Mail Contracts.

Q. 69. If direct aid mentioned above including the reservation of Indian Coastal Trade, is given, indirect aid may not be given.

Q. 70. The question of finance is undoubtedly be most important question.

Assuming that Government is not in a position to save funds necessary for the State Aid recommended above, the most just and equitable course for the Government would be to impose a small tonnage tax on vessels coming to Indian Ports, say at the rate of 8 annas a ton on cargo cleared. This would yield an amount sufficient to give the necessary State Aid to raise an Indian Mercantile Marine.

Oral evidence, Bombay, the 27th November 1923.

President.—Q. You say in your reply to Question 2 that the conditions which militate against the development of shipping enterprises by the people of India are due, firstly, to the competition of foreign companies established in Indian Waters. By foreign companies, you mean British companies?

A. Those which are not owned by Indians. I include British as foreign.

Q. You say "with the sympathy and help of the Indian Government." Will you enlighten us on that? In what way has the Indian Government helped the Shipping Companies?

A. All the Government work, transport of Government Stores, mail contracts and such other work are entrusted to the Companies.

Q. I think I am right in saying that, as far as the mail contract is concerned, tenders are always called for.

A. That is true, but seldom is any Indian Company given the contract. The result remains the same as far as I can see.

Q. Can you give me the name of any Indian Company that has tendered for mail contracts?

A. I cannot give any example at present.

Q. As far as transport work is concerned, surely certain Indian-owned ships were utilized during the war?

A. In the war time it was an exceptional case. Government had to fall back upon every available tonnage that it could get.

Q. But I mean in peace time? I am the Principal, Naval Transport Officer, and as such am entirely independent of the Govern-

ment of India. Supposing I had to send a regiment of Indian troops to Basrah tomorrow, there would be no question of giving the transport to any particular line. I can take a ship irrespective of who it belongs to.

A. That is true; but having regard to the want of sympathy, the Indian marine has not yet attained that stage.

Q. I do not mean the Indian Marine.

A. I quite agree with you that if an agreement is to be made at present you will probably go in for a ship which takes the Army as cheaply as possible. But I think you cannot compare the stage at which the Indian Mercantile Marine has advanced at present so as to put that on a competition with the existing Shipping Companies.

Q. You again say "the indifference of the Government of India towards the Indian Shipping enterprises." Has the Government of India ever been approached by any Indian Shipping Company for help?

A. Direct aid, you mean?

Q. Either directly or indirectly.

A. So far as I know the Scindia Steam Navigation Company once approached Government for a coal contract between Rangoon and Calcutta and that was not given.

Q. Do you happen to know why it was not given?

A. The reasons were made public by a Press Communiqué and at least to my mind they were not convincing.

Q. Do you remember what they were?

A. I do not exactly remember them now.

Q. I remember that three years ago when I was purchasing very large quantities of

coal in Calcutta and wanted to bring them here by sea (it was in 1920), no British ships were available and certainly no Indian ships came forward and I had to get a Japanese ship to bring them.

A. I am not in a position to contradict that statement.

Q. Having stated that there was lack of sympathy and indifference on the part of the Government of India, I wanted to know if you could give us some specific instances in which they have been indifferent, so that we could mention them in our Report and endeavour to get that attitude changed.

A. There must be active sympathy on the part of the Government.

Q. You want them to do things without being approached.

A. I think now that Government have been sufficiently approached and made to appoint this Committee.

Q. You said that legislative measures would be necessary for the reservation of the coastal trade for ships owned by Indians. The British Shipping Act lays down that anywhere in the British Empire, British ships may ply; that is just the same as an Indian ship may ply on the coast of England, so an English ship may ply on the coast of India. What legislative measures do you contemplate by which you can amend this British Shipping Act?

A. So far as coasting trade is concerned, I wish it to be reserved for ships owned by Indians.

Q. Would you define what you mean by an Indian owned ship?

A. It is "owned by an Indian or by a company the majority of whose directors are Indians and the majority of whose shareholders are Indians."

Q. How would you get over the law of England?

A. By getting it amended.

Q. Do you know what difficulty it would necessitate to amend an English law?

A. In the Legislative Assembly, a resolution may be passed requesting the Governor-General to move the Secretary of State for India to get the British Shipping Act amended. If the Government of India tries, it can get the Act of Parliament amended so as to help the Indian Mercantile Marine.

Q. I take it that you suggest that we cannot declare the deferred rebate system illegal without putting something in its place. For instance take the line between Bombay and Karachi, unless cargo was forthcoming the companies could not keep the lines running. If you take away the deferred rebate system without substituting

something in its place, you run the risk of the company closing the lines.

A. I do not think that would be the result of the deferred rebate system being taken away. The deferred rebate system tends to give a sort of monopoly to certain companies. So far as the coastal trade is concerned, I think whoever takes the coastal traffic would be bound to run the vessels according to the contract. It will be a contract with the Government to run the vessels properly, regularly and so on. That does not require anything to be substituted for the deferred rebate system.

Q. If you had only to carry mails, that could, of course, be done in small vessels. But the difficulty comes in in taking passengers and cargo. That would be greatly affected if the deferred rebate system is abolished.

A. I am sure that the abolition of the deferred rebate system will not bring about the result you anticipate, namely, irregular transits from one port to another.

Q. Supposing between Bombay and Karachi the freight is Rs. 25 and the rebate is Rs. 4; supposing the deferred rebate system is declared illegal, then the rate of freight is likely to go up to Rs. 29. Would not the country be worse off by its abolition?

A. I think if there is competition, the rate would be fixed at Rs. 21; the rebate would go.

Q. Supposing the coastal trade is reserved for Indians, how long do you think it would take for the trade to completely pass into Indian hands?

A. I think it would take 10 years.

Q. Could you not suggest some scheme by which this Indianisation of the coastal trade could take place?

A. By restraining the other vessels ten per cent. every year.

Q. How has this to be worked up?

A. If once the Government makes up its mind to reserve the coastal trade for Indian owned ships, then the Indian mercantile marine should be strengthened immediately.

Q. Do you propose to strengthen the Indian Mercantile Marine by acquiring ships?

A. I should think that the merchants themselves would acquire ships. If they once get to know that the coastal trade is reserved for them, a large number of companies would be floated for the taking over of the coastal trade.

Q. What is the rate of bounty that you would advocate for vessels?

A. The committee itself has given in the questionnaire the lines on which other countries have proceeded. I would follow the

lines laid down by the United States and Japan

Q. We want your assistance in this matter. Would you exclude non-Indian subjects from the operation of bounties? That is would you say a British resident in India is a non-Indian subject for this purpose?

A. If he is permanently domiciled, he is not a non-Indian.

Q. Would you exclude British officers from serving in the ships on the coast?

A. Not for some time to come, until we have Indians trained and educated for that purpose.

Q. Do you advocate Government dockyards for shipbuilding?

A. At present Government dockyards are quite indispensable.

Q. I take it that the Government should not compete with private enterprise; if so, why do you advocate the utilisation of Government dockyards?

A. At the present moment there is no private enterprise at all and so the Government should give the lead in the matter by spending money.

Q. Do you think it is possible to carry on wooden shipbuilding on such a scientific basis as to make wooden ships quite as efficient as steel?

A. I do not think wooden ships can be quite as efficient as steel ships, but the wooden ships would be of use to the country so far as coastal routes are concerned.

Q. Take the wooden ship trade between Burma and the East Coast, do you think that irrespective of the conditions of the country wooden ships would be more economical than small coasting cargo steamers?

A. They would not be more efficient but as regards economy I am not in a position to give any advice in the matter.

Q. Would the committee be well advised in recommending to the Government to grant subsidies to wooden shipbuilding or would it be advisable to recommend that no subsidies should be given for wooden shipbuilding?

A. I wish, Sir, that the committee recommends to the Government that some assistance should be given to the wooden shipbuilding industry, irrespective of the fact that they are inefficient.

Q. When they are inefficient why do you advise the Government to grant a subsidy?

A. Undoubtedly they are inefficient; but for carrying goods to small ports, they would quite well serve the purpose.

Q. Is it that you want this industry not to come to an end? Would it not be unfair that the committee should recommend to Government to subsidise wooden ships when

they could conveniently recommend subsidies for the better class of ships?

A. I would devote my first attention to the steamship industry. If anything can be done, it should be done also for wooden ships.

Q. Can you give any trade in India where wooden vessels are more usefully employed than small coasting steamers?

A. I am not prepared to give an instance at present.

Q. Do you think that there are in India a sufficient number of well educated boys coming from decent families—of the same class as English boys—who would join the cantile marine ships and fully man them?

A. I think if an opening is given, they would come in large numbers.

Q. Do I understand you to say that the 2,000 European officers who are now employed by the British India and Asiatic Steam Navigation Companies could be replaced by an equal number of Indian officers within a period of ten years?

A. If the same prospects are held out, I am sure the required number of Indian officers would be forthcoming.

Q. Have you amongst your friends or relatives any one who has expressed a desire to be out at sea?

A. I cannot give information on this point off hand. But I will say that those who are at present in the marine service cannot rise above Rs. 200 or Rs. 300. The prospects at present are not sufficiently attractive.

Q. Do you think that the Hindu would give up his caste prejudices and be prepared to live and dine along with people of other castes? If the Indians are taken on as apprentices, they cannot be given separate accommodation in the ship according to the caste.

A. I do not think there will be any insuperable difficulty in giving them some accommodation. I find some accommodation is given to Hindus in passenger ships.

Q. We are making a business proposition of a ship. If you give up space which would otherwise go to passengers, it would never pay.

A. We may get a lot of Hindus as apprentices who may not require separate accommodation. The best men are not confined only to those who have scruples. I think there will be no difficulty on this score.

Q. Do you advocate that Government should give facilities for higher studies?

A. Yes.

Q. The Government in England do not undertake the further studies of executive officers. It is all done by private enterprise.

A. In the commencement, the Government should provide facilities for higher studies.

Q. You think the boys in a training ship should pay the fees as they do in any other school?

A. Yes, I think they should pay the fees.

Q. Have you any idea what the cost of training would be?

A. I saw the statement of cost sent in by the Scindia Steam Navigation Company and I agree with that.

Q. Do you think that a student should be charged fees sufficient to make the school self-supporting?

A. The student would not be able to pay such fees as to make the institution self-supporting.

Q. Do you advocate the levy of a small tonnage tax of 8 annas or so per ton of cargo?

A. In the absence of the Government not having any money to spare, I advocate this tax for the development of the Indian mercantile marine.

Q. Do you not think that this would affect the trade adversely?

A. I think the levy of such a small tax would not appreciably affect the trade.

Q. Would it not affect the poor consumer?

A. I think the consumer would be compensated in many other ways by the country becoming prosperous and so on.

Mr. Jadu Nath Roy.—Q. Is it not true that after killing the competition from other companies the existing companies would raise their rates?

A. I do not advocate the killing of competition. I say if the coastal trade is reserved for the Indian companies, foreign competition will die out, and Indian companies will compete with one another.

Q. Is it not difficult to reserve ten per cent. of the coastal trade this year, another ten per cent. next year and so on until at last the whole coastal trade passes into the hands of the Indians? Instead of this system would it not be better if certain ports where trade is flourishing are selected and they are reserved for this year and so on until the whole coastal trade passes into the hands of Indians?

A. I think that may be better.

Q. Will it not be advantageous and more economical for the Government to develop the present dockyards for the construction of Indian ships?

A. I think the existing dockyards would be productive to a certain extent.

Q. Is it not a fact that there are already several people who have no religious scruples but they do not come forward because there is no attractive career on the sea at present?

A. Yes. There will be no insuperable difficulty in getting the number of youths for training in the Indian mercantile marine.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You are a director of the Scindia Steam Navigation Company?

A. Yes.

Q. In answer to a question by the President you said that in one case the Scindia Steam Navigation Company did not get a contract for coal from Calcutta to Rangoon. Do you know that attempts were made to secure the contract, but that no action was taken by the Government in the matter except the mere issue of a Press Communiqué?

A. Yes, a Press Communiqué was issued but it was not convincing.

Q. Do you remember or have you heard that when the Government of India stores were brought out from England the High Commissioner was approached by the Scindia Steam Navigation Company and without calling for tenders other Companies were asked to carry the cargo?

A. I have heard of it.

Q. There are at least two instances where Government have not given an equal chance to Indian Companies?

A. Quite so.

Q. You as a lawyer must have studied the Government of India Act carefully.

A. I have.

Q. Also the Joint Committee's Report and the speeches made on that occasion. You remember it was stated in both Houses of Parliament and in the Joint Committee's report that fiscal autonomy has been granted to India?

A. Yes.

Q. If the Legislature introduced a Bill and if the Government of India approved of it, would we not be able to reserve our coastal traffic for Indian Shipping Companies?

A. I have not considered it from the lawyer's point of view.

Q. I am told that on the Australian coast owing to the labour trouble an Indian ship would not be allowed. Have you any information on this subject?

A. No.

Q. If it is a fact that Australia can prevent Indians from going on their coast, India, if it has Dominion status, can prevent Australian ships from coming to India?

A. Whatever other countries do, I think it is the duty of the Government of India to assist the Indians, particularly in this industry.

Q. You say Indian Companies with a majority of shareholders. Do you insist that the majority of Directors should be Indians?

What is your definition of an Indian Company?

A. A company registered in India. I thought that if 60 to 75 per cent. were shareholders there would be Directors in the same ratio.

Q. Not necessarily. There were a large number of shareholders in the Imperial Bank in Madras for a number of years, but they could not get an Indian Director.

A. Then I would correct my statement. By an Indian Company, I mean a Company where there are Indian shareholders to the extent of 60 to 75 per cent. and Directors in that proportion.

Q. Supposing these shares were taken by Indians and later on sold to Europeans. Would you prevent their sale to Europeans or non-Indians?

A. If I wish to continue the Company as an Indian Company I would do it.

Q. Supposing 60 per cent. of the shares are not taken by Indians?

A. I do not think that can necessarily arise.

Q. In reply to the President you said that doing away with the Rebate system would lead to the abolition of the monopoly. Is there no danger of any of the Companies going out altogether, because they are not safe there? Supposing a company which has been doing business for 20 years and which has got a certain hold over its customers is done away with and if there is undue competition, the older companies might go off and the new companies may not be able to carry on?

A. If there is healthy competition, it will be of use both to the country as well as to Government. If there is undue competition then I think the older companies will survive and the younger companies will have to go.

Q. You do not fear that the older companies will walk out because of the competition of the newly started companies?

A. I do not think so.

Q. You want 10 per cent. of the coastal traffic to be reserved for Indian Companies every year? Do you think Indian capitalists will come forward to buy boats and run them at the rate of 10 per cent. if your condition is accepted?

A. The arithmetical basis may not be practicable; perhaps the suggestion to reserve the coast between certain ports may be better.

Q. Even in that case, do you think private capital will come forward to start this industry to run the coastal trade?

A. I should think so; I have no doubt about it.

Q. If private capital does not come forward, would you recommend that Government should

buy the boats in the first instance and also run them as a State Shipping concern?

A. I do not want to support that.

Q. In reply to Q. 22, you recommend the establishment and development of Government dockyards for the purpose of building ships. Will you be satisfied with one dockyard?

A. At least two, one in Bombay and one in Calcutta.

Q. You have no estimates as to what they would cost?

A. No, I think that on this point details will be given by other witnesses. I have not worked out the details, but I am quite willing to assist the committee in any way I can.

Q. In the same reply, later on you say that private dockyards should be encouraged. Can you tell us how?

A. If Government establishes two dockyards, one in Bombay and one in Calcutta, later on Government may encourage a private individual to open a private dockyard for instance at Karachi.

Q. You do not intend that a Government dockyard should be transferred to private companies?

A. Shipyards should first be established by Government and later transferred to private companies; I want them to be pioneered by Government in the first instance and then given to Indian companies.

Q. You said in reply to Q. 70 that you would impose a small tonnage tax of, say, 8 annas per ton on vessels coming to Indian ports. Will that affect the consumer or the general tax-payer?

A. It will not.

Diwan Bahadur T. Rangachariar.—Q. Do you think that if you had healthy competition Indian companies would be successful without any other protection? Supposing there is no under cutting, do you think that alone will be sufficient to develop an Indian Mercantile Marine?

A. In the commencement Government ought to give bounties. Mere healthy competition will not do to develop an Indian Mercantile Marine.

Q. There will have to be reservation of coastal trade as well as bounties?

A. Yes, I think this is essential for development.

Q. From your own knowledge of things, do you not think that the Indian Mercantile Marine will develop of itself?

A. No.

Q. What is your plan? Do you hope to develop Indian shipping, gradually by reserving the coastal trade at the rate of, say, 10 per cent. every year.

A. Foreign ships would be restricted by 10 per cent. every year; side by side, the Indian Mercantile Marine will develop to that extent.

Q. Suppose you start with the licensing system and only those who take out a license should be allowed on the coastal trade. I take it your idea is that Government, having regard to the requirements of the trade, will fix the number of ships which will be licensed to trade on the Indian coast every year of which 10 per cent. will be Indian ships, that is to say if there are applications from Indian companies, they will have priority to that extent?

A. Yes.

Q. Supposing in the first year there were more than 10 per cent. of Indians applying, would you give them the priority also?

A. Simultaneously Government will have to restrict also foreign companies carrying on the coastal trade. Government will have to stick to some definite plan.

Q. Supposing in the first year you want 100 steamers, of which 30 are offered by Indian companies. Your plan of 10 per cent. will not work. Would this stand in the way of Government giving priority to 30 in preference to any foreign firm?

A. I do not think it would be right.

Q. You want eventually to drive out the foreign firms?

A. That is true, but once we lay down a programme we will have to stick to it.

Q. Even if there are Indian companies coming forward sooner than is anticipated?

A. Therefore, the better plan seems to me that which was suggested by Mr. Jadu Nath Roy, that certain ports should be reserved and every year we should go on increasing the number of ports.

Q. You mean steamers should call from port to port or at one particular port?

A. Between two ports on the Indian coast, reserve it for Indian shipping and go on gradually eliminating all ports from foreign hands.

Q. But what is your objection to the State itself buying or chartering, say, 100 steamers at once, running them and gradually giving them away to Indian companies when formed. Your object is to reserve the whole of the coasting trade to Indian-owned ships; if that object has to be attained, the sooner the better. It comes to gradually killing the foreign companies.

A. Virtually that is the object.

Q. That being the recognized object, you must do it, I suppose, in a just way without putting the foreign companies to great loss. What then is the objection to the State

chartering these steamers and giving them over to Indian companies?

A. That seems to be a more simple plan of effecting the object.

Q. After all Government by chartering the vessels incurs an annual recurring expenditure and by chartering or buying the steamers they incur necessarily some expenditure and the object of Indianizing the coastal trade without injustice is achieved?

A. Quite true, but then there must be the provision for giving them over every year to the Indian companies that are formed. It should not be a permanent State concern.

Q. Do you see any flaw in my scheme?

A. I do not at present. This suggestion has not occurred to me before.

Q. I should like you to think about it and enlighten us if you find any flaw in it.

In answer to Q. 2 you say "absolute indifference of the Government of India towards Indian shipping enterprise, the result being the strangulation of Indian enterprises by the said vested interests." Do you say that of your own personal knowledge?

A. Of course, I know this as Director of a Company.

Q. That is, when they cut down prices they cut down below the actual working cost?

A. Much below the actual working cost.

Q. Your answer to Q. 7. You do not want bounties to be given for those trading outside India; your object is merely to develop the Indian Mercantile Marine for coastal trade, not for ocean-going steamers?

A. I want bounties to be given until the whole of the coasting trade is reserved for Indian shipping.

Q. What is your object in giving bounties when you reserve the coastal trade? I take it that the coastal trade is a paying concern.

A. In the commencement the whole of the coastal trade would not be reserved. It will have to be done gradually; until then bounties should be given. Next, between India and ports abroad, those which do export and import work may be given bounties.

Q. You would give bounties to those trading from India with foreign ports?

A. Yes.

Q. Why do you say the same may be stopped as soon as the coastal trade is completely reserved. You don't mean to say that navigation bounties for ocean-going steamers should not be given?

A. No, my statement applies only to (a) of Question 7.

Q. What is your object in recommending two shipbuilding yards, one in Bombay and one in Calcutta? Don't you think it will be

rather expensive. If your object is merely to pioneer and instruct the people as a demonstration to develop private yards, what is the object in having two?

A. Regard must be had to the length and breadth of India.

Q. But surely if people are interested in a concern like this, do you think it is right that you should advise Government to incur expenditure to build two yards unless it is absolutely necessary?

A. I think that in order to give all people an impetus we must have at least two.

Q. For the matter of that, Calcutta and Bombay are two corners.

A. If it is a question of money, at least one should be established.

Q. Supposing openings are held out in the first instance to Indians, do you think it would be wrong on the part of Government to offer scholarships?

A. I have said that in the commencement Government should give scholarships, and also take some apprentices. This would attract the people and divert them from their ordinary walks of life.

Q. Do you think the class of people who are wanted as officers would take to a seafaring life?

A. They do not want Brahmins or Banyas. I think some confusion is being made with regard to the intelligentsia. To my mind the intelligentsia who ought to be attracted to this industry would be that class of people whom we know are well adapted for handicrafts. I do not suggest that the Brahmins will not go, but the character and ability is not confined to the highest classes. There is no insuperable difficulty in my mind to attract the necessary number of people required for this industry, because education is now open to all.

Q. From your experience are not the highest class of people throwing away their prejudices now-a-days?

A. A good many of the old objections are dying out.

Sir Arthur Froom.—Q. Where you say in reply to Q. 2 "with the sympathy and help of the Indian Government," do you say that just as a passing remark inasmuch as Government has not been actively of assistance to Indian-owned companies?

A. In my opinion Government have not done what they ought to have done. An industry like this cannot thrive without the assistance of Government.

Q. Do you mean that Government have been sympathetic towards foreign companies? I won't press the question, but I want to disabuse the minds of the public of a false impression.

A. I will put it this way. If Government had shown the sympathy with Indian Companies which they ought to have done, these companies could have come into competition with the foreign companies. I am not at present ready to substantiate this with facts and figures.

Q. Anyhow, Government have not shown financial sympathy with other Companies?

A. No.

Q. You dislike the Deferred Rebate system?

A. Certainly.

Q. Have you read the report of the Imperial Shipping Committee on the Deferred Rebate System?

A. I have not read it.

Q. It is a very interesting report; on it there were representatives of shippers and ship-owners and leading commercial men. Would you throw open the coastal trade to any number of Indian Companies and not reserve it for any one company?

A. I won't reserve it for one company.

Q. At the present time there is an Indian Company on the coast. How would they like it?

A. It is not a question of their liking it. I am speaking from the point of view of the public.

Q. I am thinking of the Scindia Company. At present this company is trading on the coast in equal competition with other companies. If the "foreign" companies were eliminated, there will of course be a lot of other Indian companies and they will compete with the Scindia Company. How would the Scindia like this?

A. They ought to like it if they have any sense of patriotism.

Q. Don't you think the Scindia Company would try and take some steps to keep the trade to itself?

A. If the Deferred Rebate System is done away with, they cannot introduce something like that for their own purposes.

Q. If you take away the deferred rebate system is it not necessary that you should come to some other agreement?

A. I do not think if the deferred rebate system is done away with any other system should come in its place.

Q. Supposing a company says to a group of shippers: We will always keep the trade between Bombay and Karachi. We will always supply you with tonnage even though you may not have sufficient cargo to fill our ships. That is one side of the bargain. On your part you must always ship in our ships. What do you call this agreement? Is that not practically a deferred rebate system?

A. The Company does not offer anything beyond their services in consideration of the shippers shipping in their company. No money consideration passes and so it is not the deferred rebate system. The freight charges will be the same. In the deferred rebate system it is not so; there the company gives the shippers a rebate on the freight at the end of a stated period.

Q. In effect is it not that the shipper is bound to the company by an agreement?

A. Not to that extent as the system of deferred rebate does. Whatever the shipper would do under such agreement he would do it for his own benefit.

Q. Have you heard any complaints from shippers as a whole about the harshness of the deferred rebate system?

A. I have not come in contact with many shippers but so far as I have I have heard complaints.

Q. I have come in contact with many shippers, would you take it from me as correct when I say that there have been no complaints from them?

A. I think there are occasions on which they have got to complain but they cannot leave a particular company, for they have got to recover rebate from them. They cannot leave the company whether they are well treated or ill-treated.

Q. Have there been any complaints?

A. Even if he complains, his grievances will go unredressed. He has got to recover rebate from the company; so he dares not complain.

Q. No shipping company would ill-treat a shipper. Supposing the deferred rebate system is done away with, in its place some other arrangement would be required. Otherwise there would be no regular service on the coasts and trade would be disrupted.

A. I do not understand why it is presumed that Indian companies will not keep up a regular service of ships.

Q. Do you think there would be regularity of service?

A. I think it is in the interests of the companies that there should be regularity of service; otherwise trade will pass into the hands of others.

Q. You suggested the chartering of ships at once to obviate the cruelty of killing the "foreign" lines by inches, that is, by ten per cent. every year. The ships would cost very much. How would you purchase them?

A. Even if the cost is high, I think the country will have to pay for it if it wants to develop the Indian Mercantile Marine.

Q. The only man that gets anything out of this arrangement would be the seller. I am

not quite sure that you would benefit India by chartering ships wholesale at a high cost. Would you not require a lot of money?

A. In that case, the chartering of ships would be regulated by the present market rates.

Q. If you ask for ten ships, you might get only one.

A. I do not think there will be any difficulty as regards the chartering of ships.

Q. After having established the coastal trade for Indian shipping, would you later on want to go further and establish trade with the home country with certain reservations or would you leave that open to everybody?

A. It is possible we may like to carry on trade with the home country also after our mercantile marine is fully developed.

Q. Supposing every member of the British Empire resolved to cut away from the parent country and reserve its trade independently, could the British mercantile marine exist? Supposing this policy that is suggested should be adopted by the Government of India were pursued by Australia, Canada and other Dominions throughout the Empire, would it not naturally have a very adverse influence on the British mercantile marine?

A. I am confident that it will not affect the British mercantile marine to such an extent as to disrupt the Empire.

Q. Believe me if every Dominion followed suit, it would go a long way to disrupt the Empire.

A. I do not think all the dominions and the colonies are going to do that.

Q. If you think the colonies would be prevented by Great Britain from doing that? Don't you think that Great Britain can prevent the Government of India from reserving its trade to India only.

A. I do not think that it would be right to prevent either the colonies or the Government of India.

Q. All my life I have been in the shipping business and I cannot help thinking that you may have some considerable trouble with the British merchant shipping act at home. Your action here would have far-reaching results.

A. I think some means would be found by Britain to have her supremacy over all the Dominions and at the same time allow them to have their own mercantile marine.

Q. Do you want the Government of India to start the venture?

A. I want the Government to take action in this matter.

Q. Do you not think that students should pay fees sufficient to keep the training ships self-supporting?

A. They would not be able to pay such high fees as to make the training ship self-supporting.

Q. Are not the students now paying their fees for college studies in the University? Why should they not do the same here also?

A. It took time for the Universities to be built up.

Q. It is merely education for sea-manship; just as you educate your boy for law, for medicine and engineering, you may educate your boy for sea-manship. Why should they not pay fees enough to maintain the training ship?

A. If the fees are not heavy, the parents would be willing to undertake the whole fees.

Q. The fees for education in a training ship should not be prohibitive; but should compare favourably with the fees for other lines of study. I do not think the boys should expect to get free tuition.

A. I think they would not be able to pay such fees as to make the nautical colleges self-supporting from the very beginning. After the lapse of five or ten years, they may perhaps be able to pay the required fees to make the training ship self-supporting.

Q. If the educated classes of this country want their children to be educated in nautical colleges, they must make provision for such education. In England if a boy cannot go to say the Conway for education at his own expense, he must stop away.

A. But the conditions in India are quite different.

Q. I wish to refer you to one other point. In a cargo ship quarters are as a rule very much confined. Do you think that when different communities, namely Parsis, Hindus, Muhammadans, etc., came into one ship they would pull together harmoniously? Would they be quite a happy family. Could the ship run efficiently?

A. Not only have they got to be happy, but they would be happy just as they are in other walks of life. At the time these people are on the sea for the purpose of training, they have got no difference of opinion. They are all there for the purpose of carrying on one profession.

Q. You say that mail contracts should be given to Indians. What mails? Do you mean mails coming to India?

A. At present, I will confine myself to mails on the coast. For the coastal mails, so far as I know, there is only one company carrying the mails. As time goes on different companies may come into existence. Contracts may be given according to the status of the company and according to the efficiency with which they execute the contracts.

Q. Do you advocate that mails between India and England should be confined to Indian companies, assuming that the Indian companies are just as efficient as the English companies?

A. I wish that the Indian companies should be given the preference. When they are equally efficient why preference should not be given to the Indian companies, I cannot understand.

Q. Have you worked out how much the tax of 8 annas per ton of cargo would come to?

A. I understand it would come to about 60 lakhs per annum or 3 crores in five years.

Q. That of course would come out of the country?

A. The country would be compensated in return.

The country is desirous of establishing this industry and hence funds should be found for its development.

Q. The other day the Hon'ble the Finance Member of the Government of India was hard put to it to find out a way for new taxation. Isn't it curious it did not occur to him that he could have got many lakhs out of shipping.

A. The country would be willing to impose such taxation in order to improve it industrially and not otherwise.

Sir John Biles.—Q. Supposing there are efficiently trained Indians capable of managing it, would it not be possible for an Indian Mercantile Marine to exist even without state aid?

A. Even granting that there are efficient Indians, I do not think that the Indian mercantile marine can exist without state aid.

Q. If there are capable Indians why can the marine not exist?

A. It is not merely a question of Indian crew and Indian officers and management, we must have our Indian companies, Indian steamships and so on.

Q. If there is efficient management, there is no reason why private enterprise should not develop the Indian mercantile marine?

A. The Indian mercantile marine cannot be created without subsidies from the Government. In no country has a mercantile marine been created without subsidies from the Government.

Q. If you have sufficient opportunities for training, you will get efficient management; would you not then be able to get on without subsidies?

A. In order to have an Indian mercantile marine and to have Indian owned ships, subsidies would be absolutely necessary. It is not merely a question of management.

Q. Is it your point that you cannot get sufficient capital in India to create a fleet without subsidies from the Government?

A. India has enough capital; but she will not give it unless she is assured that Indian enterprise will not be strangled by vested interests as it has been in the past.

Q. That could be prevented by efficient management.

A. I do not think efficient management alone can do everything for us.

Q. If you have got capital and if you have got ships, there is no difficulty in the creation of an Indian mercantile marine?

A. If the management is not Indian, Indian capital will not come out.

Q. I presume if you educate yourself properly before embarking upon any venture, then it is possible to get on without subsidies?

A. Which should be first?

Q. You want to have shipyards in India. One method you propose by which to develop these shipbuilding yards is to have expert advice free of cost. What do you mean by advice?

A. I only refer to that in answer to question 27, construction bounties. Expert advice would be necessary for the construction of shipbuilding yards.

Q. Two witnesses already suggested that expert advice should be free.

A. If we can get expert advice free of cost then so much the better.

Q. The Government have not got any advice of its own to give. I am employed by the Government as a consulting naval architect. Would you expect the Government to make use of the services of my firm to benefit private shipbuilders?

A. If the Government is really desirous to assist Indians in the formation of the mercantile marine, the cost of the expert would be very trifling compared with the other cost which the Government may have to incur as a result of these deliberations.

Q. The view was expressed by another witness that the Board of Trade surveyor's advice was to be given free. Do you think that the advice of the Board of Trade surveyors or people of that kind is all that is necessary for a shipbuilding yard?

A. I think expert advice is necessary in all matters.

Q. Do you think there would be enough people without scruples who would be willing to join the Indian mercantile marine to the extent of 2,000.

A. 2,000 out of 33 crores is not at all difficult to get.

Q. The point has been raised that difficulties of scruples will be so great that the creation of a mercantile marine will be impossible. Do you as a representative Indian think that it will not be so?

A. I say you can find a sufficient number of people without scruples.

Q. Are there any shipyards in India run by Indians now?

A. I do not know that exactly.

Q. In the subsidies that you propose for the Indian mercantile marine, would you include all the existing shipyards which are now run by Europeans?

A. Yes, I would.

Q. If all the ship-yards now in India are run by Europeans and can be developed if the trade is available, would you use those ship-yards or put on new ones for Indian companies?

A. I would not ask the Government of India to spend money unnecessarily so long as the present ship-yards can be used for the purpose required. I should think this would be agreeable to Indians.

Q. Have you thought out the proposal that the State should buy out the existing British fleets and then take them over as Indian fleets? If you approve of that would you take over the crews, officers, etc., as they are at present?

A. If we agree to the proposal, we shall have to take over the crew, etc.

Q. It would take some time to replace these officers; the President said that it will take 8 years to make a master mariner. But this would be a simpler process than building a new Mercantile Marine. What is your opinion?

A. This seems to me to be a better method.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. Have you heard of the Companies on the southern coast who have complained about the Deferred Rebate system and discrimination?

A. Yes and they have complained very seriously.

President.—Thank you very much.

Witness No. 6.

Mr. B. F. MADON, of Messrs. R. D. TATA & Co., Ltd., Bombay.

Written statement dated the 2nd April 1923.

Before replying to each question serially I would like to make clear what I mean by certain terms in such replies.

Foreign.—By this I mean for the purpose of these replies all non-Indian whether British or otherwise as I take it that it is

not the purpose of this inquiry to develop the shipping industry by the British who are the foremost shipping nation in the world, but by Indians the most backward nation to-day.

Indian.—I mean by this all statutory natives of India and the subjects of all Native States that acknowledge the suzerainty of the King-Emperor.

Indian Companies.—By this I mean companies Indian in constitution and control, i.e.,

- (a) registered in India;
- (b) with a Rupee capital;
- (c) with a majority of Indian Shareholders; and
- (d) a majority of Indians on their Board.

Q. 1. The present condition of the Shipping Industry in this country is extremely backward.

Q. 2. The relentless cutting down of rates by companies already in the field in order to strangle a new comer is the principal reason which militates against the development of shipping enterprise in this country. Such companies are non-Indian in ownership and the result is to exclude Indians from all chances of getting a training in Navigation.

Q. 3. If by State Aid is meant pecuniary help, then there are certain measures that can effectively be taken without such aid, viz.,

- (a) measures to prevent cut-throat rates expressly aimed at stifling the efforts of new comers;
- (b) making deferred rebates illegal;
- (c) making discrimination in the allotment of space between shippers or other steps aimed at killing a competing line the subject of inquiry by a suitable tribunal.

Q. 4. I am of opinion that State Aid is necessary if any results worth the name are to be attained in the next 10 or 20 years, because so many private attempts have been made which have failed owing to the tactics of hostile companies and the losses to the promoters of such attempts have been so severe that investors in this country fight very shy of even making such attempts.

Q. 5. The forms such State Aid could effectively take might be—

- (a) State participation in the Capital of a Steamship Company floated on approved lines;
- (b) loans to such companies for purchase of ships at favourable rates;
- (c) guaranteeing a certain minimum dividend on the capital of such companies;

- (d) navigation bounties to boats that fulfil certain requirements;
- (e) subsidies for mails, etc.

Q. 6. The Legislative measures that I would advocate are laws to make the recommendations under Question 3 effective, e.g.—

- (a) declaring deferred rebates or any other method of preventing shippers from patronising a new line as in restraint of trade and illegal;
- (b) creating a suitable tribunal to adjudicate on questions of—
 - (i) deferred rebates and similar steps penalising and binding down shippers;
 - (ii) rate wars;
- (c) confining the coasting trade of this country to vessels fulfilling certain named conditions.

Q. 7. I consider navigation bounties more suitable for (b), i.e., for routes between India and some foreign port with which this country has a regular and flourishing trade. For (a), i.e., between one Indian port and another the most effective way is to control the coasting trade as suggested in the previous paragraph.

Q. 8. I would confine the bounties to certain specified routes which should be selected from the nature of the trade along those routes, as the object of such bounties should be to get Indian lines of steamships established on such routes. When such lines are established successfully on two or three such routes the scheme may be extended to embrace other routes farther afield. This is in order to keep the disbursements on this head within reasonable limits and yet achieve certain definite results. I would select such routes as—

- (a) Calcutta to Singapore and Java.
- (b) Bombay to Singapore and Java.
- (c) Bombay to China and Japan.
- (d) Bombay to East Africa.
- (e) Bombay to United Kingdom and Continent.
- (f) Calcutta to United Kingdom and Continent.

There is a large volume of freight offering both ways on such routes and it is not necessary to have fast and expensive steamers for the service which Indian companies cannot very well afford in the initial stages.

Q. 9. The limits of tonnage, speed, etc., are more questions for a technical expert, but I would emphasise that the qualifications should be laid down on modest lines and not pitched unduly high if it is really intend-

ed that the navigation bounties should lead to appreciable results.

Q. 10. Not answered.

Q. 11. As for additional percentages for increased speeds these should not be attempted in the first stage of such bounties. The first stage should aim at creating such Indian Lines not at improving what does not exist.

Q. 12. Technical, not answered.

Q. 13. I would not debar vessels built outside of India from such bounties. I would make them eligible if they fulfil such other conditions as to crews, etc., as may have been laid down for such bounties.

Q. 14. It is too early in the day to say when vessels built outside of India should be debarred. It will depend on what progress we make in ship-building.

Q. 15. I would most certainly make it an indispensable condition that vessels receiving bounties should take on board a certain number of Indian apprentices in both the navigation and the engineering branch. The bounties should be given for named periods, say 3 or 5 years and at the end of such periods if it is found that trained Indians are available, it should be made obligatory to have at least half the staff in each department Indian.

Q. 16. As India's funds are to be laid out they should be so laid out as to benefit India's children. I would, therefore, exclude non-British subjects altogether except to fill up unexpected vacancies at a foreign port. I would also exclude non-British Indian subjects when it is satisfactorily shown that sufficient qualified Indians are available.

Q. 17. Yes, I would advocate cessation of bounties in case of any vessel sold, chartered or mortgaged to non-Indians.

Q. 18. I would confine the coasting trade entirely to Indian enterprise as the coasting trade is the only trade entirely within our control, the only trade which Indians can legitimately lay full claim to, and the only trade which will provide full opportunities to Indians.

Q. 19. The effect of the reservation of the coasting trade would be to free Indian steamship companies from the risk of freight wars with the very big non-Indian companies now plying their vessels here and give them a fair chance to survive and make good.

Q. 20. The aim should be that all vessels in the coasting trade should ultimately be not only owned and managed, but manned by Indians.

Q. 21. The sizes likely to be required in the future would depend on developments and a day may come when the Indian Mercantile Marine may comprise as big units

as those of any other Nation. If the question means the minimum we should now aim at, I would put it at a very modest figure to begin with. Such minimum can be gradually raised as the Industry begins to establish itself.

Q. 22. I would favour private Dockyards, but would not favour any special concessions, privileges or subsidies being given for such local construction unless the Dockyards are owned and controlled by Indian companies or firms, as otherwise it will be merely subsidising highly paid foreign labour and ship-building by Indians will never come.

However, as things stand at present, Indians find it difficult enough to start running ships although there is ample business in the shape of cargo ready to hand. Indians will find it far more difficult to start Docks because there will be no assurance of sufficient business forthcoming to keep such Docks going. Indian steamship companies practically do not exist and foreign lines will by preference have building and even repair-work of any importance done in their own country. I, therefore, consider it necessary that at least one good Dockyard should be equipped and run by the State. This will give Indian Companies a Dock to go to that is not already controlled directly or indirectly by one or other of their non-Indian competitors. It will also provide the necessary training ground for Indians in Engineering and Construction which we so sadly lack today as indicated in Question No. 64.

There will be the question of work for such a Dockyard. India provides an enormous amount of business to British Industry and British labour and it will surely be not asking too much that the State Dockyard here should get a sufficient amount of work of the British Navy to keep it occupied. This will provide the nucleus and as the Indian Mercantile Marine grows local work will grow and will soon be of a size to keep such a Dockyard fully occupied.

Q. 26. I do think that State Aid is both desirable and necessary.

Q. 27. I would advocate the grant of a certain bounty per ton on all vessels fulfilling a certain minimum specification and built in Indian yards. This is because foreign yards are already laid out on a large scale and they already command a large volume of business both commercial and Naval and are accordingly organised and equipped for the most economical production. No local yard dare to lay itself out on such lines until it can be assured of good steady and profitable business. It is, therefore, highly necessary to have construction boun-

ties to equalise chances of our local yards with such foreign yards.

Then again it is to be remembered that ships built in foreign ports entirely escape all freight and all Indian import duty on their cost, and bounties should be so arranged as to make up for this disability of the local yard as otherwise the foreign built ship would remain much cheaper than the local product for years to come.

Lest it may be urged that the above is an argument for buying from foreign countries. I think it well to point out that even though the local article is dearer the country as a whole is better off because the price paid for such local vessel remains in the country.

Q. 28. The Legislative measures as to building ships depend on the progress we make in owning and running ships. If the measures advocated under Questions 1—21 succeed in creating a fleet of Indian owned ships, the bounties or other concessions under those heads can be so arranged as to apply to ships not only Indian owned, but Indian built.

Q. 29. Answered above.

Q. 44. I do think that a considerable number of the youth of this country would be glad to follow the sea in the capacity of officers if they had fair chances.

Q. 45. Private enterprise cannot be relied on for their training to-day, because the present ships are owned and manned by non-Indians and they have never given a chance so far as I know to any Indian in the Navigation line. It is no doubt very human for them to prefer their own nationals, but we have to face the facts and so Government must provide—

- (a) the training;
- (b) employment in the earlier years until a fair number of Indians have proved their capacity as navigators, as private owners will always pretend that they cannot afford to risk lives and merchandise on their ships by entrusting them to novices;
- (c) such facilities for further studies as may be necessary.

Q. 46. This is for experts to say.

Q. 47. The training should be in India. Of all kinds of scientific training, navigation is just the one thing that can be efficiently done without having to go to Europe as the necessary training ground is the very ships that run round the Indian coasts. The training ship or establishment ought to be provided by Government.

Q. 48. I do not see what kind of cadets will have to go to England for training and

why, as far as navigation training goes. Such an arrangement can only mean that Indians were not wanted and that it was to be therefore made as difficult as possible for many Indians to take up this line.

Q. 49. I would be satisfied with one such training ship or establishment to begin with and would locate it at Bombay, the most important shipping centre in India. Fees may be levied, but they can never be expected to cover more than a small fraction of the expense. The rest ought to come out of the revenues of the country. I show later on why the country should do it.

Q. 50—51. Left for experts.

Q. 52. Government can set the example by taking apprentices on ships in their own control and by insisting on Indian apprentices being entertained on ships that carry Government or Railway material and stores.

Q. 53—58. Left for experts.

Q. 59. There are already Indians as Engineers in the Mercantile Marine and more would be forthcoming as the avenues of employment became wider open to them.

Q. 60—63. Left for experts.

Q. 64. The whole arrangement outlined on p. 7 of the questionnaire is extremely one sided and shuts out Indians on the face of it. A certificate of service at sea is required when no Indian ever gets a chance of starting in such service. Then again men trained on the Worcester and Conway get preference and boys have to join these at 14. How many English boys of 14 would be sent out 5,000 miles by their parents among unsympathetic if not hostile surroundings? If it is really meant to open the commissioned ranks of the Royal Indian Marine to Indians, the training ship should be here in Indian Waters and there should be provision here for a certificate analogous to that of the Board of Trade.

Q. 65. If the case is that candidates for the Engineering Branch of the Royal Indian Marine cannot be trained here because no construction work of a suitable size is undertaken here it shows in what vicious circle the whole question is moving, and emphasizes the need for the construction bounties advocated earlier and also for a State Dock. Until we have construction of sufficient size in this country the least Government should do is to select apprentices from its own Dockyard and send them Home for training at Government expense.

Q. 66. The postal subvention is of great value to the lines that secure it and I would advocate that tenders be called for and preference given to those lines that have at least one-fourth of the total number of the Engineering and Navigation Staff Indians.

Q. 68. There is no question of giving all steamship companies in India an equal chance because none now exist that can offer the speed and service conditions that the big foreign companies can to-day. Such Indian companies have yet to be created and developed.

Q. 69. The most powerful indirect method of establishing an Indian Mercantile Marine is to devise measures that would secure to it the necessary traffic when such Marine did come into existence. We cannot control the transport of other peoples' goods but we can and ought to control the transport of our own goods. The coastal traffic falls into this category and it has been already suggested above that it be confined to Indian Companies. There is another very large volume of such traffic, *viz.*, Government stores, both Military and Civil and Railway stores of all Indian Railways, the bulk of whose capital is found by the State. Tenders can be called for the transport of such traffic from Europe to India and Indian companies should be given the preference. The offer of such a volume of steady business should prove the one thing wanted to enable a big Indian company to be started.

However, the methods advocated here and in the earlier paragraphs are sure to evoke most violent opposition from all vested interests. There will be grandiloquent talks of unfair discrimination and of breach of treaty rights and what not, against which it might prove very difficult to make serious headway. Then again any attempt to get Indian apprentices trained on non-Indian boats that cater for the mail and other Government traffic might be nullified by making the conditions of service so hot for them that very few would venture to join and then this might be put forward as showing that Indians do not care for a sea-faring life and that regulations to that end were an absurdity. Then again trained men would not be given employment on these ships either on the score of the regulations of their own country or of countries that debar Indians (like Australia) or on the score of the main passenger clientele objecting to risk their lives in vessels in charge of such Indian officers. In short, apart from active opposition there will be an enormous amount of passive opposition to contend against and Indians coming out of the Government training establishments might find that they could not get jobs and the attempts to create an Indian Mercantile Marine manned by Indians might thus be frustrated at the very start.

The one remedy for all these difficulties and one that I would seriously commend to

the attention of Government is to do what the Australian Government has done, *i.e.*, start a State Line of steamships. The traffic would be there ready-made as there will be no difficulty about the outward traffic and there will be more than enough of Government's own traffic (Railways included) to make the Line pay on the return voyage.

The present time is most opportune as tonnage is obtainable at very low rates, and so the capital cost would be moderate and give the new line a fair start.

This Line should carry the mails and get the mail subsidy. Other countries can then look after their own mails.

It should also be possible to hand over to such State Line all the military transport work of the Government. In 1920-1921 the War Office charged India £900,000 for this work.

The very large Government passenger traffic can also be diverted to this Line.

Such a Line would obviate all questions of discrimination as between Indian and non-Indian. It will obviate the unpleasant necessity of forcing Indian apprentices or officers on unwilling non-Indian employers. It will afford a field of employment for those men that come out of the training establishments during the first few years and their success in the State Line will give them a much easier entry into other Lines.

None of the present Lines will think of fighting this State Line in the hope of crushing it out of existence as they do private ventures. Not that they have not attempted such things elsewhere, but their experience with the American Shipping Board last year on the question of Egyptian business and with the Commonwealth Line more recently must have shown them that it is striking one's head against a stone wall.

As for the Capital cost, my suggestion is that it be provided in the same way as for our Railways, *i.e.*, by a Government Loan. It will be well to remember that for full forty years after the first Railways were laid down in India, Railways did not pay and were a charge on the Revenues year after year, while a Line of State Steamers will most probably pay its way in a year or two of its inception if not from the very start.

Even if its Revenue Account showed a deficit it will not be anything abnormal and what is more important all its earnings will accrue to India so that even when the Revenue Account of the State Line shows a deficit, the country will be a gainer to the extent of the total freight earned and the deficit will in any event be well worth the advantages that such a Line would give to the country in forming the nucleus and the

training ground for India's own Mercantile Marine.

To summarise, I would advocate the following measures:—

Legislative.—(a) Declaring a cutting of rates to kill competition as against public policy and illegal and creating a tribunal to consider complaints on this score; the same tribunal to be also given power to hear complaints from shippers as to oppressively high rates imposed by any shipping firm in any particular areas and to declare maximum rates.

(b) Making deferred rebates or any other special advantages that may be aimed at preventing shippers from sending goods by competing Lines also against public policy and illegal and giving power to any aggrieved shipper or any recognised public commercial body to bring up questions of such rebates or special advantages before the above tribunal. (It is well to point out that such special advantages need not be all from this end. Large shippers may get special rebates or advantages at the other end, *i.e.*, say on exports from England or Japan in consideration of their confining themselves to a particular Line or Lines from India outwards.)

(c) Licensing all vessels plying in the coasting trade and making a declaration of Government policy that in 5 years, say from 1st April 1928, only vessels answering certain specifications as to ownership, control and crew would alone be eligible for such licenses.

Commercial.—(a) Starting a State Line of Steamers to carry both passengers and goods with at least a dozen large steamers of say 6,000 to 8,000 tons.

(b) Starting a State Dock of at least sufficient capacity to answer the requirements for the necessary training in Engineering and Shipbuilding to enable Engineer officers to be trained in this country. The lack of such facilities is admitted under Question 64 and is to my mind a most serious blot on the administration of this country.

Monetary help.—(a) Navigation bounties.

(b) Construction bounties.

If Government cannot dispose of sufficient funds for both, I would postpone the idea

of Construction bounties until we had the Indian Mercantile Marine well established on the more important routes.

Q. 70. Any estimate of the total sum involved in direct or indirect State Aid will have to be left by me to experts as it will involve technical considerations as to size, speed, build, etc., etc. I will therefore only indicate what is possible.

Before considering how much we should spend we must find out what the ultimate stake is that we are going for. The transport charges for the total import and export trade of India and Burma should, I believe, be in the neighbourhood of 30 crores of rupees a year to-day. I here speak of the total *gross freight* not the *profits* left after deduction of expenses. Practically all our carrying trade is now in the hands of non-Indian concerns and India thus pays this enormous tribute to other countries. If our Mercantile Marine develops sufficiently to secure only one-half of this enormous sum India will to that extent be richer every year. This addition to the National Income will mean—

(a) Greater prosperity all round;

(b) Greater Government revenues;

(c) A stronger balance of trade which means added stability to our Exchange situation.

How much the earnings of its Mercantile Marine have contributed to England's greatness it is difficult to say but a great deal of it may safely be attributed to the tribute which this Mercantile Marine brings to England from all parts of the world. The Economist puts the figure for the past year at £94 millions and the Chamber of Shipping appears to corroborate it and that was relatively a year of black depression. Japan saw very early the value of a Mercantile Marine and made very determined efforts to establish one and to-day Japan's earnings from this activity are put at over 300 million yens a year.

We have, therefore, to consider whether we should not seriously set about to secure similar benefits for this country. Should we or should we not go for a good slice of the 30 crores of freight that other countries drain away from India every year. Should we not aim at keeping at least 15 crores of it for India. The reply can only be: Yes.

The next thing to consider is what sums should this country devote annually to the attainment of this object and I believe it will not be considered at all extravagant if India spends a crore of rupees annually in order to secure an annual increment of 15 crores to the National Income.

The money must come out of the Imperial revenues. It can be found there even to-day if the Budget is treated as it would be treated by any sound accountant. There are items in it like expenditure on New Delhi that should never have figured as revenue expenditure. There are other items in it like the Railway annuities that should not figure in revenue expenditure either. The former is of the nature of provision of amenities of life by Municipalities and should be provided for from Loans and written off in 80 to 100 years as New Delhi will surely last that. The latter is for purchase of Railways. If a private company had bought up such Railway it would have paid for it with its own capital and the capital would remain outstanding until the concern failed and was wound up. Many similar items of lesser importance will probably be found in the Budget if it is closely looked into in detail.

Then there is a considerable reserve of Income in the Currency Department. I mean the interest in the Gold Standard Reserve and in the Securities in the Paper Currency Reserve. The latter was always treated as part of revenue in pre-war days. To-day it is devoted to deflation with the object of rigging up Exchange to the serious detriment of trade and industry and even of the Government's own borrowing programme. The percentage of metallic backing is already very high and were it not that the figures of reserve are faked in order to give verisemblance to a wrong headed currency policy it would appear higher still. I know the word "faked" will appear too strong, but what other words could one use when Government bases its budget on 15 to the £ and advertises the same figure as the rate for collections of revenue and yet pretends that a sovereign worth of gold in the Currency Treasury is worth only Rs. 10/. By this method they show our reserves at some 15 crores less than they really are and on that they base their argument for deflation. If the correct values were entered the percentage would show up much higher and deflation would be superfluous. It will also incidentally reduce the deficit by 15 crores and to that extent make the position all round sounder.

The Gold Exchange Standard is really the result of the deprivation of India for many years of the Gold that legitimately belonged to it and the interest on it can legitimately be diverted to such a nation-building purpose as a Mercantile Marine particularly as such a Marine if established would go a long way to assist Exchange by the earnings it would bring. The interest earnings on this

Reserve could be very appreciably increased if it is properly handled and even such *additional* income would go a long way to provide the fund necessary for encouragement of an Indian Mercantile Marine.

Another direction in which there is an almost criminal waste of Indian Funds is in what are called the Secretary of State's balances. We are told in para. 44 of the Budget Speech of the Finance Member for the current year that the balance in London is expected to be eight million pounds on the 31st March 1923 as against a normal minimum balance of four million pounds and we are told that the surplus will be required in the new financial year. If we remember that this money costs India about 6 per cent. per annum and the interest earned cannot average more than perhaps 1½ per cent. on the whole balance it will be easily seen that we are losing 4½ per cent. per annum on £4 to 8 millions, say some £ 250,000 a year. Now the Secretary of State is not running the Empire and he has not to meet daily calls at a thousand different places as the Government of India has to do all over India. All his payment dates can and ought to be foreseen and suitably provided for at least a month in advance and there is absolutely no justification for more than a few hundred thousand pounds being kept in current balances. The rest could be provided for by remittances from India as and when needed. There used to be serious complaints even in pre-war days of the size of these balances and the excuse put forward in those days was the uncertainty of such remittances. If there was a delay in getting sufficient remittances the Secretary of State can easily borrow on the Short-Loan market on very favourable terms. Assuming for the sake of argument that nobody in London will lend him a million or two on 6 or 12 months' bills, there is always the Gold Standard Reserve, which had as one of its objects the financing of the Secretary of State during a break-down of Exchange, and from which he could borrow whatever was necessary to meet engagements pending receipt of further remittances from India. If the Finance Committee of the India Office, which is supposed to be composed of acute financiers, had the interests of India at heart, they ought to be able to manage with a balance of not more than £500,000 to £700,000. Any insistence on larger balances would be, to a businessman examining the details of India Office finance, but a confession of gross inefficiency.

There is a similar avoidable loss of Interest on the value of the stores carried by various Government Departments. The amounts

so carried are unnecessarily large and put this country to an unnecessary loss of interest which could and ought to be saved. The Retrenchment Committee has condemned in no unequivocal terms a lock-up of 59 crores of Rupees in such Stores.

Apart from such savings there was an item that could legitimately be laid claim to for the development of the Indian Mercantile Marine. The Auditor of the India Office in his report on the Home Accounts of the Government of India dated 18th April 1922 speaks of the earnings of ships under the control of the India Office after deducting cost of operation as—

£3,584,646-2-10

up to 30th September 1920, and of a further £400,475-6-1

as earned between that date and 31st March 1921.

I have no information as to how these very large sums have been disposed of, but I submit that they would form the most suitable source for the funds to establish the Indian Mercantile Marine.

It may also be well for this Committee to inquire what has become of these enemy ships themselves. If not sold, they can be used immediately to start a State Line. If sold, the proceeds can also rightly be claimed to be ear-marked for this nation-building purpose.

Oral evidence, Bombay, the 27th November 1923.

President.—Q. Can you legally force a company to have a majority of shares owned by one particular class of people?

A. When Government gives us any particular concession or subsidy, Government can make it one of the conditions of such concession or subsidy that it will only be continued to the company whose shareholders are so many per cent. Indians. In fact that kind of thing operates in Japan very effectively. I know you cannot debar the company from transferring some of its shares to non-Indians; if it does so, it immediately loses its right to any such concession.

Q. Suppose Indians held 50 per cent. of the shares; could they sell some to non-Indians?

A. That would depend on the company agreeing to transfer them. If the company says that it is going to lose by allowing its shareholders to fall below 50 per cent., it might decline to transfer.

Sir Arthur Froom.—Q. That comes under the Articles of Association?

A. Yes.

President.—Q. You suggest that measures to prevent cut-throat rates expressly aimed at stifling the efforts of new comers should be taken. Can you tell us what methods you suggest to prevent cut-throat rates?

A. It will have to be a thing for decision by a tribunal that I suggest should be appointed for such purpose and if on complaint from one party the tribunal comes to the conclusion from the evidence placed before it that the rate is so low as to justify its being called a cut-throat rate it might be ordained that in that particular trade there should be such and such a minimum.

Q. Is the tribunal proposed to be a permanent institution?

A. Yes, until the Indian Mercantile Marine is created and so long established as to be able to take care of itself.

Q. When will you arrive at that stage?

A. When there are Indian companies sufficiently strong not to require Government help. To-day we are in the beginning of things and the companies are bound to be comparatively small and they would require protection against cut-throat rates.

Q. Would they always require it?

A. I do not think they will.

Q. Supposing you had two big Indian companies operating on the coast and a third company was started, don't you think there will be rate-cutting?

A. There is a possibility.

Q. You want to make deferred rebates illegal; have you any suggestion regarding a system to take its place?

A. There should be no deferred rebates, that is all.

Q. In your paragraph 4 you say that "so many private attempts have been made which have failed owing to the tactics of hostile companies and the losses to the promoters of such attempts have been so severe that investors in this country fight very shy of even making such attempts." Do you think that these companies were managed by a body of people sufficiently experienced in shipping matters?

A. It is not a question of management. One of the very early experiments was made by Mr. Jamshedji Tata of Tata Sons; I do not think he can be charged with inefficiency or with trying to put in men who had no experience.

Q. Had he any knowledge of shipping?

A. No, but he had very good business knowledge of the running of ships by European managers.

Q. Did they buy ships most suitable to the trade in which they were employed?

A. I think they did. I am not technically qualified to say what a suitable ship of that period should have been.

Q. Unless the capital is sufficient, unless the management is expert and unless the ships are suitable for the trade in which they are employed, the companies will be bound to lose?

A. It is not only a question of management. In this connection I may draw attention to the rate war that was carried on two years ago in Calcutta between the "British India" and a Japanese company. Rates were cut down, there was a merciless war going on. The Japanese Company had immense subsidies from its own Government on its various lines and could afford to fight and ultimately the British India thought it wiser to come to terms with the Company. It was simply a question of trying to cripple the competitor and make him get out. The competitor was so strong that he did not get out and the rate war had to end. No commercial firm can afford to lose immense sums; it is only Governments that can do it.

Q. In paragraph 5 you refer to State participation in the capital of a Steamship Company floated on approved lines. You only want the State to provide for the capital?

A. I have suggested later on an entirely State run line.

Q. You want to guarantee a certain minimum dividend on the capital of such companies?

A. That will be another form of State Aid.

Q. Is not that rather liable to slacken administration?

A. It is for Government to see that the company is not slack and the guarantee, being a temporary one for, say, five years, there will be no difficulty.

Q. You have suggested a great many very interesting forms of State Aid. Would you tell us which in your mind seems to be the best of all?

A. I do not think I can say any particular method is best, but if a choice has got to be made, I would say (c), guaranteeing a minimum dividend, is the best, because the capital would have to be found privately by the company and it will have to be seen that the company carried out any specific conditions that Government might put down as to management and so on.

Q. Your paragraph 22. You favour private dockyards. Would you like to see private dockyards established in India?

A. I would.

Q. You think they should be subsidized by Government to a certain extent?

A. They should be; there is no way out of it in the beginning. One of the best ways would be by guaranteeing a minimum dividend.

Q. Your paragraph 69. What have you to say?

A. The Shipping Companies who are against the State running ships point to Australia and Canada, America, Italy and France. They should not forget that these experiments were started in the height of the war. The first fleet was built or purchased at fancy prices, because Government were prepared to spend millions of money for protecting the lines of communication, for food supplies and such sort of things. They were not necessarily built economically and for a particular trade. They had to be built rapidly and in the early days they were not run economically. The war came to an end and people have been talking of profits and losses and undoubtedly the Australian line has made heavy losses. I do not think the experiment has been made in a commercial way. In fact America built concrete ships and wooden ships simply because she wanted to astonish the world how rapidly she can build ships; but many of those ships are now unfit after the war even to be carried across the Atlantic.

Q. Suppose you start a State line; under what Department of Government would it be?

A. It would not be under a Department. It would be a separate body created for the purpose, something on the lines of the Commonwealth Bank of Australia which is a Bank owned by Government, backed by Government, but is acting independently of Government and the management of the State line when we create such a body should be on the lines of a commercial undertaking. Government can never run a business successfully on their present system. The real difficulty is that, owing to the gradations in the service, if one man, the head of the Department, is transferred the man who takes his place says that he does not know anything about it, that his predecessor did such and such a thing and that he is not responsible for it. This is a thing which has got to be safeguarded in a commercial enterprise.

Q. Would you have a man like Lord Inchcape over the affairs of the Line?

A. It is not a new experiment that we are going to try. All that will have to be done is that the State will have to put in a certain amount of capital, it will have to approve the scheme; the men who will be in charge will be men who know the shipping business, not some Government official. All promotions in that State Line will be within the Line; no outside officer will be eligible to come in.

Q. What inducements would these men have to make profits, as they would if they were employees of a commercial firm?

A. The men in charge will have to show commercial results. The balance sheets will not be prepared like the ordinary budgets of the Government of India. They should be prepared on sound commercial lines and show regular profit and loss statements.

Q. Are you quite sure that there are plenty of young Indians who, if given facilities for training and apprenticeship, would take to sea?

A. I think there would be a sufficient number. Any number of Parsees would be only too willing if they knew that one day they would become Captains.

Q. Both for the Officer class and Engineers?

A. There are dozens of Parsee Engineers in steamers. I do not see why they should not come on the navigation side if the chances were equal.

Q. And does the same apply to the R.I.M. Officers?

A. There would be no question about it. Out of seven crores of Muhammadans, notwithstanding their prejudices, I do not see why you cannot get seven lakhs and you would but require 70,000.

Q. If you were in the Legislative Assembly, would you help us to get the money?

A. If the right kind of scheme were evolved, there is no reason why there should be any difficulty from that quarter.

Q. If a training ship for young Indian lads is started, it should be maintained by State Aid?

A. It is part of the nation-building expenditure and should be incurred by the State.

Q. If you want to make your son a Civil Engineer, why should Government incur expense?

A. Government is carrying on the Medical Colleges, Agricultural Colleges. Why should not they incur the expense in this case?

Q. Is not the Agricultural College supported by the fees of the students? They are not getting their education free?

A. The fees amount to very little. We have got to pay very high salaries for really efficient teachers.

Q. On the last page of your reply, you refer to a figure of £3,584,000. What does this represent?

A. I have taken the figure from the Home accounts* of the Government of India; they seem to me to be surplus profits on account of the running of enemy ships under the control of the India Office.

Q. Are you connected with the Tata company which makes steel plates? I want to know whether the Tata company is likely in the near future to start a shipbuilding industry and to produce steel plates in large quantities?

A. I am not connected with the Tata Iron Company. They are at present manufacturing steel plates for their own use so as to avoid the necessity for importing. I believe in a period of six months or so they may be able to manufacture for outside consumption also.

Q. Are they likely to be cheap?

A. First of all I want to know the definition of the word 'cheap.' Supposing India has to pay for an article purchased from the Tata company £10, whereas the same article could be had from England for £5. In my opinion to purchase from Tata is cheap because not a penny goes out of India in this case. To that extent I say it is cheap.

Sir John Biles.—Q. In answer to question No. 70 you say: "The transport charges for the total import and export trade of India and Burma should I believe be in the neighbourhood of 30 crores of rupees a year to-day." I want to know how much of that is expended in earning freight outside India and how much of it is expended to carry freight?

A. I should say that about 85 or 90 per cent. is expended out of the freight.

Q. You consider about £3 million to be the profit?

A. Yes.

Q. That is the amount that has to come to the national income?

A. The whole amount of 30 crores that the steamers will earn as freight will go outside India because the people that own these steamers are not Indians. If they were Indian steamers then the whole amount will remain in the country. It is not at all a question of profit only but of the whole freight earned.

Q. Would you tell me how much of these 30 crores is earned by Indians?

* Report of the Auditor of the India Office on the Home Accounts of the Government of India, dated the 13th April 22, pages 32 and 44.

A. To-day it is very little. I do not know of any single important Indian line.

Q. But are there not Indians employed in the non-Indian shipping lines?

A. I do not think the employment of lascars and menials is anything important.

Q. Have you ever travelled in a ship?

A. Yes, I have. There are no Indian officers on these ships. The lascars and others who earn Rs. 30 or Rs. 40 a month do not form any important part of the expenditure of a ship.

Q. How much per cent. of the total number employed would be Indians?

A. All the coolies are Indians, that is 99 per cent. are Indians; surely it does not mean that they earn this 30 crores.

Q. Is it your complaint that the crews are low paid?

A. I never said that.

Q. What percentage of those in a ship at present would be benefited by the change of ownership?

A. As far as the coastal trade is concerned, I think about 99 per cent. may be Indians and only one per cent. may be Europeans. That does not mean that they earn 99 per cent. of this 30 crores. I leave it to the committee to find out the percentage that will be benefited by the change of ownership.

Q. Do you prefer state aid in the form (c) in answer to Question No. 5?

A. Yes.

Q. What do you mean by "guaranteeing a certain minimum dividend on the capital of such companies"? Supposing a ship-building concern takes a contract to build a ship and incurs a big loss. What are you going to do with that loss? Are you going to continue to pay the dividend in spite of the loss or are you going to put that dividend up to make up that loss?

A. "Guaranteeing a minimum dividend" means the receipts should be so supplemented that the expenditure would be covered and there would be an additional sum available for distribution.

Q. Do you mean that the shareholders are guaranteed a minimum dividend, or do you mean that the Government should pay the company the loss it has incurred over and above the dividend guaranteed?

A. Suppose the Government pays a company 15 lakhs as subvention to make up 8 per cent. on the capital. That company may not distribute it to its shareholders but may carry it on to the reserve fund. The point is this: the loss sustained would be shown as loss in the balance sheet of the year, but to make up for the 8 per cent., Government will have to pay something over that loss.

Q. You mean the Government are to pay a minimum dividend whatever the loss of the company may be?

A. Yes, otherwise, there is no meaning of "guaranteeing a dividend." But any such guarantee would be accompanied by protective clauses which would secure the Government against inefficient management or gambling and so on. They would have to satisfy the Government that they undertook the contract on reasonable terms.

Q. Do you consider shipbuilding very promising now in India?

A. It was promising 40 years ago until it was stifled by a change from the wooden shipping to steel.

Q. Do you consider it promising now?

A. I do not think I have said in that way. After the mercantile marine, etc., established shipbuilding will come. The mercantile marine must come first.

Q. Do you think state aid is necessary?

A. Yes, until the company can stand on its own legs. Unfortunately there have been very many cases of shipping companies in this country that have met with disaster.

Q. Are you going to kill competition?

A. It is cut-throat competition that will be killed, not ordinary competition.

Q. When you want to do away with the deferred rebate system, do you still think that subsidies are necessary?

A. Subsidies will be necessary for the first few years only until the company stands on its own legs.

Q. In addition to that you want to limit the coastal trade to Indians? Do you even then think that subsidies are necessary?

A. I personally feel that some kind of subsidy would have to be given if we are to develop fairly quickly the mercantile marine; what I have suggested here has been done in Japan and other countries; with subsidies and subventions they have been highly successful.

Q. Do you know the results of the American Shipping Board?

A. I know the Shipping Board has been trying to sell ships for the last eight months and they have not yet succeeded. My knowledge is based mainly on such little information as we get in the newspapers. It seems that the Shipping Board for political reasons wants that vessels should run from particular ports and that they should carry on only particular lines of trade. The buyer of these steamers are scared away by these conditions. Otherwise there would be somebody in the market to buy these vessels. The point is that even buying them cheap is not profitable because it is hedged in with

impracticable conditions from a business man's point of view.

Q. Does the Government insist on the line being run in a certain direction?

A. If the Government sell it outright and leave it to the companies to work out the lines, they may consider it profitable. What the Shipping Board tries now to do is that before selling it wants the buyer to agree to certain conditions.

Q. Is that not Government control?

A. That is simply Government attaching certain conditions to property for sale. It does not follow there would be control afterwards.

Q. Is it not one of the conditions that follow the Government owning the ships? I say that the United States Government have taken over control. You say they have not been successful because of something which they ought not to do.

A. That may not be what a business man may like to do.

Q. With reference to Australia, the ideal description of how the Government should run the state line as given by you is quite correct. I happen to know the Australian line and it is almost identical with what you lay down. They have selected a man who was in the British India Company, put him at the head and left him very largely untrammelled by Government control.

A. This was capitalised very heavily by the Australian Government.

Q. In spite of the heavy capitalisation, do you know whether they meet the running expenses apart from the interest, depreciation and insurance?

A. I have not seen that separately stated.

Q. Do you know there are shipbuilding yards in India owned by Europeans? Do you want them to be continued and do you intend that subsidies should be given to them also?

A. When subsidies are going to be given to shipbuilding, it will be for dockyards owned by Indian companies; there would be no meaning in the Indian Government throwing away lakhs of rupees of its own revenues simply to help some foreign companies to make more money. The idea is to spend the money to teach the people of this country.

Q. Would you like the European shipyards that are now working shut out entirely?

A. Their shipyards are here because they have got enough work for them. Unless they are prepared to convert these into Indian-owned shipyards, they cannot be given subsidies.

Sir Arthur Froom.—Q. Would the proposed change from the existing state of affairs

very materially affect the employment of the number of Indians?

A. Indians are not in high posts on the sea. They are not even chief mates.

Q. Take an English-owned coasting ship; no doubt the engineers and officers are Europeans; but the petty officers, and the crew are all Indians. So from the point of view of employment, the change from the existing state of affairs would not be great; that is greater number of Indians would not be benefitted.

A. In numbers so far as the lower grades of services are concerned, there may not be any appreciable difference. But in the higher grades, there would be difference.

Q. Do you know that the repairs to these ships are all done in India by Indian workmen? This work engages about 99 per cent. of Indians; and so here also a change would not materially affect the position.

A. I already said that so far as the lower services are concerned there may not be any appreciable difference.

President.—Q. In shipbuilding an Indian cannot rise above the Inspector's grade?

A. It is most deplorable that after 80 years of dockyard work, the British have not been able to pick out even a single Indian who can be entrusted with building ships, although sixty years ago, the Indians were in sole charge of wooden ships.

Q. When the change was made from wood to steel they had to qualify themselves in that particular branch.

A. If steel was not available nobody would have thought of it now.

Sir Arthur Froom.—Q. We are getting away from our point. There are a number of Europeans employed, and there are few Indians in the highest grades. But they can get to responsible positions as turners, carpenters, etc. Admitting that the coastal service is reserved for Indian-owned companies, I take it that you would not expect Government to subsidise one particular Company?

A. If the coastal trade is confined to Indian companies, they can leave it to ordinary competition. No subsidy would then be required.

Q. I thought you said in reply to Sir John Biles that you wanted a subsidy?

A. No, I was not quite certain of what Sir John referred to.

Q. Having eliminated what is called the foreign competition and having reserved the coastal trade for Indian-owned ships, would you have any objection to competition in the coastal trade?

A. Not as between Indian companies.

Q. You would start cut-throat rates again? How would you seek to prevent it?

A. A tribunal will have to be formed in any case.

Q. Then you start Government control again.

A. In the infancy of the business, Government control will have to be there in one form or another. Personally I think competition in such cases is better.

Q. Supposing you have one established Indian company on the coast when the "foreigners" are out of it, I can foresee that a dozen Indian companies would be floated. What is the established company then going to do? Would they be correct in establishing deferred rebates?

A. I would not support deferred rebates even for Indian companies; nor contracts.

Q. Don't you think that the company would come to some secret arrangement; would you be able to stop that if they did?

A. It is very difficult to go behind them.

Q. Once the "foreigner" is eliminated, you do not think the coastal trade would require any subsidy?

A. I do not think so.

Q. You stated in answer to the Chairman that it would be the Government's business to see that the Company was not slack or improperly managed. Can you have control over private enterprise?

A. So long as Government is expected to give them some money to make up their dividends, Government has every right to see that the money is properly used.

Q. The management of shipping is an intricate business, is it not?

A. I agree that it is.

Q. Your paragraph No. 18. You would not provide for any legislation or assistance to Indian-owned ships in any other direction?

A. Where a company is willing to start service on particular lines with particular kinds of vessels as specified by Government, Government may undertake to give them a subvention at so much per ton or per mile. I do not think this will turn the foreigner off, because it has not turned the foreigner off in Japan yet.

President.—Q. Do you mean to say that it would not be necessary to have a high standard of ships on the coastal trade?

A. Even inferior ships would do. The cargoes that are carried are not very rich cargoes. I do not think also that very high speed vessels would be required.

Sir Arthur Froom.—Q. You say that Indian steamship companies practically do not exist and that foreign lines trading here by preference have building and even repair

work of any importance done in their own country. That is incorrect; foreign lines do not necessarily have repair work of importance done in their own countries.

A. I take it that you are doing very important repair work, because you have your own yards. The Japanese steamers, the Dutch steamers, the Italian steamers, these go home for repair work. You have your own yard for your own purpose.

Q. That is why I contend that the term "foreigner" is a misnomer; the Japanese, Italian, etc., steamers are foreigners.

I agree that the Japanese will go to their own country, but Bombay yards do British ships' repair work. Bombay is part of the British Empire.

A. Indians will find it far more difficult to start docks because there will be no assurance of sufficient business.

Q. Take a yard like Alcock, Ashdown's. They would compete for any work.

A. When the work comes in freely, the yard will have some chance of getting a part of it.

Q. I am merely pointing out that Indians are employed.

A. It is not a question of employment of Indians. I am not out for merely the bread and butter of Indians. What I would ask of you, gentlemen, to understand is that we should have Indian dockyards where Indians begin to know how to build ships for themselves. This is one of the important national industries, especially in times of war.

Q. Your paragraph 69. You would prefer State Lines to private companies, guaranteeing a dividend?

A. Yes.

Q. Your reply in paragraph 69 stultifies what you said before.

A. It does not; I have suggested subsidies, subventions, guaranteeing dividends and so on. I have been asked what would happen if the Line is inefficiently managed. In the early stages when only a few companies are going to start, it will be extremely difficult for Government to say if they can count on the management being efficient. If it was a State Line, the Line could employ Indians in higher grades gradually as they are trained and that would become a nucleus from which the other private lines when they start will get the officers and higher staff. To-day it is absolutely impossible to think that foreign companies or even British companies would start a school for Indians. They look to their own profit and loss accounts.

Q. They made money during the war; this you can take is true. The State Lines to

Australia, America and Canada made money during the war. Now they lose money. If they had four good years they have since had bad years and what was made in the good years has been lost in the bad ones.

A. The official explanation is that they had very heavy capital cost, heavy interest charges and heavy depreciation which had to be written down. On the whole I don't see why they cannot make money.

Q. At the same time experience has shown that a State-managed concern is not run as efficiently as a private enterprise.

A. If the State management is also run on Mercantile lines, it will be efficient.

Q. A sea service is not a very highly paid service. People go to sea because they like the open life and they earn a fair wage for their services. They do not make fortunes.

A. I entirely agree.

Diwan Bahadur T. Rangachariar.—

Q. Do you attach importance to developing the Indian Mercantile Marine or to developing the coastal Mercantile Marine?

A. I attach primary importance to developing an Indian Mercantile Marine as suggested in my written statement, and the coastal part of it is the one that can most easily be grappled with in the beginning.

Q. With that development, you will in course of time be able to compete with the rest of the world in the ocean trade, given some assistance by the State?

A. Yes, because the coastal service will give us the men, the training and experience that is necessary to run ships.

Q. So that you will advise this Committee to devise measures which will effectively ensure the Indian Mercantile Marine primarily to run the coastal trade of the country?

A. I would put it in this way. This Committee should recommend steps for the creation of an Indian Mercantile Marine, the first step being the development of the coastal trade in the hands of Indian companies.

Q. Now you know that there are enough ships available to run the coastal trade of the country in foreign hands. Without any other form of State aid, supposing Government by legislation ensures merely fair competition, do you think the Indian Mercantile Marine can develop?

A. I think it can if it is fair competition.

Q. I want to elicit from you whether you consider the reservation of the coastal trade for Indian companies essential in order to develop the Indian Mercantile Marine?

A. Yes, as a first step.

Q. Having reserved the coastal trade, why do you think any other form of aid is also necessary?

A. For coastal trade, I do not consider any other aid necessary.

Q. Mere reservation will be enough to stir up Indian enterprise.

A. Reservation and steps to see that it is fair competition. My definition of an Indian company is not that it is all Indian. It may be a company backed very heavily by some foreign company which might resort to cut-throat rates or other unfair means of competition. Government will have to see that such unfair methods are not employed.

Q. I do not understand. What is the competition you fear?

A. Competition amongst the Indian companies themselves. I think some provision should be made in order that they may not cut each other's throats.

Q. Therefore there should be a minimum rate fixed?

A. A minimum rate is a very difficult problem; what I suggest is that there should be a tribunal.

Q. What is the process that you will advise this Committee to adopt to get rid of the existing companies which now run the coastal trade and to indianize it?

A. We do not want to get rid of them. If Government decides that the coastal trade shall be reserved to Indian companies and lays down the method, then it is open to any of these companies to convert their business to conform with the law, and if this is done, I would not keep them out.

Q. You will compel them to become Indian companies within the meaning of your definition?

A. Yes; this would imply under the Act some employment of Indians in the higher grades and so on.

Q. If a majority of Indian Directors is secured and Indian Managing Agency is secured, what is your object in insisting on a majority of Indian shareholders?

A. I had looked forward to a certain proportion of the capital being non-Indian; I do not say "entirely Indian capital", but with a "majority" of Indian shareholders.

Q. Supposing the shareholders' majority is not Indian, but non-Indian, yet the direction and agency are in the hands of Indians, what is the objection?

A. I am afraid that, if the majority of shareholders are foreigners, the Indians on the Board will merely carry out the orders of those who appointed them.

Q. Do you advise a State-owned line for ruining the coastal trade?

A. If the coastal trade is confined to Indian ships, the State-owned line should be given higher work. If they begin with the coastal trade, there is no objection.

Q. Supposing that these companies which enjoy the monopoly of the coastal trade refuse to Indianize their companies in the sense you have mentioned, what should be the line that should be adopted in order to secure the Indian mercantile marine?

A. I feel that if an Act is passed confining the coastal trade to Indian companies and if the present companies are not able to see their way to conform to the conditions of the Act, other Indian companies will arise, because they will see that the field is open to them to compete. I have suggested that the date for any such operation should be five years from the time when the Government takes any such action.

Q. Within what period of time do you think the new companies to be formed should take over the coastal trade?

A. The new companies could be formed within a period of five years.

Q. Some witnesses have suggested that the reservation may be at 20 per cent. per annum so that at the end of five years the whole thing may become Indian.

A. My fear is it may not be possible to take over every year at the rate of 20 per cent.

Q. What do you think of the other suggestion that the Government should charter or buy the whole lot of the present steamers running the coastal trade. I understand the annual freight on the coastal trade is about 10 crores. If that is so, an investment of 16 crores by the Government in the first instance with a view to hand them over eventually to Indian companies will not be an unbusiness-like proposition, having in view the development of the Indian mercantile marine?

A. 16 crores may yield a profit of 75 or 80 lakhs and it would not be a bad bargain compared with railways. But that is a proposition which will have to be carefully worked out. I would like the Government to go in in the first instance with one crore and have a fair sized State-owned line to serve as a model for other companies to follow.

Q. How is the process of eliminating the existing companies to be worked out simultaneously with the development of the Indian mercantile marine?

A. I personally feel confident that other companies will come into existence. If the Indian companies feel that by such and such a day they will have all the coastal

trade in their hands, they will come forward to take up the trade. By this process, cut-throat competition may be avoided and the deferred rebate system may be abolished. My whole aim is that it should not be an entirely artificial thing. The Government should only create favourable conditions for the growth and allow it to progress of its own accord.

Q. You do not advise State-owned lines for coastal trade except to a small extent?

A. I simply say that although that would be successful, it is simply energy thrown away. The State has to devote its energies to ocean-going steamers.

Q. As regards sources of expenditure for these things, you have suggested various financial remedies in your note. All those suggestions are to be carefully investigated. It has been suggested to us that a tax of Re. 1 or 12 annas on each ton of cargo may be levied, the income derived therefrom being earmarked for the development of the Indian mercantile marine. What is your opinion of this proposal?

A. I am not in favour of this. I consider this particular development of the mercantile marine is a nation building activity like any other activity that the Government of India as an Imperial Government has got to provide for. This expenditure for the development of the Indian mercantile marine must therefore be charged to the general revenues of the country. It should not be charged to freight. If that tax is to be taken in the form of freight, I do not see any reason why it should not be taken in the form of a general tax.

Q. Are not income-tax and customs the two main sources of revenue for the Government of India?

A. Yes.

Q. In the absence of a tax on freight, you will have to resort either to customs or income-tax?

A. I personally do not like the tax on freight as such. If the Government thinks it is the only source of revenue which they can look to, in order to achieve what we are asking them to do, then the Government might levy such a tax on freights.

Q. Do you think any aid should be given to develop small tonnage vessels so that they may trade in small ports? Do vessels under five hundred tons require any bounties?

A. I do not think it is necessary to aid small tonnage vessels, such as 200, 300 and 500 tons. These are not the ships that feel the brunt of foreign competition. Foreign competition does not care for these small trading vessels. These small vessels can be left to the ordinary traders if the trade

justifies it. If the trade does not justify it and if the Government is satisfied that for the sake of the population in that particular area there should be some means of communication, then it will be open to the Government to provide it by means of a ferry service, just as they do by means of trunk roads.

Q. You do not think these small vessels will at all be of any help in developing an Indian mercantile marine?

A. No.

Q. Do you think that wooden ships are of any use?

A. We have advanced a great deal beyond the stage of wooden ships and I do not think they would be economically successful.

Q. Don't you think that wooden ships would be useful for coastal trade?

A. When it comes to steam or motor power, I do not think efficiency in wooden ships would be high.

Q. It is an ancient art which several people in the coast towns have inherited from their forefathers; if really that can be developed for the purpose of developing the coastal trade don't you think that some aid should be given by the Government for that industry?

A. If aid is considered necessary, it must be more in the direction of the work done by the Director of Industries. No doubt encouragement may be given to this so that the poorer classes who make a living out of this may not be starved. Apart from this, I do not think it is one of the things that Government can give subvention to.

Q. I suppose you do not advocate the development of the Indian mercantile marine with a view to the employment of Indians in the higher grades of service but with a view to the moral and material advancement of the country?

A. The employment of Indians in the marine service is not the chief or the main factor which weighs with me when I advocate the development of the Indian mercantile marine. In the mercantile marine, the number of people employed as compared with the work turned out is really very small.

Q. India pays annually in the shape of freights some 30 crores. How much of it can be said to be lost to the country?

A. To-day, I suppose it can be said that practically all is lost except what the foreign companies pay here for provisioning the ships or the amount of repairs that they carry out here.

Q. I suppose in the coastal trade a larger percentage remains in the country?

A. To-day in the coastal trade a much larger proportion remains in the country, because the steamers are small and the companies are practically local companies and they do most of their work here.

Q. In the case of Indian State-owned ocean lines, one factor which weighs with you is that there is the certainty of a large volume of traffic which the Government themselves have got and which will guarantee an income at least to cover the running expenses?

A. My object in pressing for State-owned lines is that that is the only way in which a nucleus of navigating and engineering staff can be created. Private companies will have to follow their advisers and these advisers may say that the risk of employing Indians is too great.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. In your definition of Indian companies you have not used the words "Indian managed," but you mean that the managing agency should be Indians.

A. No. I don't think it essential.

Q. Are not the agents appointed when a company is floated under the articles of association?

A. Yes.

Q. Would you insist that there should be Indian agents?

A. I would certainly prefer Indian agents, but we are to-day trying to create a mercantile marine which requires a lot of experience in the running of the business. It will not be very easy to have many Indian firms possessing the requisite experience in the business. There may be only one or two here and there.

Q. Do you know that the articles of association of a company very often give power to the Directors to refuse to transfer the shares without giving reasons? Do you think that power will quite suffice to keep a majority of shares in the hands of Indians?

A. If any subsidy or subvention is given it will have to be done by an act of the Legislature. That act will say that the subvention will be given to an Indian company and the definition of an Indian company will also be given in the act. That definition would say, for instance, that only such companies would be termed "Indian" that have 51 per cent. of Indians as shareholders and so on.

Q. Your answer to question 3 (c) is not quite clear. Will you explain it?

A. The word "illegal" has to be added after the word "making" and before "discrimination." Then it will make the meaning clear.

Q. Do you know of any instance where discrimination was made to the injury of the shippers?

A. I do not like to give particular instances, but discrimination can be made.

Q. We have been told that this is generally done in the coastal trade?

A. It can be done.

Q. Would you like to work out your scheme for a tribunal? What power should be given to the tribunal? If you have got any literature on the subject can you kindly supply it to the committee?

A. I have not worked out this scheme. We have something parallel to this in the "Railway rates tribunal" at home. Any high rates in railway charges are referred to this tribunal by the commercial bodies or particular merchants. If the tribunal is satisfied that a particular rate is high, it directs the rate to be lowered. But I am not very sure whether this tribunal has the power to adjudge as between one line and another.

Q. You say if the Government of India backs up Indian companies, they will be able to thrive well?

A. Yes; Japan did the same and all the Japanese companies are now competing on a level with the English companies.

Q. You consider that State aid should take also the form of guaranteeing a certain minimum dividend on the capital of a company. If dividend is to be guaranteed, would you do it on the same lines as it is done on the guaranteed feeder railways where the Government of India or the Secretary of State guarantees 4 per cent. to the railway, whether the railway makes a profit or loses, the only condition being that their accounts should be submitted to the Railway Board where it is audited by one of the auditors appointed by the Government?

A. It would be something similar to this.

Q. You prefer guaranteeing a certain minimum dividend by the Government because they are doing the same thing with regard to the railways and you do not see any reason why they should not follow the same in regard to shipping companies also?

A. Most of the suggestions I have made are a result of the study of what Japan did. Each one of these things Japan did very successfully.

Q. Would you advocate the different forms of State aid alternatively?

A. Even all the five I would advocate simultaneously. It depends upon the individual case and the advice which the Government experts give. In the case of one

company it may be navigation bounty, in another it may be mail contract and so on.

Q. In answer to question 16, you have stated you would exclude "non-British Indian subjects." Do you mean non-Indian British subjects or non-British Indian subjects?

A. I have excluded foreigners, and would exclude non-Indian British subjects.

Q. In answer to question 17, you advocate cessation of bounties in case of a vessel being mortgaged. I suppose you mean mortgaged with possession. Supposing there is a debenture loan from a non-Indian, would you cease to give a subsidy in that case?

A. That would have to be carefully considered when the bounties are given. We should not allow foreign companies to get round legislation by means of mortgages or other means and thus get control of concerns which are nominally Indian.

Q. You said you favour private dockyards. We have been told by two or three witnesses that there is not sufficient private enterprise at present in view of the fact that the whole subject is new to Indian industrialists.

A. I favour private dockyards, but I am afraid they cannot come in in the beginning. That is why I stated that Government should start one or two and in the meantime if business is created private dockyards will come. They can come only when the business is there.

Q. Do you think that shipping companies will give preference to their own nationals and not to Indians who may start their own dockyards?

A. My information so far is that at present all the foreign companies do not give sufficient work to existing dockyards. They only get slight repair work done just sufficient to carry the foreign ships home.

Q. In reply to Sir Arthur Froom, you explained that your proposal to start a State line of steamships was subject to the condition that sufficient private capital and sufficient enterprise are not forthcoming.

A. I did not say that. When several companies ask for Government subsidies, there is bound to be a lot of influence and wire-pulling so that Government will find it very difficult to choose which company is efficient, all being novices in the line. It would be ever so much better if the experiment was started by Government with a State line which would create the Captains and Engineers of the future.

Q. Would it be something like State-managed railways? Government have State

control over railways and you know we want all railways managed by the State.

A. My idea was that if Government could put its own stores and other cargo on its own ships nobody could complain.

Q. You do not want Government to start passenger steamship lines?

A. That is a later development. But if it is Government that starts the experiment it can do it with fairly good passenger steamers and its own officers may be asked to travel by it, because Government have got to pay money for it.

Q. We were told there would be difficulty about the postal service mail subsidy.

A. This is another problem which Japan did solve for herself 30 years ago when Japan started her own mercantile marine. Although the Japanese liners were several knots slower and the classes of steamers were inferior to the English boats running, the Japanese Government gave its own mail subsidy to its own line. I know of British steamers taking British mails, French steamers French mails and so on. So, if the Government of India gives a mail subsidy, it can very well give it to some line which is started and organized according to the requirements laid down by Government and then let other countries who are dissatisfied have their own steamers running.

Sir John Biles.—Q. Did anybody send mails by the slow Japanese line?

A. Yes, I know it. It was called the Japan Mail Steamship Company and a subsidy was given to it by Government, because the Government wanted to improve their service.

The Hon'ble Mr. Lalubhai Samaldas.—Q. In your paragraph 70 you put down 30 crores of rupees as the amount of freight money earned on Indian trade. We had other witnesses whose rates were 50 to 70 crores. Can you give us your authority for 30?

A. I have tried to take the tonnage figures of imports and exports and to apply to them the rates that prevail more or less to-day and I have come to the conclusion that 30 crores would not be an extravagant estimate. The facts as I have studied them are that the total freight paid out by India not only on exports but also imports amount to something more than 30 crores of rupees going out of the country for such services. I might perhaps give some parallel figures which might help the Committee to see that the figure is not an extravagant estimate:—

The total foreign trade of Japan, import and export, in 1921 was 2,867 millions.

The total freight earned by Japanese steamers alone was 284 millions.

This is roughly 10 per cent. (If you add the freights earned by Canadian, Australian and European steamers which also run to Japan, this will be much larger). There are other figures which would justify an estimate of either 10 per cent. or more of the total foreign trade. In the case of Japan, part of the total foreign trade is raw silk, a very valuable article. So the freight is charged on a percentage basis and even then it is not as high a percentage value of the cargo, as would be the case with most Indian cargo. We take the total exports and imports at 500 crores, and applying the same test, we would certainly be paying 10 per cent. or 50 crores. I put the figure at 30 to be on the safe side.

Q. In reply to Sir Arthur Froom you said you are not out to ask for the bread and butter of Indians, but something in keeping with their national self-respect.

A. Not self-respect; it is a vital industry which is essential like so many other industries.

Q. Is the Indianization of this service to be on the same lines as the Indian Civil Service or other services?

A. No, the Indian Civil Service and other services are not a parallel. The Army may be a parallel, because the mercantile marine in times of war is very valuable to the fighting ships. That was how Japan developed her steamers.

Q. Do you think that it is fair to compare the proportion which the total pay of the Indian crews of a ship and of its European officers bears respectively to the total cost of running the ship?

A. I have not considered that question, because that is not my aim. My aim is that India should have a mercantile marine which should be its own instrument of vital communications in times of war or in times of difficulties. At the same time you must have a regular marine, one cannot be created at short notice. My second point is economy; it would save the 30 or 40 crores of rupees in freight which we are every year paying outside India.

Q. As regards that Sir John Biles showed that 60 per cent. goes back to Indian coffers?

A. I do not agree that the cost of the lascar crew of any ship is half the running cost of the ship.

Q. Can you get us some figures to prove the contrary?

A. I can't do it, but you can very easily get it from steamer companies if they are good enough to give them.

Q. We have been told by some witnesses that the failure of Canada and Australia deter

other companies from going ahead. What is your opinion?

A. If I had been permitted I could have given you some cuttings on this subject. I

will send you the copies of the cuttings I have.

President.—Thank you very much.

Witness No. 7.

Captain R. PARCOU, F.R.G.S., Honorary Agent of Mercantile Marine Service Association of Liverpool in Bombay.

Written statement.

Q. 1. The shipping industry in all its branches is in a very backward state in India at the present time.

Q. 2. The following are the conditions present in India to-day which militate against the proper development of shipping enterprises :—

- (a) Keen competition with highly organised English companies.
- (b) Consequent lack of opportunity for young Indian youths to take to shipping industry in all its branches as a profession.
- (c) Lack of proper management in most of the Indian managed shipping firms due to this want of experience from youths.
- (d) The favour shewn to non-Indian firms even by Government at the cost and ruin of the Indian companies.
- (e) The total lack of proper State aid or at least State protection.
- (f) The personnel of the Marine Department specially in Bombay results in preference being given to the ships owned or managed by English Companies to the great disadvantage to the ships owned or managed by Indian Companies.
- (g) In the Marine Department, Indian apprentices are not encouraged to follow the sea as a profession and even those, who have pitchforked along and worked their way up and have qualified themselves as good Marine Officers and Engineers, are discouraged and passed over in favour of non-Indians.
- (h) There have been specific instances during the war when qualified and experienced officers have been told that there was no place for coloured people in the Royal Indian Marine.

(i) Indian owned companies have to put their ships under the non-Indians and even here Indian apprentices are consequently discouraged.

Q. 3. The Indian shipping industry can easily be developed without State aid, if only the State discontinues its present practice of favouring non-Indian shipping :—

- (1) Wherever Government contracts are given to non-Indian firms, a clause must be inserted whereby the said firms are compelled to take Indian youths as apprentices on board.
- (2) The coastal trade should be reserved to Indian owned ships.
- (3) The system of rebate should be abolished.

Q. 4. State aid will certainly help the development of this industry.

Q. 7. I favour navigation bounties for all the three, (a), (b), (c), specially (a).

Q. 9. There should be no limit except with regard to the age of the vessel, say twenty years.

Q. 10. I prefer the Japanese system, but desire to extend the same facility to wooden ships built under the Lloyds' or Veritas' classifications.

Q. 11. I am in favour of special extra bounty being given to vessels in (a) over 16 knots, (b) over 12 knots and (c) over 12 knots.

Q. 12. No reductions are necessary.

Q. 13. No bounties should be given to vessels outside India unless they have been on the Indian register for 5 years.

Q. 14. Bounties on vessels built outside of India should cease after the vessels are over 16 years.

Q. 15. Preference must always be given to Indian youths as apprentices.

Q. 16. I recommend (a) non-British subjects and (b) non-British Indian subjects to be excluded entirely on vessels receiving a Navigation bounty. The Government should

reserve the power to make exceptions in case of emergency.

Q. 17. I strongly recommend to stop Navigation bounties on vessels being sold, or mortgaged to non-Indians.

Q. 18. I strongly recommend to reserve the right of trading on the Indian coast to vessels owned and registered in India and receiving Navigation bounties.

Q. 19. The policy would be that all the Indian shippers and shipowners will co-operate with more facility and understanding with each other.

Q. 20. Yes.

Q. 21. Steamers of light draught of about 1,000 tons gross for passenger trade and from 1,000 to 1,500 tons gross for cargo trade also motor auxiliary vessels from 250 to 500 tons gross.

Q. 22. I am of opinion that all the vessels required for the Indian mercantile marine should be built in private shipyards.

Q. 23. It is still in very primitive state.

Q. 24. The existing shipbuilding yards are not fitted with up-to-date machinery and proper plant; shipping industry in India seems to have been neglected since many years past and therefore skilled labour is rare.

Q. 26. Yes.

Q. 29. Yes.

Q. 30. No. It should be extended to wooden vessels also and the tonnage should not be less than 1,000 tons for steel and 250 tons for wooden vessels.

Q. 31. The rate should be within the limits of Rs. 50 per ton for vessels over a thousand tons and Rs. 60 per ton for vessels from 500 to 1,000 tons and Rs. 70 for vessels under 500 tons gross for hull alone.

Q. 32. Yes.

Q. 33. For the first ten years, there should be no restriction on materials used for the construction of hull and machinery to be imported from abroad.

Q. 34. All import customs duties should be abolished for that period.

Q. 35. The Government should take steps to charge the ordinary customs duty on such articles if being used for other purposes than shipbuilding.

Q. 36. This industry has disappeared to a great extent.

Q. 37. Wooden shipbuilding is at present in India very unsatisfactory.

I. Modern appliances and supervision are required.

II. Lack of skilled labour in shipbuilding works.

III. Lack of competent modern naval architects.

Q. 39. Yes.

Q. 42. Yes.

Q. 43. Yes. Lloyds corporation should be requested to frame proper clauses or insurance policy regarding wooden ships built in India inserting all remarks necessary in their classification.

Q. 44. Yes.

Q. 45. (a) Yes. (b) Yes. (c) By private enterprise with Government help.

Q. 46. They should proceed to sea directly as apprentices or as cadets in a Training ship.

Q. 47. Yes, in India and should be supported by Government.

Q. 48. Yes; no scholarships should be granted in this case.

Q. 49. Training ships should be established in Bombay and Calcutta and to be maintained partially by fees.

Q. 50. Both.

Q. 51. Yes. It is absolutely necessary that boys should terminate period of their apprenticeship in a sea going vessel whether steam or sail.

Q. 52. Most shipowners in India being non-Indians are not likely to accept apprentices for training in their ships. The principal objections are that they lose space for passengers according to the number of apprentices. Measures should be taken to provide spaces for apprentices without interfering with the passengers space.

Q. 53. Premium should not be paid by the Government.

Q. 54. It should be maintained by the Government but apprentices should pay premium.

Q. 55. Free food and all the expenses regarding uniforms, etc., to be borne by the apprentices.

Q. 56. No.

Q. 57. Yes, some sort of nautical academy is badly wanted in India.

Q. 58. Bombay and Calcutta and partially by Government.

Q. 59. Yes.

Q. 60. (a) Yes. (b) Yes. (c) By private enterprise in India.

Q. 62. Yes.

Q. 63. There are none at present but one in Bombay and Calcutta is badly required. No Indian has ever been commissioned as Executive Officer in the Royal Indian Marine.

Q. 64. I recommend a combined training ship for the Royal Indian Marine and proposed Indian mercantile marine.

Q. 65. Government should give facilities to enable suitable candidates to serve their apprenticeship.

Oral evidence, Ecmbay, the 27th November 1923.

President.—*Q.* Are you a sailor?

A. I am a sailor and I am a master mariner.

Q. Are you in command of any ship now?

A. Not at the present moment.

Q. Have you been recently in command of any ship?

A. Yes, the last ship I was in command was the "Utopia" of the Persian Gulf Steamship Company.

Q. You are the owner of it?

A. Yes, I bought the ship from the company. I was trying to run it myself. I have now sold it to some friends in Mauritius.

Q. You say that favour has been shown to non-Indian firms by Government. Can you substantiate that statement?

A. This relates to myself.

Q. Are you an Indian subject yourself?

A. I am an Indian.

Q. Yours was a non-Indian ship?

A. She was owned in India and registered in Bombay.

Q. Had you any Indian officers on board?

A. The captain then was Capt. Willoughby, an Englishman. I had an Indian crew.

Q. Any Engineers or officers?

A. She was a motor ship; she had two motor drivers and a Chief Officer.

Q. What was the size of the ship?

A. Auxiliary motor, with sail. She carried 400 tons.

Q. You say that there have been specific instances during the war when qualified and experienced officers have been told that there was no place for coloured people in the Royal Indian Marine. Can you give me an instance?

A. That is myself. When I was in London Commander Seagrave was employing officers for the Royal Indian Marine. I applied and was refused. Afterwards I managed to get the command of a Government ship from London to Basrah and from Basrah we were sent here. Under very trying circumstances we reached Basrah without any difficulty. I was the only one who could make the passage between Plymouth and Gibraltar in seven days.

Q. Will you tell me briefly as to how the Indian Shipping Industry can be developed without State aid?

A. Government should leave it to the public to come forward and Indian companies should be permitted to run ships just as well as other companies.

Q. Is your Association a branch of the Mercantile Marine Service Association of Liverpool?

A. Yes.

Q. When was it established?

A. I don't remember the exact date, it was over 20 years ago. I am a member of it myself.

Q. You believe that the coastal trade should be reserved to Indian-owned ships?

A. Yes, I believe that.

Q. What is your idea as to how this should be effected?

A. Government will simply frame a law that the coasting trade should be reserved to ships registered, say, in Bombay.

Q. And managed by an Indian firm?

A. Not necessarily, it should be owned by Indians. There will have to be some process of evolution and devolution before we arrive at this.

Q. What is your scheme?

A. There are, for example, a good number of ships with Killick, Nixon and Company lying in the harbour. They can use these ships for the coastal trade. I would consider them Indian if owned by an Indian company and managed by Europeans. If Indians can pay Europeans to manage their companies, let them do so.

Q. Do you think that it is economical or a good start for an Indian mercantile marine to use old ships that are to a certain extent obsolete?

A. But if a ship can pass a survey for the coasting trade, I don't see why it should be lying idle in the harbour.

Q. Supposing you have a ship with a good pass certificate for the coastal service and can carry 2,000 tons of cargo. Will it not be very expensive?

A. I do not advocate such big ships for the coasting trade. Ships from 500 to 1,000 tons will be sufficient.

Q. Is it economical to use an old ship?

A. I had a small ship of less than 250 tons on the coast here from Bombay to Cochin. She gave me a fair profit. It is co-operation that is required in India among the merchants.

Q. From your experience of the sea, do you think there would be sufficient young Indians coming forward to make good Mercantile Marine Officers?

A. I should think so. They would, in my opinion, be prepared to endure the hardships of the sea.

Q. Did you take any Indian apprentices in your ship?

A. I had always two or three, people from Seychelles, Mauritius, etc. I had only one Indian, because I had no cabins to berth more than one. I would have taken more if I could berth them.

Q. What was the man you had like; did he pass the second grade?

A. It is a pity my ship was sold after some time. He was a clerk in the B. I. before; after 18 months he proved to be a good officer.

Q. Did he become an officer in 18 months?

A. I do not mean that he could understand navigation. He could keep a watch and do that sort of thing.

Mr. *Jadu Nath Roy*.—Q. You have recommended the reservation of the Indian coastal trade for Indian companies. Do you mean by Indian companies that they should have a majority of shareholders?

A. By an Indian company, I mean a company registered in India and owned by Indians, but managed by Indians or Englishmen. The Agency should be Indians. You may employ somebody else as your advisers.

Q. You say that all the vessels required for the Indian Mercantile Marine should be built in private shipyards. Don't you think that we should develop Government dockyards?

A. No.

Q. You do not consider that Government dockyards should, in the first instance, be developed as an encouragement for Indian people to go in for private dockyards?

A. I will not lay stress on dockyards for building ships. But if Indians have a dockyard of their own, they can build ships there. Good wooden ships for instance have been built at Bassein. Steel ships, of course, are never built here, because we have not got the steel.

Q. In your reply to Q. 52 you say that one of the objections why ship-owners do not take in apprentices is that they lose space for passengers. Is it because they have not got sufficient cabins?

A. This is one drawback, but if the company wants to help the young boys of India, they can easily give them berths.

Q. How can the companies help the Indian youths?

A. If the companies want to help the young boys of India, they can do so by giving them berths as apprentices.

Q. Are you aware of the objections raised by non-Indian companies in the matter of taking apprentices?

A. They raise the racial objection.

Diwan Bahadur T. Rangachariar.—Q. Where do you come from?

A. I belong to the Seychelles Islands where there is a large Indian population who chiefly come from the Madras coast, from Pondicherry and from Tranquebar.

Q. Do the Indians born there take to sea life easily?

A. Yes; they are descendants of Indians who settled there.

Q. Do you think they show capacity to become officers?

A. They are very promising and if they are properly trained, they would make efficient officers.

Q. Is there not a prejudice against taking coloured people as apprentices?

A. Yes, even in India that is the difficulty.

Q. How long have you been in this line?

A. For the past 30 years. I hold an extra master's certificate from the Board of Trade. I passed it in Sydney.

Q. Do you find difficulty in securing employment?

A. I find it difficult in Bombay; but I did not experience any difficulty in England. I was employed there during the war.

Q. Is it not very difficult for an Indian to become an apprentice in a non-Indian company unless the Government interferes?

A. I know one instance in which the Governor of the Seychelle Islands wrote to several companies in India to take the youths of those islands as apprentices as there were no openings there; but not even a reply was received to the communication.

Q. Capt. Moreland said that Indian boys did not pass the examinations. Do you know the reasons for their failure?

A. In the first instance I should like to know in what branch they fail.

The President.—Q. Capt. Moreland said that there were a large number of general failures. He did not specify whether it was navigation or oral examination.

A. Since the days of training we have heard that knowledge in seamanship has deteriorated. I personally know that young officers to-day are not as good sailors as we used to be in the old days. If you come to a place like Mauritius there are good sailors. I wanted to know whether the failure was in navigation or seamanship because I personally prepared a candidate in Bombay for the master's examination. After two years' training under me, he failed in the rule of the road. I have never heard of an instance where a boy who has passed two examinations failed in the third examination in the rule of the road. Possibly he could not express himself properly.

Diwan Bahadur T. Rangachariar.—Q. Do you think the language difficulty may account for the failures?

A. Most of the failures would be on account of the language difficulty.

Q. In the viva voce examination the language difficulty will be all the greater?

A. Yes; unless a man is quite a scholar and proves himself better than the examiner in English, he cannot answer the questions.

Q. Do you think the Indian boys will get sufficient training in the nautical schools?

A. Under good tuition, they can get efficient training.

Q. Would you advocate training in a steam vessel?

A. I would prefer that the boy should be put up in a sailing vessel to which an auxiliary motor is attached which will improve the boy physically.

Q. Do you think that wooden ships should be developed in this country?

A. I would not ask the Government to turn its attention to wooden ships; the wooden ships must be left to private enterprise.

Q. Did you find any insurance difficulty in the case of wooden ships?

A. Yes, only this year. I have a wooden ship which I have been insuring till now at Lloyds; but they have refused to insure it this year. Probably they have changed their policy recently.

Q. Would you advise wooden shipbuilding as an industry at all?

A. Yes, I do; for coastal trade especially.

Q. It was said by some witnesses that wooden ships have no future at all?

A. I was born and brought up in a wooden ship. If they are properly built, they can be of great use to the country.

The President.—Q. You said you prepared boys for the Board of Trade's examination; do you make a profession of that? Is there any opportunity of training boys?

A. When I first arrived in Bombay in 1916, I could not get a situation. Capt. Harcastle told me it would pay me if I opened a nautical school, but I had no money to buy the necessary models that are required for a school.

Q. Do you think it would be paying to open a navigation school?

A. It would be useful to the Indian captains. Some of them cannot even speak English.

Sir John Biles.—Q. Would you advocate ships between 250 and 500 tons for the coastal trade? How much would it cost to build a ship of 250 tons?

A. A brand new ship of 250 tons may cost about Rs. 30,000.

Q. With reference to the finding of space for apprentices, how can it be done without interfering with the space allotted for passengers?

A. A port officer in surveying ships should put aside a small space to accommodate 4 apprentices.

Q. Should it be a general law that every ship should have space for apprentices?

A. Yes; at home I was in the Clan Line where space is allotted for four apprentices.

Q. The principal objection is that by taking apprentices, the space allotted for passengers is minimised?

A. Unless they have some prejudice to take apprentices, I cannot see any reason why they should not allot some space for them.

The President.—Q. Do you advocate reservation of coastal trade for Indian ships?

A. Yes, I mean by Indian ships, ships registered in India. I have been domiciled in Bombay since 1916.

Sir Arthur Froom.—Q. You do not think that the owner of a ship should be Indian for the purpose of trading on the coast?

A. He must reside in India and the ship should be registered in India. If he does not reside in India at least he must have his agent here.

Q. Supposing I own a ship, could I trade on the coast?

A. You can if the ship is registered in India.

*President.—*Thank you very much.

Witness No. 8.

Mr. L. W. H. YOUNG, General Manager, Bombay Steam Navigation Company, Limited.

Written statement, dated the 5th April 1923.

Q. 1 to 3. The Shipping Industry in India is slowly becoming normal again after the disorganisation caused by the War. From an Indian point of view the position may not be entirely satisfactory but I am of opinion that the reason for this is that so many unsound concerns have been floated and so much money has consequently been

lost in shipping that there is a lack of confidence amongst Indians themselves for Indian Shipping Companies.

I see no reason why a sound concern started with a definite policy, backed by well known Indian business men and managed by the best brains available should not prove a success in the long run; but

it must be fully realised that ship owning is not a gold mine and successful management requires high specialisation.

Q. 4 to 17. I am not in favour of State aid, any special legislative measures, or navigation bounties to develop the Shipping Industry in India. These are all unnatural aids and mean that the tax payer has to subsidise a particular trade and gets no advantage in return. Further such aids make for indifferent management and I can see no point in their favour whatsoever.

Q. 18 to 20. I consider the Indian Coasting Trade should be kept open to all comers with the exception of ships of those countries who reserve their Coastal Trade to their Nationals. Any reservation beyond this would probably result in increased coastal freights and a lessening of the facilities now given. Further it would probably re-act to a certain extent on the Indian Coal Trade and on Homeward freights from Bombay as many tramps loaded for Calcutta, after discharge there, load again for Bombay with coal. If this was prohibited Bombay Coal Consumers would lose opportunities of securing occasional cheap coal freights as they do at present, and the vessel having to come to Bombay in ballast would naturally require a higher freight Bombay to Europe. Coal freights from Calcutta would be kept up to the benefit of South African coal shippers in so far as the Bombay and Karachi coal trade is concerned.

Q. 21. The size and description of vessels required for an Indian Mercantile Marine depend entirely on the trade for which they are required.

Q. 22. Shipbuilding should be left to private enterprise. Government should certainly not take on commercial work.

Q. 23. There is practically no shipbuilding and marine engine construction industry in India. What work is done, is practically entirely ship repair work, though a fair number of launches and barges have been built in Indian Yards.

Q. 24. This is due to the lack of raw material and skilled labour in India.

Q. 25. I do not see how this can be remedied by State or Legislative Aid.

Q. 26 to 35. No reply.

Q. 36 to 42. It is not clear if this query relates to wooden sailing or power vessels. If the former the Industry appears to me to be in a healthy state; if the latter wooden power vessels, of any size, are a proved failure.

Q. 43. I cannot suggest any means by which the difficulty experienced in effecting Insurance of Indian built wooden ships

can be overcome. I understand there are Associations of merchants at several ports for the Insurance of cargo shipped by sailing vessels and a study of the working of these Associations might assist in the solving of the insurance of hulls question.

Q. 44. It is doubtful whether a considerable number of Indian youths would choose the sea as a career at present, but I consider that if special educational facilities could be provided for the sons of sea faring people such as the Captains and Officers of this Company, it would be a good beginning and would eventually attract people who at present would not consider going to sea.

Q. 45 to 47. I consider that a preliminary course of instruction on a training ship or training establishment ashore is advisable. This should be carried out in India and Government should support it with money and assistance in securing the right personnel.

Q. 48. Training in England should not be encouraged and any person choosing to do their training out of India should do so at their own expense.

Q. 49. Probably one establishment in India would do to start with. Maintenance charges should be met partially by fees. Government should make a grant and shipping companies likely to employ the pupils when certificated should be asked to make a yearly contribution. The management should be in the hands of a Committee partly appointed by Government and partly by subscribers and other interested persons.

Q. 50. A training ship is preferable to a shore establishment.

Q. 51. A period of apprenticeship in a sea going training ship is preferable.

Q. 52. Ship owners who are likely to ultimately employ such apprentices should have no objection to accept apprentices for training.

Q. 53. Government should not pay any portion of the premium.

Q. 54. A sea going training ship should be self supporting and under the same authority as manages the training ship referred to in 49 and 50 and the two establishments should work in conjunction.

Q. 55. Fees should cover food but not clothing.

Q. 56. Curriculum should cover all the prescribed subjects for each grade of the B.O.T. Examinations from 2nd Mate to Master.

Q. 57. This would probably be necessary.

Q. 58. One to begin with and at Bombay. They should be self supporting from fees but Government might make a

grant for a few years until the Academy was well established.

Q. 59. Yes, a fair number have already become Engineers in the Mercantile Marine.

Q. 60 and 61. I do not consider that Government should assist as suggested. If any thing the demand exceeds the supply.

Q. 64. In view of the proposed reduction of the R. I. M., it does not appear as if a training ship is necessary to train men for the R. I. M., only. The training ship referred to in 49 and 50 should supply all requirements.

Q. 65. Government might assist a certain number of suitable candidates (Engineers) to undergo training at Home.

Q. 66 to 68. I agree with the views laid down regarding postal subventions.

Q. 69. I am not in favour of direct or indirect aids.

APPENDIX A.

This relates to shipbuilding Companies only and I am not therefore in a position to reply to the several queries therein.

Witness No. 9.

Written statement of Messrs. KILLICK, NIXON AND COMPANY, Bombay, dated the 15th August 1923.

Q. 1, 2, 3. The same as in all parts of the world, deplorable owing to general business depression all over the world, and high cost of running steamers. Indians are new to the steamship trade and can hardly expect to make their fortunes out of it under present world wide conditions, when the oldest established shipping companies of the world with centuries of experience behind them are striving tooth and nail to keep their heads above water.

Experience is the main essential for successfully running a shipping company and this is gained by years of close study and application to the subject only.

Q. 4 to 17. State aid in the form of a subsidy or in other words aid from the tax payer to promoters of shipping companies would appear an unfair drain on the public, as no direct gain is derived by the subsidisers. Lack of it, hitherto, in our opinion, cannot be claimed as a reason for the lack of enterprise shown by Indians in this industry.

Q. 18, 19, 20. The Indian coastal trade should be open to all nations with the exception of those who limit the coastal trade of their own shores to themselves. Any reservation other than above would, in all probability, result in the monopoly of the trade by a strong syndicate, subsequently leading to higher freights and generally tend to do away with existing facilities en-

joyed by shippers and offered as inducement by the various traders in open and fair competition.

Q. 21. The size of the steamers depends entirely on the trade route in which they are intended to be used, and no hard and fast rule can be laid down. It is entirely a matter for the companies themselves to decide.

Q. 22, 23, 24, 25. Lack of raw material, lack of skilled labour, lack of experience, and finally lack of enterprise is responsible for lack of development of the Steamship Building Industry in India.

Government should not subsidise commercial propositions of this nature and indeed we cannot think that it would materially affect the situation, as it is undoubtedly experience and enterprise and not funds that are lacking.

Q. 28. Experience and enterprise are not born of legislation.

Q. 29 to 35. No answer.

Q. 36 to 42. Wooden steam vessels were proved during the great war to be a failure.

The Wooden Sailing Vessel Building Industry is an old established one in India, and does not require subsidising.

Q. 44 to 70. Being engaged in the overseas trade only, we have no reply to make to these questions.

Oral evidence of Mr. L. W. H. YOUNG, General Manager, Bombay Steam Navigation Company, Limited, who appeared also as the representative of Messrs. Killick, Nixon & Co., Bombay.

President.—*Q.* You state in your written evidence that you are of opinion that the

reason why the Indian Shipping Companies have not so far been successful is that they

were largely unsound. Could you just briefly tell us how you arrived at this opinion?

A. No Shipping Company has ever made a study of any particular trade and the figures given are mere guess work. I will let you have several prospectuses I have which give figures I have not got them with me here.

Q. Supposing they are started on what you consider to be really sound lines; there is no reason why they should not become successful?

A. If they have a large capital and the best of management, the existing Companies are bound to let them in. It is a question of preparing to fight and lose perhaps a million or half a million, probably they will eventually come to terms.

Q. You are against State aid?

A. Yes.

Q. On the ground that you get no advantage in return?

A. A company like the Bombay Steam proves that there is no necessity for State aid. It has been carried on for 50 or 60 years now. State aid mostly implies a certain amount of State control; you have to pay very heavily for that.

Q. Do you think that the coasting trade should be open to every one except those countries who reserve their coastal trade for themselves?

A. Yes, I was recently in Australia for a short time and I made enquiries on this particular point. There is very grave dissatisfaction there regarding the operation of the Australian Act, so much so that the Australian Government have appointed a select committee to enquire into the working of the Act. I can give you a copy of the cutting from a paper on the subject.

(The cutting was handed in and read out by the President.)

I remember one point, that was about the rates prevailing between Adelaide and Fremantle. On a particular commodity—timber I think—the rate was 55 and even then the tonnage available was not sufficient to cope with the demand.

Q. You mention the difficulties of effecting insurance in India. We have had one or two witnesses who said that it is impossible to effect insurance and at least one who said it was quite easy. Have you had any actual experience of the difficulty of insurance?

A. Speaking of sailing ships, No. I believe that particularly in Kathiawar there

are Associations of country craft owners; I have never gone into the working of them.

Q. Had you in your ships any apprentices?

A. Yes, we had. Until recently we carried about 36 and when we found we were not getting the results we wanted we got rid of them. I am now working out a scheme to take in apprentices with prescribed courses of instruction.

Q. Is that with a view to making them officers in your own line?

A. Yes.

Q. Have you had any accidents in your ships?

A. I cannot think of anything serious, not in my time.

Q. What is the largest size of ship you have?

A. About 1,500 tons. The master of this ship had a foreign certificate which is unusual.

Q. You have a good many men who had been in the Marine?

A. I do not think so; they have not got the certificate we want.

Q. Do you think that the younger generation coming on are more highly educated and efficient?

A. I am afraid they are not. We have been trying to encourage them to read and write English; they cannot progress very far unless they know English.

Q. How do you select your men?

A. They are mostly the sons of fathers who have been serving us at sea for many years and they know and are part of the history of the Company.

Q. Do you happen to know of even one man with a foreign certificate?

A. Yes one referred to previously but I believe that it is very rare. Several however have gone to work at Zanzibar and I know of two or three who were working between Dhanushkodi and Talaimannar.

Q. With a view to encouraging boys to take to the sea, supposing Government established a training ship, say, in Bombay, do you think you could get enough young men to come forward?

A. I think it is worthwhile making the experiment. We would like more highly educated men.

Q. After training, do you think there would be openings for them in your Company?

A. Where our men fail is that they are not able to appreciate the business side as usually understood by a Master.

Q. The master of your ships have nothing to do with the cargo, have they?

A. No.

Q. Do the men keep their ships in an efficient way?

A. Not according to our ideas. I might say that I was at home in 1921 and I went round from London to Scotland to see how the English Coasting trade was run. We were on a boat of 1,300 tons, belonging to the Clyde Shipping Company, and she had a Captain and 2 officers only. The Captain was, I think, a Channel pilot; it was about 60 hours' run and he took the ship right up to Glasgow. In a similar sized ship and in an easier trade we were carrying a Captain, 3 officers and 3 apprentices.

Q. From your point of view, it would be an advantage to your Company if Government could give some form of training and give you a higher class of men?

A. Yes, but we should try to get the sons of our officers and captains to take advantage of such training and give them a preference to begin with.

Sir John Biles.—Q. Would you mind telling me what is the Bombay Steam Navigation Company, what number of ships it has and where it trades?

A. The "Bombay Steam" was originally started as far back as 1845. This was practically the first Indian Steamship Company. Mr. Shepherd was practically the pioneer of shipping on this side of India and was responsible for the training of a number of men. As the trade developed he borrowed more money and the Company grew steadily until about 1900 when he retired. His successor ran the business for six years and sold it to Killick Nixon who became Managing Agents and floated it as a public Company. We have 31 ships. At present we have 15 Ferry steamers and 16 Cargo steamers some of which are to be disposed of. We trade between Bombay and Karachi North including the Gulf of Cutch and the Gulf of Cambay, calling at 16 ports for passengers and cargo and between Bombay and Mangalore south calling at 27 ports for mails cargo and passengers. On what we term our Ferry lines we usually have 5 sailings and 5 arrivals daily on the cargo lines about 8 to 10 sailings and 8 to 10 arrivals weekly.

Q. Is this line run wholly by Indian crews?

A. Yes, Indian Officers and Indian engineers, including Christians; most of the Engineers are Parsees.

Q. If the coastal trade were confined to Indian companies (Indian management and Indian crew) would your line be cut off?

A. I presume not, as although it has English management, it is undoubtedly an Indian Company.

Q. Under the proposals that have been made to restrict the coastal trade to Indians, do you think your line would be able to trade?

A. Yes. It would probably benefit us to a certain extent, because we have greater experience than any one else in the trade, and we should be the only Company with experience left in the trade.

Q. What is Rupee capital as compared with Sterling capital? Is it necessarily subscribed by Indians only?

A. Not necessarily, but as a matter of fact, more than 90 per cent. of our Capital is Indian capital. It is called Rupee capital because it was floated and subscribed in India.

Q. You are quite sure that if the proposals indicated in the Terms of Reference to this Committee were carried out, your company would be able to continue to trade on the Indian coast?

A. Yes.

Q. Notwithstanding that, subsidies are not desirable?

A. No.

Q. If non-Indians were excluded from the coastal trade, do you think that other Indian lines which would be formed could get on without a subsidy?

A. Yes, because it would give them practically a monopoly and they could do more or less as they liked with rates.

Q. That presupposes that they would not compete with each other?

A. From the Indian point of view the best thing would be for one or two strong companies to come forward, a few weak ones will not help the situation.

Q. Supposing that a considerable number of Companies come forward under the encouragement of a subsidy; it does not necessarily follow that this would give them a monopoly?

A. There is no doubt they will come to some working arrangement eventually.

Q. When they do come to an arrangement they would be pretty much in the position of enjoying a monopoly, but not an efficient monopoly?

A. Yes.

Q. Do you think that a subsidy would not be necessary for these companies?

A. No. I have looked at the question from our own point of view. I should personally like it, but I don't think there is anything that justifies it. We are prepared to carry on just as we are now doing.

Q. It is just possible that you would be better off if no subsidies were given to others?

A. Yes as otherwise I suppose Government would interfere to some extent.

Q. You are an experienced Company running on the coast; the new companies would be inexperienced and therefore to the extent of a subsidy they would be able to compete with you better. Is that not so?

A. That is so.

Q. So that from your personal point of view it would be better if the old companies did not get subsidies.

A. Yes.

Q. You say that it is doubtful whether a considerable number of youths would choose the sea career. We have heard witnesses saying that at least 2,000 would be quite ready to go to sea at once. From your experience do you think that such a large number would come forward?

A. We get no men from outside and have received no applications for such posts.

Q. Have apprentices been employed by you for many years and have you trained them?

A. Yes. We have trained them. For the last ten years we have been taking apprentices.

Q. From what class are the apprentices drawn?

A. They are all Muhammadans. They come from Daman 120 miles north of Bombay. They have very little education when they come to us.

Q. Do sons of Indian gentlemen come forward?

A. They have not come forward up to the present.

Q. You have had no opportunities for training sons of Indian gentlemen?

A. No, they have not even approached us.

Q. If there is a demand for 2,000 officers for employment, do you think we can get such a large number?

A. Though not immediately, we can get them in course of time.

Q. How should the training colleges be maintained?

A. Maintenance charges should be met partially by fees from pupils, partially by grant from Government and partially by scholarships instituted by Shipping Companies. I think in the Conway and Worcester, the shipping companies subscribe liberally.

Q. Where would you like the training ship to be, on the shore or in the ocean?

A. One should be a shore establishment and another on a training ship. If the

training ship can do a certain amount of trading, so much the better.

Q. Sea going training ships should earn money if they are not capable of being self supporting?

A. Yes.

Q. Do you think that the demand of Engineers who want to get into the mercantile marine exceeds the number of vacancies?

A. Yes, at present.

Q. So, there is no necessity for the Government to encourage engineers at present?

A. I do not think so; the workshops turn out a large number of engineers year after year and we also have apprentices in our Works.

Sir Arthur Froom.—Q. You gave us a very interesting brief outline of the history of the Bombay Steam Navigation Company and how it has been working; when they first started, how far did they trade?

A. I do not know if the Committee has seen a book called "The Old Country Trade of the East Indies." If the Committee have not seen the book I shall be happy to give them a copy. It gives the history of how the Company was formed and how it progressed in its business. Originally they went as far as Colombo in connection with the P. and O. Mail.

Q. When you took over the concern were there many vessels?

A. Not so many, we have since increased the fleet.

Q. Has the trade increased?

A. The trade has remained at much about the same level for the last 15 years.

Q. Have you experienced much opposition?

A. We have always been up against competition. One Company which competed with us recently failed owing to bad organization.

Q. How is it that all opposition died out?

A. They never study the trade and its requirements.

Q. You never felt the want of a subsidy?

A. We proceeded to fight on a commercial basis, that is giving the best service.

Q. What is the size of your largest ship?

A. It is about 1,500 tons.

Q. Has there ever been a European in command?

A. No.

Q. Is it satisfactory?

A. Yes. (This was a remark by Sir Arthur Froom "during the war, they did efficient service when the P. & O. Mail "Mongolia" was sunk they helped much.

It will be very interesting to know that an Indian Officer was commanding).

Q. The P. & O. showed their keen appreciation of that service. What examination had the Indian Officer passed?

A. He passed the Master's Examination.

Q. Have you got Officers of different castes?

A. They are all Muhammadans; with a few exceptions they all belong to the same place.

Q. There are no Hindus?

A. None.

Q. You have no trouble in regard to accommodation and messing?

A. No.

Q. The engineers are chiefly Parsis and Goanese and in your smaller crafts, you have Muhammadan drivers?

A. Yes.

Q. You have already told us there are no European Officers and so there is no question of Indian apprentices having to serve under European Officers?

A. No.

Q. The trial up to date of apprentices has not been an unqualified success?

A. No.

Q. Are you in favour of subsidies?

A. No.

Q. Are you in favour of the reservation of the coastal trade to ships registered in India and owned by Indians?

A. No, the coastal trade should be free to all.

Q. You support the Indian Merchant Shipping Act of 1894 which provides for this?

A. Yes.

Q. Supposing it is possible to reserve the coastal trade for Indian owned ships, there is already established the Scindia Steam Navigation Company which is trading amicably along the coasts with the present English Lines. Don't you think that the Scindia Company would at once be attacked by other Indian Companies if the coastal trade were reserved to Indians?

A. I think the Scindia Company would be open to attack.

Q. Would you advocate that the then existing companies might protect themselves by rebates or contracts?

A. Yes, I believe in rebates.

Q. You think it is a legitimate thing and that it is in the light of a contract between the Shipowners and the shippers by which both derive benefit?

A. Yes.

Q. You told us the Bombay Steam Navigation Company is under European manage-

ment. That means yourself and certain other officers who manage it.

A. I have two assistants and one accountant; we have three European Agents at out ports, and 3 European Engineers.

Q. You have a European Superintendent?

A. Yes.

Q. Do you in your Works at Mazagon employ a large number of Indians?

A. Yes, upwards of 900.

Q. You have already told us that you have given three shore appointments to Indian Masters?

A. Yes.

Q. There is only one other point which I wish to ask you. Did you not tell us that the reservation of the coastal trade in Australia has not proved a success from the merchant's point of view owing to the high freights?

A. Yes. The lines are much more subject to the dictation of the Unions and there is a great deal of interference.

Q. Previous to that when the coastal trade was open, was there any trouble?

A. Everybody was very well satisfied. Western Australia particularly is very indignant as they consider they are very badly treated by the working of the Act.

The Hon'ble Mr. Lallubhai Samaldas.—

Q. Is there any Indian Shipping industry worth the name?

A. No; except a few weak companies, there is no Indian Shipping Industry.

Q. You have understood by shipping industry in India shipping industry by foreign companies?

A. Yes.

Q. Is it not very unsatisfactory from the Indian point of view?

A. Yes, but I am afraid sufficient consideration is not given to the great services rendered to India by foreign companies.

Q. You said just now in reply to the President that you would send us the prospectuses of unsound concerns?

A. I did not say unsound concern; I said I would send prospectuses of concerns which I would ask you to consider whether you would invest money in them.

Q. Do you refer to the Tuticorin Swadesi Company?

A. I refer to the Anglo Indian Colonial Company and others.

Q. The Anglo India Colonial was actually killed by competition; we know about that.

A. I have no record of that.

Q. Cut throat competition and the deferred rebate system have been cited as the chief reasons why indigenous companies are not successfully competing with old established companies?

A. Small companies do not know sound business and therefore they do not thrive.

Q. Has not your company certain treaties with the States in Kathiawar? Does not your company thereby practically keep away other companies competing with you?

A. Not entirely.

Q. Do not some of the States in Kathiawar practically help you in getting trade?

A. Yes.

Q. I suppose your company also did some work during the time of the boom which afterwards turned out to be unsound? So you cannot blame other people if they made mistakes during the time of the boom?

A. No, we do not blame them. At the time of the boom, they had to pay very heavy prices and later prices fell considerably. With all due respect to the Scindia Company, I should say that the purchase of the "Loyalty" was not sound. Any man could have told them they were making a mistake.

Q. "Loyalty" was not purchased by the Scindia Company but it was purchased by a Syndicate which had nothing to do with the Company as such. That is a mistake committed by many who do not know the inner history.

Q. Do you feel competition in your trade?

A. Yes, we have encountered competition for years.

Q. Is the competition very keen and are they likely to drive you out? Unless you get some state aid it may be possible to drive you out of trade?

A. I am not at all in favour of state aid.

Q. Don't you think that infant industries do require state aid. Well established companies may not be in need of state aid. In the case of infant industries they have to be protected. Would you not advocate protection if they are *bonâ fide* sound companies? Would you object to subsidies in any form?

A. Certainly, I should. But Government might give a monopoly in a trade where there is no room for two companies. To my mind if the Government in the past had given a monopoly to the Company in certain trades and had prescribed the maximum and minimum fares and the services to be maintained it appears to me that in certain trades the public would have benefited.

Q. If you do away with the deferred rebate system and fix maximum and minimum rates, that would lead to healthy competition?

A. I think there is sufficient healthy competition already. For instance between Karachi and Bombay there is our Company

and the B. I. and the Holland B. I. Line compete with us.

Q. So practically your Company and the B. I. Lines are combined against all indigenous companies?

A. As a matter of fact Scindia also has joined this combination.

Q. You said there is lack of confidence on the part of Indians themselves in Indian Shipping Companies? Do you say that on your own authority or have you heard it from others?

A. It is generally stated, people who have burnt their fingers badly have been saying so.

Q. You are not in favour of any subsidies, because the general taxpayer does not get any advantage in return?

A. Yes.

Q. It has been suggested to us that if a terminal tax or cess of 8 annas per ton were levied for the purpose of finding the money for the subsidies, it will not fall heavily on the consumer or the general taxpayer. I would like to have your views on this subject.

A. On the coastal trade any further surtax will probably put more cargo into the country craft.

Q. You know certain cesses are levied by Government to help certain industries, for example, the cotton cess, tea cess, etc., and legislation to levy these has been passed. If a small cess on shipping is utilized for the purpose we have in view, will any harm to the general tax-payer accrue?

A. I have not considered it from this point of view.

Q. One or two witnesses have laid down five different forms of help and laid stress on guaranteeing a certain minimum dividend on the Capital of the Companies. Do you think this would also lead to indifferent management?

A. "Guaranteeing of minimum dividends" is a very bad means of encouraging the healthy growth of an industry.

Q. You know the Railway Companies are guaranteed; is that efficient management?

A. I have never come up against that side of the business. Shipping is entirely a different business. I don't think any comparison can be made between Shipping and Railways.

Q. I understood you to say that as regards the coastal reservation there would be competition between old Indian Companies and new Indian Companies and yet you think the facilities would be lessened.

A. Because it requires a lot of experience to give anything like the present efficient service.

Q. If this country has not had experience till now and if no special opportunities are given to them, do you think that the country should always depend on foreign companies and should not have their own Mercantile Marine?

A. I think it is for them to make their own opportunities.

Q. What other Governments have done for their countries, why should not the Government of India do for India? Why should India be the only country which should not adopt any measures to start her Mercantile Marine?

A. India has not yet had a company strong enough in every way to make a fair trial of what an Indian Company can or cannot do.

Q. If you are satisfied that Indians will run it properly?

A. My view is entirely opposed to it. I don't see why a sound concern with plenty of money behind it should not prove successful; but until this has been put to the test this argument goes by the board.

Q. From your experience you cannot say that the big companies will or will not be able to kill out all competition from small companies?

A. There will always be competition from small companies.

Q. With reference to your written reply to Questions 18 to 20 if we have our regular coastal service, will that keep the freights low?

A. Freights have been latterly as low as Rs. 7-8. I cannot say if they are going up. Low rates give the consumer here an opportunity to get cheap coal. If coal steamers have to go to Calcutta in ballast, no owner will do business Calcutta to Bombay with expenses on the present scale at Rs. 7-8. At present owners will sometimes take a low rate Calcutta Bombay with coal as they can secure loads to Calcutta then take coal for Bombay and then load for Europe.

Q. That means that the Calcutta merchants will have to pay more for the export trade?

A. It must be remembered that India is competing against other countries exporting the same commodities.

Q. You say that Shipbuilding should be left to private enterprise. It has been suggested to us that India should have at least one Government shipbuilding yard, say, in Bombay, for a few years, afterwards to be passed on to private companies. Would you have any objection to that?

A. I should personally say it would be a waste of money.

Q. If the taxpayer is willing to pay?

A. I would not commend it.

Q. Do you know of any ship-yards managed entirely by Indians?

A. No.

Q. Do you build any ships in India?

A. No, we have erected launches and barges.

Q. You refer to lack of material and skilled labour in India. To remedy this we must have some place where we can get experience. Don't you think that Indians should be given opportunities of obtaining all the knowledge they can on the subject?

A. Before you get to that, the standard of education has got to be improved.

Q. I agree with you. But let me make my position clear. We want a beginning to be made and Government to help us. Have you any objection to Government helping us to make a start on the right lines? We know that it is impossible for us to compete with foreign companies.

A. I think it is very reasonable if you want to make an experiment but I think that the ships in themselves would be a handicap for a company which had to work them. Then again there is the question of cost.

Q. In reply to Question 48 you say that training in England should not be encouraged. You mean training at Government expense?

A. Any training should be given in India.

Q. With reference to your reply to Question 65, would you not send out Deck Officers for training in England?

A. No. (Note—I believe this refers to a question left out *re* Engineers for special jobs such as Diesel Engines.)

Q. As regards Deck Officers, you are in favour of training ship?

A. Yes.

Q. The Government of India have a certain number of prize ships which are run on business principles. If this Committee recommends that a certain number should be reserved for training apprentices, is there anything wrong in that?

A. I don't see anything wrong, but I would certainly prefer training on a sailing ship which is undoubtedly the finest means of training.

Q. You said you have built only a few launches. Have you not been able to build large vessels and why?

A. We should have to import practically everything plates, angles, etc., and costs are so high.

Q. If Tatas who are manufacturing plates are able to provide them in the future, do you think that the industry might be started as an experiment?

A. As things are at present, I do not see how it can be done.

Q. Have you had any Hindus in your ships?

A. No.

Q. Will you be prepared to take Indians as apprentices. If there is a demand for them and if you advertise, do you think a large number will be coming forward? One witness told us that as many as 2,000 will be forthcoming at once.

A. It is most unusual for a Company to advertise for apprentices. They get sufficient applications.

Q. For home certificates you train up your men yourselves?

A. Yes.

Q. Do you employ special instructors for that purpose?

A. We do not at the moment, because we have not got sufficient work owing to the depression. As I told you previously we are working out a new scheme for training. We want to push our own men.

Mr. Jadu Nath Roy.—Q. From an Indian point of view, Indian shipping is not satisfactory. You do not want Government to pay any subsidy or to give any sort of protection?

A. No.

Q. Indian Companies would like some sort of protection to compete with the foreign companies.

A. Competition usually means one Company going to the wall or joining a combine.

Q. You stated that all these companies must be prepared to lose a million.

A. Take the case of the Commonwealth of Australia Line: they were formidable competitors and they competed up to a certain extent with the Conference and now they have come to terms and maintain the Conference rates.

Q. To some extent they are protected by their Government?

A. Not in the deep sea trade.

Q. In any case it is very difficult for new Indian Companies to hold their own against competition?

A. I do not think it has ever been put to the test in the proper way. There is too much demand for protection; and the advantage of getting the cheapest and most efficient service is lost sight of.

Q. Somebody said that as they had more vessels there was more competition. Is

there at the present time more vessels in the coastal trade?

A. I should not think there are more Indian vessels than there were 15 years ago.

Q. I am talking about the Bengal side.

A. I know nothing about that side of India.

Q. You said you have Indian Navigators? What is their pay?

A. Their pay ranges from Rs. 250 to 350.

Q. Are all the navigators Muhammadans?

A. Yes.

Q. Do you think there is sufficient inducement for respectable Indians to go in for the post of navigators?

A. We do not particularly look to that class of people for our officers. We train apprentices and they usually serve us right through their working life and are usually given an allowance on retirement. I think that for the work they do it is very good pay.

Q. You do not want to have any Government control? The East India Railway is managed by Government.

A. I do not think one can compare railways with steamers; the railway has always a monopoly whereas steamers are in competition with the whole world.

Q. Do you have any apprentices at present?

A. We have no apprentices at present.

Q. The shareholders of your company are all Indians?

A. 90 per cent. of the shareholders are Indians.

The Hon'ble Mr. Lallubhai Samaldas.—Our relations with Killick Nixon and Company are very friendly. The Bombay Steam was started in India with Indian money.

Sir Arthur Froom.—Yes. It was started by Shepherd and Haji Kasim. Their combination was strong enough for anybody.

Sir John Biles.—Q. Do you give your Officers uniforms, besides their pay?

A. We had been giving them uniforms hitherto, but we have had to stop it owing to retrenchment.

Q. Have you got any idea of the total tonnage of coal that goes from Calcutta to Bombay?

A. I cannot give you any idea.

Q. How many tramps loaded would generally go from Calcutta to Bombay.

A. In normal times about 10 to 15 tramps per month.

President.—Thank you very much.

Witness No. 10.

The BOMBAY RICE MERCHANTS' ASSOCIATION.

Written statement, dated the 2nd November 1923.

Q. 1. The shipping industry can practically be said to be non-existent in India. The glorious past of Indian shipping and maritime activities, depicted by Dr. Radha Kumud Mukherji in his monumental work, relates to wooden ships. With advent of steam for the propulsion of steel vessels and with its application to the paddle and the screw, the size of ships and the science of ship-building underwent a revolutionary change. For reasons which are too numerous to be enumerated here, the Indian shipbuilder lagged behind his western compeer and as a result to-day the shipping needs of India are mostly served by foreigners. As it was ably represented by the Scindia Steam Navigation Company, Limited, 12 per cent. of the coastal and less than 2 per cent. of the International trade in Indian waters is carried on by Indian bottoms only.

Q. 2. In the first place those reasons which go against the development of industrial enterprise in general are the chief militating causes and one of them is the haphazard industrial policy pursued in this country. The Secretary of State sitting at a distance of 6,000 miles dictates our financial and industrial policy from Whitehall. There is a well-grounded suspicion in the average Indian mind that it is dictated more in the interests of Britain than in the interests of this bureaucracy-ridden dependency. The Government in spite of its so-called care for the masses has played the roll of pompous mentor in killing and not invoking the love of enterprise in the hearts of the people. The Indian Legislature has only recently acquired a feeble and ineffectual voice in shaping our industrial policy, consequently hitherto this *laissez-faire* policy of the Government has done next to nothing to encourage shipping enterprise.

Apart from the question of policy the foreign Steamship Companies have acquired a virtual monopoly on Indian waters and are ever and anon on the watch to strangle any Indian enterprise which may chance to see the light of day. They are helped in that business by preferential rates quoted by Railways for Ports and armed with such weapons as rate wars, the deferred rebate system and deliberate denial of space, successfully manage to bring their cut-throat competition to a successful end.

Q. 3. By the word 'State-aid' we understand direct or indirect monetary help. So excepting State-aid in that sense we suggest that the coastal trade of India should be reserved to Indian shipping. The rate wars and undue exploitation of shippers should be prevented by legislation and the deferred rebate system be declared illegal. By Indian Shipping concerns we mean companies registered in India with a Rupee Capital, three-fourths of which must be owned by Indians. Finally, there should be a change in the attitude of the Government. Instead of merely professing that they are caring for the masses, they should show it by deeds by making possible the rise of a huge mercantile marine. They should instruct their servants that they are servants of the people and they should encourage Indianization of services and the training of Indians for high offices in ships.

Q. 4. Yes. We are absolutely convinced of its necessity.

Q. 5. It should take the form of navigation and construction bounties, but the money for the bounties should not be raised by additional taxation but by extra port charges on foreign shipping. Also Postal and Trade Subventions, loans at a low rate of interest, preferential railway rates, reimbursement of canal dues, and subsidies should form a part of the programme.

Q. 6. We suggest that the coastal trade of India should be reserved for Indian shipping. The deferred rebate system should be abolished and the rate wars which make cut-throat competition possible be made impossible.

Q. 7. We favour navigation bounties if they can be given without additional taxation, because the reforms have been the cause of much extravagance and protests against fresh taxation are met by the jarring solatium that if India wants democracy she must be prepared to pay for it. Consequently, subject to the above condition, bounties should be given to (a) and (b) and not to (c). But if the coastal traffic is reserved to Indian shipping, no bounties be given to (a).

Q. 8. We do not specify any routes. In case of bounties to vessels plying between Indian ports and abroad no difference should be made between vessels plying between

India and the United Kingdom and India and other ports of the world.

Q. 9. A vessel to be eligible for navigation bounty must not be more than 20 years of age, must not be below 800 tons, and must have a speed of 8 knots an hour.

Q. 10. A bounty of annas eight for every ton of the gross registered tonnage of a vessel for every 1,000 knots navigated by her with a minimum speed of 8 knots an hour. There should be no distinction for bigger ships.

Q. 11. No.

Q. 12. For 7 (c) we have suggested no bounty.

As for 7 (a) after the tenth year there should be an annual reduction of 5 per cent.

As for 7 (b) after the fifth year there should be progressive reductions as follows:—

	per cent.
For the sixth year	10
For the seventh year	15
For the eighth year	20
For the ninth year	25
For the tenth year	30

Q. 13. Under the present circumstances, it is cheaper to buy ships abroad than construct them here and hence we suggest that a vessel should be given bounty if it is on the Indian Register and owned by Indians.

Q. 14. We think it premature to consider the question here.

Q. 15. Yes.

Q. 16. As far as possible, we should like to see Indian vessels manned and officered by Indians. In theory, we advocate total exclusion of non-Indians and do not support the idea of reserving any power to Government to make exceptions.

Q. 17. Yes.

Q. 18. We are in favour of an immediate change. We favour a policy of reserving the coastal trade to Indian-owned vessels as the United States of America has done.

Q. 19. We believe that the reservation of coastal traffic to Indian-owned vessels will develop an Indian mercantile marine, thereby pouring thousands of rupees as freight into Indian pockets besides opening up lucrative careers for Indians. Indian shippers will receive better treatment and freight rates will be fixed in the interests of all and not communal and sectional interests.

Q. 20. Yes.

Q. 21. We are of opinion that ships above 500 tons are most likely to be required for the purpose. Yet it will all depend upon conditions of different trades.

Q. 22. The Government should begin by constructing dockyards but should hand

them over to Indian companies after a certain number of years—say 10 years.

Q. 23. Only wooden ships are constructed at present. We have not got figures but they are constructed in a considerable number. As to steel vessels, the industry does not exist. War gave an impetus to such shipping but now they are dead. The same is the condition of Marine Engine construction.

Q. 24. In the first place, there is a dearth of experts in building iron ships which are most used in modern transport. Secondly there is the non-Indian domination and, thirdly, there is the *laissez-faire* policy of the Government.

Q. 25. Yes; the construction of the iron vessels in Government dockyards, the establishment of nautical schools, the reservation of coastal traffic to Indian-owned vessels and training Indian apprentices into those vessels will go a long way towards mitigating the present backwardness.

Q. 26. Yes, we are absolutely convinced as to that.

Q. 27. We advocate the policy of lending money at a low rate of interest to Indian ship-builders. There should be such customs duties on shipbuilding materials as the Tariff Board after a thorough enquiry suggest. Then again for the goods which are to be shipped somewhere at the end of a Railway line should be carried at specially low rates.

Q. 28. We have suggested the measures in answers to questions 25 and 27.

Q. 29. Yes.

Q. 30. No. We believe that is imperatively essential than even wooden ships should get bounties, and the minimum weight of the wooden ships should be gross 200 tons and 1,000 tons for iron ships.

Q. 31. We recommend a bounty of Rs. 20 per ton.

Q. 32. Yes.

Q. 33. The machinery for giving these concessions must be made efficient by adequate rules strict enough to prevent any such abuses. It is a matter of mere detail.

Q. 34. In our opinion, though the wooden ships are built in a considerable number, yet looking to the extent of the country, the number of inhabitants and other factors, the extent of the industry can be said to be unsatisfactory.

Q. 35. The following are the reasons of its decline:—

1. The lack of Insurance Companies willing to insure wooden ships and the cargo shipped therein at rates on a par with those shipped in steam vessels.

2. The *laissez-faire* policy of the Government.
3. The rule of survival of the fittest which is progressively driving the wooden ships to ruin, in competition with steel vessels.
4. The too literary education of the modern Indian youth.
5. The uneducatedness of the people who man these ships.
6. The absence of higher education in seamanship in this country.
7. The want of good dockyards where they can be efficiently built.

Q. 38. Yes. We suggest that there should be facilities for training in higher seamanship. Then Government should build dockyards to help the construction of these ships. By prescribing a proper test for these ships and their masters Government should induce the Insurance Companies to insure them and the goods shipped therein.

Q. 39. Yes.

Q. 40. The same which we advocated for steel vessels.

Q. 41. No.

Q. 42. Yes.

Q. 43. Yes. See our answer to question No. 38.

Q. 44. Yes. Our coastal population is well-known for its love of the sea and we have no hesitation in saying that the youth of this country, if given proper training, can equal, if not excel, his western compeer.

Q. 45. These things ought not to be left to private enterprise. The Government ought to provide for (a), (b) and (c).

Q. 46. We suggest that the theoretical training must precede the practical one.

Q. 47. We think that the Government should provide at its own expense a nautical college and a training ship. But preference should be given to sea-faring communities generally.

Q. 48. We are in favour of the Government establishing a system of scholarships for training these cadets in England but we also hold that ordinarily sufficient training must be provided within India and that higher education in England should not be made the basis of some invidious distinction in the Marine Service.

Q. 49. We are in favour of one training ship and nautical college at Bombay and similarly at Calcutta. The maintenance charges must be met partly by fees and partly by Government grant.

Q. 50. Yes.

Q. 51 and 52. We do advocate that, after undergoing a theoretical training, the can-

tics-ship. As we have suggested in our answers to previous questions, if ships receiving navigation bounties are obliged to take apprentices, little difficulty will be felt in the matter.

Q. 53. We are not in favour of any premium being paid by the would-be apprentices.

Q. 54. We have not recommended the provisions of a training ship. We have suggested that vessels receiving bounties must take a certain number of apprentices. Yet if the Government finds the necessity of providing a training ship, its expenses be met entirely by carrying freight.

Q. 55. Yes.

Q. 57. Yes.

Q. 58. We believe two such academies are likely to be required, one at Bombay and one at Calcutta. The expenses should be met by the Government in the preliminary stages.

Q. 59. Yes, undoubtedly.

Q. 60. We believe that leaving these matters to private enterprise is to expect too much from commercialism. Hence the Government should look after (a), (b) and (c).

Q. 61. We think that Government should provide facilities for the training in Royal Indian Marine Workshops and other suitable engineering schools. As for their future employments, we hope that the Government certificate should be a sufficient inducement to employers for employing duly qualified candidates. As for (c), we have advocated the establishment of Nautical academies in our answer to Question No. 49.

Q. 62. We think they should be induced to efficiently train them. With the advent of Indian-owned engineering firms such inducements, we believe, will be rarely required.

Q. 63. We are not aware of any such institution.

Q. 64. We are of opinion that it will be economical to have one combined training ship for the Royal Indian Marine and the Indian Mercantile Marine.

Q. 65. Yes, we are in favour of facilities being given to candidates for their apprenticeship.

Q. 66. We deplore the present system of postal subvention by which Government give preference to foreign liners without giving the Indian Companies an opportunity to quote for carrying mails. We think that the contracts for carrying mails should be given to those Steamship Companies who can quote the lowest rates and undertake to

Q. 68. In the carriage of foreign mails all Steamship Companies should be free to compete, but for the coastal trade only Indian Companies should be allowed to compete.

Q. 69. We have no idea of any indirect method.

Q. 70. We have advocated direct state-aid, but we have also said that no additional

taxation be imposed to raise the sum required for these bounties. It is not for us to suggest the means. The Government that depletes its gold reserves under the mania of reverse councils, that can spend 65 crores on military defence, in spite of repeated clamour of tax-payers, must cut short its extravagance and save a crore or two required for national development.

Oral evidence of Mr. MATHRADAS KANJI MATANI, Representing Bombay Rice Merchants' Association, examined at Bombay, on the 28th November 1923.

The President.—Q. You are the representative of the Bombay Rice Merchants' association?

A. Yes.

Q. Have you been intimately connected with shipping?

A. Yes, as a shipper; I also own a wooden ship.

Q. You think that the Government of India do not do as much as they can to develop the Indian Mercantile marine?

A. As compared with what Japan has done, the Government of India has done nothing.

Q. What do you mean by Indian shipping companies?

A. I mean companies registered in India with a rupee capital.

Q. Is the management reserved for Indians?

A. Ultimately it must be managed by Indians.

Q. As Indians get experience in shipping, the management should be transferred to them?

A. They can get experience, very soon.

Q. You want to reserve the coastal trade for Indian ships?

A. Not all at once, but in course of time.

Q. You also would wish to give bounties?

A. Yes; so long as Indian revenues have not to pay much.

Q. If the coastal trade is reserved for Indians and if there is no opposition from the British, even then you would like to have bounties?

A. In the beginning they ought to have some little bounty.

Q. You recommend the abolition of the deferred rebate system?

A. That is my strong point. This deferred rebate system is very bad for the Government as well as for the shippers. My association is strongly against it.

Q. You are a shipper yourself?

A. Yes.

Q. Would you recommend anything else in the place of the deferred rebate system?

A. I do not recommend anything else in the place of the deferred rebate system. We want free competition.

Q. Supposing you do away with the deferred rebate system and supposing you also do away with any other companies excepting the Indian companies trading on the coast, don't you think that the Indian trading companies will come to some arrangement among themselves with the shippers?

A. We do not want any arrangement. Under this rebate system we pay more than what we would pay under the free competition system.

Q. Don't you want the sailings to be regular?

A. Especially in rice trade, we do not want regular sailings. It is enough if we have sailings seasonally. We can get tramp steamers for Rs. 9 per ton whereas the British India quote Rs. 16 per ton.

Q. Did you work out the figures you have given in your written evidence?

A. No, I did not do it; it was my secretary who did it.

Q. Would you not have British officers in future?

A. For some time we would like to have them until we get ourselves trained.

Q. Do you wish that the Government should begin shipbuilding first and then hand it over to private enterprise?

A. Yes.

Q. Are you a wooden ship-owner?

A. Yes.

Q. Do you think there is a future for wooden shipping?

A. As a subsidiary industry between small ports we must have wooden shipping business.

Q. Don't you find it difficult to get the wooden ships insured?

A. No, there is no difficulty; only the premium is rather high.

Q. If the coastal trade is reserved, then would you not require a large number of Indian officers?

A. Yes; when Japan has trained herself in such a short time why not Indians. Are we inferior to the Japanese?

Q. Do you think the Indian has an inclination to go to sea?

A. I come from Cutch; we have several seamen there and I think that unless the Government comes in and helps them that race may die out soon.

Q. Are boys sufficiently educated to become officers?

A. They are hankering after literary education which is not paying; they would be extremely glad to take up marine education which starts them well in life.

Q. Do you think the Government should provide training ships free?

A. That is for our financiers to suggest.

Q. What is your opinion? Do you think the boys should pay their fees?

A. In the beginning they ought to be given education free.

Q. Supposing a rich man's son wants to go to sea, is there any reason why he should be given his marine education free?

A. I do not think any rich man will go in for this line. In the beginning only the poor seamen will come up for this and they must be educated free.

Q. Supposing the Government open a training ship, would rich associations like your rice merchants' association be prepared to endow scholarships?

A. We rice merchants are very poor and petty merchants and we cannot afford to institute scholarships.

Q. In England the shipping companies and service associations provide scholarships for the training ships Conway and Worcester.

A. But India is a poor country.

Q. Then how do you suggest the cost of the training ship to be met?

A. I would suggest the levy of a surtax on freight. That would bring to the mercantile marine an enormous sum of money.

Q. Where do you have your wooden ships?

A. In Kutch.

Sir Arthur Froom.—Q. Are you trading in Rangoon rice?

A. Yes.

Q. Are you in favour of the coastal trade being reserved for Indians?

A. Yes.

Q. Do you object to the deferred rebate system?

A. Yes, most vehemently.

Q. Supposing you owned several steamships and that you started in the rice trade

between Rangoon and Bombay; that you quoted a certain rate of freight per ton and you booked a quantity of cargo; three days later another ship-owner quoted Rs. 2 below your freight and also booked cargo to Bombay. Don't you think that the man who shipped in your ship would be at a disadvantage in the Bombay market?

A. There is fluctuation in the price of rice also. I might purchase rice at Rs. 300 per ton, another man might purchase at Rs. 350 per ton. I must use my foresight. Therefore you cannot cut competition. This deferred rebate system has disorganised trade and it kills petty merchants.

Q. Is that opinion held by all the merchants?

A. There may be some loyal shippers who are indirectly helped by the companies and they may not hold the same opinion.

The President.—Q. We want your opinion whether an Indian mercantile marine can be established?

A. We cannot do it without abolishing the deferred rebate system. It kills our trade.

Q. We cannot possibly recommend to the Government a system to suit only the rice trade. We are here to recommend to the Government the establishment of a mercantile marine not only for the coasting trade, but for all trade and at all seasons. It would help us very much if you would reply for the whole of India and not for the rice trade only.

A. I say that owing to the rebate system the Indian companies too have been spoiled. The British India, the Asiatic and the Scindia have all joined together and are crushing the traders. Unless this is abolished the Indian mercantile marine cannot thrive.

Sir Arthur Froom.—Q. Don't you think that regular and fixed quotations of freight are better than competition from all quarters?

A. The price is not fixed. I think free competition is better.

Q. My question was whether a fixed quotation of freight was not better for trade than competition from all quarters:

A. In merchandise, prices are not fixed; if the fixing of freight is good for the merchants, it is also good for the ship-owners.

Q. Have you had any experience of the Rebate system?

A. Yes. It was only a few years ago when there was no rebate; it keeps us down.

Q. You would prefer to secure your rate and make your contract?

A. Yes.

Q. In training Indians for an Indian Mercantile Marine, you are of opinion that

the education should be free?

A. Certainly in the beginning.

Q. Is that because the class of Indians that now go to sea that you know of?

A. Yes; also because of the bad condition of the wooden ships.

Q. Are there any Indian officers on ships that now go to sea that you know of?

A. Yes, I know of some who go from Calcutta to Madagascar.

Q. Do you consider that if these men who cannot afford fees are trained as officers they will make able officers and commanders.

A. That depends upon the instruction given them.

Q. Amongst the British Merchantship service, there is a very distinct line between able seamen and the officer class.

A. People from the upper class become commanders; we would evolve in time; let us have instruction at first.

Mr. Jadu Nath Roy.—Q. Do you think that respectable Indians will come forward for training if they are given good opportunity?

A. Yes. Hindus and Muhammadans both will, if they are given chance; they are respectable.

Q. Do you think that all classes of Indians will come forward if there is a career open for them?

A. Yes.

President.—Q. Do you really think that if Government supplied the education and proper training and gave proper opportunities all classes will come forward to be trained as officers?

A. Certainly.

Q. Even to the highest command of big ships?

A. Certainly they will.

Q. Supposing you go to sea; you don't think there will be difficulty with different classes of religions and creeds if you had a training ship?

A. I just gave you an instance of the sailing ship we have from Calcutta to Madagascar. We have Hindu and Muhammadan seamen. They generally get on well, but they have separate cooking arrangements.

Q. What is the size of the ship you have?

A. 100 or 200 tons. We had a sailing ship of 800 tons, but not now.

Q. Have you owned any steamers?

A. No.

Q. Would you like to own any?

A. Knowing the experience of the Scindia Company, I would keep away, unless the deferred rebate system was made quite illegal and I was assured of Government patronage.

Q. Where do you build your ships?

A. At Cutch.

Q. Supposing Government were prepared to help you, do you think that your ship-building yards could be extended to build steamers?

A. That depends upon technical knowledge and skill.

Q. Supposing Government provided for that and you obtained outside technical assistance, do you think the men from your District would be willing to learn?

A. They would be only too willing to go in for a new occupation.

President.—Thank you very much.

Witness No. 11.

The CHAMBER OF COMMERCE, Bombay.

Written statement, dated the 30th August 1923.

Q. 1 to 3. In the opinion of my Committee the disorganisation of the shipping industry in India caused by the war has to a large extent been remedied and the industry at present appears to be developing satisfactorily.

There is nothing in their opinion, except want of knowledge, money and patience to militate against the development of shipping enterprise by the people of this country and my Committee can suggest no measures to remove these difficulties.

Shipping Companies require many years of experience before they can be worked on a satisfactory system and become financially

stable, and the launching of so many immature shipping concerns during the past few years has in my Committee's view prejudicially affected the prospects of the Indian Shipping Industry to a very great extent.

Q. 4. My Committee consider that any form of State aid is highly undesirable and economically unsound and that this opinion has been well borne out by the failure of recent experiments in this direction in America and elsewhere.

It appears to my Committee that the only time when a system of bounties can be tolerated is when a nation must foster its own Mercantile Marine whatever the cost may be

rather than rely on the Mercantile Marine of a foreign nation. Japan is a case in point but not so India, which is an integral part of the British Empire and accordingly my Committee are of opinion that a system of bounties would, even if it led to the constitution and development of an Indian Mercantile Marine, be a perfectly unnecessary tax on the income of the country.

Q. 5 to 17. The above answers preclude replies to these questions.

Q. 18. My Committee are in favour of free trading, but with some measure of retaliation towards those countries that reserve their coasting trade for shipping lines of their own nationality.

Q. 19. The reservation of the coastal trade would, my Committee consider, hinder its free development and would unnecessarily interfere with the shipping industry generally.

Q. 20. This question requires no answer in the light of the above replies.

Q. 21. My Committee would point out that this depends entirely on the trade in which the vessels would be employed.

Q. 22. My Committee are strongly of opinion that building should be competitive and that vessels should be bought in the cheapest market.

Q. 23. My Committee would reply that in the sense of the question as framed there is no shipbuilding and marine engine construction industry at present in India.

Q. 24. The reasons for the absence of a shipbuilding and marine engine construction industry in India are chiefly the lack of experience and general unsuitability of India as a building centre. India can purchase all her requirements in this connection more satisfactorily from other countries and my Committee would add that in order to commence shipbuilding or engine construction India would have to import the raw materials and experienced labour required.

Q. 25. My Committee can suggest no remedies to overcome difficulties that are natural and economic. If these difficulties did not exist private enterprise would before now have backed shipbuilding enterprises in India.

Q. 26. My Committee are firmly of the opinion that State aid for the industry in question is most undesirable. They do not see why the tax-payer should pay for an industry which is not in their opinion necessary to the country and which cannot be made to pay on a commercial basis.

Q. 27. In view of the answer to the previous question no reply to this question is required.

Q. 28. My Committee recommend that no legislative measures be taken for this purpose.

Q. 29. My Committee are opposed to the grant of construction bounties to any vessels built in Indian shipyards.

Q. 30 to 35. The answer to question No. 29 precludes a reply to these questions.

Q. 36 to 42. If these questions are intended to apply to the building of ocean going power propelled ships then my Committee would point out that wooden ships of this nature are obsolete. They consider it inadvisable to support the building of country craft by either legislative measures or financial aid.

Q. 43. Difficulty is experienced in effecting the insurance of wooden ships built in India or elsewhere but my Committee can suggest no remedy.

Q. 44. My Committee consider that very few youths of this country are likely to be desirous of following the sea in the capacity of officers of the mercantile marine.

Q. 45. If Government have funds to spare for the provision of hulks for the purpose of training Indian youths my Committee advocate that hulks be purchased for this purpose since they would undoubtedly be of benefit.

Q. 46. For modern requirements my Committee consider that cadets should undergo a preliminary course of instruction in a training ship or in an establishment on shore, thereafter completing their training at sea.

Q. 47. My Committee advise that training ships be in Indian waters and self-supporting, but until such time as Indians prove that they are capable of profitably owning or managing ships and actually own ships on a reasonably large scale it would hardly pay the Indian tax-payer to support a scheme for training Indian officers.

Q. 48. If cadets are trained in England they should pay the full fees for such training but my Committee see no objection to a system of competitive scholarships.

Q. 49 and 50. These questions are answered above.

Q. 51. My Committee advocate that after undergoing their preliminary training the boys should serve a period of apprenticeship in steamers of the mercantile marine.

Q. 52. My Committee have no doubt that shipowners would accept apprentices for training on payment of the usual premium.

Q. 53. My Committee are strongly of opinion that the Government should not pay any portion of the premium.

Q. 54 and 55. No reply to these questions is required in the light of the above answers to questions on this subject.

Q. 56. My Committee recommend that the present curriculum of study in England, based as it is upon years of practical experience, should be followed as closely as possible.

Q. 57. My Committee would approve of the establishment of Nautical Academies for the purpose in question provided that they were promoted by private enterprise as in the United Kingdom.

Q. 58. The number of Academies required can only be decided in the light of the experimental knowledge of their utility and of the number of applicants for training but my Committee are most strongly convinced that they should in all cases be self-supporting.

Q. 59. My Committee consider that a moderate number of young Indians may be expected to take up this calling.

Q. 60. My Committee reply to sub-sections *a, b* and *c* in the negative.

Q. 61. In view of the answer to the previous question this question requires no reply.

Q. 62. My Committee would refer you, in reply, to question No. 64, paragraph 3.

Q. 63. My Committee understand that there are facilities in India for the training of apprentices.

Q. 64. In view of the further curtailment of the Royal Indian Marine my Committee think that this question does not now arise.

Q. 65. My Committee are not prepared to approve of burdening the tax-payer with the cost of sending apprentices outside India.

Q. 66. My Committee accept the principles enunciated in the prolegomenon to this question.

Q. 67 and 68. Answers to these questions are not required on account of the reply to question 66.

Q. 69. My Committee are opposed to any methods of indirect aid to promote the establishment of an Indian Mercantile Marine.

Q. 70. My Committee have already clearly indicated that they are not in favour of direct or indirect State aid of any description whatsoever.

APPENDIX.

The questions in the Appendix concern Shipbuilding and Marine Engineering Companies only and the Chamber therefore, is not called upon to reply thereto.

Oral evidence of Mr. N. BIRRELL, representing the Bombay Chamber of Commerce, examined at Bombay on the 29th November 1923.

President.—*Q.* You are speaking on behalf of the Bombay Chamber of Commerce?

A. Yes.

Q. As far as the shipping industry is concerned, there is no reason why the shipping enterprise should not be started and successfully carried on in this country provided Indians attain the necessary knowledge, money and patience?

A. Yes, that is so.

Q. It is merely a matter of merit and experience.

A. That is so.

Q. Your Committee are against any form of State Aid?

A. We have every sympathy with the aspirations of the Indian people, but we are absolutely opposed to any State aid, that is aid at the expense of the public revenues.

Q. Even if it is only to start the industry?

A. If you are going to start it, you will have to carry on for at least a considerable time.

Q. You do not think it would be fair to help the Indian shipping industry with State

aid even if you included the other portions of the Empire?

A. We are certainly opposed to the idea altogether.

Q. That is to say, you oppose the idea that other parts of the Empire should be looked upon as foreign.

A. We would.

Q. Your Committee are in favour of free trade; and they are against reserving the coastal trade of India except as a measure of retaliation towards those countries that reserve their coasting trade for shipping lines of their own nationality?

A. We had Japan in mind when we put in this answer.

Q. Your Committee do not think that shipbuilding would ever be a success in this country?

A. No.

Q. Supposing the steel industry was developed in the future, so that it will be possible to buy steel plates as economically in this country as, say, in Europe? Do you think then that there will be any chance for this industry?

A. I do not think so. It must depend entirely on the future and on private enterprise. If the opportunity should arise, I think it may be assumed that private enterprise will come forward automatically. We do not think it is a matter which can be forced by Government subsidies or anything of that sort.

Q. Purely from an economical point of view you are against it. You do not consider that there is anything against the conditions in the country to prevent it from developing the industry?

A. It requires expert knowledge and experienced labour. If the raw materials were here and everything else in favour of shipbuilding, private enterprise would automatically come forward.

Q. Supposing they start it with the necessary expert advice, there is no reason why the industry should not gradually be built up until the Indians become efficient?

A. I suppose not.

Q. The chief reason why your Committee are against State aid is that it will affect the tax-payer?

A. That is so.

Q. Is your Committee against fostering any industry which cannot be made to pay on a commercial basis?

A. The industry should be self-supporting.

Q. From a commercial point of view your Committee consider that wooden ships are obsolete?

A. Quite out of date.

Q. You do not think that it would be of benefit to the country to keep this old trade going for sentimental reasons?

A. I think it would be an absolute waste of time and money.

Q. With reference to the officers going to sea, you consider that very few youths will be willing to follow a sea-faring life. Supposing that proper facilities for training and opportunities for serving as apprentices were offered, do you think they would be likely to come along?

A. It is rather a difficult question to answer; but in a number of cases where apprentices have gone to sea, they have not shown any great enthusiasm. This is purely my personal opinion.

Q. Do you think that if, before the shipping industry is established, the firms that trade to India were provided with a guarantee that the apprentices received a two years' course of training in a Government Training College, they would take a certain number of Indian apprentices?

A. I see no reason why they should not. Of course there is a good deal of hard work required of an apprentice and I expect that

the firms would want some reasonable assurance that the apprentices would be prepared to do such hard work.

Q. Do you consider that if a training ship is established in India it should be self-supporting?

A. Yes.

Q. Your Chamber would not object to Government providing the ship in the first instance?

A. We think that fees should be levied in order to cover the expenses, the same as is done elsewhere.

Q. Would you mind telling me whether you ever had any Indian Officers or Engineers in the ships you had to do with?

A. Not so far as I know.

Q. Do you think they are more likely to take up Engineering than Deck work?

A. I think it is probably a warmer job.

Q. In your reply to Question 64, you refer to the further curtailment of the Royal Indian Marine. What is your authority for that statement?

A. The Inchcape Report.

Q. The reduction of the troop ships referred to in that Report is merely a change. It does not involve the reduction of the Royal Indian Marine.

A. That was the general assumption.

Sir John Biles.—Q. In question 24 you say that the reasons for the absence of a shipbuilding industry in India are the lack of experience and the general unsuitability of India as a building centre. What do you mean by the term 'general unsuitability' of India?

A. India does not possess the raw material nor the necessary expert advisers who can undertake the work.

Q. Don't you think the raw materials could be imported at a low price?

A. I do not think so. It is much more economical to build the ships where the material is available.

Q. That is economically true. But in Japan, for instance, most of the materials are imported and there is a shipbuilding industry in Japan.

A. It is to a great extent due to the fact that the Japanese have been studying this business.

Q. But you say the general unsuitability of India as a building centre.

A. We had in view the fact that shipbuilding orders from all over the world drift to the United Kingdom and it is hardly likely that such orders would come to India to the same extent for many years to come.

Q. The proposal of the Indians is that ships built for the Indian Mercantile Marine shall be built in India. Do you think that

India has not enough experience and is generally unsuitable for building such ships?

A. If a demand arise and the material, experience and everything else is there, private enterprise will automatically come forward.

Q. You say that India is unsuitable. You do not mean that ultimately it will not be suitable?

A. No.

Q. You talk about the undesirability of having ship-yards in India. If ultimately conditions alter, do you think it would be desirable to have ship-yards in India?

A. I should not see any objection provided it is not going to be bolstered up by the State.

Q. Generally speaking you object to protection of any kind?

A. I object to State aid.

Q. Is State aid the only form of protection?

A. That is the only form of protection on which we are invited to give an opinion.

Q. Do you object to any other form of protection?

A. I am afraid that is a question for the Tariff Board.

Q. What is your objection to State aid as confined to shipping?

A. If we start and bolster up any trade by paying over lump sums of money we are simply bringing about an artificial state of affairs which would be economically unsound. If a trade cannot pay for itself, then it has no business to be there. I am speaking absolutely personally and without having considered it with regard to this particular questionnaire. It is a question which applies generally.

Q. Because you apply it generally, you make a particular application to shipping?

A. Yes.

Sir Arthur Froom.—Q. Does your chamber sympathise with the feeling that appears to be in India, namely, the Indians should have an Indian mercantile marine?

A. My chamber is in entire sympathy with the idea provided it can be worked on a commercially sound basis.

Q. It is a perfectly natural aspiration?

A. We are in entire sympathy with that aspiration.

Q. Does your committee think that the mercantile marine should not be bolstered up by heavy bounties or subsidies?

A. Certainly.

Q. Not even in the initial stages?

A. Not even in the initial stages.

Q. In reply to questions 1 to 3, you say: There is nothing in the committee's opinion except want of knowledge, money and

patience to militate against the development of shipping enterprise. Do you know as a matter of fact that there are a certain number of Indian owned ships which are doing reasonably well?

A. Yes, I believe so.

Q. They have got along reasonably satisfactorily so far without Government aid?

A. Yes.

Q. Is your chamber in favour of free trading?

A. Yes.

Q. On the coast?

A. Speaking generally within the Empire.

Q. You referred to wooden ships in reply to a question put by the President. I take it you meant that wooden ships of large tonnage are obsolete?

A. I am not referring to small country crafts which I think do not come within the scope of this committee's inquiry.

Q. Is your chamber entirely in sympathy with the question of giving Indian youths an opportunity for training with a view to become officers?

A. Yes.

Q. It is difficult to take a man as an apprentice if he has had no training in a training ship. Have your committee any objection to a training ship being started?

A. It would undoubtedly be of immense benefit.

Q. That is with the idea of giving Indian youths a chance and to see whether they really will come forward for the sea-faring profession readily and if so whether they prove a success.

A. Yes.

Diwan Bahadur T. Rangachariar.—Q. Indians and Englishmen co-operate in Bombay for the common welfare of India and I shall ask your co-operation in solving the problem that is facing this committee.

A. I shall gladly co-operate.

Q. Is the committee that you mention in reply to the questionnaire a sub-committee of the Chamber of Commerce?

A. It is the whole committee of the Chamber. The shipping sub-committee of the Chamber sat and drew up certain answers for the consideration of the whole committee. The chamber with some modifications accepted the answers.

Q. Can you mention the personnel of the sub-committee if you have no objection?

A. I am sorry, I cannot give the names.

Q. Do you recognise that till recently the British India and the Asiatic Steam Navigation companies had practically the monopoly of the whole coastal trade in India?

A. I knew they have been trading on the coast.

Q. Recently the Scirdia Steam Navigation company has taken a small place in it?

A. Yes.

The President.—Q. The Bombay Steam Navigation plies to Karachi and Goa and is an Indian Company.

A. Yes.

Diwan Bahadur T. Rangachariar.—Q. Have you heard that a committee was appointed by the Bombay Government in 1920 which applied to these two companies, the British India and the Asiatic asking whether they would take Indian cadets and that the companies refused to take Indian apprentices?

A. I have not heard of it.

The President.—Q. There are certain large British shipping companies which refuse to carry apprentices at all; others will only take apprentices from particular training clubs.

Diwan Bahadur T. Rangachariar.—Q. Your committee state that it is the want of knowledge, money and patience that militate against the development of the shipping enterprise. If the people have no opportunities of gaining knowledge, don't you think that they are very much handicapped?

A. Yes.

Q. Had the companies which carry on trade with India recognised their duty to Indians of training them, would not the people of India have taken to shipping long ago?

A. I cannot say that. I am not qualified to speak on the aspirations of the Indians.

Q. Some experts have told us that if opportunities were given the Indians would have taken to the sea-faring life long ago.

A. We suggest that here in the written answers.

Q. As it is they have had no opportunities?

A. They have had very restricted opportunities.

Q. Your committee would therefore advise the Government of India to give facilities to such Indians as are likely to take to this life?

A. That is answered in our replies to the questionnaire.

Q. But you hedge that recommendation with some difficult conditions. You want the institutions to be self-supporting; but having regard to the class of people who are likely to go in for this do you think it is a feasible proposition?

A. It is a reasonable proposition.

Q. It may be reasonable in rich England, but do you think it is feasible in India?

A. If you consider the number of young Indians who are sent to Europe every year to study for the Bar, for Engineering, for

medicine and other professions, I do think it is a feasible proposition.

Q. The class of people who are likely to take to this life are the people who are already taking to this life, namely the Muhammadans on the east and the west coast and the people of Southern India who belong to the poorer classes. Having regard to their position in life, would you still adhere to the statement that it should be self-supporting?

A. I should say without hesitation that, taken as a whole, the lascars in India is so uneducated that to think of putting him to sea as an officer is unimaginable.

Q. We have been told by experts that given the opportunities, some of them are likely to turn out very good officers?

A. It is rather difficult to say a thing which I do not believe.

Q. Will you not yield on this point, having regard to the conditions of life of the people who go in for the sea-faring life? If you hedge your recommendations around with such difficult conditions, it is the same as giving with one hand and taking away with the other.

A. You are proceeding on the basis that lascars would be suitable for this particular job, that is as officers. Personally I do not think they would be suitable.

Q. Experts have said that this class of people would come to the front if properly trained?

A. I do not think so.

Q. Is your committee aware that the Agricultural college and the Forest college are started by the Government and maintained by them?

A. They are internal development.

Q. This being external development, will you place it on the same footing as the others?

A. In regard to external developments, facilities do exist and will continue to exist.

Q. Are you satisfied with the existing facilities?

A. That is a different question.

Q. The companies refuse to take apprentices?

A. I suppose no suitable man offered himself and so the companies refused. If you put up proper material in the way of capable apprentices, the position may be reconsidered.

Q. If your committee were aware of these recommendations, would they have hedged their recommendations with such conditions?

A. I cannot say.

Q. Personally you think later on the position may be reconsidered.

A. I have no doubt that if suitable apprentices or candidates were put forward

later on, these companies might perhaps reconsider their position. I am assuming at present that the class of boys who come forward are entirely unsuitable.

Q. As a prudent man would you not ask why these two companies have not done anything in this direction?

A. Presumably there has been no demand from suitable persons.

Q. In answer to question 70, your committee state: My committee have already clearly indicated that they are not in favour of direct or indirect state aid of any description whatsoever. That being your recommendation, do you really hope for an Indian mercantile marine?

A. It all depends on the enterprise of the Indians themselves.

Q. How many years have you been in India?

A. For the last 17 years.

Q. Knowing the people as you do and knowing their conditions, do you still hope for an Indian mercantile marine, not to speak of expecting it? To put it plainly, I want to know whether your sympathies are practical or are merely confined to words?

A. I cannot say more than what the committee have said by way of sympathy.

Q. I want that sympathy translated into action. Have you suggested any means of developing the mercantile marine?

A. There are difficulties.

Q. I ask you to face the difficulty and facing it would you still stick to the answer that your committee are not in favour of state aid of any description?

A. If you want state aid to be given, it means that you are raising up a spoon fed industry which becomes a tax on the State for all time to come.

Q. All children are spoon fed; are not Indians children in the matter of this industry?

A. That is nature.

Q. Why should we by artificial means be kept in a state of childhood?

A. That is the fault of the Indian child.

Q. Also the fault of the Government. We find that countries where state aid is given are prosperous. English shipping got state aid when the Dutch people threatened to capture the sea. The English then developed their mercantile marine by state aid.

A. I plead ignorance of that.

Q. Do you agree to the proposition that in future the government of this country must play an active part in the industrial development of the country with the aim of making India more self-contained in respect of men and material?

A. That is a natural aspiration on the part of the people.

Q. As a policy of the Government would you object to it?

A. I rather hesitate to give an answer to that question. I am here representing the Chamber and not myself. While I am here as a representative of the Chamber I hesitate to give personal opinions.

Q. If that is to be the future policy of the government of this country, would your committee modify its answers?

A. I think my committee will stand by the answers they have given here.

Q. Even if the Government wants to change its policy?

A. Under any circumstances.

Q. I must repeat my question again: Without state aid do you really expect India to develop her mercantile marine?

A. That is a matter, I am afraid, which only future years will give an answer to. You must first of all get your men and then start the work. Then it is time enough to consider what further steps may be necessary.

Q. Supposing we create a suitable class of men, supposing the companies which carry on trade are not willing to take Indian cadets, then is it not really impossible for them to find employment?

A. Yes, I recognise that.

Q. Recognising that, you will be throwing out men trained for a particular profession without any chance of employment. Is it not so?

A. I should say that we must wait and see what class of men these institutions turn out. I have said already if the men are suitable, there is no reason why they should not get employment. Secondly you are going on the assumption that the Indians themselves never have had anything to do with shipping. Even now there are certain Indian shipping companies.

Q. You refer to the Scindia Company? How many ships do they own?

A. I do not know.

Q. How many steamers have the Scindia Company got?

The Hon'ble Mr. Lalubhai Samaldas.—Seven.

A. I do not know.

Diwan Bahadur T. Rangachariar.—Q. What are the requirements of this country for the coastal trade?

Q. Do you know how many steamers are now doing the coastal trade of India?

A. Although the "British India" have many steamers they are not all engaged on the coastal trade.

Q. Take it from me that about 100 steamers would be required to do the coastal trade of

the country and only seven are at present in the hands of the Scindia; the rest are all foreign companies. Do you think the Indian Mercantile Marine can develop under these conditions?

A. That is the present position; provided suitable materials, etc., were forthcoming conditions might alter.

Q. You object to the reservation of the coastal trade on principle?

A. Yes, on principle.

Q. But if it came to competition with foreign people you would advocate it?

A. So far as our Committee is concerned, it is merely a matter of retaliation, reciprocity.

Q. Otherwise you object to it altogether?

A. Yes.

Q. Is that the view which the Committee hold or would they change it as circumstances change?

A. That is the view.

Q. Were you on the Chamber a few years ago, 1917, 1918?

A. No.

Q. The Bombay Chamber of Commerce have considered this question of the reservation of the coastal trade. Have you seen the papers on this subject?

A. I do not know anything about it.

Q. Your objection to State aid is merely because the taxpayer will suffer or is it based on any other ground?

A. The taxpayer's point of view is one, and the other is that we don't believe that you can by artificial means establish a shipping industry.

Q. Would you consider the reservation of the coastal trade for British companies also artificial?

A. As I have already said, we would leave the trade open except as a measure of retaliation. We object to the reservation of the coastal trade even against foreign ships.

Q. Would you allow the Government of India to reserve the coastal trade to such portions of the British Empire as treat Indians fairly?

A. I cannot go beyond our reply to Q. 18.

Q. Are you not in a position to answer this question?

A. You are endeavouring to inveigle me into an argument on a point on which I have not been instructed.

Q. Supposing Government established a training ship and gave the necessary training, that alone will not be enough unless Government also guarantees future employment?

A. We see no reason why, provided they are sufficiently educated and prove themselves

capable, Indians should not follow the sea life.

Q. In your answer to Q. 44 you say that very few youths of this country are likely to be desirous of following the sea life as officers. Is this based on your personal knowledge or experience?

A. No, it is only a general impression.

The Hon'ble Mr. Lalubhai Samaldas.—Q. Supposing that the ship-building industry is started in this country and we got the steel plates which should be utilized for the purpose (Tatas are manufacturing plates now), would you give the ship-building industry protection?

A. The proposition becomes economically unsound. Because you are giving protection on imported materials, the natural assumption is that that material is available elsewhere at cheaper prices, and consequently the ships could be built cheaper elsewhere.

Q. Your Committee would not recommend that sort of protection?

A. To the Tariff Board in regard to steel we have said that we might be prepared to consider giving some form of bounty; this question would come under that answer.

Q. In your reply to Q. 1 to 3, you say that there is nothing except want of knowledge, money and patience to militate against the development of the shipping enterprise in India. As regards money, we are prepared to find it. Would you help us in getting the knowledge required?

A. It is not possible for me to say anything more in that respect.

Q. You would not view any action taken by Government to provide more knowledge for us in a spirit of opposition?

A. We have already replied to that when we referred to the various institutions proposed being self-supporting.

Q. In reply to Mr. Rangachariar you said you would differentiate between internal and external industries. Is not the coastal trade an internal trade?

A. I suppose it is in a way.

Q. In this connection I would draw your attention to the statement made by one of the witnesses that in the Victoria Jubilee Technical Institute in Bombay the fees charged are only Rs. 100 per annum for Bombay students, while the cost per head averages Rs. 650. Government represent the general taxpayer and if out of the general taxpayer's money Government are prepared to find the cost to foster Indian Shipping would you have any objection to this industry being helped?

A. The present time when budgets are not being balanced is not suitable.

Q. You consider wooden ships obsolete for ocean-going purposes?

A. That is so.

Q. For river-borne trade do you think small wooden ships with motor power would be of any use?

A. I don't think so.

Q. What about the insurance difficulty?

A. I believe good Insurance Companies would fight shy of wooden ships.

Mr. Jadu Nath Roy.—Q.—You have said that India does not possess raw materials and expert labour to do shipbuilding. Unless a beginning is made, can you expect labour to be trained in this country?

A. We were referring to experienced labour.

Q. You won't get experienced labour unless you make a beginning and unless a demand is created by ships being built in the country.

A. I suppose we have got to make a beginning.

Q. About the taking of apprentices, you say that if suitable candidates offered themselves the shipping companies would be willing to take them?

A. There is no reason why they should not.

Q. I understand there is definite opposition from the British India, the Asiatic and the other companies?

A. I have just been told so. I was not aware of it before.

Q. If that is the attitude of the steamship companies, why should not this Committee recommend to the Government to have training ships?

A. We agree to the training ships.

Q. Should they not be maintained by the Government at their cost?

A. That is coming back to the old question. I do not suppose any objection would be raised to granting scholarships in certain cases, but I think the general view is that the class of men who would be suitable for the employment would require to be men of such education that it would be wrong to class them as poor and as not being able to pay their fees.

Q. There are people who have got education but who have not the means. These men do require some encouragement.

A. I think that can be given by having recourse to scholarships.

Q. If they show an aptitude they can go higher up?

A. They might win one of those scholarships which would always be the price for the intelligent.

President.—Q. Supposing the Government brought in a resolution that *bonâ fide* coasting steamers should carry one or more Indian apprentices, would you think that it would be interfering too much with the liberty of the shipowner?

A. It would not be; but rather the difficulty would be in defining what exactly a coastal ship is; for many of them simply come on to the coast for a trip or two when trade conditions demand and after the demand has been satisfied, they move off to some other part of the world.

Q. I was referring to the ships that carry mails from Bombay to Karachi and Calcutta to Rangoon. Do you think they would object to that? Supposing in the mail contract a clause was inserted that one or two Indian apprentices should be carried, would your Chamber object to it as interfering with the liberty of the shipowner?

A. Of course it would to some extent interfere with the liberty of the shipowners. But I do not know whether there would be any definite opposition so far as my chamber is concerned.

Q. You do not think there will be any opposition?

A. I do not think so.

Q. Do you think that any percentage could be fixed?

A. When you come to a percentage like that, it is a difficult matter, because the owner is responsible for the running of the ship. If he is not satisfied with the technical knowledge of the man that is forced on him, he might take it rather seriously.

Q. It would have to be understood that so far as the apprentices are concerned full qualifications have to be insisted upon.

A. As I already said it all depends upon how the apprentices conduct themselves. If they are quite suitable, I do not see any reason why they should not make good.

President.—Thank you very much.

Witness No. 12.

The Bombay and Persia Steam Navigation Coy. Ltd.

Written Statement, dated the 30th August 1923.

Q. 1. The shipping industry in India shares the extreme depression which at present characterises the industry throughout

the world. We can see no immediate prospect of any recovery until a large portion of the present excess tonnage has been absorbed.

It follows that under these adverse conditions the shipping industry in India can best be managed by companies of long experience, in other words by those companies by whom the coasting trade of India is for the most part served at present.

Q. 2 and 3. The conditions which militate against the development of shipping enterprises by the people of this country are that the present depressed and unsettled state of the industry calls for the most experienced, able and economical management to overcome the present difficulties. But even were the conditions normal we do not consider that the people of this country possess the necessary knowledge and experience or the natural aptitude which must be essential to the development of a mercantile marine, and we can suggest no measures to overcome these difficulties.

Q. 4. We are entirely against State aid in any shape or form. The only successful mercantile marines are those which have been formed by a series of private enterprises or which have come into existence as an absolute necessity to the country. We do not believe that an Indian Mercantile Marine will ever be formed from private enterprise and with the country being served as it is by British shipping lines there can be no question of there being any necessity to form a mercantile marine at the expense of the country, since the trade of India is in no way dependent on foreign shipping.

Q. 5 to 17.—Since we are opposed to State aid there is no necessity for us to answer these questions.

Q. 18 and 19. We do not recommend any form of protection for the Indian coastal trade except possibly against those countries which reserve their own coastal trade to their own shipping companies.

Q. 20. This is a matter which we consider should be left entirely to the companies engaged in the trade.

Q. 21. The size and description of vessels required for any particular trade can only be determined by experience.

Q. 22. We do not favour any form of protection in shipbuilding. As far as the size of vessels which would be required for employment in the Indian coastal trade is concerned, we do not know of any such industry in India.

Q. 24 to 26. The natural conditions are against the establishment of a shipbuilding and marine engine construction industry in this country, and if this were not so we cannot but think that private shipbuilding yards would have been established long ago. This being so, we do not think that it would

be right to saddle the Indian taxpayer with the burden of supporting an industry which is never likely to prove successful.

Q. 27 to 35. The above answers make it unnecessary to reply to these questions.

Q. 36 to 43. We think it has been amply demonstrated that steam driven wooden ships are a failure. If these questions apply to what are ordinarily known as country boats we consider State aid entirely unnecessary for any such industry.

Q. 44. During recent years we have received very few applications from Indians desirous of following the sea as a profession. We have had experience of youths of European descent, born and bred in India, whom we have taken on as apprentices, and we have found that in the majority of cases such individuals have not been a success.

Q. 45. We think that steps should first be taken to find out if sufficient numbers are likely to be forthcoming, before any active steps are taken to provide for any scheme of training and of ensuring future employment and advancement.

Q. 46. Preliminary training before cadets go to sea in a training ship or a shore establishment is undoubtedly desirable if not absolutely necessary.

Q. 47. Training ships or establishments should be provided by private enterprise at any rate until it can be proved that any training scheme is likely to be a success.

Q. 48. Cadets sent to England for training should be supported by private means.

Q. 49 and 50. Our answers above reply to these questions.

Q. 51. We consider it essential that a cadet should serve an apprenticeship on an ocean-going vessel.

Q. 52 and 53. We see no reason why ship-owners should refuse to accept apprentices though possibly they would require the payment of a premium which should be provided by the youth himself or his parents. Such premium might be returnable after the satisfactory completion of a period of apprenticeship.

Q. 54. Our answers above deal with this question.

Q. 55. We believe it is usual to provide free food and bedding but no allowance is made for clothing or uniform.

Q. 56. The curriculum of study should follow closely the subjects for examinations as laid down by the Board of Trade.

Q. 57. This depends upon the success or otherwise of the whole scheme of training Indians for the sea. If the success of the scheme is assured, then a Nautical Academy would undoubtedly be a necessity.

Q. 58. The number of academies necessary can only be decided by experience. We consider that they should certainly be self-supporting.

Q. 59. We think that a fairly considerable number of Indian youths might be desirous of becoming Marine Engineers.

Q. 60 and 61.—We do not think that Government can be expected to provide for their training.

Q. 62. In our opinion there is no constructional work in India which is likely to give a sufficient practical training to Engineer apprentices.

Q. 63. We understand there are a few schools of engineering in India but we believe

that the course of instruction is applicable more to land than to marine engineering.

Q. 64 and 65. In view of the curtailment of the R. I. M. we do not consider that any training ship should be established in India and we certainly do not think that the Government should be burdened with the cost of sending apprentices abroad for training.

Q. 66 to 68. We accept the conditions and principles on which mail contracts are at present based.

Q. 69. We do not advocate any method of indirect aid to promote the establishment of an Indian Mercantile Marine.

Q. 70. We are opposed to any form of state aid and we need not therefore reply to this question.

Oral evidence of Mr. F. L. BARNETT, representing the Bombay and Persia Steam Navigation Coy. Ltd., examined at Bombay on the 29th November 1923.

President.—I should like to assure you that we are only searching for information. The reason why this committee has been appointed is that the people of India want to start a mercantile marine composed of their own officers and the Government of India have appointed us to advise them as to the best way of doing this. We have asked people like yourself to help us to get the information we require. If any question is asked which you feel to be personal, or detrimental to your business, you are not bound to answer it.

Q. Are you speaking for the company or for yourself?

A. I am representing the company (Mogul Line).

Q. What is the state of the shipping industry in India?

A. The shipping industry in India shares the extreme depression which at present characterises the industry throughout the world.

Q. You say in reply to *Q. 2* and *3*: "Even were the conditions normal, we do not consider that the people of this country possess the necessary knowledge and experience or the natural aptitude which must be essential to the development of a mercantile marine!" Supposing they started the work now, is there any reason why they should not assimilate rapidly?

A. I think it would take a good many generations.

Q. We do not mind the delay. Is there any definite reason why they should not assimilate?

A. To a certain extent, the Parsis, the Christians and the Muhammadans have some

slight aptitude. As regards the rest I do not think they have any aptitude for the sea.

Q. Even from a business point of view?

A. It is very hard to divorce ordinary business from shipping companies. They have excellent business aptitude. Shipping is a highly complicated business.

Q. Would you tell us how many are Indians in your shipping office?

A. We have one Parsi in the chartering department.

Q. Has he got good experience in shipping?

A. He has got experience in chartering.

Q. Is your company entirely European?

A. I am referring to the Mogul line. We have 2 Indian Directors.

Q. Are you giving evidence only for the Mogul line?

A. Yes, I am concerned only with the Mogul line.

Q. Out of how many are there 2 non-European Directors?

A. Out of six.

Q. Is the capital a rupee capital?

A. Yes.

Q. Are the majority of the shareholders, Indians or Europeans?

A. The majority are Europeans.

Q. Were the directors concerned in replying to the questionnaire?

A. No, it was answered by the managing director. Mr. Cunningham drafted the reply.

Q. Is the company against state aid in any form?

A. Yes.

Q. Would you give your reasons?

A. We have several reasons. For one thing we believe that if India has a mercantile

marine she must have natural enterprise. We do not consider state aid would tend to develop that natural enterprise. On the other hand, it would stultify natural enterprise.

Q. It is only to foster a new undertaking that we are now going to start, in other words that state aid is wanted. Would you still object to it?

A. Yes, I still object to it on principle.

Q. Can you give the reasons?

A. I do not believe in the Indian mercantile marine. I think the Indians have not got that general aptitude for the sea as the English. If they had that inclination, when so much shipping has been going on all round, they would have already formed a mercantile marine. The very fact that they have not yet formed shows that they have not got the natural aptitude for a sea-faring life.

Q. We have to give it now.

A. I am afraid we are not hopeful.

Q. As far as ship-building is concerned have you built any ships in the Mogul Line?

A. No. Turner Morrison as Managing Agent of Alcock Ashdown, have built small barges and launches.

Q. Did the Mogul Line buy ships or build them?

A. We have them built at home.

Q. You had them built specially for the pilgrim traffic?

A. Yes; as a matter of fact, it is quite impossible to get them second-hand to suit the exact requirements of the trade.

Q. In your reply to Q. 24 to 26, you state that natural conditions are against the establishment of a ship-building industry in this country. What do you mean by "natural" conditions?

A. I had in view other ship-building requirements such for instance as coal and steel.

Q. Take the Calcutta side. Suppose the Tata Company can produce at a reasonable cost steel plates in the near future, and you have the coal fields there. In the future, would it be possible to start the industry?

A. There will be difficulty in getting skilled workmen.

Q. Supposing you had skilled experts, is there any reason why the Indians should not gradually work and run their own line?

A. There is no reason why they should not, but there is the difficulty of training Indian workmen at accurate workmanship and that is essential in ship-building.

Q. There is no reason why they should not learn under skilled supervision.

A. Yes, but it will take a pretty long time.

Q. How do you find the Indian crews?

A. They require a tremendous amount of supervision.

Q. Do you do any repair work?

A. At present we have only four steamers, and we do very little.

Q. Do you carry any Indian apprentices?

A. We carry European apprentices.

Q. Any officers on the Deck side?

A. All are Europeans.

Q. Any Engineer Officers?

A. We have Parsees and Eurasians chiefly.

Q. Do you find the Hindus, Muhammadans, Parsees and Anglo-Indians doing satisfactorily?

A. I think we may say we do.

Q. Did you never try any Indian apprentices?

A. No.

Q. Supposing a suitable Indian lad wanted to go to sea, would you refuse to take him?

A. I think so.

Q. On any particular ground?

A. We could hardly mix them; we should have either wholly European or wholly Indian men.

Q. But they are all mixed even in big Schools and Colleges.

A. They are all different classes.

Q. Supposing you had boys of the same class applying. Supposing Government established a training ship, and having been for two years in a training ship and got the certificate that he has done the full course, would you have any objection to take him?

A. We should like to see a four years' course of training and the result of it.

Q. You would not have two years in a training ship?

A. We would not. I think we should rather go by the light of experience.

Q. Supposing you got applications from Indian youths who desired to go to sea, would you have to put them up to your Directors?

A. Yes.

Q. Supposing you had properly trained and properly qualified Indian officers, would it not be advantageous to have them in your business; trading ships to the Red Sea, for example?

A. I do not see any advantage.

Q. I take it that you have all Europeans because they are the most efficient and qualified.

A. They are the only men obtainable.

Q. If other people are obtainable, is there any reason why they should not be taken?

A. I do not find any concrete reason why Indians should not go to sea.

Q. If it is the intention of Government to provide training for Indians, I take it you

will be in agreement that it will be necessary to have a training ship in India.

A. I think it would.

Q. That ought to be maintained by private enterprise?

A. We think so.

Q. Entirely by private enterprise?

A. Possibly Government might do a little.

Q. Even in England training ships are provided by Government; there is no reason why training ships should not be provided by the Government in India?

A. No.

Q. If Government provided a training ship and trained boys as officers in the Merchant Service, would not your company give openings to them?

A. I think they would.

Q. Would you be inclined to assist the aspirations of the people of India to form their own Mercantile Marine?

A. I think so.

Q. Are your apprentices trained free?

A. We take a deposit of Rs. 500, but this is returned at the end of the 4 years of training. We feed them; they provide their own clothes.

Q. Do you have any special course of instruction on board?

A. Yes, in their various duties, from the Captain and the Chief Officer.

Q. Are there any Anglo-Indian apprentices?

A. There were. We still have one or two; in fact, we found that Anglo-Indians are not satisfactory; in many cases they did not complete the four years.

Q. You say that the Indian Marine is going to be curtailed. Could you tell me how you arrived at that conclusion?

A. We now learn it is not so. It was the general impression.

The Hon'ble Mr. Lalubhai Samaldas.—Q. In reply to Q. Nos. 2 and 3, you refer to the lack of natural aptitude of Indians. What are your reasons for saying that? Have you moved with the people and tried to find out?

A. I have not exactly made direct enquiries; people do not seem to be keen.

Q. In Q. 4 you say "we" are entirely against State aid. By "we" you mean the Mogul Line, not Turner Morrison and Company.

A. That is so.

Q. You feel sure that no private enterprise will come forward to form any Mercantile Marine. Have you any objection, if Government find the money and are prepared to take the lead, in giving India her own Mercantile Marine?

A. That would depend upon the proposed method of taxation.

Q. But if the tax-payer is prepared to pay and the Central Legislature is prepared to recommend and find the money; you would have no objection, at least not on racial grounds or on the ground of competition?

A. Not on these grounds.

Q. You say you do not favour any form of protection in ship-building. What do you mean by the word "protection"?

A. Protection would be a tariff on ship-building materials and so forth.

Q. About the establishment of ship-building yards in India, the President explained to you that Tatas are manufacturing steel plates. As regards skilled labour, perhaps you know that a Locomotive factory is being put up at Jamshedpur under expert management which will be capable of manufacturing about 100 locomotives per year. This can only be done if Government are prepared to place an order for, say 100 locomotives per annum. In similar circumstances, would you advocate Government guaranteeing an order for small steamers that are required for the Indian coasting trade?

A. I am afraid I have not got the necessary data to answer the question.

Q. You said you had not taken any Indians as apprentices. Perhaps you know that your company was one of those that were not in favour of the employment of cadets on Board their ships in 1920.

A. Yes.

Q. You said you do not want Indians and Englishmen on the same boat? Is it on racial grounds?

A. No.

Q. If you find there is enterprise and a seafaring spirit in Indians what is your objection to start training youths for the coastal trade?

A. The coastal trade from Karachi to Calcutta is very different from a deep sea trade.

Q. In Q. 44 you refer to youths of European descent born and bred in India whom you found not to be a success. Were they pure Europeans or Eurasians?

A. Pure Europeans bred in India. 90 per cent. of them prove failures; the remainder can be said to be successful.

Q. Is it your opinion that any educational institution that is started to train the people of this country should be self-supporting?

A. Yes, they should levy fees.

Q. But that does not make the institutions self-supporting. Even after 20 years the Victoria Jubilee Technical Institute, Bombay, costs Rs. 650 per student, while the fees do not come up to more than Rs. 100 a year.

A. We merely come back to what I said; we do not consider there is natural aptitude.

Q. Have you made any enquiries or is that statement based on a general impression?

A. It is a general impression.

Q. Do you think that the Government should not come forward to establish training ships?

A. Private enterprise should come first and then if it proves a success, the Government may encourage it.

Q. Is it your idea that Government should sit with folded hands and allow private enterprise to run it first?

A. Yes.

Q. In other industries, is it not the other way? Don't you think that the Government are pioneers in other industries and private enterprise only comes in later on?

A. We believe that there should be some guarantee of success before the Government can step in.

Q. In reply to questions 52 and 53 you say: "There is no reason why shipowners should refuse to accept apprentices." Does it not appear to you from what has been read out to you that your own line has refused to take apprentices?

A. Yes.

Q. Don't you consider that it is the duty of the Government to provide training ships and then arrange for the cadets to be taken in on charter boats of the Government?

A. Our answer to those questions should have been qualified by putting the word 'Indian' before 'shipowners' so that it would read 'We see no reason why Indian shipowners, etc....'

Q. Don't you think that you as the managing agents of a firm, one-fourth of whose shares are held by Indians, owe a duty to Indians in this matter? I put it to you as a trustee of the shareholders, is your duty confined to taking dividends for your shareholders or beyond that?

A. We may probably take one or two if suitable candidates offered themselves.

Q. The beginnings will always be small. As it will take generations, the earlier the beginning is made, the better. In the Indian army also they have begun to take Indian officers.

A. We are speaking from the point of view of the mercantile marine.

Q. In regard to the nautical academy also, do you think that private enterprise should come first and Government should step in later on?

A. Yes.

Q. Do you enter into any agreement with the European apprentices you take up?

A. Yes.

Q. If you are not satisfied you do not pay them any premium.

A. That is only in theory.

Q. Will you furnish the committee with a copy of the apprentice indenture form that you take from the European apprentices?

A. Yes.

Mr. Jadu Nath Roy.—Q. You say that the people of this country do not possess the knowledge, experience and the natural aptitude for the shipping industry. Is that not the very reason why Government should come to their aid?

A. We consider that lack of what we term aptitude is largely bound up with the natural instinct in maritime affairs.

Q. The Indians did possess once the maritime aptitude, but it is dying out; don't you think it should be revived?

A. In England the youths are very keen, they always think of a sea-faring life and they love it; here in India I have never come across an Indian youth who has shown any interest in that way.

Q. If they are in the business the keenness will come, otherwise there is no scope for its coming?

A. That can only be taken as a hope and not as a fact.

Q. Is it not necessary that Government should help them if they show the keenness to go into it?

A. It certainly ought to be the position if they show the keenness; but they have not shown it yet.

Q. Now they are showing it; is it not necessary to provide facilities for them?

A. We have seen a desire on the part of the investing public; that is very different from the personnel of the mercantile marine.

Q. That is the reason why Government should come forward and encourage the industry?

A. There is no reason why private enterprise should not attract Indian apprentices, if the aptitude is present.

Q. Don't you think that Government also should help them?

A. We are opposed to all forms of State aid at present.

Q. If the taxpayers say that the Government may help the industry, will you object in that case also?

A. It would be very bad for the country to have a mercantile marine which may not prove a success.

Q. The people want to try it.

A. In the case of the Australian mercantile marine, it cost the Commonwealth something like 2 million sterling.

Q. They have not abandoned it altogether; they are still trying.

A. Yes.

Q. With regard to the training of Indian officers you say that you have no objection?

A. We have no objection whatsoever. But the difficulty is they would not come forward in sufficient numbers. Even if they come they would not complete their training; that is our complaint.

Q. Supposing they do come in large numbers?

A. Then the majority of them will not complete their training.

Q. If they come forward, is it not necessary to give them Government aid?

A. I presume you mean financially?

Q. Yes.

A. I do not know which class of men would come forward.

Q. Supposing well-to-do and educated men come forward, would you advocate that Government should help them?

A. If they are Parsis, they would not require any help.

Q. If educated Muhammadans come forward, would they not require help?

A. I do not think State money could be expended like that.

Q. All the money of the State comes from the people; the State represents the people and the people want it; why do you object then?

A. Holding the opinion which we do, we are very chary of supporting any proposal to levy any further taxation in India as far as the mercantile marine is concerned.

Q. Had you any applications for admission as apprentices?

A. Yes, we had about five or six.

Q. If applicants are coming forward, is it not incumbent upon the Government to do something to help the training of apprentices?

A. They are not keen in joining the mercantile marine.

Q. If they show keenness for going into it?

A. As far as we know, they have not shown the keenness.

Q. You said just now that you got some applications for admission as apprentices; unless you test those applicants, how can you say that they have not the keenness for a sea-faring life?

A. Six applications are very few indeed.

Sir Arthur Froom.—Q. I take it you appreciate the feeling amongst certain Indians in this country that they should have an Indian mercantile marine. That feeling has been given expression to in the Legislative

Assembly whether from patriotic or sentimental motives is beside the point; there is that feeling. You can appreciate that feeling in any nation whether it is Indian or any other?

A. Yes.

Q. You consider that feeling to be merely a patriotic one at present and not backed up by any great desire from the sons of Indian gentlemen wishing to take to a sea-faring life?

A. Yes, that is my feeling at present.

Q. You mentioned at the beginning when our chairman was asking you some questions that in your office, you had a Parsi who looked after the chartering business. Has chartering business anything to do with the management of shipping business?

A. It is quite apart.

Q. In the engineering department of the Mogul line you have Parsis? Are there Muhammadans?

A. No Muhammadans; there are Parsis, Goanese and Europeans.

Q. You have, say, a European chief engineer, Parsi second engineer and Goanese assistant engineers, etc., in your ships?

A. Yes.

Q. In any of your ships, have you an Indian chief engineer and a European second engineer?

A. No.

Q. Presuming that the Indian is trained sufficiently and that he holds a Board of Trade certificate, do you see any objection to his becoming an officer on the Mogul line or do you think there would still be considerable difficulty?

A. It would be very difficult to work indeed.

Q. You think the deck department should be run by Europeans?

A. It should be wholly Indian or wholly European; both should not be mixed up, at any rate in the first stages.

Q. You never heard of any great desire on the part of Indians to come forward to take to a sea-faring life. I take it you are referring to the upper class Indians who would like to qualify as officers; whereas there are a great many Muhammadans who come to sea as lascars?

A. Yes.

Q. In your experience of Muhammadan and Hindu lascars do you think if they are encouraged to educate themselves sufficiently, they would become officers in the mercantile marine?

A. I think it may take many generations. They have to be educated first. They are very good if they are led, but I do not think they will be able to command.

Q. You know they do command satisfactorily in certain cases. Some have got home trade certificates and they have been in charge of ships up to 1,500 tons. Do you consider there is a wide difference between the charge of shipping on the coast and that of ocean-going?

A. Yes, they are fit only for small coasting vessels.

Q. You have been told that among other companies, the Mogul line showed a disinclination to take apprentices?

A. Yes.

Q. Supposing training ships are established and boys after being trained in the training ship for over two years apply to you for admission as apprentices, do you think even then the Mogul line would object to take them? Would there be objection from the management or the personnel of the ship?

A. I think there will be difficulty from the personnel of the ship.

The President.—Q. By personnel of the ship, you mean from the officers and not from the crew?

A. Yes.

Sir Arthur Froom.—Q. That difficulty may be overcome if these lads prove themselves good?

A. Especially after they have been tried in two or three vessels, there may be no difficulty.

Sir John Biles.—Q. In reply to questions 22 to 26 you say: "We do not favour any form of protection in shipbuilding..... The natural conditions are against the establishment of a shipbuilding and marine engine construction industry in this country and if this were not so we cannot but think that private shipbuilding yards would have been established long ago." Do you think that if shipbuilding yards had been subsidised, there would be a chance of competing successfully with foreign yards?

A. I think there would be no chance; you will have to import all the material.

Q. Are not steel and coal available here in India?

A. No doubt the position is changed now.

Q. Do you think that with changed conditions of supplies of good steel and coal and with a subsidy, they might not succeed?

A. It would take a long time.

Q. Do you think that a subsidy would help to create a shipbuilding industry and thus develop the Indian mercantile marine?

A. I think it would stimulate it.

Q. Would it not depend on the amount of subsidy and the extent of private enterprise that is forthcoming?

A. Apart from the difficulty I mentioned as regards skilled labour, I think there would be other difficulties.

Q. Do you think that even if subsidised, skilled labour will not be forthcoming?

A. Strictly speaking except a very small percentage who show a natural aptitude and skill, Indians cannot run a shipyard successfully.

Q. Do you mean that skill in shipbuilding cannot be created but it has to be imported largely from home?

A. Yes:

Q. Why could not skill be created by training? Is it practicable to import skilled labour from home?

A. I should like to put it this way: I would be sorry to invest capital in a shipbuilding yard at present even if subsidised. "Consider that Indian craftsmanship is such that vessels so built would be leaky and unsatisfactory."

Q. Even if it had been done under proper supervision?

A. The cost of supervision would be so enormous that it would be prohibitive to undertake it.

Q. In spite of the subsidies, shipbuilding is impracticable in your opinion?

A. At the present stage it is impracticable.

Q. Would it be practicable at any time or in the near future?

A. It is to be grown from very small beginnings; it will take a great many years to become anything like perfect.

Q. Would it not be desirable to have a shipbuilding industry in India?

A. Yes.

Q. May not the experiment of subsidising a shipbuilding industry be tried?

A. It may be tried on a very small scale. If tried on an extensive scale, it would be waste of capital.

Q. Will private capital be available?

A. I understand there is a good deal of capital in Bombay and Calcutta.

Q. Would it be encouraged to come out by subsidising the shipbuilding industry?

A. I think it could.

Q. The six applicants for admission as apprentices that you referred to, were any of them qualified by training in a ship?

A. They had no training at all.

Q. They were refused, not because they were Indians but that they had not the requisite training; even European lads under similar conditions would have been refused?

A. Apprentices do not usually have any training whatsoever before being apprenticed.

Q. Would you accept for apprenticeship a European lad who had no training and not an Indian youth who had training?

A. We carry wholly Europeans on the deck and so we cannot accept Indians.

Q. It is on the score of inability to take Indian apprentices and not on racial grounds that you refused?

A. Yes. We did not consider they would make good seamen.

Q. Do they have an inherent lack of natural aptitude and ability?

A. I should not say lack of ability; they have ability but they lack the aptitude.

Q. Have you had experience of Indian officers on a ship?

A. Yes, we had experience of two Indian officers.

Q. Where were the Indian officers trained?

A. They were trained in Bombay. Both of them are captains even now.

Q. If a European chief engineer retired, an Indian might be promoted? So it is not quite correct to say that you always have a European over an Indian?

A. We have Europeans and Indians in the same steamer. In one instance, all the engineering staff are Indians, including the Chief Engineer who is a Parsi. As vacancies occur promotions are given irrespective of racial grounds.

President.—Thank you very much.

Witness No. 13.

Mr. A. J. TURNER, J.P., B.Sc. (Lond.), F.I.C., Principal and Secretary, Victoria Jubilee Technical Institute, Matunga, Bombay.

Written statement, dated the 3rd October 1923.

Q. 59. I think quite a number of boys from the coast towns would take up this particular branch of work.

Q. 60. As a certain amount of practical work of a general character and a good deal of theoretical work will be required, it must be taught in a properly equipped institution. The equipment will cost money and I think Government should supply the equipment and at a certain stage of training, provide facilities for practical work in dockyards, etc. :—

(b) That Government should guarantee a certain number of posts.

(c) Provide facilities for higher theoretical training required for the Board of Trade certificates.

Q. 61. This has already been, to some extent, answered in No. 60.

I think the Institution, doing this work, should not be put to any additional expense. Taking this Institute for example, the cost would not be inappreciable and the fees charged are only Rs. 100 per annum for

Bombay students. At the present moment the cost per head averages about Rs. 650.

Q. 62. I think the Engineering and Ship-building Firms together with the Government Dockyards could supply the necessary practical training.

Q. 63. I can only speak for Bombay and in Bombay, the V. J. Technical Institute is certainly able to impart the necessary theoretical knowledge. I do not know what the demand for Marine Engineers would be but if the V. Technical Institute can be assured that no additional expense will be incurred it would be able to turn out a dozen men every year.

I have the honour to inform you that there is a course for Mechanical Engineering in this Institute and that a number of students have, after graduating, taken posts as Marine Engineers.

Marine Engineering as such had not been especially taught but I think it would be quite feasible to give instructions in this particular branch of work in certain well-equipped technical institutions.

Oral evidence, Bombay, the 29th November 1923.

President.—I should like to preface my remarks by saying that we are only seeking for as much information as possible. This committee has been constituted by the Government to recommend to them what steps should be taken to form an Indian mercantile marine. As head of an important institute

like the Victoria Technical Institute we should like to get information from you on the subject of education and the training of youths.

Q. Do you think a great number of boys would take to a sea-faring life?

A. Yes.

Q. Do you know the standard of education that is required?

A. A number of our boys, who have passed through the Victoria Technical Institute, have been serving as engineers on ships.

Q. Have all of them taken to engineering only? Are any of them deck officers?

A. None of them have taken to navigation work.

Q. Probably your training is not in that line?

A. The training is confined to engineering. We give no nautical training whatsoever.

Q. Up to what age do you take in boys for training?

A. The minimum is 16; they generally come at 17.

Q. We had better confine ourselves to engineering. Have a considerable number of boys gone to sea as engineers?

A. Yes. For a time they stick to the sea, and after gaining some experience they come ashore where they are better paid.

Q. Supposing an Indian mercantile marine is formed and bigger ships are created, do you think they would stick to the sea?

A. Yes, quite probably—if better pay is offered to them—they may stick to the sea.

Q. You think if the inducement was there they would stick to it?

A. Yes.

Q. Have a considerable number of boys gone to sea?

A. There have been an appreciable number of boys going to sea. One of my principal troubles is that the boys do not report their whereabouts after leaving the institute. They come back to us only for recommendations and from the testimonials they submit, we find that for a considerable period they had been engineers on board a ship. That is the only way in which we find out.

Q. In the Engineering part of your curriculum of training, are any opportunities offered for studying Marine engineering?

A. The training in Engineering is more or less uniform whatever branch one is taking up. At the present moment we have no naval machinery; we have the ordinary Babcock and Wilcox boiler, Marshall Compound engine, internal combustion engines of various kinds and electrical machinery. We have no marine type boilers and engines. My Board would be quite prepared to provide for Marine engines provided it is not committed to any extra expenditure.

Q. Supposing Government are prepared to spend some money; would your Board be prepared to have special classes in Marine Engineering?

A. But Marine Engineering except that different types of machines are used is similar to any other branch of mechanical engineering. We have a very fine workshop and a reasonably complete one.

Q. Do your students work in the workshops?

A. Every student spends about half his time in the workshops, in fact half the time throughout the whole four-year course is spent in the workshops.

Q. Engineer Commander Borner, who is the Marine Surveyor to the Bombay Government and Board of Trade Examiner in Engineering, told us ~~that the Board of Trade~~ accept your training for half time as apprentices in Marine Engineering.

A. I did not know that. Those students of ours who pass with first class marks (66 per cent.) spread over the whole four years' examinations in practical work and at least 50 per cent. in theory are allowed to sit direct for the second class Boiler certificate.

Q. We would put it up to the Government of India that they should find funds to give a certain amount of Marine Engineering instruction in your Institution?

A. I have put the matter up to my Board; they are quite prepared to consider the proposal favourably, provided they are not committed to any extra expenditure.

Q. What is the constitution of your Board of Governors?

A. We have 8 members nominated by Government, 3 members nominated by the Bombay Municipality, 2 members nominated by the Millowners' Association and there is a Trust known as the Ripon Trust which has a representation of 5 members. (The present members of the Ripon Trust will not be replaced as they die or resign).

Q. Could you tell us what sort of members you have?

A. The following are Europeans.—The Chairman who is the Director of Industries in Bombay, there are also one from the Great Indian Peninsula Railway, one from the Bombay, Baroda and Central India Railway, one from Tatas, one from the Municipality, the Government Architect, one from Richardson and Cruddas Of the Government nominees, six are Europeans and two Indians. There are seven Europeans on the Board.

Q. You told us your Institution is not self-supporting by fees. Does the rich man's son pay the same as the poor man?

A. Yes. The students pay Rs. 100 a year. It was Rs. 50 a year two years ago, but we have had to raise it.

Q. Where do your students come from?

A. We get applications from all parts, from Nepal to Ceylon, British East Africa to Assam. There is a large number of Madrassis and Mysorians.

Q. Have you any resident students?

A. We have accommodation for 240 resident students; at present they are just under 200 resident. We supply them with cook rooms and dining rooms; they form themselves into messes and make their own food arrangements. Rs. 100 is only for their education. If they live on the premises they have to pay Rs. 5 to 6 a month for the share of a room.

Q. Have you any scholarship students?

A. Very few. The various provincial Governments do give scholarships, but the Bombay Government offers no scholarships at all. There are half a dozen or so of scholarships which have been privately endowed for poor Parsee and Hindu students.

Q. Have you any special classes for Hindus?

A. Absolutely no class or creed is recognized in any way. We do not make any special provision for anybody.

Q. How many are on the staff?

A. There are only 3 Europeans on the staff. One is the head of the Mechanical Department, one is the head of the plumbing and sanitary department and the third is myself. There are about 20 on the teaching staff. One thing which may be of interest is that in the Mechanical Department all except one on the staff are our old students, in the Electrical Department all except one on the staff are old students, in the textile, all are old students and in the Sanitary, two out of three are old students.

Q. Supposing the Government of India endowed a Chair in Naval Architecture and one in Marine Engineering; as far as your Institute is concerned, would it be welcomed?

A. Very much.

Q. Do you think you can get boys to learn these subjects?

A. Yes.

Sir John Biles.—Q. Do you think you can train boys to be Naval Architects or shipbuilders without shipbuilding yards?

A. Most certainly not. A yard is absolutely vital.

President.—Q. I did not mean that the dockyard training was not to be given. The training ship I suggested was only a sort of preliminary training.

A. A technical institution is extremely useful for teaching the theory and the general preliminary practical side, but the actual practical work must necessarily be done on construction work.

Sir John Biles.—Q. What is the curriculum of the Mechanical Engineering course that you have?

A. It is not as advanced in theory as the London University Engineering course. It is an extremely good and sensible course for practical engineers. We turn out a man who knows how to use his tools and who will do well with further practice.

Q. I have had at one time to suggest the possible course for the development of shipbuilding, and I stated that Mechanical Engineering students could be developed into shipbuilders if they continued during their course in Mechanical Engineering a course in Naval Architecture. I want to draw from the existing material in India, from the Mechanical Engineering class men who could be most readily trained to be Naval Architects. Do you agree?

A. It is a very sound thing and I think it is quite possible.

Q. Do you know anything about the scope of the Naval Architectural Engineering?

A. I am afraid I don't. Our mathematics is of a very elementary order and I don't think our boys at present are good enough.

Q. What becomes of the Mechanical Engineers who are turned out in your Institute?

A. They go into Mills and various works as Mechanical Engineers. Many of them are Engineers in charge of Mills and Chief Engineers.

Q. Do they become Professors or Consultants?

A. No. Not as a rule.

Sir Arthur Froom.—Q. Is there any preponderance of or distinction in the class of men that present themselves at the Victoria Jubilee Technical Institute?

A. They are mostly Hindus of one type or another. There are few Muhammadans and a sprinkling of Parsees.

Q. Have you any knowledge of any of your men becoming Ships' Engineers? We have been told that most Engineers in ships are not Hindus.

A. I should say that the majority of the men who have gone in for Marine Engineering have been Parsees or Goanese.

Q. Do you think that the shipbuilding industry in India might be developed?

A. I do not like to speak on anything that I do not know about.

Q. Is there a sufficient amount of skilled labour available in India to start shipbuilding? Your men are not skilled labour?

A. They very often go in for skilled labour. Generally speaking, the initiative of the Indian is low.

Intermediate in Arts course and some of them are graduates.

Q. Do you think you can give theoretical training to marine apprentices? Have you got night classes?

A. This year we have started classes both for the railways and the mills. All the railway apprentices come to us for theoretical training. We do not teach them any practical work. They come to us on Saturdays. We can take marine boys also for training; but it would require considerable strengthening of the staff. The marine apprentices cannot be clubbed together with the ordinary student in our Institute, because the curriculum of studies would necessarily be different.

Q. Can you not give instructions as far as mathematical marine engineering is concerned?

A. We have to split up our mathematical classes. We would have your boys for applied mechanics classes on Mondays. That would mean running a special time-table.

Q. Still there is no reason why you could not do it without additional staff?

A. Additional staff would be necessary.

Sir John Biles.—Q. You are a graduate of the London University in Chemistry?

A. I am a B.Sc. of the London University.

Q. What is the difference in the syllabus of mechanical engineering of your Institute and the B.Sc. of the London University? Supposing the graduates of your Institute sit for the London University examination in Engineering, what percentage of marks would they get?

A. None of them would get through. They would be infinitely better than the London graduates on the practical side. On the theoretical side our standard is lower.

Q. How much lower? Would the boys of your Institute get 50 per cent. of the marks if they sat for the London University examination?

A. I do not think they would get so much. The graduate of our Institute is a practical man with theory as the handmaid whereas the graduate of the London University is a theoretical man with very little practical experience.

Witness No. 14.

MR. E. P. NEWNHAM, C.I.E., Chief Constructor, R. I. M. Dockyard, Bombay.

Written statement, dated the 28th November 1923.

Q. 1. It is assumed that shipping run by Indians with Indians is meant in this question.

A. It holds a very insignificant position, so insignificant as to be practically negligible in the world's carrying trade.

Q. 2. Lack of the knowledge possessed by those controlling the successful shipping concerns operating in India.

A. Tendency of Indian owners not to aspire to the high standards adopted by British owners both as regards their ships and their personnel.

Q. 3. Acquiring the knowledge of the methods followed by successful shipping concerns.

A. Owing to the excess of tonnage over current requirements, no new shipping adventure could expect to meet with success at the present.

Q. 4 and 5. I do not advocate State aid as it would appear to be more conducive to the advantage of the comparatively limited number that would be directly interested in the shipping industry than to the people of India generally.

Q. 6. Legislative measures are unnecessary if private individuals possess the requisite initiative and enterprise, without such initiative and enterprise no legislation imaginable can create a successful industry.

A. Once it has come into being as a natural growth, it may follow that legislative measures are necessary to safeguard the interests of those engaged in it.

Q. 7. No, see 4, 5 and 6.

Q. 8 to 17. See answers to 4, 5, 6 and 7.

Q. 18. It is considered that the coasting trade should be open to all except those States not granting reciprocity.

Q. 19. Would result in higher freights and reduced facilities.

Q. 20. Reservation is not advocated.

Q. 21. Entirely depends upon the resources of the companies and the trade for which intended.

Q. 22. Vessels for mercantile purposes should be built in private Shipyards under competitive conditions, the establishment or development of Government Dockyards for this purpose is not considered desirable.

Q. 23. River and Harbour craft and a few small ocean-going steamers have been built

and engined in India, but steel shipbuilding and marine engine construction is practically negligible when compared with British facilities and output. I am of the opinion that even if fostered under the most extreme protection they will never attain such a position in this country as to be able to enter into successful competition with the shipbuilding and engineering industries long established in countries where the conditions are more natural, and favourable to the industry.

Q. 24. Almost entire lack of expert knowledge and the lack of desire on the part of Indians to acquire it. Lack of physical stamina in the Indian workmen and the excessively enervating climatic conditions of the localities where shipbuilding would generally be carried out.

Q. 25. No.

Q. 26 to 32. State aid in my opinion is not desirable, tangible results would entail a very large expenditure and it is very doubtful if the results so achieved would justify the expenditure incurred. It would appear that the Indian Commercial Class does not take up a sufficiently self-reliant attitude in connection with shipping.

Q. 33. I do not advocate restrictions of any kind. I would allow shipbuilders and engineers to obtain their requirements from the most favourable markets.

Q. 34. Not in favour of customs concessions any more than other artificial aids.

Q. 35. If concessions are not granted abuse will not occur.

Q. 36-42. Wooden shipbuilding is obsolete for commercial purposes and should not be encouraged, its decay is the inevitable result of modern progress.

Q. 43. I do not possess sufficient knowledge of Insurance business to form an opinion.

Q. 44. I have insufficient knowledge of the worth of this country of the class that would be accepted as officers upon which I could give a useful opinion, judging however by what I have seen making ocean passages to India from England I should think it unlikely.

Q. 45 and 48. Government should take the same action in regard to training youths for following the sea as they do in the provision of educational facilities for other professions.

Q. 46 and 47. I have had no experience in the training of youths for following the sea, therefore cannot offer an opinion.

Q. 49. The number of training establishments should, if they come into being, be governed by the number of youths offering them-

selves for training, and their situation should be in one or more of the main sea ports.

Q. 50. As for 46 and 47.

Q. 51. I should think a period of apprenticeship in the Mercantile Marine, *i.e.*, in ocean-going vessels actually employed in commerce, to be essential to qualify for the position of a Mercantile Marine officer.

Q. 52. Shipowners are usually willing to accept apprentices but this is a question that only the shipowner can answer definitely. If they have objections they are probably such as parents could overcome by the payment of suitable premiums.

The apprentices however will have to depend largely upon their own desires and aptitude for acquiring knowledge, as Mercantile Marine officers are usually so fully employed on their owner's affairs that they have scant time available for training those that will eventually succeed them.

Q. 53. It is not seen why Government should bear expenses in connection with the training of youths desirous of becoming Mercantile Marine officers any more than for those entering other professions.

Q. 54 and 55. If apprenticeship in the Mercantile Marine is accepted a sea-going training ship does not appear necessary.

Q. 56. See answer to 46 and 47.

Q. 57. Should be considered with and receive the same consideration as the provision of educational facilities for other professions.

Q. 58. If the demand arises lectureships in nautical subjects could be established in connection with existing educational establishments at present existing in the principal sea ports.

Q. 59. I am not in possession of sufficient information upon which to offer a reliable opinion but from my own observations I think it to be unlikely.

Q. 60-61. Training establishments exist for general engineering subjects at Calcutta, Bombay and Poona, lecturers specialising in Marine Engineering could be established at these Colleges, practical work being carried out during the college vacations at the existing Dockyards and Engineering Establishments followed by apprenticeship.

Q. 62. It is possible to acquire very considerable knowledge of Marine Engineering in the establishments at present existing in this country and sufficient to qualify for Marine Engineers' Sea-going Certificates though it cannot be claimed that these facilities are comparable with those available in the Dockyards and Workshops of Great Britain.

The majority of youths taking up Marine Engineering in this country however do not avail themselves of the opportunities offered which in my opinion is largely due to the pernicious climate they have to endure. Given the temperate and exhilarating climatic conditions under which the British boy

works, their progress and ultimate success would be vastly greater.

Q. 63. Establishments exist in Bombay, Calcutta and Poona where the necessary theoretical knowledge can be obtained.

Q. 64-68. No opinion to offer.

Q. 69-70. Indirect aid is not advocated.

Oral evidence, Bombay, the 30th November 1923.

President.—We are only seeking for information and any question which you consider objectionable need not be answered by you. We are asked by the Government of India to recommend the steps to be taken for the development of the Indian Mercantile Marine and as far as you are concerned we want to ask you about the establishment of the shipbuilding industry in India.

Q. If the shipping industry is started in India now, is there any reason why it should not be successful in the course of five or ten years?

A. My opinion is that there is never likely to be any shipbuilding industry of importance in India.

Q. Will you give your reasons for coming to such a conclusion?

A. My main reason is that the physical condition of the people and the very adverse climatic conditions of the country militate against the development of the shipbuilding industry in India. Nobody can draw a comparison between the heat in Calcutta in the months of April, May and June and the climate in England.

Q. Do you look upon the shipbuilding industry as a particularly arduous one?

A. It is a very arduous one if carried out successfully. I have known conditions in Calcutta when it was impossible for men to work on a steel vessel under construction without the deck being continuously flooded by the use of pumps.

Q. Supposing it is necessary to build ships in India, do you think we can build as economically here as in England?

A. I am sure we cannot.

Q. What are your reasons for saying that?

A. I came to India about 18 years ago; at that time on a comparison of output, I came to the conclusion that one man at Home would do the work of four here.

Q. Is it because of the arduous nature of the work here?

A. It is largely due to the extra physical strain owing to the climatic conditions obtaining in India and also to the lack of stamina of the men employed. Further it

is an admitted fact that India is mainly an agricultural country and we find that a large number of the men we employ absent themselves periodically for considerable periods in order to work on the land; this results in a reduction of their efficiency as shipyard operatives. A similar condition does not obtain in the industry at Home as the operatives never lose touch with their particular trade or calling.

Q. In your construction branch what is the highest pay that the Indian gets?

A. Rs. 300 per month is the maximum pay of an Indian Foreman.

Q. Is he the senior man?

A. Yes. The senior man at present is one Pascal Menezes who has immediate charge of the riveters and platers.

Q. What qualifications does he possess?

A. He does not possess any special qualifications except that he has been brought up in the dockyard and trained in the actual mechanical work, on which he is now employed.

Q. Have you got any standard by which to examine the merits of these men?

A. They have not been subjected to any examination. They possess the requisite practical knowledge and are very useful and energetic men.

Q. Can he become an assistant constructor in future?

A. Not the remotest chance, neither is he suitable.

Q. Have they got any theoretical training?

A. None of any kind; and I would not permit them to take complete charge of the construction or repair of even small vessels.

Q. Supposing they are given opportunities to study the construction of big ships, do you think they would still not be fit to handle ships?

A. That is a very difficult question to answer definitely. We can only assume that they might be fit.

Q. Do you know where Pascal Menezes came from?

A. He started work with us as a workman.

Q. We will assume that the Government of India is determined to build ships under the guidance of European experts. Supposing they start shipbuilding yards with experienced people from Home at the head of the staff. Supposing the Government continue to build ships in spite of the physical conditions and the climatic conditions that you referred to, and supposing the Indians are properly trained, is there any reason why they should not become efficient constructors of ships?

A. There is no reason why they should not become efficient constructors if they get the requisite training and possess the necessary aptitude and keenness to become successful in the profession.

Q. Do you find the Indians in your department keen to gain knowledge in shipbuilding?

A. I have not experienced it.

Q. Have you got apprentices?

A. We have youths coming along and learning trades but no regular apprentices.

Q. Are they simply boys?

A. They are the same as trade boys at Home; they are not apprentices and not subjected to any special training; they come when they like and leave when they like; there is no control over them.

Q. Have you draftsmen in your office?

A. I have got one European draftsman; he is now employed outside, supervising work on ships. I have also got an Indian draftsman who is now officiating for the European.

Q. Is he a good draftsman?

A. The Indian draftsman is very good. He is the only one that possesses any theoretical knowledge of ship construction and calculations.

Q. Was he educated in the dockyard?

A. He has been in the dockyard for a long time.

Sir John Biles.—Q. You have no apprentices in any sense like the apprentices in the dockyard at Home?

A. No.

Q. Do boys who come in, come in without any examination?

A. Yes.

Q. Do they turn out work to the requisite standard?

A. They are mainly connected with men who are already employed in the establishment and work with them.

Q. I suppose that is their only qualification?

A. They have no qualifications; they are simply brought in by other workmen to learn

a trade; if unable to do so they are discharged.

Q. Why don't you set a standard and select boys who satisfy the same?

A. You want us to select the boys after examining them?

Q. If you do that will it be possible to get many Indians?

A. No doubt, if a system of examination is introduced it would be to the advantage of Indians and also to the service, but it would need to be given effect to before an answer could be furnished to the question.

Q. If you have no examination for assisting you in admission, can you expect the men to turn out good work?

A. The people that come forward are not usually, if ever, people of education. It has been found that as a boy progresses in education, the desire of his parent or his relative is that the boy should not follow the avocation of the parent but that he should go into some commercial office or Government clerical appointment, rather than undergo mechanical training. That is one of the reasons why industrial concerns suffer. It is my impression that Indians are averse to following any calling involving manual labour, however remunerative, if they can obtain a living by following some non-productive calling.

Q. Do you see any reaction from that view?

A. I see none.

Q. Did you read the presidential address of the Engineering Congress that appeared in the newspapers yesterday? There the view was expressed that there was a desire amongst the younger Engineering students to adopt the view that it was desirable for them to become working engineers and get more money. That was what Mr. Turner, the Principal of the Victoria Technical Institute, said yesterday.

A. They may have observed so. I suppose they are educationalists. Even there the type of work is different from what we have in the dockyard. Probably the boys go to the Victoria Technical Institute something on the lines of public school-boys, without any intention of becoming mechanics. In my opinion it is not a good comparison. My opinion is that they never have any idea of following a trade, but expect to become industrial officers immediately on leaving the institute and never to serve in the rank and file.

Q. Have you any information which shows that there is a tendency on the part of Indians to prefer to work as engineers to working as clerks?

A. Not definite information.

Q. Do you think a considerable amount of money is required to make shipbuilding successful?

A. Yes.

Q. If you select men by competitive examination as they do at Home, don't you think you will in course of time get able men who will prove efficient after training?

A. I think it would take half a century before you can see an appreciable change. I am speaking of the masses and not of the few individuals.

Q. The scheme for producing the workmen and the staff for the Royal dockyard at Home is this: When boys of 14 years of age want to enter the dockyards they have to send in their names and attend a competitive examination and a physical fitness examination. Separate marks are awarded for the competitive examination and the physical fitness examination. The competitive examination is held in Arithmetic, Algebra and Geometry and General English. Every boy is expected to have received the best kind of education that can be given in public schools for a boy of the age of 14. It is open to anybody to come forward and compete. The examination is held by the Civil Commissioners.

A. Probably the system of awarding marks for the physical fitness examination was introduced later. During the time when I became an apprentice myself the physical fitness examination was a qualifying standard. No marks were awarded.

Q. In my time, I believe it was a thousand marks for the competitive examination and 200 for the physical fitness.

Now after the boys are selected according to the results of the competitive examination, some take to shipbuilding, some engineering and some others take to the other trades that would lead to high positions in life. Shipbuilding and engineering leads to Marine engineering; the others are commercial joiners and so on. All these boys go to school for three years. The school is held in the dockyard on two afternoons and three evenings in the week. If the boy is not of a good type, you can imagine his position. At the end of three years, probably 80 per cent. of the boys cease schooling, but the others go on for another year. Out of them a select number compete for the examination which would enable them to be trained as construction engineers. Those who succeed stay there for another three years, they work for nine months in each year, and then they finish their training. Then they are qualified to begin practice as naval architects and

constructors. Some go out into the Admiralty while others go out into the world.

Diwan Bahadur T. Rangachariar.—During the school time apart from the literary education, do they also get practical training?

Sir John Biles.—For two afternoons and three evenings in the week, they are thoroughly immersed in practical work. That is the training that develops a good workman in the dockyard and develops the class of foreman higher than the man who stays away in the fourth year of training.

Diwan Bahadur T. Rangachariar.—During this period they get a theoretical knowledge of engineering works, and a literary education; they also get practical training and scientific education?

Sir John Biles.—They get all these.

Q. The standard of theoretical training is probably the highest in the world for Engineers and Naval Architects. I cannot say that any University standard is as high. In addition, instead of the Dockyard school, there is a local Technical School which is under the Board of Education in London and instead of the Naval College, there are Universities, one in Glasgow, one in Liverpool and one in New Castle. That is how shipyards are supplied with men in England. If such a system were adopted in, say, the Indian Marine Dockyards, do you think that Indians could be developed into a class of good workmen and a properly trained staff?

A. I should think it very likely; it will, however, entail a very considerable expenditure. How far it will be a success I do not know, because I have no precise knowledge of the present standard of education of the youths; none of them, as far as I know, can write or speak English.

Q. Is it absolutely necessary that they should learn English?

A. Otherwise it will mean that technical books in Naval Architecture will have to be translated into the vernacular. This is not an insurmountable difficulty, but it will first be necessary to give the necessary training to the people that are going to do this. As far as I am aware, none of my technical staff has got sufficient knowledge of the vernacular to render any assistance in this direction.

Q. Supposing there was such a system, do you think that the intelligent people of India are likely to take advantage of it?

A. As far as I have seen, Indians generally do not adapt themselves completely to technical requirements; once they have solved a particular problem they seem to

lack the faculty of applying to modified conditions the knowledge previously gained.

Q. Even education does not give them any aptitude. Is that what you mean?

A. Yes, they have not got the faculty of rapidly applying their knowledge in carrying out work other than that in which they have had actual previous experience.

Q. Does education make any difference in that application?

A. One would suppose that education would.

Q. As a matter of fact, does it?

A. I cannot say; I have not seen it applied in my own establishment.

Q. You have no experience of educated Indians as applied to shipyards?

A. No.

Q. Can you give us any general idea of the cost of reconstructing vessels such as the "Cornwallis" now in the Dock here compared with the cost in England?

A. I do not know of the conditions that now exist at Home sufficiently well to make a definite statement; I am of the opinion, however, that they could do it cheaper at Home than in India.

Q. Have you any relative costs?

A. No.

Q. It would be a useful comparison if the work that is done on the "Cornwallis" were estimated in one of the dockyards here and if we got an estimate of the same cost from Home in the Dockyards there or from some private yard.

A. In drawing a comparison between the cost of the work carried out here and the cost of the work carried out at Home, unfortunately you have got to neglect a very important factor, and that is the quality of the work executed. If I were at Home I would refuse to accept some of the fittings and work that are accepted here, but we cannot at present get better results in India.

Q. That is the Indian standard. Can you put up with it?

A. You can make the vessel seaworthy, that is all.

Q. With that as the standard accepted, if we get the cost of doing the work up to that standard and the cost of doing the work up to the English standard, will it not be a fair comparison of the work done in India according to the Indian standard and the work done in England according to the English standard?

A. Yes.

Q. You said that the rates of wages are higher in India than they were two years ago. Would it be a comparison to take the rates in the English yards now with the rates in the Indian yards two years ago?

A. That would be very much to the disadvantage of India, because wages, I believe, have gone down very considerably at Home. It is a fact that wages for skilled workers in India have gone up, but there has been a considerable decrease in output.

Q. How long does it take for alterations to be carried out in a ship in your Dockyard?

A. The "Cornwallis" took about six months. There was, however, a lag on account of money not being available during the latter part of the last financial year.

The Hon'ble Mr. Lalubhai Samaldas.—Q. Let us have the actual cost worked out in India on the basis which you have suggested, but as regards England, let the estimates be based on labour as it was two years back and labour as it would be now.

A. That would be fair. Assuming that the order^s was given in January and completed in May this year in this Dockyard, it would compare with the conditions in Great Britain two years ago.

Sir John Biles.—Q. Do you think a comparison should be made on the basis of labour and material alone, or labour, material, charges and profit?

A. I think it will be better if the information is collected on the following basis:—

Labour	Separate.
Materials	Separate.
Overhead charges	Separate.
Profit	Last.

Q. Do you think that the charges that will be added in the Marine Dockyard are in any sense comparable to charges in a private Dockyard or in the Royal Dockyard?

A. We put on charges, but not for the R. I. M.; only for other Government Departments. The present charges are 45 per cent. on labour and 20 per cent. on material. Most of our work is on repairs. It is difficult always to say whether you are having one-third labour and two-thirds material, or two-thirds labour and one-third material. It varies according to the nature of the work to be carried out.

Sir Arthur Froom.—Q. You said that you thought that, on the whole, construction and repair work were cheaper at Home. Is it so?

A. Yes. When I first came out here, I found that it took 4 men to do the work that one man could do at Home; that was 18 years ago. I do not know the industrial conditions existing at Home at present, but I know that out here the rate of output is very much reduced.

Q. My experience is that it was cheaper out here some years ago, but now with the increased wages obtaining in the country sometimes, you can get the work done cheaper at Home?

A. If you refer to such work as bottom painting, for example, a large quantity of such work was done in Bombay rather than at Home and could be done much cheaper about 10 years ago, but that was unskilled labour. Now the prices are levelling up.

Q. We have always to employ an extra amount of supervision here that tends to increase the cost of labour. Is that your experience also?

A. The individual certainly requires more supervision out here and therefore the cost of a job is increased on account of the cost of supervision.

Q. In spite of the increased wages, you get a lesser output than before?

A. Yes.

Q. Can you give reasons?

A. It is a social question.

Q. Let me put the question in another way: The men do not put their backs in their work so much as they did before. They get better wages now and turn out less work than before. Can you give reasons?

A. I would rather not give here what I consider to be the reasons.

Q. Was it not the same at Home for a long time?

A. I understand conditions at Home are now becoming more normal.

Q. In spite of the increased wages, the men turn out less, not only because they work for a less number of hours, but the actual individual outturn is not so good as before.

A. Yes.

Diwan Bahadur T. Rangachariar.—Q. There is the same difficulty in agriculture.

A. I do not know about that.

Q. In answer to Question 3 you say: Owing to the excess of tonnage over current requirements, no new shipping adventure could expect to meet with success at the present moment. Would that apply to a well managed company?

A. Yes, in my opinion; any new venture, no matter under whatever conditions it is started, is not likely to make its way. I speak with all diffidence on shipping questions other than constructional, because, as the Chairman has said, I am here mainly to answer questions in connection with the shipbuilding and repair industry.

Q. Do you think the dockyard in your charge is capable of development? If you

want to have a training institute for naval architects, is there room in your yard?

A. Considerable training can be given. But the facilities of the yard would have to be increased to give a complete training. It is capable of expansion and it is capable of giving very useful training provided it gets the requisite staff and men of the right type for receiving the training.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You say in answer to Question 2: Tendency of Indian owners not to aspire to the high standards adopted by British owners, both as regards their ships and their personnel. Have you any special Indian companies in mind?

A. I have got several cases in my mind, but I am not prepared to mention definite cases.

Q. Do you know that the Scindia Company has the same material as the British India Steam Navigation Company?

A. I am not prepared to discuss or give an expression of opinion on any particular company. I have been on several Indian-owned vessels and not one of them have I found up to the same standard as obtains in British-owned vessels. Apparently the personnel have not the same smartness and capability as the personnel of the British ships.

Q. In reply to Question 3 you said: Owing to the excess of tonnage over current requirements, no new shipping adventure could expect to meet with success at present. I wish to ask you this: why do the foreign shipping companies that are in the field continue to build ships in excess of requirements? Do you think this condition will continue till eternity?

A. I do not know if any foreign shipping companies are building in excess of requirements; they may be building, because they have to replace obsolete vessels owing to the latter having become uneconomical to run.

Q. Some of the foreign companies are building?

A. I should like to know what they are scraping.

Q. Do you think the shipbuilding industry would be a success?

A. I should not think so until the conditions of freight improve.

Q. You said in reply to Questions 4 and 5: I do not advocate State aid as it would appear to be more conducive to the advantage of the comparatively limited number that would be directly interested in the shipping industry than to the people of India generally. If State aid is given to all companies without any favour, chiefly with a

view to having free competition between Indian companies, would you still object to State aid?

A. Yes, I would still object, because I am of the opinion that the people directly engaged in shipping will be the only ones to derive benefit.

Q. In reply to a question put by the Chairman, you said that the enervating climatic conditions would hinder the shipbuilding industry from being successful. Do you say that nobody works in the dockyards during certain months?

A. The temperature at Calcutta in the months of April, May and June is from 100 to 110. We were then building a steel railway flat for the Eastern Bengal Railway in the open and it was impossible for the men to work on the deck and inside the vessel unless it was constantly flushed over with water.

Q. At that temperature do not steamers come and go and are not engineers working? The Indians are most probably the foremen and surely they can stand the heat.

A. They are not working on constructional work in the open in the sun from 8 in the morning till 4 in the afternoon. The men I referred to had to work in the open in excessive heat all day.

Q. I take it that the heat will not affect the engineering class, but that it will affect only the deck officers?

A. I consider that the pernicious climate affects everybody employed in the shipbuilding and repairing industry. In Bombay also the same condition exists though perhaps in a slightly better degree. I have been both in Bombay and Calcutta and I can assure the members of the committee that the climatic condition in both places is a very great handicap.

Q. The boys working under you are usually relatives of men who are working in your establishment?

A. Yes, they are said to be relatives or connections.

Q. Is there no entrance examination in any of your departments?

A. No.

Q. That means the class of men who come to you are not the same as those whom we want to be trained as cadets. If you get the same class of men as Mr. Turner, the Principal of the Victoria Jubilee Technical Institute, gets, then do you think you will be able to train them up for higher construction work, both theoretically and practically?

A. I cannot give a definite opinion until they have been fully tried, but I think it is likely.

Q. Are you on the Board of the Victoria Technical Institute?

A. No.

Q. Have any of the students belonging to the Victoria Technical Institute come to you?

A. Yes, they occasionally come during the vacation.

Q. Mr. Turner, the Principal of the Institute, told us yesterday that many of his boys are in independent charge of big engines and I also know from personal experience that this is so. If those are the class of men turned out by the Victoria Technical Institute, is there any reason why the same cannot be done in all allied institutions like yours? Will there be any insuperable difficulty?

A. I don't think there will be any insuperable difficulty.

Q. Is the increase in the wages proportionate to the increase in the cost of the foodstuffs?

A. I can say that the increase in wages is more than the increase in the cost of provisions. The price of provisions has gone down considerably since the men were given an increase of 8 annas to cover the additional cost.

Q. Does the increase in wages give them sufficient means of subsistence to enable them to keep their stamina?

A. I cannot say. I have not sufficient knowledge of the Indian workmen's social conditions to give an opinion. We find the men do not turn out the same amount of work as they did some time back.

Q. In reply to Question 33 you say: I do not advocate restrictions of any kind; I would allow shipbuilders and engineers to obtain their requirements from the most favourable markets. In England the Prime Minister wants protection; why do you advocate free trade?

A. The Prime Minister's desire has not altered my opinion.

Q. You think that what is good for England is not good for India?

A. I still state that I do not advocate restrictions of any kind either for India or England.

Q. In reply to Question 51 you say: I should think a period of apprenticeship in the Mercantile Marine, i.e., in ocean-going vessels actually employed in commerce, to be essential to qualify for the position of a Mercantile Marine officer. Do you know that the Government of India are running prize boats of their own? If this Committee recommends that some scope should be given

for training apprentices in these boats, is there any objection?

A. I do not think there is any objection if proper men are forthcoming.

Q. In reply to Question 53 you say: It is not seen why Government should bear the expenses in connection with the training of youths desirous of becoming Mercantile Marine officers any more than for those entering other professions. Do you know that there are a large number of institutions started by the Government to train up lawyers and they are not self-supporting? The Government is helping other professions also. Why do you object to help being given to train boys for the sea?

A. If Government are helping other professions also, then I think all classes should be given the same educational facilities.

Mr. Jadu Nath Roy.—Q. You said that in the hottest months in Calcutta, it is not possible to stand on the deck unless it is constantly flooded. I have been in Calcutta in the hottest months; what you say is news to me?

A. You probably have never stood out on a steel vessel building for some hours when the temperature was 110.

Q. I have, but I never felt anything uncomfortable.

A. I would ask you to go through a technical course in a Calcutta dockyard during April.

Q. India is an agricultural country; is that any reason why it should not take up the shipping industry?

A. No reason at all; but we have to make mechanics out of some peculiar people. That is one of the unfortunate conditions under which we have to work.

Q. You say that Indians are averse to manual labour? Is not that feeling dying out?

A. It may be dying out now. But it has not changed to a considerable degree.

Q. My nephew is doing manual labour.

A. He may be a pioneer in that movement.

Q. How long have you been in India and during that time how often have you gone Home?

A. I have been here for the past 18 years and during that period, I have been Home three times.

Q. That means you can withstand this climate?

A. The climate is very enervating.

President.—Thank you very much.

Witness No. 15.

The SCINDIA STEAM NAVIGATION COMPANY, LIMITED, Bombay.

Written statement, dated the 3rd April 1923.

Q. 1. Although India had an excellent record of Shipping in the past and her ships used to sail on distant seas, at present less than 12 per cent. of the coastal and less than 2 per cent. of the international trade is carried in Indian bottoms. The position, therefore, of Indian Shipping, in its own home, that is on the coast, is most insignificant, while she has almost no status in International Shipping. The water transport of India—be it on the river, along the coast or across the foreign seas—is dominated and monopolised by powerful non-Indian interests. Efforts hitherto made by Indians to start this industry have not been allowed to reach even the stage of healthy infancy. Under the circumstances, Indian Shipping industry can hardly be said to exist.

Q. 2. The most important factor which

militates against the growth of all Indian industries is the dictation of the financial policy of India by the Secretary of State from Whitehall. If the Indian Legislature had the control of this financial policy, Indian industries would have made considerable progress by this time. Apart from this serious question of policy, the monopoly of the non-Indian companies which strangles the new Indian Shipping Company at its very birth, by means fair and unfair—such as the deferred rebate system, the rate war, deliberate denial of space, etc.—and the complete antipathy, if not actual hostility, on the part of the Government towards Indian efforts in this direction are responsible, in the main, for the present condition of the Indian Shipping industry and the consequent feeling of utter helplessness that has been engendered in the mind of the

on not finding, even "fair field and no favour" in regard to their maritime activities.

Q. 3. India is unfortunately governed by an alien bureaucracy which does not care for the interests of India and is not responsible to the people of India. "State-aid," in a general sense, therefore, has hitherto been denied to the Indian Shipping industry under one plausible pretence or another. Excluding actual monetary aid either direct or indirect covered under the expression "State-aid," we believe the reservation of the coasting trade of India and Burma to Indian Shipping, the declaration of the deferred rebate system as illegal and the prevention of rate wars and the undue exploitation of the shippers by fixing the minimum and maximum rates of freights by law are the practical methods by which Indian Shipping could be fully developed. It is only by such methods that the well-known sea-faring spirit of the people of this country can be successfully stimulated. By Indian Shipping we mean ships registered in India and owned by Indians or by Shipping companies registered in India with rupee capital—75 per cent. at least of whose capital and Directorate shall be Indian, with Indian Managing Agents or Indian Managing Director. But the most important thing that is required is a complete change of heart and outlook on the part of the Government. They should, not only by their words but by actual deeds, create a favourable atmosphere and inspire confidence in the mind of the public as regards their professions to build up and develop this great national industry. High Officers of the Government should be made to understand that they are servants of India, supported by Indian taxes, and that it is essential in the interests of the Indian people to support Indian Shipping enterprise in a thorough and straightforward manner.

Q. 4. State-aid is absolutely essential for the development of the Shipping industry in India. All the great maritime countries of the world, including Great Britain, have found State-aid necessary for the growth of their national Shipping. The necessity of State-aid in the present circumstances of India cannot therefore be too strongly emphasised.

Q. 5. Construction and navigation bounties, liberal postal subsidies and trade subventions, cheap loans and preferential railway rates, reimbursement of canal dues, discrimination in port and dock dues and custom duties and special subsidies for opening special routes are some of the methods which

may be advocated. They need not be necessarily cumulative in their effect. All these subventions will come from the Indian State for the greater welfare of the State and the country. The monies so expended will return to the pockets of Indians to bear more fruit in the interests of India and not go into the pockets of alien peoples.

Q. 6. Reservation of the coasting trade of India to Indian shipping should be its natural privilege. As suggested in 3 above, the declaration of the deferred rebate system as illegal and the prevention of rate wars by fixing the minimum and maximum freights require immediate legislative enactment.

Q. 7. Yes. The first place should be given to (a), i.e., between Indian ports; next place to (b) between Indian and ports abroad. No bounties should be given to (a) after the entire coasting trade of India is reserved to Indian Shipping.

Q. 8. We do not wish to restrict the grant of navigation bounties to any part on the Indian coast. Such bounties paid for service along the coast of India shall cease as soon as the coasting trade is reserved to national shipping. As regards (b) referred to in Question 7, the grant of navigation bounties should in the first instance be restricted to the routes comprised in the expression "India" to U. K. Continent firstly on the ground of economy and secondly because a large proportion of India's foreign trade is carried on these routes.

Q. 9. Yes, the gross registered tonnage of the vessel shall not be less than 1,000 tons. The average speed at sea shall not be less than 8 knots and the age of the vessel shall not exceed 20 years and the distance run per year shall not be less than 12,000 knots.

Q. 10. The rate at which these bounties should be calculated shall be 12 annas per ton of the gross registered tonnage of a vessel for every 1,000 knots navigated by her with a minimum speed of 8 knots at sea per hour. This rate shall apply up to 4,000 gross registered tons. For every 500 tons above that 5 per cent. shall be added and for every additional knot per hour 10 per cent. shall be added. The vessel must have carried on the round voyage at least one-half of the cargo required to fill up the available space of the vessel.

Q. 11. See answer to No. 10. No distinction based upon percentages should be introduced at this stage for vessels running under No. 7 (a), (b) or (c).

Q. 12. As Indian Shipping industry as such hardly exists at present, it is premature to lay down the period after which no bounty shall be payable to a ship on the

bounty register. Under 9, no bounty shall be payable to a ship more than 20 years old. We may, however, suggest that 5 per cent. reduction may be made in the bounty after the tenth year of the ship for all the vessels running in the trade referred to in 7 (a), (b) and (c).

Q. 13. No steamers are built in India at present. We do not propose, therefore, to prescribe any period—at least for the next 10 years—for which foreign built ships owned by or chartered by Indians must be on the Indian register to become entitled to receive the Navigation bounties.

Q. 14. See answers to 12 and 13.

Q. 15. Yes.

Q. 16. No restrictions based upon nationality should be placed upon those employed in vessels receiving Navigation bounties. Exceptions may, however, be made in case of urgent need by the Government of India with the consent of the Legislative Assembly.

Q. 17. Yes.

Q. 18. We believe it imperative, if India is fully to develop her coastal trade, that immediate steps be taken to reserve the entire coasting trade of India and Burma to Indian Shipping as defined in our answer No. 3. It is quite essential in our opinion for building up an Indian Mercantile Marine that no time should be lost in giving practical effect to this fundamental proposition.

Q. 19. Indian shippers will be saved the harsh, tyrannical and even humiliating treatment they have been receiving at the hands of the present-day alien ship-owners. Rates of freights will no longer be fixed in the interests of European shippers or European-managed industries alone. Collusion between the ship-owner and the railway authority to oust Indian Shipping and help European traders will receive a final death-blow. Trade between small ports will increase in volume, while improvements in the ports themselves, now so sadly neglected, will be effected. New industries will receive a stimulus against their foreign competitors by a careful manipulation of rates of freight. But above all, crores of rupees in the shape of freights will remain in this country and thus add to its capital and prosperity—not to say anything of the extensive opening up of new careers for the youth of this country.

Q. 20. Yes.

Q. 21. That would depend upon the peculiarities of the trade, distance to be run and the nature of the cargo to be carried.

Q. 22. As a matter of policy, we are of opinion that vessels registered for the Indian Mercantile Marine should be built in private

shipyards. No such shipyards exist at present. Government should, therefore, establish its own shipyards and hand them over to Indian companies after a period of, say, 7 or 10 years or encourage private enterprise to establish such yards with liberal concessions for a term of years.

Q. 23. No such industry worth the name exists at present.

Q. 24. India used to build her ships in the past. She attained high proficiency in the art of shipbuilding and it is on record that one of the ships built in India took part in the battle of Trafalgar. But now with the advent of the steamship of iron and steel and the fact that the Shipping required by India's coastal and foreign trade is dominated by non-Indian interests, there is no demand for Indian ships. This state of things coupled with the want of expert knowledge for building steamers of modern types and the absence of the manufacture of steel plates, etc., in this country along with the scant encouragement from the Government are mainly responsible for the decay of this industry in India.

Q. 25. Yes, the reservation of the coasting trade of India to Indian Shipping and the gradual compulsory employment of Indian-built vessels on the coast after a fixed number of years in certain proportions.

Q. 26. Yes, State-aid is essential.

Q. 27. Cheap loans—construction bounties. Special preferential railway rates, exemption from customs duties for shipbuilding materials and double the scale of bounties if necessary for Indian-built vessels for a certain period. These need not be cumulative.

Q. 28. See 25 and 27.

Q. 29. Yes.

Q. 30. Yes. Construction bounties should be confined to vessels built of steel only. The minimum gross registered tonnage of such vessels shall be 500 tons.

Q. 31-32. We are of opinion that 25 per cent. of the cost of the vessels should be met out of the construction bounties.

Q. 33. If shipbuilding materials of the required quality and adequate in quantity are manufactured in India, their use should be encouraged.

Q. 34. See answer No. 27.

Q. 35. Well-defined rules executed under proper supervision will prevent the abuse of customs concessions.

Q. 36-43. We have no information about wooden ships.

Q. 44. Yes. India had a fine shipping of her own in the past and the desire for a sea

life on the part of the coastal population is well known.

Q. 45. Government should take active steps for (a), (b) and (c).

Q. 46. Although preliminary training in a training ship or training establishment on shore will make for efficiency, under the present circumstances of Indian Shipping industry, we are of opinion that no strict rules should be laid down in this connection. Such preliminary training shall not be obligatory. The cadet may work as an apprentice on a ship going direct to sea.

Q. 47. A training ship and a Nautical College on shore are quite necessary. They should be provided and supported by Government.

Q. 48. We do not see any necessity for sending cadets to England for this purpose. Experience tells us that they will not receive the treatment they deserve.

Q. 49. A training ship and a Nautical College should be kept at each of the two ports of Bombay and Calcutta. For the first ten years the maintenance charges should be wholly met by the Government.

Q. 50. Yes. Such a college on shore will be a good training ground for qualifying for a higher grade of sea life.

Q. 51-52. A period of apprenticeship in a steamer, after the preliminary training, is essential. We are not sure if the existing foreign steamship companies will give facilities for such apprenticeship to Indian cadets. Even if they be given, these will be of a nominal character. Efforts should be made to induce them to do so without charging premiums—just as our company has been doing—failing that a sea-going training ship should be provided by the Government for this purpose.

Q. 53. It should be made obligatory for the ships on the Indian Register to take a fixed number of apprentices without any premium. If premium has to be paid to other companies, half the amount should be borne by the Government for the next five years only to encourage cadets in this line.

Q. 54. We have no experience in this matter. The more economic and efficient of the two methods should be adopted. In any case the Government should bear the whole expense for the next ten years.

Q. 55. Yes.

Q. 57. Yes, we believe such Nautical Academies are desirable.

Q. 58. Two—one at Bombay and the other at Calcutta. They should be maintained by the Government without charging any fees at least for the first five years.

As regards the general question of providing careers for young Indians in the Indian Mercantile Marine, attention may here be drawn to an important branch of that subject. There is hardly any Indian element in the higher grades of officers of the various Port Trusts in India. We are strongly of opinion that immediate steps should be taken to Indianise the higher services of all the Indian Port Trusts. We may invite the attention of the Mercantile Marine Committee to the Resolution accepted by the Government in this connection in January 1922.

Q. 59. Yes.

Q. 60. Yes.

Q. 62. Utmost use should be made of the existing facilities in India.

Q. 63. None at present. We suggest the establishment of an Engineering Academy.

Q. 64. A combined training ship for the Royal Indian Marine and the proposed Indian Mercantile Marine will serve the purpose.

Q. 65. Yes, Government should give facilities by way of giving scholarships to enable suitable candidates to serve their apprenticeship at a recognised Engineering Firm on Dockyard in England for the purpose of qualifying themselves for the post of Engineer Officers.

Q. 66. Mail contracts should be fixed by open tenders, publicly advertised, and not by private negotiations. It should, however, be obligatory to give Mail contract at least for one particular Line, say Bombay to Karachi, to an Indian Shipping Company with a view to form the nucleus of fast mail passenger boats in the Indian Mercantile Marine. A liberal postal subsidy should be given for this run. We suggest that the subsidy shall be equal to an amount which will enable the company to earn 6 per cent. dividend on the capital locked up on this particular line.

Q. 67. It should be obligatory under pains and penalties on the part of the boats receiving postal subsidies to train up Indians as apprentices for the post of Deck Officers and Engineers.

Q. 68. Refer to our answer to 66. The business of carrying His Majesty's Mail on the coast shall be entirely in the hands of Indian Shipping as soon as the coasting trade is reserved to its own nationals. It is therefore essential that all Indian Steamship Companies should compete for the carriage of the mails.

Q. 69. Refer to our answer to 5. We have already referred to the reservation of the coastal traffic which to our mind will be the

most effective indirect aid on the part of the State. Preferential railway rates, cheap loans, reimbursement of canal dues, discrimination in the scale of port and dock dues and customs duties have already been referred to.

Q. 70. The responsibility of finding ways and means to raise the funds necessary for the growth of the Indian Shipping and Shipbuilding industries as referred to in the above answers rests on the State and the State alone. The Indian public have absolutely no control over the financial policy of the Government and for the Government to ask them to decide in this matter is only to impose responsibility on them without endowing them with even the semblance of any power.

In answer to a question put in the Legislative Assembly last month, the Government of India made it clear that they had no present intention of giving any aid to Indian Shipping firms in the near future. This categorical denial of their desire to do anything to promote the Indian Shipping and Shipbuilding industries in the near future brings home to us with a vivid emphasis the truth that the financial policy of the Government is directed, not in the interests of this country, but for the protection of the existing alien monopolists. However sad a commentary this may be on the oft-expressed profession of the Government to help the industries of this country, the fact remains that the Government have no intention to give any help to the Indian Shipping industry. It is for the Indian Mercantile Marine Committee to point out to the Government the inherent weakness of their attitude in this connection and to urge on them the extreme necessity of giving a substantial and immediate help to this long neglected key industry of the country.

Apart from the observations made above and taking for granted that the Government will adhere to their decision of not paying a single pie as State-aid in building up these industries, we have attached a statement herewith giving particulars of the ways in which funds may be raised by means of a cargo tax and appropriated to make a beginning in the direction of building up and developing these two industries of national importance.

Bounties to Steamers on the Coast.—We believe the entire coasting trade of India and Burma should be reserved to Indian Shipping on a graduated scale within the next five years. During that interval navigation bounties should be given to Indian ships. Taking roughly 100 steamers neces-

sary for meeting the requirements of the trade on the coast, the State should begin by giving bounties to a batch of 20 steamers every year, that is to say, to 20 steamers for the first year, 40 steamers for the second year and so on. These bounties should cease as soon as the entire coasting trade is reserved to Indian Shipping. We estimate that 20 lacs of rupees will be necessary for these bounties for the first year, 40 lacs for the second year, 60 lacs for the third and 80 lacs for the fourth year. No bounties should be given from the fifth year when nearly 80 per cent. of the coasting trade will be in the hands of Indian Shipping. (See Statement No. I.)

Construction Bounties to Ships.—It is very difficult to estimate this. Rs. 10 lacs may, however, be earmarked for this purpose every year, at least for the first five years.

We estimate that the maintenance charges of two training ships, two Nautical Colleges, two Nautical Academies and one Sea-going Training Ship (if it is absolutely necessary to have such a ship) together with three scholarships of £300 each per year tenable for five years for sending apprentices to England for qualifying as Engineer Officers will require nearly 8/10 lacs of rupees every year including interest on the capital required for sea-going training ships, etc.

Navigation Bounties for Indian Shipping on the Indian Continental run.—Unless the Government decide to give substantial aid for this purpose, we do not think under the scheme suggested by us anything can be done in this direction for the next five years. After that the entire coasting trade, if our suggestions are carried out, will be reserved to Indian Shipping, which will not then require any navigation bounties. Development of Indian Shipping in international trade should thereafter receive the predominant share of the funds to be raised in the way suggested in the attached Statement No. II.

General.—Swaraj or responsible Self-Government is bound to come to India sooner or later. India must have, therefore, an Indian Army and an Indian Navy, if Swaraj is ever to become a reality. It is recognised on all hands that an efficient Mercantile Marine serves as a great auxiliary to the naval defence of a country in times of war as was vividly illustrated during the last war in Europe. The necessity, therefore, for a Mercantile Marine both for the commercial and industrial growth of the Indian nation as well as in the interests of her defence cannot be too strongly emphasised.

We, therefore, give the first place to the reservation of the coasting trade of India and Burma to Indian Shipping as defined in our answer No. 3. A number of Shipping companies were started in the past but their life was cut short by the strangling competition of the vested interests. As already stated by us in another place "India once was an important maritime country in the world and her ships used to sail far and wide on the distant seas. Her people have therefore got the sea-faring instincts so necessary for the efficient working of merchant shipping. The daring and ability of her lascars have been recognised. A large sea-board is at her very door. An enormous

trade both on the coast and on the high seas has been assured." In spite of this, India has not been able to make much progress in building up an Indian Mercantile Marine not because capital necessary for the purpose was not forthcoming, but because Indian Shipping Companies, as remarked above, have not been allowed to exist and because there has not been the slightest encouragement on the part of the Government. We, therefore, strongly emphasize the necessity of reserving the coastal trade to Indian Shipping and declaring the deferred rebate system illegal and preventing the rate war by fixing the minimum and maximum rates of freight.

STATEMENT No. I.

A statement of the estimated total cost of NEW Indian-owned vessels, necessary to reserve the passenger and cargo trade along the coast of India to vessels of the Indian Mercantile Marine.

	Rs.	A.	P.
12 Passenger steamers for traffic in the Bay of Bengal at an average price of Rs. 15 lakhs each	1,80,00,000	0	0
3 Passenger steamers between Karachi and Bombay at Rs. 15 lakhs each	45,00,000	0	0
20 Passenger steamers in addition to ferry boats for the Karachi-Bombay-Konkan coast run (various sizes)	1,00,00,000	0	0
River passenger services	1,00,00,000	0	0
100 Cargo steamers of an average size of 7,500 tons d. w. at Rs. 11,25,000 each	11,25,00,000	0	0
Barges, launches, tenders, tugs, tackles in various small ports	1,00,00,000	0	0
Total Cost	16,50,00,000	0	0

It will be seen that the total capital outlay required for the complete Indianisation of the coastal traffic of India is only Rs. 16,50,00,000, i.e., approximately one-tenth the amount, Rs. 150 crores, recently provided for by the Government of India for the mere development of Indian Railways. Besides, even this cost will be substantially reduced if cargo tonnage not more than five years old is purchased to meet the coastal requirements of India.

STATEMENT No. II.

giving the particulars of the way in which Funds should be raised and appropriated for the purpose of State-aid referred to in the replies of the Scindia Steam Navigation Company, Limited, to the Questionnaire of the Mercantile Marine Committee.

INCOME.	Rs.	A.	P.	EXPENDITURE.	Rs.		
averaging 8 annas per ton on every ton loaded and unloaded in the ports of Burma excluding the coastal cargo carried by sailing vessels, say approximately 10,00,000 tons	60,00,000	0	0	Bounties to steamers on the coast :—			
per year.				Rs.	A. P.		
	3,00,00,000	0	0	1st year	20,00,000	0	0
				2nd „	40,00,000	0	0
				3rd „	60,00,000	0	0
				4th „	80,00,000	0	0
				Total			2,00,00,000
				Construction Rs. 10 lacs per year for 5 years			50,00,000
				Maintenance charges for:—			
				2 Nautical Schools for 5 years			3,60,000
				2 Nautical Academies for 5 years			3,90,000
				2 Training ships			10,00,000
				1 Sea-going training ship for 5 years			15,00,000
				Interest on the capital required for training ships Rs. 12 lacs at 6 per cent.			3,60,000
				Scholarships for 5 years			4,18,000
				Sundries			9,72,000
Total	3,00,00,000	0	0	Total			3,00,00,000

Oral evidence of Mr. WALCHAND HIRACHAND, Representative of the Scindia Steam Navigation Company, Limited, examined at Bombay on the 30th November 1923.

President.—We are only seeking for information in order to recommend to the Government of India the steps that should be taken to develop the mercantile marine in India.

Q. You say that the Indian shipping industry can hardly be said to exist. In India we have got several companies, for instance the Bombay Steam Navigation Company, which is purely and Indian company; there is the Scindia Steam Navigation company; there is Turner Morrison and company. Why do you say that the shipping industry can hardly be said to exist?

A. The total percentage of the coastal trade carried in Indian bottoms is only 12 per cent. while in the foreign trade it is only 2 per cent. This 2 per cent. cannot be considered to be anything like a shipping industry. The shipping industry in India is all run by foreign companies. Even the British companies, I include under foreign.

Q. You are in favour of reservation of the coastal trade in India entirely to Indian shipping?

A. Yes.

Q. Indian and Burman trade also?

A. We have defined later on what we mean by 'Indian' and we have given elaborate details.

Q. Supposing the Government reserved the coastal trade, would you still require bounties?

A. Yes.

Q. If the entire trade of the coast is reserved, why do you still want bounties?

A. Elimination of foreign shipping is not sufficient to create the Indian shipping industry. The idea is to eliminate the non-Indian element within a period of five years. We have given a statement which shows where to get the money from to pay these bounties and subsidies. The reservation of the coastal trade is not the only thing we want. We want the deferred rebate system to be illegalised; we want the rate wars to cease; we want the exploitation of the shippers to be stopped and we want the maximum and the minimum to be fixed.

Q. What you want first, I take it, is the reservation of the coastal trade to Indian ships straight off. How do you propose to do that?

A. By legislation; the reservation is to be done in five annual instalments; every year 20 per cent. of the licenses being reduced from non-Indian companies.

Q. You cannot reserve by legislation.

A. I would refer you in this connection to the Bill that has lately been introduced in the Legislative Assembly by a retired High Court Judge of Madras, Mr. T. V. Seshagiri Iyer. The idea is to reduce the licenses of foreign companies by 20 per cent. every year; at the end of the fifth year, there would be no licenses left with non-Indian companies.

Q. Will Indian companies still continue to employ Europeans in their ships as Officers?

A. If they cannot find Indian officers or they think non-Indians are cheaper, they may.

Q. You cannot get the required number of Indian officers in five years, can you?

A. Possibly not Deck officers, but as regards Engineers, you will get the bulk of them in five years.

Q. In answer to Q. 12, you say that "a reduction of 5 per cent. may be made in the bounty after tenth year of the ship." Do you contemplate giving bounties to ships for ten years?

A. As an alternative we propose to have a cargo tax of 8 annas per ton on all ocean-going freight. In 1919-20 and 1920-21 there were nearly 4 millions to the credit of the Government in the home accounts on account of ex-enemy steamers. They had 19 boats, but now they have 8 big ones of the deadweight capacity of about 8,000 tons average.

Q. Suppose the coastal trade is reserved for India, you have your Indian companies running and they make a profit; will you even then give bounties?

A. The position under such circumstances will have to be reconsidered, but in the initial stages provision should be made to give bounties for 10 years in order to give the Indian companies a definite assurance.

The Hon'ble Mr. Lalubhai Samaldas.—*Q.* You have said in your written statement that no bounty should be given after five years.

A. That applies only to the coastal trade.

President.—*Q.* Supposing straightaway the Indian companies began to make profits, even then will you continue the bounties?

A. I would continue the bounties till the whole coastal trade is reserved even if the companies make a profit.

Q. Is it your opinion that the advent of iron and steel was the reason for the passing away of wooden ships?

A. That might be an auxiliary reason, but the main reason is the antipathy of Govern-

ment and the attitude of vested interests. I would refer you to the Industrial Commission's Report.

Q. The R. I. M. Dockyard used to build great ships for the Royal Navy. With the advent of steel and iron ships in the Navy, building in this Dockyard automatically ceased. That has nothing to do with the antipathy you refer to?

A. I disagree. I think it was entirely due to the antipathy of the East India Company who did not want good ships to be built by Indians and the trade was purposely killed. The change from wooden to iron and steel ought not to have necessitated the discontinuance of building ships in India.

Q. There is nothing in the history of this Dockyard, with which I am very familiar, to say that the East India Company refused to build ships for the British Navy?

A. That is why I was referring you to the Report of the Industrial Commission.

Q. You are of opinion that Government should meet 25 per cent. of the cost of the vessels to be built.

A. Yes.

Q. Supposing opportunities are given, do you think that a sufficient number of well-educated Indian lads would be coming forward to join the Indian Mercantile Marine as Officers?

A. Very emphatically I think they would.

Q. Do you know any of your relations who would like to go to sea?

A. If they find they have prospects to become Captains or Chief Officers, you can get any number of them. When I recently advertised for the vacancy of an Engineer, I had 250 applications and most of them from double graduates. The vacancy was for an apprentice for a Mechanical Engineering Workshop.

Q. You are not keen to make it essential that a preliminary training in a training ship or training establishment should be given to young lads?

A. I say that it should not be made obligatory.

Q. Don't you think it will be a good thing?

A. It would be, but for the sake of that, recruitment for the sea should not be delayed. To get a training ship may take some time; the preliminary training may gradually be made obligatory.

Q. In my opinion the first thing that Government should do is to start the training ship.

A. During the last 200 years they have not done that.

Q. Supposing a training ship is at once established, would you then make the preliminary training obligatory?

A. Not for the first three or four years. I would start without making it obligatory.

Q. Do you think it will be better to have two training ships or Nautical Colleges in India? Calcutta is rather far away from the sea.

A. If funds permit we can have two, not for the reason purely that Calcutta is so far away from the sea, but I would like to have one on the East Coast and one on the West Coast of India.

Q. How many apprentices have you now?

A. All the accommodation we have for apprentices has been taken up. In one or two boats recently we built special accommodation for apprentices; we have plans to build accommodation for 4 apprentices in each of our boats. We are doing all that can be done in this line.

Q. How long has the Scindia Company been in existence?

A. It was actually started in March 1919, when we began only with one boat. We purchased seven boats in August 1919.

Q. Have you any Indian Officers?

A. We have our Marine Superintendent an Indian, our Superintending Engineer also an Indian and some of the Engineers are Indians; but we have no Indians as Deck Officers.

Q. That will come along when these apprentices pass their examinations?

A. Yes.

Q. Would you make it a law that ships on the Indian Register should take a fixed number of apprentices?

A. Yes.

Q. Do you take any premium from your apprentices?

A. No. On the contrary we pay them a small pocket allowance and feed them. Sometimes we give them a lump sum for books and uniform.

Q. If they have two years in a training ship and then the apprenticeship period, do you think it is sufficient for them to go on the coast or do you think a further training by going further afield, say, to the United Kingdom or South Africa is also necessary?

A. It will be better if they can be sent overseas.

Q. The Secretary of State is running some prize ships. Don't you think that, if apprentices could be trained in those ships, they will get experience of the different climates?

A. Yes. Can this not be done before the deliberations of this Committee come to a close, by an *interim* report?

Q. I don't see any reason why any one who wanted to go as an apprentice on the sea should not apply.

A. If Government will advertise that apprentices are being taken, I think candidates will be coming forward.

Q. If you reserve the coastal trade of India for Indian shipping, it will mean that you will have to have a great many officers. Instead of troubling the Government, don't you think that private enterprise should take on this work?

A. That might be done in the course of 10 or 15 years as was done in the case of various Colleges and Institutions. When a demand is created, private enterprise will automatically come forward.

Q. How did you work out the figures in your Statement No. II?

A. The cargo tax of 8 annas per ton which is proposed will be a very insignificant burden on the taxpayer. It means an increase of $2\frac{1}{2}$ per cent. on freights and one tenth of one per cent. on the cost of the goods. Roughly speaking, the tax will amount to Re. 1 on every Rs. 1,000 worth of goods.

Q. Do you think we would get the money from the Legislature?

A. It is only three crores during five years on a waste of 60 crores per year on Military. We can get this without any extra taxation, if the six crore profit on ex-enemy steamers is utilised. The interest and part of the capital will take us on for ten years.

Mr. *Jadu Nath Roy*.—Q. What do you mean by "deliberate denial of space" in your reply to Question 2?

A. When an Indian shipper dares to ship his goods by an Indian Shipping Company, the non-Indian companies refuse to give him space.

Q. In your definition of Indian Shipping you say that 75 per cent. of the capital and Directorate should be Indian with Indian Managing Agents or Indian Managing Directors. Don't you think it will go to depreciate the value of the shares?

A. If anything, it will appreciate.

Q. There might be others who are subjects of the State.

A. I am not excluding the Native States in my 75 per cent. What I am excluding are the foreigners, that is, including British.

Q. We have been told that Great Britain has never paid any subsidy for their shipping. What have you to say to this?

A. Great Britain has been the most protectionist country as regards shipping; there was no country so drastically protectionist as Great Britain. Even now she is doing all she can. She is controlling 32 or 33 per cent. of the world's shipping; before the war it was 44 per cent. I can give you several instances to show that Great Britain even now is protecting her Shipping Industry.

President.—Q. Britain is not protecting herself against the other members of the Empire?

A. At present Britain is carrying away 88 per cent. of the coastal trade of India. Why should she want any other protection? She does not want that India should carry even this 12 per cent. of the coastal trade.

Mr. *Jadu Nath Roy*.—Q. Will you please explain how the reservation of coastal trade will not lead to higher freights being demanded by the Indian companies.

A. I do not think so. The moment there is protection, there will be many Indian shipping companies coming forward. We want only 20 boats every year to capture the whole coastal trade within a period of five years. I think competition among Indian companies will bring down freights.

Q. You say in reply to question 19: Collision between the shipowner and the railway authority to oust Indian shipping and help European traders will receive a final death-blow. Can you give instances?

A. Every day it is happening. I can give several instances.

President.—That does not come within the scope of the enquiry of this committee. This committee has only to recommend the steps to be taken for the establishment of a mercantile marine.

A. The defects cannot be removed without noting them.

Diwan *Bahadur T. Rangachariar*.—Q. We have been told by some witnesses that if an Indian concern is not unsound and immature and if it is backed up by well known Indian business men and managed by the best brain, there is no earthly reason why it should not prove a success. Another witness told us that even if well managed, an Indian concern cannot make its headway under the present circumstances. Can you tell the committee how many Indian companies were started and how much money was lost in the business?

A. Till now about 25 companies have been started aggregating a capital of 10 crores, all of which with the exception of two small and one big company came to grief. Most of them came to grief owing to the opposition

of foreign vested interests by means fair or foul and owing to the deferred rebate system.

President.—*Q.* Do you mean to say that all those companies were managed most efficiently?

A. They were almost all managed efficiently and their coming to grief was solely due to cut throat competition and opposition from vested interests. The bulk of them failed on this account.

Diwan Bahadur T. Rangachariar.—*Q.* Do you think that the cause of their failure was entirely due to mismanagement or to unfair competition on the part of foreigners also? It is enough for me if I know that it was due to unfair competition also.

A. A small percentage of them may have failed, owing to mismanagement, but the bulk of them came to grief solely on account of unfair competition.

Q. Unfair competition in what respect?

A. In the first place rate cutting. When Scindia went to the coastal trade, the prevailing rate from Rangoon was Rs. 18 and then it came down to Rs. 10 and again it was reduced to Rs. 6, the cost of the operation being reckoned at about Rs. 11-8-0. I am talking of the rice trade from Rangoon to Bombay. That means a loss of 200 per cent. This opposition was started when the Scindia company entered this trade. No company could ever stand such rate cutting. This freight war went on for three years. The staying power of the Scindia was great and so it did carry on the trade foolishly or otherwise for three years spending a lot of money; but the other companies had to go out and did go out not after the boom but even in pre-war days. The foreign companies even went to the length of carrying passengers free and in the case of the Tuticorin company they not only carried the passengers free but they also gave a handkerchief as a present to the passengers and the company that plied from Madras to Rangoon gave gram for the deck passengers and servants free as a present.

Q. Is it possible to start an Indian mercantile marine with so much opposition in front of us without State aid of some sort?

A. It is not possible.

Q. The last twenty-five years experience confirms this belief?

A. Yes.

Q. Is this belief shared by men who have been in the business or is it shared largely by men who want to run the business?

A. This belief is shared not only by interested people but also by the general public.

Q. Do the people who are interested in the shipping trade share this belief?

A. It is not only their belief but their conviction.

Q. Have you had occasions to discuss this question with various Indians who are interested in this trade?

A. Yes.

Q. Is it true that the tonnage available now for the coastal trade is either equal to or in excess of the requirements of the country?

A. Even if it is in excess, it is all manned by foreigners.

Q. Several witnesses have stated that the tonnage available now for the coastal traffic is either equal to or even in excess of the requirements and there is no room for an Indian mercantile marine?

A. As far as the coastal trade is concerned, it is a very strong monopoly. The excess of tonnage is regulated as the monopolist pleases. If it pays, he puts on more vessels; if not, he keeps quiet.

Q. The men in charge are able to put on as many boats as they please.

A. Yes.

Q. The persons in charge of the coastal trade are able to put on the available tonnage to carry on the traffic?

A. Yes.

Q. That is an additional reason why an indigenous attempt in this direction will be a failure unless there is State aid?

A. Exactly.

Q. It has been said by some witnesses that the companies which now run the coastal trade are not able to make sufficient or large profits at the present time. Have you investigated the matter?

A. I have got the history of the Peninsular and Oriental Company for the last 20 years. We have been repeatedly told it is merely a 3 per cent. business. The Stock Exchange Year Book by Mr. Skinner for the year 1922 gives the last 28 years' dividends. During the 28 years, the P. & O. has paid a dividend of 431 per cent. which works an average of about 15 1/3 per cent. Besides that almost 100 per cent. of their capital is in official shown reserves. There must at least be 200 per cent. of their capital in hidden reserves. What about the writing down of steamers like the Himalaya and the Caledonia? I think they are making a huge profit.

Q. As regards the P. & O. are they not buying up every shipping concern?

A. They are swallowing up right and left. There is no one set of three years in which they have not swallowed one company or another. The Kedivial and the Orient lines are instances.

Sir Arthur Froom.—You are wrong about the Orient. If you make statements in the interests of trade, you must make correct statements.

A. I am sorry I was confounding the 'Egypt' with the 'Khedive.'

Diwan Bahadur T. Rangachariar.—Q. If you have got detailed information about these things, please furnish a copy to the committee.

A. They are all taken from Mr. Skinner's Stock Exchange Year Book.

Q. As regards the Scindia company, do you think it could have carried on trade if it had not come to an agreement with the other companies in the early part of the year?

A. We have been carrying on trade from a patriotic point of view. If we had not signed that 'slavery bond' so to call it, we would also have come to grief.

Q. In respect of the development of the Indian mercantile marine, may I ask you in what order you will take it?

A. I attach the first importance to the development of the coastal trade. I will follow the lines of the coastal reservation Act of Mr. T. V. Seshagiri Ayyar which also does away with the big bogie of the British Merchant Shipping Act of 1894. The next important step will be to train the Indians in the mercantile marine and to subsidise the shipbuilding. Then the ocean-going trade and the mercantile marine will follow if some aid is given in the shape of bounties. I also want bounties for the coastal trade for the first five years.

Q. The process of reservation of the coastal trade at the rate of 20 per cent. every year, is it a practicable proposition? In the meanwhile what is to happen to the companies that are running the coastal trade now?

A. We give them as it were five years' notice either gradually to withdraw from the field or to Indianise, if they so please.

Q. What is your opinion about the chartering of ships if they can be had at a fair rate. Do you think it is a business proposition?

A. Yes. For the present it would be to the advantage of the Indian companies if they can get the boats on charter.

Q. Do you think the time is propitious for the Indians to embark on the purchase of boats or of chartering them?

A. I think the time is most suitable. Never in the industrial history of this country has the time been so propitious as now. If we place an order to build for instance a boat of 7,500 dead weight tons, it may cost about £18 per dead weight ton; but I can get it in the market ready from stock for £ 9.

Sir John Biles.—Q. Have you got the data to prove your statement?

A. I am prepared to give data for whatever statements I make.

Q. Where did you get the figures from which you have just quoted?

A. I got them from our London agents and from other sources.

Q. Then let me tell you that they are all wrong. That is the sort of thing you do. You say "I have been told" and without making sure that your information is correct you base all sorts of conclusions upon it which are entirely unwarranted. If that is the sort of thing you are going to do, I for one am not disposed to place any reliance on your evidence?

A. After all I am a layman and speak subject to correction by experts.

Q. You want us to draw deductions from figures which are inaccurate?

A. That is my information.

Diwan Bahadur T. Rangachariar.—Q. So you say that the time is opportune if Indians want to embark upon this enterprise?

A. Yes.

Q. It was stated by one witness that State aid should not be given and that it would amount to spoon feeding the industry by artificial means. Have you got anything to say about it?

A. In the present stage of the country spoon feeding must be had recourse to. Otherwise Indian industry cannot develop.

Q. You consider then that this is an 'yet to be born' industry, and that therefore the State should protect it in all possible ways.

A. Yes, I might add that if I had a Swaraj Government I might not have asked for this protection. Because this is a foreign government I seek State aid.

Q. That leads me to the question they ask and which they naturally ask, that we are all partners in the Empire and that we should not treat the Are you prepared that, therefore, we are in the matter of discrimination in their case? special preference to allow any discriminating aliens stand on a different footing from us shipping, the dealing with this question?

A. Do you mean the British in?

Q. You will admit that on a different footing from us shipping, the dealing with this question?

A. I think as regards alien does not come in. we are not seriously concerned with the non-British.

Q. Do the British stand in the way of the development of the Indian mercantile marine? Do you want to treat the Britisher as an alien until you have developed the Indian mercantile marine?

A. Yes.

Q. It has been stated that the freights so far as the Indian trade is concerned vary from day to day and, therefore, the deferred rebate system would be conducive to the development of the Indian trade. What is your opinion about this?

A. As regards coastal trade, I do not think the freights alter from day to day. In most cases the freight is fixed from year to year and as a matter of fact there is actual understanding between the various associations of shippers for fixed freights to hold good for particular long periods. I think the deferred rebate system should be abolished. Even the opinion of a section of the Bombay Chamber of Commerce is that the deferred rebate system should go.

Q. English business opinion in India is also in favour of abandoning the Deferred Rebate system. Is it so?

A. Some portion of it, not the whole.

Q. Would it be correct to say that the wages represent 12 per cent. of the working expenses of companies?

A. I am not ready with the figures.

Q. Have you calculated the freight which is paid by this country both for the coastal trade and foreign trade?

A. Mr. Findlay Shirras takes it at nearly between 21 and 22 crores of rupees. I make it that about 30 crores gross freight is spent every year by India in shipping freights; the bulk of it is foreign shipping. That includes coastal and is the safest estimate.

Q. Do you think it will be a paying proposition for the State to borrow and embark upon a State Line of Ships for the coastal trade of India?

A. I do not think the Government need go in for running ships. It can be left to private agency and private enterprise and if this does not work then we will ask the Government to run ships.

Q. You do not think it will be a losing concern for the Government if they were driven to that course by any action of the existing companies?

A. Even if it is not paying, it should be Indianized. But I think it ought to be paying.

Q. We were told that your company refused at one time to take apprentices. Is that so?

A. Possibly there would not have been accommodation then.

Q. Have you any objections to take Indian apprentices?

A. We have filled all the accommodation we have for apprentices and we are providing more accommodation.

Q. As regards the operating of the Scindia Company, officers and personnel, have you anything to say?

A. As regards the office operating, we have now entirely Indianized it; we have not got a single non-Indian in the whole of the office or in technical staff in the Head office. We are at present running about 11 or 12 boats carrying about 6 lakhs of tons of cargo. We are satisfied with the work of the staff.

Q. When Indian officers are trained either for the deck or for navigation or for Engineering service, do you think they would prove efficient officers?

A. Certainly they would. My experience of Indian labour is very extensive and I have no fears to the contrary.

Q. You would, therefore, advise this Committee to take steps to train Indian officers both for Navigation and for the Marine Engineering service?

A. Yes.

Q. What do you think that the lowest percentage that Government should guarantee should be after allowing for depreciation?

A. A guarantee of 8 per cent. per annum.

Q. Don't you think it will be a terrible burden on the tax-payer to guarantee as much as 8 per cent.?

A. We are referring only to the coastal trade and the total capital required will be a maximum of 20 crores. I am told that even Feeder Railways guarantee 7 per cent.

Sir John Biles.—Q. Is that 7 per cent. reliable?

A. I cannot quote chapter and verse.

Diwan Bahadur T. Rangachariar.—Q. Why do you want so high a percentage as 8?

A. I would rather start with 8, and when we get a sufficient number of shipping companies, reduce it after experience, if it is found necessary to reduce it.

Q. Does the 8 per cent. cover all losses incurred by the company?

A. If it were at all driven to that, the loss should be made good by the State in addition to the 8 per cent.

Q. If the same terms as were offered in the case of Railway Companies were given, leaving the rate alone, would it be acceptable?

A. I think that some such arrangement would be agreeable. I think that will work well in the matter of the shipping trade.

Sir Arthur Froom.—Q. May I explain that the Railway guarantee is not 5 per

cent? The Rebate is 5, the guarantee is 3½.

The Hon'ble Mr. Lalubhai Samaldas.—Q. Where you refer to "deliberate denial of space" it is a charge against some of the conferences. Can you give us any specific instances?

A. I understand the desire is not to go to specific instances.

Q. You advocate that the Deferred Rebate system should be made illegal. Supposing Government decides to do away with Deferred Rebates and supposing the coastal trade is reserved, it is possible that there will be a large number of Indian companies floated in India. As a result there will be keen competition between you, the old established company, and the new companies. Without the Deferred Rebate system will you be able to keep your hold; will there not be any difficulty?

A. The answers to these questions are given by the Scindia as ship-owners and as ship-owners they advocate illegalizing the Rebate system.

Q. You do not fear such competition as to drive you out?

A. The Scindia, as a company owning ships, are against Rebates; on principle they believe this will do them an amount of good.

Q. About the rate-cutting war. We were told by some witnesses that the companies will combine in the long run. When a new company comes in, the old established company will naturally try to drive it out. Is this impression correct?

A. The staying power is the thing that is important; the small company can lose and continue to lose. It was under this compulsion that the Scindia Company was admitted into the Conference.

Q. You recognize that the old-established companies have rendered a service to the country; they have spent money in establishing themselves on the coast as well as outside. In self-defence if they try to keep out competitors, is there anything unrighteous or illegal in it?

A. In my own mother country, if the children of the soil have not got a knowledge of their own industry and are not allowed to have it when other countries in the world have all accepted the principle of protecting the shipping trade, should India also not follow?

Q. We have been told that there may be no confiscation without compensation. That is a principle which all recognize. If this Committee or the Government of India find that existing services on the Indian coast

will suffer if the changes you advocate are brought into force, would you recognize paying them compensation?

A. None whatsoever.

Q. With regard to Nautical Academies, in reply to the President, you said you would like these maintained by Government without charging any fees. Don't you think private enterprise should come forward and establish Academies?

A. Even if a private agency comes forward we want model colleges to be kept up by Government just as our Universities are. One Academy at least should be kept up by Government.

Q. You said that for the first five years even if the coastal trade is reserved, Government should give bounties. Instead of bounties would you like the Government to guarantee dividends? In case the company earns a profit, the dividend is not to be paid, but if the company does not earn a profit, the Government will pay the guaranteed dividend?

A. I do not mind so long as the encouragement is there, whether it is by guaranteed dividends or by bounties.

Q. Will there be any difficulty on account of caste system if apprentices are taken?

A. There are some Hindus, some Christians and some Parsis and some Muhammadans in our department and they do not find any difficulty as regards messing. These caste restrictions are now dying away.

Q. In reply to question 46 you say that you will not make it obligatory that cadets should undergo preliminary training in a training ship before they are admitted as apprentices. You fear that if you make it obligatory, the second step of admitting as apprentices will not be taken?

A. Preliminary training on a training ship will undoubtedly make for efficiency. If the preliminary training is made obligatory, the apprentices may not at all be admitted. I therefore accept the lesser of the two evils. Later on we can make the preliminary training obligatory.

Q. Do your boats conform to Lloyd's register? We were told by some witnesses that the Scindia boats did not come up to the required standard.

A. Insurance at Lloyds is the criterion to test the way in which a boat is kept. Scindia boats are insured at the best rates possible. The rates are better than that of one of the best European managed fleet. There is a very big European firm whose proprietor once told us that our insurance was the best. That means our boats are very well kept.

Q. Your boats are as good as any managed by the British companies?

A. They are classed A (1) at Lloyd's.

Sir Arthur Froom.—Q. Presupposing that the Indian coastal trade is reserved in the way you hope, that is, for Indian registered ships with Indian capital and Indian management, would you place any restrictions on the number of companies that might be floated to come into the business on the coast?

A. No, I would not.

Q. Would you not place any restrictions on the number of Indian companies that may ply on the coast?

A. No.

Q. It would necessarily follow that there would be healthy competition?

A. Yes.

Q. You entirely support the fixing of maximum and minimum rates of freights? Did you not say so?

A. I have said so; but when I said so, I was all along thinking of non-Indian shipping companies.

Q. If the coastal trade is reserved for Indian-owned ships under the restrictions that you suggest, you no longer would insist on the maximum and minimum rates of freights? You would have open competition?

A. When Indian companies are competing among themselves, I would rather not have any restrictions unless under abnormal conditions. If one of them became too big and wanted to wipe off the rest, then the Government would come in to the aid.

Q. When conditions you complain of prevail among the Indian companies, there would be rate war?

A. Yes, there would be rate war.

Q. Don't you think that in the natural sequence of events say the Scindia would try to protect itself against a new company in some way?

A. Yes, the Scindia may try to protect itself. From the Scindia point of view, they may ask for anything.

Q. If the opposition of the new company became very strong, then the Scindia would try to come to an agreement? It is business, it is not a question of patriotism or anything else. It is simply history repeating itself. As my friend Mr. Lalubhai pointed out, I remember there were four different companies on the China side. First of all there was the Austrian Lloyds, then we had the Italian line, then we had the Nippon Yusen Kaisha and another Japanese line. Now they are all working under an agreement. Naturally when a new comer comes, you are not going to open your arms and

say, come along; you will naturally stand against him. It is business. If somebody tries to compete with you in your line of business, you immediately start to fight. Do you agree with that view? I am not trying to cross examine you. I am only putting before you the business point of view.

A. Yes, it is so.

Q. Having reserved the coastal trade for Indian-owned ships why do you still want a subsidy? I am not yet convinced of that.

A. In the initial stages, reservation alone is not sufficient. The new lines will require some help; you will have to illegalise the deferred rebate system and you should fix the maximum and minimum rates of freight.

Q. If the coastal trade is reserved for Indian owned ships, why do you want to increase the burden of the Indian tax-payer?

A. In the first place, the burden is only nominal and in the second place it would develop the industry quickly and certainly.

Q. Do you want help against lack of experience?

A. It does amount to that.

Q. This small tax which you propose will amount to 3 crores in 5 years. I take it, it has to come out of the revenues of the country?

A. It does not come out of the present exchequer. It is absolutely new money.

Q. The only thing that occurs to me is that successive Finance Members of this country have been trying to find new sources of revenue to balance the budget. I cannot help thinking that there must be some objections to this proposed tax, otherwise it would have been explored long ago by the Finance department.

A. I do not consider that in a budget of 160 crores, 60 lakhs counts for much.

Q. You would be taxing a particular industry, in order to create a local monopoly?

A. I am sure there will be no objection.

Q. You said that since 30 crores were spent in a losing concern like the railways, there should be no objection to spending money on ships. I was rather sorry to hear that remark. Railways in India must run even if Indian-owned ships are not running. Do you object to railways?

A. In my opinion ships should run first. The existing railways are giving us what we want.

Q. Don't you want the produce of the country to move from one place to another?

A. It has been moving till now.

Q. I was on the committee which went into the history of the increase in the railway charges. The railways could not renew their rolling-stock, permanent-ways, etc., on account of the war. If railways became

wholly inefficient, it would be a great calamity to the country. This big country of India is very much behind hand in railways compared with other countries.

A. I consider both should go hand in hand and the railways should not be ahead of shipping. If possible I would give preference to shipping first and then come to railways if any money is left.

Q. I do not think you will have the sympathy of your fellow men.

A. We have 'zero' in shipping whereas we have 36 thousand miles of railways.

Q. There is shipping.

A. Indian shipping is "zero"; it is no use if there is shipping in United States or England. I must have it here in India, owned and run by Indians.

Q. Whether it is Indian or foreign, there are ample shipping facilities for moving the products of the country and for carrying passengers. As regards Railways I have heard of the insufficient quantity of rolling stock and of the insufficient accommodation provided for the third class passenger.

A. We have also heard of complaints from deck passengers in ships.

Q. I do not know whether they have been described as insufficient; you may criticise the accommodation provided, but all the same, passengers have been carried. It was a little unhappy on your part to have criticised the railways. The country is doing its best to resuscitate railways.

A. I still think that shipping should be attended to first.

Q. You referred to the lowering of rates of freight from Rangoon to Bombay from Rs. 18 to Rs. 6. It is always understood that if any one comes to fight with you, you should fight back. It is human nature. Do you think that a rate of Rs. 18 is high?

A. In 1921, the rate of Rs. 18 was high.

Q. What is the rate now?

A. It is about Rs. 13 net.

Q. Do you know what the rate is likely to be next year?

A. I am told it will be raised to Rs. 15.

Q. I understand the existing shipping companies would be asking for more.

A. Likely.

Q. You said that 30 crores was the gross freight paid by India. Does not a good deal of that come back to India?

A. A portion of it. I am not prepared to say a good deal.

Q. British ships carry Indian crews; the ships are repaired here and the stores are purchased here; thus a good deal comes back to India.

A. The pay of the lascars would be very small when compared to the pay of the officers.

Q. How many lascars and European officers would there be in a ship?

A. About 8 or 10 European officers and about 60 to 80 Indian crews. The salary of the European officers would be about Rs. 6,000 and that of the Indian crews would be about Rs. 1,800.

President.—Q. I can give you the figures for an Indian marine ship. The monthly cost of the European officers is Rs. 6,588 whereas the monthly cost of the Indian crew is Rs. 7,258.

Sir Arthur Froom.—Q. Most of the ships carry out their repairs here and a lot of money is spent on the Indian labour. Thus a good deal out of the 30 crores comes back to this country?

A. I said it was gross freight; I did not say it was all drain. As regards the repairs of the ocean-going steamers I understand that most of the repairs are done in their own shops. This means the whole profits except labour goes to England. I understand the repairing firm is owned by a private limited company of repairers and the shareholders are mostly English. Whatever profits are made out of the repairs leave these shores.

Q. Don't you think there will be trouble in mixing up the different castes in a ship? Do you think all would sink their differences?

A. There would be no difficulty about that.

Q. Do you think a Hindu would serve under a Muhammadan.

A. Yes.

Q. You have been connected with shipping for many years?

A. Not more than four years.

Q. The experience you have gained in the four years will no doubt be very beneficial in the future.

Sir John Biles.—A. I have not had the opportunity of living in India; I am seeking after information more than any one else. I have listened with great interest to your evidence and if I may be allowed to say so, I admire your enthusiasm for the subject you are advocating.

Q. In reply to Question 3, you say that 'India is governed by an alien bureaucracy which does not care for the interests of India and is not responsible to the people of India. State aid, in a general sense, therefore, has hitherto been denied to the Indian Shipping industry under one plausible pretence or another.' My remembrance of the policy of the British Government has been that they

trusted in the past to leave private enterprise alone to work out its own salvation. Some people think that the strength of the British Empire is due very largely to that unaided private enterprise. That seems to me to have been the policy which was pursued in India; that is a definite policy which has been adopted by the Government and which has been successful. Do you think it quite fair to say that, if the so-called "alien bureaucracy," in order to carry out that policy, believed it to be in the best interests of India, they did not care for the interests of India?

A. It might be best for England at the height of its prosperity, but for a young rising country with its industries in their infancy the industries ought to have been aided and from that point of view England purposely, I assert, connived at it. It suited them to be free-traders and have saddled India with that free-trade policy.

Q. Your opinion is that a free-trade policy is good for England and bad for India.

A. It is bad for India certainly; whether it is good for England or not, I am not the proper person to say.

Q. The Government of India, alien or otherwise, from the experience of Government in England, believed that free-trade was best for India and left its interests to look after itself. By pursuing the same policy in India they may have honestly believed that they were taking the best possible care of India's interests. Is that not so?

A. We are beginning to think that it was not honest misunderstanding; it was purposely done to exploit and use India as a market. It was not an honest belief in free-trade. I maintain that my view is correct.

Q. The change from wood to steel. Do you think that Government did anything to prevent the introduction of steel ships into this country?

A. My opinion is that they did all they could to stop the continuation of the building of ships in India. Ships were being built when they were wooden and they built the best wooden ships. When the change from wooden to steel came, Government did their best to see that India should not continue to build any more boats.

Q. What did they do?

A. Everything they could; therefore I referred to the Industrial Commission's Report.

Q. What are they?

A. Duties against goods, duties against ships.

Q. There are other countries that used to build wooden ships that for many years did not build steel ships after the change. The United States of America, for example, for many years did not build steel ships. They had command of the sea, but when the change took place, they hadn't the steel and could not build the ships.

A. I do not know the American history. All the pictures about the American shipping industry have come to us through English channels; how far to depend on them is a question.

Q. Do you ask us to place the same faith on information that comes to us through Indian channels?

A. I do the same thing, you do the same.

Q. What I wanted to know is this. The Government of this country in pursuing a consistent principle of not encouraging any industries would have allowed the wooden shipbuilding industry to die and would not have created any steel shipbuilding industry in its place; that would have been quite consistent with their policy. You say that they put in positive restrictions to prevent shipbuilding?

A. Yes.

Q. You say that although preliminary training in a training ship or training establishment will make for efficiency, under the present circumstances of the Indian Shipping industry, no strict rules should be laid down in this connection. Do you expect to train officers of the Mercantile Marine without any special training such as they would get in the Indian Marine?

A. Do not make it very strict; make it as easy as will admit more people.

Q. Do you mean that in the initial stages we ought to start with an inferior sort of men?

A. The standard ought to be made a little bit lower in the beginning, but ultimately it might be made higher.

Q. With reference to your statement that Government in England paid money to the Cunard Line for building the 'Lusitania' I may say that I have been a member of the Committee that decided the building of this ship. The terms of reference to the Committee were "What subsidy should be paid to ships in order that they should be recouped for the loss they would inevitably entail by running at speeds higher than what is required for a commercial success?." We examined that question and came to the conclusion that a 22-knot service was as high as would pay itself in the Atlantic Government for certain political reasons wanted a 26-knot service. The point as to how much money should be paid to the ship-

owner in order to make a contract for 20 years for a 26-knot service instead of a 22-knot one does not really amount to the question of subsidy. Does it?

A. It does most emphatically. That was the procedure adopted for paying the Cunard Line.

Q. The rate war question. I am not quite clear how much you attribute your objection to commercialism and how much to the ships being run by an "alien" race. If these ships had been owned by Indians and new Indian companies had come in and they had been run off by a rate war, would you still call it iniquitous?

A. Possibly I would not have complained at all then, because the whole of the money would have remained in India.

Q. Is it racial?

A. It is economical. The result was to wipe out the Indian company and again proceed with the monopolistic company costing 30 crores to the country.

Q. If it could be demonstrated that it is a very small amount which would be more than balanced by an increase in efficiency, would you still object?

A. There are other reasons also. We ought not to be helpless; we ought to have our own Mercantile Marine, we ought not to be dependent on an agency which is 5,000 miles away; that is a subsidiary reason.

Q. If it can be demonstrated that it is not economical, would you object to it?

A. If it is demonstrated that the drain from India is negligible, there are other reasons; one is that the fleet is run by aliens.

Q. That is racial.

A. I want to run it myself.

Q. Is that not racial?

A. That is the difference between disaffection and want of affection.

Q. You do not believe in competition; you want to kill competition?

A. I don't call it fair competition; the whole thing is moving in a vicious circle.

Q. It is not commercial; it is economic. Even if the economic part of it can be eliminated, we get to the racial part of it.

A. I did not say it is wholly economic.

Q. How do you expect that the difficulty about the Merchant Shipping Act will be got over?

A. I would like the Act to be modified if possible. I am told by the best legal authority here that the draft of the Coastal Reservation Bill as it is proposed sails clear of the Merchant Shipping Act difficulty.

Q. You quite appreciate that for us to recommend the exclusion of everybody from the coastal trade, except the Indians,

we shall have to get over this difficulty or propose means to do it. Do you?

A. The Coastal Reservation Bill will get over the difficulty.

At this stage, Mr. Lalubhai Samaldas explained to the Committee that one of the Members of the Legislative Assembly had prepared a Bill for the reservation of coastal trade and submitted copies to Government and privately to all the people interested in it. The late Assembly is dead and the Member who introduced the Bill has not been re-elected. Unless some other Member introduces the Bill again in the new Legislative Assembly, it can't come off.

Q. Apparently, you think, there will be a means of getting over this difficulty by the introduction of a Bill in the Legislative Assembly. Would it not be necessary to get the sanction of Parliament?

A. The opinion of the drafter of the Bill is that it would not be necessary. There are other people who think that it may be necessary.

Q. You are in favour of construction bounties to ship-yards to the extent of 25 per cent. of the cost of the ship?

A. That is so.

Q. How did you arrive at that 25 per cent?

A. I am a layman and as regards ship-building, the Scindia Directorate is composed of laymen and, therefore, we have to base it on very vague data. We have taken 25 per cent. as labour charges (we may be wrong). If Indian labour is inefficient, let the whole of that be found by the State, in order to bring the cost to the cost of building it elsewhere.

Q. You do not attach any importance to it?

A. Not except as a principle. In principle we do want ship-building to be encouraged by the State paying something.

Q. Had you any opinion from ship-builders whether 25 per cent. will encourage them to start ship-yards?

A. Our proposal is that Government should start it in the initial stages and after some years' experience hand it over to private enterprise.

Q. From where will this 25 per cent. come in?

A. 25 per cent. will be the loss roughly estimated by us. To build a boat and sell it at 25 per cent. less; we are providing in the budget we have proposed for a loss of 10 lakhs. Out of 60 lakhs the provision there is for 10 lakhs as loss.

Q. When they have lost the whole amount, will the building operations be stopped?

A. No. The building programme will be regulated up to the loss of 10 lakhs per year. We believe that at the end of, say, 10 years a private agency will be prepared to take it over. Various Native States have done the same, to encourage local industries.

Q. You propose to levy on customs a percentage of the cost of the cargoes?

A. Roughly 8 annas per ton of cargo.

Q. Why do you confine the revenue from this tax of annas eight to be spent on shipping? There are other industries.

A. It is got out of shipping and should be spent in encouraging the shipping industry. If there is more money I do not mind at all if it is spent in encouraging other industries.

Q. But other industries have helped to make the goods. Your scheme is to take 8 annas for shipping alone out of the customs?

A. Whether it is taken off the customs or collected by the Port Trust out of freights is immaterial.

Q. It will come off the goods in some form or other?

A. Ultimately it will.

Q. Don't you anticipate that other industrial producers will want help in the same way?

A. The iron and steel, the rubber, these industries are already asking for protection.

Q. You don't propose that these industries should get any part of the 8 annas tax?

A. I thought the Mercantile Marine Committee was concerned only with the shipping industry.

President.—Q. Would you say that a ship loading cargo from Calcutta to Bombay is a coastal vessel?

A. Yes; both ports are on the Indian coast.

Q. You have got to go round another country, Ceylon, which is a foreign country?

A. Rangoon, Calcutta, Madras and Bombay are to be included under the reservation of the coastal trade.

Q. Supposing you call it coastal—personally I do not think it so—Supposing a ship cleared cargo at Calcutta, went to Colombo on the way and cleared some cargo there and again recleared to Bombay, would you call it coastal?

A. She must be called a coasting vessel as long as she recleared to Bombay.

Q. If a ship clears from an Indian port to a foreign country would you call it coastal?

A. Technically it is not coastal. I will include all in the coastal category.

Q. I do not think you have a good argument. Supposing a ship cleared from the Thames in England called at Flushing and recleared at Flushing to London; do you call it coastal? It cannot be; it cannot possibly have all the privileges of a coastal vessel.

A. I think that is a technical point; the legislature and the Mercantile Marine Committee should go into the point.

Q. Do you prefer company management to State management?

A. My opinion is that company management is better than State management.

The Hon'ble Mr. Lalubhai Samaldas.—Q. Supposing a canal is dug at Mandapam between Ceylon and the Indian coast as it is proposed by the Madras Government, then your technical difficulty will be overcome.

A. Then that difficulty will disappear.

President.—Thank you very much.

Witness No. 16.

The Indian Merchants' Chamber, Bombay.

Written statement, dated the 23rd July 1923.

The Shipping Industry in India was once in a flourishing condition, and Indian ships sailed on all the then known seas richly laden with merchandise. These were the halcyon days of Indian trade and industries, when India did not occupy the unenviable position of merely an exporter of raw materials and importer of finished products. Indian ships visited some of the most distant ports in the west and east, and Indian goods reached the markets of the world. Shipping forms in every country the backbone of trade and industry, and this was exemplified vividly

in the mutual help shipping and trade and industries gave to each other in those times. This is not the place to analyse the causes which led to the decline and fall of Indian trade and industries, and to the present deplorable position when we have to be dependent for the barest necessities of life upon foreign countries. It may be sufficient, however, to say that the same causes which operated in bringing about the decline in Indian trade and industries and in diverting industries to Great Britain, then but a small island Kingdom, operated also in gradually eliminating Indian

shipping not only from the foreign trade of the country but also from her coasting trade. British traders and manufacturers who came to this country originally as humble traders succeeded in establishing British dominion in India. Even when they became actual rulers they remained mere traders first, and were not inspired by any large vision of administration or statesmanship. They used all the powers which the dominion over this vast country gave them to wipe off slowly but steadily all her trade and industries, and in this they received ready co-operation from their Home Government.

England has been a maritime country for the last several centuries, and her power is fundamentally maritime. British administrators, both in England and in this country, were shrewd enough to realise that if they wanted to displace Indian trade and industries and to introduce British products in Indian markets, their efforts would be but partially successful as long as their shipping was not supreme in Indian waters. It is this realisation of the action and re-action between trade and industries and shipping that made the British Government in this country entirely indifferent, if not actively hostile, to the interests of Indian shipping just as they were hostile to Indian trade and industries. The ship-building industry flourished in India from times immemorial, and even in the days of the East India Company, and long after, Bombay was a port noted for its ship-building, Wadia's being the name to conjure with in those times in this industry. Not only mercantile ships but also ships of war were built in this port. Unfortunately, India was under a foreign domination, the trade interests of which were entirely adverse to her own trade interests, and the supplanting of indigenous trade and industries by British trade and industries led to the elimination of Indian shipping from foreign waters, and the consequent wiping out of her ship-building industry. In a few decades even the coasting trade was captured by enterprising foreign companies with the result that all that India can boast of now is a few tiny ships, and the old primitive craft, as against the huge tonnage of non-Indian ships plying in Indian and foreign waters and enjoying almost a monopoly as carriers not only for the imports into India but also for her exports abroad.

It may not be out of place here to give a small sketch of the rise of the English Merchant Marine. Though the beginnings of the English Merchant Marine may be traced to the days of Alfred the Great, its remarkable development was reached under the Tudors and the

Commonwealth. The destruction of the Spanish Armada in 1588 put an end to the powerful merchant fleet of Spain because until comparatively recent years the mercantile ships of a country were also its men-of-war. Later, the carriage of the growing trade between Great Britain and the American colonies was wholly secured for British vessels by the Navigation Laws. The pace of marine development was further accelerated by the acquisition of monopoly of power in the rich lands of Canada and India under the treaty which concluded the Seven Years War in 1763. Add to this the fruits of the naval victory off Trafalgar, and we find the English naval and merchant fleets supreme in all the seas during the early years of the nineteenth century. Thus by the time the Navigation Laws were repealed in 1849 under the *laissez faire* régime, the English Merchant Marine had grown so fully that "natural" growth was then most suited to its further development as shown by the following figures:—

Years.	Total Net Tonnage (Sail and Steam).
1850	3,565,133
1860	4,658,687
1870	5,690,789
1880	6,574,513
1890	7,978,538
1900	9,304,108
1910	11,556,663
1913	12,119,891

The growth of steam and motor tonnage alone is equally remarkable. According to Lloyd's Register for 1922-23 the total steam and motor tonnage of the United Kingdom, excluding vessels of less than 100 tons, is 19,088,638 tons gross, showing an increase of 44 per cent. over similar tonnage in 1900 and an increase of 86 per cent. over the tonnage in 1890.

As against this stupendous tonnage of the British Merchant Marine it is well to remember that outside Bombay there are on the Indian Register 76 vessels of under 1,000 gross tons, while only 18 exceed that size, while at Bombay there are 39 steamers above 1,000 gross tons and 24 steamers under that size. The wiping out of the Indian ship-building industry was hastened by the construction of modern steel ships in the west. The Indian Industrial Commission remarked that "attention had been directed to the building of steel ships,

but until the local supply of steel had been greatly increased it was more than doubtful if expectation in this direction could be realised." It was because of all these conditions and causes that the Indian commercial community and the Indian publicists have been urging the Government repeatedly and persistently to make sincere and earnest efforts to deal with the situation which is the very key of not only building up a new Industrial India but also of building up a Mercantile Marine and a Navy worthy of her future position as a self-governing unit and vitally essential for the maintenance and preservation of this position. During the war it was to the interest of the Government to make India a self-contained unit as it was next to impossible to get both military and naval requirements from outside. Government tried their best to develop and encourage the industries of the country during his period, and they also tried to get their requirements in the matter of shipping by utilising indigenous talent in the construction of wooden ships. All this enthusiasm however stopped as soon as the war was over with the result that Government help both direct and indirect ceased to be forthcoming either for industries or for shipping. The Committee of the Indian Merchants' Chamber have however noted with satisfaction the appointment of the Indian Mercantile Marine Committee, and hope that the report of this Committee will reflect Indian public opinion and will result in steps being taken to place both the shipping and ship-building industries of the country on a sure foundation.

It is the considered opinion of my Committee that serious attempts should be made to establish a Government line between India and Europe primarily for the carrying of mails but also to make available proper conditions of freight for the Indian trade. Such an attempt on the part of the State is fully in keeping with the policy of State ownership and management of transport facilities which has been successfully employed in the past and the principle of which has recently been accepted by the Indian legislature in the matter of Railway transport. In view of the financial conditions of the Government of India my Committee cannot recommend any immediate action on these lines, but they are of opinion that this goal should be kept in view to be attained within, say, five years. In the meanwhile efforts must be made to encourage and develop private shipping and ship-building industries.

Q. 1 and 2. The first two questions relate to the present condition of the shipping industry

in this country. This is, as my Committee have said in the preamble, but still in its infancy and the situation cannot be deemed otherwise than as most deplorable. The principal causes which have led to it are :—

- (a) Apathy of the Government Departments concerned ;
- (b) Competition of vested interests of non-Indian Shipping Companies ;
- (c) The deferred rebate system ; and
- (d) Rate wars.

Q. 3. If State aid is meant to include also State legislation my Committee cannot suggest any measures which will not involve legislation as a preliminary to protecting the industry in its nascent stages and they would suggest (a) the creation of a suitable body for fixing of minimum and maximum rates ; (b) the declaration of the deferred rebate system as illegal ; (c) the reservation of the coasting trade for indigenous shipping concerns ; and (d) the employment of a certain proportion of Indians in the navigation and engineering branches in all shipping concerns licensed to operate in Indian waters.

Q. 4. State aid direct and indirect is not only necessary but essential to promote the satisfactory development of the shipping industry by the people of this country. This has proved to be the experience of all leading civilised countries whether in the east or the west. In this connection my Committee beg to refer to pages 36—38 of Pamphlet No. 1, Indian Shipping Series, on "State aid to National Shipping," by Mr. S. N. Haji, summarising efforts made by different civilised Governments to develop and encourage their national shipping and ship-building.

Q. 5 and 6. Such State aid can assume the following forms: (1) Bounties to Indian ships or shipping companies. By Indian my Committee mean shipping companies registered in India and in Rupee capital, more than half of which is in Indian hands with the same percentage of Indian directors and of which the Managing Agents or Managing Directors are Indians, (2) Subsidies, (3) Preferential rates in all Indian ports, and in railway transport for the goods carried in Indian ships, (4) Preference in the carriage of Government Stores to Indian-owned bottoms.

Q. 7 and 8. For the purpose of such bounties my Committee do not wish to specify particular routes but are decidedly of the opinion that bounties should be specially given on routes where there is possibility of a strong non-Indian competition. Such bounties might

be given, to begin with, for the coasting trade only.

Q. 9 and 11. My Committee suggest that ships below 1,000 gross tons and with a speed of less than eight knots should not be eligible for navigation bounties. Increased bounties may be given to boats for higher speeds.

Q. 13. In the state in which Indian shipping and ship-building are at present it is natural to suppose that orders would be placed abroad for ships as long at least as indigenous ships are not forthcoming. My Committee therefore are not in favour of any restrictions with regard to navigation bounties to be paid to vessels built even outside India but owned by Indians.

Q. 15. The supreme aim of all these efforts, however, is to build up in this country in the near future a strong shipping and ship-building industry. Efforts must, therefore, be made to train as many Indians as possible in both these industries. Otherwise there is danger of our always moving in the same vicious circle. Whenever any protest is made by the Indian people against the entire absence of Indians both in the higher grades of the mercantile marine and the Royal Indian Marine, and against Government patronage not forthcoming for Indian shipping companies, a reply is given that there are no Indians of suitable ability and capacity, while at the same time no efforts are made to enable Indians to have a chance of obtaining the necessary course of apprenticeship training. My Committee therefore suggest that at least two Indians on the Navigation side and two on the Engineering side must be entertained as apprentices by any shipping company receiving a bounty.

Q. 18. As remarked above in the preamble the coasting trade has become almost a monopoly of non-Indian concerns. This is quite the contrary to what is found to be the case with civilised countries, both in the west and the east. Many of these have restricted their coasting trade to indigenous concerns. My Committee are also strongly in favour of this policy, and emphatically recommend the reservation of the Indian coasting trade for indigenous shipping, the same to be achieved gradually in five years.

Q. 19. Non-Indian shipping companies are not naturally worked in the interests of Indian trade, but in those of their own shareholders, and so if there is any reservation of coasting trade under suitable safeguards for indigenous shipping concerns, there will not be any interference with the coasting trade, but on the contrary, the Indian coasting trade will greatly benefit by it.

Q. 20. If the coasting trade is reserved as suggested for indigenous shipping concerns, my Committee would like to recommend strongly that such companies should give facilities for the training of Indian apprentices.

Q. 22. My Committee have analysed above the causes which led to the practical wiping out of the ship-building industry from this country, and if this industry, of so vital an importance to this country as a whole, is to be resuscitated, State aid is absolutely necessary.

Q. 44-48. One of our great requirements at present is the direction of the training up of as large a number of Indians as possible in the shipping industry. My Committee are of the opinion that a large number of youths of this country would come forward to take up a sea-faring career but unfortunately no facilities exist at present. My Committee cannot but feel that such a deplorable state of things is peculiar only to this country. They do not know of any other country in the world possessing such a long coast line of 4,000 miles and such a tonnage of foreign and coasting trade which has not got even a single qualified officer in the mercantile marine. Government should take active and immediate steps to remove this blot on the administration. Steps should be taken to provide for the training and future employment of these apprentices and facilities should also be given for their further study for qualifying for the Board of Trade certificates in various grades.

My Committee not having expert knowledge, cannot say whether cadets for training should proceed direct to sea for apprenticeship or should undergo a preliminary course of instructions in a training ship or in a training establishment on shore. They, however, consider that sufficient training can be given here and they do not see any necessity for sending them to England.

Q. 52. My Committee would like to suggest that shipping concerns which are favoured by the Government with postal subsidies, or are employed as carriers of Government Stores, should be required to have Indian apprentices on their ships.

Q. 59 and 60. All that my Committee have said above with regard to the training up of Indian youths for serving as officers in the Indian Mercantile Marine applies to the training of Engineers for the Indian Mercantile Marine.

Q. 66 and 67. With regard to Postal subventions my Committee are of the opinion that tenders should always be asked for this service and preference should be given to

Indian shipping companies even though there may be a slight difference in rate. One of the main conditions my Committee would like to have introduced in Mail contracts would be that the shipping companies that are getting the Postal subventions should take up Indian apprentices and have a percentage of Indians in the higher grades of their employments.

Q. 69. In addition to the aid, both direct and indirect, referred to in previous replies my Committee feel that it would be desirable to have two scales of dock-dues and berthing charges and that companies registered in India should be charged on the lower scale. It would also be desirable to issue instructions to port authorities at the Indian Ports to give preference, other conditions being the same, to ships owned by Indian companies.

Q. 70. India pays about Rs. 30 crores annually as freight, outwards as well as inwards, on an approximate cargo of 1.20 crore tons; by a freight surcharge at only eight annas per ton on this quantity we could raise Rs. 60

lakhs per year. In five years it would amount to Rs. 3 crores, which could be spent as under:—

1. Rupees 10 lakhs annually on education, comprising (a) two training ships, (b) two Nautical Schools, (c) two Nautical academies, (d) one sea-going ship, and (e) scholarships, which will amount to Rs. 50 lakhs.

2. Bounties to be paid as below :

First year Rs. 20 lakhs; second year Rs. 40 lakhs; third year Rs. 60 lakhs; and fourth year Rs. 80 lakhs; total Rs. 2 crores.

3. Construction bounties Rs. 10 lakhs a year for five years which will amount to Rs. 50 lakhs.

The expenditure on all these three heads would, therefore, amount to Rs. 3 crores

Oral evidence of Messrs. LALJI NARANJI and B. F. MADON, representing the Indian Merchants' Chamber, examined at Bombay on the 30th November 1923, the spokesman being Mr. LALJI NARANJI.

President.—This Committee has been constituted by the Government of India to recommend the steps to be taken for the development of an Indian mercantile marine. We are seeking for information and we shall be glad to have your advice in the matter.

Q. Do you want the reservation of the coastal trade for Indian shipping as opposed to all nations, even England ?

A. Yes.

Q. You are in agreement that it ought to be reserved for Indian ships, owned in India, managed by Indians. The consensus of opinion as to an Indian company is that the majority of shareholders should be Indians, the majority of directors should be Indians and the capital should be a rupee capital.

A. Yes, I agree with this.

Q. How long will it take to make the reservation complete ?

A. It may be within ten years.

Q. What is your scheme to arrive at complete reservation ?

A. The reservation should proceed at 10 per cent. every year.

Q. Instead of going on a percentage basis, would you advocate the chartering of ships ?

A. Just as it suits; sometimes it may be better to charter, while at other times it may be better to buy.

Q. Is it your idea to retain the European officers at the beginning and move them out as young Indian officers get themselves trained ?

A. Yes.

Q. If the coastal trade is reserved, would you also require subsidies ?

A. No, but temporarily for a few years, subsidy or bounty would be necessary till all coastal trade is reserved completely.

Q. I am sure you would not object to European expert assistance ?

A. We have to pay for it. I do not object on racial grounds, so long as we have the ability to pay.

Q. If the mercantile marine is developed you expect it will bring money into the country ?

A. Not only it will bring money, but it will also make us independent. Shipping is the soul of all industries in the country. How it affects the trade, how India has lost all her trade not only in raw materials but also in manufactured products, all these are very clearly described in the Indian Industrial Commission's report. The industries of this country were not only not encouraged, but they were discouraged and every step was

taken to see that they died out. Our Chamber takes a broad view of the trade of the country.

Q. The present Government with all its faults, having appointed this Committee, wipes out all idea that it has no interest in the development of Indian industries. It shows their keen interest in them.

A. The simple appointment of a committee will never satisfy the Indian public. It always happens that when the recommendations of the committee do not suit the Government no action is taken to enforce such recommendations. I may cite as an instance that the recommendations of the Store Purchase Committee are yet to be given effect to. Six members on the committee including majority of Europeans were all agreed on certain points and yet the Government have not thought fit to give effect to those recommendations. So the mere appointment of this committee will not satisfy our Chamber.

Q. It is up to every one to agitate just as we do in England.

A. But the legislature has no power at all. The Parliament in England has got enough powers.

Q. Perhaps people do not realise that to make the Indian mercantile marine a success depends upon a great many factors. In old days it did not matter whether a voyage took 2 days or 100 days. To make ships pay now, you have to take a survey of the coast. In old days when you surveyed the coast, if your soundings showed 25 feet, you put down 20 feet on the chart to prevent people from getting into trouble. Competition is so keen and time is so important now that you have to change all your old methods. This is entirely due to the technical officers on board a ship. You have to go as close to corners as you possibly can with safety, you have to go into the harbours, you have to go very near the wharf so that the cargo may be landed with great facility. All this has to be done nowadays. Therefore a mercantile marine officer of the present day has got to be a very highly educated man.

A. I agree with all that.

Q. Do you think that amongst the educated youths of this country we can select enough people who can command ships efficiently and who can take all risks on the seas?

A. They will be forthcoming provided facilities and good treatment are given.

Q. Do you think that the Government of India should establish a training ship for these youths?

A. Yes.

Q. Do you think there should be compulsory training?

A. I am sure many people will come forward voluntarily, if it is made possible for them.

Q. I think it is only fair to remind you that many British shipowners think that it is compulsory to have training in a training ship before a boy can be taken on as an apprentice.

A. A sort of agreement will have to be taken from these people who come voluntarily.

Q. Instead of sending a young boy straight-way to the sea, if he is sent to a training ship, there is a better chance of his liking the sea? That is one reason why training ships should be established.

A. I am sure that Indians will come forward in sufficient numbers even under such strict discipline. It is not a new thing for India. Temporarily for some years owing to the policy of the British Government, they have been off from the sea-faring life.

Q. You do not think that the strict discipline would deter them?

A. No.

Q. Do you think that the difficulties of caste will be greatly felt?

A. I am an orthodox man. I can tell you with great confidence that there are hardly 2 per cent. of the people like me. All caste distinction has now disappeared. Out of 33 crores of people you can very easily find a sufficient number of men without caste scruples.

Q. The apprentices have to live in cabins along with Hindus, Muhammadans, Christians and Parsis all side by side?

A. There will be no difficulty at all.

Q. Supposing the coastal trade is reserved for Indian companies, would there still be rate wars?

A. No business is business without due competition. What we suggest is that there should be competition among the Indians and non-Indians.

Q. You are in favour of ship-building in India?

A. It must be encouraged very slowly and gradually. We cannot start a ship-building yard in a year; it will take years. You will have to acquire the scientific and engineering knowledge.

Sir John Biles.—Q. You say in your written evidence: Indian ships visited some of the most distant ports in the west and east, and Indian goods reached the markets of the world. Are they not doing the same thing now?

A. They do now but by the foreign agents.

Q. There is a good deal of debatable statement in the same paragraph; but as it stands

it is a mere statement unsupported by authorities.

A. If you want I can substantiate the statements. If you do not want to go into it, I do not want to trouble you.

Q. You say that India had a shipping industry before and that owing to lack of assistance and sympathy it died out?

A. Yes.

Q. Was this due to lack of enterprise on the part of Indians?

A. No, there was no lack of enterprise; on the other hand instead of encouragement there was discouragement in the matter of developing the shipping industry by the enterprising Indians.

Q. Are there not Indian shipping companies even now in existence and which are very successful?

A. They are not very successful.

Q. There is the Bombay Steam Navigation Company.

A. That may be due to certain monopolies on certain coasts. They may have some agreement with other companies. All we want is the coastal trade should be reserved for Indians. The Indian Industrial Commission report and the History of Indian Shipping by Radhakumud Mukherjee clearly show how Indian shipping was discouraged.

Q. You do not wish to place any restrictions on foreign-built ships? You want to treat them equally with the Indian-built ships?

A. For the time being so long as we have not got ship-building yards, we must encourage foreign-built ships also.

Q. Are you in favour of bounties for ship-building?

A. Yes.

Q. How much should be given?

A. Roughly about 10 lakhs.

Q. One witness gave a scheme of 25 per cent.?

A. It is a matter of detail; we have not got much experience in ship-building and so we would like to leave it to the committee.

Q. In reply to questions 66 and 67 you say: 'With regard to postal subventions my committee are of opinion that tenders should always be asked for this service and preference should be given to Indian shipping companies even though there may be a slight difference in rate.' This is very indefinite. How much difference can there be in the rate?

A. The difference will not be much, we are working in competition with other companies and there is no reason why the Indian should quote unfavourable terms. I should say 'regard-

less of any difference in rates, postal subventions should be given to Indians.'

Q. You say that India pays annually a sum of Rs. 30 crores as freight. Do you say that India gets nothing in return?

A. Every country wants to keep all the charges they pay in their own country. India does not get any considerable part of the freight in return.

Q. If most of that 30 crores of rupees is paid in India to people employed in India, most of your objections to the 30 crores being drawn from India go out?

A. Certainly not. I should say further that this figure does not represent the correct charges. There are insurance and banking charges, which go to the pockets of those countries which carry on the trade.

Q. Do you anticipate that India will be able to finance the insurance, banking, etc., charges and not have any foreign shipping running to the country?

A. In the course of years there will be no foreign shipping running.

Q. Do you think you will be able to finance the banking, insurance, etc., charges?

A. Certainly.

Q. This shipping proposal is something very much bigger on the face of it.

A. The whole tonnage is about 60 lakhs and we do not require more than 15 crores; to get 15 crores is not difficult at all. There will be no dearth of capital when confidence is restored.

Q. In reply to question 70 you refer to two training ships. Are they intended for sea-going purposes?

A. Yes.

Sir Arthur Froom.—Q. We served together on the Port Trust some years ago?

A. Yes.

Q. As a trustee, of course you acquired a certain amount of knowledge connected with shipping matters?

A. That is so.

Q. Are you connected with any Indian-owned shipping directly?

A. Only for the last few months; I am a Director of the Scindia Company.

Q. Have you got any direct management or do you merely serve as a Director?

A. Only just as a Director. The management is done by the Agents.

Q. You wish to reserve the coastal trade to Indian-owned ships managed by Indians, Indian companies and so forth.

A. Yes.

Q. Presupposing that that is established, do you still consider that a subsidy is necessary.

A. If the whole of the coastal trade is reserved, I do not think there will be any necessity for subsidies.

Q. You appreciate that there will be competition in the coastal trade from various Indian companies?

A. Yes.

Q. How then would you propose to protect the already established companies like the Scindia from too much competition?

A. I suggest protection only from foreign shipping companies.

Q. Supposing you saw that your company as threatened by too much competition; you would have to take some steps to protect yourselves. Would you consider then that the Deferred Rebates would be permissible?

A. I do not think so. There should be no combination of any Rings in India whether Indian or non-Indian.

Q. You might have a group of companies working together and then you might have another company cutting in and underquoting; this has happened in the past.

A. They must face the competition so long as they are Indians. Let there be competition and let the trade benefit by that competition.

Q. You would not think that Companies established and perhaps already giving a good service on the line would be justified in trying to protect themselves by rebates or agreements?

A. It would not.

Q. It is human nature to protect oneself, is it not?

A. That sort of protection gives a monopoly to one particular company which gets fat at our cost and prevents us to start our shipping on our own country.

Q. I understand that you have no particular quarrel with the way India is served with tonnage and shipping at the present time, but you are moved by a very understandable patriotic desire that India should have its own Mercantile Marine. Is that so?

A. I have several grievances against the companies which now carry on the trade. These companies, being foreign, will not allow our firm which is established for nearly 80 years on the Cochin coast to carry on our trade in cocoanut oil with the Continent. I am not remarking on any one company; they always favour the European firms on the Madras coast. That is my experience and my predecessors' experience for which they have been representing to Government even 20 years ago. Indian companies will be able to compete with other Indian companies. I object to foreign companies dominating the coast and serving those interests only whom they wish to favour.

Q. You think that if there are Indian-owned ships that trouble will cease to exist?

A. Yes, they will not crowd you out. This complaint is long-standing; even before I joined the Scindia, it did exist.

Q. I cannot see why a ship-owner should ever refuse cargo unless there has been some breach of agreement.

A. But the treatment the Indian companies get is resented and this is my firm's experience and we got this treatment because we are Indians.

Q. You think all this trouble would be obviated if the service was given by Indian-owned ships?

A. I think so.

Q. Postal subventions. Do you refer to local Postal subventions or foreign Postal subventions?

A. Local. After some years when we establish ourselves I should think that all the foreign mails could be given to Indian-owned ships.

Q. Not the whole mails! What about the mails going to United Kingdom? Suppose you got half the mails, would that be agreeable?

A. Some joint agreement can be made on business principles.

Q. Step by step you are anxious to establish an Indian Mercantile Marine, you wish to start with the coastal trade; and you want subsidies for the Indian foreign trade. We, as a Committee, can understand the patriotic motives underlying these measures in this country. But you could not quarrel with any other part of the British Empire wishing to do the same thing. Supposing Australia holds out for an Australian Mercantile Marine, also South Africa, Canada and all parts of the Empire, would you have a quarrel with them?

A. No.

Q. You could not object if Australia and other Dominions also established their own Mercantile Marine; that would almost disrupt the English Mercantile Marine and so you would have the disruption of the Empire.

A. Certainly not. The British Shipping is policing the whole world to rule everywhere and let them pay for it. India cannot allow to remain permanently dependent for shipping and go on paying huge profits to English Companies for that fare.

Q. If you are not going to allow the English ship-owners to compete fairly or compete at all throughout the British Empire; in other words, if you are going to place the various Dominions in a very much better position, the Home country must suffer very much.

Q. In effect it would be a great hit at the British Empire and the Empire might be broken up.

A. It will not break up. The International Trade will be carried by them. Empire cannot be broken up if British ship-owners lose their trade on Indian coast.

Q. You take away all trade from them except trade with alien countries.

A. No; there is Continental trade and trade with United Kingdom. Only Indian coastal trade will be lost by them.

Q. If you eliminate British ships from all the Dominions and the possibilities of British ships trading there, it would be a very serious matter?

A. That may be.

Q. Eventually this might be the stepping stone to India being left high and dry. Might not such a policy be a great calamity to all the Dominions?

A. I don't think all this will happen if foreign shipping is driven away from the coastal trade of India.

Q. We have had suggestions before us that bounties should be paid to all Indian-owned ships; therefore a ship receiving bounties will compete and drive out any other ship that does not get bounties?

A. That is so. Indian ships will only drive out foreign ships from Indian coast.

Q. If we push this too far, might not it lead to very serious results and might we not leave behind us a very unfortunate legacy? You would not grumble at the British endeavour to protect themselves. You would not describe them as fools.

A. Oh, no; they are very clever people and flourishing at our expense. I do not want India to go out of the British Empire. I look at this from a very wide point of view. I sympathise with the idea of an Indian Mercantile Marine, but I am against leaving an unprofitable legacy to our grandchildren.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You represent the Indian Merchants' Chamber.

A. Yes.

Q. What is your number of membership?

A. About 550.

Q. What is the number of your Committee?

A. 25 elected and 5 co-opted.

Q. Was this questionnaire considered by your Committee?

A. It was referred to a sub-committee; the sub-committee made its report to the whole Committee and the latter considered it clause by clause and approved of the replies.

Q. Can you give the names of those who composed the sub-committee?

A. It would be unfair to the members.

Q. Is the desire of India to have an Indian Mercantile Marine based on racial or any other ground?

A. There is nothing racial in it, but entirely finance and economics.

Q. We have had evidence before us given by representatives of other bodies; one of the arguments was this. India forms a part and parcel of the Empire. It is not an "alien" country in the sense that Japan or America is. India was well served till now by British companies as regards steamers. Where is the practical necessity, leaving aside the sentimental desire or the idea of self-respect, for an Indian Mercantile Marine? Is there any economic advantage to be gained by India having its own Mercantile Marine?

A. There is a very great economic advantage. India pays every year 30 crores of rupees as freight; besides there are the banking, insurance, etc., charges.

Q. I think you are the Managing Agent of one big Insurance Company?

A. Yes.

Q. There is another big Insurance Company, the New India Insurance Company, under the direct control of an Indian Board; these companies take Marine Insurance work. If the Indian coastal trade is reserved to Indians and if the British Insurance Companies did not insure Indian steamers, do you know if these companies will?

A. Yes; we have also made agreements with certain American and continental companies.

Q. Don't you think that if Britain works whole-heartedly with India she will get the support of India? Is it not possible that the Indian Mercantile Marine will be a source of strength to the Empire?

A. It will be a source of strength and it will not lead to the destruction of the Empire at all as suggested and feared by one of your members.

Q. Have you any danger of this move?

A. It might affect the economics of Great Britain, but it will not lead to the destruction of the Empire at all.

Q. Bounties and guaranteeing interests. Do you think a sort of guarantee by Government will suffice as a bounty?

A. Yes, but the coastal trade must be reserved.

Q. The reservation will be carried out in the course of ten years or by "routes." During the interval, if a company makes profits, will you give a subsidy, or will you merely guarantee a dividend?

A. You are mixing up bounties and subsidies. If bounties are to be given, there is no

question of profits. If subsidies are given, you will have to make certain conditions, viz., that subsidies should be given when a company cannot earn more than 8 per cent. If they earn 8 per cent., I will not suggest any subsidies.

Q. I dare say that you as a representative of the Indian Merchants' Chamber in the Bombay Legislative Council will not do anything detrimental to the interests of the general taxpayer?

A. No.

Q. Have you any idea as regards the freights from England to India and from Bombay to East Africa? I understand that while the freight from England to India is 20 shillings, the freight from India to East Africa, which is hardly one-third of the distance, is about 45 shillings?

A. Complaints to this effect were received from East Africa. These rates are ruining India's trade with East Africa.

Q. If we had Indian companies which looked after the interests of the Indian traders, you think they will reduce the freight and thus help the trade to a certain extent as the British Companies are helping the trade of England?

A. I will go further and say that India will be able to capture the trade of East Africa. The millowners in Bombay are not able to send their goods to East Africa on account of the high rates.

Q. Your idea in having a mercantile marine is to help the Indian trader primarily. If India becomes richer by having a mercantile marine, will she not be a great consumer of British goods?

A. If there is more prosperity in India, more English goods will be consumed.

Q. Don't you think that it is in the interests of England that she should help India in developing her mercantile marine?

A. As a manufacturing country, India would be a great advantage to England.

Mr. Jadu Nath Roy—Q. It was stated that if India developed her mercantile marine, England would suffer and the safety of the Empire would be jeopardised. Is it not true that the dominions are developing their mercantile marine?

A. There is no fear to England on that score.

President.—Thank you very much.

Witness No. 17.

Messrs. ERICSON and RICHARDS, Marine Surveyors, Bombay.

Written statement, dated the 16th August 1923.

Q. 1. If by shipping industry is meant, 'are the coast ports well served by steamers,' we see no reason to complain, but if it is meant shipping enterprises by people of this country, the proposition is not so satisfactory, there being three lines operating between Bombay and Calcutta and one large Company and several small ones operating from Bombay.

Q. 2. Shipping enterprise as far as steamers are concerned did not appear in the past to have been a favourite form of investment and enterprise by people of India.

Q. 3. No.

Q. 4. No.

Q. 5. See No. 4.

Q. 6. No.

Q. 7. No.

Q. 8. See No. 7.

Q. 9. See No. 7.

Q. 18. We are of opinion that the coasting trade should be open to competition but only

to those countries which do not prohibit foreign steamers operating on their own coast.

Q. 21. For general coasting trade steamers not exceeding 6,000 tons D. W.

Q. 36. As flourishing as can be expected for this class of vessel, we do not consider large wooden vessels a commercial proposition.

Q. 44. No, the tradition of the sea only affects a small portion of the population of India, in most cases we consider the sea life has no appeal to Indian youths.

Q. 45. We do not think unless a considerably larger number of youths go to sea that a school can be run in any Indian port as a commercial proposition.

Q. 46. We prefer that a course of training should be undertaken preliminary to going in a sea-going vessel.

Q. 47. The training ship or establishment should be located at a large Indian port where the cadets will be in touch with the modern

sea-faring community. Open competition with a fairly high standard of education, the whole or part of the fees to be paid by Government.

Q. 49. We consider any training establishments should be run by local enterprise, as is done with the 3 establishments in England, shipping should not be compulsorily made to support these establishments.

Q. 50. If possible and a suitable vessel is available we prefer the actual training to be afloat.

Q. 51. We think cadets should go to sea in steamers of the Mercantile Marine, and learn the conditions of life and work necessary for their future careers, we consider a sea-going training ship does not bring the cadets into actual touch with conditions that obtain in Mercantile Marine steamers.

Q. 52. If suitable candidates present themselves we see no reason why they should not be accepted but we have observed no great desire on the part of Indians to adopt the sea as a profession, only one to our knowledge has served in a training vessel in England.

Q. 53. We think apprentices should pay their own premiums, Government might, how-

ever, offer for competition several positions in which whole or part of the premium is paid by them.

Q. 54. A sea-going training ship cannot be made to pay, even if freight on cargo is paid.

Q. 55. Apprentices should be fed by the vessel, the apprentices to supply their own clothing, instruments, etc.

Q. 56. A good sound general education up to F. A. before joining either the training ship or steamer, if joining a training ship the educational part of the training should be well maintained. All professional subjects should be taught during the period of training, i.e., Navigation and Nautical Astronomy, Seamanship including boat sailing and pulling, Compass syllabus, etc.

Q. 57. If a Nautical Academy can be run as a business proposition with perhaps a small guarantee from Government, we consider an academy would be most useful both for European and Indian candidates.

Q. 58. One in Bombay, one in Calcutta and a small one at Karachi and Madras, as far as possible self-supporting, see No. 57.

Oral evidence of Captain J. C. RICHARDS, F.R.G.S., representing Messrs. Ericson and Richards, Marine Surveyors, Bombay, examined at Bombay on the 3rd December 1923.

President.—Before we begin, I would like you to realize that we only wish to seek information and I hope that if we ask any questions of you which you really can't answer you will not hesitate to say so. This Committee has been formed for the purpose of furthering the Indian Mercantile Marine and the Ship-building industry in India and to recommend to Government the best methods of doing it. We are trying to get information from experienced people on the subject.

Q. I gather from your answers that you are not in favour of any reservation of the coasting trade?

A. No. These answers were drafted by my partner while I was away at home; he showed them to me on my return and I agree with the majority of them.

Q. Not being in favour of reservation or subsidies, could you give us any suggestions as to how otherwise we shall be able to recommend to the Government of India the formation of an Indian Mercantile Marine?

A. From my experience of the Japanese, I might say that the Japanese Merchant Service was originally opened by the enthusiasm of one man, a man named Iwasaki, in 1871. He

himself used his money and found a Line called the Mitsui Bishi Kaisha. A few years after that there was another company called the Kyodo Unyu Kaisha which was financed by the Government, but all these ships were commanded by foreigners; not necessarily Britishers, but principally Britishers. They had Austrians, and even Greeks. After a lot of competition, the company which was subsidized by Government did not make much progress. They cut each other's throats and eventually in 1875 they combined into what is now known as the Nippon Yusen Kaisha.

Q. Do you mean that the Japanese State Line and the private-owned line competed one against the other?

A. Yes, and they did not make any headway. I do not think the Japanese in those days had very much money. The Government then, in 1875, founded a Merchant School in Tokio for which they gave a certain amount of subsidy and started taking boys. But in spite of everything they did and in spite of the fact that they had no difference of opinion and no caste distinction, they did not succeed in producing officers quickly.

Sir John Biles.—*Q.* How did they treat their creigners ?

A. Very well ; they have still an old man, who is 90 years of age ; he has been on full pay for 20 to 30 years ; they still keep him on full pay.

President.—*Q.* When you were in the employ of the Japanese, had they started the reservation of their coastal trade ?

A. I think that occurred almost immediately after the China-Japanese War in 1894. I joined in 1899.

Sir John Biles.—*Q.* Do you know the date when the coastal trade was reserved ?

A. No.

President.—*Q.* How long did you serve with the Japanese ?

A. For 14 years.

Q. Had you any Japanese officers when you were with them ?

A. We had all British officers except one apprentice officer ; and there were Japanese apprentices on the ship, that is, the first two or three years after the opening of the European Line. The apprentice officer was very clever ; he would be able to pick out the best out of the knowledge imparted to him and make a note of it in his head and on paper and educated himself in that way. Japanese captains were in existence when I joined.

Q. What is the standard of their examination ?

A. Theoretically I think it is a little harder than the Board of Trade Examination. I think the Japanese are more scientists. On the practical side I had to pass an examination myself although I already had an English Master's certificate.

Q. Have they their examinations in English ?

A. Yes. Their own officers had to pass in English. It was harder, because they wanted more on the mathematical side, Trigonometry and all that. We never had that in our younger days.

Q. Is not the standard a little bit higher now in the Board of Trade Examinations ?

A. Yes. I failed for Master in Japan the first time, but passed the second time.

Q. What was the seamanship part of it ?

A. They never examined Europeans very much in seamanship.

Q. From your experience of the Japanese Lines, do you think they quickly became efficient as officers ?

A. My own personal opinion of the Japanese officer is that he is very enthusiastic and very quick to learn ; he is very patient but, it seems to me, it takes some time before he acquires a profound confidence in himself.

Q. Is it due to the fact that they have not been an overseas sea-faring nation ?

A. Very probably so. The Japanese are hypersensitive. They do not like to do anything which might look ridiculous.

Q. You must have had a good deal of experience of their Ship-building yards. What is your opinion about them and the way in which they advanced ?

A. I was in Japan when they built their first big ship. They were so clever that they chose the very best men, principally for their Engineers, from Scotland and dockyards like that. They have learned now and have been very obedient in learning.

Q. You agree that if you want to start ship-building in India you must get the very best brains ?

A. Yes.

Q. Have you been a considerable time in India ?

A. For ten years.

Q. Supposing we recommend the starting of the ship-building industry in India and supposing the very best brains are obtained, is there any reason why India should not have its own Mercantile Marine under the same conditions as Japan did ?

A. If India has the same enthusiasm, the same adaptability, the same patience, there is no reason. They must come down to the workshops and love their job.

Q. There are no other tangible reasons why they should not make good ?

A. Japan has a very fine climate and the climate is not the best in India.

Q. Is ship-building a very arduous task ?

A. It is, particularly riveting and the handling of heavy beams and work of that kind.

Q. Do you see any other particular reason adverse to India ?

A. I can't see any other particular reason.

Q. Have you ever been at sea with any firms running from India ?

A. I have never been in an Indian ship.

Q. Can you tell us your idea of the knowledge exhibited by, say, the Masters of the Bombay Steam ?

A. The average ordinary knowledge. They know how to ascertain the deviation of the compass, etc.

Q. If Indians had opportunities of studying the ship-building industry, do you think they would be likely to become efficient ?

A. I think they would.

Q. Are the ships of the Bombay Steam kept efficiently ?

A. Not as well as the Japanese steamers are.

Q. For instance do they regard the hull of the ship as important as any other part?

A. I hardly think they do. There may be some reason, probably the climate.

Q. You are in favour of a training ship. If we want to get officers of the same stamp as in Japan what class of people would you recruit?

A. Good middle class men.

Q. Are you in favour of establishing a training ship in India on, say, the lines of the 'Conway'?

A. I would rather aim at having a training school as in the case of the Japanese.

Q. In Japan are the students kept by Government?

A. They are partly kept by Government. If a boy wants to become a sailor and his people cannot afford it, he applies to the school. If he is nominated and he passes an examination, Government will pay the fees; but he repays the Government when he becomes an officer at a certain rate per month; or his parents can pay the whole thing for him. It is more or less a loan: then he gets full pay.

Q. Do they guarantee any future employment?

A. I do not think they do except two schools, one in Tokio and the other in Kobe, from which the Nippon Yusen Kaisha principally recruit their men. I do not think the others give any promise at all.

Q. Have they in Japan any Nautical Academy?

A. That is under Government. There are no private tutors; the Academies are to a certain extent under Government and students pay a fee, I think 240 yen a year. He can study on a ship without going to the school, work for his examination as a sailor and become an officer, no matter where he comes from.

Q. Supposing he is a second Mate and he wants to pass for Mate. Can he cram and go up for his examination?

A. Every district in Japan has its own Nautical school. There are about 20 of them. He has got to be nominated, if a student.

Q. There is nothing for a man who has been a Mate or a second Mate?

A. I do not think there are private tutors; there were none in my day. I don't think he is able to go to the Government schools, but I am not sure about that.

Q. From your experience as a sailor, do you think such a school ought to be started in India?

A. I think that will be a very good idea as a business proposition.

Q. Do you think it should be a Government fair?

A. Not necessarily, if you get clever men and efficient tutors who are willing to teach.

Q. You think it can be run as a business proposition?

A. I am in favour of a Nautical Academy on the same lines as the Japanese. They have their training ship which has been built out of the money which was accumulated during the last 30 or 40 years. The students spend 2 years at College, 1½ years in a sailing ship, 6 months at the Government Naval College and one year in the steamers as a cadet and then they return to the College again and pass their examination. If they fail they stay at the College for one or two months and then they pass. There is no record of a second failure as the students who are not fitted for the profession are eliminated long before this.

Q. Will that turn out a very efficient officer?

A. In my opinion it does. I don't think so much is wanted from the smaller schools. I was speaking particularly of the one at Tokio.

Sir John Biles.—Q. That has now been destroyed?

A. So I believe.

Q. What about the one at Kobe?

A. That is equal in rank with the Tokio school.

President.—Q. Are all these Government schools?

A. No. I know the local schools are kept up by the Districts.

Q. If you can let us have a sort of statement from your notes about the local schools in Japan, it would be of very great help to us.

A. I can give it now. About the age of 16 after passing the examination from the middle school or college, if the boy is desirous to be an officer or engineer, he sends his name to the nautical college principal who will call him in for an examination in the subjects of Mathematics, Algebra, History, Geography, Trigonometry and English. If the boy passes the examination, his name is considered for a vacancy in the college. About 50 candidates present themselves for the examination. The engineers after training in the school are sent to the ship-building yard for 2 years, one year in the steamer and then back to the college for examination. If they pass the examination, they are sent to the steamer as junior engineers. The engineers and the officers are of the same class; there is no difference. In the N. Y. K. line, the captain is usually one year graduate ahead of the engineer. That gives the captain seniority. He is always senior; but if an engineer who has graduated before him is sent with him, it means that the engineer is put under the captain. The local schools are kept up by the

districts concerned. They are practically State aided.

Diwan Bahadur T. Rangachariar.—Q. As the President has told us, it is assumed that something must be done in this country to develop the mercantile marine?

A. Yes.

Q. What was the state of the Japanese mercantile marine when you joined it in 1899?

A. It was in a fairly good condition. They had 150,000 to 300,000 tons. They had just built their big ships.

Q. How many officers were there including the foreigners and the Japanese?

A. That would be very hard to say. The Nippon Yusen Kaisha had at that time 80 ships. I suppose 300-400 officers would have been British and remainder would have been Japanese. There might have been about 240 Japanese cadets. Several commanders on the coast were Japanese.

Q. By the time you left, they were able to fill the whole of their staff with Japanese except a few foreigners whom they retained?

A. Yes. At the time I left they had about 7 or 8 foreign captains.

Q. Were they able to replace them also gradually by Japanese captains?

A. Yes.

Q. No big ship-building began until after you joined?

A. There has been ship-building in Japan for hundreds of years. Until 300 years ago, Japan had about 200 ships. Then she passed a law that no ships over a certain tonnage should be built in Japan. The result was big ships fell into disuse.

Q. Are you aware of the state of Indian shipping?

A. Ships were being built in bygone days in Bombay. Fairly big ships were built of teak wood and they were taken out to long distances.

Q. If an enquiry was started at that time whether the Japanese were likely to become a shipbuilding nation, don't you think that doubts would have been expressed whether they would become a successful ship-building nation?

A. I was myself astounded at the way in which they succeeded in the industry. They went ahead very quickly. But it must be borne in mind that the Japanese are a wonderful nation. They are imitators in a way which no other nation could do in the world.

Q. If a committee like this went about inquiring about the possibilities of developing the Japanese mercantile marine, doubts would have been expressed about their capacity to develop the industry?

A. Yes.

Q. If the Japanese had been asked, they would have stated they were quite capable?

A. That still remains to be proved. They had the requisite enthusiasm.

Q. Don't you think that enthusiasm, application and opportunities for education coupled with State aid would bring about a mercantile marine?

A. State aid will not help a bit if the nation has not got its heart in the work.

Q. But for the facility given by the State, do you think Japan would have developed her ship-building industry in the remarkable way she did?

A. I have got very grave doubts about subsidies helping a nation. I believe subsidies did to a great extent hamper the initiative of the Japanese. If a man wants to do a thing, it should be done entirely by the man himself to have pride in his work.

Q. But for the fact that the Japanese Government undertook those various measures, namely, reservation, providing facilities for employment, providing educational institutions, employing the best experts from England, do you think the Japanese would have become a successful nation in shipping or ship-building?

A. It seems the natural enthusiasm of the Japanese has helped them considerably. Subsidies have helped them a little but not to the extent that some people think. As a matter of fact, there is no subsidy now in Japan.

Q. If a subsidy is given in the initial stages, do you think it would hamper initiative?

A. It depends upon the people.

Q. You know the Indian character, you know how much they depend upon the Government for everything, not necessarily in shipping but in other industries as well?

A. That is quite so.

Q. Having regard to the characteristic of the Indians, don't you think that State aid of some sort or other is necessary?

A. If State aid is going to benefit every taxpayer in the country, if it is going to benefit all equally, then by all means give State aid. If it can be proved that State aid will benefit all, then it can be given.

Q. Proof must follow the trial?

A. Yes.

Q. When you left Japan what was her tonnage?

A. Her tonnage must have been over a million. She has got tremendous tonnage now.

Q. At the time you joined Japan, was the overseas trade carried on by foreign companies also?

A. Yes, there is the Peninsular and Oriental, there is the Holt line which has got a tremen-

districts concerned. They are practically State aided.

Diwan Bahadur T. Rangachariar.—*Q.* As the President has told us, it is assumed that something must be done in this country to develop the mercantile marine?

A. Yes.

Q. What was the state of the Japanese mercantile marine when you joined it in 1899?

A. It was in a fairly good condition. They had 150,000 to 300,000 tons. They had just built their big ships.

Q. How many officers were there including the foreigners and the Japanese?

A. That would be very hard to say. The Nippon Yusen Kaisha had at that time 80 ships. I suppose 300-400 officers would have been British and remainder would have been Japanese. There might have been about 240 Japanese cadets. Several commanders on the coast were Japanese.

Q. By the time you left, they were able to fill the whole of their staff with Japanese except a few foreigners whom they retained?

A. Yes. At the time I left they had about 7 or 8 foreign captains.

Q. Were they able to replace them also gradually by Japanese captains?

A. Yes.

Q. No big ship-building began until after you joined?

A. There has been ship-building in Japan for hundreds of years. Until 300 years ago, Japan had about 200 ships. Then she passed a law that no ships over a certain tonnage should be built in Japan. The result was big ships fell into disuse.

Q. Are you aware of the state of Indian shipping?

A. Ships were being built in bygone days in Bombay. Fairly big ships were built of teak wood and they were taken out to long distances.

Q. If an enquiry was started at that time whether the Japanese were likely to become a shipbuilding nation, don't you think that doubts would have been expressed whether they would become a successful ship-building nation?

A. I was myself astounded at the way in which they succeeded in the industry. They went ahead very quickly. But it must be borne in mind that the Japanese are a wonderful nation. They are imitators in a way which no other nation could do in the world.

Q. If a committee like this went about inquiring about the possibilities of developing the Japanese mercantile marine, doubts would have been expressed about their capacity to develop the industry?

A. Yes.

Q. If the Japanese had been asked, they would have stated they were quite capable?

A. That still remains to be proved. They had the requisite enthusiasm.

Q. Don't you think that enthusiasm, application and opportunities for education coupled with State aid would bring about a mercantile marine?

A. State aid will not help a bit if the nation has not got its heart in the work.

Q. But for the facility given by the State, do you think Japan would have developed her ship-building industry in the remarkable way she did?

A. I have got very grave doubts about subsidies helping a nation. I believe subsidies did to a great extent hamper the initiative of the Japanese. If a man wants to do a thing, it should be done entirely by the man himself to have pride in his work.

Q. But for the fact that the Japanese Government undertook those various measures, namely, reservation, providing facilities for employment, providing educational institutions, employing the best experts from England, do you think the Japanese would have become a successful nation in shipping or ship-building?

A. It seems the natural enthusiasm of the Japanese has helped them considerably. Subsidies have helped them a little but not to the extent that some people think. As a matter of fact, there is no subsidy now in Japan.

Q. If a subsidy is given in the initial stages, do you think it would hamper initiative?

A. It depends upon the people.

Q. You know the Indian character, you know how much they depend upon the Government for everything, not necessarily in shipping but in other industries as well?

A. That is quite so.

Q. Having regard to the characteristic of the Indians, don't you think that State aid of some sort or other is necessary?

A. If State aid is going to benefit every taxpayer in the country, if it is going to benefit all equally, then by all means give State aid. If it can be proved that State aid will benefit all, then it can be given.

Q. Proof must follow the trial?

A. Yes.

Q. When you left Japan what was her tonnage?

A. Her tonnage must have been over a million. She has got tremendous tonnage now.

Q. At the time you joined Japan, was the overseas trade carried on by foreign companies also?

A. Yes, there is the Peninsular and Oriental, there is the Holt line which has got a tremen-

dous hold on the Japanese and there is the American line.

Q. The Japanese lines are fairly competing with them now ?

A. They are competing fairly well now. I do not think they competed successfully in the past. What built up the Japanese overseas trade was just at the time when the Nippon Yusen Kaisha line built big ships, there was a tremendous outcry for railways in Japan. Their ships were filled for years with machinery for railways. Thus these ships got freight for the carrying of steel.

Q. The position seems to have been similar to ours. We want the requirements of railways from abroad ?

A. When the Japanese first got command, the companies had to pay extra insurance premium until such time as they proved themselves capable.

Q. They do insurance in foreign companies ?

A. Even their own insurance companies demanded the same high premium.

Q. A beginner should prove his capacity ?

A. That is quite natural.

Q. What class of people came forward as officers. Did they not have their own crews ?

A. The sailors and the firemen are of the same type as we have here. They all come from the common people. At the beginning the officers were mostly of the Samurai class. With the upheaval of Japan, the Government got hold of all the men who belonged to the fighting classes and who had no work and kept them employed in all sorts of service. This was to prevent trouble. The sons of these men were employed as officers of ships.

Q. These people who became officers gradually did not belong to the usual sea-faring class ?

A. Japan is a sea-faring community from one end to the other.

Q. Still they were not actually going out to sea ?

A. They are surrounded on all sides by water.

Q. Did the officers prove efficient ?

A. I think the officers in the Nippon Yusen Kaisha line were efficient.

Q. Did the middle class people also become officers later on ?

A. All classes became officers ; but the lower class of men are taken only in cargo liners. The passenger liners are officered by a better class of young men.

Q. At the time you joined, was there foreign competition ?

A. Yes.

Q. How did the new Japanese companies manage to get over that competition ?

A. In spite of the fact that the foreign companies have not been subsidised and the Japanese were the latter are still in existence. They were able to withstand the competition of the Japs.

Q. Now they are able to take care of themselves. But while they were in the infant stages, what steps were taken to protect them against competition from foreign companies ?

A. They got their fine ships and they also received a certain sum of money in the beginning called navigation encouragement. It was very small.

Q. Had they preference in carrying the goods of the Government ? Were they given preference in carrying mails ?

A. I do not think they had preference. As a matter of fact when the rules were framed, the carrying of goods was open to all. But the Japanese had very clever people like Mr. Blair who got them freight. That put them first on their feet.

Q. Did the people who were brought from abroad experience any difficulty in training the Japanese and in teaching them the art of shipping ?

A. The Japanese learnt the art very well. I even now see some of the officers whom I trained. They are now captains and they carry on the business in much the same way I taught them. I am connected with the Japanese now, although I have left their service. They frequently refer to me all matters connected with their ships.

Q. Was the entire coastal trade reserved at the time you entered the Japanese service ?

A. As far as I know it was reserved. The passenger trade on the coast is now reserved.

Sir Arthur Froom.—Q. I am not sure about that.

Diwan Bahadur T. Rangachariar.—Q. Was it obligatory on the part of ships which received Government aid of some sort or other to receive cadets ?

A. Yes.

Q. Were any foreign companies encouraged by aid in this way to take cadets ?

A. Not to my knowledge.

Q. You think the age of 16 would be a proper age to send youths to nautical schools ?

A. Provided the youth has a good education, that is the same as the Japanese had, the age of 16 can be considered to be a proper one.

Q. Our boys do not take Trigonometry until they go up for the First Arts, that is, after passing the Matriculation. So our curriculum of studies would have to be changed.

A. Would not the middle schools make some provision for Trigonometry ?

Q. Do the boys in Japan go direct from the special schools to the nautical schools ?

A. They study up to a certain standard where they get this trigonometry. After passing another examination, they get themselves admitted into the nautical school. In every line of life trigonometry is taught to the Japanese.

Q. Do the parents select the line for their boys while they are studying at schools ?

A. The boys themselves choose the line they wish to take. You do not push a boy to sea. He must have the enthusiasm.

Q. If a training institution is started here, do you think Bombay is a suitable place ?

A. Bombay has a very good harbour and I dare say you can have an excellent training institution here.

Q. Did the language difficulty come in in Japan ?

A. They all learnt English. All the officers in ships speak English.

Q. Was there any difficulty in getting the Japanese to learn the nautical terms in English ?

A. No, there was no difficulty.

Q. I suppose you have noticed that the Indians are remarkably good in English ?

A. That is so throughout the British Empire.

Q. Some witnesses suggested that there would be difficulty in getting the people to understand nautical terms ?

A. I do not think so.

President.—Q. I take it you will make it compulsory for every one to pass in English ?

A. Yes.

Diwan Bahadur T. Rangachariar.—Q. You consider that any process that is adopted in order to make the experiment a success must be gradual and slow ?

A. It should be very slow and gradual. It would take two or three generations.

Q. One should not get disheartened in the first few years. We must be prepared to look ahead to see whether it has any real prospect of success ?

A. If a man wants to become a sailor, there should be no disheartening; otherwise he will be a failure. It is up to the man himself to face the situation. The Japanese have got wonderful patience.

Q. The Indians too have got it ?

A. I doubt it very much.

Q. I dare say you have seen the patience of the agriculturists in the field. We are a wonderfully patient nation in that way ?

A. I do not know.

Sir Arthur Froom.—Q. Do you admit that the aspirations of India to have her own mercantile marine are legitimate ? The idea being that as India is a very big country there is no

reason why she should not have her own mercantile marine ?

A. Yes, I admit she should.

Q. By virtue of your experience at sea and by virtue of your experience in the development of the Japanese mercantile marine, how would you advise India to start in the industry ?

A. I should get hold of the rich millionaires and ask them to put their hands into their pockets and start training institutions and if it proves a success, the Government may step in.

Q. Would you begin by training the youths of the country who come forward or would you begin by reserving the coastal trade for Indian owned ships ? What is your idea ?

A. I should not reserve the coastal trade first. I would start by getting some ships. Then I would get the youths and train them so that they may command the ships after training.

Q. In other words you would just buy a certain number of ships and call them the Indian mercantile marine and then you put Indians into them ?

A. If you buy ships, you must have the right men in them. But this will take years.

Q. You are in sympathy with the idea of training ships ?

A. Yes.

Q. As in England, in Japan also there are a class of men who go to the sea as seamen and there is a certain other class who are trained as officers ?

A. Yes, it is the same thing in the navy and the army. The officers are drawn from the middle classes and the seamen are drawn from the working classes.

Q. You said that the Officers in Japan are drawn from the Upper Middle class and the men from the Lower working class. The men who are in command of the Bombay Steam vessels have mostly home-trade certificates. Would you describe them as coming from the working classes ?

A. They are entirely a class to themselves. They are the old style, old fashioned men, who have taken to sea as their profession for perhaps hundreds of years and have gradually come up. Some of them are quite nice old men. I have a great admiration for them, the same as I have for the Maldivians who are wonderful seamen.

Q. We have been told that the sons of the present day Masters of the Bombay Steam Coy. are not showing the same efficiency and keenness as their fathers. Could you give us any reason for that ?

A. I agree that this is true to a certain extent, but not all of them. I have met some young

men in the Indian Steam who are quite good. I would have taken a young man myself and made a jolly good man and I shall be proud of him. That is where the teaching part of it comes in. But they are not like the old men.

Q. Do you think that these sons of the old Masters would come forward to go to a training ship?

A. I have an idea they would. If they are enthusiastic enough, they should be able to make very good seamen. They are all Muhamadans, I believe.

Q. You lay down as one of the principles that to become an efficient officer the boy would have to be extraordinarily obedient right through?

A. Certainly he must be.

Q. And that is the character of the Japanese?

A. Yes, generally speaking he is obedient and so he is able to rule.

Q. Do they understand discipline?

A. They do.

Q. Do you think you find the same discipline amongst the Indian boys?

A. I am not able to say. I only made one voyage in the Bombay Steam up to Jamnagar and I was rather struck with the Captain whose officers seemed to be afraid of him. He was a disciplinarian.

Q. You remarked that the stride the Japanese had made in ship-building was absolutely astonishing?

A. It was, to me.

Q. I believe you attribute it to their capacity for learning from others and these others were the highest skilled people who were obtained from other countries?

A. Yes.

Q. That refers to the higher part of the ship-building trade, overseers and people like that. What about skilled labour in Japan?

A. It was very bad in the beginning. The less educated classes got it into their heads that they knew all about ship-building in the beginning and made a mess of it. They have settled down now and they take things more calmly and are able to do things better.

Q. That remark applies not only to the Far East, but also to the Western Hemisphere. Is it not so?

A. 12 or 15 years ago certain things were done by hand which are now done by machines which relieves men a good deal of arduous labour.

Q. Would you describe the Japanese skilled labour, for example, rivetting and assembling of ships, as thorough, or do they require tremendous supervision from the higher grades?

A. I have rather got an idea that they are pretty thorough.

Q. That is a thing, I take it, that will be essential for the Indian labour to learn?

A. Of course.

Q. Do you find the same skilled labour in Dockyards here?

A. It will take some time to learn. Building of wooden ships is absolutely different from building iron or steel ships. There is no comparison between the two. Putting together the modern steamer is altogether different.

Q. Do you think the Indian labour will learn in the same way as the Japanese have done or do you consider that the climatic conditions or the national character would make any difference?

A. I think they would be able to learn; they would be very much hindered by climatic conditions, also possibly by the caste systems prevailing.

Q. We have been told that the caste system is passing away. Do you consider that the climatic conditions would have an enervating effect?

A. Yes.

Q. You think they would be handicapped to a certain extent compared with the bracing climate of Japan.

A. Yes.

Q. You lay great stress on the thorough methods of Japan in teaching her young men. Have they a higher standard of education for their children than most other countries, including England?

A. I think the Japanese are very highly educated; the schools teach them more. They then can go into any walk of life including the sea-faring life. If they enter into the latter life, they go to school again.

Q. Supposing the two countries, Japan and India, were starting the establishment of a Mercantile Marine, do you think that Japan would have a very long start by virtue of its being composed of small islands compared with India? Do you think that the Japanese are a big sea-faring nation compared with India on account of their geographical position?

A. I do.

Q. You think the majority of the Japanese have their heart in the sea?

A. I do.

Sir John Biles.—Q. Would you tell me your Record of Service in Japan?

A. I joined the Japanese Mercantile Marine as Second Officer in July 1899 and was in succession in two ships. I became First Officer in January 1904 and was in succession in 5 ships until January 1908. In that year I acted as Commander in one ship and was in the same year promoted to be a Commander of the

ship and I was a Commander in succession of 9 ships from November 1908 till October 1913. On that date I left the Japanese Mercantile Marine at my own request. My service was excellent as certified by the Manager of the Nippon Yusen Kaisha.

Q. In what year did Government start a school for teaching the Mercantile Marine in Japan?

A. About 1875.

Q. Will you tell us on what date cadets were efficient as Mercantile officers?

A. The first cadets were made Captain about 18 years after the establishment of the School.

Q. It took 18 years before their ships were fully officered?

A. They were not fully officered; I was talking of the first Japanese Captains.

Q. What time was it before the Japanese ships were fully officered?

A. It was in 1919 when the last European left.

Q. Could you tell me whether in 1894 when the Captains of some of the ships were Japanese trained at the school, what proportion of the whole of the officers of the Mercantile Marine were Japanese?

A. I could not tell you; but it was very few, because I was there after the Russo-Japanese War and there were any amount of Europeans.

Q. But the Japanese Mercantile Marine suddenly enlarged on account of that War. Do you happen to know before that War, say in 1900, what proportion of Japanese officers was in their Mercantile Marine?

A. About 25 per cent.

Q. After 45 years from the beginning, they had only 25 per cent. of officers?

A. No; they had 25 per cent. in 1899, i.e., within 24 years after a beginning was made.

Q. So that it took 24 years to get 25 per cent. of the fleet manned by Japanese officers?

A. Yes.

Q. Does that include Engineers?

A. Yes, about the same. One thing that happened was that suddenly (I think it was in 1910) the Japanese got rid of about 150 foreign officers and Engineers in one sweep. The Government insisted on that.

Sir Arthur Froom.—Q. Did they push them out?

A. They pensioned them off; they were of course well treated.

Sir John Biles.—Q. Can you tell us whether between 1875 and 1899 any additional Colleges were created for the training of officers?

A. I can't tell you, there were some.

Q. The elaborate systems of training you mentioned to us were not in operation between 1875 and 1899.

A. No. They had their first training ship about 1882 or 1883.

Q. What sort of a ship was she?

A. Auxiliary.

Q. Did you know the ship that was built at Kawasaki Works?

A. Yes.

Q. Do you remember the date she was built?

A. I can't tell you. I can tell you that in 1875 the Japanese Government formulated plans for the encouragement of Merchant Shipping by establishing Navigation and Marine Engineering Schools. In 1877 they acquired ten steamers. Their tonnage at present is 3,250,000.

(Read from a pamphlet.)

Q. On what date did you take your Maser certificate?

A. I took my English Master certificate in 1894. About six months after I passed my examination in Japan I got my first command. It must be somewhere in 1907.

Q. You were eight years there before you got the Japanese Masters certificate.

A. Yes, they failed me the first year.

Q. You told us that in your opinion the foundation for the success of the Japanese Mercantile Marine was due to the enthusiasm displayed by the young men who joined. Do you think there is the same enthusiasm in the young Indian?

A. I am not in a position to answer this question, because I do not know enough about Indians.

Q. You said that the Captains in the Indian Steam had good ordinary knowledge of the adjustment of compasses, etc., you spoke particularly of one man; was he as excellent as the British home trade man?

A. I think he compares very favourably with the British home trade man.

Q. Is he as good as the ocean-going Master in the British Merchant service?

A. No.

Q. You said that the Indian Captains did not keep their ships as well as they ought to. Why?

A. That may be due to the fact that they are constantly on the run.

Q. Is it due to want of knowledge on the part of Captains as to how to keep a ship or to slackness or some other reason?

A. It was principally due to want of time.

Q. What is the sort of examination you have for passing the Second Mate in the Japanese Navy?

A. It compares very much with the present day examination of the Board of Trade ; it is much harder than what it was in my time.

Q. How far back does that comparison hold good ?

A. The Japanese Examination was harder than the Board of Trade Examination when I joined it. It is about the same now.

Q. The Japanese received subsidies from their Government which they say assisted them. Did these subsidies drive out the foreigners from competing with them ?

A. No ; they still reign there.

Q. Did it reduce the foreign tonnage ?

A. I fancy it did, to a certain extent, reduce the tonnage ; it has not driven them out.

Q. Do you think that the development of the Japanese was due more to the opening up of new lines than to the exclusion of foreigners from their own lines ?

A. I think the success of the Japanese has been due to the way in which she has been treated, particularly by England, the way in which she has been allowed to enter into friendly competition with us in Australia, England and other parts of the world. We have assisted the Japanese very considerably and I think that that has contributed more than anything else to her success.

President.—Q. Did the Japanese Government pay a guaranteed dividend ?

A. They paid the usual ten per cent.

Sir John Biles.—Q. How did the English help the Japanese ? What was the kind of assistance rendered ?

A. They did not treat them as if they were poaching on their preserves. They let them remain and gave them a fair place in the market at home. The merchants at home shipped their cargo up to Colombo and Singapore in Japanese liners in the same way as they were doing by their own liners.

Q. You think it was the natural intercourse of trade in which the Japanese and the other nations took part ?

A. I do not think so because if that were so we could have built ships at any time and declined to send cargo by the Japanese liners.

Q. What is the disadvantage of a subsidy ? How does it operate ?

A. By destroying the initiative of the man. If you hold a fleet of ships without carrying cargo and still pay dividends that prevents you from taking any initiative. If you have to fight with other companies, that would increase initiative.

Q. Do you think the Japanese mercantile marine would have been what it is if no subsidies had been given ?

A. I am of opinion that subsidies help considerably to success.

Q. In 1913 what percentage of officers were Japanese in the mercantile marine ?

A. About 90 per cent. were Japanese.

Q. You attribute some of the success of shipbuilding in Japan to the enthusiasm of the Japanese for building ships ? Have you seen sign of enthusiasm in India for shipbuilding ?

A. I have no idea. I have never seen them building ships at all. Their interest has yet to be proved.

Q. If Government help them do you think there would be any enthusiasm ?

A. I do not think so.

Q. If there is enthusiasm are subsidies necessary ?

A. I do not think at present they are necessary. But things have altered since Japan had subsidies.

Q. Were you in Japan during the Russo-Japanese war ?

A. Yes.

Q. Was there much enthusiasm for joining the mercantile marine at that time ?

A. Yes.

Q. Did they relax the regulations in admitting the men ?

A. They had conscription on both sides ; but the Japanese joined the ranks with enthusiasm.

Q. Were those men who were officering the mercantile marine fully certificated in all cases ?

A. yes.

Q. At that time there was enough training for expansion side by side with the expansion of the fleet ?

A. The naval officer was always a Japanese.

Q. In what lines were you working ?

A. I was in the European line, the Bombay line. I went to Honolulu and brought cargo. I was captain of the Trans-Pacific liners.

Q. Did the Japanese mercantile marine work under all conditions of climate all over the world ?

A. Yes.

Q. How many European captains were there ?

A. I was the one European captain picked out to coast round the Hokkaido coast. They seldom sent a European Captain till then to do that business.

Q. Is the Hydrographic service very good in Japan ?

A. Yes ; I have made my own charts in places.

President.—Q. Have they got quite a big hydrographic department ?

A. Yes. The Japanese officer is a student and an engineer.

Sir Arthur Froom.—*Q.* You said that the English sent their cargo to Colombo and Singapore and elsewhere by Japanese ships. You said Japanese Shipping Companies were assisted in that way by the English. Would it not be correct to say that they fought their way in?

A. I do not think that at the time of the Russo-Japanese war there was much resistance at home.

Q. That is by that time they had fought their way into the home line?

A. Yes.

Q. It is against common sense in commercial enterprise for any one particular group of business men to open their arms to a new comer? Is it not so? I think we may consider that they fought their way into the home line?

A. Yes, I suppose so.

Q. Would that not be a better way of expressing it than to say that they were assisted by the English? Having fought their way in they were treated fairly?

A. If you say they fought their way in they did so not with the aid of Japanese but with the aid of men like Blair and Cunningham who were at home and did everything for the Japanese lines. They were in their employ.

Q. I think you said it was in 1899 that about 25 per cent. of the personnel of the officers in the mercantile marine were Japanese? When the Japanese officers were sufficiently educated in maritime matters to get their masters certificate and get command of the ship, were there any English chief officers serving under Japanese officers?

A. Two English chief officers were under the Japanese officers. It was not in 1899 but it was in 1906 and 1907. Two English officers were serving under two old Samaroi commanders. I was one of them.

Q. Having got sufficiently educated Japanese officers to take command was there any reason why you as chief officer should have worked under a Japanese commander?

A. It was a big ship. The Japanese commander was very much senior to me and we got along very well. I know he preferred me to a Japanese officer.

Q. That was of course before you got a Japanese master's certificate?

A. Yes.

Diwan Bahadur T. Rangachariar.—*Q.* Did not the subsidies paid by the Government of Japan help the Japanese companies to fight their way into the home line?

A. I suppose it must have done. But subsidies are not good. Unless it is going to

benefit every taxpayer, it will destroy initiative.

President.—Thank you very much.

Letter from Captain J. C. Richards of Messrs. Ericson and Richards, to the President, Indian Mercantile Marine Committee, Bombay, dated the 4th December 1923.

JAPAN.

Two Nautical Schools of superior Class.—One founded in Tokio in 1875 by the Government, known as The Tokio Shosen Gakko, and one founded by the Kawasaki Dockyard in Kobe, some two years ago or so and presented to the Government.

The Tokio School has a 4-masted Auxiliary Training ship "S.S. Taisi Maru" and a new training ship is being built for the Kobe School. There are several other Nautical Schools, not so superior, at different ports that are helped by their Province from the Taxes.

Students, however, pay their fees themselves.

In the case of the School Fees for the Tokio School they are paid by the parents or guardians in many cases, in others Government pays and then deducts so much per month from their salary when they become officers. I believe the rate of repayment is Yen 2 per month.

The procedure to become a nautical student, Tokio Shosen Gakko, is as far as I know as follows:—

Application is made to the Nautical College and the boy, if eligible, has to pass an Entrance Examination at about the age of 16 in ordinary Mathematics, Algebra, History and Geography, Trigonometry and English, if he passes he is considered for a vacancy.

Examinations are held twice a year and about 50 candidates present themselves. The student has 5 years' training as follows:—

2 years at the College on shore, 1½ years at the training ship and ½ year at the Naval School, and one year on a steamer as a Cadet, then they return to the College again to train and pass their examination. If successful they are drafted as a Junior Officer when vacancy occurs to one of the Liners.

If they fail they have to remain at the College till they pass. I believe there is hardly any record of a second failure as boys who are not fitted for the profession are eliminated long before this.

The class of Boys who go to the Higher Nautical Schools compare in family with our Conway and Worcester Cadets. The Japanese are very studious, have great patience in learning and certainly have the gift of extricating knowledge from others, to use a common phrase, are

'able to suck other's brains'. They are very enthusiastic where the sea is concerned and there is not a town or village in Japan where songs relating to the sea are not sung. The Sea is in the blood and the Naval Battles of the China and Russian Wars have most emphatically increased the circulation.

The character of the Japanese is a peculiar one, they are hypersensitive, stoical, if they lose respect for a man they never seem to recover it again, whatever he may do. They simply don't trust him. They have plenty of pluck and are not afraid, but sometimes I found them slightly lacking in initiative. They can

be easily led by kindness. To bully them is fatal.

Engineers.—They are of the same family class as the Officers, their social standing is the same, they train practically the same way, except that the Engineer Student after 2 years at School goes for 2 years in a Shipbuilding Yard and one year as a Cadet Engineer on a steamer, then back to College to pass and appointment as Junior Engineer.

A point to mention is that the Cadets from the Higher Nautical Schools become Officers of the Japanese Naval Reserve and the other Schools petty Officers.

Witness No. 18.

Mr. JIVANDAS PITAMBER of Messrs. PITAMBER and Co., Bombay.

Written statement dated the 15th August 1923.

Q. 1. The present condition of the shipping industry in India is not at all satisfactory. Although ships built in India and managed by Indians used to sail on high seas in the past, there is no such thing as Shipping Industry in India at present as almost the whole of the export and import trade of India is being carried on by ships belonging to other countries.

Q. 2. The conditions in India at present which militate against the growth of the shipping industry are the following:—

- (a) That the whole or at any rate the major portion of the export and import trade with the United Kingdom and the Continental ports of Europe as well as trade with other countries, is in the hands of foreigners.
- (b) The most powerful non-Indian companies have almost monopolised the carriage of cargo from port to port on the Indian coast, strangling all Indian enterprise in that direction.
- (c) That the Government have never tried to give any encouragement, direct or indirect, to the Indian shipping.

Under such circumstances, it is but natural that the Indians have no inclination towards shipping enterprise.

Q. 3. The best way to encourage the people of this country to embark on shipping enterprises is to induce the people of India to take up the export and import trade and also to leave the carriage of cargoes from port to port

in their hands. In order to do this more Indian Shipping Companies should be formed. Some of them to take up export business and some to take up import business, while others might resort to chartering business. The Indians used to charter vessels even before the Suez Canal was open. In those days, sailing ships were chartered by Indians and the exporters and importers were also Indians. When steam-ships began to come to India, steamers were chartered by Indians and up to very recently, that is up to the time of the outbreak of the last big war, the chartering business was almost in the hands of the Indians in Bombay. Charterers having to take certain amount of risks are naturally enterprising people. Such men, if they are given opportunities and facilities, and if they have no fear of being molested by foreigners, they would not hesitate to buy or to get ships built for them.

Q. 4. I am of opinion that the State aid is absolutely essential for the development of Indian Shipping Industry.

Q. 5. State aid can be given in various forms. A system of subsidies and bounties might be introduced.

Indian Coast Trade may be reserved for the Indian ships. By the 'Indian ships' I mean ships registered in India and owned by Indians or by shipping companies registered in India, whose shareholders and directors to the extent of 75 per cent. or more are Indians, and whose management is in hands of Indian Agents or Indian Managing Directors. In this connection, I should like to give my hearty support to the Bill circulated by Mr. Sheshagiri

Ayyar to reserve coastal traffic of India to Indian vessels.

Q. 6. If the well known seafaring spirit of the people of India is to be successfully stimulated, drastic legislative measures should be adopted.

The major portion of the export and import trade should be placed in Indian hands by putting heavy duties on cargoes shipped by non-Indians. Preference should be given to the Indian ships to carry cargo from India to foreign ports and failing Indian ships, facilities should be given to vessels chartered by Indians and heavy duties imposed on the steamers owned or chartered by non-Indians.

Q. 7. My answer is in the affirmative.

Q. 8. No restriction is necessary.

Q. 9. Yes, the gross registered tonnage of the vessel shall not be less than 1,000 tons. The average speed to be 8 knots and age of the vessel not to exceed 15 years.

Q. 10. The rate at which these bounties should be calculated to be Rupee one per ton of the gross registered tonnage of a vessel for every 1,200 knots navigated by her with a minimum speed of 8 knots at sea per hour. The minimum distance run per year shall not be less than 18,000 knots.

Q. 11. It is not necessary to go into details of this character at this stage.

Q. 12. At the end of ten years a reduction of 5 per cent. may be made; but it is too premature to consider details of this character at the present stage.

Q. 13. No, it is not necessary to prescribe any period for which foreign built ships owned by or chartered by Indians must be on the Indian register to become entitled to receive navigation bounties.

Q. 14. No navigation bounty to be paid to a ship more than 20 years old.

Q. 15. Yes.

Q. 16. No. I do not advocate exclusion on account of nationality.

Q. 17. Yes.

Q. 18. The coasting trade of India must be entirely reserved for the Indian ships for the development of an Indian Mercantile Marine. For fuller remarks see my answer No. 5.

Q. 19. Indian shippers will have the satisfaction to know that they are shipping cargo in ships owned or chartered by their fellow countrymen and that the freight they are paying will go to the Indian pockets instead of filling up the pockets of foreign shipowners. Rates of freight will no longer be fixed in the interest of European industries. Besides, smaller

ports which are neglected at present might be developed.

Q. 20. Yes.

Q. 21. Steel steamships of the size of 4,000 to 6,000 tons dead weight all-told will serve the purpose.

Q. 22. I am of opinion that vessels registered for the Indian Mercantile Marine should be built in private shipyards.

Q. 23. Very poor.

Q. 24. India's coastal and foreign trade is dominated by non-Indian interests and hence the Indians do not get any opportunities of succeeding in shipping industry.

Q. 25. The measures advocated by me in my previous answers will, I think, have the desired effects, particularly if the shipments effected from the Indian ports for the ports of United Kingdom and Continent of Europe be placed in the hands of Indian charterers. With the Government support secured, chartering syndicates might come into existence, and as certain amount of risk has to be taken by the syndicates, they in course of time may become enterprising enough to build their own ships. In fact these syndicates should be compelled to build ships out of the surplus profits they make, and they are sure to make profits in the absence of foreign competition.

Q. 26. Yes. I think State aid is necessary.

Q. 27. Cheap loans to the Indian Chartering Syndicates, construction bounties and exemption from Custom duties for shipbuilding material.

Q. 28. Yes, Legislative measures may be adopted by which Government might guarantee certain annual dividends to the shareholders of the Indian Chartering Syndicates and to the shareholders of the shipping and shipbuilding companies.

Q. 29. Yes.

Q. 30. Yes. Construction bounties should be confined to vessels built of steel only. The minimum gross registered tonnage of such vessels shall be 1,000 tons.

Q. 31. Rupees fifteen per ton Gross Registered tonnage.

Q. 32. No, not necessarily; but if building materials are manufactured in India, and available in sufficient quantity, their use should be encouraged.

Q. 33. Exemption of Custom duties for the materials required for shipbuilding.

Q. 34. Proper supervision will prevent the abuse of Custom concessions.

Q. 35. There is a fair amount of wooden shipbuilding in India.

Q. 36. I do not think that the present condition is unsatisfactory.

- Q. 38 No measures are necessary.
- Q. 39. No.
- Q. 40. I do not consider State aid necessary.
- Q. 41. No.
- Q. 42. No.
- Q. 43. Yes, sometimes. Different Insurance Companies should settle the question.
- Q. 44. Yes.
- Q. 45. Yes. Government should take active steps for (a), (b) and (c).
- Q. 46. Cadets for training should, in my opinion, undergo a preliminary course of instruction in a training ship or training establishment on shore.
- Q. 47. Yes. It should be carried out in India; and a training ship and a Nautical College on shore should be provided and supported by Government.
- Q. 48. It is not necessary to send cadets to England for this purpose.
- Q. 49. A training ship and a Nautical College should be kept at each of the two ports of Bombay and Calcutta. For some years the maintenance charges should be wholly met by the Government.
- Q. 50. I think both are necessary.
- Q. 51. Yes.
- Q. 52. Our past experience shows that no foreign companies will be willing to take Indian apprentices. It is necessary, therefore, the Indian companies should be asked to train up Indian apprentices, the Government, if necessary bearing a part or the whole of the expenditure of such training.
- Q. 53. It should be made obligatory for the ships on the Indian register to take a fixed number of apprentices without any premium. If premium has to be paid to other companies, half the amount should be borne by Government.
- Q. 54. Yes, and the Government should bear the whole expense for the next five years at least.
- Q. 55. Yes, both.
- Q. 56. No.
- Q. 57. Yes, I believe such nautical academies are desirable.
- Q. 58. Two—one at Bombay and the other at Calcutta. They should be maintained by the Government wholly at least for five years.
- Q. 59. Yes.
- Q. 60. Yes.
- Q. 63. None to my knowledge. I suggest the establishment of an engineering academy.
- Q. 64. The scheme outlined in the question has my support.
- Q. 65. Yes.
- Q. 66. I think it advisable to give, as a trial, at least one Mail contract for one particular line to an Indian Shipping Company, and a liberal postal subsidy should be given for this run.
- Q. 67. It should be obligatory on the part of the boats receiving postal subsidies to train up Indians as apprentices.
- Q. 68. To carry Mail on the coast shall be entirely in the hands of the Indian shipping as soon as the coasting trade is reserved to the Indian shipping companies. It is, therefore, essential that all Indian companies should compete for the carriage of the mails.
- Q. 69. Reserving the Indian coastal traffic to the Indian ships and preferential rights to the Indian Charterers for carriage of cargoes from Indian ports to the ports of United Kingdom and Continent will, in my opinion, be the most effective indirect aid on the part of the State.
- Q. 70. All ships which are non-Indian and which bring import cargo from foreign lands to India, and take export cargo from Indian ports to foreign ports, should pay so much per ton for the purpose of raising the funds required.
- The figures given by the Scindia Steam Navigation Co., Ltd., in their written statement submitted to the Indian Mercantile Marine Committee may be taken as the basis.

Oral evidence, Bombay, the 4th December 1923.

President.—I would like to preface my remarks by assuring you that this committee has been formed for the purpose of advising the Government as to the best way of starting a mercantile marine for India. It has not been formed with the idea of turning the suggestion down. What we want is assistance from witnesses so that we may give the best advice possible to the Government as to how the mercantile marine shall be started. If we

ask any questions which you do not like, I hope you will let us know.

Q. Are you connected with shipping?

A. Yes, I am. I was a charterer for twenty years.

Q. To which place did you charter ships?

A. I chartered ships to the United Kingdom and Continent.

Q. Are you shipping your own cargo?

A. Not my own cargo but the cargo belonging to other shippers, such as Ralli Brothers, Volkart Brothers and so on.

Q. Is your business successful?

A. For twenty years it was very successful. After the outbreak of the war when Government acquired several steamers, it was not possible to charter ships.

Q. Were you not chartering for yourself?

A. I was chartering for my firm but through Agents like Messrs. Turner Morrison & Co., and Killick Nixon & Co., who used to wire to us and we arranged Swedish, Norwegian and other steamers at times, but mostly British steamers.

Q. Did you charter Indian owned ships?

A. Sometimes I chartered Indian owned ships also; but they were very few.

Q. Do you call the British people foreigners?

A. I would call them non-Indians. By foreigners I mean people who are not British.

Q. In answer to question 3 you say: The best way to encourage the people of this country to embark on shipping enterprises is to induce the people of India to take up the export and import trade and also to leave the carriage of cargoes from port to port in their hands.

Have the people of India export and import trade?

A. The whole European trade is confined to shippers who are non-Indians. The big shippers like Messrs. Ralli Brothers and Volkart Brothers are all non-Indians.

Q. Are there any big Indian shippers?

A. A very few at present. From time to time they have been disappearing. The whole trade is now taken up by the European houses.

Q. Do not the Ralli Brothers contain a large number of Indian shareholders?

A. No.

Q. Are you in favour of reserving the coastal trade for Indians?

A. Yes.

Q. How would you start it?

A. There are some Indian ships now and they will ply in Indian waters; but they are not adequate to the demand. Therefore the Indian should be asked to charter ships. I would start by chartering.

Q. Is there any reason why you should not charter foreign ships?

A. When there is non-Indian competition there is no use of chartering foreign ships. We would incur great loss.

Q. Do you think the Government should be asked to charter ships?

A. New companies should be formed, some to take up export trade and some others the import trade. The Government should be

asked to guarantee a certain percentage of interest every year.

Q. What guarantee can the Government have that the company would be properly managed?

A. Some scheme should be devised by which the Government might have proper inspection over the affairs of the company.

Q. Do you recommend the shipbuilding industry?

A. Shipbuilding industry is the backbone of national trade. It must be recommended first; but the chartering may come at once as a temporary measure.

Q. Would you reserve the coastal trade for India by chartering ships?

A. It is the birthright of Indians to have the Indian coastal trade. Many other countries have reserved their coastal trade for their own vessels. I do not see any reason why the Indian coastal trade should not be in the hands of Indians.

Q. Which other countries have reserved the coastal trade for their own vessels?

A. United States, Russia, Austria, Belgium, France, Spain, Portugal, Italy and Japan have all reserved their coastal trade for their own vessels.

Q. They do not charter ships?

A. No; they are in a position to have their own ships.

Q. India is a part of the British Empire and if you consider the British ships as part of the vessels in India, then there is no necessity for an Indian mercantile marine.

A. If India is to have a mercantile marine, then coastal trade must be reserved for Indian vessels.

Q. Do you know that the whole trade of East Africa is practically in the hands of Indian firms?

A. I do not know.

Q. If you reserve the coastal trade of India for Indians, then would you be allowed to have the coastal trade of East Africa in your hands?

A. My suggestion is that steamers leaving Indian ports to any part of the world should be either Indian owned or Indian chartered.

Q. How would you start the shipbuilding industry?

A. Government should select places and then build shipbuilding yards and then hand them over to private companies.

Q. Where is the money to come from?

A. All ships which are non-Indian and which carry cargo from India or bring cargo to India should be taxed Re. 1 per ton. That would give ample funds to the Government. It would be an encouragement to Indian shipping.

Q. You have got no constructors and no trained people in India ?

A. We will depend upon the British people.

Q. Do you think there are plenty of young Indians to take charge of the mercantile marine ?

A. They are not adequate enough at present. But if training is given, they would come forward in large numbers.

Q. Are any of your relations willing to come to the sea ?

A. None to my knowledge.

Q. You recommend that Government should start training schools, and that they should bear all the expenses ?

A. For five years, the Government must bear all the expenses.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. Why did the chartering trade go out of the hands of Indians during the war ?

A. During the war steamers were not available. The British India Steam Navigation Company were the only people who had steamers in the harbour and who could command a lot of tonnage. They berthed their steamers for all ports and hence nothing left for the Indian charterers to come into the trade.

Q. If stable conditions are established, do you think Indian charterers would come forward without Government guarantee ?

A. The European shipowners and agents have now come forward to do that business and therefore it is rather difficult for Indians to come forward without any Government support. The Indians would run a very great risk in coming into the chartering business now when the whole field is monopolised by the Europeans.

Q. Before the war with whom did you arrange for chartering ships ?

A. With British firms.

Q. Has that enterprising spirit gone now ? Are any of the old charterers now in existence ?

A. One of the big Indian charterers is dead and the others are afraid of competition now.

Q. If Government notified special concessions, do you think there would be any difficulty in Indian charterers coming forward ?

A. There would be no difficulty.

Q. In reply to question 3 you say: The best way to encourage the people of this country to embark on shipping enterprises is to induce the people of India to take up the export and import trade and also to leave the carriage of cargoes from port to port in their hands. In order to do this more Indian shipping companies should be formed. Have you formulated any scheme to form shipping companies ?

A. I have not formulated any scheme. But if the Government should notify that they are

going to give concessions to the new companies, there will be no lack of people coming forward to form new companies.

Q. Would they come forward to charter ships or to own them ?

A. My object is that they should own steamers.

Q. You propose to begin by chartering vessels ?

A. Yes. The ultimate object should always be to own steamers.

Q. In reply to question 6 you say that you will put heavy duties on cargoes shipped by non-Indians. Is that for the coasting trade ?

A. No; that applies to all trade.

Q. If the coastal trade is reserved, would you want any guarantee of dividends by Government ?

A. No.

Q. Would that not amount to a monopoly by one Indian company, or are you of opinion that other Indian companies will come and compete ?

A. Several other Indian companies will come in and there will be regular competition between them.

Q. Do you want the fixation of minimum and maximum freights ?

A. No. I want that there must be free trade that way at least.

Q. You do not want the Deferred Rebate system to be continued ?

A. No; several times space has been refused for Indian companies.

Q. We shall be grateful if you have any specific instances. If you can give any, will you please send particulars to the Secretary of the Committee ?

A. There are not many instances; one or two instances have come to my notice and I will send particulars of these.

Q. You want subsidies and bounties to be given, in the first instance, to chartering companies and later to shipbuilding companies also ?

A. Yes. We must begin with shipbuilding also at once.

Q. In reply to the President you said you had no objection in the first instance to Indian shipping companies employing Englishmen or even non-Indians.

A. Yes.

Q. In reply to question 18 you say "I do not advocate exclusion on account of nationality." Does that apply to non-British also or will you exclude the non-British ?

A. I will not exclude anybody on account of nationality if he was a clever enough man.

Q. In that case there will be no difficulty in getting a sufficient number of men to run the boats?

A. Yes.

Q. In reply to question 19 you say that "Rates of freight will no longer be fixed in the interests of European industries." This presupposes that till now they were fixed in their interests. Have you any instances?

A. For Colombo, Rangoon, etc., ports, the rates are Rs. 14 or Rs. 15 for certain industries and for the same if they are required for European managed concerns the rate is Rs. 9, Rs. 10 or Rs. 12.

Q. In reply to question 22 you say that vessels registered for the Indian Mercantile Marine should be built in private shipyards. In reply to the President you said that you had no objection to Government building shipyards in the beginning. Would you have a Government shipyard or a shipyard built by private enterprise with a subsidy from Government?

A. The latter would be preferable. Government may begin as a pioneer and later on hand over the shipyard to private enterprise.

Q. Were you in any way interested in the East African trade?

A. Only as a broker. I have taken freight for some people, that is all.

Q. Is any chartering done between India and East Africa by Indians or Britishers? The British India has a regular line, but are any boats taken by say, a rice merchant or some other individual?

A. Not to my knowledge.

Q. If your recommendations are accepted, have you calculated the expenditure on account of bounties and subsidies that Government will have to pay?

A. I have not gone into actual figures.

Q. You think the money could be found from the tax that you have suggested?

A. Yes.

Q. Will there be no difficulty in getting the tax approved by the Legislature?

A. I hope not.

Q. In reply to question 66 you say that it will be advisable to give as a trial at least one Mail contract for one particular line to an Indian Shipping Company. Does that apply to the coastal traffic?

A. I would begin with the coastal and later on extend it.

Mr. Jadu Nath Roy.—Q. You said you had been charterers of vessels for 20 years?

A. Yes.

Q. You were chartering for the development of the shipping enterprise by Indians.

A. Yes.

Q. Has your past experience in chartering vessels for 20 years in any way improved the position of Indians owning ships?

A. Indians at that time were not so wide awake as they are at present. If they owned steamers and sent them to United Kingdom and the Continent, there was no return cargo, because the Conference Lines would not allow them to take any return cargo.

Q. At present you recommend chartering only as a temporary measure till Indians themselves own steamers. Is that so?

A. The whole idea is that Indians should own steamers for the Indian Mercantile Marine. In order to do this, we have got to create a shipping mentality in Indians. If chartering business is resorted to, this mentality will be created as charterers are able generally to take a certain amount of risk and therefore they would get ships built or build steamers for themselves.

Q. Do you recommend combining shipping for export and import trade?

A. What I meant was that the whole trade of India should be in the hands of Indians and if the exporters are Indians they will know something about shipping and would want ships for themselves. That would create a shipping mentality and make them own steamers.

Q. Don't you think it better that Indian companies should arrange among themselves and should not look to Government for help in their export and import trade?

A. Leave import trade alone. The export trade must entirely be in the hands of Indians.

President.—Q. Would you do away altogether with the foreign merchants?

A. No. If they pay Re. 1 per ton, they can go and trade and Government might get that tax from them which will create a fund for carrying out the object they have in view.

Sir John Biles.—Q. If the exports were to be in the hands of Indians exclusively and if you put a tax on any non-Indian who sends a cargo out of the country, would they not be liable to retaliate?

A. In fact there is nothing to prevent them from retaliating even now.

Q. Is that conducive to economy?

A. In the end it will pay Indians.

Q. The consumer at both ends has to pay.

A. Eventually the trade will be in the hands of Indians and the consumer will not have to suffer.

Q. Or it might lead to a retaliation war in tariffs.

A. Protection is now preached everywhere and India should have protection also. I might tell you that about 10 or 15 years ago I was a free-trader, when Mr. Joseph Chamberlain was preaching the gospel about Imperial Preference. But during the war and since the war I have changed my opinion and I think protection is now necessary.

Q. You flourished under Free Trade?

A. Not necessarily.

Q. As a matter of fact did you, personally?

A. I did not flourish as a result of Free Trade.

Q. Great Britain flourished under Free Trade, didn't she?

A. Yes.

Q. Try something else. Is that the idea?

A. Somehow or other after the war the whole world has got a mentality for protection.

Q. You think that as Indian shipping has not flourished under Free Trade you want to give protection to it?

A. Yes.

Q. You have reason to believe that it will inevitably give a successful Indian Mercantile Marine?

A. I think it will be successful.

Q. Have you reasoned it all out, or are you going merely on the principle that as things cannot be worse, let us make a change?

A. I have thought out the matter; I think protection is now necessary.

Q. I am trying to get at the reasons why you want protection now when you did not want it before.

A. That reason is simple enough. Government appointed this Committee only now. Things have now changed and everybody is thinking of doing something.

Q. So let us have a change?

A. I won't say that. It will help India.

Q. You recommend the guaranteeing of dividends?

A. Yes.

Q. You want that, not only for chartering syndicates, but also for the shipping people and the shipbuilders?

A. Yes.

Q. Why should you confine it to shipping?

A. We have an object in view, viz., the creation of an Indian Mercantile Marine; in order to do that, we guarantee dividends.

Q. But you must look a little further ahead. Suppose some other new company wants to start a new industry and wants the same protection?

A. The shipping industry is so backward at present that it requires some sort of aid. I do not think other industries can say the

same thing. It is in the hands of Government to do what it can for other industries, but the shipping industry needs encouragement.

Q. Do you mean that if other industries want to have their dividends guaranteed they must form Committees and go to Government?

A. As a matter of fact Government are now helping some Banking institutions.

Q. But you cannot run the commerce of a country or the business of a country on the lines of guaranteeing dividends to all companies?

A. I do not recommend that Government should guarantee dividends in every case.

Q. Some of the witnesses who appeared before us have suggested that maximum and minimum rates should be imposed by Government. You do not recommend that?

A. No.

Q. Will you tell us why?

A. There must be free competition. Government might refuse to pay the subsidy if the rates are reduced over a certain maximum rate. A maximum freight might be fixed in cases where a Government subsidy is given and if the rate is increased beyond that Government might refuse to pay any subsidy.

Q. That is a new suggestion. But when the rates that the company can get go above a certain amount which would be in excess of the maximum fixed by Government the company would then say "we will abandon the subsidy and take the benefit of the higher rates" and so the subsidy would be of no use for the purpose of keeping rates down?

A. The object is not to keep the rates down. The object is that Government should not suffer by going on paying subsidy for any rates they like to impose.

Q. Directly the rates can be raised, the subsidies may have less value than the freight which the consumer has to pay. The advantage that is given to the shipowner by the subsidy immediately vanishes. Is not that so?

A. We are merely helping the shipping industry; we are not considering at present about the consumer.

Q. What is the amount of the duties you wish to put on cargoes shipped by non-Indians?

A. Re. 1 per ton. That applies to exports only.

Q. You would not put a tax on imports?

A. I do not think it will be feasible to do that.

Q. Re. 1 per ton; what sort of a ton are you thinking of?

A. Deadweight ton; 20 cwt. or 40 cubic feet by measurement.

Q. A chartering syndicate shall be compelled to build ships out of the profits. Is it out of the profits that the amount of dividend is guaranteed by Government?

A. Yes; they should not be allowed to take more profits. Say, 6 per cent. or 7 per cent. is fixed so long as they pay that interest; any surplus will go towards shipbuilding.

Q. How would you put that into operation?

A. I do not think a shipping company will find it difficult to put that into operation.

Q. Supposing a shipping company said "ships are very dear now, we won't buy any ships" and Government insisted on ships being bought, will you buy at the immediate market rate?

A. They should create a sort of shipbuilding fund. The object should be to buy ships.

Q. You cannot carry that object out, as you suggest, without Government interference?

A. If Government are paying subsidies they have every right to see what is being done.

Q. Do you think it will be a workable scheme?

A. I think Indians will be prepared to take it on themselves without being coerced by Government.

Q. Suppose they don't.

A. Then Government might tell them what to do.

Q. Supposing Government formed a shipyard which was not very efficiently managed and it built ships at very much above rates than could be paid for them. You will have to purchase the ships. Is that satisfactory?

A. No.

Q. How do you define a "shareholder"?

A. I mean an ordinary shareholder.

Q. Suppose there was a company formed of 4 shareholders and that three of them were Indians; that would be 75 per cent. Suppose also that these shareholders borrowed the capital, from non-Indians, formed of debentures or preference shares. Would you call that an Indian company?

A. No. There should be a restriction that they should not take any debentures or preference shares from non-Indians. It should be a *pucca* Indian firm with 75 per cent. of Indians.

Q. Is it to be 75 per cent. Indians or Indian capital?

A. Put it any way you like.

Q. It may be very different.

A. I would put it at 75 per cent. of capital; otherwise some people may hold only one share and be counted upon as shareholders.

Q. You have not thought out which it should be?

A. Not particularly.

Q. You want to restrict the coastal trade to Indians? It is now very largely in the hands of non-Indians. You cannot wave a wand and have it all changed at once? What is the method by which you propose to effect the change?

A. Every year licences may be given to a certain number of Indians to ply in Indian waters. As soon as the scheme is ready for Indianising, the whole coast may be reserved for Indians.

Q. What is the scheme?

A. If the Government guarantees interest Indian companies will be formed and they will charter ships to run the coastal trade. Indians should buy enough ships to carry on the whole coastal trade.

Q. Do you say that all the non-Indians should cease to trade at once on the coast?

A. For a certain number of years, the Government may fix that so much percentage will be allowed for Indians and so much for the non-Indians.

Q. In how many years do you think you can replace the whole of the foreign ships?

A. I think it may be done in two or three years.

Q. Where are you going to get steamers from?

A. There are so many in the Lloyd's register. There will be no difficulty in chartering them.

Q. Do you think you can immediately get ships adaptable to the coastal trade of India? There are a great variety of ships at present running on the coast. You cannot pick out from the Lloyd's register a ship that exactly fits in with the different kinds of trade here?

A. If a ship is bought, it can be fitted out for the purpose required.

Q. Each ship is designed for a particular trade and there may be difficulty in selecting ships?

A. I do not think that the ships which are now running on the coasts are specially built for the purpose.

Q. You want the Government to push out the organization which is at present in full working order, but you have not got any well thought out scheme as to how you are going to get to work?

A. The first thing that we want is that the coastal trade should be reserved for Indians. The principle underlying this demand should be recognized first. If the coast is reserved, then there will be no lack of enterprising people to come forward to form new companies and take up the coastal trade. The very ships

which are now running on the coast may be bought. There will be no difficulty on that score.

Q. You do not want to consider the difficulties which other people say exist?

A. What is the use of considering difficulties which may or may not exist. At present what we want to know is whether we are going to have a mercantile marine or not. If we are going to have it, then of course we can think over the matter.

President.—Q. We will have to give details to the Government as to how the mercantile marine will have to be started.

A. Sufficient details are here.

Sir John Biles.—Q. You do not intend to help us in formulating a scheme.

A. I am not an expert.

Q. If we say we find it impracticable to reserve the coastal trade for Indians; will you rely on our judgment?

A. No; coastal reservation we must have. There will be no difficulty in getting ships suitable for the trade in about three years' time.

Q. Will there be any difficulty in getting the crews?

A. At present I am not restricting the crew. My idea is that ships must be owned by Indians. It is no use having ships of 250 to 500 tons and pay subsidy and then say that the Government are aiding us with subsidy. We must have big ocean carriers.

Q. I quite understand your aspirations, but what I fail to see is the method by which you will achieve your aspirations?

A. I have not formulated a scheme.

*President.—*Thank you very much.

Witness No. 19.

The Grain Merchants' Association, Bombay.

Written statement, dated the 28th August 1923.

Q. 1. It would not be correct to say that the shipping industry exists at present in India as is clearly seen from the fact that almost the whole of the coastal and the foreign trade of the country is carried by foreign vessels. It may be said shipping industry is not existing in India.

Q. 2. The people of this country are not in a position to develop shipping enterprises because there is no scope for them to do so. The shipping trade is in the hands of foreign steamship companies. If any Indian firm takes up this industry, foreign shipping companies would try their utmost to root out the new enterprise by hundred means. Several Indian companies were started to take up shipping industry and most of them have failed.

Q. 3. It is hardly possible to suggest any means which would remove the existing difficulties without the help of the State aid and to encourage them to embark on shipping industries.

Q. 4. The State aid is entirely necessary and desirable to establish and promote the satisfactory development of shipping industries by the people of this country. In fact almost all the great countries of the world having sea coast have found it essential to give State help for the development of this important industry which, it is not possible to develop without State aid.

Q. 5. It should be in the form of construction and navigation bounties, cheap loan, special railway rates, concessions in port and dock dues and custom duties. These means will help the development of shipping industry by the people of this country.

Q. 6. Legislative measures are entirely necessary for the purpose of developing shipping industries. Coastal sea traffic of India should be reserved for Indian shipping companies. Deferred rebate system should be declared illegal as it enslaves the shippers and unhealthy competition of rates between the shipping companies should be prevented by fixing minimum and maximum rates.

Q. 7. Navigation bounties should be given to vessels owned by the people of this country and on the Indian Register and trading between (a) Indian ports and (b) between India and ports abroad.

Q. 8. Grant of navigation bounties need not be for specified routes.

Q. 13 and 14. As stated in reply to Question No. 1.

No steamers are built in India at present and hence it is useless to advocate any such restriction till the shipping industry is developed.

Q. 15. Certainly they must.

Q. 16. There should be no such exclusion in the employment on vessels receiving navigation bounties

Q. 17. Navigation bounties should certainly be stopped in the case of vessels being sold and chartered or mortgaged to non-Indians.

Q. 18. We are of opinion that the coasting trade of India should not be open to all comers if the establishment, encouragement and furtherance of the shipping industry of India is sincerely desired and the coasting trade of India should be reserved for ships registered in India and owned by Indians.

Q. 19. The effect of such policy of reservation would be to encourage shipping industry of India and the large amounts of freight money swept away by foreign companies will remain in India. It will also develop neglected port trades and relieve the Indian passengers from the harsh and unsympathetic treatment they receive at the hands of foreign shipping companies.

Q. 20. Yes.

Q. 22. The vessels for the Indian Mercantile Marine should be built in private shipyards. Of course at present there are no such private shipyards to build such vessels and it is desirable that Government should give all possible help and facilities to Indian enterprisers who come forward to undertake the building of such shipyards.

Q. 22. The industry of shipbuilding is rather almost dead in India. It should be revived and the Marine Engine Construction industry is so to say not known in this country. There are a few shipbuilding yards, but they are building only small steam launches. They do not build any big seafaring vessels. Few such shipbuilding yards count for nothing in a big country like India.

Q. 24. Formerly India used to build big wooden vessels which travelled far and wide but when other countries began to construct steamers of iron and steel, the use of the wooden vessels was discontinued and as there are no trained men in India versed in the building of steamships and no materials required for the construction of steamers are manufactured in this country, the industry of shipbuilding disappeared in India.

Q. 25. No. State aid is entirely necessary for this purpose.

Q. 26. State aid is both necessary and desirable to re-establish and promote these industries by the people of this country.

Q. 27. The State aid should be in the form of construction bounties, cheap loans, special railway rates, exemption from customs duties for materials required for shipbuilding.

Q. 28. Immediate legislative measures should be taken to reserve the Indian coastal trade for Indian vessels. The question of the compulsory use of vessels built by Indian companies in India may be taken up at a later period.

Q. 29. Yes.

Q. 30. It should be confined to steel vessels only of the minimum gross tonnage of 500 tons.

Q. 33. If the materials enumerated in the questionnaire are not made or available in India there should be no restriction upon use of materials made outside India for the purposes of shipbuilding bounties.

Q. 34. Yes, the materials necessary for the construction and not made or available in India and imported into India for the purposes of shipbuilding should be exempted from custom duties.

Q. 35. Strict scrutiny and supervision of Government officers who should see that the exempted materials are used only for the purpose of shipbuilding.

Q. 36 to 42. Wooden shipbuilding industry is on a small scale in India and small crafts and small wooden ships for coasting are built and as far as we know this can go on without State aid. Construction bounties for big wooden ships are desirable as it will tend to encourage this industry.

Q. 43. A considerable difficulty is experienced in effecting the insurance of wooden crafts and ships as no foreign Marine Insurance Company take up the insurance of these wooden ships and there are Indian Insurance Companies specially for the insurance of wooden ships but conditions of the policies issued by them are so uncertain and clumsy that an owner of the wooden ship who has insured it in such an Indian Insurance Company specially for this purpose is hardly able to recover a claim in case of the loss of ship or the goods. Besides the existing laws are such that Nakhwas of the wooden ship generally escape liability even in case of mischief. It is desirable that the Government should make laws and make it obligatory of the Marine Insurance Companies to accept the insurance of the wooden ships and goods shipped in wooden ships and there should also be strict penal laws for Nakhwa of the wooden ship for negligence of their duty as this is one of the reasons why Marine Insurance Companies are afraid of accepting insurance of wooden ships and goods shipped in them.

Q. 44. In by gone times, India was proud of her sea-faring sons who took the ships to the distant countries and Indian youths would come out for the Marine service in the capacity of officers in the Mercantile Marine.

Q. 45. It would be necessary for the Government to take active steps for their training future employment and facilities for further studies for Board and Trade Certificates.

Q. 46. It is desirable that cadets for training should receive preliminary training in a training ship.

Q. 47. The Government should provide a training ship for preliminary training and a nautical school on the shore.

Q. 48. It would be useless to send cadets to England for training.

Q. 49. In the beginning one training ship and one nautical school should be maintained by the Government and no fees should be charged at least for some years.

Q. 50. Yes.

Q. 51. A period of apprenticeship in steamers of Mercantile Marine should be served after preliminary training.

Q. 52. It is doubtful whether the foreign ship owners are likely to accept apprentices for training but when the Indian Mercantile Marine will be established, this difficulty will be overcome. Till then a sea-going training ship for apprentices should be maintained.

Q. 53. The premium should be partly borne by the apprentice and partly by the Government, say half to half.

Q. 54. From economical point of view such a training ship may be maintained partially by premium and by carrying freight or Government stores.

Q. 55. Yes.

Q. 57 and 58. Establishment of Nautical academy for higher studies is essential. In the beginning one academy will serve the purpose.

Q. 59. A number of youths are likely to come forward for Mercantile Marine engineering.

Q. 60. Yes, for (a), (b) and (c).

Q. 61. An institute for Marine Engineering should be established.

Q. 62 and 63. No.

Q. 65. Facilities in the form of scholarships should be given to suitable candidates to their apprenticeship.

Q. 66. Mail contracts should be given after inviting tenders publicly and not by private negotiations. Mail contracts should be given only to those shipping companies that would undertake to place a certain number of Indian apprentices on Board each Mail boat.

Oral evidence of SETH VELJI LAKHAMSI, Chairman of the Grain Merchants' Association, Bombay, (examined at Bombay on the 4th December 1923.

President.—I want to assure you that we are trying to get information in order to advise the Government of India as to the best means of starting an Indian mercantile marine.

Q. You are giving evidence on behalf of the Grain Merchants' Association?

A. Yes.

Q. You say the shipping trade is in the hands of foreign steamship companies? By foreign do you mean the British also?

A. I include the British under foreign.

Q. The British have been in India for over three hundred years helping her people. Do you still call them foreigners?

A. So far as the Indian mercantile marine is concerned, they are foreigners.

Q. So your definition of foreign means everything 'non-Indian'?

A. Yes.

Q. Your association says: If any Indian firm takes up this industry, foreign shipping companies would try their utmost to root out the new enterprise by hundred means. Will you explain that?

A. By cutting rates, the foreign companies would root out the Indian companies.

Q. Are not Indian ships trading freely in other parts of the British Empire?

A. I do not suppose there is any Indian company doing business outside India.

Q. Do you know that East Africa is practically a monopoly of the Indian traders?

A. I think it is the B. I. Line that has the monopoly of the coast of East Africa.

Q. The Grain Merchants' Association say that the British companies have a monopoly of the foreign trade. There is East Africa where the Indians have a monopoly. If you say that the Indians have not got a chance in the foreign trade, you must be very careful of your ground?

A. I do not know that Indians have a monopoly in East Africa.

Q. I have been in East Africa for some time and I happen to know that a purely Indian firm had the absolute monopoly of not only the British East Africa, but also the German, part of the Portuguese East Africa and the Somaliland.

A. I do not suppose that the company which is trading in those parts is registered in India; it might be owned by an Indian.

Q. I want to point out that you must be very careful in the statements you make. For instance, why do you say that the Indians have not got any chance in the shipping world?

You have got the Bombay Steam Navigation Company; you have got the Scindia Steam Navigation Company.

A. There are no Indian companies to any considerable extent.

Q. You are entirely in favour of State aid?

A. Yes.

Q. Will you tell us how you would begin the starting of the Indian mercantile marine? We want a constructive policy, not merely a destructive policy, namely, the destruction of foreign traders? Supposing you are given a free hand, what is the first step that you would take?

A. The coastal trade should be first reserved to Indians.

Q. Would you ask the present traders to sail away? If so, how would you replace them?

A. There are the Bombay Steam Navigation and the Scindia at present and I think they can very well cope at least with the coastal trade. If there are facilities, they will add to their fleet.

Q. Supposing you ask all the present companies to go out, how would you run the Calcutta-Rangoon mail?

A. The foreign companies would not be asked to go away all at once. The most important step will be the reservation of goods traffic for Indian ships.

Q. Will you tell me why you prefer to reserve the goods traffic and not the passenger traffic?

A. Because the Scindia has now got ships enough to carry the cargo.

Q. Are they doing that now?

A. Yes; but owing to competition they are not getting full loads.

Q. The representatives of the Bombay Steam Navigation Company told us the other day that it was merely a matter of freight, not a matter of competition. The only competition they have is against the Scindia, an Indian company, and they are successfully competing now on the coast.

Are you connected with shipping?

A. I am interested in shipping.

Q. Are you a ship-owner?

A. I am a shipper. I am also a Director of the Indian Co-operative Steam Navigation Company.

Q. Is that in opposition to the Bombay Steam?

A. Yes.

Q. They are both Indian companies. So there is nothing, as far as your competition is concerned, against the foreigner?

A. I am not saying anything on behalf of the Indian Co-operative Steam Navigation

Company. I am here on behalf of the Grain Merchants' Association.

Q. Purely apart from patriotic or sentimental reasons, supposing the coastal trade was reserved for Indian ships, would you get a quicker transit?

A. In the long run, I will be better served.

Q. How?

A. At present we have to put up with various difficulties at the hands of the B. I. and other companies. Sometimes we do not get as much tonnage as we require.

Q. Can you give any specific cases where you have been refused tonnage?

A. I cannot.

Q. We have had many witnesses who said that and we have been trying to get specific instances. A general statement will not help us very much.

A. I cannot give any specific instances just at present.

Q. May I ask where you chiefly ship your goods?

A. I get out my goods from Rangoon to Bombay, from Karachi to Bombay, from Rangoon to Madras and from Rangoon to Calcutta.

Q. Would you get the same regular and efficient service that you do now if the companies were in the hands of Indians?

A. I hope so.

Q. Is it a pious hope or a certain hope?

A. I cannot say what the future will be.

Q. Do you think you would get cheaper rates?

A. Probably so.

Q. Take your competition with the Bombay Steam. Has that tended to reduce the rates? Is the service on the coast more efficient?

A. Yes; that competition has done good.

Q. Has there been any rate-war between you?

A. I do not suppose there has been any rate-war. On the contrary the comforts of passengers have been looked after better, steamers have been running more to timings, and arrangements have been made for running faster steamers.

Q. The competition between the two firms has been to the good of the people in general?

A. Yes.

Q. You want to reserve the whole of the coastal trade for Indian shipping. Will you tell me how you propose to get the ships to begin with?

A. If we immediately reserve the coastal shipping for Indian companies, I am afraid we will have to buy steamers from foreign companies.

Q. How will you officer them ?
 A. For some time to come we will have to officer them with foreigners.

Q. Are you in favour of "shipbuilding" to be done by Indian companies ?
 A. Yes.

Q. Have you studied that at all ?
 A. No, I have not.

Q. If we started shipbuilding in India, would you be prepared to pledge yourself to buy the ships that are built ?
 A. Yes.

Q. Would it be good business to pledge yourself like that ? Suppose you could get ships cheaper elsewhere ?
 A. Even if I have to pay a little more, I would be prepared to buy Indian ships.

Q. Have you any experience of shipbuilding ?
 A. No.

Q. On general principles you would like to see the shipbuilding industry started ?
 A. Yes.

Q. On general principles you would like to start the Indian Mercantile Marine ?
 A. Yes.

Q. Would you like to have Indian officers ?
 A. Yes.

Q. Do you think that sufficient educated young Indian gentlemen will come forward to be trained as officers ?
 A. I think so.

Q. Any of your own sons willing to go to sea ?
 A. Yes, if they do not get more lucrative jobs. I think there would be so many other educated young Indian gentlemen who would be ready to take to seafaring lives.

Q. If the Government of India started a training ship, will they be coming forward ?
 A. I think so.

Q. And do you think such a training ship ought to be started free by Government, or should fees be collected from students ?
 A. I think it would be better if, at any rate in the beginning, some inducement is held out in order to attract a better class of men for training.

Q. Supposing a training ship is started and men could afford to pay fees ?
 A. I have no objection to fees being collected from those who can afford to pay.

Q. Have the Indian Co-operative Steam Navigation Company all Indian officers ?
 A. Yes.

Q. And all Indian Engineers ?
 A. I think they are.

Q. What size of ships are they ?
 A. I do not exactly remember.

Q. Where do they go ?
 A. From Bombay to Goa.

Sir John Biles.—Q. I should like to get a little more information if you can give it to us on the 2nd Question. You say that if any Indian firm takes up this industry, foreign shipping companies would try their utmost to root out the new enterprise by a *hundred* means. Do you know a *hundred* means by which they have done it ?

A. I do not know a hundred means, but I know a few means. One is the rate-war. Second, the system of Rebate has come in the way of transferring business from one company to another. Thirdly, they have tried at several places to tamper with the Agents of other companies. Fourthly, I know of one company which has tried to keep business to itself by giving undue advantage to several of its shippers in preference to others.

Q. Do you think the last means kills off new enterprises ?

A. Yes.

Q. You think that is not proper business ?

A. That is how I look at it.

Q. For the rest of the hundred means, you leave it to the non-Indian ship-owners to devise ?

A. These answers were not drawn up by me. I was not present at any of the meetings. I do not know how these words came to be put in.

Q. You think your Grain Merchants' Association counted up all the ways ?

A. I cannot say.

Q. Don't you think you had better leave out the hundred ?

A. I think it was used in a figurative sense.

Q. Perhaps you will replace the word "hundred" by "some" ?

A. Yes.

Q. You say further that several Indian companies were started to take up the shipping industry and most of them have failed. Do you know of cases where the companies who took up the industry failed through some of the means you have named ?

A. I do not know by what means they failed actually ; but it is certain that several companies have not succeeded.

Q. The juxtaposition of these two statements necessarily implies that the failure was due to the hundred means. Does it ?

A. I do not know what the drafter had in mind.

Q. They may have failed from want of enough capital ?

A. It might be, I cannot say.

Q. You cannot substantiate that statement ?

A. I can say this much, that several companies have failed ; I don't know why.

Q. Have you as a shipper suffered from the rebate system ?

A. I have.

Q. Can you give some instances ?

A. Yes. I have been a shipper by the B. I. and some months back I wanted to transfer to the Scindia. I could not transfer because my rebate was due from the B. I. and I could not have got it, had I transferred to the Scindia Steam Navigation Company.

Q. Can you tell me, in the first place, for what period you are bound to the Conference Line ?

A. Ordinarily for a year.

Q. If you gave notice at the beginning of one year that you are going to cease at the end of the year, can you do it ?

A. In fact no proper agreement is ever drawn up. The practice is that several of the big merchants have an informal conference with the B. I. officials and certain terms are arranged. It is very difficult to get away from the B. I. and transfer to the Scindia Steam.

Q. What is the penalty for transferring ?

A. The loss of the rebate.

Q. How many months of rebate do you lose ?

A. About 6 to 8 months.

Q. How much percentage is it ?

A. It is Rs. 2 per ton. That is a fixed amount and not a percentage.

Q. And you lose Rs. 2 per ton for over six months ?

A. That is so.

Q. You were unable to lose so much at the time you wanted to make a change ?

A. Yes.

Q. Have you been well-served by the B. I., in giving you room in their ships for all your shipments ?

A. Yes.

Q. They gave you all the facilities you wanted ?

A. They might not have given me all I wanted. During the war time, they had to curtail their allotments; so I might have suffered owing to that curtailment. But beyond that I do not suppose I had any complaint to make about my not having been given sufficient tonnage.

Q. May I take it that yours was a case in which you wanted to get out of the rebate system ?

A. Yes.

Q. You are so far tied up that you did not want to lose so much money in order to get out ?

A. Yes.

Q. Are you sure that you will get cheaper freights on Indian ships ?

A. I cannot say what the future will be.

Q. Are you familiar with all the ships on the coastal trade of India ?

A. I know of certain runs, especially between the Burma ports and some of the Indian ports.

Q. You know the kind of vessels that run from Calcutta to Rangoon, Madras to Rangoon and so on ?

A. I do not know the kind of vessels that are running. I know that they are running and that they are carrying our cargo.

Q. If you were told that these are vessels specially designed for that trade and that they could not be easily replaced by other vessels, will that affect your judgment as to effecting a complete and immediate lock-out to the existing non-Indian companies ?

A. I think these steamers could be replaced by other boats. No doubt they might not have the best facilities for the coastal trade, but so far as I could see from the running of the Scindia Steam Navigation Company and their steamers, carrying our goods just as well as the B. I., I think Indian companies could be expected to provide ships which might suit our purposes.

Q. Immediately ?

A. It might not be that we shall be able to replace them all immediately. It might take a short time within which Indian companies might go on adding to their fleets.

Q. What will you do in the short time you require to replace them ? Do you think you can buy vessels ?

A. I think I could.

Q. Do you know where the vessels can be bought and what type ?

A. I know something about them, being on the Board of the Indian Co-operative, but I cannot say exactly what type of steamers would suit the particular runs.

Q. Do you think a Mercantile Marine can be managed by people who have never had any sea training at all ?

A. I do not think they could.

Q. You believe that somebody would come forward to be trained; but I understood you to say that nobody that you knew would come ?

A. That is not what I meant; I will make myself clear. There are a certain class of people who have been leading a seafaring life and with proper training we could make good officers of them. On the whole of the Kathiawar coast (and I have some experience of Cutch) khalassis have been taking their boats as far as East Africa. No doubt they have not the training which would enable them to run the steamers, but I think their life is such that with proper training they or at least some of

them, who have had a grounding in letters, could be made into good seamen.

Q. That is not quite what I was trying to get at. What I had in mind was that if Indians were to manage a Mercantile Marine or a fleet company, do you think that some of those Managers of companies should have sea experience by being trained up to be officers?

A. I think that is very desirable.

Q. You would not then confine the officers to a class that could not possibly come into the management by their inability to put capital into the company?

A. No; I would not confine them to that class.

Q. Do you think that somebody who has spent some years in the sea should also be in the management?

A. Yes.

Q. Is it not very necessary that some of your near relations should go to sea?

A. They should.

Sir Arthur Froom.—Q. You describe a non-Indian shipping company as "foreign"?

A. Yes.

Q. In fact you call a British shipping company "foreign"?

A. That is so.

Q. The use of the word "foreign" in this sense is a little unfortunate. We are all under the British Empire.

A. I think the drafter had in mind a "non-Indian" by the use of this word.

Q. I thoroughly agree that if you were speaking of the French or Japanese or the German, the word "foreign" should be used.

You say that if any Indian firm takes up this industry "foreign" shipping companies try their utmost to root out the new enterprise by numerous means. Presupposing that the coastal trade for India was reserved for Indian-owned ships and then other Indian companies came along and tried to enter the trade, would not the existing Indian companies try to keep the new-comers out?

A. If there was scope for both or all of these companies to work on the same lines probably they would get on all right. But if there was no scope, I am afraid there would be some competition.

Q. In fact you have no quarrel with the existing companies on the coast, from the point of view of business. When a new concern comes along and tries to cut into their trade which has been established for years, from the point of view of businessmen, the established companies try to keep them out. The same thing would happen if all were Indian-owned companies and another company came.

A. But I suppose that for some time to come there would not be so many Indian companies to compete with each other. The Indian coast line is so very wide that even if there were a number of Indian companies there would be no chance of a keen competition.

Q. I am presupposing that the coastal trade is owned by Indian companies and these Indian companies have supplied the demand. They may be making what is considered by other people a good business out of it. It attracts the attention of new companies and then there will be competition again?

A. Competition is bound to be there when the demand has been met.

Q. From a business point of view the established lines would fight the new lines coming in? It is not a racial question, but it is a question of business, is it not?

A. Yes.

Q. You are interested in shipping?

A. I am a shipper; and I take interest in shipping by virtue of my being a Director of the Indian Co-operative Company.

Q. Is the Indian Co-operative Company registered in India?

A. Yes.

Q. Where was it started? In Bombay or Goa?

A. It was started in Bombay.

Q. Is it not in competition with the trade from Bombay to Goa with the Bombay Steam Navigation Company?

A. Yes.

Q. How many ships have the Indian Co-operative Company?

A. They have five ships.

Q. Are they running now?

A. Yes.

Q. Are they making money or are they suffering from bad times along with the whole shipping world?

A. They are suffering along with others.

Q. Do you know its tonnage?

A. I do not exactly remember. The ships are old mine sweepers.

Q. By whom are the ships officered?

A. Chiefly by Muhammadans.

Q. You told our President that you approve of competition?

A. Between the two steamship companies, the Indian Co-operative and the Bombay Steam, competition has done good.

Q. Is not competition always good up to a certain point?

A. Yes.

Q. If the coastal trade is reserved for Indian-owned ships, would there not be keen competition among the Indian companies ?

A. Yes.

Q. Supposing the coastal trade is restricted to Indian-owned companies and supposing Indian companies, A, B and C, are trading, which we will call; supposing some time later another new company, 'D' company, wants, to enter into the trade, then would not the first three companies resent the intrusion of the new company 'D' and fight him out ? Is that not the ordinary sequence of business ?

A. Yes.

Q. So from a business point of view, you would have in effect the same state of affairs as exist now ?

A. Yes.

Q. I do not want that you should have the idea that the existing companies have behaved badly.

A. That is the impression created in my mind.

Q. But that view is really patriotism against business ?

A. Yes.

Q. How should shipbuilding be helped by the Government ?

A. By State aid.

Q. From a patriotic point of view would you come forward and invest money in a shipbuilding concern if one is started now ? Do you think as a businessman it would be paying ?

A. As a businessman I would like to put in some money though not to the extent to which I would do from a patriotic point of view.

Q. You would invest money in the hope that it would return some dividend ?

A. Yes.

Q. Do you hold the opinion that the best way of starting a mercantile marine is to get the men first or ships ?

A. Both are interdependent. You cannot have the men first without the place to put them in and you cannot have the place without the men.

Q. It would take some time to train men. I want your opinion, which is it advisable to start first ?

A. I would say start both. There are at least some Indians available who are even now running steamers and who might with better training be able to get into bigger ships in the sea.

Q. You say you know Cutch well ?

A. Yes.

Q. Are there a lot of men who have a love for the sea ?

A. Yes.

Q. Is there not difference between running a wooden ship and a steamer ?

A. Yes.

Q. Do you think that those men are the class of men that would become officers in big steamship companies ?

A. If proper facilities are provided for training, I do not see any reason why they should not rise to the position of officers.

Q. You would want them to be educated in mathematics and other higher subjects which are very essential for marine officers ?

A. Yes.

Q. What you say is very interesting. In England the majority of seamen would never train to become officers. The seamen are a distinct class. It is only the better educated men that start as officers. The ordinary seamen who have an equal love for the sea do not become officers. There is a distinction of class (not of caste) which so far as we can understand does not exist to the same extent in this country.

A. From what I am able to gather from the conduct of our present seamen, I think that with proper education and training they can be made to rise as officers.

President.—Q. For instance take the quartermaster in the P. and O. He is an excellent seaman but he can seldom rise to the position of an officer. Is there any reason to suppose that an Indian of the same kind would be different ? If the mercantile marine is to be a success, don't you think you will have to put the higher educated Indians in as officers ? You will have to draw officers just in the same way as we do in England ?

A. I still think that the present class of seamen with proper training could become officers.

Sir Arthur Froom.—Q. If the sea-going profession appeared to be lucrative, you think there would be no lack of boys of the educated classes between the ages of 14 and 16 coming forward to enter the profession ? If it did not appear sufficiently lucrative, you think they would prefer to make a living in some other walk of life ?

A. There are certain people living far away from the coast whose general tendency is quite averse to go to sea. But there are certain classes of people living especially on the coast who are more daring and from such class of men I think we can draw our seamen as well as officers.

Q. What you say is again very interesting. In England there are a certain class of highly educated English boys who would never go to business, would never go as Barristers or anything connected with indoor work simply

because they hate it. They want an open air life. They are educated lads but being fond of an open air life, they would never go and sit in an office and do clerical work. Those lads are the ones that go to sea or go as soldiers. Do you think that amongst the educated classes round about Bombay there are a sufficient number of lads who would not take up business even if it were going to bring them in Rs. 5,000 or Rs. 10,000 a month and who would rather go to sea and rise perhaps to earn Rs. 800 or Rs. 900 a month ?

A. I do not think many lads around Bombay would be prepared for a seafaring life. But there are a particular class of people who have not got sufficient training at present but who could be trained in nautical schools so as to be turned into efficient officers and seamen.

Q. Do you think they would prefer the seafaring life to a life enabling them to make fortune in business ?

A. Yes.

Q. In England there are a great number of boys who would rather do anything than become clerks or businessmen. Do you think there is the same class of boys here ?

A. In India also there are a certain class of people who always love the sea.

Q. In reply to question 66 your association says: Mail contracts should be given after inviting tenders publicly and not by private negotiations. Mail contracts should be given only to those shipping companies that would undertake to place a certain number of Indian apprentices on board each mail boat. Do you know of any mail contract that is concluded without inviting public tenders ?

A. I do not know.

Q. So, this is an incorrect reply on the part of your association ?

A. What was meant was the laying down of a general principle that contracts should not be given without inviting tenders publicly. The association never meant that contracts are given now without inviting tenders. It was not suggested that contracts were given by private negotiation.

The Hon'ble Mr. Lalubhai Samaldas.—Q. Do you think that a sufficient number of qualified men, who could with sufficient preliminary training be made to become officers, would be forthcoming ?

A. Yes.

Q. You are quite sure that although men around Bombay may not come forward, there are other people in the country who would come forward to take up this profession ?

A. Yes.

Q. One witness said that 2,000 officers would be required to man the boats round the coast. Do you think that from the khalassi class we can get the required number ?

A. Yes, we can get them.

Q. Would you like competition ?

A. At this stage, I would rather prefer not to have any competition.

Q. As we cannot get sufficient Indians trained up all at once, you have no objection on racial grounds to employ foreigners ?

A. No.

Q. Preferably you would employ Britishers ?

A. Yes.

Q. In reply to question 22 your association says; The vessels for the Indian mercantile marine should be built in private shipyards. Do you suggest that the private shipyards should be aided by the State ?

A. It is made clear later on in the same paragraph that shipyards ought to be aided by the State.

Q. Would you recommend that Government should build model shipyards ?

A. Personally I am averse to having boats built all the time by the Government. But in the initial stages, Government may do it but afterwards private enterprise should take it up.

Mr. Jadu Nath Roy.—Q. You say several Indian companies failed ? What was the failure due to ?

A. I cannot exactly say at the present moment what the actual causes of failure were. But the general idea is that they failed owing to competition. Whether it was fair or unfair I cannot say.

President.—Q. They did not fail owing to having unsuitable ships or to lack of experience in management ?

A. I cannot say the exact reasons, but the impression left on my mind was that they failed owing to competition.

Mr. Jadu Nath Roy.—Q. The rebates are paid after 8 months. In the meanwhile you have to be shipping through the same shippers. Otherwise you will lose the rebate ?

A. Yes, the moment I ship through a new company, all the rebates due to me would be forfeited.

Q. What is the rebate that is allowed from Rangoon to Bombay ?

A. The freight from Rangoon to Bombay is Rs. 12 and the rebate at present allowed is 16 or 17 per cent. At one time it was Re. 1; now it has been raised to Rs. 2.

Q. As regards competition, your idea is that Indian companies alone should compete ?

A. Yes.

President.—Thank you very much.

Witness No. 20.

Captain H. F. DARVELL, Acting Shipping Master, Bombay.

Written statement dated the 3rd April 1923.

Q. 44. Problematical. I have no matter or figures at my disposal to enable me to express a definite opinion. An opinion, I think, could only be arrived at by sounding the youths (of suitable class) in this country by means of advertisement or otherwise, and providing them with all information necessary in connection with the profession, the initial training to be undertaken, expenses of such training, and the nature of same. I fear, however, the numbers would not be considerable.

Q. 45. If it appears that Indian youths show the necessary keenness and desire for a sea career, the points (a), (b) and (c) could be left to private enterprise in India as in the main is done in the United Kingdom.

Q. 46. Cadets and apprentices should, I think, go direct to sea on arrangements similar to those existing in the United Kingdom, and by which approximately 90 per cent. of the Executive Officers of the British Mercantile Marine are trained.

Q. 50. I do not see its necessity.

Q. 51. The rules as they exist make it compulsory that they should serve a period of apprenticeship in steamers (or sailing vessels) or sea-going training ships of the Mercantile Marine.

Q. 52. I think that the Indian ship-owners operating vessels from the Indian ports, and who are now of good number, would give all facilities to such Indian youths to enter as cadets or apprentices. Shipping companies of the United Kingdom have, I think, all they can do to cope with the influx of youths from the United Kingdom, and moreover would appear to me to be entirely unsuited for the training of, and catering for Indian youths of family and education, from which class the youths would naturally be recruited. The former owners would be conversant with the peculiar requirements for Indian youths, therefore in a position more fittingly to train and to cater for them.

Q. 53. The cadets or apprentices, their parents or guardians should, as is the case in the United Kingdom, pay such premiums.

Q. 54. I would not recommend the provision of a sea-going training ship supplied by Government or otherwise.

To my mind the ordinary merchant vessel provides advantages in training the sea-going training ship would lack. A very important

item in the training of Executive Officers for the Mercantile Marine is a knowledge of all that appertains to the carriage of, and correct stowage of miscellaneous merchandise. A sea-going training ship (unless employed as an ordinary trader) does not provide this experience.

Q. 55. I do not think so. The premiums or fees paid by the cadet or apprentice serving in a sea-going training ship usually cover cost of his food, accommodation and training expenses. Uniform and clothing should be provided by the cadet or apprentice.

Q. 56. The cadet or apprentice possessing a sound general education subsequent to embarking upon a sea career on indentures, thereafter and during his voyages proceeds with the special studies necessary to qualify him for the post of an Executive Officer, being assisted and guided in this respect as much as is possible by the Executive Officers under whom he serves, he, or his parents or guardians providing the necessary books and instruments; particulars of these studies are laid down clearly in such books provided by any nautical publisher, or in the pamphlet issued by the Board of Trade. This is the common procedure. In some sea-going training ships, however, possibly in those demanding the highest fees, an Instructor or Master may be carried at the expense of the owner of such sea-going training ship.

Q. 57. These I do not think are necessary although undoubtedly of some use to aid or finish off the studies of backward youths.

Q. 58. Two would be necessary, one at Bombay and the other at Calcutta. I understand that one already exists at Singapore.

Self-supporting by fees as in the United Kingdom.

Q. 59. Problematical. (See reply to question 44.)

Q. 60. (See reply to question 45.)

Q. 61. I do not see that Government could render any useful assistance, except by accommodating as apprentices in the Government Marine Engineering yards and workshops such numbers of these youths in India as might come forward, and this only in such yards where Marine engines of ocean size are erected or repaired, and then by establishing night classes under Engineer instructors at such of the schools, technical colleges, etc., in the

vicinity of such works on similar lines to those existing in the United Kingdom.

Q. 62. Only if the work they undertake is similar in nature and dimensions to the work undertaken by yards in which youths are trained in the United Kingdom.

Q. 63. I have no knowledge of the existence of such schools, colleges or institutes in the ports of India.

Q. 64. The present arrangement appears to me to be adequate taking into consideration the small average yearly entry into this service.

Q. 65. I do not think that Government should be called upon to furnish these facilities. I

consider that wherever trained they should be prepared to fend for themselves as is usual where such apprentices are concerned; but in my opinion were an attempt made to train numbers of Indian youths (with or without the grant of special facilities from Government) in the Engineering yards of the United Kingdom (and if such yards would accommodate them), it is doubtful if the environment would be a suitable one for Indian youths.

I think difficulties, economic and otherwise would arise.

I fear the attempt would not prove successful.

Oral evidence of Mr. J. E. P. CURRY, Shipping Master, Bombay, examined at Bombay on the 5th December 1923.

President.—In asking these questions we are trying to gain information as to the best method of arriving at the result of our enquiries. I hope that if we ask any questions that you really think you cannot answer you will not hesitate to say so. We are only out to seek information.

Q. Have you had any experience of any well-educated class of young Indian gentlemen who were keen about going to sea?

A. No.

Q. From your experience of the men who pass through your office, do you find many who would, with a little help, be sufficiently educated to become officers of the Mercantile Marine?

A. No.

Q. Do the officers of the Bombay Steam Navigation Company ship through your Shipping Office?

A. They do. They sign on Articles of Agreement for coastal shipping.

Q. Do you have much to do with them?

A. Only signing their papers, discharge certificates and that sort of thing.

Q. Have you had any experience of them in their nautical capacity?

A. No.

Q. Do they give you the impression, as a general rule, of being good sailors?

A. Yes.

Q. They are not a highly educated class of men?

A. I cannot say; they pass the coasting Home trade certificates. I don't quite know what standard that is at present.

Q. You are in favour of boys going direct to sea as apprentices?

A. Yes.

Q. Don't you think a training ship should be provided for, first, to train the young men? Most of the Indian witnesses who have given evidence before us are of opinion that the actual lack of facilities hinders boys in coming forward.

A. I think the training ship should come afterwards, when it is found that the boys are willing to go to sea as apprentices in ships.

Q. The Scindia Steam Navigation Company do take apprentices. They would not come very much under your notice, would they?

A. No, I merely put them on Articles of Agreement.

Q. In answer to question 54 you say that the ordinary merchant vessel provides advantages in training which the sea-going training ship would lack. I do not know if you have read a very scathing lecture made by Captain Day, a distinguished officer of the Mercantile Marine in England, on this subject. He laid down that except a few on very big lines the training of cadets or apprentices in the Merchant Service was practically *nil*.

A. I have not seen it.

Q. Have you reasoned out the possibility of India's developing her own Mercantile Marine as a national industry?

A. India is a part of the Empire, it seems to me that the country is well served with shipping and that there is no necessity for an Indian Mercantile Marine.

Q. You can understand, I suppose, the aspirations of the Indian people to have a Mercantile Marine to run their own ships?

A. Yes.

Q. This Committee would not be here if Government did not wish to encourage the

shipping industry. Can you give us any suggestions as to how things could be made better and how to extend the openings for an Indian Mercantile Marine? It has been suggested to us that the coastal trade should be reserved for Indian ships.

A. I should be against the reservation of the coastal trade. You will not get an efficient service if you had no competition.

Q. Do you think that if an Indian shipping company can be formed and if it was well managed, it could compete against British firms?

A. I do not see why that should not be tried. I do not know what the amount of trade is on the Indian coast; that would have to be gone into and if the shippers think there is a chance of making money out of it, they would buy the ships and run them.

Q. Would you have any objection to State aid?

A. I do not think there is any need for State aid. The country is well served with merchant shipping and the necessity for an efficient Indian Mercantile Marine aided by the State is not apparent.

Q. But supposing the Government of India wished to institute an Indian Mercantile Marine, would you be in favour of State aid?

A. No. I do not think Government ought to assist in any way.

Q. Do you wish to put forward the view that it is a matter for the people themselves to start?

A. Yes. In the case of Japan where Government subsidized shipping, it was a case of national emergency; they had not sufficient shipping to do their trade. In India it is altogether a different matter. There is plenty of shipping at present and the coasts are well served. It is unnecessary in my opinion for the State to assist shipping.

Q. Supposing Government were going to assist it, could you give us any idea as to what the best method of assistance would be?

A. It is a matter that could very well be discussed when the necessity arose.

Q. Now about shipbuilding. Do you think that the shipbuilding industry can be started in India?

A. The country has no materials to start shipbuilding; all materials would have to be imported.

Q. Tatas are going to manufacture steel plates and angles. If that difficulty is got over?

A. You have got to get the engines

Q. Do you think there is any reason why Government should not start Engineering shops for constructing engines?

A. I do not see any reason why Government should do it. If the merchants wanted to build ships, there is no reason why they should not attempt to import the stuff and build the ships.

Q. You do not think that Government ought to lend a hand?

A. I do not think so under the present circumstances.

Q. It has been suggested that Government might start and then hand over to private enterprise. Do you think there is anything in that?

A. That is a Government proposition. If they think they could make money out of it, they might.

Sir John Biles.—Q. I see that you give no support for a training ship. Is that so?

A. It may be necessary to have a training ship in course of time. If ships are forthcoming to train lads who are desirous of going to sea, they could be trained as apprentices on board the ships. If they found that they could not cope with the number of candidates for apprenticeship, they might find it necessary to buy a training ship. A certain amount of time spent in training ships might count towards sea service.

Q. Do I understand that you would prefer to train cadets in an ordinary sea-going merchant ship?

A. I think that is the soundest idea.

Q. And if they can find vacancies in the ordinary sea-going merchant ships, there is no necessity for training ships?

A. I think so.

Q. If there was a Mercantile Marine created by legislation and by private enterprise and you have no sea-going merchant ships in that Mercantile Marine in the early years to which you could send sufficient lads, what would you do? You have got to build it up at some speed which would be sufficiently fast to train the men. Is that so?

A. You would take the apprentices as you find you have ships to put them in.

Q. You think you would give sufficient means of training in the Mercantile Marine in the process of its creation?

A. That is so. As long as there are one or two ships you would be able to take 4 or 6 or more apprentices in each ship, and more as you can get them.

Q. Will they be ready to command these ships by the time the Mercantile Marine is created?

A. You will have to give them several years' training before you can even take them as officers.

Q. Assuming you can get what boys you want and you start to build a Mercantile Marine, you could not get men trained for officers in the Mercantile Marine as fast as you can build ships. Could you ?

A. I should not think you could. It will take 3 or 4 years to train a boy before he can be eligible to be a Second Mate.

Q. You would be compelled during that period to get officers from among Indians or non-Indians ?

A. Yes.

Q. Could you get enough Indians right away ?

A. No, you may get one perhaps. I only know of one Indian Master at the moment.

Q. You could not get enough to man and run the coastal trade. You would be compelled to go in for non-Indians for a time ?

A. Yes.

Q. The facts of the case are such that you cannot avoid that.

A. That is so.

Q. Your objection to subsidize is that there is a service already running which is effective and in spite of the fact that Indians want to push that service off and run their own, you think that the new service should not be subsidized ?

A. I do not think it should be subsidized.

Q. If you were an Indian, would you be in full sympathy with the creation of an Indian Mercantile Marine ?

A. I would if I were a shipper. I might perhaps be inclined to ask Government to help me if I was not doing very well.

Q. Will it be an extra inducement to you if you had a subsidy ?

A. I cannot speak from the point of view of a ship-owner.

Q. What are your duties ?

A. I am a Government representative. I arbitrate between the ship-owners and the Master and seamen. I see that they get their crew on board the ships. I see that they sign articles and conform to the Regulations under the Merchant Shipping Act and the Board of Trade Regulations.

Q. Your duties extend to Indian ships as well as non-Indian ships ?

A. Yes.

Q. You have come across Indian officers as well as non-Indian officers ?

A. I know them all.

Q. What is your opinion of the Indian officers with whom you are acquainted ?

A. The Indian officers are very few, and it is difficult to judge. There is only one Master I know and he is a capable man.

Q. Could he command a big P. and O. ?

A. He has not had the experience.

Q. Do you think with a little experience he would be able to do it ?

A. He would require a lot of experience before he can do that. He will be capable perhaps of navigating ; but whether he will be able to run the ship to the advantage of the owner is a different question.

Q. You have not formed a very high opinion of those Indian Mercantile Marine officers that you have met ?

A. I have only met one. The Mercantile officers that you are talking of just now who run the home trade coasting I know very little about, because they merely come to me to sign agreements. I know nothing of their capabilities.

Sir Arthur Froom.—Q. You are against reservation of the coastal trade for Indian-owned ships ?

A. Yes ; I am against reservation ; I am in favour of competition.

Q. You are in favour of competition among all people under the British Flag which includes Indians also ?

A. Yes.

Q. You also consider that there is no necessity for subsidies to the mercantile marine trade on the coast as the coast is already efficiently served by ships under the British Flag ?

A. Yes.

Q. At the same time you recognise that there is a certain feeling amongst Indian gentlemen that they would like to start an Indian Mercantile Marine ?

A. Yes.

Q. You consider that if Government did subsidize Indian-owned ships and did pass legislation to reserve the coastal trade for Indian-owned ships, such action would not be justified from a business point of view but it would be from merely patriotic or sentimental motives ?

A. Yes.

Q. In the English Mercantile Marine there is, as a rule, a distant line between the seamen and the officers ?

A. Yes ; they are recruited from different classes.

Q. You are of opinion that lascars who are no doubt efficient seamen could not be trained as officers of the Indian Mercantile Marine ?

A. The average lascar has not had any education. Very few of them are intelligent enough to go through the necessary studies to make them efficient enough to become officers.

Q. So to obtain officers for the Indian Mercantile Marine we have to look for Indian officers elsewhere ?

A. Yes.

Q. Your opinion is that the Indian officers would be required to be recruited from the middle or upper classes of Indians just as is done in England ?

A. Yes.

Q. Do you think that an Indian lad fully educated up to the age of 14 or 15 going to sea as an apprentice in a steamship company would stand the same chance of becoming a success as if he had previously received, say, two years' elementary training in a training ship ?

A. If he went to sea direct as an apprentice, I think he will get the requisite training to become an officer in a ship. He would not get that training in a training ship.

Q. What I am driving at is this. Do you think that a boy of 14 or 15 going straight-way to the sea in a ship as an apprentice would have the same chance of making a good officer as if he had been taught to know all the nautical terms, etc., in a training ship first ? If he gets training in a training ship for two years, he would understand what he was told to do when he went to the ship as an apprentice and possibly he would stand a better chance of success. Is that not so ?

A. I think from a practical training point of view, he would be better in going to sea direct as an apprentice ; but from a theoretical point of view he would be better to go to a training ship.

Q. I am of opinion that a boy who has spent two years, say, on a training hulk and then goes to sea as an apprentice would probably receive greater attention from the officers of the ship in which he goes to serve, because to put it briefly, he would be more useful to the officers. In a sea-going ship the officer is a very busy man and he may not find time to instruct the raw youth in all the elementary nautical terms which he could easily have learnt in a training ship. Do you agree with this view ?

A. Yes, I agree with that view.

Q. At what age did you go to sea ?

A. At the age of 15½.

Q. Did you go to the Conway or Worcester or did you go straight to the sea ?

A. I went from school to the office of a well-known shipping firm where I served for 2 years. From there I went to sea direct. I was for four years in a sailing ship.

Q. How did you find your life then ?

A. It was a very hard one.

Q. By virtue of your being an athletic young man, you came through all right ?

A. Yes, I was able to do all the dirty work. When I joined the ship, the first thing I had to do was to help take the ship's stores and provisions on board ; among these beef and mutton came down to be shipped and I was told to go and take them on board. I carried them on my back ; my uniform was spoiled by blood trickling down from the beef. Myself and another apprentice were put to do this job. In the middle of my work, I turned round and saw my parents looking on. My mother was terribly upset to see my new clothes spoiled and she said : If this is what going to sea means, then you ought to remain at home.

Q. Looking at it in after-life that was all part of discipline ?

A. That was all part of training that eventually fits a boy to become a master of a ship. You have to know all the parts of a ship so that when you become an officer or master, you can say to the apprentice under you : Do this or do that, and if necessary you can yourself go down and show him what needs to be done.

Q. This explains to the committee that a boy going to sea has to start from the very lowest stages in the way of learning. It does not matter if he is the son of the higher class or the middle class or the upper middle class ; he has to begin right at the bottom ?

A. It is only by learning in such a way that he becomes efficient.

Q. Supposing that steel plates suitable for shipbuilding were rolled in India and that all the materials are forthcoming in India for building a hull, the frames and the plates—I am not talking of engines—do you think that shipbuilding could be successful in India ?

A. Chiefly there is the labour difficulty. We have not got expert shipbuilders in India. As far as I know, we have no experience in building iron and steel ships in India and we have not got expert ship constructors.

Q. If the shipbuilding scheme is taken on hand, the best experts would have to be brought from home ?

A. Yes.

Q. Do you think that if Indians are trained under experts from home, they would prove efficient ship constructors ?

A. Taking the workmen, the expert mechanics, the plate-layers and riveters, it will take many years for the Indians to attain to the same state of efficiency as they are in England now. They might do it in course of time.

Q. How long have you been in the sea service ?

A. For 15 years at sea and 18 years as Shipping Master of Bombay

Q. The answers that you have given in connection with training are given from practical experience. There is nothing theoretical about it ?

A. I have been a sailor and I speak from practical experience.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You said that it will take generations before Indians can be trained up sufficiently to carry on ship-building work ? Don't you think that a regular beginning should be made at once ?

A. I did not say it will take generations ; I said it may take many years. No doubt a beginning may be made now.

Q. You said that highly educated young men would not come forward for the mercantile marine ? Have you made general enquiries or is it your general impression ?

A. Some years ago, Captain Hickman's committee made enquiries as to who are the boys that wanted to go to sea and who it was that was pressing them to go to the sea. It was found that nobody was forthcoming. I know when I wanted to go to sea, nothing would stop me. My parents were put in the background and I went straight to the shipping company. That is just an example of keenness of English boys for the sea. I have been a shipping master in this port for many years and I have never had a boy coming to me and asking me to take him to the sea. There has been no sign of anxiety on the part of Indian youths to go to the sea.

Q. There is a very strong feeling in the minds of Indians that there is no scope for our boys at sea. Nobody will take them as apprentices or as cadets. There is no training provided for by the Government and people think it is a waste of time to go to you and ask you to take them to sea.

A. There are openings to the extent of the amount of shipping available. Indian-owned ships do take apprentices.

Q. Except the Scindia no other company takes apprentices. The Moghul Line and the British India Line have all refused to take Indians as apprentices. Do you know of any other company that takes apprentices ?

A. Except the Scindia I know of no other Indian company that takes apprentices.

Q. If there are more Indian companies they would take more apprentices. That is why we want an Indian Mercantile Marine so that facilities may be provided for our young men to be trained.

A. I do not think many boys would come forward.

Q. Some witnesses said that 2,000 Indian officers may be required to man the Indian

Mercantile Marine. Do you think there would be any difficulty in getting that number from all the classes, the Muhammadans, the Parsis, the Anglo-Indians and the Christians ?

A. Probably you would not get as many.

Q. In reply to question 45 you say that the training should be left to private enterprise as it is done in England. Are not training ships provided by the Government in the United Kingdom ?

A. The Government lend ships for training and they have to be maintained by private enterprise. Sometimes the training ships are purchased from the Government.

Q. Do you think that subsidies can be paid by Government out of the money paid by the tax-payer of India ?

A. I think there is no necessity for State aid.

Q. I fear there is a feeling that this idea of a Mercantile Marine is due to a spirit of jealousy or desire to oust the British shipping companies from India. That is not so. Our idea is to be independent economically and also to be able to render help to the Empire at the present time.

A. I do not follow you with regard to helping the Empire.

Q. Supposing there is a war between the Empire and some other country, we could place all our resources at the disposal of the Empire. Will that not strengthen the Empire ?

A. It will take a very long time before you could develop Merchant Service which would enable you to help in a war.

Q. What would be the preliminary training necessary to enable a lad of 15 or 16 to understand the necessary orders and instructions in the Mercantile Marine ?

A. It would require a good sound education in a public school.

Q. Unless a boy has that education, he can't go direct to the Mercantile Marine ?

A. I don't say that. That is a very good standard and if an educated boy goes to sea, when the time comes to pass his examination he might be intelligent enough to be able to sit for the test.

Q. You said that from a theoretical or technical point of view a training ship was preferable to begin with. Do you mean that the boys who go to the training ship are of the same class as boys who go direct to the merchant ship ?

A. Yes, the same class.

Q. A boy gets theoretical training in a training ship. Has he to finish that in a merchant ship ?

A. Yes.

Q. A boy who goes direct to the merchant ship gets practical training there. Where does he get his opportunity to pass his examination?

A. He has got to have brains and he must be a boy who will push himself forward.

Q. What I want to know is whether he gets any assistance as regards theoretical training from the Merchant Ship Service?

A. Yes, he does.

Q. Do they provide an Instructor for that purpose?

A. No.

Q. They merely give instructions as to what should be done and then the boy must depend on himself?

A. If he has any difficulties he will go to one of the officers.

Q. Our general feeling is that it will be better to begin on a training ship, get theoretical knowledge there and then do two or three years more in practical training. Is that system in any way against producing the right type of men?

A. I should think it will induce the men to come for training.

Q. Have you anything to do with the selection of apprentices for the Scindia Steam Navigation and other companies?

A. I have nothing to do with that. Their names have merely to be put on the Articles of Agreement as cadets.

Sir Arthur Froom.—I might explain that everybody who goes to sea is either a passenger or one of the crew; if he is not a passenger, he has to sign before the Shipping Master as a member of the crew.

The Hon'ble Mr. Lalubhai Samaldas.—Q. As the President told you, Tatas are manufacturing steel plates and they are likely to be available in a short time. There is also a Locomotive workshop which has been started at Jamshedpur. If we have all the facilities, can we not with the help of experts build ships at practically the same or a little higher cost in India? Can you tell us what would be the difference?

A. I cannot tell you; I have not gone into the matter of costs.

Q. If the cost of a ship built in India is compared with that of a ship built, say, in Glasgow, you will have to compare the cost of building the ship in India with the cost of building it in Glasgow plus the charges for bringing it to India. Would it not be a fair basis of comparison?

A. You have got to take more than that. You will have to take the cost of importing the material and the necessary workmen.

Q. When I said the cost of a ship in India, I included in it raw material, imported or indigenous; and labour, whether imported or in-

digenous. All this put together will be the cost of the ship in India.

A. I am not in a position to say.

Sir Arthur Froom.—Any prudent man who buys a ship in England would bring it out here, with a cargo.

Sir John Biles.—My point really was that it would not pay very much to run a small ship of 1,000 tons with cargo a long distance like five or six thousand miles. If it is a five or six thousand ton ship, it might pay.

The Hon'ble Mr. Lalubhai Samaldas.—Q. The Government of India, I understand, own some prize ships. If provision is made to train up apprentices after a course in training ships, would you object to these prize ships being used for such training?

A. I understand that these ships have all been sold.

Q. In reply to question 53 you say that the parents of apprentices should pay premiums. What is the usual premium?

A. It varies.

Q. We were told by one witness that these premia are returnable.

A. No; the premium covers the cost of food, washing, etc., which are given.

Q. You know that Government have provided education in Civil Engineering, Mechanical Engineering, Agriculture, etc., and they are all maintained by Government; the expenses borne by students do not come up to even one-sixth or one-fifth of the expenses of maintaining the institutions. Is there any objection why Government should not find money to provide a training ship and fit it up with up-to-date instructional classes?

A. I think it is a matter which might very well be put to Government.

Mr. Jadu Nath Roy.—Q. In reply to question 44 you say that it is problematical whether any considerable number of the youths of this country are likely to be desirous of following the sea as officers. From your experience you do not think that a sufficient number of boys will come forward?

A. No.

Q. You said that no one has yet applied. Is it the custom that when boys go to sea they come to you for signing an indenture?

A. Yes, they would come to my office.

Q. Has the Scindia taken any apprentices?

A. I can't tell you how many they have taken, but it is only a few. They found in one or two cases, as far as I hear, that they are not altogether satisfactory. One lad who went to a ship wanted to know where the "bridge" was. His idea was that he had to go on a bridge.

Q. One witness told us that he had half a dozen applications from Indians and he had to refuse.

A. Probably they had no accommodation.

Q. They are taking European lads, but they will not take Indians. It was probably the Mogul Line?

A. I do not know of any Mogul ships that carry Europeans either.

Q. Your experience only extends to the signing of the agreements in your office?

A. No. I have to settle all disputes under the Merchant Shipping Act; I have to settle their dues, I have to see that they are properly fed and whether the food is of good quality, also whether they are properly accommodated. With regard to ships my duties as a matter of fact are very many and numerous.

Q. You said that there is no need for State aid and the country is well served by British shipping. But if the Indians have a desire to develop their own shipping, would you object to it?

A. Not at all. Good competition is a good thing for trade.

Q. Even with State aid, they cannot stand the established competition?

A. If a ship-owner wanted to buy ships he would first make enquiries to make sure that by buying the ships he was going to make them pay. He will not go into the trade if it is not a paying proposition.

Q. One or two witnesses told us that before starting a shipping company one must be prepared to lose a million or half a million. It is for this reason that they want some sort of pro-

tection and State aid. Would you object to that?

A. It requires a lot of experience to run a ship.

Q. It is likely that we will have to lose by inexperience.

A. But I do not think that the time is right for having the assistance of Government to private enterprise. The time will be right when you find that the country's trade is going to the dogs, because there is no means of transport.

Q. Your idea is that there are a number of British ships already serving on the Indian coast?

A. By British shipping, I mean Empire shipping.

Q. There is a feeling amongst the Indians that the Britishers are not treating the Indians as they ought to do in this matter. Would it not, in the circumstances, be legitimate for Indians to go for a Mercantile Marine of their own?

A. The ship-owner would not build ships for the purpose of taking Indian apprentices.

Q. We have been told by ship-owners that they do not get as much facility as they ought to get.

A. I have not come across that. If the ships wanted to take Indian apprentices it would be difficult to get the right sort of youths. Certain Hindus would not care to go to sea at all.

Q. There are likes and dislikes in every company, but generally do you think they won't go to sea?

A. I think so.

President.—Thank you very much.

Witness No. 21.

Professor K. T. SHAH, B.A., B.Sc. (Economics, London), Bar-at-law, University Professor of Economics, University of Bombay.

Written statement dated the 13th October 1923.

Q. 1. I would divide the answer to this question into two parts, according as one considers shipping industry in the sense of shipbuilding or in the sense of carriage of goods by water. In both cases, the business I consider to be in a ruinously backward condition. It is true that goods both to and from India are furnished with adequate carriage facilities at present. But these are mostly of non-Indian origin and from the standpoint of Indian national economy, it only means that these facilities cost us annually somewhere from 15 to 70 crores of rupees by way of freight charges and to that extent constitute a net drain from India which wholly escapes attention or cal-

culatation. Hence, even if the shipbuilding industry proper, which must be admitted to be the backbone and mainstay of a national Indian shipping business, is not considered, and attention is concentrated merely on the business of the ocean-carrier, India would save the annual drain of the freight charges if the carrying enterprise is undertaken by Indians.

Q. 2. Chief amongst the conditions which in my opinion militate against the development of shipping enterprise by Indian people must be considered to be the opposition of the foreign shipping concerns now operating in Indian waters and enjoying a practical monopoly of Government as well as private business.

Thanks to the Navigation Laws of England in the 18th and the earlier part of the 19th centuries, the Indian shipping was ruthlessly annihilated, in proportion as India came under the political supremacy of Britain and was governed to minister to British national interests. With Indian shipping out of the field and with a Government inclined always to look favourably upon them, the foreign concerns found the carrying trade of India entirely at their mercy; and they were not slow to evolve expedients which would help to keep that trade an absolute practical monopoly in their hands. The Deferred Rebate System is one of such expedients. While it is theoretically true that such expedients militate equally against later competitors of every nationality, in practice it is only the Indian competitor that has to suffer; since he does not receive any countenance or support from his Government, which the foreign competitor commonly receives, as a matter of course, from the complete reservation of their own coastal trade, right down to direct bounties and subventions for shipbuilding and navigation. The shipping companies have thus, in self-interest, had to come to some arrangement amongst themselves in order to regulate or portion out the carrying business of the world amongst all the competitors that had asserted themselves. The result is unavoidable. The latest to come on the field must suffer; and Indian shipping *entrepreneur* has therefore no chance for a fair fight to make good his position. He has to play with an opponent who uses loaded dice, and has absolutely no voice in settling the rules of the game.

But while giving the pride of place to the jealousy of the foreign monopolists as the foremost amongst the effective causes working against the development of Indian shipping enterprise, I cannot overlook the attitude of the Government as contributing still more effectively to the woeful backwardness of the Indian shipping industry. In appearance, it is a policy of simple inactivity. In reality it works as a deadly poison against the Indian. For, all the natural and legitimate advantages, which an Indian ship-owner plying in Indian waters and working the Indian business could reasonably aspire to, are denied him, by a policy of criminal indifference, if not definite hostility, to Indian interest. I admit the indifference or hostility, with which I have charged the Indian Government in this regard, is not directly traceable to personal factors, analogous to the possibilities of mischief resulting from the common and culpable practice of recruiting the directors for the Indian railways from

amongst the retired high officers of the Government of India. Indian public opinion unreservedly condemns this practice, and the Indian Government as entirely condones it. But, because the unauthorised and improper official representation of the Indian Government on the directorate of foreign shipping concern does not take place so frequently as in the case of the railways, it does not the less follow that such concerns are behindhand in procuring extravagantly liberal terms for themselves in matters of conveyance of mails, stores, and troops for and on account of the Indian Government. In sheer fairness, in mere self-defence, and simply as an irreducible minimum of national economy all the above-named business ought to have been reserved for the Indian ship-owner. But because Government elects to worship the overturned idol of *laissez faire*, the Indian ship-owner cannot expect to survive the competition he must put up with.

Q. 3. Yes, I would suggest (a) an immediate delegating of the Deferred Rebate System and the consequent annulment of all contracts involving that system, if the parties of either of them choose to do so. (b) Acceptance of the principle of monopoly of coastal trade reserved for the Indian ship-owners, which may, for the sake of convenience, be given effect to, progressively in a definitely limited period. This might involve consequential alterations in the Company Law of India, and a new definition of what constitutes an 'Indian.' Personally, I would confine the coastal monopoly only to Indian capitalists by birth as well as by residence. (c) The transport of stores purchased abroad for the Government of India as well as the different provincial Governments, Railway Companies and other semi-public bodies, like Municipalities, Port Trusts, etc., should be so ordained as to go largely, if not wholly, and by preference of set purpose, to Indian ship-owners. India purchasing stores worth anything over Rs. 20 crores a year can easily afford sufficient business to keep in profitable working a line of first class steamers, at preferential or even competitive rates. (d) I need not add the business of postal mails, as a natural legitimate monopoly for Indian-owned ships, if only for the sake of the prestige that such a consideration would imply to the line benefiting thereby.

The same principle may be given effect to, in regard to private business also. If customs duties are modified in favour of goods brought into or taken away from India in Indian bottoms, so as to afford a marked preference to the latter, a very effective and substantial encouragement can be easily and most economic-

ally afforded to Indian ship-owners, who may then be trusted to develop a considerable mercantile marine flying the Indian flag.

I regard all these expedients as not involving 'State aid' in conformity with the question. For I consider the State aid meant in this question must be of an active type exemplified by bounties and subventions.

Q. 4. Yes, emphatically. For, at least in the initial stage, the various kinds of indirect encouragement enumerated in answer to Q. 3 will not be enough.

Q. 5. I would advocate bounties on ship-building, somewhat on lines adopted by Japan as well as on navigation, common in France as well as Japan. I would also accept the principle of preferential treatment in customs duties to goods carried in India bottoms on the lines of the proposed American Shipping Subsidy Legislation.

These are forms of State aid I would support, if it is found on reflection that the principle of private enterprise is indispensable in the development of this industry. Personally, if I did not distrust the present Government as much as I do, equally as regards the personnel, the motives, and the qualifications, *I would definitely advocate direct State enterprise by the State itself*, somewhat on the lines familiar to the Indian Government in the matter of railway enterprise and more recently illustrated by the venture of the Australian Government. Instead of making loans to shipbuilders, as in Belgium, or guaranteeing a minimum return to private capitalists, as our Government did in connection with the Indian railways, it would be more economical, as well as administratively more simple, to convert our present public dockyards into proper shipyards. It may be more profitable to commence the venture by buying ships, in the first instance, ready made, in a number large enough, let us say, to cope with the immediate and indispensable business of Government themselves in the matter of transport of mails, stores, etc. Further extension of the business may then take place by carrying out a building programme that will be large enough to cope with the carriage of private goods and passengers by sea as well. Such a policy, honestly adopted and worked, would save the needless burden on the taxpayer that a system of bounties and subsidies would necessarily involve for the benefit of the private capitalist. It would also dispense with the temptation now held before a private entrepreneur, in this field, to come to some sort of an understanding with the monopolists, and join hands with the latter in the reprehensible enterprise of bleeding white the Indian

traders. The economics of freight charges has yet to be analysed and standardised as contradistinguished from the economics of railways rating, as already fairly well understood. This can never be achieved while private enterprise dominates the field. Finally it would be ever so much more administratively simple to arrange those forms of indirect public assistance in the preferential treatment in the customs schedule that I have enumerated above. As there is little or no vested interest in this field, of Indian origin, I have not considered, and do not think it necessary to consider, the question of compensating existing interest likely to be damaged by such a policy. And in all the above advantages, *I have not mentioned the possibility of direct profit to the State*, which the Government of India very badly needs in the present state of its finances, as likely to be served from the adoption of this policy. At present prices, a capital of Rs. 10 crores, which could be easily raised by a Government habituated to borrow Rs. 50 crores annually, would suffice to buy ships equal to cope with the entire coastal trade. Properly worked, this alone may bring to the State, after paying all expenses including interest on capital, again of nearly a crore, if not more. The passenger business and the carriage of the more important portion of private merchandise may be subsequently and progressively captured by publicly owned ships, built in India in State dockyards.

Q. 6. I have already indicated the kind of legislation I would advocate in regard to shipping contracts in general, and in regard to the Company Law, the customs duties and the coastal trade in particular.

Q. 7. I would confine the grant of navigation bounties only to cases (a) and (b). But building bounties may be given to Indian-built ships no matter where they are plying.

Q. 8. If at all the grant of navigation bounties is to be restricted beyond cases mentioned in 7, I would choose those routes by preference in which Indian ships have to encounter the rivalry of interests hitherto monopolising the Indian trade by unfair means as the Deferred Rebate System; or the routes in which competition has to be dreaded by foreign lines artificially aided by the Government of those countries, e.g., the Japanese.

Q. 9. I would not pronounce definitely on this question, which I consider to be one of rather administrative convenience, than one involving a fundamental principle of shipping economics. Even if any limits are fixed as dictated by administrative convenience or national economy, they must necessarily be

elastic, capable of alteration, according to circumstances.

Q. 10. The same remarks as in 9 apply here.

Q. 11. Except in the case of first rate passenger steamers, which may at a pinch be serviceable as cruisers in war, I would not specifically encourage, by special bounties, extra speed in vessels.

Q. 12. On principle, yes. And I think, in practice, the case for a reduction of bounties once paid would have to be decided very much according to the circumstances of the moment. I would not therefore lay down a definite term in advance for the final and progressive extinction of bounties; but I would prescribe circumstances, which, if established would reasonably demand the extinction of the bounties.

Q. 13. As navigation bounties have to be distinguished from the building subsidies, on the ground that the former are an aid to capture simply the business of carriage by sea, I would say that provided the requirement of Indian owned ship is satisfied, the bounty must not be refused or postponed merely because of the ships having been built outside India.

Q. 14. The preceding answer renders it unnecessary to reply.

Q. 15. Of course.

Q. 16. Yes, subject to the condition that the appointment, that may be made as exceptions to fill a vacancy occurring in a foreign port, is temporary only. Personally, I would exclude all non-British Indian subjects from such employment, though in the absence, of an adequate number of qualified Indians, the exclusion may have to be confined only to non-British subjects in the first five or ten years. On principle there is nothing objectionable in reserving to the Government discretion to make exception to this rule; but my experience of the present Government does not encourage me to extend its field of discretion.

Q. 17. Yes.

Q. 18. I have already indicated my opinion that the whole of the coasting trade should be reserved for the Indian Mercantile Marine, the reservation to be given effect to progressively, as the shipping industry develops.

Q. 19. An immediate and effective development of Indian Mercantile Marine, Indian owned, though not necessarily Indian built. I do not think there would be any undesirable reaction in the freight rates. But apprehensions in this regard may be adequately safeguarded against, if practical effect is given to a policy of progressive reservation of coasting trade under suitable precautions against the abuse of such a concession. The maximum freight, for example, may have to be prescri-

bed by law, or by executive degree under a general law, as a precaution against abuse.

Q. 20. Of course.

Q. 21. It is difficult to answer this needlessly comprehensive question. If an Indian Mercantile Marine is aimed at which would do the whole of the Indian overseas business, we would need both passenger ships and cargo ships, liners as well as tramps. The maximum limit of the size will probably be fixed by the depth of the Suez Canal which would render ships over 20,000 tons burden practically uneconomical for the Indo-European and Indo-American business. The nature, however, of the Indian economic organisation, which is dominated by the small producer and the small trader, leads me to think that we would not need very large vessels for the ordinary requirements of our trade. Speaking as a layman, I think 5,000 tons gross register, or 8,000 tons carrying capacity, would be about a fair average for the larger vessels doing Indian business successfully with any chance of full loading and fair custom.

Q. 22. I have already indicated my preference for shipbuilding in Government dockyards, and also my apprehensions as regards the inability of the present Government to appreciate the Indian view-point and to further Indian interest.

Q. 23. An opinion is hardly worth expressing on this point, as no such industry worth the name exists in India, at present.

Q. 24. See reply to Q. 2 above. The absence of adequate iron and steel resources within India herself may be regarded as an additional difficulty in regard to shipbuilding industry in India. I think, however, this difficulty is exaggerated. The iron and steel industry is not entirely unknown in India; while possibility of importing parts until we ourselves make them is also not fully understood. And this arrangement takes no account of alternatives in materials, for shipbuilding, like wood.

Q. 25. Special treatment in the customs schedules is the only thing I can think of as likely to promote shipbuilding in India, apart from the more direct form of public assistance.

Q. 26. Yes.

Q. 27. Shipbuilding subsidies.

Q. 28. Analogous to the legislation I have already indicated above.

Q. 29. Yes.

Q. 30. No. For I believe the possibility of wooden ships, of fairly large size and equipped with internal combustion engines, is not yet properly understood.

Q. 31. I cannot answer this question.

Q. 32. Not necessarily, particularly if the machinery producer has substantial advantages in the customs tariffs of India.

Q. 33. I accept the principle that ships built in India should preferably be made out of materials produced in India. But I think in practice, while the industry is yet developing, exception may have to be made, for specialised kinds of machinery, patented articles, and other mechanical devices etc., required as accessories to a wooden ship, that may not be possible to produce immediately in India.

Q. 34. The customs concessions to such materials should, however, be governed by considerations of the possibilities of developing such other industries, and not exclusively by a reference to the shipbuilding industry.

Q. 35. (a) Prescription of maximum rates. (b) General supervision of building operations to see that no fraud is perpetrated. (c) Requirements under a specific law of periodical returns and certificates from the owners or those responsible for the ship's construction, giving details and vouching for the *bonafide* fulfilment of the conditions under which they become entitled to these concessions.

Q. 36 to 43. Wooden shipbuilding is not entirely unknown in India. The competition of steam driven, steel built ships of to-day is the decisive factor in keeping this industry in the background. I consider that the possibility of a large sized wooden ship, whose advantages are well brought out in his treatise on Merchant Vessels by Dr. Riegel (University of Pennsylvania, 1921) has yet to be understood in this country. And I would suggest that this Committee would do well to invite evidence from places where this industry still continues, if not exactly in a flourishing condition, to survive. I know of one such place namely Cutch Mandvi and I herewith append (*vide* Supplementary Statement attached) the information I have been able to collect in regard to wooden shipbuilding in that place, for the information of the Committee.

As I consider the wooden ship, furnished if necessary, with power driven machinery to ensure regularity, and a fair average of speed, to be more suitable to the requirements of the small scale Indian merchants at least in the coastal trade, I think certain measure of preferential treatment may profitably be given to the Indian built wooden ships as against the Indian built steel ship. For it must not be forgotten that while in the construction of the latter, India will have to depend, for some years at least, on foreign supplies, in that of the former we can ourselves furnish practically all the materials that we require. A

grant of special advantages would therefore be more advantageous to the State as well as the subjects in the case of the wooden ships than in the case of the steel ship. I have no personal experience that will justify my answering question No. 43.

Q. 44. Yes.

Q. 45. Yes. Government should take active steps in the matter.

Q. 46. Preliminary instruction in a training ship, which however, should be equal to a long distance voyage if required, would be preferable.

Q. 47. I would place nautical training on a par with instruction in Engineering or Medicine in present day Universities, and organise the same accordingly, with a leading Government Institution to set the standard, if not to be the only model of its kind.

Q. 48. This alternative would only arise if adequate training facilities were not developed in India. I hold strongly to the former, and would not therefore consider the alternative of scholarships in England or elsewhere; though, if Indian shipping is developed sooner than Indian shipbuilding, as is likely, some form of scholarship would have to be adopted.

Q. 49. There may be two or three such institutions; but the number would be limited by the number of first rate ports where such institutions would most conveniently be located. Fees may of course be charged; but their oppressive character may be modified by liberal grants of scholarships. Fees should never be intended to pay for the whole of the maintenance charges of such educational institutions which should be paid for preferably by the Central Government.

Q. 50. I would prefer a training ship comprising a nautical college.

Q. 51. Preferably in steamers of the mercantile marine.

Q. 52. I have already accepted the principle of admission of apprentices to Indian vessels being made one of the conditions for grant of special benefits. The objections of shipowners to the relative inefficiency or costliness of apprentices would therefore be amply compensated for.

Q. 53. Duly certified candidates passing out of the recognised nautical colleges should not be charged an apprenticeship premium.

Q. 54 & 55. Unnecessary to answer.

Q. 56. I cannot make out any curriculum for nautical training, but I would suggest that the business side of shipping should certainly receive attention in drafting the curriculum. The form and nature of shipping documents, their obligations, the law and practice of marine

insurance, etc., are examples of what I mean the business side.

Q. 57. Not necessary.

Q. 58. Unnecessary to answer in view of Q. 57.

Q. 59 to 65. The general tenour of my answers from 44 to 58 applies here also.

Q. 66. Mail contracts make an important form of State aid to shipping development; and as such must be reserved for ships owned by Indians if not also built in India.

Q. 67. Barring the condition in 66 for preference to Indian vessels, I think the present

conditions governing the mail contracts are fairly suitable.

Q. 68 to 69. Read answer to Q. 3.

Q. 70. The payment of bounties and subsidies would of course be a burden, which in principle ought to be met from the general resources of the State, particularly as represented by the Central Government in order to avoid provincial jealousies. A special tax like a surcharge on freights earned by foreign vessels doing Indian business may be found advisable to constitute a definite fund for the provision of these bounties if necessary.

Supplementary Statement of Professor K. T. SHAH, Wooden shipbuilding in Cutch Mandvi.

1. The number of ships built in Mandvi in recent years.

After the war, almost nil. During the war period, especially during the latter half, there was a great boom in the shipping business and during that period of about two years, nearly fifty new ships were built.

2. The burden carrying capacity.—

Maximum 600 Khandies—2400 bags. Minimum 50 Khandies—200 bags. These ships contain no special accommodation for passengers such as cabins or separate rooms, but if passengers are available these ships may carry them.

3. The usual routes on which these ships ply are :—

(a) From Cutch Mandvi to Karachi, Muscat, Persian Gulf Ports, Basra. (b) From Cutch Mandvi to Bombay, Zanzibar, Mombassa, Mosambique, East African ports, Madagascar, Nusiba, Majanga, Port Loui, Bera, Kiliman, Chindi, etc. (c) From Cutch Mandvi to Bombay, Colombo, Rangoon and Calcutta and intermediary ports.

Freights charged. In war time there was a very brisk demand and then the freight charges were the highest on record, of course varying according to distance. The charges during war time were approximately as follows :—

From Karachi to Basra; Rs. 3 to 8 per bag; Rs. 12 to 32 per Khandi.

From Bombay to Zanzibar: Rs. 5 to 10 per bag; Rs. 20 to 40 per Khandi, and other places varying according to distance.

The present rates are the *lowest on record*.

Karachi to Basra: Annas 12 to Re. 1 per bag.

Bombay to Zanzibar: Annas 12 to Re. 1 per bag.

On account of these low rates, the present income of the shipowners is almost nil, and consequently most of the ships are lying idle.

Mode of charging.—Half in advance and the other half after the delivery of goods.

Lowest voyage.—From Calcutta to Mozambique or Zanzibar quite often.

Usual earnings. After deducting the expenses, the present earnings are very meagre amounting to almost nothing as the pays of the crew have increased during the boom or the war period and they cannot be reduced at present.

The cost of building a ship with full equipment at present is—a ship of about four to five hundred Khandies would cost about Rs. 25,000. A ship of about 100 Khandis would cost about Rs. 5,000 (at our present rate of exchange). During war period, when so many ships were being built, the materials as well as labour were very dear and the cost of that period was nearly double the present amount. The time taken for building a ship of 500 Khandies would be about 4 to 6 months while a small ship of about 100 Khandies can be built in a couple of months.

Motor engines.—

As the ships are mainly built for carrying cargoes, the installation of motor engines would insure their timely arrival. This would be a distinct advantage but as regards the initial cost and fuel, one cannot say whether it would be profitable or not, as there is no ship here with a motor engine.

Owing to the unusual reductions in freight made by the steam ship companies plying in Indian waters, the wooden shipping industry is almost on the point of being annihilated. After the war, the Port Trust charges of the principal ports like Bombay, Karachi, Rangoon and Calcutta have immensely increased, which fact also tells heavily on the wooden shipping industry.

Again the cost of building these wooden ships in this place is enhanced owing to the fact

that the State charges nearly 7½ per cent. customs duties on woods imported from the Malabar port, this percentage being calculated at the rate of 6 kories per rupee while the present rate is nearly 1½ kories to one rupee.

There is no immediate prospect of revival of this shipping industry unless the States concerned help it by giving special concessions in the form of subsidies, etc., as is done by self-governing countries.

Oral evidence, Bombay, the 5th December 1923.

President.—I should like to preface my remarks by saying that this committee has been formed to advise the Government of India as to the best way of starting an Indian mercantile marine. If you are asked any questions which you think objectionable, kindly tell us so.

Q. In reply to question no. 2, you refer to foreign shipping. Will you tell us what you mean by foreign shipping?

A. By "foreign," I mean "non-Indian"

Q. So Englishmen too come under foreigners?

A. Yes.

Q. Will you explain to us how the navigation laws of England in the 18th and the earlier part of the 19th centuries ruthlessly annihilated Indian shipping?

A. Prior to that time; Indian ships were plying all over the coast of India and along the coast of Asia right up to Africa. With the development of British supremacy in India and with the passing of the navigation laws in England during the time of Charles II, Indian shipping was crippled. The navigation laws required that all goods brought to England shall be brought in English bottoms and they gave preferential treatment in the matter of customs to the goods brought in English vessels.

Q. Would you let the committee know where you got this information from?

A. The information is contained in a standard work. It is Dr. Cunningham's book, "Growth of English Industry & Commerce".

Q. You are not in any way connected with the sea?

A. Personally and immediately not. But I come from a family which owned ships and this was about 50 years ago. We had a considerable shipping business.

Q. Have any of your relatives ever been sailors?

A. No, not in the sense of sailors before the mast.

Q. You are very strongly against the rebate system?

A. Yes.

Q. If you make the rebate system illegal, would you put anything in its place?

A. Nothing.

Q. The rebate system, I take it, is a guarantee for the shipping companies that they would get a regular supply of cargo. Supposing you do away with the rebate system, how would you keep these lines going?

A. I do not hold that the rebate system is a *sine qua non* to keep these lines regular.

Q. You want no rebate contracts to keep these lines going?

A. Absolutely none.

Q. You would just make the rebate system illegal and leave things to take their own course?

A. Yes.

Q. Have you read the report of the "Imperial Shipping Committee on the Deferred Rebate system"?

A. I have read extracts from the report.

Q. The committee say that whatever you can state against the rebate system, they can discover nothing better to take its place.

A. I do not think they say that, without the rebate system, you can have no regularity of service.

Q. You are not likely to have regularity of service without the rebate system.

A. It is a matter of opinion.

Q. You are against the monopoly of the coast by any one who is not an Indian?

A. Yes.

Q. What is your attitude towards Indian shipping in other countries?

A. Do you suggest retaliation by other countries?

Q. You want the coastal trade of India to be reserved for Indians. Would you not expect the other countries to shut out the Indian from their coastal trade?

A. As a matter of fact the other countries have already reserved their coastal trade and therefore the problem hardly arises.

Q. What are the countries that have reserved their coastal trade?

A. Japan and America.

Q. As regards the British Empire?

A. I do not think it is within the realms of probability that Indians would compete

with the coastal trade of other parts of the British Empire.

Q. Do you know in whose hands is the trade on the coast of East Africa the Italian Somaliland?

A. I do not know.

Q. The coast l trade of East Africa and Somaliland is in the hands of two Indian firms, one big and another small

A. I do not know that.

Q. You have answered the question as if India had no shipping and had no chance anywhere in the world. Here is East Africa which is practically monopolised by the Indian in the matter of the coastal trade.

A. I was not aware of that.

Q. It is unfortunate you were not aware of that. It rather looks as if you knew for certain that no Indian shipping companies had the monopoly of the coastal trade of other countries. There is the Bombay Steam Navigation Company which is purely an Indian company with Indian directors and Indian shareholders.

A. But it is not managed by Indians. It is under European management.

Q. The management is in the hands of Europeans because Indians with sufficient knowledge to manage were not forthcoming.

A. The management was acquired. It was originally started by an Indian and subsequently acquired by a non-Indian.

Sir Arthur Frcom.—It was started by Mr. Sheppard with Mr. Haji Cassum Joosab. This was called the "Sheppard line."

The Hon'ble Mr. Lalubhai Samaldas.—They both started separately and subsequently combined.

President.—*Q.* The only reason why it was managed by Europeans was that the shareholders thought it would be most efficiently run by Europeans.

A. I am not in the know of the internal management of the particular company.

Q. Does this not throw out your strong argument that there are no Indian shipping concerns?

A. I regard that if the management is not Indian, that company would not come under my definition of an 'Indian company'.

Q. If the coastal trade is reserved for Indians would you immediately do away with all the Europeans?

A. Within a definite period, say, five years, it should be entirely Indian managed.

Q. You would not do it at once?

A. No.

Q. There are other Indian companies that are carrying on the coastal trade. There is

the Scindia Steam Navigation Company Is that not an entirely Indian concern?

A. Yes.

Q. I want to make it clear to you that in writing the replies to the questions, you made it appear that there is no Indian shipping company at all?

A. It is not worth speaking of. This might be taken as an amendment to my reply.

Q. Do you think that the coastal trade of East Africa, which is monopolised by an Indian, is not worth speaking of?

A. I have heard of it only just now.

Q. You want the reservation of the coastal trade entirely and absolutely for Indians?

A. Yes.

Q. If you do away with the rebate system and if you reserve the coastal trade don't you think that there is a chance of one big Indian company monopolising the whole trade?

A. There is always the chance of monopolies occurring in transport business. In this connection as far as my personal opinion is concerned, I favour monopoly by the State. I regard nothing so profitable, so economical and so serviceable to the shippers as well as ship owners as direct state agency in shipping just as it is in the matter of railways. But for the fact that I am not able to trust the present Government of India, I would very much like to have State agency in shipping.

Q. Do you know any state managed shipping concern which is financially a success?

A. Though experiments have been made in this direction in other countries, they have not been altogether a financial success. I think however that it is rather too early to judge of that especially in view of the adverse circumstances that these new state ventures have to fight against.

Q. As an economist, don't you think that state aid practically means there is no competition, and therefore no great incentive to additional work? State aided concerns will not run as efficiently and economically as the ones run by private enterprise?

A. My personal opinion is that if state aid was conducted on sound democratic principles, it would be as efficient as private enterprise.

Q. Supposing you started a state line, how would that be conducted according to your idea?

A. Supposing you start with the coastal trade, you can make a beginning by carrying Government stores, troops and mails. Coastal trade will be completely regularised. You can know according to seasons, the various crops or articles which have to be carried. At the

present time in the open trading apart from the question of rebate system, nobody can come in and take cargo as he likes. Whereas if state service completely monopolises, what would happen is they would regularise the trade according to the season most suited for telling off steamers at particular ports for taking cargo and then unloading them at other ports. As regards foreign business, particularly the carrying of Government stores from England, the High Commissioner in England may be consulted as to when particular cargo would be ready for shipment. Then the steamers can be told off to that extent at particular ports where we have to buy our stores. Just as we do in the matter of railways, we can have the same given effect to in the matter of ships also.

Q. Do you think that shipping business would be more efficiently run by Government?

A. Yes.

Q. Are you generally in favour of state aid to all industries? That is, are you in favour of the nationalisation of all industries?

A. If nationalisation connotes what is meant by it in England, I do not favour nationalisation in the case of all industries.

Q. Would you nationalise the cotton industry?

A. Cotton industry has already got vested interests which, if you nationalise, has to be compensated.

Q. If you nationalise the shipping industry, has no compensation to be paid to the existing companies?

A. There is no big vested interest to fight against and therefore shipping industry can immediately be taken up and concentrated at certain places. Whereas in the case of the cotton industry it would be a far more difficult problem. Personally I would wish even that. I am for nationalisation.

Q. You think nationalisation would tend to both efficiency and economy?

A. Yes.

Q. If you have a national mercantile marine and if you reserve the coastal trade, where is the necessity for subsidy or bounty?

A. If it is enough, I should of course reserve the coastal trade only.

Q. Your argument is that Government would manage the lines pretty well and when the Government are managing there would be no question of subsidy?

A. Yes.

Q. Supposing the Government take over all the lines, under the control of which department would you place them?

A. As far as the management of the state line and the conduct of its supervision are concerned, the Commerce department of the Government of India would be quite enough.

Q. Is there any expert in that department in shipping matters.

A. The expert would be indented for from England.

Q. You will get an expert from England?

A. For a definite period the expert would be appointed. The expert will be appointed on the clear understanding that he will have to train up Indians in the line so that they may take his place after a certain definite period.

Q. You suggest that there should be a nautical branch of the Commerce department just as we have the Railway Board?

A. Yes.

Q. You would have a Nautical Branch under the Commerce and Industry Department?

A. A Nautical Branch of the Commerce and Industry Department on the lines of the Railway Board.

Q. You think the Railways in India have been very satisfactorily managed by the Railway Board?

A. That is another matter. I should rather say they could have been made more satisfactory.

Q. You talk about buying ships for 10 crores of rupees for the entire coastal trade if you get ready capital. Who would buy them for you?

A. Supposing you recommended and the Government accepted your recommendation that the National Mercantile Marine of India is to start on a collectivist basis of State ownership and State management and it is suggested that the whole business can be taken up by such a National Marine in five years and for that purpose we should want, let us say, 100 ships of 5,000 tons on an average, we would require 20 ships each year during these five years. The High Commissioner for India would then be requested, as he is now requested to purchase railway stores, to make his arrangements within the funds assigned to him and within the limits given to him to purchase ships and he would require and presumably obtain expert advice in the matter of purchasing in England.

Q. Would you start this reservation and this State Line at once or would you wait until you get sufficient Indian Officers to officer the ships?

A. I would much rather start at once with, if necessary, as it would be, certainly,—a foreign personnel for the time being on the

distinct understanding that within a definite period, whatever that may be, (5 or 10 years) we shall have so arranged to replace that personnel by our own, by training on Board, by training on shore, the men necessary to take their place.

Q. Do you anticipate any difficulty in obtaining the men?

A. Not the least.

Q. We have had a great many witnesses who said that; but have you any definite idea?

A. If you particularize, say, a fleet of 100 ships for the coastal trade and for that you require, in round figures, a thousand officers, you will have to get them in five years, or if that period is not found sufficient, the period can be extended.

Q. It will take 7 or 8 years to train a Master Mariner.

A. If that is so, the period will have to be extended. If you start from the beginning; just as for our Civil Service Examination they appoint only so many officers every year, in the same way we should have advertisements or general information given that apprentices for the Nautical Department or Marine Department will be taken up to a certain number. I believe that from amongst the sea-faring population both from the West as well as the East coast of India you will get enough men. From the upper classes (what we call middle classes) in search of professions you will get enough men and the apprentice system may be so provided as to give you a personnel in five, eight or ten years.

Q. Are there any of your friends who would like to go to sea?

A. If conditions are suitable, yes.

Q. Would you train them at Government expense?

A. They will have to be.

Q. Suppose a rich man's son wants to go?

A. That happens even now. From Government Colleges, Medical Department, Engineering or any other Department, there are some men who go to England, France or Germany for special training at their own expense. There will be some people who will want supertraining; they will go of their own accord or they may be given Scholarships by the State.

Q. I see you are very keen on wooden ships. In reply to Question 30 you say that you believe that the possibility of wooden ships, of fairly large size and equipped with internal combustion engines, is not yet properly understood. Are you an expert in this line?

A. I am not a technician in this respect. This is my general belief from what I have

read and understood in this matter. Wood would be relatively cheaper, more accessible within our own territories instead of our having to go for steel and iron abroad and wood would also suit in view of the economic organization in this country where small things predominate far more to our conditions than iron and steel ships which will not be suitable unless they are in fairly big sizes. That only makes me conclude that wooden ships would be valuable under Indian conditions if on other grounds of propulsion, etc., they may be found suitable.

Q. Wood suitable for ship-building would be more expensive; teak is very expensive.

A. I do not know that.

When you come to think of the cost of teak and the cost of building and the proportion of cargo the ship carries, it will probably be costly.

Mr. Jadu Nath Roy.—Q. The President was asking you about an Indian Company that had a monopoly of the coastal trade in East Africa. It might be that the trade of that place is not so large as to induce big companies to compete?

A. It might be.

Q. Is it not expected that with the reservation of the coastal trade many Indian companies will come into existence and will compete amongst themselves and keep up the facilities?

A. If you reserve the coast, you certainly will tempt Indian enterprise to come in and it will come in in greater quantity than there is room for them all to earn a profit, so that the facilities may be kept up; but whether the industry and business will be kept up to the advantage of all is another question. That is why I would myself personally advocate a monopoly, of course, of the State, not of any private enterprise.

Q. With regard to State management you will have to engage experts.

A. That is so.

The Hon'ble Mr. Lalubhai Samaldas.—Q. In reply to Q. 1 you refer to 15 to 70 crores of rupees annually by way of freight charges which constitute a net drain from India. Another witness told us that the loss to the country would be about 30 crores. What is the authority for your statement?

A. The rates vary in different years. The pre-war rates come to about 15 crores of rupees. The rates I have myself calculated would come to about 25 crores, but that is foreign trade, not the coastal trade. The coastal trade would come to about 10 or 12 crores. On the whole it comes to 35 or 37 crores.

Q. How much is at present kept in India on account of coal, stores, Indian labour, and what is the actual amount of interest and capital profits carried by non-Indian or foreign companies?

A. I cannot give you exactly the net profit. As far as the Overseas trade is concerned, expenditure could be incurred, so far as my information goes on, say, repairs in India or even coal or the wages of men except those who employ Indian sailors, similarly item which might come back to India in any way. The whole of the 25 crores, therefore, with the exception of lascars' wages or coal is a net drain.

Q. As regards the coastal traffic, most of the coal would be Indian coal?

A. As regards the coastal traffic, you may probably have the repairs executed in India, a part of the wages of the crew being spent in the Indian ports and therefore the remaining you may say in India or a part of the amount spent in coal and stores. I cannot say precisely how much that figure would amount to.

Q. Have you any Government publication from which it can be worked out?

A. I am aware that this particular question is agitating the Government now; this proposal was to have been placed before the International Conference at Geneva and the League of Nations and I think our Director of Labour, Mr. Findlay Shirras, has actually been called upon to work out figures.

Q. What figure has he arrived at for freight?

A. It is not very different from my own. I think he gives 18 or 19 crores for Overseas and 6 crores for the coastal trade. I might say, however, that on this point there is a difference of opinion between the Finance Department of the Government of India and some of the economists. According to the Customs House statistics, these figures of imports include freight, the exports do not, and so the point is made out that on this account there is no drain. To that in my judgment the reply would be that the imports include freight, insurance and other charges. I suggest that the goods we buy are paid for thus, the real cost *plus* these charges. I am only maintaining that there is a drain.

Q. But is the drain so heavy?

A. If the whole figure of the Overseas freight is in no way returned to this country, then I take it it is an entire drain. Had the same amount been earned by an Indian company, it would have remained in India.

Q. In the course of your reply to Q. 2 you say that "with a Government inclined always to look favourably upon them the foreign

concerns found the carrying trade of India entirely at their mercy, and they were not slow to evolve expedients which would help to keep that trade an absolute practical monopoly in their hands." You refer to the Rebate system?

A. Rebate system, principally.

Q. You have no other expedients to think of?

A. I have heard of others; I cannot say what they are, because they are not published.

Q. You say "because the unauthorized and improper official representation of the Indian Government on the directorate of foreign shipping concerns does not take place so frequently as in the case of the Railways, it does not the less follow that such concerns are behind-hand in procuring extravagantly liberal terms for themselves in matters of the conveyance of mails, stores and troops." But you know tenders are generally asked for.

A. There was a very public instance which was mentioned by the Chairman of the Scindia Company in the matter of carriage of coal.

Q. What about the "mails" you refer to?

A. This is "stores" also.

Q. Except that particular instance, can you give any others?

A. These are not publicly known and they are not published. It would not be quite proper to mention them here.

Q. You said that you do not want anything to take the place of the Deferred Rebate system. Do you think that the new Indian companies that will be coming forward will be able to keep a hold over the coastal trade? We have been told that but for the Deferred Rebate system it was possible that the rate cutting war would go to such an extent that in the result no good company will continue to serve the shippers and there will be real loss to the trade.

A. I think it can be easily safe-guarded by providing a minimum rate.

Q. Supposing after a time when competition came, a monopoly is created and the rates are raised to such an extent that the trade is killed?

A. I will keep a maximum rate too. I will not object to these minimum and maximum rates.

Q. You say that you would confine the coastal monopoly only to Indian capitalists by birth as well as by residence. In reply to the President you said that an Indian company should have a majority of Indian shareholders, a majority of Indian Directors and almost all of their officers Indians. If the Managing Agency

was an English firm, would you call that an Indian company?

A. The Managing Agency should be an Indian firm.

Q. Would you lay down that there should be no non-Indian partners?

A. I have already stated that in so far as expert assistance is required you should have, by legislation of the type I am proposing, an honest open definite period of 5 to 7 years during which it is given to you to learn your business. If you prove yourselves incompetent, the State will take it up.

Q. I know of instances where Indians and Englishmen have combined. There are some English firms who take Indians as partners and there are Indian firms who take Englishmen as partners. As Director of the Scindia Company, I have myself arranged to take one or two English experts as partners. There is nothing dishonest in it, because I only want to have assistance. The experts naturally say "why should I give you assistance unless I am your partner and I share the profits with you and the commission?" If I am able to start a company under such circumstances, wouldn't you call that an Indian company?

A. When we are distinctly fighting against a foreign monopolist (and I have defined the word "foreign" as everything that is non-Indian) I should say that a decent Indian would feel it dishonourable, really discrediting, to try and have with him in a direct or indirect manner anything that goes against the spirit of the legislation that has been passed. I would lay down a Company law to the effect that no foreign company will be allowed to be registered in this country in what you call the essential industries (like ship-building) and that absolutely no foreigner will be allowed to hold a share or no share would be allowed to be transferred to him after a company is registered. By creating a sort of Trust you can evade the law or by having a secret company; that, of course, I presume, no decent Indian will be guilty of. Further to provide for any doubt or difficulty or want of expert knowledge or expert help in the management as well as in the running of the concern, it will equally be laid down that in such matters facility should be given for a definite period during which this particular industry should engage staff on salaried terms *plus* commission. Such agreements would, of course, be renewable. The period fixed should be in conformity, not with the requirements of any particular firm but with the policy of the country as a whole. You will have no option after that policy has been fixed. During that period you should

also give a distinct guarantee to train up men as experts.

Q. You mentioned that you would not like any shares to be held by non-Indians. Supposing you cannot raise the required capital in this country, would you allow any capital to come as debentures?

A. A debenture capital is always different; it is simply confined to a specific definite gain.

Q. You do not object then to debenture capital?

A. I think that if facilities are given sufficient companies will be coming forward with private capital.

Q. As regards management, if it is for 5 or 10 years, you would not object to the Indians managing the firm giving a share to non-Indians to help them in the management?

A. Certainly, I would not.

Q. If the rate of customs duty is modified as regards cargo brought in Indian vessels, that means a sort of preference bounty?

A. That is an indirect concession.

Q. If the coastal trade is reserved for one or two ports and if an Indian Company is able to show profit would you say that they shall not be entitled to profit or would you pay them bounty irrespective of the fact whether they make a profit or loss in the transaction?

A. If they make profit, they shall not be helped by the Government.

Q. Would you advocate that the aid shall take the form of a guaranteed dividend?

A. To give a guaranteed dividend compels you to stand surety so to speak, for the company for a number of years which is in my opinion not to be preferred to a definite clear charge of bounty.

Q. You said that shipping industry run by the State will not be either inefficient or uneconomical. But the State-managed railways have not compared well with the company-managed railways.

A. If a railway is constructed on military routes for military purposes where the cost is excessive on account of the mountainous nature of the country, you can have no real comparison.

Q. I am not talking of the North-West Railway or the East Indian Railway.

A. There may be some difficulty in getting traffic; you must allow sufficient time to see whether the passenger traffic and the goods traffic develop or not.

Q. You stick to your opinion that a State-managed shipping company if run on proper lines would be no less efficient or economical than the company-managed lines?

A. In fact it would be more efficient than the private-managed company.

Q. You stated that you would engage non-Indian experts for a definite period and then send them away after the Indians are trained to take their places. I suppose Japan did the same thing?

A. Yes.

Q. Is it not likely that the foreign experts may say: If you want us for a short period, we do not care to come at all. They may demand very abnormal remuneration.

A. In the existing circumstances, I should say that the Germans will be willing to come to India for training Indians on terms far cheaper than the English people.

Q. Will not State management involve a very heavy burden on the general taxpayer?

A. On the contrary I should be inclined to say the taxpayer would get direct benefit. He would get relief from taxation.

Q. You say that State management would also tend to dispense with the temptation now held before a private company to come to some sort of understanding with the monopolists. To which are you referring in this?

A. I had in mind the Scindia company which has sold itself to the B. I. Company.

Q. If you want the existing foreign companies to go away, don't you think you have to pay some compensation to them? There should be no confiscation without compensation.

A. I think they have had more than enough and they cannot claim any compensation.

Q. Are you prepared to prove the profits they have made?

A. So far as my recollection goes, on an average they have been getting a profit of 15 per cent. every year and this profit would give them back their capital in six years. They have had a monopoly for over sixty years.

Q. If you drop the war period, would they still have made the profit?

A. We must take every period, good and bad.

Q. Do you think there would be any difficulty in getting the right type of recruits?

A. As regards my own part of the country, namely, Cutch and Kathiawar, I am hopeful that the middle class young men would come forward in sufficiently large numbers to take up this maritime career.

Q. Do you think the caste scruples will stand in the way?

A. That difficulty is dying out. Apart from that in Kathiawar, there is a distinct caste the entire male population of which follows the sea.

Q. Do they belong to the class from which officers are trained?

A. Yes; I am talking of the Nakunda sect who are captains of ships.

Q. We want men with sufficiently high education capable enough to take the initiative.

A. That class of men would certainly come forward.

Q. You advocate nationalisation of shipbuilding industry?

A. Yes, I advocate it.

Q. If we do not make good profits, you won't mind?

A. I should say it is service rendered to the community.

Q. You want shipping to be a provincial subject or a central subject?

A. All subjects relating to transport and communication should be central subjects; if they are made provincial subjects, there would be endless provincial rivalry.

Q. You want Government dockyards or private dockyards?

A. Government should be the pioneer in this matter; then private enterprise would come forth.

Q. Do you think that for catering to the coastal trade on a small scale, wooden ships would be useful?

A. Yes, that is my personal opinion.

Q. You do not object to scholarships being given to students to go to England for post-graduate studies?

A. During the period of transition it may be unavoidable. After taking their training here they might require training in a fighting marine, that is the navy. In that case they may be granted scholarships to go to England.

Q. If you grant scholarships, you will never be able to start training ships here?

A. There is no fear on that score; we shall never be able to give scholarships to such an extent as to make it a loss to run a local nautical college.

Q. If the coastal trade is reserved for Indian-owned ships, then other countries may retaliate by reserving their trade to their own ships. Are you prepared to take this risk?

A. Yes, I am prepared.

Sir Arthur Froom.—Q. You describe a foreigner as anybody and everybody non-Indian?

A. Yes.

Q. In reply to the President you said you looked upon an Englishman as just as much a foreigner as a German?

A. Yes.

Q. Do you think that a statement like that is likely to further the cause of the Indian

mercantile marine? Do you think that such a statement would elicit sympathy from any quarter?

A. I am simply stating an economic fact. So far as the draining of India is concerned, an Englishman is as much a foreigner as a German.

Q. Do you recollect that not very many years ago the Indians were fighting side by side with Englishmen against the Germans and would you look upon the German as in the same category as the Englishman?

A. Would not the position be equally different if the Germans and the Englishmen again fight together against the French?

Q. I do not want suppositions. It is a fact that Germany has recently been an enemy of both the Englishmen and Indians and that Englishmen and Indians fought side by side. I do not think that your statement that Englishmen and Germans are equally foreigners to India will be welcomed by Government or Englishmen or even by many Indians.

A. I dare say it will not.

Q. Have you carefully thought out the whole question of an Indian Mercantile Marine before drafting replies to the questionnaire?

A. Yes.

Q. Do you not think your statement would have carried greater weight if it had been drawn up in a less unrestrained manner?

A. I do not admit the adjective 'unrestrained'.

Q. I do not think your terms such as "deadly poison," "criminal indifference," "loaded dice" do any good to the cause which you have at heart.

A. I am one of those who think that if you do not put square facts in a square manner you are liable to be misunderstood.

Q. My experience as a business man is that if you make a statement in a restrained manner it is more likely to be listened to than an unrestrained one.

A. Quite so.

Q. You describe the old Navigation Laws passed in England as oppressive.

A. Oppressive for non-English ships.

Q. Would you like to introduce similar laws in this country?

A. The laws which were oppressive for the strong may be a measure of defence for the weak. It all depends upon the strength of the party concerned.

Q. Why were these Navigation Laws repealed?

A. They were repealed in the general fervour for free trade.

Q. If England recognised that it was wrong, she would redress it?

A. By that time England got complete mastery of the foreign trade and so she repealed the laws.

Q. English shipping has very strong competition all over the world; and yet she does not think fit to reintroduce the laws.

A. Recently the Prime Minister declared he wanted protection, though his desires have not yet been realised.

Q. Mr. Lalubhai referred to a big Indian firm which has been given assistance by England to the extent of a million pounds. Possibly Indian shipping also may be included later on.

A. It would be good if England does so. It is the established policy of England to help the liners to construct ships which may at times be useful for the Royal Navy.

Q. Do you object to debentures subscribed to outside the country?

A. No.

Q. You think the working capital of a concern should be raised in this country?

A. Yes.

Q. Do you know of any other country which has made this stipulation?

A. Only last year Australia passed a law with regard to the exploitation of its mineral wealth. The Act was originally passed during the War prohibiting the Germans from exploiting the mineral wealth of Australia and last year the 'War precaution repeal act' was passed. I believe it is the common law of England that no foreigner can be the owner of a British ship. Similarly it would be necessary for India to define a foreigner in such a way as to exclude the Britisher who has such a great hold on the industry of the country.

Q. Have the British any laws prohibiting any member of the British Empire from holding shares in British companies?

A. No. I may add by way of example that France passed a law last year preventing foreigners from investing any capital in France.

Q. Would that apply to a subject of a French colony?

A. I think not; presumably it is intended against the Germans.

Q. Apart from these questions you put forward the view that no non-Indians should hold financial interests in the industrial concerns of this country?

A. Precisely.

Q. Would you like that to be passed into law?

A. Yes.

Q. Would it not be possible, as a retort, that all Indian interests would be excluded from

England? Many Indians have money in concerns in England.

A. If that comes about, I should certainly say "we cannot help it." The comparative loss would be very little in my opinion.

Q. Would that not lead to discontent?

A. There will always be discontented individuals.

Q. What do you mean by 'Indian capitalists by birth'?

A. That should be "Indians by birth."

Q. You referred to the question of the State running shipping lines and I think side by side with that view you expressed the opinion that you had no great faith in private enterprise in that direction, from which I understand you think that the State would run it better than private enterprise.

A. Yes.

Q. Do you know that most countries have been trying to get rid of their State-owned shipping as quickly as they can? England gave it up.

A. But in England the State did not own shipping lines.

Q. British shipping was State-controlled, during the war.

A. But not State-owned.

Q. State-owned to this extent that all the profits these companies made went into the coffers of the State.

A. I did not know that. I only understood that the State insured to the extent of 80 per cent.

Q. The big profits that the British shipping companies made during the war did not go into the pockets of the ship-owners; out of the whole profits the ship-owners were paid so much per ton only. But for that the National Debt of England would have been very much bigger than what it is now. That was a War measure and after the War Government released the ships as soon as they could.

A. But they did not purchase their ships and therefore they could not sell them.

Q. They controlled all the shipping, whether privately-owned or State-built, they took the profits and gave up control after the War.

A. Therefore the private ships were only returned just as they did with the Railways in England.

Sir John Biles.—Q. But is there any point in your arguments?

A. My point of view is that England had in no way a definite policy for running a Mercantile Marine of its own as, for instance, the Australian Commonwealth or the American Republic had.

Q. We had State control for the whole of the ships in Great Britain.

A. That was for the specific emergency of the War. I make this distinction that we should have a definite measure of national policy, either during War or during peace time, for running our own ships. In England I take it that was only a War measure for War purposes; as soon as that emergency was over, the particular measure adopted for it ceased to have any utility and therefore it was discontinued; whereas the Australian Commonwealth or the American Republic carry on their intention of running their own shipping.

Q. If it had been worth while for Government after their experience to keep the control of these fleets, they certainly would have done it. The point Sir Arthur made was that it was tried by the Government of Great Britain and was abandoned. That was a very good instance of the failure of Government to effectively run a State fleet.

Sir Arthur Froom.—Q. What I meant was that a machinery for control was established. Even in Bombay there was a shipping control. Having established the machinery, Government did not care to pursue it. Why?

A. I should say that in such a case you have to view it from the standpoint of the object in view. In so far as the object in view in regard to this illustration really was to secure adequate shipping for keeping open the trade of the United Kingdom during the War, that object did succeed; it was not really the object of making a financial gain out of it. I think you are applying two different standards to one point of view. I do not think, therefore, it would be right to say that it was a failure.

Q. I will put it this way. That was one of the objects; the other object was financial gain to the State; it undoubtedly was.

A. The financial gain was an accident rather than a direct stimulus to make them do so.

Q. They need not have taken the money.

A. But since it came it does not matter.

Sir John Biles.—Q. The fact remains that they ran the shipping at a profit and at the end of the War they got rid of it.

A. That fact I take into account which I rejoin by saying that the object of successfully carrying on the trade having been achieved, the experiment does not deserve to be described as a failure. That is my interpretation.

Q. But I say that if the Government had thought that they were going to make money by continuing that control, they would have continued it.

A. To which I would reply that they would have, had it not been for the very serious question that they would have had to pay

compensation to those whose ships they had taken over.

Q. They had it within their power to retain the ships and they decided not to. Supposing they had decided to continue to run shipping, since the control was already in their hands.

A. I take it that it is most essential to consider that this would have enormously added to the National Debt of England and the profit they earned would have more than swallowed it up.

Sir John Biles.—The point is not what they might have done, they might have done anything, but they did not do it.

Sir Arthur Froom.—*Q.* In discussing the question of reserving the coastal trade for Indian-owned ships and Indian-managed ships and Indian-capitalized ships, you remarked that there were no "vested interests" on the coast. Do you think that is correct?

A. I meant of course 'Indian'.

Q. You still hold the opinion about a State Line and I think I am correct in saying you also expressed the opinion that if Government managed a Line of shipping or owned a Line of shipping to run the coast, there would be no necessity for subsidies.

A. If Government-managed, there will be no necessity.

Q. It would come to the same thing, if they ran at a loss, they would have to make it up.

A. If it went to a loss.

Q. And you have such faith in Government that you think they can run a business better than private enterprise can?

A. Let me make this distinction that I have no faith in the present Indian Government. I mean Government in the abstract, a Democratic Government will certainly be able to do it.

Q. You think that Government with all its heavy machinery and moving so slowly would be able to run shipping lines better than private companies?

A. Yes.

Q. At the bottom of page 3 of your statement you say that customs duties should be modified in favour of goods brought into or taken away from India in Indian bottoms. Don't you think that the Central Government's revenue would be very adversely affected by that?

A. Not very much. I presume, of course, there will be a revision of tariff with a view to grant protection or where protection is not absolutely necessary the first concern will be to obtain revenues for the Government. It would be in a case like this a refund or rebate of a certain portion of the customs duties. Let

us say that the present customs duty is 40 crores and we assume that we have to make good at least 40 crores from the customs revenue. The customs tariff rules under the existing resolution of the Government of India lay down that the revenues should not in any way be interfered with. In carrying out a specific tariff measure the scale of duties would be so arranged that this provision is incorporated, viz., that a refund will be so given as not to affect this figure of 40 crores in the gross.

Q. You mean you would refund in certain directions and increase your customs tariffs in others, with the danger, possibly, of killing the goose that lays the golden eggs?

A. I do not think it would.

Q. In referring to Mail contracts, you mentioned them as the legitimate monopoly for Indian-owned ships. Do you refer to all mails?

A. Foreign mails as well as coastal mails.

Q. You cannot expect to reserve mails in the other country. Can you?

A. But you will have to come to some agreement.

Q. You said that in your opinion there would be a sufficient number of young men of good birth and also having the required standard of education for a boy of 15, coming forward to go to sea 'if conditions were suitable.' What did you mean by 'if conditions were suitable'?

A. If they had the chance of rising to the grade of officers.

Q. Are you fully aware that in a sea-life, even as an officer, you have to endure very great hardships?

A. Yes.

Q. You said that Government stores should be reserved for Indian-owned ships. Some seem to be of the opinion that there is a monopoly in the carriage of Government stores. Do you know that they are put up for tender? In fact the freights are cut very fine and there is very little profit.

A. I should certainly keep up the system of tender, subject to this difference that in the case of Government-owned ships, if my proposal is adopted, there would be no need for tender.

Q. You would have to fix rates.

A. Yes, for purposes of book-keeping, just as they do in the matter of transport of Government officers on Railways.

Sir John Biles.—*Q.* You are a Professor of Economics, are you?

A. Yes.

Q. I understand Economics is a science?

A. Yes.

Q. Which is based on facts and figures?

A. Yes.

Q. In writing this draft, did you write it from the Economist's point of view or from a political platform point of view?

A. Primarily as an Economist.

Q. We may take it that the statements you make in this are based on facts?

A. Yes, except where they are matters of opinion.

Q. Then it must be passing from the region of Economics.

A. They are inter-connected; not in all Departments have you got absolutely downright bedrock statistics.

Q. Well then, where they can be based on facts, they are?

A. Yes.

Q. In the first place, do you know all about the shipping business, the details of it?

A. I have already explained in reply to the President that I am not personally connected with the shipping business.

Q. When you make statements about costs and all that, I take it that is what somebody else has told you?

A. Or what I have gathered from books.

Q. Do you think that the business of running ships is in books, handling of freight, costs of running ships, etc?

A. There are books on the subject.

Sir John Biles.—I have failed to find them myself. I have written chapters on papers. Only this year I read a paper at the International Navigation Congress pleading for a Chair of shipping statistics to be founded in order that the statistics of running ships should be gathered together and made use of. I know they are not in books. I have been in this business all my life. I would not dare to make the statements that you have made in your written statement.

Q. You said that the Laws during the time of Charles II ruthlessly annihilated the Mercantile Marine of India between 1790 and 1810. Did it take all these years for the operation of the law?

A. I am afraid you are not expressing me clearly. What I said was that the Navigation Laws commenced from the reign of Charles II, but the total collective effect of that, when they came into operation in India, was to destroy the Indian Mercantile Marine.

Q. How many laws were enacted between Charles II's time and the end of the 18th century, can you tell me?

A. On the subject of Navigation?

Q. On the subject which tended to destroy the Indian Mercantile Marine.

A. Several laws were enacted. I can't tell them all off-hand. I can give you my

authority for every one of the statements I have made.

Q. Will you write them out and send them to the Secretary of our Committee?

A. Certainly.

Q. Then, another statement you have made is that "the freights cost us from 15 to 70 crores of rupees." What order of accuracy is there in this statement?

A. I have already explained that the exact cost would depend on the rate of freight in different years. When I say '15 to 70' it may mean 15 in one year and a higher figure in another year.

Q. There is no qualification in the statement.

A. I have not definitely stated that it relates to any single year.

What is wanted is that it has to be added to your statement that the freight varied from 15 to 70 crores over a series of years.

Q. I know you have a high order of accuracy in your mind but I gather from the written statement that that high order of accuracy is not properly represented therein. Instead of saying 'two and two are four,' you say 'two and two ought to be four.' You are one of the outstanding people that are making a case for Indians and I want to get real facts from you and not vague statements.

A. I shall profit by your advice where necessary.

Q. You would not compensate the existing lines for stopping their trade?

A. In my opinion they need not be compensated for the simple reason that they have made sufficient profit during the period of their stay here.

Q. Do you agree to the principle that there should be no confiscation without compensation?

I will put it this way. If it can be demonstrated that the existing companies suffer loss by this confiscation would you compensate them?

A. If that demonstration is acceptable to me I would vote for compensation. If the demonstration includes allowances for profits which they may have made in the past during which period they had complete monopoly, if the profits are set off against the loss and if the joint valuation results in a net loss, then I would consider it is a fit case for compensation.

Q. You are in favour of State management of the shipping industry? Is it your advice to this committee to recommend to the Government to take to shipping?

A. My personal advice would be that the best, cheapest and the most economical course for this country would be for the Government

to run a shipping service of its own provided always that it can be guaranteed that the people of the country had confidence in them. This would prevent rivalries and rate wars and would tend to make the most efficient shipping service.

Q. Would you still give this advice notwithstanding the fact that every attempt of the Government of other countries to run State steamship lines ended in financial loss?

A. Since I am convinced that every one of these attempts has had sufficient causes to explain the financial disaster, I would try the experiment again.

Q. You believe in each case that the trial was not such a one as would be the experience of a State-owned mercantile marine in India?

A. Yes.

Q. You think the lines on which they would be run in India would be an unqualified success in the course of a few years in spite of the fact that none of them had been a success in other countries?

A. Yes.

Q. You must have a complete knowledge of all the circumstances before you can arrive at such a conclusion.

A. I have sufficient information to draw this conclusion.

Q. Do you think it is sufficient for us to rely on your judgment? You have given us nothing so far as I can judge, that would convince us on the point.

A. I think I have given enough. I have given three distinct outstanding features of the present shipping industry in India. We have practically no Indian mercantile marine. In the absence of a mercantile marine of our own, we are annually drained to the extent of 30 crores and with a view to save that amount it is imperatively necessary that we start an Indian mercantile marine immediately. In my opinion it would be most economical, profitable and efficient if it is started by the Government.

Q. The thirty crores have been considerably reduced by Mr. Lalubhai. These are gross freights. Are they not?

A. I do not make any reduction for overseas freight. I have made deduction for coastal freight. Together with the overseas freight, the total comes to 35 crores; after giving a fair margin of 5 crores for coastal freight expenses I have put the figure at 30 crores.

Q. When you say gross freight are you not making a mere guess at the earnings?

A. No doubt it is not published that so much goes to foreign trade and so much for coastal trade. But taking both quantitatively and

qualitatively, I have calculated item by item and have arrived at this figure.

Q. What is your authority on the subject?

A. I rely on pages 429 and 430 of the book "Trade transport and tariffs in India."

Q. Would the new ships that are to replace the existing ones be like them, that is of the same length, breadth, form, speed, capacity to hold draughts of water and all things peculiar to each individual ship?

A. I do not think I am quite qualified to give an answer to this question bearing on the particulars you have described. But I can say that the new ships will be similar to the existing ones.

Q. Would it not be cheaper to buy the ships from the existing concerns instead of building new ones?

A. If you want to take up the transport business immediately, it would be advisable to buy ships. To build ships it would necessarily take some time.

Q. You want the committee to recommend to the Government to buy the existing fleet and then run it themselves?

A. Granted that the terms are satisfactory, that proper allowance is made for depreciation and that no undue profit is made, the existing fleet may be purchased by the Government.

Q. As regards shareholders, you said that 75 per cent. of them should be Indians. Do you mean ordinary shareholders or preference shareholders?

A. Personally I am of opinion that both the ordinary shareholders and the preference shareholders should be Indians. In the case of preference shares, the amount of drain is definitely limited; much vigilance will not be necessary in the case of preference shareholders and debenture holders. Therefore I would make this distinction that ordinary shares should be rigorously and exclusively confined to Indians and preference shares not so rigorously and exclusively confined.

Q. You say that preference shares may be held by non-Indians?

A. I would say that the voting power should not be so distributed as to entirely frustrate the object of such legislation by placing both the ordinary and preference shareholders on the same footing. If the preference shareholders are in a majority, the whole object of the legislation would be frustrated.

Q. Would you like to have a combination of this kind? Four ordinary shares and 2 million preference shares and 2 million debentures?

A. If the ordinary shareholders who are Indians have the voting power and if the others have no voting power, then it will be all right.

My personal opinion is that we should confine the whole capital to Indians lest there should be difficulties of practical finance.

Q. You said that the world's carrying trade was in the hands of Great Britain in 1854. If you look up your history you will find that the world's carrying trade was rapidly passing into the hands of Americans at that time. The Americans had very fast wooden ships; it was only the introduction of steel in 1858 that killed the power of the Americans to control the world's trade.

A. My impression is that up till the separation of the colonies from the Empire, the whole of the world's carrying trade was in the hands of the English. It was only when the English were sufficiently strong in the world's trade that they abrogated the Navigation laws.

Q. I will put you one question: Are you in favour of absolute independence for India from the British Empire?

A. Personally I am. That is my personal opinion.

President.—Thank you very much.

Witness No. 22.

Captain H. M. SALMOND, C.I.E., R.I.M., Port Officer, Karachi.

Written statement, dated the 16th March 1923.

Q. 7. No. For obvious reasons this should not be done so long as these bounties are not granted in Britain.

Under present conditions to do this would penalize ships registered in England.

Q. 9 to 15. These depend upon 7 and 8.

Q. 16. No non-British subjects should be employed on any British ship except when no suitable British subject is available.

Q. 17. Should the bounty be granted, it should cease immediately upon the vessel being sold, chartered or mortgaged to Non-Indians.

Q. 18. Yes. But if preference were given it should be extended to all British owned vessels.

Q. 19. The trade would be in the hands of Indians and retaliation would become necessary and soon be put into effect, probably with disastrous results.

Q. 21. If they are to cut into all shipping runs and not only tap small Ports and pick up odds and ends of trade as at present they will be compelled to have the same size of vessels with same speed as British and other Companies have found through long experience to be necessary, otherwise they will be unable to compete or keep up to date in this respect.

Q. 22. Entirely in private yards, but when Government Dockyards are idle they should be used for building private ships.

Q. 24. The situation is unsatisfactory; the cause being that ships, at present, at any rate, can be built more cheaply and efficiently in Britain. There is no plant in India sufficiently large to meet modern requirements and it is extremely doubtful whether it would pay to install it.

Q. 25. This can only be done by establishing ship-building yards and the necessary means of providing all the material required in connection with ship-building which can turn out ships at as low a cost and as efficient for the purpose for which they are built as those built in Britain; otherwise no one, Indians included, will have their ships built in India.

Q. 26. No.

Q. 28. Undesirable.

Q. 29. No. For same reasons as given in answer to 7.

Q. 32. No.

Q. 33. Under present conditions unless the important parts of the vessel were made in Europe the vessel would not be sufficiently efficient to compete with British built ships. If these parts were made in India they would be more expensive as well as less efficient.

Q. 34. Yes, providing the concession were extended to all.

Q. 36. In effect, non-existent.

Q. 37. The size which a vessel of wood can be built is limited. She is heavier and so can carry less in proportion and is more expensive and so cannot compete with the steel ships.

Q. 38. There is no way of doing this.

Q. 39. No.

Q. 41. No.

Q. 42. No.

Q. 44. Yes, a great many.

Q. 45.(a) Yes.

(b) Decidedly not.

(c) Private enterprise.

Q. 46. Without doubt cadets should receive their early training in a Nautical College and in a sea-going training ship where they can receive proper training in seamanship (which

includes the management and handling of boats under oars and sail under all conditions) and navigation.

The vessel should be capable of doing most of her cruising under sail, not because a knowledge of how to handle a vessel under sail is necessary to their future careers but because long experience has shown that this training develops all the best qualities necessary in a seaman *and* because the cost of the vessel would be practically the same whether she were at anchor or under way, in Port or at sea. The training ship should go on long cruises far away from India.

Q. 47. The preliminary training should be done in a Nautical College and after the cadet has been under instruction for, say, 2 years, he should then be sent to the sea-going training ship for 2 years. The first 2 years (at College) would count as one year's sea-service so that when he left the training ship he would have in 3 years sea-service, when he might go as a junior officer in some vessel and so complete the sea-time necessary before being qualified to sit for his examination for 2nd Mate. In my opinion Government might assist this scheme financially and by supplying the necessary training establishment so as to ensure the cadets being not only properly trained but in being brought up with the highest ideas of the duties of a sea officer and of the traditions of the sea services.

The Officers in command of both training ship and college must be prepared to devote himself to the moral and intellectual, as well as the physical, development of these young men.

The Nations of India should contribute financially to the scheme as this would ensure their taking some interest in it, and I am sure that Port Trusts and Shipping Companies would contribute too.

The cost would not be very great even to run the thing on a high level which, of course, is very necessary as the latest of every thing in the way of instruments and works connected with the sea profession would have to be used and studied. But scholarships and prizes would have to be provided.

Q. 48. Those cadets who go to England for training must be expected to subscribe in just the same manner as an English cadet does.

If the Government were to give scholarships in an English training ship they would have to be available for all cadets, not only the Indians.

Q. 49. One training ship to begin with and one or more later if necessary.

Two Nautical Colleges, one on each side of India, to begin with.

By State assistance, and contributions by Port Trusts, Shipping Companies and people who profess themselves interested in the movement.

The question of fees should be gone into carefully otherwise the best and most likely seaman might be unable to benefit by the *undoubtedly* great advantage which a careful and systematic training bestows.

Q. 50. Both. *Vide* 46 *ibid*.

Q. 51. They might finish the last of the 4 years sea-service necessary before sitting for examination as an apprentice, but under present conditions of training apprentices it is utterly impossible to turn out an efficient seaman.

Q. 52. Ship owners will accept apprentices but will take no interest in them or their training.

Q. 53. Government should *not* pay premiums of apprentices to the sea-service unless they are prepared to pay those of apprentices to all and any other profession. If they did, it would, in my opinion, be a wrong precedent and the sea-profession would be overcrowded at once and thousands who had no sea-going proclivities or attributes would go to take advantage of the chance of being started off in life free.

Q. 54. Yes. Please see 46-7-8-9. The carrying of freight on a training ship is simply not to be considered as if the ship is to be a training ship she must continually stop at sea for boat work and other points of training. Also an entirely self propelled training vessel would be too expensive to keep under way during very much the larger part of the year as she should be. She might carry Government stores for which there is no hurry in fact this would be advisable as it would provide the necessary means of training in cargo work and papers in connection with stores and cargo. The freight saved would help to pay the expenses of the vessel.

Q. 55. Yes, they must be provided with rations. They must have a properly established and registered uniform of which they can be proud but they should provide it themselves. If they are to pay a premium this will be a small asset towards the training and feeding.

Q. 56. Yes, A very clear idea of the whole system of training necessary but this could be gone into later.

Q. 57. and 58. Yes. These should be established, but whether they should be under Government or private control, and the number necessary should be considered later.

They should be self supporting but might be aided by those interested in the development of the Indian Mercantile Marine.

Q. 64. No officer should be appointed unless he has been through one of the home training ships, as modern training in passenger and cargo steam vessels is quite useless as a means of turning out a seaman. It neither develops the necessary qualities required in a seaman nor provides any opportunities of acquiring the knowledge necessary to a seaman.

A training ship for both officers and men of the Royal Indian Marine, providing she were of the seagoing type, is undoubtedly most desirable and necessary.

Q. 65. In my opinion the Indian should be on the same footing in this respect as the European, *i.e.*, whilst not withholding any advantage

no advantage over the European should be given him, so that each can stand, and make his way in life, on his own merits. Undoubtedly at present a prospective Engineer officer must be trained in Europe.

Q. 66. The present accepted principle appears to me to be the correct one.

Q. 68. Presumably Indian steam-ship Companies are free to tender for Mail Contracts on the same terms as other British Companies which is all that can be expected.

Q. 69. Not if it gives the proposed Mercantile Marine any advantage over other British Companies not so aided.

Oral evidence of Commander N. Wood-Smith, R.I.M., Officiating Port Officer, Karachi, examined at Karachi on the 10th December 1923.

President.—We are only here actually to seek information and you need not answer any questions that you feel you have no knowledge of or you have objections to.

Q. You are here as Port Officer, Karachi, and you have nothing to do with Captain Salmon's written statement. Is that so?

A. Yes.

Q. Have you read Capt. Salmon's evidence? Are you in agreement with it generally or will you answer the questions in your own way?

A. I would rather take a more sympathetic view than he does towards Indian trade.

Q. Do you have anything to do with Indian Steamship Companies?

A. I have seen the workings of the Scindia Steam Navigation Company and others; they are regular traders here.

Q. Do you think they give you an idea of being efficient traders?

A. I see no difference between them and any other coastal trader. Their work is carried on efficiently in the Port; I am speaking from the Port Officer's point of view.

Q. What about their turn-round?

A. That would really be a matter for the Traffic Department. From what I see, their work is as efficient as that of other coastal lines.

Q. How are the ships handled?

A. Just as well as other vessels.

Q. Have you gone aboard Indian ships?

A. I have boarded pilgrim ships, the Mogul Line and the Shustari steamers (the Arab line of steamers).

Q. Have they all got European Commanders and Officers?

A. Yes; they have only one or two Indian officers. I do not think they have any Indian Commander.

Q. Do you examine candidates for the Board of Trade Examinations?

A. No.

Q. Supposing the Government of India are in sympathy with the idea to found an Indian Mercantile Marine; we want to find out how best to set about it. Are you in favour of giving them any form of bounty or subsidy?

A. No. I am against the grant of any bounties or subsidies.

Q. On what grounds?

A. I think that an Indian Mercantile Marine can be developed without either bounties or subsidies. I think there is enough room for new companies and that bounties or subsidies are not necessary.

Q. How would you suggest to start it?

A. It has already started. We have some Indian Companies now, so that an Indian Mercantile Marine more or less already exists. But, for its development, I should give it some protection which will have to be by legislation.

Q. Have you thought of any particular protection by legislation?

A. Legislation which would stop unfair competition.

Q. What do you call 'unfair competition'?

A. Rate-cutting wars.

Q. Can you tell us how you could prevent rate-cutting wars?

A. By protection, possibly by fixing minimum freight rates.

Q. Are you in favour of minimum freight rates?

A. Only if protection is otherwise unobtainable.

Q. Is that what you consider the best form of protection ?

A. That is one form. Another form of protection would be the abolition of the Deferred Rebate system.

Q. You are against the Deferred Rebate system ?

A. I am against it until such time as an Indian Mercantile Marine is firmly established.

Q. As an original start to develop the Indian Mercantile Marine you would advocate protection by minimum freights and the abolition of the Deferred Rebate system. You think that would give the Indian Mercantile Marine a fair chance to start ?

A. I think so.

Q. We will suppose that your advice is accepted and it is decided to give this protection. What is your idea about the arrangements for the supply of Officers ?

A. I think State aid would be necessary in the form of a training ship.

Q. Do you think Government should supply a training ship free or would you levy fees from students ?

A. I think the cadets should be able to support themselves similar to cadets in other lines of life.

Q. You mean like the Conway or Worcester ?

A. No. I mean cadets in different services, say, the Forest Department. They should be given the same facilities as the cadets in different services.

Q. From your experience, do you think that a sufficient number of young Indian gentlemen, similar to the officers in the British Mercantile Marine, will be forthcoming ?

A. From the lower classes, yes ; but not from the middle classes.

Q. Do you mean the class that forms the crew in steamers now ?

A. Yes.

Q. Do you think they have sufficient intelligence to rise to the higher classes of officers ?

A. Yes.

Q. Do you think they can rise finally to be Board of Trade Masters ?

A. Yes, it might be, possibly, by development in two generations, but they *could* ultimately rise to that position by education.

Q. Do you think that a sufficient number of young Indian lads will be coming forward straight away ?

A. No.

Q. Have you had any applications from Indian Officers to send their sons to sea ?

A. No.

Q. Would that apply to the Royal Indian Marine or to an Indian Navy ?

A. I should like recruitment to take place from the same social class as the officers of the Indian Army are recruited.

Q. Do you think they would go to sea ?

A. I should say 'yes.'

Q. By 'two generations' I take it you mean the sons or grandsons of the present Indians who are in command of vessels like those of the Bombay Steam Navigation ?

A. I should think their sons, if given proper education ; certainly their grandsons.

Q. Before selecting candidates for a training ship, would you have any sort or test or a preliminary examination ?

A. An educational test would be necessary.

Q. Have you any idea how high or how low that test should be ?

A. I have no idea ; but, of course, a considerable knowledge of English would be necessary.

Q. Do you propose to recruit Engineers of ships in the same way ?

A. They might be recruited in much the same way.

Q. Have the Mogul or Arab Line and the Scindia Company all Indian Engineers ?

A. They have many Indian Engineers.

Q. You are in charge of the Pilot Service. Do you think there is any reason why Indians should not also become pilots ?

A. In course of time they could rise to become Pilots.

Q. Before joining the Pilot-Service, what class of certificates have they at Karachi ?

A. Master's certificates.

Q. Have you had any applications from Indians or Anglo-Indians to join the service at Karachi ?

A. None.

Q. Supposing a properly qualified Indian Anglo-Indian came along, is there any bar against him ?

A. There is no bar.

Q. It has been said by many witnesses, chiefly Indian, that to develop an Indian Mercantile Marine, the coastal trade ought to be reserved for Indian-owned ships.

A. I do not think it is necessary to do so.

Q. But have you any objections to the coastal trade being reserved ?

A. I am opposed to monopoly in any shape or form.

Mr. Jadu Nath Roy.—Q. If the coastal trade is reserved for Indians, other Indian companies will be started, and there will be competition among Indian companies them

selves. Would you object in that case also to reserve the coastal trade ?

A. When I was in Australia about 20 years ago, the coastal trade, there was reserved for Australian vessels, and I have seen the same thing in America ; I consider it obnoxious for any nation to reserve its coastal trade exclusively for its own ships.

Q. They have certain rules and regulations, which have to be observed by other companies,

A. I have recently seen the workings of it in America and I think it is objectionable.

Q. But it helps the growth of national shipping ?

A. That may be true, but I do not think it is necessary for the formation of an Indian Mercantile Marine.

Q. The idea amongst the Indians is that they will not be able to compete with British Companies unless you give them some sort of protection.

A. I agree that there must be some protection given.

Q. At least in the beginning, for some years, don't you think that the coastal trade should be reserved ?

A. I don't think so.

Q. The Scindia Company could not compete and had to come to terms with the B. I. ?

A. During the seventeen years I have been in India, two, if not three, Swadeshi companies have been run off their feet and I should certainly advocate protection to prevent that but not protection so drastic as the reservation of the coastal trade.

Q. You are only in favour of the abolition of the Deferred Rebate system and the doing away with rate-cutting by some sort of minimum freights ?

A. I should also favour any other legislation, more or less of a simple nature, which would not be so drastic as the reservation of the coastal trade would be.

Q. Any subsidy or bounty ?

A. I do not think any subsidies or bounties are necessary to the establishment of an Indian Mercantile Marine.

Q. But all the Indian companies that have hitherto been formed could not compete with the non-Indian companies and had to go into liquidation ?

A. I think that has been solely due to the rate-wars.

Q. Was it not, to some extent, due to inefficient management ?

A. I do not think so. Rate-cutting appears to me to be the principal cause of the Indian companies disappearing in the past.

Q. Are you in favour of ship-building in India ?

A. Yes.

Q. Do you think that it should be encouraged in this country ?

A. I think so.

Q. Do you think there will be any difficulty on account of skilled labour or can you train such labour in the country ?

A. I think it can be trained. In fact I think India has exceptionally fine facilities in this respect. The proximity of Calcutta to coal and iron are extraordinary facilities, and potential labour exists.

Q. Have you any experience of Calcutta ?

A. Yes—two years'.

Q. Do you think that the climatic conditions of Calcutta will in any way affect the ship-building industry ?

A. It does not seem to affect the Indian labour. I see the men working in the hot weather just in the same way as at other times.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You told us you have experience of the working of the Mogul Line and you are satisfied with it, I daresay ?

A. Yes.

Q. You said that there were Indian Officers, but not any Indian Commanders. What rank of officers have you ?

A. Second Officers.

Q. Do they pass their Board of Trade Examination ?

A. Not in Karachi.

Q. But they have to pass an examination before they take up such posts in a ship.

A. For Second Mate's certificate probably, that is for foreign trade.

Q. Are they allowed to take foreign trade certificates also ?

A. A ship is only required to have a certificated Captain and Chief Officer ; it is not absolutely necessary for the Second Officer to have a certificate.

Q. These officers then that you spoke of have no certificates ?

A. I cannot say that.

Q. If given the necessary training, do you think they would be able to take charge of a ship ?

A. Yes, in course of time.

Q. The Mogul Line has almost all European Officers ?

A. Yes, they have very few Indians.

Q. You said that there is no necessity for bounties or subsidies. It has been suggested to us that in the early stages when the Indian Mercantile Marine is not properly developed we may have recourse to various forms of State

aid by a sort of protection to industries by Government in the form of Navigation Bounties. Do you oppose that on principle ?

A. I think that an Indian Mercantile Marine can come into existence without any bounty.

Q. What has been suggested to us is that we have a large number of ships on the coast and that these will suffice for the trade. There is no room for new companies to come in and if they come, the old-established companies can easily drive them out. In order to help the new companies to stand on their legs, is there any objection on principle to give subsidies or Navigation bounties in the early stages ?

A. No. there is nothing objectionable.

Q. You want minimum rates fixed. It has been suggested to us that, with the fixation of minimum rates, we should have maximum rates also so that if there is a monopoly it may not hit the consumer to an unfair extent. Would you favour a maximum rates being fixed ?

A. At present I only see the necessity for minimum rates.

Q. Later on, if some sort of monopoly is created, would you then have recourse to maximum rates also ?

A. Yes.

Q. You said that cadets should be able to support themselves in the same way as they do in other walks of life, e.g., Forests. We have been told by the Principal of the Victoria Jubilee Technical Institute that the Government charges for a student come up to Rs. 650 per annum, whereas the fees paid are Rs. 100 only. Similarly in the case of the Engineering, Agricultural or Medical Colleges, Government have to pay four or five times what the students pay. Have you any objection to similar help being given by Government to the starting of an Indian Mercantile Marine ?

A. No.

Q. Khalassis and the ordinary crew class; do you think that if they are given sufficient preliminary training, education in English, elementary mathematics, etc., they would be able to pass examinations and take charge of ships as Officers, or do you think that intelligence is a monopoly of the higher classes ?

A. I observe that the sons of, possibly lascars, who are educated rise to become clerks. I know of cases in the Port Trust here where sons of lascars and skilled workers, who have come from the lower class have become clerks. If they can become clerks, I do not see why with good training they should not become Officers of ships.

Q. You said in reply to the President that the middle classes were not coming forward and

that your received no applications from them ? Did you advertise for any ?

A. No.

Q. You are merely giving your general impression that they are not likely to come forward possibly on account of caste prejudice ?

A. I did not think of it from the point of view of caste prejudice. I think in the traditions of India it is only the lower classes that have gone to the sea.

Q. In all times, the officers and the merchants belonged only to what we call the higher classes. Formerly they took to shipping and thrived. Sea faring was not confined to the lower classes only. We were told in Bombay by some witnesses that owing to the displacement of wooden ships by steam ships, the old enterprising and sea faring spirit had died out. If proper opportunities were given, then the middle class people would also come forward and take to shipping. If some arrangements are made on the same lines as they do for the King's Commission, then would not the higher classes come forward ?

A. The same arrangements may be made.

Q. You have experience of Burma ?

A. Yes.

Q. You know of the pilots on the Irrawaddi who are all Burmans ?

A. I have seen Burmans doing pilot work for the river steamers. But that is a very low form of piloting.

Q. Given the opportunity they may perhaps be easily trained up later on for higher forms of piloting ?

A. On the Irrawaddi the pilot only requires local knowledge but a pilot on the sea at Karachi or Bombay has to possess a different kind of knowledge, that of handling ships.

Q. If one gets up to a second mate or a first mate and then special instructions are given in piloting, then can he get up ? We want to make a beginning now.

A. My opinion is this. If an Indian is fit to officer and command a ship, he is equally fit to become a pilot.

Q. You said in reply to the President that you are against reservation of the coastal trade for Indians. Is it on principle or is it because it will create monopolies ? You said that your experience of Australia and America told you that it would not be beneficial to reserve the coastal trade ? Can you give specific instances where the effects of reservation were bad or monstrous ?

A. I can tell you one concrete instance. Honolulu is a port at which ships of many nationalities call. The Japanese ships, British ships and ships of other nations call at that

port. When passengers disembark, they are unable to leave the island except in an American ship. There I observed the Japanese and the British ships leaving the port with 30 or 40 empty cabins and American citizens and others unable to leave the island for want of room in American ships.

Q. Is the American coastal service not able to cater for all of them ?

A. It cannot cater for all in the rush seasons. American subjects have in my presence declaimed against the iniquities of the system. Sometimes passengers have to wait for weeks together in the rush season before they can get out of the island.

Q. How long ago was that Act passed in America ?

A. I think it is an old Act.

Q. The American Government have not yet thought it necessary or desirable to repeal that Act ?

A. No.

Q. Except the few grumblers, all the other American citizens think it necessary to have the Act ?

A. I cannot say that.

Q. You said that in Australia also there was the same difficulty on account of reservation ?

A. I often found that British ships from say Freemantle to Sydney were going with empty space, because they could not take cargo on account of the law that was in force.

Q. If we had a universal brotherhood of nations living in peace, then free trade would be an ideal thing ; but as it is, each country protects itself. That is the reason why India wants to protect herself. If it can be arranged to develop the Indian mercantile marine without doing any harm to the existing companies, would you have any objection on principle to reserve the coastal trade ? It is possible that the existing companies may be registered in India ?

A. No, I do not object on principle.

Q. You think that the country may not be able to cater for all requirements and that other shipping companies may suffer because they may have to go empty just as is the case in Honolulu, which you referred to ?

A. Undoubtedly there are difficulties in the way.

Sir Arthur Froom.—Q. You sympathise with the wish of the Indians to start a mercantile marine of their own ?

A. Yes.

Q. You have said you have seen the actual working of several Indian shipping companies at Karachi and Calcutta ? Are their ships worked as efficiently as other ships in the coastal trade ?

A. I cannot speak from the traffic point of view ; but from the point of view of seamanship, they are quite good.

Q. We cannot expect otherwise under the existing circumstances because at present the personnel by which they are manned is chiefly British and so there is no reason why they should not be worked as efficiently as the other coastal lines ?

A. Yes.

Q. You cannot speak of the management of these lines ?

A. No.

Q. You are simply giving your opinion as a seaman ?

A. Yes.

Q. You are against special bounties or subsidies to Indian owned shipping companies ?

A. Yes ; I consider the bounties to be unnecessary.

Q. You say you would like some sort of legislation to stop unfair competition ?

A. Yes.

Q. You consider rate cutting an unnatural state of affairs ?

A. Not unnatural.

Q. Supposing you had a shop and you sold certain articles at certain prices ; I come along and start another shop charging less for the same articles what would you do ?

A. I would follow suit.

Q. You would have to protect your own business, that is quite natural ?

A. Yes.

Q. So it is in connection with shipping ?

A. Yes.

Q. Coming back to the shopping business, after a time you might after he has proved himself go to the other shopkeeper and say : "Let us come to some arrangement and work together." You can imagine that state of affairs ?

A. Yes.

Q. From the point of view of business it is quite understandable that when another shipping company comes into competition with an established one, there would be a fight ?

A. Yes, that is quite understandable.

Q. It is natural because an established line cannot be expected to open its arms to a new comer who is not to try to take away something of its business ?

A. Yes ; that is the natural thing that happens in every walk of life.

Q. You suggested that to prevent this rate cutting, minimum freight rates should be introduced so that everybody will have an equal chance to compete ?

A. Yes.

Q. Your idea is that the coastal trade should not be reserved except possibly against non-British shipping companies ?

A. Yes.

Q. You sympathise with the idea of keeping out alien companies belonging to other nationalities from trading on the coast ?

A. Yes. I would if necessary keep out alien companies and reserve the coastal trade for British companies which include Indian companies, but I am really against reservations.

Q. You object to the rebate system and rate cutting wars ?

A. Yes.

Q. You have been a sailor all your life ?

A. Yes.

Q. Your views therefore are not based on personal business experience but rather from a general superficial one.

A. My knowledge of rebates has been entirely gleaned from the pamphlet issued by the Imperial Shipping Committee on the deferred rebate system.

Q. Have you read the report of the Committee on the deferred rebate system ? There was a Committee which considered this deferred rebate system and a well thought out and exhaustive report has been published ?

A. I have read the final report of the Imperial Shipping Committee.

Q. Don't you find that the report is not against the deferred rebate system ?

A. As an alternative to the deferred rebate system, the committee allowed a system of agreement between shipowners. I do not agree with it as regards the Indian coast.

Q. You differ from men who have all through their lives been in business both as shipowners and shippers ?

A. They have not been in India as I have all through my working life.

Q. What I am driving at is that when I want advice on the management of shipping lines, you would not expect me to come to you for it ?

A. It is not within my province to give advice on shipping matters.

Q. You are very emphatic that the coastal trade should not be reserved for Indian owned ships and in this respect you agree with Capt. H. M. Salmond ?

A. Yes.

Q. You base your reasons for that opinion on what you have seen in Australia and America ?

A. I saw that reservation in Australia and America was not beneficial and so I have come to the conclusion that it is no use reserving the coastal trade of India.

Q. You know that there is a large section of Australians who object to this reservation of the coastal trade personally ?

A. I do not know that.

Q. The Australians have found that the trade suffers unnecessarily on account of high freights and insufficiency of service and the question of removing the restriction is under consideration at the present time ?

A. I do not know that.

Q. You mentioned one or two Swadeshi or Indian companies that were not successful owing to rate cutting ? Do you think that there is nothing else to which their want of success may be attributed such as insufficiency of capital, faulty management, etc.

A. I am not aware that these companies failed on account of the latter reasons.

Q. There is a company which we may describe as well managed and has had sufficient capital and it has survived the competition. I am referring to the Scindia company. That will illustrate that the coastal trade need not be reserved, because if a company is efficiently managed, it can fight its way in ?

A. Yes ; I do not see any reason for the reservation of the Indian coast.

Q. Supposing a new Indian company were formed ; do you think that the Scindia company would fight the new comer ?

A. I think they would.

Q. How would you describe the Indian mercantile marine ? Would you describe the Indian mercantile marine as a company owned by Indians, registered in India, with a rupee capital and whose ships are manned by Indians ?

A. That is the ultimate ideal. I take it that the Indian mercantile marine must start as the Japanese mercantile marine started. I think the aim might be to follow on the lines of development of the Japanese mercantile marine.

Q. With that idea you would be inclined to train Indians as a first step to become officers ?

A. Not as an independent step.

Q. Not altogether as an independent step but as one of the chief steps to establish a mercantile marine ?

A. It should be a concomitant step.

Q. Supposing an Indian company chartered ships which are English in every respect, English built and English officered, supposing they started in business with those ships because they thought it would be profitable, would you call that an Indian mercantile marine ?

A. No.

Q. Capt. Salmond has written quite a lot on training ; do you agree with him that there should be a nautical college or colleges to train

young men and then that they should go to sea in a training ship?

A. I do not consider a nautical college is absolutely necessary.

Q. Supposing there is a son of an Indian gentleman who wants to go to sea. The youth is aged 14 or 15 and is educated up to the same standard as an English lad who goes to sea. How would you start the young man?

A. I think it will be sufficient to send him to a sea going training ship straight away. I do not say that would be the best course. The better course for him would be first of all to receive education in a nautical college but I do not think that is an absolute necessity.

Q. Your idea is that part of his training should be in a sea going training ship, a thoroughly well-equipped training ship with proper teachers on board?

A. I think so; he would then combine the two educations if he had proper teachers on board.

Q. It would be a floating nautical college affording practical experience?

A. Yes. It should be for both kinds of apprentices, deck and engineering.

Q. I suppose you cannot say any more than anyone else can say, with any degree of certainty, that sufficient numbers of the right type of young man would come forward to be trained as officers?

A. I think the present difficulty is one of initial general education.

Q. We are told that there are thousands of boys in this country who are well educated and who have no openings for them in the ordinary walks of life. Those that are inclined for a seafaring life may be given a trial?

A. I think we may make engineers out of them but not sailors. I do not think they have got the inherited instinct.

Q. You consider that to have officers for the Indian mercantile marine, you would have to rely upon promotion from the lascar seamen?

A. I think the lower classes will rise up to it. I have seen sons of the lascar class who are fortunate enough to be educated, occupying positions as clerks.

Q. You think that is not because they prefer to go as clerks instead of following their father's profession?

A. Because they had been educated they came to occupy positions as clerks; if they are given education for the sea, they might equally become efficient officers.

Q. Your point is that we shall have to draw the officers in the Indian mercantile marine from the sons of those fathers who have been

accustomed to a seafaring life all through their lives?

A. Yes.

Q. As regards engineers, you think it an easier question to solve because there are a lot of capable engineers at sea already?

A. Yes.

Q. To become an engineer at sea you do not want special training as is the case for an officer?

A. No.

Q. Do you think that if ship-building is taken up in this country as an industry (I am talking of steel ship-building) it will be a success?

A. I think it would be a success on the Calcutta side.

Q. Why on the Calcutta side?

A. On account of Calcutta's proximity to the coal and iron fields.

Q. Therefore they would be able to compete, as regards prices, better than on this side of India?

A. Yes.

Q. Do you think that the labour on the Calcutta side is capable of being trained to become sufficiently skilful like the men in the ship-building yards at home?

A. Yes.

Q. The trouble at the present moment is that a tremendous amount of supervision is required in the case of Indian labour. Do you think we can get over that difficulty?

A. I think so.

Sir John Biles.—Q. Would you mind telling us what your reasons are which led you to think that the Deferred Rebate system on the Indian coast was a bad thing? You said that the Imperial Shipping Committee came to certain conclusions which you did not agree with so far as India is concerned? Why?

A. The Deferred Rebate system gives a ship owner a hold over a shipper.

Q. That is the case everywhere. What is the peculiarity about India which makes you disagree with the conclusions of the Imperial Shipping Committee?

A. I only advocate protection to a certain extent for India. I am not advocating protection to the shipping trade anywhere else.

Q. I rather gathered from what you said that you knew India very well and the Imperial Shipping Committee did not. You came to the conclusion that for India and for India alone you believed the abolition of the Rebate system should apply?

A. Yes; I meant it for India alone.

Q. What are the reasons that are peculiar to India, and not for the rest of the world?

A. I said that the abolition of the Rebate system was one of the forms of protection that I would give for the starting of an Indian Mercantile Marine.

Q. The abolition of the Rebate system would admit of more competition than retaining it. Is that so?

A. I should think so.

Q. Do you think that in peace times competition is protection to a Mercantile Marine in process of formation?

A. Coupled with controlled freight rates.

Q. What sort of competition can it be when freight rates are controlled?

A. I am not an advocate of competition; I ask for it only up to a certain limit.

Q. You have told us that the abolition of the Rebate system would increase competition.

A. You suggested that, and I agreed with you that it probably would.

Q. Your main object would then be to prevent competition?

A. Unhealthy competition, bearing in view that this is for a specific purpose, *viz.* the development of an Indian Mercantile Marine.

Q. You think that doing away with the Rebate system and fixing rates would do away with competition?

A. Yes, with unhealthy competition.

Q. Would there be any competition if the rate was fixed?

A. In some cases fixed rates might never be necessary.

Q. If the Deferred Rebate system is abolished and there is no fixing of rates, would it not practically amount to unlimited competition?

A. Not if the law was so framed as to fix rates when necessary.

Q. Do you mean to say that when competition became effective you would do away with it?

A. Yes, if necessary for the purpose in view.

Q. When you have people really fighting with each other, there is real competition. You would prevent that competition?

A. I am subordinating business instincts and, possibly, natural instincts for this one purpose, *viz.* the development of an Indian Mercantile Marine.

Q. If this is your main interest, can't you achieve it by retaining the Deferred Rebate system so as to prevent new people from coming in and making unfair competition? I am not satisfied from your statement that the two proposals you make, *viz.* doing away with the Deferred Rebate and the fixing of rates, hang together.

A. They are just suggestions; protection might have to go very much further.

Q. You think that the suggestions you make might not be sufficient for protection?

A. They might not be; I think they would aid protection.

Q. What is your idea about the training of cadets; should they be Government cadets? You spoke of the Army cadets.

A. Possibly I could have drawn a better parallel by reference to the Medical cadets. I understand that in Government Medical Colleges there are many students of whom, possibly, 25 per cent. automatically enter Government service and the remaining 75 per cent. no doubt become private practitioners.

Q. There you have a big market for students who do not go into the Government service. Do you say that Medical students always seek Government aid?

A. I think that in this country Medical students all go to Government Colleges and receive Government aid possibly in an indirect form.

Q. Then your idea is that some of those who receive aid for training in Nautical matters should go into Government service and the remainder would do best to enter the Indian Mercantile Marine?

A. I should give none of them any guarantee of employment after training. If they elect to be trained, it should be without any guarantee of employment after training.

Q. In reply to the President you spoke of the Army cadets. You were thinking of the Royal Indian Marine and not of the Indian Mercantile Marine, so far as the training of cadets is concerned. Is that so?

A. I was thinking of the Indian Mercantile Marine, but not necessarily Government cadets.

Q. They would be analogous to the Medical students who take their chance in private service?

A. Yes.

Q. Do you believe in a State Steamship Line?

A. No.

Q. What is the difference between a line that is subsidized by Government and has ships built in Government-owned shipyards and a State Steamship Line? I thought you advocated a kind of Line that is not a State Steamship Line but will not a line in the form in which I put it to you practically amount to the same thing.

A. I did not intend to advocate one of that description.

Q. What is your limitation as to the assistance to be given by Government?

A. I do not consider any subsidy or bounty necessary to develop an Indian Mercantile Marine.

Q. That is not one of the methods you meant by protection ?

A. No.

Q. Your pilots have to handle ships. Do they know how to do that before they become pilots ?

A. Not necessarily as in Karachi they learn as probationers. They have to have a Master's certificate.

Q. You told us that the reservation of the coasting trade was objectionable and later on you told us that your objection was that an American could not travel in a foreign ship from Honolulu to San Francisco. Does not that objection hold good in the case of say a Japanese, English or any body.

A. Yes.

Q. If I wanted to go in a non-American ship from Honolulu to San Francisco, I cannot do so ?

A. That is so.

Q. You said that in order to Indianize British ships, they would have to be owned, manned and managed by Indians and a statement was made that there would be no objection to British ships plying on the Indian coast provided they were Indianized.

A. Yes, but the latter seems to me to be rather too closely allied with reservation of the coastal trade.

Q. Assuming that the reservation is decided upon and nobody is allowed to trade on the Indian coast except ships that are Indianized with Indian capital and Indian management, the statement was made that there would be no objection to British ships coming under those terms. Don't you think that if British ships were compelled to come under these terms they will have to be bought by Indians at very low prices ?

A. That is a matter which is entirely outside my province. If there is no reservation of the coast for Indian traffic, questions such as Indian capital and Indian management do not arise.

Q. But I asked you to assume that the coastal trade was reserved ?

A. I certainly have not formulated any ideas of that description.

Q. I was only putting to you the view of the ship-owner, viz., that he would be compelled to sell his ships to Indian capitalists at a lower price.

A. Or remove them elsewhere. I am afraid that is a point I have not really considered.

Q. Apart from financial considerations, do you think that ships could be built in Karachi ?

A. I take it that ships can be built anywhere, and that includes Karachi.

Q. Have you any idea of the relative value of labour here and its output per hour per man as compared with Calcutta ?

A. No.

Q. Do you think labour is good in Karachi ?

A. My opinion is that labour is not as good here as at Calcutta.

Q. Therefore, you will have the double disadvantage in building ships here, viz. of having coal and iron a long distance away and labour being not so efficient as at Calcutta.

A. That is so.

Q. Therefore you would not advocate ship-building in Karachi ?

A. No.

The Hon'ble Mr. Lalubhai Samaldas. Q. You said you had experience of the Australian coastal trade being reserved for Australian ships. We have been told that under the British Merchant Shipping Act, no coastal trade can be reserved by any Colony or Dominion. Have you any idea if that is done by legislation and if so, how ?

A. I am afraid I do not know.

President.—Thank you very much.

Witness No 23.

- Engineer Lieutenant-Commander J. S. PAGE, R. I. M., Engineer and Ship Surveyor, Karachi.

Written statement, dated the 4th April 1923.

Q. 22. Private Yards.

Do not recommend the establishment or development of Government dockyard for this purpose.

Q. 23. Most unsatisfactory.

Q. 24. Lack of proper facilities.

Lack of practical knowledge on part of workers.

Workers not sufficiently skilled for such work.

Cost of building higher than elsewhere.

Q. 25. No.

Q. 26. Yes.

Q. 27. Construction bounties.

Q. 29. Yes.

Q. 30. Steel only. 1000 tons gross.

Q. 31. To be determined later when ship-building costs have been thoroughly gone into.

Q. 32. Yes.

Q. 33. Optional; but all materials manufactured in India would have to undergo the necessary test and inspection similar to those in the United Kingdom.

Q. 34. Materials to be allowed into the country at a reduced duty. Amount to be fixed on investigation.

Q. 35. Duty to be paid by the ship-builder in the first instance, and afterwards refunded on production of a Certificate from the Surveyor stating that the material has been worked into a vessel for which a bounty is claimed.

Q. 36. Unsatisfactory, except for small craft.

Q. 37. Wooden ship cannot compete in point of efficiency with steel ships.

Q. 38. No.

Q. 39. No.

Q. 42. No.

Q. 59. Yes.

Q. 60. (a) Yes. (b) No. (c) Yes.

Q. 61. All ship-building and Engineering Firms who are on the Government list to employ selected apprentices, teach them the Science and Practice of Engineering, and a Government grant to be allowed for each one who completes the full apprenticeship and passes the final examination. Apprentices should be required to serve in the Indian Mercantile Marine for a period of at least five years after completion of apprenticeship under penalty.

Marine Engineering Colleges to be provided in Bombay and Calcutta to enable Engineers to study for the Board of Trade Examination. These Colleges could be attached to any existing Engineering College.

Q. 62. Not at present.

Q. 63. None that I know of.

Q. 65. Candidates should be recruited under the common entry system, and after being instructed up to a point in this country should be sent to either a Government Dockyard or any well known Firm in the United Kingdom for a further period of four years to complete their training.

Oral evidence, Karachi, the 10th December 1923.

President.—We are here for the purpose of advising the Government of India on how to start an Indian Mercantile Marine and an Indian Ship-building industry in India. We are searching for information from your knowledge of the subject. If we ask any questions that you do not feel competent to answer or rather would not answer, you need not hesitate to say so.

Q. Is there any reason why ships should not be built in India?

A. There is no reason whatever, but the workmen and everybody will have to be taught; in my opinion they are not competent to build any big ships in India.

Q. From your knowledge of them, is there any reason why they should not learn?

A. No; with time and experience I think they could. The only thing is that they are not physically fit to carry out any heavy work.

Q. Would that militate against ship-building?

A. Yes, that is my experience. When they get on to very heavy work, they are at a loss; they are not physically strong.

Q. Otherwise, there is no reason why they should not make good?

A. I see no reason why they should not.

Q. You are in favour of ships being built in private yards?

A. Yes.

Q. What are your reasons?

A. I think Government Dockyards should be kept for naval purposes, and probably the work could be done cheaper in private yards.

Q. You think you can save a certain amount of unnecessary expense in administration?

A. I think so.

Q. Are you in favour of construction bounties?

A. Yes, if you are in favour of building in India, because they cannot compete with home terms.

Q. What sort of a guarantee do you recommend?

A. I am not a businessman. I suppose they could pay so much per ton, which would roughly approximate to the difference in the price of a ship built in India and one built at home.

Q. You are only suggesting bounties for steel vessels?

A. Yes.

Q. What about the wooden ship-building industry?

A. It is a thing of the past. A wooden ship does not last as long as a steel vessel; it is expensive to repair and I do not think Government will be justified in giving construction bounties for the purpose of building wooden ships.

Q. I see you say that all materials manufactured in India would have to undergo the necessary test and inspection?

A. I see no reason why the materials should not be manufactured in India provided they exactly undergo the same test and inspection as at home.

Q. You are in favour of materials for ship-building being allowed into the country at a reduced rate?

A. At a reduced customs rate.

Q. Would that be a permanent measure?

A. Until the industries are able to turn out stuff as cheaply as outsiders.

Q. Supposing the Government of India decided to grant construction bounties to ship-building, would you confine it to any particular part of India?

A. I should say any part, but Bombay and Calcutta are best fitted for ship-building. You have at these two places workmen who understand a certain amount of the ship-building work. In Karachi there is no one who knows anything about it. Here you will have to bring the labour either from Calcutta or Bombay until people are educated.

Q. Is there a good supply of labour in Karachi?

A. There is no labour here at all.

The President.—**Q.** If shipbuilding yards are started, would you be in favour of restricting the higher posts to Indians as they become efficient, as they did in Japan?

A. I have not studied that question and I do not think I am in a position to give an opinion on that point.

Q. You have experience of the competency of Indians to go into the engineering branch?

A. Yes.

Q. Do you think that they show sufficient ability to be likely later on to become engineers and chief engineers in ocean going steamers?

A. They will require a great deal more experience before they can do so. My experience is that they are quite all right in certain positions but when a crisis occurs they are at a loss what to do.

Q. Is it because they have not had the training which others have had in proper ship-building yards?

A. They have never held any responsible positions so far; you cannot develop very much until you are put in responsible positions and called upon to tackle difficult situations.

Q. Have you examined their knowledge in engineering?

A. They are quite good in theory; but when it comes to practice most of them fail owing to lack of experience.

Q. In the Indian ships you have surveyed, are there Indian Engineers?

A. Yes.

Q. Do you find them keeping their engines in good order?

A. There is no comparison between a European and an Indian so far as engine keeping is concerned. The Indian lets things go too far. Once I had to detain a ship and make them carry out certain repairs, which were in my opinion due to the negligence of the engine staff.

Q. What would be the best method of producing efficient engineers?

A. To qualify for engineering, he would have to be in a dockyard or shipbuilding yard for a certain number of years and then go to sea just in the same way as European Engineers do. I think that is the best way of turning out efficient engineers.

Q. You are of opinion that all shipbuilding and engineering firms who are on the Government list should employ selected apprentices?

A. I am assuming that ships are built in India; then these firms should be compelled to take a certain number of apprentices. Theoretical as well as training should be given to these apprentices *during* their apprenticeship and they should have an examination when training is completed. If the result of the examination does not reach a certain standard, they should be put back for further training. These apprentices should be compelled to serve in the Indian mercantile marine for a certain number of years, because if they find better job elsewhere, they will secure them.

Q. Without Government subsidised lines, do you think that there is sufficient scope for them to get their future training?

A. Not at present.

Q. Do you advise the Government to run state lines?

A. Not at all. Engineers may be trained in Marine Engineering Colleges attached to any existing engineering college.

Sir John Biles.—**Q.** Do you believe in bounties?

A. Yes.

Q. I will place before you another plan for your consideration. Supposing that an Indian

mercantile marine is started in this country. Supposing the Government says that all ships that come into the Indian mercantile marine after a certain date should be built in India. Do you want bounties even then? Do you think this is a practicable scheme?

A. That depends upon what progress the Indians make in shipbuilding.

Q. If you have notice that all ships coming into the mercantile marine after a certain date must be ships built in India, would that not be a sufficient encouragement for shipbuilders to come forward and open new shipbuilding yards?

A. I think it would be a very great incentive.

Q. Would it be necessary to give bounties even then?

A. Not when India is fully able to build her own ships.

Q. The scheme I have suggested to you is not whether India can build ships or not; my point is if the Government insist that the Indian mercantile marine ships reserved for coastal trade should be ships built in India, would that be a sufficient encouragement for shipbuilders to come forward without bounties?

A. I do not know that by itself it would be sufficient; no doubt it would be a great incentive.

Q. Till the time that all ships are built in India would you maintain the present rate of customs duty or would you reduce it?

A. I think they cannot get here and which they import from outside.

Q. The condition of insisting that the Indian mercantile marine should consist of ships built in India should be accompanied by the lowering of the customs duty to begin with?

A. Yes; because they might not be able to manufacture what they want. They will have to get the stuff from outside.

Q. Do you know about the ability or the efficiency of labour?

A. They are very fairly efficient. But they are not as efficient in Karachi as they are in Calcutta. I have just come from Calcutta; the labour here compares very unfavourably with the labour there.

Q. I know that in shipbuilding there is no experience in Karachi and therefore whatever experience Bengal has is to the good of Karachi. That was not what I meant. What I meant was: Is the native energy in Karachi better or worse than that in Bengal?

A. I think it is slightly better in Karachi; the people here have a hardier physique.

Q. Do you think that in course of time Karachi labour may compete with Calcutta?

A. Yes.

Q. Have you any idea to what extent Karachi would be better than Calcutta in course of time?

A. I can not say that.

Q. You do not think that Karachi is likely to develop as a shipbuilding port?

A. I do not think so.

Sir Arthur Froom.—Q. You consider that state aid is necessary to develop the shipbuilding industry in India?

A. Yes.

Q. Would that be a set off against inferior labour in this country?

A. Yes. It would be a set off against the high cost of materials too.

Q. Would state aid by itself improve the work turned out?

A. No, it would not; but it would be an incentive for people to build ships.

Q. Admitting your opinion that state aid is necessary for shipbuilding in order that it may compete with the prices at home, would the finished article built in India with state aid be as good as the finished article at home?

A. No, not for many many years. We can never get the same quality of work.

Q. In reply to question 27, you say: You are in favour of construction bounties, but you do not go into the details?

A. Bounties will have to come from the taxpayer in some shape or form.

Q. In answer to question 34 you say: Materials to be allowed into the country at a reduced duty?

A. Yes.

Q. Would that not be taking away some of the revenue of this country derived from the customs department.

A. Yes.

Q. That again would necessitate another tax on the people?

A. Yes.

Q. So that a considerable amount of expenditure attaches to both your recommendations?

A. Yes.

Q. As a surveyor a certain number of ships both Indian owned and English owned pass through your hands?

A. Yes.

Q. You said that the engine rooms of ships manned by Indian engineers are not kept in the same state of efficiency as ships manned by British engineers?

A. Most of these Indian ships are manned by Parsi engineers and in my opinion there is no comparison between the state of efficiency

of the two ships, the Indian owned and the British owned.

Q. In answer to the President, I think you put that down to lack of experience?

A. Yes.

Q. In addition to lack of experience, would you also add character?

A. Yes, there is a difference in character; one might gain experience if he lacks it. But it mainly depends upon character to make oneself efficient.

Q. In answer to the President you said that they let things go too far?

A. I do not think the Indian engineers take the same interest in their work as the British do.

Q. Do you put that wholly to lack of experience or partly to character also?

A. I will put a good deal to character.

The Hon'ble Mr. Lalubhai Samaldas.—Q. We were told by some witnesses that Government might open certain shipbuilding yards with the idea of training Indians and that after a few years when private enterprise comes forward to run them on business lines, they should be handed over to them. Would you have any objection to this course being adopted?

A. None.

Q. In reply to question 24, you say that owing to lack of practical knowledge and owing to want of skill the workers are not able to build ships. You said that except for very heavy work the skilled labour in Calcutta is capable enough to do shipbuilding?

A. When I said heavy work, I meant sea going ships. The labour in Calcutta is mostly employed in river craft.

Q. You think that Calcutta labour would be quite up to the point.

A. When you come to very heavy work, I do not think they can do it.

Q. You think that construction bounties would be necessary even if Sir John Biles' suggestion that coastal trade should be reserved for ships built in India is carried out?

A. That would be only an incentive; that would not by itself without bounties lead to shipbuilding.

Q. Would it be feasible to carry into effect such a law?

A. I am not well versed to pronounce an opinion on that.

Q. In reply to question 33, you say: All materials manufactured in India would have to undergo the necessary test and inspection similar to those in the United Kingdom. That would be on the same lines as the Tata rails

are tested by the Government metallurgical expert?

A. In the same way as the Lloyds or the Board of Trade test.

Q. Do you know that the Government metallurgical expert tests the rails produced by Tatas?

A. Yes; similar procedure may be adopted in regard to shipbuilding.

Q. You are in favour of the reduction of customs duty in regard to the materials that have to be brought from outside?

A. Yes.

Q. As this is a new industry, the materials that have to be brought from outside will be in addition to what the average annual imports are? Would there be any reduction in the average?

A. There will be no reduction in the actual imports.

Q. If the general taxpayers through their representatives say that they are prepared to pay the taxes to pay construction bounties, you think it would be advisable to have shipbuilding?

A. Yes, it would be advisable.

Q. In reply to question 59, you say that people would come forward as engineers. Do you refer to the Parsis as a class or others also?

A. I have only had experience of the Parsis and I think they alone will come forward.

Q. Have you any Indian Christians?

A. There are a few of them.

Q. In reply to Sir Arthur Froom, you said that over and above the lack of experience, there was wanting in them character or discipline? Is it possible that after some years training and correct discipline under strict supervision these men would come up to the high standard required?

A. It is like everything else, a case of evolution. An Engineer if he is taught for a long time gets what is called the engineering sense and would grasp things quicker. He does not stop to think but he acts at once.

Q. In reply to question 61 you say: Marine engineering to be provided in Bombay and Calcutta to enable engineers to study for the Board of Trade examination. These colleges could be attached to any existing engineering college. There is the Victoria Technical Institute in Bombay; training in which is accepted as equivalent to 2 years by the Board of Trade. Your idea is that institutions like the Victoria Technical Institute should be the feeders for the higher colleges?

A. Yes. What I meant was that after they finish their apprenticeship at sea and before

they go up for the examination to get a certificate, they should attend a school for a little while to get themselves acquainted with the methods of examination. In many cases these schools in England are attached to well known technical colleges. It only requires an additional lecturer or a master to attend to this work. It is not so much before they go to sea as when they are preparing for the examination that they have to be taught exactly what is required at the examination.

Q. You would like that the practical knowledge should be obtained on the training ship and the theoretical knowledge should be obtained previous to that or later on in the engineering college.

A. I am dealing with the system whereby engineers serve their apprenticeship and have nothing to do with the training ship as in the British mercantile marine. They serve their apprenticeship and go to sea at the end. When they have time for examination they usually come on shore for two or three months and attend an engineering academy, just to brush themselves up for the examination. It is usual for these engineering academies to be attached to engineering colleges.

Q. Do you know the standard of the Victoria technical institute at Byculla?

A. I am not conversant with it.

Q. You cannot tell us whether it would be suitable with a little change to train youths for marine engineering?

A. It may be suitable with a slight change; after all the standard is not too high for a marine engineering college.

Q. In answer to question 65 you say: Candidates should be recruited under the common entry system and after being instructed up to a point in this country should be sent to either a Government dockyard or any well known firm in the United Kingdom for a further period of four years to complete their training. If that cannot be done would you advocate the starting of nautical academies here?

A. I am talking about it from the point of view of practical work. If there are no shipbuilding yards in India of sufficient size

then of course they have to be sent to other countries. The reason why I insist on a boy being trained up to a certain point here is this: Keep a boy here until he knows whether he will like the work or not. If he decides in the first year that he will like the work, then he can be sent to other countries for study. On the other hand if you send him straightaway without instructing him here, he may afterwards come and say he does not like the work. The money spent on him would thus be lost.

Q. If the Government dockyard cannot provide sufficient instruction for a young man, would it be feasible to make arrangements with an English firm in the United Kingdom to take him up for training?

A. I think there would be no difficulty.

Mr. Jadu Nath Roy.—Q. In reply to question 22, you say that shipbuilding should be done in private yards. Do you refer to the Burns shipbuilding yard in Calcutta. Do you think they are capable of developing the yard?

A. I do not think they can be developed any further.

Q. Is it the depth of the water that stands in the way?

A. I do not know; I am only talking from an engineering point of view.

Q. As regards the labour on the Calcutta side, you say that they are capable of light work. I believe in the B. I. docks they have to do heavy repairs. The people there are well up in that work?

A. They may be a few. They use a large number of Chinamen to do heavy work in the B. I. docks.

Q. Do you think that Indian labour cannot be trained to that extent in course of time?

A. It might be trained.

Q. In reply to question 63 you say: There is no school suitable for imparting technical knowledge? Are you aware of the college at Sibpur?

A. By the addition of a teacher any college may be made to impart technical knowledge.

*President.—*Thank you very much.

Witness No. 24.

The Karachi Indian Merchants Association, Karachi.

Written Statement, dated the 27th August 1923.

Q. 1. There is no shipping industry in India properly speaking. Before the war this industry

was entirely in the hands of non-Indians. During the latter period of the Great War

some enterprising merchants in Bombay and Calcutta floated Joint Stock Companies. But owing to the sudden slump in the trade and the lack of encouragement from the Government, some of these companies had to go into liquidation. The one or two that survived and organised the business have had to encounter great difficulties in building up a steady and substantial business.

Q. 2. The chief conditions that militate against the development of shipping enterprise by the people of India are:—

- (a) Want of encouragement by the State.
- (b) Deferred rebate system and the monopoly of trade held by non-Indian Companies over the Indian Coast ports.
- (c) Rate war waged by non-Indian Companies against the Indian shipping companies; and
- (d) Refusal of space by non-Indian Companies in their steamers to the merchants who give their cargo to Indian Companies.

Q. 3. No.

Q. 4. To do away with the difficulties experienced by the Indian Companies as also to foster Indian Shipping Industry which is just in its infancy and which may die out if neglected, *State aid is absolutely necessary.*

Q. 5. All the great nations of the world have given encouragement to the expansion of marine trade by extending to it State aid in one form or the other. It is suggested that (i) that coasting trade of India and Burma be reserved for Indian Companies, (ii) the deferred rebate system be made illegal (iii) the Indian shipping companies be granted bounties, cheap loans, postal contracts, subsidies and concessions in port dues and custom duties.

Q. 6. Yes, legislative measures be adopted to secure the above objects and to fix minimum and maximum freights.

Q. 7. Yes, bounty should be given to steamship companies of which $\frac{1}{4}$ if not the entire capital is held by the people of the country and of which entire management and control is in Indian hands with the exception of the expert staff required for the working of the steamers till such time as Indian youths can be trained and are qualified for independent charge.

Q. 8. The grant of Navigation bounties in the early stage of the industry should be

general and not confined to any particular route.

Q. 9. The average gross tonnage should be about 1,000 tons so that the steamers may run to all the large and small ports of India with full cargo. As regards speed, etc., this is a technical question and can best be answered by the companies engaged in this trade.

Q. 10. We suggest bounties to an extent that will enable the Indian shipping to make a return of 6 per cent. after providing a reserve of 5 per cent. annually, net on the capital invested, such bounties to continue at least for 10 years. After the lapse of 10 years the bounties may be renewed if the industry has not become self-supporting in the meantime but where the industry has been paying for itself the question as to the extent of these bounties should be considered by a Committee appointed by the Indian Legislature.

Q. 11. Please refer to No. 9.

Q. 12. Please see No. 10.

Q. 13. Bounties should be paid to the Indian shipping owning steamers or running steamers chartered by them till such time that the steamers in India are built in considerable numbers to justify the restriction of bounties to Indian built steamers. No navigation bounty should be paid to vessels built outside India unless they have been borne on the Indian register for 5 years.

Q. 14. Yes, after 10 years, if in the interval Indian built vessels can be made to take their place.

Q. 15. Yes, they should be made to take a number of Indians every year for training.

Q. 16. No restriction in the early stage of the industry about the employment of non-Indians be made but when trained and qualified Indians can be had to take up the handling of the steamers, preference may be given to them whenever any vacancy occurs. The only restriction that we propose would be the exclusion of such nationalities as place restrictions on the immigration and the residence of Indians in their countries.

Q. 17. Yes.

Q. 18. The entire trade on the Indian coast should be reserved for the Indian shipping. Failing this, no vessels belonging to a country which places restrictions on the immigration or residence of Indians should be allowed to carry on this trade.

Q. 19. The effects of reservation would be manifold :—

- (a) The freight earned will remain in the country thus helping new enterprise.
- (b) There will be more revenue to the Government of India.
- (c) Indian merchants will not be exploited nor will the freights charged be heavy as is the case now when alien shipping companies enjoy a sort of monopoly.
- (d) Indian merchants will be no longer at the mercy of the alien shipping companies for their requirements of space and will be saved the ill-treatment now meted out to them by such companies.
- (e) The fixing of freights by the Indian shipping on a basis that will develop the coastal trade will be helpful in revising the rates now charged by the various Indian Railways regardless of the detrimental effect they have on the trade of India.

Q. 20. Yes, certainly.

Q. 21. The reply to this question can only be given by the Companies engaged in this trade. The size and description of the vessels should be designed to suit the general requirements of the trade.

Q. 22. Government should establish and develop shipyards until private persons or bodies can be found to take them over. At the same time private enterprise in building vessels should be encouraged by means of subsidies and loans free of interest.

Q. 23. There is no such industry in the hands of Indians in existence at present.

Q. 24. Besides the causes militating against Indian shipping referred to above, viz., the want of encouragement on the part of the Government, the monopoly of the mercantile navigation along Indian coast held by non-Indian companies, the deferred rebate system, etc., the chief cause is the lack of mechanical and nautical colleges to train Indian youths desirous of studying these industries. Outside India, Indians are usually refused admission to such institutions and when in spite of these they do succeed in getting the necessary training, they have no careers waiting for them in their own country.

Q. 25. There seems no immediate chance of tiding over the difficulties named above without State aid.

Q. 26. Yes.

Q. 27. The building of shipyards by Government with the help of Indian labour skilled and unskilled as far as practicable, training a number of youths every year in the various industries, advancing cheap loans to Indian enterprisers desirous of developing this industry independent of the State control, exemption from Custom duties of materials imported for this industry from abroad; these are some measures that might be adopted with advantage.

Q. 28. Such legislative measures as might be necessary to secure the above objects must be taken.

Q. 29. Yes.

Q. 30 and 31. Yes, the steel vessels and wooden vessels fitted with auxiliary motors should be entitled to construction bounties. We would suggest 50 per cent. of the value of the steamer to be advanced by the State, to be recovered by yearly payment of 5 per cent. on the advanced amount with interest at the rate of 3 per cent. for the first 3 years, 3½ per cent. for fourth, fifth and sixth years and 4 per cent. for the 7th, 8th, 9th and 10th years.

Q. 32. See No. 31.

Q. 33. Efforts should always be made to use Indian material as far as possible. There should be no restriction regarding the use of materials bought outside, since India is at present lacking in manufacture of certain class of goods particularly machinery required for shipbuilding.

Q. 34. See No. 27.

Q. 35. There will be no abuse of concessions since shipbuilding industry will for some time be under State control and later when the industry passes into the hands of Indian enterprisers necessary rules and regulations can be made to prevent the abuse.

Q. 36. The wooden shipbuilding industry is being killed.

Q. 37. The reasons are the same as have already been referred to. To these may be added want of health in the way of insurance of cargo shipped by wooden ships.

Q. 38. No.

Q. 39. Yes.

Q. 40. (i) We would suggest reduction of wharfrage on cargoes shipped by wooden ships and (ii) the acceptance of marine risk, total loss or with average by Companies promoted by this purpose by the Government just as British Government encouraged War Risk insurance during the War.

Q. 41. The Government should encourage the building of the wooden ships to be fitted with auxiliary motors which will have greater advantage over the ordinary wooden vessels as such vessels will stand the rough weather better and will also be able to travel in calm weather.

Q. 42. Yes.

Q. 43. See No. 40.

Q. 44. Yes, as the chances of employment for qualified youths in Government Departments, learned professions and commercial houses are getting fewer day by day on account of the excess of supply over demand it is necessary that some new openings are made available to them. Indian Mercantile Marine will provide new careers and will go a long way to allay the discontent which is such a marked feature of the educated community.

Q. 45. Yes.

Q. 46. Preliminary training should not be insisted upon until the necessary facilities have been provided. To begin with cadets should be allowed to proceed to sea direct as apprentices.

Q. 47. Preliminary training will make for efficiency and facilities should be provided in the country by the State.

Q. 48. Government should assist such cadets with scholarships and see that the students sent abroad for the Mercantile Marine are given the same facilities as European students. The form which these scholarships should take will be the same as those for other technical studies.

Q. 49. A training ship and a Nautical College should be kept at each of the following ports:—

Bombay, Calcutta, Madras, Karachi.

For some time to come the charges must be borne wholly by Government.

Q. 50. Yes, certainly.

Q. 51 to 53. The Mercantile Marine should be required by law to provide facility for training to Indian cadets without payment of premia.

Q. 54. Sea-going training ships for apprentices should be provided and maintained by Government till such time as India builds up her Mercantile Marine.

Q. 55. There should be two classes of students: one that will serve the Indian Mercantile Marine for a specified number of years after they are qualified. These should be given food and uniform. The other class will consist of students desirous of taking services with ships other

than those owned by the Indian Mercantile Marine. These should pay for their food and uniform when on board the training ship during the period of apprenticeship.

Q. 56. No.

Q. 57. Yes, these Nautical Academies will be useful in fixing a certain standard which all the apprentices should pass before they are entitled to Board of Trade Certificates for Mates and Masters.

Q. 58. Four as mentioned in No. 49. The Bombay College should take in students from the Bombay Presidency, Central Provinces and Gujrat. The Calcutta College should take in students from the Bengal Presidency, Bihar and Orisa, United Provinces, Assam and Burma. The Madras College, the students from Madras Presidency and Southern India and the Karachi College, students from the Punjab, Sind, Baluchistan and North-West Frontier Province. They should be maintained partially by fees but mainly by Government.

Q. 59. Yes.

Q. 60. Yes.

Q. 61. The jobs in the Indian Mercantile Marine should be Indianised and higher appointments in the various Port Trusts in India should be reserved for Indians.

Q. 62. No.

Q. 63. None. ■

Q. 64. A combined training ship for the Royal Indian Marine and Indian Mercantile Marine would be preferable.

Q. 65. See No. 47.

Q. 66 and 67. The mail contracts should be reserved on the Indian Coast Ports for the Indian Mercantile Marine entirely and for foreign countries the contract should be given by inviting tenders from both Indian and non-Indian companies.

Q. 68. See No. 66.

Q. 69. Equal chance should be given for competing for the mail contract to all the Indian owned and managed steamship companies.

Q. 70. The methods that appeal to us for raising funds are:—

- (a) Annual grant from the Government of India budget.
- (b) Raising of cheap loans with the help of the Imperial Bank of India.
- (c) Levying a supercharge of 8 annas per ton on the dead weight carrying capacity of steamers owned, managed

chartered, or run by the non-Indian Companies bringing and carrying cargoes from and to Indian waters. This according to the latest figures on imports and exports (registered at Bombay, Karachi, Calcutta, Madras and Rangoon during 1921-22 amount to 18,122,293 dead weight tons) should bring about Rs. 91,00,000 to Rs. 1,50,00,000 annually which sum should entirely be reserved for the development of the Indian Mercantile Marine and Ship-building Industry..

(d) Indianising the entire services as far as practicable to make service cheap and effective.

APPENDIX A.

Statement showing the total imports and exports entered at the undermentioned ports during 1921-22.

	Imports.	Exports.
Bombay .	39,78,000	27,47,000
Karachi .	4,34,277	6,96,309
Calcutta .	13,19,772	9,74,783
		16,87,222 Coal
Madras .	8,48,756	8,74,080
Rangoon .	..	45,62,094
	65,80,805	1,15,41,488
TOTAL TONNAGE .		1,81,22,293

Oral evidence of Seth HARIDAS LALJI LAKSHMIDAS and Seth ISHARDAS N. MALIK, representing the Indian Merchants' Association, Karachi. Examined at Karachi on the 10th December 1923.

[N.B.—The answer to questions were given by the 2nd Witness, where the first witness also answered, "1st witness" has been written.]

President.—Q. You are both representing the Karachi Indian Merchants' Association?

A. Yes.

Q. Do you wish to be examined together or one after the other?

A. We would like to be examined together.

President.—I should like to begin by assuring you that it is the desire of Government to be advised as to the best method of promoting the Indian Mercantile Marine and the shipping industry in India and that all of us accepted appointments with the idea of getting the best advice as to how it is to be carried out. If any questions are asked of you that you do not wish to answer you will say so. We are only out to gain information as to how best to advise the Government of India.

Q. In your reply to Question 19 (d), you talk about Indian merchants being at the mercy of "alien" shipping companies. Would you define the word "alien"? Would you call a British Company an "alien" company?

A. By 'alien' we mean anything that is non-Indian.

Q. Later on in your reply to Questions 66 and 67 you talk about 'foreign' companies. Do you call Great Britain a "foreign" country?

A. Yes.

Q. It might perhaps clear this difficulty if I explain that, as far as this Committee is concerned, we are very careful not to use the words 'alien' or 'foreign,' but we use the

words 'Indian' and 'non-Indian'; because the former are liable to be misconstrued.

A. In both the cases we mean 'non-Indian.'

Q. The Karachi Indian Merchants' Association are in favour of starting a purely Indian Mercantile Marine?

A. Yes, with the assistance of Government

Q. I take it that if you could form one without the assistance of Government you would do so.

A. Yes, but we do not think it is possible at this stage to do so.

Q. The first plank on your platform is to make an Indian Mercantile Marine?

A. That is so.

Q. Will you explain what you mean by a purely Indian Company?

A. A company, three-fourths of whose shares are owned, managed and financed by Indians.

Q. So far as the capital is concerned, you mean that it should be rupee capital?

A. Yes.

Q. Must the Directors entirely be Indians?

A. To start with, not necessarily all; but three-fourths of them must be.

Q. Is it possible to start the Indian Mercantile Marine almost immediately?

A. It will take some time, but it must be started as soon as possible.

Q. Have you any idea how long it will be?

A. That depends upon the help Government are willing to give and what legislation Govern-

ment are going to pass regarding the reservation of the coastal trade.

Q. Do you think it will be impossible to carry it out without Government aid?

A. Yes, at present.

Q. I see that you are in favour of reserving the coastal trade as well as giving subsidies and bounties?

A. Yes.

Q. Would there be any necessity to give subsidies and bounties as well as reserve the coastal trade?

A. Yes.

Q. What is the necessity for subsidies and bounties when you reserve the coastal trade?

A. The capital which would be required according to the needs of the country would not be forthcoming in the country itself.

Q. Supposing you reserve the trade for Indians and the whole coastal trade is undertaken by Indian companies, how would the Mercantile Marine be protected?

A. In the same way as the present companies that are running to the coastal ports are.

Q. How would you protect your Indian Merchant ships in time of war?

A. We must have some one to depend upon.

Q. If you refuse to allow British ships to trade on the Indian coast, you can hardly expect British ships to come and protect your coast?

A. Government will have to come forward to assist.

Q. How can they come forward?

A. By providing a Navy.

Q. You think that you will have to provide for an Indian Navy as well as an Indian Mercantile Marine?

A. The first thing to start is the Indian Mercantile Marine; the question of an Indian Navy can come afterwards.

Q. We are here to advise the Government and we can hardly advise the Government and tell them that the British Merchant ships must not ply on the Indian coasts, but at the same time in case of war they must come and protect our ships.

A. The essential part is the Merchant Marine; I think the Navy can come afterwards.

Q. Looking at it from the national point of view, don't you think that it will be necessary to start the two together?

A. It may not be feasible to do so.

Q. You cannot blame non-Indian shipping if your shipping was destroyed by an enemy?

1st witness.—If war comes (which God forbid) India is bound to help the British Government

and the British Government is bound to help the Indian coast.

Q. In the past you have not reserved the right to ply on the coast of India with purely Indian ships.

1st witness.—I do not think that makes any difference in my opinion. When war comes there will be mutual necessity for all powers to help one another.

Q. You want legislation to prevent English ships from plying on the coast of India?

A. We want to protect the trade by owning our own Mercantile Marine.

Q. Don't you think that if the Government of India wished to have a purely Indian Mercantile Marine they must also have an Indian Navy?

A. Not necessarily. If all the Railways of India were owned by Indians, Government would requisition them in time of war.

Q. Who would protect our ships from being sunk?

A. The Indian Government will have to provide for a Navy.

Q. In my mind it is just as important that if they are going to keep an Indian Mercantile Marine they must have an Indian Navy.

A. 1st witness.—In such cases the Mercantile Marine will also be at the disposal of Government. I think the Government of India and the Home Government will come to some understanding in such cases.

2nd witness.—Even otherwise the Government must have an Indian Navy to protect India in their own interests.

Q. In answer to Question 10 you suggest bounties to an extent that will enable the Indian shipping to make a return of 6 per cent. after providing a reserve of 5 per cent. annually. Does that mean that the Indian Government has got to guarantee 11 per cent. of the capital?

A. A certain standard should be fixed for companies in order that they may be well organized and well managed. The industry is still in its infancy and will have to undergo various changes before it becomes a paying job.

Q. Do you think it will be conducive to good management?

A. That will depend on the trade offering.

Q. How is the Government going to bear the loss of 11 per cent.?

A. It can levy a surcharge of eight annas a ton on cargo carried by foreign steamers that come to India.

Q. Have you worked out how it will affect the tax-payer?

A. The surcharge will be on foreign tonnage, i.e., by levying a surcharge of 8 annas a ton on the cargo that is brought to Indian coast.

by non-Indian companies. It is not a very big item; it would hardly work out to the fraction of a pie on a piece of cloth.

Q. Does your Association import a great deal of stuff?

A. We are mostly exporters.

Q. You will levy nothing on exports?

A. We must have a tax on exports too, that is on the cargo that is taken by non-Indian steamers.

Q. Are any of you connected with shipping?

A. We are shippers. We represent the Indo-Burma Steam Navigation Company.

Q. As shippers you are against the Rebate system?

A. Yes.

Q. In your answer to Question 2 (b) you refer to the monopoly of trade held by non-Indian companies over the Indian coastal ports. Is there a monopoly of trade?

A. It is practically a monopoly, because immediately any other company starts sending its steamers to the Indian ports, the non-Indian companies begin cutting down their rates and try to stop them from doing any trade on the coast.

Q. The Scindia Steam Navigation Company is running on the coast.

A. That was only since they entered into an agreement that they are to work on the same rate.

Q. The Bombay Steam Navigation Company are running on the coast.

A. They have also entered into an agreement with the B. I.

Q. Supposing you reserve the coastal trade and you have a large Indian company trading on the Bombay coast and another large Indian Company on the Bengal coast, will this not amount to a monopoly?

A. No; not unless these companies join together to increase the rates.

Q. You have no fear that there will be any rate-wars when the coastal trade is reserved for Indian ships?

A. In that case there should be minimum and maximum rates fixed.

Q. Even after reservation?

A. Yes.

Q. What would you do first to start the Indian Mercantile Marine?

A. Government should start a State-aided Steamship company.

Q. How would that be managed?

A. By giving a chance to the educated Indian people who are in the know of things or guided by people who are already managing this sort of business until such time as

the Indians are capable of managing it themselves.

Q. Would you have this State owned line only running on the coast of India or would you have it for Overseas trade also?

A. I would first make it *pucca* for the coastal trade and after that run ships for the Overseas trade.

Q. What sort of measures would you take to see that it was well-managed?

A. Government can pass certain legislation to have their own Inspectors, etc., to inspect the management from time to time.

Q. If you reserve the coastal trade of India to Indian ships, would you call a ship loading coal from Calcutta to Bombay a coasting ship?

A. Yes.

Q. Why?

A. Because it is bringing the produce of India from one Indian port to another on the Indian coast.

Q. Would the ship be at liberty to call at Colombo on the way?

A. It can call at the port, but it must not land any cargo there. If there is an emergency or accident in the steamer which necessitates unloading, that is a different matter altogether.

Q. If the coastal trade is reserved for Indian ships, what effect will that have on Indian ships trading elsewhere? Don't you think all their trade will be stopped?

A. No.

Q. If Africa, for example, stopped Indian ships from trading on her coast, you would not mind?

A. If the people of the country are against them, I certainly would not mind.

1st witness.—Speaking of Africa, we, Britishers and Indians, have equal rights to work there.

Q. I am talking about the reservation of the coastal trade.

A. All the big countries have their steamers reserved for coastal trade; Japan, for example, has reserved her coastal trade exclusively for Japanese ships.

Q. The Dutch do not prevent other ships from trading in Java; it is part of the Dutch Empire?

A. They do not realize the importance of owning their own steamers.

Q. In regard to being in favour of a State-owned Line, have you considered what has been the experience of other countries which have their own State Lines?

A. Recently the American Chamber of Commerce passed a Resolution against Government operation of Steamships.

Q. Americans have failed, Australia has failed, why should India succeed? Is that your point of view.

A. In the case of India, we do not say it should be entirely Government management; we want the Mercantile Marine run under Government supervision and with their assistance.

Q. There is the very important question of officering the Indian Mercantile Marine. You know that the officers for British Merchant Service come from a highly educated class. Do you think we can get such a class in India?

A. Yes, especially when jobs in Government Departments are getting scarce, and there are educated Indians who will take to work in the Indian Mercantile Marine.

Q. Do you think they will be prepared to come forward?

A. Yes.

Q. You are in favour of their being trained at Government expense?

A. Yes, just as Government owns the Engineering College and the Arts College.

Q. On the same lines as they have the other Colleges?

A. Yes.

Mr. Jadu Nath Roy.—Q. Have you seen recently in the papers that the Australian Chamber of Commerce have been urging their Government to increase their fleet; from this it appears that their lines have been working very well?

A. Naturally. If the industry was not working satisfactorily they would not ask for an addition to their fleet.

Q. About the failure of the Americans, they experimented on wooden ships and power-driven ships; that was a war measure and not a failure in the working of the State Line?

A. I understand that the American Government have been taking big steamers and passing them on to Railway Steamship Companies.

Q. In your reply to Question 2 (d), you refer to the refusal of space by non-Indian companies in their steamers to merchants who give their cargo to Indian companies. Can you substantiate this statement by any concrete instances?

1st witness.—A. The Buyers and Shippers Chamber have some correspondence on this subject and I will send to the Secretary the papers on this subject.

Q. The President has been telling you that if the coastal trade of India is reserved for

Indian ships, British ships will not allow Indian ships to trade on their coasts. But India is part of the same Empire and the reservation is required for the development of the Indian shipping industry which will help the Empire in time of war. Is that not so?

A. That is what I said myself.

Q. If there had been an Indian mercantile marine the Government might utilise it in times of war?

1st witness.—If the Indian mercantile marine is established, it would be the property of the empire in times of emergency.

Q. You want the coastal trade of India to be reserved for Indian shipping and you would leave the foreign trade for British shipping?

A. Yes, we do not prevent the British from having the foreign trade for themselves.

Q. The idea of reserving the coastal trade is only to protect Indian shipping from the keen competition of other countries?

A. Yes.

Q. Is the chartering of ships the same as owning steamers? Is it not our view that we should own steamers?

A. We may charter ships at the beginning. We cannot make steamers all at once.

Q. So chartering is the initial stage and not the ultimate stage?

A. In answer to Question 13 we have made it clear that bounties should be paid to the Indian shipping owning steamers or running steamers chartered by them till such time that the steamers in India are built in considerable numbers to justify the restriction of bounties to Indian built steamers. Our aim is that India should own steamers of her own.

Q. In answer to Question 19 you say that Indian merchants will no longer be at the mercy of the alien shipping companies for their requirements of space and will be saved the ill-treatment now meted out to them by such companies. Can you give instances of such ill-treatment?

A. By ill-treatment we mean that if a shipper wants to ship by a company other than the one in which he is shipping, they would refuse permission on pain of losing the rebate amount.

Q. You are against the rebate system?

A. Yes.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You represent the Karachi Indian Merchants' Association?

A. Yes.

Q. Can you tell me the number of members on its roll?

A. About 130 members; they are all engaged in sugar, grain and cotton trade. They are both export and import merchants.

Q. Almost all of them are trading either on the coast or with a foreign country?

A. They have direct connections with the coast. None of them are trading with the continent.

Q. Is the reply that you have sent to the questionnaire the opinion of the whole body or of a committee?

A. We had a sub-committee. After the findings of the sub-committee were drafted, this report was placed before the main committee and approved by them.

Q. You object to fair competition or rate cutting.

A. I want fair competition; I object to rate cutting?

Q. You fear that the shipping companies may reduce the rate to such an extent that the new companies may have to wind up their business?

A. In January or February of this year when the Scindia and the British India companies were cutting rates, they brought down the freights from Rs. 1-2-0 to 8 annas. Some time after they entered into an agreement and they immediately raised the freight from 8 annas to Rs. 1-9-0. I had to put up some three or four ships in opposition to theirs. We were strong enough to charter ships from private companies. Realising our strength, the Scindia and the British India companies came to an agreement with us fixing a reasonable freight.

Q. If you think that you can single handed fight both the British India and the Scindia, where is the necessity to reserve the coastal trade?

A. There is a limit to everything. If the minimum rates are reduced to 8 annas, no shipping company can make a profit. The British India company have enormous resources and they can afford to take cargo even without freights. If they continue like this private shipowners with limited capital would have to close their business.

Q. Do you think you cannot fight against fair competition?

A. When there was fair competition, we were able to succeed; but if the rates are cut so low as 8 annas, it is impossible to compete with them.

Q. Can you give an instance of high percentage of freight?

A. Rs. 1-9-0 per bag to Cochin or Tuticorin which is the same as the freight for Port Said is very high.

Q. Are you sure that fixing of the maximum and the minimum rates for coastal trade would prevent unfair competition?

A. The minimum should be the actual cost of carrying the goods and the maximum should be the actual cost plus profits.

Q. You object to the cutting of rates merely with the idea of preventing other competitors in the field?

A. Yes.

Q. If rate cutting goes on merely to secure more trade and not with the idea of driving out any other competitor, then you do not object to it?

1st witness.—That will be fair competition, we do not object to it.

Q. You would call the cutting of rates below the cost as unfair competition?

A. Yes.

Q. You do not object to the employment of foreign experts in the company management?

A. No. The expert who is put in charge should also train up Indian youths in the line so that they may take his place when occasion arises.

Q. Would you call the Bombay Steam Navigation company an Indian company? It has a large number of Indian shareholders and Indian directors but the managing agents are an English firm.

A. I would not call it an Indian company looking at the way in which they are managing the business. Unless I know that the management is in the hands of Indians, I cannot call a company Indian.

Q. You would not call the Moghul line an Indian company?

A. No.

Q. How are you going to prevent shares from being transferred to Englishmen? You say that three-fourths of the capital should be held by the people of the country? Supposing I want to sell to Sir Arthur Froom some of my shares, how would you prevent me from doing so?

1st witness.—A. In that case, the gentleman to whom you offer your shares would be willing to take the whole company and not merely the shares.

Q. Would you prohibit the selling of shares?

A. Yes.

Q. In reply to Question 8 you say: the grant of navigation bounties in the early stages of the industry should be general and not confined to any particular route. Would you give bounties by stages?

A. I would give bounties by stages. First comes the coastal traffic; then comes the foreign trade.

Q. In reply to the President you said that the reservation of the coastal trade will not by itself help to start an Indian mercantile marine

and that, therefore, subsidies or bounties would be necessary. Even if the coastal trade is reserved you do not think that companies will come forward without subsidies or bounties or guaranteed dividends ?

A. They will not come forward in these days of trade depression without some inducement.

Q. As this is a new industry, you think that it might not at once appeal to the public ?

A. It will not appeal without some sort of inducement.

Q. Do you think that State aid should be continued for all time to come ?

A. For the first ten years it will be absolutely necessary. Afterwards if the companies can maintain themselves, the question may be reopened and discussed.

Q. You want 6 per cent. plus 5 per cent. guarantee from the Government ?

A. I want for depreciation and reserve plus 6 per cent.

Q. Will you not accept the principle of a guarantee of interest as on feeder railways ?

A. My suggestion ultimately comes to that principle.

Q. Do you think that the Government control may be such as it is in the feeder railways. You know there is a Government director and all the plans of the railway have to be approved by the Railway Board. Would you like to have similar control in the case of shipping companies receiving bounties ?

A. I think Government control would be necessary.

Q. Practically you want to extend the principle of feeder railways to shipping also ?

A. Till this industry is made self-supporting, the Government control will be in the interests of both the Government as well as the steamship companies.

Q. When the coastal trade is reserved, do you think that the Government will be ever called upon to pay the 11 per cent. or only a very little of the 11 per cent.

A. When the question of maximum and minimum freights is settled, the Government will never be called upon to pay anything. The maximum freight fixed covers the cost plus a small profit.

Q. In reply to Question 16, you refer to non-Indians. Is there any feeling against the British connection or do you want to treat the British as foreigners merely for the purpose of this industry ?

A. Only to foster this industry that I wish to treat the Britishers as foreigners.

Q. There is no idea of severing connection ?

A. No.

Q. If you want to protect yourself by reserving the coastal trade and if as a consequence it unfortunately happens that some of the British companies are to go out, do you think that the British will feel it so much that they will not help this country in times of war ?

A. I do not think so.

Q. Even if it does harm to the British merchants do you think that they will take it as an insult to them ?

A. This is absolutely the commercial side of the whole thing. I have great faith in the British.

Ist witness.—On the contrary, the British Government would be the gainer by this arrangement.

Q. You said that the surcharge will be very little as regards piece goods. May it not be that part of the incidence may fall on the shipping companies and may not pass to the consumer ?

A. That will automatically go to the shipping companies.

Q. Compared with the other taxes, for instance the salt tax, this will not touch the consumer's pocket ?

A. It will not affect the masses.

Q. Do you represent the Indo-Burma steamship company ?

A. We were representatives of that company till recently. It is an Indian company registered in Calcutta with a capital of Rs. 50 lakhs. Since we came to know of its internal affairs, we severed our connection with it.

Q. Are they running ships of their own ?

A. No, they are chartering boats.

Q. You said that Indian merchants will no longer be at the mercy of the alien shipping companies if the coastal trade is reserved ? Don't you think that there will be the danger of monopoly by one strong Indian company ?

A. I do not think there will be any danger when we fix maximum and minimum rates.

Q. In reply to Question 22 you say : Government should establish and develop shipyards until private persons or bodies can be found to take them over. Does it mean that you want Government merely to do pioneer work ?

A. I want that Government should build dockyards as models.

The Hon'ble Mr. Lalubhai Samaldas.—Q. We have been told that it would be very difficult to get the right type of men with sufficient education for this work. What is your experience ?

A. We do not think there will be any difficulty.

Q. Supposing, to start with, we require about 50 or 100 men for training ; do you think the proper class of men with sufficient English

education and with a desire to go to sea will be coming forward ?

A. Even if you require 20,000 men, there will be no difficulty.

Q. Why do not, then, people come forward ? We have been told that there have been no applications from Indians who are desirous of going to sea.

A. Because there is no encouragement for them.

Q. We have been told that the work they have to do is very heavy and there is a certain amount of risk.

A. There is risk in every Department, even in Mechanical Engineering.

Q. The handling of ships requires great courage, enterprise and initiative. We have been told that the Indians, however capable, will not come up to this standard ?

A. The same was the prejudice when the Spinning and Weaving Machinery was first introduced in India. Several industries are entirely owned and managed by Indians now.

Q. We have been told that certain Ships' Engineers (Parsees) were not keeping the ships in their charge in good condition. The reason for this was that they lacked a sort of discipline. If this happens, it means not only danger to their lives, but to so many men. Do you think there is any such danger ?

A. We do not think so. The students will qualify themselves before they accept such appointments.

Q. It will take some time for them to do so and, until then, you have no objection to having English Superintendents, Engineers and Captains in the Indian Mercantile Marine ?

A. No.

Q. Will any member of your family or friends care to go to sea as ship's officers ?

1st witness.—We have dealt with wooden ships for a long time and if there is any training available, I would like to send my son to sea.

Q. In reply to Questions 30 and 31 you suggest that 50 per cent. of the value of the steamer should be advanced by the State and recovered by yearly payments of a certain per cent. Does that mean that you do not want any subsidy ?

A. This is in addition to the subsidies.

Q. In reply to Question 35 you say that there will be no abuse of concessions. What do you refer to ?

A. I mean customs concessions.

Q. You said that the wooden ship-building industry is being killed. Do you mean that it has been killed or is being killed ? Is it in existence at all ?

A. It is to some extent in existence on the Kathiawar coast.

Q. Is it worth anything ?

A. No.

Q. In reply to Question 41 you say that Government should encourage the building of wooden ships to be fitted with Auxiliary motors which will have greater advantages over ordinary wooden vessels. Have you worked out any scheme or have you any figures comparing these ships with motors to steel ships ?

1st witness.—A. We have discussed this question with the Buyers and Shippers Chamber and I will reply when I appear on behalf of that Chamber.

Q. What is your idea about preliminary training. What sort of instruction should be given ?

A. That is a matter for experts. First of all, students should be trained here and then sent to training ships.

Q. Do you really want training ships and Nautical Colleges established at each of the ports of Bombay, Calcutta, Madras and Karachi ? Would not one do to start with ?

A. We can start with one and, if that is successful, gradually go on increasing the number.

Q. In reply to the President you said that you would insist on a boat coming from Calcutta to Bombay not loading or unloading any cargo at Colombo. If you reserve the Indian coastal traffic for Indian shipping companies and if Ceylon says as a Crown Colony that she will have the coast reserved for herself, it means that these boats will not be allowed to touch at Colombo. Do you think there will be any difficulty on that account ?

A. Many non-Indian ships come and touch these ports and I do not think there will be any difficulty.

Q. Would that not be a matter for negotiation between the Colonial Secretary and the Secretary of State for India ?

A. I do not think that there will be any necessity for this. If the Colombo people want any cargo from India, they can have it in their own steamers or even in our steamers.

Q. You said that our steamers should be allowed on East African ports because Indians are British subjects there. Supposing the worst happens and our ships are driven out of East Africa by the Secretary of State for the Colonies, would you take that risk ?

A. We should take the risk in reserving the coastal trade.

Q. Australia has done it. If Australia has done it you think that India might very well do it ?

A. Besides that, India has a very big coast line.

Q. By the use of the word "State" do you mean State-aided companies or State-owned companies?

A. I mean State-aided companies.

Q. In that case you do not think that the American precedent should frighten us?

A. Let half the capital be found by the State.

Q. In reply to Question 70 (c), you suggest the levy of a surcharge of 8 annas per ton on the deadweight carrying capacity of steamers run by non-Indian companies bringing and carrying cargo. You said that you would levy this surcharge on the cargo brought?

A. On the actual weight lifted; not on the total deadweight, but on the cargo lifted.

Q. Would that make any difference in the figures you suggest in Appendix A? If it does, will you kindly verify and let us know?

A. I shall.

Sir Arthur Froom.—Q. Have you, gentlemen, been connected with ship-owning?

A. (1st witness). I have wooden ships.

Q. I understood one of you to say that you took some ships in order to get cheaper freight.

2nd witness.—I said so.

Q. Up to a certain point you have had some experience of ship-owning. Is that what you mean or did you simply charter ships?

A. In one case we acted as the Agents of the Indo-Burma Steamship Company.

Q. So you have no actual experience of the management of ships?

A. That does not require much experience.

Q. I mean the management of Shipping Lines?

A. Personally I have no experience.

Q. In answer to Question 2 you suggest four reasons which you think militated against the development of shipping enterprises by the people of India. Do you think that that comprises all the reasons why they did not succeed?

A. They are the main reasons.

Q. Don't you think that want of sufficient capital was one of the reasons?

A. The capital would have come forward if there was Government aid.

Q. Shipping companies have been floated and have failed. I would suggest two additional special reasons, want of sufficient capital and want of sufficient experience in management. Would you agree to my adding these two reasons to your four?

A. If there was State aid, capital would have followed, and efficient management would have come with the assistance of Government.

Q. What does Government know about the running of shipping?

A. They would have some experts under them directly.

1st witness.—I would agree about the want of capital, but not about want of efficient management.

Q. Are you of opinion that the various companies which were started and which failed were as efficiently managed as any other lines on the coast?

A. The companies which failed, failed not on account of inefficient management. There may be other reasons for their failure.

Q. In answer to Question 3 you say 'No.' Have you no suggestions to make beyond that of State aid to encourage the people of this country to embark on shipping enterprises?

A. No.

Q. There is one company that I know of still surviving without State aid, viz., the Scindia Steam Navigation Company.

A. After suffering great loss and entering into competition with other companies.

Q. I understand you object to competition or such competition as you call cut-throat competition. Don't you think that all competition necessarily becomes cut-throat?

A. When competition starts between two companies and both are equally strong and they go on fighting, you cannot call that cut-throat competition. But if a well established company with big support behind it comes forward to fight with a new company which has just been started, that must be called cut-throat competition, especially when the rate has been fixed and the company is running at a loss.

Q. Don't you think that competition is natural in business?

A. It will be business when the company that has just started comes to the same position as the company that has enjoyed all facilities for years together.

Q. Supposing in your line of business another gentleman came and started against you and sold goods which you were selling at 8 annas cheaper, what would you do?

A. If I could sell cheaper also, I would; otherwise I would not.

Q. This is only natural in all business?

A. But in the shipping business one man has a monopoly.

Q. Suppose there are several in the trade and a new man comes in?

A. In this trade there are no others except one or two shipping companies.

Q. In an established business if you are attacked you must meet the attack; that is only business. Is it not?

1st witness.—A. We cannot stop him from coming into the trade.

Q. If there is a shipping company that has been long in a trade and another company comes along, do you think the first shipping company would be very wrong in keeping out if possible?

A. The old company would be right from its own point of view, *viz.*, that it will be beneficial to it to remain alone in the trade.

Q. I take it you are looking at this question from a patriotic point of view and not from a business point of view. Have you got any fault to find with an established company when, if attacked, it tries to defend itself? Please answer me from the point of view of a businessman.

A. Personally I do not object if there is fair competition. There is difference between fair competition and a company trying to maintain its monopoly.

Q. In reply to Question 5, you suggest all sorts of measures to establish Indian shipping enterprises. One is that the coastal trade should be reserved; secondly, you advocate the deferred rebate system being made illegal; thirdly, the grant of bounties, cheap loans, postal contracts, subsidies and concessions in port dues and customs duties. That is a pretty comprehensive programme. Have you studied all these very carefully before putting them up to this Committee?

A. That is our opinion.

1st witness.—These might look extraordinary, but looking at the situation, all these are required to develop an Indian Mercantile Marine.

Q. Why should Indian-owned companies have concessions in port dues?

A. To assist the industry. The port dues will be on material that is imported for the construction of ships.

Q. You have a Port Trust in Karachi?

A. Yes.

Q. In Bombay, there are many Indian gentlemen on the Port Trust?

A. The Indians are in a majority there.

1st witness.—Unfortunately in Karachi, the Indians are not in a majority.

Q. Do you think that the majority of Indian gentlemen on the Port Trust of Bombay would agree to a concession being given to Indian companies in their Port dues?

A. Yes; in the interests of the industry, they might agree to this concession being granted.

Q. The Port dues are charged on the ship. Why should you make any suggestion that the Port Trust should forego some of their revenue by giving concessions to Indian companies?

A. It is merely to help the industry.

Q. I do not think your suggestion will find favour with a majority of the members of the Port Trust?

A. If they find that it is in the interests of the industry, they will agree to it.

Q. You would fix maximum and minimum rates?

A. Yes.

Q. That means Government control?

A. Yes. So far as the fixing of maximum and minimum only, there will be Government control.

Q. You do not object to Government control to that extent?

A. No.

Q. You are quite singular in that view. You do not object to Government control in business?

A. Till such a time that Indians can look after the business themselves.

Q. In every business, I have always heard there were objections to Government control.

1st witness.—We restrict Government control only so far as the fixing of the maximum and minimum is concerned. It does not mean that the entire control of the concern is left in the hands of the Government.

Q. Supposing the coastal trade is reserved for Indian owned ships, you do not object to fair competition between Indian companies?

A. Competition will only range between the maximum and the minimum fixed by the Government. That will really be healthy competition. The company that manages well will find favour with the shippers.

Q. The better managed companies will find favour with the shippers and the others may have to shut up their business?

A. The other companies will have to face the situation.

Q. When they are on the point of shutting up their business, they probably will make another appeal to Government for help?

A. If the Government see that they were not properly managed, they would not listen to the appeal.

Q. In reply to Question 10, you suggest bounties to the extent of 11 per cent. Supposing the companies are running at a loss, then the percentage would be very much higher?

A. The loss will have to be made good over and above the 11 per cent. But the chances of loss would be small since maximum and minimum rates would be based on cost *plus* a certain percentage of profit.

Q. It sounds very easy.

A. As business develops, practical experience will show whether it proves easy or not.

Q. In reply to Question 18, you say: The entire trade on the Indian coast should be reserved for Indian shipping. Failing this, no vessels belonging to a country which places restrictions on the immigration or residence of Indians should be allowed to carry on this trade. You are proposing an alternative, does it mean that you are not absolutely convinced that the coastal trade should be reserved?

A. We are convinced that the coastal trade should be reserved; but if for any reason we cannot get the reservation of the coastal trade, we are suggesting an alternative.

Q. You have an idea that it may not be granted?

A. Yes.

Q. Would you say that no vessel belonging to countries that reserve their own coastal trades should be allowed to trade in India?

A. Yes, I would.

Q. In reply to Question 19, you say one of the effects of reservation would be increase of revenue to the Government of India. Will you kindly explain that?

A. On account of the collection of freight more money will be coming into the country. That will be utilised in helping other industries on which Government would collect taxes.

1st witness.—Government will make profit by way of incometax on the profits derived from other industries.

Q. You cannot suggest any direct source of revenue?

A. This will be a source of fostering other industries.

Q. You think there would be a great number of young men coming forward for service at sea because it would give them another opening to earn their livelihood?

A. Yes.

Q. Would they come forward from a love of the sea or from a desire to earn their livelihood only?

A. Some of them will come just for the sake of training as so many students take to training in different lines. They go to foreign countries for training as electrical engineers and so on. I think they would continue that spirit and go to the sea.

Q. Sea life or the sea profession is not a highly lucrative one. A boy that goes to sea could never hope to make a fortune like a boy that enters business.

A. A great majority of the people that are now in Government and other services have very limited chances of promotion. They would have better chances of rising in the mercantile marine service. They would rise

from a junior officer to a captain just as they can rise in Government service from a Head clerk to a Divisional Commissioner.

Q. I would like to describe to you why an English boy goes to sea. He goes to the sea not from the point of view of earning his livelihood but simply because he has got a liking to go to the sea and a great dislike for indoor work. He wants open air work and hates the very idea of working in an office.

President.—There is what is called the call of the sea in his blood.

A. I think if the Indian youths are given a chance there is every possibility of their developing the sea spirit.

Sir Arthur Froom.—*Q.* Do you advocate shipbuilding to be started in India?

A. Yes, I would, because there are many natural advantages to be had here.

Q. Your general opinion is that it should be started in India?

A. If we can make it paying any industry can be started in India.

Q. As regards training ships, I understand you to say that one would be necessary at each of the ports of Bombay, Karathi, Calcutta and Madras?

A. When the number of students increases, we can start training ships in each of the ports. If a large number of students turn up and if there is only one college at Bombay, the students from the different parts of the country will find it difficult on account of the distance.

Q. You agree that it is better to start with one?

A. Yes. If possible I would start all the four together.

Q. In your answer to Question 69, you say: Equal chance should be given for competing for the mail contract to all the Indian owned and managed steamship companies. You know that tenders are publicly invited and there is no private agreement at all?

A. I do not know of any private arrangement. I was under a misapprehension that the Scindia offered to take mail contracts and that they were refused.

Q. In reply to Question 70, you say: Indianising the entire services as far as practicable to make service cheap and effective. If your committee recommends Indianisation of shipping from the point of view of starting the Indian mercantile marine, that is one thing, but it is quite a different thing if you say that you are going to have a cheap and effective service by Indianisation.

A. Experience will show whether what we say is right or not.

Q. You are up against an institution that has had years and years of experience and so the Indian mercantile marine will have necessarily to be an expensive venture. You can make only a small beginning; you cannot jump into it all at once.

A. This will be a gradual development; but it does not necessarily mean that it will be very expensive.

1st witness.—I think Indianisation would cheapen the cost, because the Indian officers will not go frequently on furlough. A man who comes from a foreign country will necessarily demand more pay than an Indian.

Sir John Biles.—*Q.* Have you any knowledge of shipbuilding?

A. I have no technical knowledge.

Q. Do you think Karachi is a suitable place in which ships can be built by Indians?

A. Bombay would be better. There is a greater supply of teakwood in Bombay and there are also better engineering facilities in Bombay. Moreover it is a big industrial centre.

Q. You do not recommend in any way that Karachi should be a shipbuilding yard?

A. When Bombay is overcrowded and when another near place is sought for, then Karachi may come in. Karachi has got an excellent natural harbour where they can have building yards.

1st witness.—In my opinion Karachi is better than any other harbour.

Q. You would recommend that Government should build one shipbuilding yard in Karachi?

1st witness.—This is not a bad place; we would welcome such a proposal.

2nd witness.—In this respect we differ. I think Bombay has better trained labour.

Q. Do you think that the labour here is more skilful and more energetic than in Bombay?

A. Skilled labour is more effective and cheaper ultimately than energetic labour.

Q. You have no skilled labour in Karachi?

A. No.

Q. What is the native energy in Karachi compared relatively with Bombay or Calcutta?

A. I think people in Bombay have got more energy and skill.

Q. Then everything else is against Karachi?

A. Yes.

Q. In answer to Question 70, you say: Indianising the entire services as far as practicable to make service cheap and effective. Do you suggest that you can raise funds by this means?

A. No.

Q. You would not allow on the coastal trade ships which are not built in India?

A. We would not be so conservative as that. But if it were possible we would prefer to have such regulation.

Q. Is it possible to make such a regulation?

A. I do not think it can be given effect to at present.

Q. If you can increase your present fleet quickly it will be possible to make such a regulation?

A. We just want to start shipbuilding as an experimental measure here. If it is advantageous we can continue it.

Q. You do not want to protect shipbuilding?

A. If we know that we have all the advantages of building it as cheaply and as efficiently as in England, then we would protect it.

Q. In that case it will not need protection.

A. At this stage we cannot say anything on this technical question.

1st witness.—Our main object is to begin this industry which is not in existence at all.

Q. You are the first witness who tells us that it is possible to fix maximum and minimum rates? Your method of fixing the minimum is that you are going to make the minimum rate the cost of carrying and the maximum rate cost plus a small profit.

A. Yes.

Q. You do not know much about shipping?

A. No.

Q. Do you know that the cost of carrying is made up of interest, depreciation, insurance, wages and so on?

A. I have said the cost of running and maintenance.

Q. You have got one ship say which is 10 years old. It is standing in the books at £20,000, another ship of exactly the same size, which is 2 years old, is standing at £60,000. The cost of freight in the case of these two ships will be quite different?

A. You have to take a certain average data and then work out the minimum.

Q. How are you going to fix the minimum for ships belonging to different companies?

A. I would take the average for all the ships.

Q. Would you stop some ships immediately?

A. It may be that an old steamer might be a source of loss if we take the average; but in the case of a new steamer, the freight will go up according to its cost and this will make good the loss on the old steamer.

1st witness.—In the rates of freight you make no difference. There is no rate as superior or inferior.

Q. You do not know very much about ship-owning, do you?

1st witness.—*A.* I know about wooden ships only.

Q. You insist that 75 per cent. of the capital should be Indian and the management should be Indian, and then you said that if the majority only should be Indians, you would not agree to that being called an Indian company?

A. There is no objection to European experts being in the company. We were looking at it from the financial point of view and the interest of the public in general.

Q. If three-fourths of the Directors were Indians and one-fourth non-Indians, would you call that an Indian Company?

A. Yes, if it is working in that spirit.

Q. I thought we were trying to make a recommendation, but we cannot make a recommendation that people should work in a certain spirit.

A. We look to the interests of the industry.

Q. Suppose that the spirit is not there, and you have 75 per cent. of Indians and 25 per cent. of non-Indians; are you going to turn out these non-Indian shareholders?

A. No.

Q. They must stay in?

A. They must be made to work in accordance with the legislation that is passed.

Q. You will not let them be an Indian Company when they like that and you will not turn them out either?

1st witness.—If the management is not proper, we can have it changed?

Q. Would you consider a company that has three-fourths of its Director and three-fourths of its shareholders Indians an Indian company?

A. So long as it works in the interests of India, yes.

Q. Who is to decide that?

A. The people of the country.

Q. How will you give effect to that?

A. The shareholders of the company will decide it.

Q. Do you want Government to do that?

A. There is Government legislation.

Q. Have you any evidence to show that the American State-controlled ships are a success?

A. I have an extract from the "American Export Review" of a resolution adopted by the Chamber of Commerce of the State of New York. I can give you a copy of it.

President.—Q. In reply to Sir Arthur Froom you said you did not agree that there was inefficient management in regard to Indian shipping companies. You said in reply to me that it would be necessary, not only to reserve the coastal trade for Indian shipping, but also to give subsidies. If the Indian companies were as efficiently managed as the British companies are, there would be no necessity for any subsidies?

A. They have to compete with strong companies and they cannot do it.

Q. If the coastal trade was reserved, there will be no British competition and, therefore, if they are efficiently managed, why should subsidies be given?

A. They require some encouragement.

Q. Then they are not efficiently managed?

A. The question of management is quite different.

Q. Do you think that the question of management has nothing to do with subsidies?

A. When a new industry makes a start, it is necessary for its success that some sort of guarantee should be given to it. If Government comes forward with its help, people know that there is nothing wrong with the industry.

Sir John Biles.—Q. I suppose you agree that this extract* of the Resolution by the Chamber of Commerce which you have given us points to the inability of the United States Government to successfully work the shipping industry in America.

A. Yes.

President.—Thank you very much.

* Attached.

APPENDIX.

Report and Resolutions adopted Unanimously by the Chamber of Commerce of the State of New York at a meeting held recently.

"The members of this Chamber know the blighting influences of Government ownership. In both State and Federal affairs it has been completely demonstrated that the Government cannot carry on business more economical-ly or more efficiently than its citizens. Deficits owing to unbusinesslike book-keeping are not always revealed, but are, in any event, met by taxation of the General public. Thus, the real losses from Government enterprises are not fully appreciated.

"In view of the strong sentiment expressed by this Chamber your committee on the Harbour and Shipping feels that it will be strongly supported in a resolution calling upon the Government to avoid in handling the shipping problems before it, any measures which shall plunge it into the operation of steamships for its own account.

"The hazards of this business are great, and especially demand the careful attention and business sagacity incident to Private initiative. The Government's handicap would be greater in the shipping trade than in a number of other

enterprises in which it has at times engaged so unfortunately, for the shipping trade, there is no opportunity for a monopoly or control of the industry. The Government would be in competition with large private interests, not only in the United States but in foreign countries. At the same time Government operation would discourage our private operators and thus would defeat the very purpose and aims of Congress to build up an important American Merchant Marine.

"In addition to business and economic considerations which make impracticable direct operation of steamships by the Government are matters of international diplomacy. There is good authority for the view that if our Government as a shipowner undertakes the operation of vessels by Government employees, in competition with private foreign interests such action might result sooner or later in placing

a serious strain upon our diplomatic relations with those foreign countries having important maritime commerce.

"Therefore be it

"Resolved, that the Chamber of Commerce of the State of New York is opposed to Government operation of steamships and recommends to the United States shipping Board and the Federal authorities that in the solution of the problems before it, no plans shall be adopted which shall result in Government operation."

Similar resolutions have been passed by many other bodies and well represent commercial public opinion. So whatever steps may be taken to maintain the Government owned fleet in operation will not have the support of the American business public unless some method is devised and—this seems most unlikely at present—to turn these ships over to private ownership and operation.

Witness No. 25.

Messrs. FORBES, FORBES, CAMPBELL & CO., LTD., Karachi.

Written statement, dated the 20th August 1923.

Q. 1. It is in a small way compared with non-Indian shipping trading in Indian waters.

Q. 2. Without considering the above a necessarily unsatisfactory state of affairs (looked at purely from the *economic* point of view), we think the conditions which militate against the development of shipping enterprises by the people of this country are, *firstly*, the comparative dearth in India of the natural advantages for modern shipbuilding and all its allied trades, such as boiler making, engine making and the like, which the Countries with great shipping trades enjoy. *Secondly*, the consequent long start which those countries have gained over India in this business, with all the benefits with such a start in a great industry means. There is the accumulated experience of generations of workers, manual and otherwise; there is the gradual evolution of complicated systems of manufacture and of manufacturing machinery in which, again, very many intricate patents and rights are involved; there is the vast administrative experience of those who have sent their ships to the ends of the Earth and brought them back again through the Centuries; these are the principal benefits which the great shipping countries enjoy as their reward of research, skill, enterprise, energy and courage in the past. *Thirdly*, the difficulty of financ-

ing any large purely Indian shipping project owing to (a) the scarcity of purely Indian Capital, largely due to the hoarding habits of the people, and (b) the present unremunerative condition of the shipping industry. The world's supply of tonnage has largely outgrown the quantity of cargo to be carried and the industry is passing through one of the worst periods of depression it has ever experienced. The trade is one which seems, more than any other, to suffer from these periodical fits of depression and it is doubtful whether it could be made to pay at all over a series of years were it not for the accumulated experience which has been bought in the past and for the strength given by combinations of the most successful shipping concerns of our time. The number of companies which has gone to the wall during periods of depression is legion and the amount of capital which has been irretrievably lost is enormous. All these considerations make the formation of new adventures in shipping extremely hazardous, as many a shareholder in "mushroom" companies floated during periods of boom have found to their cost.

These are some of the conditions in India at present which militate against the development of shipping enterprises by the people of this country.

Q. 3. No; progress in all industries is only made in proportion to the natural advantages existing, combined with the degree of enterprise, skill, energy and courage exerted by those who wish to succeed. There is no Royal Road to success. Also, it must be remembered that vested interests always have been and always will be very powerful. It is the natural reward for the risks which have been taken and the losses which have been incurred in the past and new-comers can never hope to come in on the same level as those who have laboriously built up great institutions.

Q. 4. No, we are opposed in principle to the protection of any particular industry at the expense of the general tax-payer unless such industry is of National importance. It is admitted that the shipping industry comes within this category, but not necessarily the *Indian* shipping industry.

Q. 5. See reply to Question No. 4.

Q. 6. No, we are against Government interference with trade in any shape or form, especially when it seeks to benefit one section of traders at the expense of others who are members of the same Commonwealth.

We observe, however, that two private Bills are already before the Legislative Assembly, one to provide for the prevention of deferred rebates, etc., and the other to reserve the coastal traffic of India to Indian vessels. As stated above, we are opposed in principle to any legislation in these matters, but as to the merits of the Bills in question, apart from general principles the Committee have no doubt seen an article in the "Statist" of the 19th May 1923 (pp. 804-5) giving cogent arguments against the suppression of deferred rebates and we agree with the views there expressed. We consider them a complete answer to those who are advocating the Legislation in question.

As regards the Bill to reserve the coastal traffic of India to Indian vessels, see our reply to Question No. 19.

Q. 7 to 17. See answer to Question No. 4.

We would also lay stress on the fact that there is no mention in Appendix C of the Questionnaire as to any bounties existing in the case of Great Britain. In view of the fact that the Mother Country possesses by far the largest Mercantile Marine in the world, further comment seems to be unnecessary.

Q. 18. No, we consider that the Indian coasting trade should continue free to all comers.

Q. 19. In view of the fact that at the present time only some 10 per cent. or so, of the coasting trade of India is carried in purely Indian vessels, the effect of any policy or reservation of that traffic for Indian ships only would be to place

a stranglehold on the trade. Granted that such reservation would gradually result in the increase of Indian tonnage, the growth would be very slow in view of the almost total absence of shipbuilding facilities in this country. In the meantime the coasting trade would be severely handicapped by scarcity of tonnage and freight rates would soar rapidly.

Q. 20 and 21. See reply to Question No. 19.

Q. 22. The construction of Indian vessels should be left entirely to private enterprise.

Q. 23. It is in a very small way compared with the great construction industries in other countries.

Q. 24. See answer to Question No. 2.

Q. 25. No, see reply to Question No. 3.

Q. 26. No, see reply to Question No. 4.

Q. 27. See reply to Question No. 4.

Q. 28. No, see reply to Question No. 6.

Q. 29 to 35. See reply to Question No. 4.

Q. 36. We have no information.

Q. 39. No, for reasons already stated.

Q. 41. No, for reasons already stated.

Q. 43. We have no information.

Q. 44. We should doubt it. We are aware of the fine qualities of the Indian sailor which have been highly appreciated and given every encouragement by the shipping of the world, particularly by British Shipping, but we know of no such love of the Sea, as is inherent in these men, being shared by the more educated and higher classed Indian. Without this natural call of the sea, we do not consider that any person is likely to wish to follow the profession.

Q. 45. No. These matters should be left in the hands of the owners of Indian ships.

Q. 46. They should undergo a preliminary course ashore.

Q. 47. With reference to the first para. of the question, much depends upon circumstances. If a youth's means permit, there is no doubt that there are better facilities for training abroad than in India. If the training is to take place in this country, we do not consider that the necessary establishments should be supported by Government.

Q. 48. We think it would be more appropriate if some wealthy individuals who have this cause at heart would give such scholarships.

Q. 49. The number would depend upon the demand for such training. The maintenance charge should be met partly by fees and partly by the interest on Endowment Funds contributed by rich private individuals who have this cause at heart.

Q. 50. Yes.

Q. 51. Yes.

Q. 52. Yes, shipowners, as a rule, are sympathetic to the training of apprentices afloat.

Q. 53. No portion.

Q. 54. We are not in favour of a sea-going training ship, as such. The expense would far outweigh the fees charged for apprenticeships in the usual way and we do not consider it feasible that a special sea-going trainingship could make profits by dabbling in freights.

Q. 55. See reply to question No. 54.

Q. 56. We have no information, but the curriculums can easily be obtained.

Q. 57. This might follow later, but it is not a practical question at present.

Q. 58. See reply to Question No. 57.

Q. 59 and 60. See replies to Questions Nos. 44 and 45.

Q. 61. We do not think that Government should be expected to give any assistance.

Q. 62 and 63. We have no information.

Q. 64 and 65. As this is a Government service these questions are for Government to decide.

Q. 66. We accept the principle.

Q. 67. We are unaware of the existing conditions, hence we are unable to say what "other conditions" are advisable.

Q. 68. No two steamship companies can have equal chances unless possessing fleets of the same size, speed and efficiency and with an equal footing in the particular carrying trade in question.

Q. 69. No. See reply to question No. 3.

Q. 70. See replies to questions Nos. 4 and 6.

Oral evidence of Mr. E. A. PEARSON, Representing Messrs. FORBES, FORBES, CAMPBELL & CO., LTD., Karachi, examined at Karachi on the 11th December 1923.

President.—Q. Do you represent Messrs. Forbes, Forbes, Campbell and Company entirely or do you give evidence as an individual?

A. I represent the firm.

Q. Before we begin, I might tell you that we are only seeking for information and if any questions are put to you that you do not want to answer or that you object to, please say so.

Were you personally concerned in the drafting of the replies which were sent in response to our Questionnaire?

A. I wrote the replies myself. They represent my own views, and I represent the firm.

Q. Have the firm given their approval to the replies?

A. They have not said so in so many words. I sent a copy of the replies to my London office and they have not said anything so far. I think you may take it that they approve of them.

Q. The object of appointing this Committee by Government was to ascertain how best to encourage an Indian Mercantile Marine as a national industry in India. I gather from your replies that you are against State aid in any form?

A. That is so.

Q. Is there any reason why an Indian Mercantile Marine could not flourish on its own in competition with British Lines?

A. If it existed; it practically does not exist now.

Q. Supposing the necessary capital is produced; in normal times do you think there is room for an Indian Mercantile Marine on the Indian coast?

A. I do not think so, because the present state of shipping is such that there is too much tonnage for the world's trade.

Q. But there is no reason why, from an Indian point of view, a trade such as this should not be in the hands of Indians any more than it is in the hands of the British companies?

A. If Indians run their ships as efficiently and as economically as the British ships are run, (which will be a *sine qua non* if they are going to compete successfully), there is not reason at all why Indians should not secure a share of the trade.

Q. I take it that as a shipping company you have nothing to do with any particular line of shipping?

A. We have shipping interests.

Q. Do you ship a lot of cargo?

A. Yes. We have very little to do with the coastal trade of India.

Q. In Overseas trade, you do not discriminate between two different kinds of British ships. You have nothing to do with any particular line of shipping; is it not so?

A. In answer to the first part of the question, as shippers of cargo, no. We seek the cheapest freight, other things being equal. In answer to the second part of the question we are Agents for several steamship Lines.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You would have no objection to ship your articles, whether by British or non-British Lines?

A. We should have no objection to ship by non-British lines, everything else being equal.

President.—Q. What is your opinion of a State owned Mercantile Marine?

A. My opinion is that it cannot possibly compete with one run by private enterprise.

Q. Would you just give us your reasons for that ?

A. Unless those who run the enterprise have to produce a profit and loss account, they are not so particularly careful to see that expenses are kept low.

Q. Do you have Indian crews in the shipping lines that your firm is connected with ?

A. Yes.

Q. Would you mind telling me what those lines are ?

A. Ellermans "City," "Hall" and "Buck-nall" Lines, the Bibby Line, the Toyo Kisen Kaisha, Edward Bates and Sons, the Borneo Co., Ltd., Suzuki & Co., all these carry Indian crews.

Q. Have you been approached to carry any Indian apprentices who wish to become sailors ?

A. Not to my knowledge.

Q. Would you accept them if any came forward ?

A. I cannot say ; it does not lie in my hands.

Q. Have you had any Indian Officers ?

A. No.

Q. Any Indian Engineers ?

A. I could not say ; I don't think so.

Q. Do you think there is any future for the ship-building industry in India ?

A. I think it would have a very slow growth.

Q. What about ocean-going steel ships ?

A. I am not aware whether any ocean-going steel ship has ever been built in India.

Q. Would your firm be likely to take to ship-building ?

A. I should say not. I do not think that any firm in India can compete with ship-building firms in Europe.

Q. Why ?

A. On account of natural advantages not being favourable, such as skilled labour, the question of patents, boiler-making, etc. If the 33½ per cent duty on steel comes into force, we will have to say good-bye to any Indian ship-building.

Q. You never had any experience of young Indian gentlemen of the educated classes wanting to go to sea as Officers ?

A. I have never heard of any instance where an educated Indian boy has run away from home to go to sea as very often happens in European countries.

Q. You are in favour of any training establishment being more or less run by the people themselves ?

A. Yes.

Sir John Biles.—Q. I take it you are a free-trader ?

A. I am.

Q. We have had several witnesses who quoted the example of Great Britain being protective or going to be protective with the Government dissolved, so that you understand why I am asking you to express your views so strongly on this question. And for that reason I take it you are opposed in practice and in spirit to any form of subsidy ?

A. Yes.

Q. In view of the difficulties that you have enumerated, do you think it would be desirable that the Government of India should help in some way the shipbuilders to make a start in the business ?

A. I do not think it would be desirable.

Q. In reply to question 2, you say : One of the difficulties in creating Indian shipping is the difficulty of financing any large purely Indian shipping project owing to the scarcity of purely Indian capital and largely due to the hoarding habits of the people. We have been assured by many witnesses that capital will be readily forthcoming for the shipping industry. You do not think it will ?

A. I cannot contradict those who say it will. But I do not alter my opinion.

Q. Did you ever try to raise Indian capital ?

A. At the present day capital of any kind is very scarce. I do not mean to say by that answer that people will not subscribe because it is an Indian mercantile marine. I say that capital is not there and it will not come forward.

Q. What is your reason for saying that ?

A. There has been stupendous loss and therefore money is scarce.

Q. You knew from your own experience that it is difficult to raise money ?

A. Yes.

Q. Have you considered the possibility of creating a shipbuilding yard in Karachi ?

A. I think we have not got the necessary facilities. We have not got the raw material, coal and skilled labour.

Q. All these could be imported ?

A. But at such a price as would mean that your products would not compare with similar products produced in places where similar facilities exist. Coal has to come from at least 2,000 miles away.

Q. Coal can be had very nearly as cheap in Bombay as in Calcutta ?

A. As far as coal is concerned, Karachi is practically on a par with Bombay.

Q. The import of steel and of skilled labour in Karachi would be difficult as compared with Bombay ?

A. Yes.

Q. You say that the only drawback in Karachi is want of skilled labour ?

A. That is not the only drawback ; it is one of the chief drawbacks.

Q. So you do not advocate shipbuilding enterprises in Karachi ?

A. I do not.

Sir Arthur Froom.—Q. You can understand the aspirations of Indians in this country to start an Indian mercantile marine ?

A. I have every sympathy with those aspirations.

Q. I take it from your written statement that you consider that the whole proposed scheme is not a practicable one ?

A. I think so.

Q. You are against the reservation of the coastal trade for Indian owned ships ?

A. Absolutely.

Q. What are your reasons ?

A. I have given by reasons in the written statement.

Q. You think that the coastal trade should be free to all ?

A. Yes.

Q. Some witnesses suggested that Indian companies should be guaranteed 6 per cent. interest ; others suggested that there should be a guarantee of 8 per cent. If Government guarantees 8 per cent. do you think that capital would be forthcoming ? To put it in other words, would you like to put your own money in a company because the Government of India is behind it ?

A. I would not. I consider that the fact of such a company enjoying such a guarantee would remove the necessity for that care in administration without which no business can be economically sound. For instance there would be no inducement to exercise rigid control over expenditure or to make special efforts to increase the gross revenue.

Q. If there is a Government guarantee of, say, 8 per cent., do you think that Indian capital would be forthcoming to form new Indian shipping companies ?

A. I do not think the money will be available under any circumstances.

Q. In reply to question 2, towards the end, you say: The number of companies which have gone to the wall during the periods of depression is legion and the amount of capital which has been irretrievably lost is enormous. You are referring to companies all over the world ?

A. Yes.

Q. You are not referring specially to Indian owned companies ?

A. No.

Q. I gather from your answer to question 6, that you are against Government control in any commercial pursuit ?

A. Yes.

Q. Have you experience of Government control in any trade ?

A. Yes.

Q. Do you think it has been irksome and against development ?

A. Yes.

Q. Would you be inclined to give the youths of this country an opportunity to go to sea by establishing training ships ? There is a feeling in this country that an Indian mercantile marine might be started and one of the reasons given for this is that the youths should be given an opportunity to go to sea. Would you be against the Government starting a training ship just to see whether this spirit that is said to be prevailing in this country is actually there or not ?

A. These matters should be left in the hands of the owners of Indian ships.

Q. You said that you never heard of an Indian youth running away to go to sea like an English boy ?

A. I have never heard of a case.

Q. Have you come to the conclusion that the Indian youth has no love of the sea or would it be that because he has no ship to run to, he has not gone to sea ?

A. It may be that because he has no ship, he has not run away.

Q. There is a possibility that if opportunity is given some youths might come to the sea ?

A. Quite.

Q. You are not against the Government assisting a training ship if one was started ? If Indian youths were given a chance to come forward and then did not avail themselves of the opportunity, then there would be no room for complaint ?

A. I think it ought to be left in the hands of owners of Indian ships. But I would modify that answer as you say to give them a helping hand. It is a very small thing if Government assists the training ship. The Government do assist women in studying for the medical profession. In the same way they can assist youths who wish to serve in training ships.

Q. Give them a chance and whether or no they avail themselves of it will furnish a suitable reply to the enquiries in this direction ?

A. This is quite apart from the question of special help for the formation of an Indian mercantile marine.

The Hon'ble Mr. Lalubhai Samaldas.—Q. In reply to question 2, you say: The conditions which militate against the development of ship-

ping enterprises by the people of this country are the comparative dearth in India of the natural advantages for modern shipbuilding and all its allied trades such as boiler making, engine-making and the like. Are these the only difficulties ?

A. We have not got proper shipbuilding yards.

Q. Are there any difficulties in Karachi against the establishment of a shipbuilding yard ?

A. We can put up a dozen shipbuilding yards here. There is plenty of space. Karachi has got every natural advantages, so far as space is concerned.

Q. You know that a locomotive manufacturing company has been started at Jamshedpur ?

A. I do not know.

Q. You may take it from me that a company has been started for the purpose of manufacturing locomotives. Is there any difficulty in starting an industry for manufacturing engines, etc., for marine purposes ?

A. I am not an Engineer. But if an Indian factory can manufacture locomotives for railways, it might be possible to establish an Indian factory for the manufacture of marine boilers.

Q. Don't you think that the country is also suitable for manufacturing marine engines, boilers, etc. ?

A. I do not know whether you can say that a country is suitable for manufacturing marine boilers because it possesses one new factory which makes locomotives for railways.

Q. As regards boiler making, is it a special art ? If you can get steel plates, is the technical knowledge required so great that the boilers could not be made ?

A. I am not able to answer that.

Q. I also agree with you in stating that the other countries have gained a long start over India in the shipping enterprise. Is it not therefore much more necessary that India should make a beginning as early as possible so that she might not lag far behind in the race ?

A. When you have already got great facilities for producing ships on the other side of the world, what would be the use of starting a shipbuilding industry on this side of the world which may be less economical. Take the case of America for instance, I do not know whether they have started with us ; but eventually they did start. I do not think that the American shipbuilding industry can be said to be successful.

Q. And yet they are sticking to it ? Whatever we might say about their success or failure, the Americans do not think it is a failure.

A. But the fact remains that they are not so successful as the English.

Q. Other countries within the British Empire, such as Australia, are developing their mercantile marine ? Why should objection be raised to India starting as Indian mercantile marine ?

A. I understand that the idea of Australia and other countries which have started a mercantile marine of their own is not to oust the British shipping companies. But the present Indian idea seems to be to have a monopoly of coastal trade and to oust the British shipping altogether.

Q. We do not want to oust the British. We want to build our ships with Government subsidy and carry on our trade as any other foreign nation does. If it is good for Australia to have her own mercantile marine, it is also good for India to follow Australia in this respect ?

A. I have not the slightest objection to India carrying on these things as long as she does not try to oust the British by legislation. The Australians and the South Africans do not exclude British ships.

Q. But they do exclude Indian labour ?

A. That is another problem.

Q. You say that capital is scarce owing to the hoarding habits of the people. Does not the very fact that they are hoarding show that capital is there ?

A. What I meant was that they would sooner hoard the money than use it.

Q. You know that that theory has been exploded. There is nothing like hoarding in the real sense of the term ?

A. I am very glad to hear of it.

Q. Can you say what amount of money is hoarded by the 30 crores of people in India ?

A. I cannot.

Q. When you talk of hoarding I dare say you mean hoarding not in the cities by a few men but in the villages by the common people ?

A. That is what I meant.

Q. You said that you would not put your own money in a Government guaranteed concern because it would be an economically unsound business. Is it because that you are not satisfied with the guarantee of 8 per cent. that you would not put your money in the concern ?

A. The business would not be run on sound economical lines and hence I would not invest money in the concern.

Q. Are you connected with any feeder railways in which the Government guarantee interest ?

A. I am not.

Q. Do you know that companies like Messrs. Killick Nixon and Company and Martin and

Company have Government guarantees? Are they in any way unsound? I am sure their agents would resent it if they were told that their concerns are unsound. The feeder railways are run as efficiently as other railways. The mere fact that Government guarantees a certain percentage of interest need not make a concern unsound. There is the Sukkur Barage which is run purely by Government with a capital of 18 crores. Take also the Bombay Development Scheme which enjoys a Government guarantee of the rate of interest. Do you say that these are unsound? I want to correct your impression that all concerns in which Government guarantees interest will be economically unsound.

A. I do not consider that the case of the Feeder railways is analogous as the rate of interest guaranteed in such cases is only 3½ per cent. and shareholders would not be satisfied with that as they would be with a return of 8 per cent. proposed in the case of shipping concerns. There would therefore be considerable inducement towards economical management of the railway in order to pay such a return as would satisfy the shareholders. It may be argued that a company enjoying a guarantee of 8 per cent. would also like to earn more and would therefore exercise economical management but though this might be so in some cases there would in my opinion be others in which a comfortable return of 8 per cent. would lead to a general tendency of slackness, especially when trade were in such a state that more than 8 per cent. could not under any circumstances be expected to be earned however great the trouble taken. And if Government saw that a Company enjoying the 8 per cent. guarantee was being badly run, they would no doubt withdraw the guarantee and hence I would not risk my money in such a concern. I do not consider that the Sukkur Barage and the Bombay Development Scheme are analogous to private enterprises as they are under the control of the party who guarantees the interest, viz., Government. If it should be argued that Government should at least guarantee a return of 3½ per cent. for an Indian shipping company because it does so for a Light Railway, the reply is that in the latter case it is done to encourage private enterprise to add to India's acknowledged dearth of communications whereas there is no dearth of shipping facilities.

Q. In reply to question 3 you say that "vested interests always have been and always will be very powerful." Does that include the existing British or non-British companies?

A. I am not speaking of British vested interests necessarily, nor particularly of shipping. I say that, generally, of all industries.

Q. As applied to shipping, it would be correct to say so?

A. It has been carried on for years and years and it knows how to do its business.

Q. If you think that, as a result of Government helping the Indian Mercantile Marine to come into existence and helping it by subsidies or bounties, the other existing companies who run the shipping on the coast or from the coast to United Kingdom and the Continent are likely to suffer, would you recommend these companies being compensated for the services they have rendered to the country?

A. I do not think I would say anything on this point, because in my opinion it will be scandalous to turn them off from the trade which they have built up.

Q. It is not turning them off?

A. It is not a question of competing with them normally, but to barring them altogether.

Q. This has been suggested by some, but we have not come to any conclusions, we are merely asking you for information.

A. I would not consider the question of compensating the vested interests, because I am entirely against the vested interests being interfered with by anything except ordinary straight-forward healthy competition.

Q. In the same reply you say that that competition will not succeed because "the newcomers can never hope to come in on the same level as those who have laboriously built up great institutions." Practically you put before us a stone-wall against which we can only break our heads?

A. Are there not similar stone-walls already existing around us?

Q. But we grow?

A. Allow the growth to go on normally and naturally.

Q. In reply to question 4, you say that you are "opposed in principle to the protection of any particular industry at the expense of the general tax-payer unless such industry is of national importance." It is the general tax-payer who has a right to say this and I think those of us who are in the Legislative Assembly and the Council of State represent the general tax-payers. If a majority of votes is obtained in the Legislature and if Government are prepared to find the money, your first difficulty would then disappear. Is that not so?

A. Speaking myself as a tax-payer, I am entirely against it.

Q. It is a rule of the majority.

A. We are getting towards the time when we shall have to do as the majority think.

Q. You again say that "it is admitted that the shipping industry comes within this category, but not necessarily the Indian shipping industry." The British shipping industry is there; so India need not care to have its own shipping. Is that what you mean?

A. That is so.

Q. In your reply to Questions 7 to 17 you lay stress "on the fact that there is no mention in App. C of the Questionnaire as to any bounties existing in the case of Great Britain." I may mention to you that "under the Navigation Act of 1651 the trade between England and her colonies and the British Coasting trade was strictly confined to English bottoms, English owned and manned substantially by English seamen. The Act contained further provisions in support of British shipping, the effect of which was greatly to prejudice foreign shipping in its competition for the British carrying trade. From the point of view of the Dutch, indeed, it was 'a vile Act and order' to be resisted at all costs." You will see from this history that the idea of a subsidy was accepted by Britain; why should not India do the same thing?

A. Great Britain did it against the foreigner. Does India look upon Great Britain as a 'foreigner'?

Q. But Britain did it for her own industries. They did it to help themselves.

A. Is there the same necessity now; is it necessary for India to protect herself against British ships?

Q. We want to walk, grow and learn to walk and we want Britain as a Member of the Empire to help us. If it could be done without throwing a heavy burden on the general tax-payer in the initial stages, would you have any objection?

A. I have no objection to anything, so long as it is not directed against the shipping of the Empire.

Q. With reference to your reply to question 19, suppose the reservation of the coastal trade is done by stages or by routes. If there is an Indian company to run boats, say, from Bombay to Karachi, and if that company restricted the trade from Bombay to Karachi for the first year or two and we find that gets on well, we may reserve the trade for other places. Can we not do this reservation, by stages and by routes?

A. I do not know whether you would expect the other lines to hang on and help on those routes which Indian ships could not serve until the other Lines could be dispensed with altogether.

Q. In reply to question 22, you say that "the construction of Indian vessels should be left entirely to private enterprise." We have no experience, we have not got the appliances for manufacture and, therefore, private enterprise would not come forward. The capital is shy and scarce. To attract the capital and to make a beginning, would there be any objection if Government starts a ship-building yard at one place to build ships for Indian shippers?

A. I would not recommend such a course.

Q. Would you not recommend it even if you are satisfied that private enterprise will not come forward in the first stages? Two factories were started by Government one in the Punjab and the other in the United Provinces, for some chemical industry and after having run them for a few years, they passed them over to private companies. Would you object to such a 'pioneer' ship-yard being built with the idea of handing it over later on to private enterprise?

A. I do not know what reasons induced Government to start their own chemical factories. There may have been some very special reasons. I should say that Government should not start any industry which is going to compete with an existing one.

Q. Have you studied the Report of the Indian Industrial Commission?

A. No.

Q. In reply to question 47 you say that "if the training is to take place in this country the necessary establishments should not be supported by Government." In reply to Sir Arthur Froom you said that you would have no objection to a training ship or some help being given by Government. We have at present various Colleges run by Government which are not self-supporting. The principal of Victoria Jubilee Technical Institute, Bombay, told us the other day that the fees per student in his Institute comes to Rs. 100 per annum, while the expenditure per student comes to Rs. 650. Government think that it is their duty to provide training facilities in Civil and Mechanical Engineering, Medicine, Agriculture and even Law. Is there any reason why Government should be prohibited from starting training colleges or Nautical colleges in the country to help young Indians to receive that kind of training?

A. I should think that, if Government decided to do so, they should do it on the distinct understanding that these Colleges will not be entirely run by Government.

Q. You have no objection to these being run on the same lines as other Educational institutions are run at present?

A. Those who are interested in the question should also help.

Q. We have been told by one witness in Karachi that the Port Trust and shipping companies should also be asked to help.

A. I think I mentioned that the shipping companies are very willing to take apprentices.

Q. In reply to question 52 you say that "ship-owners as a rule are sympathetic to the training of apprentices afloat." Except the Bombay Steam and the Scindia Company, no other companies will accept Indian apprentices; they will only accept English apprentices. To meet this difficulty, will it not be advisable to have a training ship?

A. A training ship would be very expensive to maintain.

Q. If apprentices could not be trained in any other way, Government might very well provide a training ship. Is there any objection to that?

A. I should not resort to that except as a last resort.

Q. We have a report in which it is stated that the British Steamship Company, Asiatic Steam Navigation Company, the Mogul Line and the Scindia Company are not in favour of employing Indians as cadets on Board their ships. If Government decided to grant subsidies or to reserve the coastal trade for Indian ships, would you make it one of the conditions that Indian apprentices should be trained by them?

A. I would not like to say anything on the supposition that subsidies would be granted.

Q. If 33½ per cent. duty on steel is imposed, you said that we would have to say good-bye to any shipbuilding industry in India. May it not be that the indigenous companies may be able to manufacture plates which may compare favourably with imported plates? It has nothing to do with ship-building directly, but indirectly as regards the plates required for ship-building, within a certain period of time the industry may be able to meet foreign competition?

A. It is not likely that the indigenous makers of steel plates are going to be philanthropists. If the price of imported steel with the 33½ per cent. duty is, say Rs. 100, are the steel makers going to sell at Rs. 50? We then come back to the statement that I made, viz., that the duty will kill the industry.

The Hon'ble Mr. Lalubhai Samaldas.—It will then have to be removed.

Mr. Jadu Nath Roy.—Q. In reply to question 4 you say that you are opposed in principle to the protection of any particular industry at the expense of the general tax-payer unless such industry is of national importance. You have

said this in view of the fact that India is a part of the Empire. In Australia Government have some restrictions which incapacitate British companies from engaging on the coastal trade of Australia. Are you aware of that?

A. I am only giving my opinion that the reservation of the coastal trade should not be done in India. If some other country has done it, I cannot help it.

Q. It is a legitimate desire on the part of Indians to aspire for an Indian Mercantile Marine?

A. Quite legitimate.

Q. Don't you think that the Indian Government should help towards the furtherance of this desire on the part of the Indians?

A. They could help, if it were decided that they should, and could find the money to do so.

Q. If the tax-payers think that it is to their benefit, would you have any objection?

A. As a tax-payer myself, I should strongly object to it.

Q. Mr. Lalubhai Samaldas was speaking to you about what Britain did to safeguard her shipping interests. I find from certain replies to our Questionnaire which have been received by us* that "the surplus products of Indian industries were exported in ships built and manned by Indians." Is it not legitimate for India to reserve the coastal trade for the furtherance of its own shipping?

A. I do not think so.

Q. England had recourse to these measures?

A. That was against a foreign country.

Sir Arthur Froom.—How many years ago was the ship-building in such an excellent condition in India?

Mr. Jadu Nath Roy.—It was 100 years ago.

Sir Arthur Froom.—The industry was in a different position then from what it is now and from what it will probably be in the future.

Mr. Jadu Nath Roy.—Q. In reply to question 44 you refer to the fine qualities of the Indian sailor. You refer presumably to the lascars and khalassi class. They have not improved their condition, they are still lascars and khalassis. You have not given them any opportunities to rise up. Have you?

A. I do not think they have ever sought for advancement.

Sir Arthur Froom.—Q. Mr. Roy asked you if you were aware of a certain legislation in Australia which prevented any but the Australian-owned ships from trading on the Australian coast. You were not aware of that?

A. No.

Q. It is so. At the same time Mr. Roy might have taken you a step further and told you that

this has not proved a success in Australia. A number of people in that country object very strongly to the reservation of the coastal trade, because they find that the coastal trade is not well served. They could not directly oppose the English Merchant Shipping Act under which no coastal reservation can be made within any British possession but they got round this by some sort of licensing. At the same time it has not proved a success. Did you know that ?

A. I did not.

Q. You do not object to Government assisting Indian youths in connection with their training in a training ship in the same way as the Government are assisting the medical profession in this country ?

A. I do not.

Q. I understand from the answers you have given that your opinion is that inasmuch as there is no legislation to reserve the Medical profession to Indians only, there should be no legislation to reserve the coastal trade for Indian owned ships only ?

A. I object to reservation on principle. Shipping is an industry whereas medicine is a profession.

Q. But the principle in question is similar ?

A. Then if the coastal trade be reserved for Indian ships now, we may find the medical profession being reserved for Indians to-morrow ?

Q. You simply object on principle to interference in trade by reservation ?

A. Yes. I would like to put it on record that I have had over 20 years of experience in connection with shipping and have managed the services of some of the biggest lines sailing to the East namely, the Ellerman Hall Line, City Line and Bucknall Lines. I have also had experience of chartering and passenger services. I am a member of the Shipping Sub-Committee of the Karachi Chamber of Commerce and was a member of the Board of Trustees of the Karachi Port Trust for about 2 years during which time I was a member of the Committee appointed to report on the enlargement and improvement of the Port of Karachi.

. *President.*—Thank you very much.

Witness No. 26.

MIAN MAHOMED BUKSH of the Hedjaz Steam Navigation Company, Ltd., Karachi.

Written statement, dated the 10th December 1923.

The present condition of shipping industry in India is unsteady, stagnant, and unsatisfactory. The conditions or forces which at present militate against the development of this industry are as under :—

- (1) The shipping industry being in its infancy is unprotected.
- (2) The attitude of the Government of India towards this industry is one of absolute indifference.
- (3) The existence of powerful non-Indian companies established on Indian waters for the last so many years and backed up by the help and sympathy of the Indian Government. These companies being fully equipped with means and experience compete with the Indian companies as veterans fighting the recruits. The apparent consequences are that many Indian concerns have been either merged into or have been acquired by the non-Indian powerful combines, and a good number of them forced to liquidation

- (4) The Marine Insurance Associations of India (with large non-Indian majority) treat the vessels owned and managed by Indians as second or third class for the purposes of effecting insurance. Heavy premiums are consequently charged from merchants who ship cargo in Indian owned boats. Vessels of European Companies are all treated as first class for the same purpose, so the shippers are indirectly induced to give preference to the latter. A steamer owned by a European treated as first class by the Marine Insurance Association, if chartered by an Indian becomes a second class, simply because of being managed by Indian. That vessel again secures the same first class when returned to the owner.

- (5) Depression in trade has also some effect on the Indian shipping industry at present.

I suggest the following measures to remove and mitigate the existing difficulties and

disabilities, and to start with I am of opinion that State aid is of vital importance for developing such industry in India :—

- (1) Indian Coastal trade should be reserved for the Indian Companies or Companies registered in India with rupee capital, under Indian control and 80 per cent. of the shareholders being Indians.
- (2) Loans may be given to such companies by the Government on easy terms and preferential rates.
- (3) The Government should guarantee a minimum dividend on the capital of the Indian Shipping Companies.
- (4) Preference to be given to Indian enterprises in all Government works such as mail contracts, etc.
- (5) The system of deferred rebates should be abolished and the minimum and maximum fares (both for passengers and cargo) should be fixed.
- (6) The Marine Insurance Associations should be made to treat the Indian owned vessels with impartiality.
- (7) The Trade Act of 1850, which permits the coasting trade of India to be open to all comers, should be amended, reserving the coasting trade for the development of the Indian Mercantile Marine.
- (8) Navigation bounties should be granted to vessels owned by the people of this country and on Indian register, plying between the Indian ports and ports outside India such as the Persian Gulf and Red Sea Ports.

The vessels entitled to a bounty should be at least 1,000 tons gross of not more than 10 years of age, with minimum speed of steady ten knots, and preference to be given to the newly built vessels.

Provision must be made for the gradual reduction of bounties say after a period of five years. This will force the Indian Shipping Companies to be self-reliant and to strive to stand self-supported. These bounties will help the Indian concerns in the same way as a go-cart to a child learning to walk.

The vessels receiving Navigation bounties should take a certain number of Indian apprentices for the purposes of training.

I do not recommend the employment of the non-British and non-Indian subjects as officers on such vessels, but at the same time do not oppose the employment of the non-British Indian subjects.

The Navigation bounties in the case of the vessels being sold, chartered or mortgaged to a non-Indian should cease.

Reservation of the Indian Coastal Trade for Indians will have a little effect so far the Indian Coastal Trade is concerned. Reservation in this case means transfer of the conveyance business from one to the other, and other circumstances remaining the same. Transfer cannot shake the principle of 'Supply and Demand,' which is the basis of all trade. But in my opinion Coastal trade for Indian enterprises will have a wholesome effect on India in times of peace as well as of war. It will not only be an economic gain to the country, but it will greatly add to our country's productive forces. During the times of war, it would be an effective auxiliary. A modern navy needs an elaborate employment of scout ships, supply ships, colliers, not to mention transports. A large mercantile marine can supply all these, or at least can aid mightily in supplying the suddenly increased needs which arise in the times of war. In the long run it will be economical for the Government to subsidise a mercantile marine which assure the availability of the merchant ships in war days than that of hurriedly creating an auxiliary fleet when war breaks out.

The vessels required for Indian coastal trade should be both cargo and passenger boats, with gross tonnage ranging from 1,000 to 2,500 tons, speed steady ten knots, coal consumption as little as possible but not exceeding 26 tons per 24 hours. The draft of the vessels should be not more than 22 feet fully loaded. The steamers should as far as possible be newly built, but otherwise should not be more than 10 years old.

Regarding the training of Indians for the Mercantile Marine, I have come across quite a number of Indian youths of different religions and castes aspiring for the Marine service in the capacity of officers, but they lack means and facilities to gain their ends. So India is prepared to spare her sons in a decent number for being trained up for the shipping line. Diversity of religion and castes will not stand in the way of training them up as officers of the Indian Mercantile Marine. State scholarships should be given to the deserving youths both for training in India as well as abroad. Training ships and such establishments should be set up at each of the principal ports, the expenses of which should be borne by the Government of India *in toto*, for the first five years, and thereafter expenses to be met with, partially by Government, partially by the Indian Shipping Companies, partially by fees

and partially by public contributions. But in case the Government is not inclined to adopt the above mentioned course through want of funds, I would suggest an imposition of some thing like cargo cess of annas four per ton on

cargo cleared, and further Port Trust authorities of various ports, should be made to subscribe towards the expenses of such establishments, just as Municipalities are subscribing to the various academic institutions.

Oral evidence, Karachi, dated the 12th December 1923.

President.—This committee is formed for the purpose of advising the Government as to the best method of starting an Indian mercantile marine. We are only seeking for information and if you feel that we are criticising you in any way, I hope you will understand that it is purely because we must obtain the best possible advice. Before we make any recommendations to the Government, we must have accurate facts. Everything must be absolutely correct.

Q. You represent the Hedjaz Steam Navigation Company ?

A. Yes.

Q. Where is it trading ?

A. From Karachi to the Red Sea Ports.

Q. How many ships does the company own ?

A. The company has been started only recently.

Q. Are you going to purchase or build ships ?

A. Some will be purchased and some others will be built.

Q. Where are you going to build ships ?

A. In England.

Q. When are you going to begin ?

A. In June or July next.

Q. How many steamers are you going to build ?

A. A couple of steamers will be built and another couple will be purchased.

Q. Is your company an entirely Indian concern ?

A. It will be an entirely Indian concern, Indian owned with rupee capital.

Q. Will it be entirely manned by Indians ?

A. If Indian officers are available, it will be entirely manned by Indians.

Q. In answer to question 4, you state : A steamer owned by a European treated as first class by the Marine Insurance Association, if chartered by an Indian becomes a second class, simply because of being managed by Indian. Can you give us an example ?

A. I have not got concrete instances to quote. That is the ruling of the Karachi Marine Association.

Q. Can you supply the committee with a copy of that ruling ?

A. Yes.

Q. You can produce a copy of the ruling of the Karachi Marine Association ?

A. The ruling is worded in this way : Any steamer managed or chartered by an Indian is to be put as second class.

Q. We cannot accept a serious statement like that without definite proof.

A. I will produce a copy of the ruling.

Q. The value of your evidence very largely depends upon the production of that ruling.

A. I shall produce a copy.

Q. You are in favour of the reservation of the coastal trade to Indian companies ?

A. Yes.

Q. Would you call the trade from Karachi to the Red Sea ports as Indian coastal trade ?

A. In the strict sense it is not Indian coastal trade. But all the ports on the Red Sea and the Persian Gulf are closely connected with Indian trading and so they will help the Indian trade.

Q. You want the trade of foreign ports also to be reserved for Indian vessels ?

A. Those Indian steamers that load from Indian ports may be given preference in the coastal trade of foreign ports.

Q. Do you want the Government of India to prevent any ship loading in India that is not Indian owned ?

A. Indian steamers should be given preference.

Q. Would you reserve the trade to England for Indian ships ?

A. No.

Q. Then why do you make this difference ?

A. There are certain companies which have a good deal of connection with the ports in the Red Sea and the Persian Gulf. That is why, I say that the trade to these ports should be reserved for Indian ships.

Q. Has the Government of India got the power to enforce this ?

A. No.

Q. But you would like to have the reservation effected ?

A. Yes.

Q. Having reserved the coastal trade, do you still want loans, guarantee of minimum dividends navigation bounties and abolition of the deferred rebate system ?

A. These are all necessary for the development of the Indian mercantile marine.

Q. There is no competition from outside and why then are these necessary?

A. At present there is not the enterprising spirit among the Indians. In order to induce them to take up this venture, Government should help them.

Q. You say that after five years all bounties should cease?

A. By that time, the Indian companies will be able to stand on their own legs. The bounties may be reduced after five years; they may not be absolutely stopped.

Q. You say that the merchant ships would be of great use to the Empire in times of war. Would you not go further and say that if the coastal trade is reserved, India would like to have her own navy?

A. It is necessary.

Q. Do you think that the right type of Indian youths would come forward in sufficient numbers to supply officers for both the navy and the mercantile marine?

A. I think so.

Q. Do you think that a training ship should be started partially maintained by fees from pupils and partially by a contribution from Government?

A. Yes.

Sir John Biles.—Q. You are one of the few persons who lay down the kind of vessels required for the coastal trade of India. You say: The vessels required for the Indian coastal trade should be both cargo and passenger boats, with gross tonnage ranging from 1,000 to 2,500 tons, speed steady ten knots, coal consumption as little as possible but not exceeding 26 tons per 24 hours. The draft of the vessels should be not more than 22 feet fully loaded. The steamers should as far as possible be newly built, but otherwise should not be more than 10 years old. Have you had experience in the coastal trade?

A. Yes; I have. I have been an agent of two or three companies.

Q. Do you think that the vessels you have described are the right type of vessels fitted for the coastal trade?

A. Yes.

Q. How are you going to develop the Hedjaz Steam Navigation Company? Is it for the pilgrims?

A. It is for the pilgrims. So far the subscribers have all been Muhammadans; there is a religious principle in it.

Q. Are there any regulations in connection with the pilgrim trade?

A. There are.

Q. You do not speak English very freely or understand it very easily; but your written statement is a remarkably well put together document. Did you write it yourself?

A. I do not wish to answer this question.

Sir Arthur Froom.—You represent the Hedjaz Steam Navigation Company. Is that so?

A. I am not appearing specially on their behalf. I am putting forward my own views.

Q. Is the Hedjaz Steam Navigation Company in existence?

A. They have no fleet.

Q. Has the capital been fully subscribed?

A. It is being subscribed.

Q. Is it so sufficiently subscribed as to enable you to buy ships?

A. Not yet.

Q. I gather from this that the public are not ready to come forward to put money in this new venture.

A. That is not the reason why the public are not coming forward. The people of India know very little of shipping and have very little interest in shipping. It will take some time before they are induced to invest money in the industry.

Q. You said you had been Agent for two or three companies. What were they?

A. The Cutch Steam Navigation Company, the Indian Peninsular Steam Navigation Company, and the Khandwani Steamship Line.

Q. Are all these companies in existence now?

A. One of them is, the other two are in liquidation.

Q. Don't you think that it is because two of these companies are in liquidation that money is not forthcoming for the Hedjaz Company?

A. I do not think so. Moreover, Muhammadans are subscribing for this company and it is for a religious purpose.

Q. The investing public have been hit in subscribing to various Indian companies, they have lost their money and so they are rather shy of coming forward again?

A. It is not so.

Q. You have stated in your prospectus of the Hedjaz Steamship Company that "the shortage of shipping in this country has been severely felt by all classes of traders and is likely to continue until Indian merchants become the sea-carriers of all their coastal trade."

A. I have said that.

Q. Is it correct to say that?

A. Such a big country as India has very few companies to carry its own trade and need is felt for Indian shipping companies for carrying the cargo.

Q. Still it is not correct to say that there is a shortage of shipping in the world. As a matter of fact, there is too much shipping in the world.

A. I refer to the shortage of Indian-owned shipping.

Q. Do you recognize that there is plenty of shipping generally?

A. Yes.

Q. Is it your view that if you get all the assistance that you suggest from Government you may possibly get the required capital for your company?

A. My company will be floated before that; and capital is already being collected.

Q. You say that the Marine Insurance Associations of India treat the vessels owned and managed by Indians as second or third class for the purposes of effecting insurance. Can you tell us why?

A. They have a European majority in the Insurance Association. I cannot say why they cannot take any Indian steamer as first class, and why it should be treated as second class.

Q. You say that a steamer owned by Europeans which is treated as first class, if chartered by an Indian, becomes second class, because of being managed by an Indian. Surely that cannot be correct?

A. They have rulings about that.

Q. You don't insure the ship, do you?

A. I am referring to the cargo.

Q. Oh! It is the cargo you are speaking of; presumably the Association find they have had more claims from Indian companies.

A. Claims do not increase or decrease by the cargo coming into the hands of Indians or Europeans.

Q. Can you then explain why it is that they make a difference in the insurance of cargo?

A. I am not in a position to say why they make the difference.

Q. I put it to you that it is only because the Insurance Companies think that the risk is not so good when it is managed by an Indian company.

A. I cannot say.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You refer to the Karachi Marine Insurance Rules. (The Book of Rules was produced and the rule read.)

A. That is the rule referred to. I can tell you an instance. There was a steamer 'Coreland' belonging to a non-Indian company, which was 41 years old, which the Insurance Company treated as first class, and another steamer 'Prosperous,' which belonged to an Indian company that was only 5 years old; it was treated as second class.

Q. The steamers of Killick Nixon, although they have all Indian officers, are treated as first class?

A. Yes.

Q. And Indian companies although they have European officers are treated as second class?

A. Yes; I am referring to the insurance for the cargoes of these steamers.

Q. Was any attempt made to have this rule changed, do you know anything about it?

A. I know nothing about it. The first time I asked the Marine Insurance Association about it, they told me that that was the Bombay Insurance Association's order to them. Mr. Lakeman is the Secretary of the Association here.

Mr. Jadu Nath Roy.—Q. Is the Hedjaz Steam Navigation Company now being floated because the Muhammadans are having difficulties on their voyage to Hedjaz?

A. We cannot get sufficient facilities for performing our religious rites on the steamers that now go to that place; the food is bad and passengers suffer from dysentery and other diseases, and if any Muhammadans die on the steamer, there is some religious rite to be performed before the body is thrown into the sea.

Q. Can't you perform these duties in a non-Muhammadan vessel?

A. No.

Q. You said that as soon as a vessel is chartered by an Indian, it is treated as second class although the same officers and the same crew are manning the vessel?

A. Yes.

Q. The steamer "Prosperous," which you were talking about, was built by Burn and Company about 3 or 4 years ago; that has been treated as a second class vessel?

A. Yes.

Q. And a vessel 41 years old has been treated as first class, because the management is non-Indian?

A. Yes.

President.—Thank you very much.

Witness No. 27.

The Buyers and Shippers' Chamber, Karachi.

Written statement, dated the 27th August 1923

Q. 1. The present condition of the shipping industry in India is simply deplorable. Almost all of its transport is carried by strong non-Indian concerns who have nearly, so to say, monopolised the same (thus Indian shippers are entirely at their mercy).

Q. 2. The practical monopoly and rate wars on the part of the non-Indian shipping companies, which have acquired a strong hold over Indian transport business, against the Indian shipping industry which is now only in its infancy, with a view to crush the latter including deferred rebate system and stringent treatment meted out to such shippers as deal with the Indian shipping companies and utter want of State aid to remedy the above evils and encourage the Indian shipping industry—these are the conditions at present which militate against the development of shipping enterprise by the people of this country.

Q. 3. In absence of direct State aid my Committee suggests legislation to stop deferred rebate system, reserve the coastal transport and mails for purely Indian shipping companies owned by Indians, stop the rate cutting wars, establish a representative body to fix minimum and maximum rates of freight, and impart engineering and navigation education to Indians, and provide legislation for the employment of a certain proportion of Indians in Engineering and Navigation branches of concerns licensed to ply in Indian waters.

Q. 4. State aid is absolutely necessary. No country possessing any maritime industry worth the name has been able to do without it.

Q. 5. State aid should be given in the shape of bounties, loans at cheap rates of interest, exempting shipbuilding materials from customs import duties, granting preferential railway rates for goods carried in Indian ships, reimbursement of canal dues, exempting Indian ships from taxation, postal subsidies, giving preference for carrying Government stores, etc.

Q. 6. Yes, to enforce the matter referred to in answers 3 and 5.

Q. 7. Bounties should be granted to vessels on the Indian Register trading (a) between Indian ports and (b) between India and ports abroad, but not to vessels trading between ports outside India.

Q. 8. No, but the bounties should be begun with coastal trade.

Q. 9. 1,000 tons vessels and upwards and speed not less than 8 knots and age not exceeding 20 years. But for coastal trade transport of 700 tons registered tonnage.

Q. 10 and 11. At a suitable rate calculated either on goods carried, or mileage run, with a proportional higher rate for speed exceeding 8 knots.

Q. 12. We cannot suggest any reduction until results are seen. This question may be taken up 10 years after bounties have been in existence.

Q. 13 and 14. No, not until the shipbuilding industry is fully developed in India.

Q. 15. Yes. Our aim is to build a strong Indian Mercantile Marine, and for this it is essential that Indians should be trained for higher grades of services in ships, both in Engineering Department and Nautical Department.

Q. 16. For the present owing to paucity of qualified Indians both in the nautical and engineering branches, there is no objection to non-Indians being employed, but at the same time Government must make suitable provision for training Indians in which it has failed hitherto.

Q. 17. Yes.

Q. 18. No. We recommend reservation of Indian (including Burma) coasting trade to vessels registered in India and owned by Indians as otherwise the Indian shipping concerns cannot stand against the non-Indian shipping concerns with enormous resources.

Q. 19. (1) The chief aim of the foreign shipping companies is exploitation at the expense of India and this will cease. (2) The freight earned by the Indian shipping concerns will remain in India and thus the resources of India will be increased. (3) The existing attitude of the non-Indian shipping companies of favouring European enterprise against Indian trade by means of reduction of freights and granting of other facilities to Europeans will also cease. (4) The Indian shippers will be saved from the tyranny and humiliating treat-

ment at the hands of non-Indian shipping concerns.

Q. 20. Yes. It is most necessary.

Q. 22. We are in favour of encouraging private enterprises, but under the present circumstances it would be necessary for the Government to establish shipyards for the purpose of shipbuilding industry.

Q. 23 and 24. No such industry exists in India at present which could be termed "Shipbuilding or Marine Engine Construction Industry." The wooden shipbuilding industry of the past is now in tottering condition as they cannot take their stand against the iron-built steamers of the modern types. Absence of State aid, of manufacturing of materials for shipbuilding industry and of expert knowledge are the chief causes which militate against the shipbuilding industry in India.

Q. 25 and 26. State aid is essentially necessary without which the possibility of removing the unsurmountable difficulties becomes too remote.

Q. 27. See No. 5.

Q. 29. Yes.

Q. 30. Yes. The minimum gross registered tonnage should be 500 tons.

Q. 31 and 32. 20 to 25 per cent. of the entire cost of the vessel should be the construction bounty.

Q. 33. Not necessarily, but as far as possible the things manufactured in India ought to be used.

Q. 34. Yes, the materials should be exempted from the customs duty.

Q. 35. By proper legislation.

Q. 36 and 37. At present wooden shipbuilding industry is in tottering condition. Hardly 30 per cent. of the wooden ships registered in this port are found plying. During the war these vessels came to the rescue of trade when a critical situation was created by the Government having taken over steamers which they so very badly required for military transport. Thus these wooden vessels not only saved the Indian coastal trade and her trade with Arabia, Persia, Africa and other distant places, but indirectly helped the Government a good deal, as without these vessels to take the place of steamers, the Government could only have laid hold on steamers by creating a cry of dissatisfaction among the traders in India and also, but for these vessels, the countries which then consumed foodstuffs from India would

have experienced very high and stringent prices with all their consequent results. Rates of freight rose considerably during the war which encouraged building of such ships in various Indian ports. The hope which the general public then had that as a considerable amount of the world's tonnage was sunk to the bottom of the sea by the Hun submarines, a great want of shipping facilities would be felt after the termination of the war, when the trade routes closed by the war re-opened and trade with belligerent countries revived, was not realised. During this period, not satisfied with the extension, a new enterprise in the form of wooden ships driven by oil engines was also introduced. But partly owing to very stringent rules by port authorities necessitating such expenses as the lower capacity of these ships could not bear, the enterprise proved a failure and no opportunity was given to find out by experience the type of ship's construction suitable for engines. After the termination of the war the trade was so much depressed that as the consequence of that depression the rates of freight began to roll down. Then came the rate cutting wars between the steamer companies. All these hit a very hard blow to the wooden shipping industry; by working these vessels it became very difficult for the ship-owners to make the ends meet. Port, light, wharf and other dues and the pay of crew and other expenses which were enhanced during the brisk freight market remained. Consequently many of the wooden ships are lying idle or beached in various ports, while many newly built vessels are lying still unlaunched and others which were under construction have been neglected. The ships that were built during the war at the cost of Rs. 30,000 to Rs. 40,000 now hardly fetch Rs. 8,000 to Rs. 10,000. Such is the condition of the present wooden shipbuilding industry in India. One more cause which militates against the growth of this industry and which does sheer injustice to the native craft is the measurement rule for finding out their registered tonnage. This rule does not agree with the Board of Trade rules. This rule which is in force since 1873 gives a vessel much higher tonnage than its carrying capacity, whereas it is an established fact that the carrying capacity of steamers which are measured according to the Board of Trade rules greatly exceeds their registered tonnage.

This rule of country craft measurement has worked very prejudicially for the last 50 years, and consequently an enormous amount of extra port and other dues has been extracted from the owners of the wooden ships.

Karachi is the prominent port where wooden ships are used to a larger extent for sea-borne trade to distant foreign ports of the Persian Gulf, Africa, Arabia, etc., and also to Indian coastal ports, and in view of what is said above, port and other dues should be so fixed at this port that the same should not weigh heavily on this branch of Indian shipping industry. My committee regrets to state that the matters are quite the reverse. After the termination of the war when this industry is on the path of ruin due to adverse circumstances the local Port Authorities have been and are enhancing the port dues, berthing, wharfage, hard fees and other charges. This is calculated to bring about an untimely and unnatural death to this industry.

If the wooden shipping and shipbuilding industry is allowed to die a consumptive's death, what little volume of the coastal trade which is carried by them will fall into the hands of foreign exploiters, and not only that, but the trade in small coastal ports which are inaccessible to steamers would heavily suffer. Urgent steps are therefore necessary to protect, promote and encourage this industry. My committee have to suggest the following measures:—

- (1) Amendment of the present measurement rules for finding the registered tonnage which should agree to the Board of Trade rules.
- (2) Stoppage of rate cutting wars between steamer companies; this will stabilize the rate of freight for these vessels.
- (3) Exemption whenever possible from and all-round reductions in dues, taxes, etc.
- (4) Exempting from customs and other duties all such articles as are imported for wooden shipbuilding.

Q. 30. As far as sailing ships are concerned State aid by way of bounties is not necessary except for the engine-driven ships of not less than 500 tons.

Q. 42. Yes, for engine-driven ships.

Q. 43. Yes, difficulty is experienced in having wooden ships as well as their cargo insured at reasonable rates with registered insurance companies here and abroad as they do not accept the insurance of this nature. Insurance for goods carried by wooden ships is underwritten by private Indian firms which also accept insurance for some vessels only and at a very exorbitant rate. We cannot suggest any remedial measures.

Q. 44 and 45. Yes. The seafaring character of various communities is well known; even without any technical training, they are doing admirably well. A great number of youths from these communities are most likely to follow the sea in capacities of officers in mercantile marine. Therefore it is very necessary that Government should take active steps for (a), (b) and (c) in Question 45.

Q. 46 to 50. My committee can only suggest to provide for all necessary training in India.

Q. 51. Yes, either.

Q. 52 and 53. Vessels registered in India getting Government bounties and subsidies should be made to accept apprentices for training without any charges. In case this arrangement is not found sufficient the Government should pay half of the costs for about 10 years.

Q. 57 and 58. Yes. at principal ports in India and Burma. To begin with they should be wholly maintained by Government.

Q. 59. Yes.

Q. 60. Yes.

Q. 62. A trial should be given by arranging with engineering and shipbuilding firms in India to take apprentices for practical training.

Q. 63. Not that we are aware of. We are of opinion that suitable institutions be started by Government.

Q. 64. A combined training ship will do.

Q. 65. Yes. Scholarships be started by Government for suitable candidates to enable them to take their training both in and outside India.

Q. 66 and 67. Inviting tenders by advertisement and encouragement should be given to Indian companies by reserving one particular line for the present at least. One of the principal conditions should be that they must take up Indian apprentices and have a percentage of Indian officers on responsible duties.

Q. 69. This has been answered already in the previous questions. My chamber will further desire that the scale of charges for port dues and other charges should be less for Indian companies than those for companies registered outside India, and more facilities should be given to the companies registered in India.

Q. 70. By imposing duty on cargo imported and exported from India and Burma excluding coastal cargo and cargo by sailing vessels and appropriating the same proportionately to the training of Indians and giving navigation and construction bounties.

Oral evidence of Mr. MUHAMMAD ALI A. K. ALVI and SETH HARIDAS LALJI, representing the Buyers and Shippers' Chamber, Karachi, examined at Karachi on the 12th December 1923.

(SETH HARIDAS LALJI was the spokesman, and wherever Mr. MUHAMMAD ALI A. K. ALVI replied he is denoted as first witness.)

President.—I would like you to understand that we are only seeking for information so as to advise the Government of India as to the best way of starting an Indian Mercantile Marine. There is no necessity for you to reply to any question which you consider objectionable.

Q. You are representing the Buyers and Shippers' Chamber?

A. Yes.

Q. As buyers and shippers, you are against the deferred rebate system?

A. Yes.

Q. If the deferred rebate system is done away with, have you got any other scheme to take its place?

A. We want to do away with the deferred rebate system and nothing else should take its place; but the maximum and minimum rates should be fixed.

Q. How would you fix the maximum and minimum rates?

A. The legislature should establish a representative body to fix maximum and minimum rates of freight.

Q. You object to the rule for the measurement of country crafts?

A. Yes. We have made representations to the Country Craft Committee in Bombay. The report of the committee has not yet been published.

Q. Towards the end of your reply to questions 36 and 37, you say: If the wooden shipping and shipbuilding industry is allowed to die a consumptive's death, what little volume of the coastal trade which is carried by them will fall into the hands of *foreign exploiters*. Whom do you refer to as foreign exploiters?

A. I refer to non-Indian companies.

Q. Why do you call them exploiters?

A. They are making money and carrying it away to their homes.

Q. Any one who is a non-Indian is an exploiter?

First witness.—Yes.

Q. You object to rate cutting wars?

A. Yes.

Q. As shippers why don't you refuse to send your goods by a line that cuts rates?

A. Then we have to stop our business.

Q. Can you not ship by Indian lines?

A. There are no Indian lines worth the name.

Q. You say that several Indian companies failed and lost their money because of the rate cutting wars. If the Indian shippers had decided not to send their goods by the foreign lines which cut the rates and were exploiting the country, the Indian companies would not have come to grief. Why should you take advantage of the presence of foreign exploiters who cut rates?

A. We get orders from our constituents and they naturally require cheap rates. If an Indian does not ship the goods required by his constituents, the trade will go into non-Indian hands. Moreover the non-Indian companies enter into competition to such an extent that the Indian companies cannot lessen the freight still further so as to induce shippers to send cargo by their ships. Naturally the shippers seek the foreign company where the freight is less.

Q. You, Mr. Muhammad Ali A. K. Alvi, are you a shipper?

First witness.—*A.* Yes. But I do not own ships.

Q. Do you think that if an Indian Mercantile Marine is established Indian youths would come forward to be trained as officers?

First witness.—*A.* I think plenty of Indian youths would come forward. In fact I would like to send my own son to the marine service.

Mr. Jadu Nath Roy.—*Q.* You recommend the reservation of the coastal trade?

A. Yes.

Q. You think that the reservation of the coastal trade would augment the resources of India?

A. The freight earned by the Indian shipping concerns will remain in India and thus the resources of India will be increased.

Q. Can you give instances where non-Indian companies favoured European enterprise against Indian trade?

A. That is the general cry.

Q. Can you give specific instances?

A. The freight on the Indian coast is much higher than that from India to England. This is one way of favouring European enterprise.

First witness.—There is a lot of difference in the treatment meted out to Indian consignees and the European consignees. You can find vast difference in the treatment meted out to the Indian importers by the European agents and the European importers. For instance,

if a European firm in Karachi gets goods in a spoiled condition, the goods are allowed to be taken to its godown and then surveyed by the steamer's surveyor and thus establish its claim for damage, etc., whereas if it is an Indian firm, the goods are not allowed to be taken to its godown but it is called upon to have the goods surveyed in the Port Trust's shed by the steamer's surveyor and thus establish its claim for damage, etc. In exports also, the European firms get more space in the ships while the Indian firms have to be knocking at the door of the shipping companies for space.

Q. When there is scarcity of space the Europeans get preference ?

A. We have instances in which our goods were shut out from four successive steamers.

Q. If Indian companies are started, there will be no difficulty of finding space for goods ?

A. There will be no difficulty.

Q. You are in favour of wooden ships ?

A. Yes.

Q. You want the wooden vessels to be registered in the same way as steamers ?

A. Yes. We have pointed out to [the Country Craft Committee that the present measurement system of country craft exceeds their carrying capacity, while according to the measurement fixed by the Board of Trade the steamers' gross tonnage is two or three times less than their dead weight. The charges are levied on gross tonnage.

Q. You made representations to the committee and your grievances have not yet been remedied ?

A. The committee has not yet published its report.

(A copy of the representation mentioned above has been given to the Secretary, I. M. M. C.)

The Hon'ble Mr. Lalubhai Samaldas.—Q. Can you give instances where harsh terms were meted out to Indian shippers ?

A. I have produced here to be given to this committee the correspondence that has been passed between us and the B. I. S. N. Co. We received letters in Gujrati (which I have also produced here) from our members complaining that they were not able to get their orders booked by the B. I. S. N. Co. We wrote to the company and the reply that was received for that letter is here. (The whole correspondence was handed over to the Secretary of the Committee.)

Q. In reply to question 18, you say: We recommend reservation of the coastal trade for vessels registered in India and owned by Indians. Can you definitely say what you mean by 'owned by Indians'?

A. I mean a company registered in India with rupee capital. The directors also should be Indians and the management should be in the hands of Indians. We have no objection if any European joins the company for expert advice.

Q. It has been stated by some witnesses that we might reserve the coastal trade by stages. Supposing we reserve the coast from Bombay to Karachi for Indians, the British companies that are now carrying on trade apprehending that they might be shut out altogether in the near future from the whole coast might go out of the trade at once and consequently the trade might suffer ?

A. I have not the least fear on that score. As long as the British companies get profit in the trade, they will never leave the country. They have got several steamers.

Q. Do you mean to say that their tonnage is so great that people will take advantage of that ?

A. Even in war time the British companies were running steamers for trade. I am sure that the non-Indian companies will work so long as they get profit.

Q. You do not think they will take offence at this reservation of the coastal trade ?

A. I do not believe they will.

Q. Your chamber wants that Government should pay 20 to 25 per cent. of the entire cost of the vessel as construction bounty ?

A. Yes. I would add that in starting steamer companies in India, if Government takes half the capital and the other half is subscribed to by Indians, it will be better.

Q. You say that 20 to 25 per cent. should be given as construction bounty over and above the half capital that is taken by the Government ?

A. Yes. The capital is the property of the company.

Q. In reply to questions 36 and 37, you say: Port, light, wharf and other dues and the pay of the crew and other expenses which were enhanced during the brisk freight market remained. Did they raise the rates for wooden ships only or for steamers also ?

A. They increased in the case of wooden ships as well as steamers. We have pointed out that the rates should not have been increased in the case of wooden ships.

Q. Have you pointed this out to the Country Craft Committee ?

A. Yes.

Q. You have no definite scheme for wooden ships ?

A. We have mentioned that wooden shipping should be encouraged.

Q. What is your idea of a wooden ship? What should be its size?

A. For sailing ship, 200 tons is the normal. There are sailing ships of 400 and 500 tons. But these ships of higher tonnage are very few. They are built in the Persian Gulf.

Q. What is the biggest sailing ship that you have built in Karachi?

A. About 200 or 300 tons.

First witness.—There are big wooden ships which ply from here to the Maldives and Colombo.

Q. You want wooden sailing boats for developing the trade of small ports where big boats cannot go?

A. Yes. There is also another reason why wooden ships should be encouraged. There are certain cargoes which can be better packed and brought in wooden vessels than in steamers.

Q. Are there any difficulties in insuring wooden vessels?

A. There are some underwriters in Bombay, Cutch and Kathiawar but their rates are very high and it would not be paying to insure wooden boats at such high rates in these days of trade depression.

First witness.—If the Government help these insurance companies, they might take the risk and do insurance business in wooden vessels. During the war, the Government accepted war risk insurance through certain insurance companies to the extent of even 50 or 60 per cent. They might do the same in the case of companies which undertake the insurance of wooden vessels.

Sir Arthur Froom.—Q. In answer to question 3, you say: "In the absence of direct State aid my committee suggests legislation to stop the deferred rebate system, reserve the coastal transport, etc." Should this committee understand that if all these suggestions of yours were complied with, then you would not want subsidies from the State?

A. State aid is absolutely necessary. No country possessing any maritime industry worth the name has been able to do without it.

Q. But you have put forward certain suggestions to be carried out in the absence of State aid?

A. We want both State aid and the carrying out of our suggestions.

Q. How would you fix the maximum and the minimum rates?

A. The Government should appoint a representative body to fix the maximum and the minimum rates.

Q. That would mean State control?

A. The representative body has only to fix the rates and they have no control over the companies.

Q. If somebody comes to ship-owners and says: you are not to charge more than a certain rate and not less than a certain rate, is it not the same thing as control?

A. With due respect, I beg to differ from you. All that the representative body says is that the rates might run between two figures, the minimum and the maximum.

Q. Supposing a company does not pay any attention to the orders of the representative body, what will happen?

A. The shipping company is bound to conform to the rules of the legislature.

Q. Does it not mean that he is restricted or controlled. He has not got the freedom to charge any rate he pleases?

A. If that is the meaning of the word control, I do not mind calling it so.

Q. Your chamber are big dealers in grain?

A. Yes.

Q. Would they object to the price of grain being controlled?

A. They would accept in the case of emergency. They did not object during the war.

Q. After the war the control was stopped?

A. Yes.

Q. Supposing your chamber is told that they ought not to sell grain above a certain price, what would they do?

First witness.—When the restriction is in the interests of the whole country, they will not object.

Q. If the price is fixed at a figure which would not pay?

First witness.—If it is in the interests of the country they would not object. During the war our chamber did not object.

Second witness.—I believe during the war the Government so fixed the price that the seller could get some profit.

Q. Supposing somebody came and fixed the prices at which you should sell your grain, would you object?

A. Naturally a merchant would object; but it will depend upon circumstances. Some circumstances may arise when it may not be objectionable to fix the prices.

Q. If the merchants object to a control on their prices, don't you think that the ship-owner might also object to any control on his price?

A. When reasonable rates are fixed I do not think the ship-owner would object.

Q. In your reply to question 5, you give a wide scope of methods by which State aid should be given, *viz.*, bounties, cheap loans, exemption

from customs duties, preferential railway rates for goods carried in Indian ships, reimbursement of canal dues, exempting Indian ships from taxation and so forth. Do you really suggest seriously that Indian-owned ships should pass through the Suez Canal free, or that Government should pay the canal dues?

A. If it is in the hands of the British Government, we might request them to give us some concession.

Q. By "reimbursement of canal dues" I understood that if an Indian ship which passes through the canal has to pay, say, £2,000, you would look to the Indian Government to refund that amount.

A. We did not mean that. We meant that if the Indian Government had anything to do with the matter we might be given some concession.

Q. You did not then mean "reimbursement" of canal dues?

A. We did not mean that the Indian Government should refund the money if the canal concern is not that of the British Government.

Q. It is a French company as a matter of fact.

First witness.—A. Most of the shares, I understand, are in the hands of the British Government.

Q. You would like reimbursement of canal dues if you can get it?

A. Yes.

Q. Practically your suggestion comes to this, that all the expenses of running an Indian shipping company should be paid by Government, so that all the gross receipts should more or less become net receipts. Is it not so?

A. We did not mean that all the expenses should be borne by Government.

Q. It is rather a wide suggestion that you have made.

A. I have made it clear now.

Q. You have suggested that State aid should be given in the shape of bounties. Have you got any idea as to how you would fix bounties?

A. We have not gone into figures; we want the question examined and bounties given.

Q. Wooden ships prospered during the war and since the war they have not prospered. Is that not so?

A. Yes.

Q. The slump in shipping is not only confined to wooden ships; steel ships are feeling it badly too. Is that not so?

A. The wooden ships are feeling it most.

Q. You say a great number of wooden ships are laid up unemployed?

A. Yes.

Q. It is due to a slump in trade.

A. When steel ships are available no wooden ships can get cargo.

Q. Is that not due to the fact that the steel ships give better service?

A. It may be because the steamer service reaches the places quicker; there may be some other reasons also.

Q. Is that not to the benefit of the shipper? You can hardly force a shipper to ship his goods by one particular ship when another service is more beneficial to him?

A. Even so, wooden ships are absolutely necessary in some cases.

Q. You led us to suppose that wooden ships are having a very bad time; all ships are having a bad time, is that not so?

A. The case is not so bad in other cases as it is in the case of wooden ships.

Q. Your chamber had a grievance which you mentioned, about not always getting space for their shipments. Your chamber put forward this grievance at the time some of the shippers did not get the space they wanted?

A. That is so.

Q. What is your experience of the trade from Karachi; does it come spasmodically?

A. The situation is different with different ports.

Q. At certain times a demand springs up and then everybody wants to ship?

A. For the Persian Gulf there is always regular demand. For the Malabar coast, it is not so regular, at certain times the demand is very heavy and at other times less.

Q. Does not the same thing apply to the Gulf? There may be a steady demand, but when the exchange is in your favour, you get a large demand?

A. There is no exchange in the Persian Gulf.

Q. What I wanted to point out was that it is difficult at times for the shipping company to satisfy everybody and those who are not satisfied grumble.

A. Not intentionally.

Q. You wrote a letter to a certain shipping company; did their reply satisfy you?

A. They said they overlooked the matter.

Q. You represented the matter to the shipping company and they tried to meet you?

A. I do not think a steamer company as common carrier can refuse space to a particular person.

Q. Is it not natural that any company would stick by its regular customers?

A. I think then if another company comes and the shipper gets a suitable rate he might go to him. And no company can refuse space on that ground.

Q. Are you a steel ship-owner?

A. No.

Q. You never had experience of managing a shipping company ?

A. No.

Q. Mr. Muhammad Ali, you said you were interested in a shipping company at some time or other ?

First witness.—A. I was Agent for certain companies.

Q. Are the companies existing now ?

First witness.—A. No.

Q. Were these companies well managed ?

First witness.—A. I think they were. My chamber have members owning three agencies of steamer companies in Karachi.

Q. Your chamber have a grievance about insurance of goods carried in wooden ships ?

A. Yes.

Q. You are acquainted with insurance business and of course the insurance companies have to determine whether the risk they take is a good one or a bad one. If it is a bad one, the prudent insurance company declines to take the risk at all ?

A. That is so.

Q. If it is a good one, they give the best rates, and if it is an indifferent one, they charge a higher rate ?

A. Yes.

Q. Is that not reasonable ?

A. We cannot force them to insure the wooden ships.

Q. I think it is generally admitted that the risk pertaining to the carriage of goods in wooden ships is much greater than that in steel ships.

A. Yes.

Q. Therefore you have to pay a higher rate of insurance.

A. Yes.

Q. I do not see how you are going to get over it.

A. Most of the European Insurance Companies never insure the cargo that has to be carried in Indian wooden ships. There are, of course, some individual firms who take them in Cutch, Kathiawar and in Bombay. They will take premium on a 100 per cent. and pay 60, or 75, or 90 per cent.

Q. That is only another way of charging a higher premium.

A. That is so.

Q. You are of opinion that a large number of Indian boys of good education would come forward to be trained to go to sea as officers if facilities were given them to do so ?

A. Yes ; we are of that opinion.

Sir John Biles.—Q. You are interested in wooden ships ?

A. Yes.

Q. As an owner ?

A. As owner and as Agent.

Q. Don't you think that the one cause of the failure of the wooden shipping industry was that it could not compete with steel ?

A. It is a fact that it cannot compete.

Q. Is it not natural that if it cannot compete the industry must die ?

A. It has been nearly dead.

Q. Is there any reason why it should be resuscitated ?

First witness.—A. Supposing war starts now (which God forbid) and so many of our ships are sunk, what will be our state then ?

Q. Does this reason equally apply to steel ships ?

A. Steel ships would be required for other purposes, such as for the transport of troops.

Q. Then you would keep alive the wooden shipbuilding industry in order that, when war arises, you may have ships for the carriage of cargo, etc. ?

A. We have other reasons also ; certain cargoes can be carried better in wooden ships, and wooden ships are necessary for certain coastal ports where steamers do not ply.

Q. Do you think that in the nature of the coasting trade of India there are ports which can be more economically served by wooden ships than by steel ships ?

A. Wooden ships will be small boats which cannot carry as much cargo as large steel vessels. There are ports where large steel vessels do not ply and wooden ships will carry cargo to such ports.

Q. If that is so, they have an economic prospect of success ?

A. The two reasons I have given you are that certain articles can be carried better in wooden ships and there are small ports where these wooden ships will do service better than large boats. These are not, however, the only reasons. By themselves the wooden ships cannot stand competition ; that is why they want Government aid.

Q. What is the object of keeping the industry alive if you cannot economically keep it alive ? You are losing money by carrying out these philanthropic objects.

A. People suffer in small ports.

Q. It will then come to be a question of competition between small ports and large ports ?

A. If small ports cannot be served by wooden ships, that means that trade will be directed towards the larger ports and from there carried to the smaller ports ; that again means that

all the articles will become dearer and the consumer will, as a consequence, suffer.

Q. You want to make the consumer pay through the ship-owner? Can you give us any idea of the volume of the coastal trade?

A. I have no figures ready; they can be obtained from the Customs Department.

Q. In reply to question 5, you give a long list of assistance which Government should give. Do you think that all these are necessary? Have you consulted your chamber and do they agree that all these are necessary?

A. All these items were put before my chamber and they have approved of it.

Q. Do you want this committee to recommend all your proposals for the acceptance of the Government?

A. Yes. We have to start the Indian Mercantile Marine from the very beginning and so our chamber wants that all its proposals should be carried out by the Government.

Q. You want 20 to 25 per cent. of the entire cost of the vessel to be given as construction bounties?

A. Yes.

Q. What is the bounty that you refer to in answer to question 5?

A. I refer to navigation bounties.

Q. What percentage should be given for navigation bounties?

A. The chamber has answered that under questions 10 and 11. The chamber suggests: At a suitable rate calculated either on goods carried, or mileage run, with a proportional higher rate for speed exceeding 8 knots.

Q. What would you consider a proper basis for fixing a suitable rate?

A. My chamber cannot give an opinion on that.

Q. You must have some scheme in view in asking for bounties? Is it interest on capital or is it the extra cost for running ships?

A. We have not studied that point.

Q. You have not considered what the rate per mile should be or the rate per ton should be.

A. We have not considered.

Q. What object would you have in view in fixing the rate? Should it be to reimburse the ship-owner for loss in running the ship or should it be to guarantee interest on his capital or what?

A. It may be guarantee of interest to the shareholders.

Q. Having guaranteed interest on capital means to cover all losses?

A. Over and above the loss interest should be guaranteed.

Q. It seems to me that having guaranteed all losses, having got the ships built at very low rates, having been reimbursed for canal dues, having the Indian ships exempt from taxation, having got the subsidy for mail contracts and having abolished the deferred rebate system, you want the Government to take all these risks and you want to take all the profits?

A. As the Government give construction bounties, the ship would be put down at a low figure in the books and therefore the Government guarantee will only be nominal. The boat being put at a low figure, the Government will not have to pay any large dividends.

Q. Besides all these you want the Government to take half the capital in the company?

A. The industry is dead and therefore the Government should help it in all possible ways.

Q. To build a vessel, it would cost much and you want the Government to defray 20 to 25 per cent. of the same?

A. Our sole idea is to revive a dead industry. The idea that it would cost more never entered into our minds at all. The Government is bound to foster this industry by giving protection.

Q. We do not give protection to an industry on the ground that it is an old one or a new one?

A. But the country needs it.

Q. Is it because you cannot build a ship so cheaply as you can buy it that you want this bounty?

A. That can be looked upon as one of the reasons. The idea of reviving this shipbuilding industry is the first reason; the difference between the cost of building and the cost of purchasing is the second reason.

Q. It seems to me that having got safety in every possible direction at the expense of the Government, you are taking no risk; on the other hand you are trying to profit yourself under this scheme.

A. In the beginning the Government ought to take all possible risks, that are necessary for development of the industry and the country ought to be given the profits.

Q. Then you want the Government to take all the risks?

A. Yes. With a view to encourage the shipping industry.

Q. Do you agree that bounties should be paid to vessels built outside India?

A. No country possessing any maritime industry worth the name has been able to do without State aid.

Q. Surely Great Britain is not having State aid now?

A. In the beginning we want State aid. We have also added that the question may be re-opened after a period of ten years.

President.—Q. You say that in the case of a real national emergency such as the establishment of an Indian Mercantile Marine, the Indian Buyers and Shippers' Association would have no objection to Government fixing the maximum and minimum rates for grains?

A. No.

Q. During the war which was an emergency of a very important character did not your chamber protest against Government control?

A. The chamber did not protest against the fixing of the price, but they protested against the embargo placed on the export of certain commodities.

Q. So you did not object to the fixing of the price?

A. No.

Q. You said that you would like the Government of India to ask the British companies to reduce the canal dues?

A. If it is in the hands of the Government we would very much like the reduction of the canal dues.

Q. When you do not want the British ships to trade on the Indian coast, is it reasonable to ask them to reduce their canal dues?

A. The Indian Mercantile Marine also becomes the property of the Government and so they can ask the British shipping companies to reduce the canal dues.

President.—Thank you very much.

Witness No. 28.

Sir MONTAGU WEBB, Kt., C.I.E., C.B.E., General Manager, Messrs. Forbes, Forbes, Campbell & Co., Ltd., Karachi.

Written statement dated the 11th December 1923.

(QUESTIONS 1 TO 4.)

Of all industries that India is attempting to undertake, the shipping industry, the building and management of ocean-going steamers with profit,—is one of the *most* difficult. The reason for this is that quite apart from the ordinary obstacles that have to be overcome, namely, the obtaining of a cheap supply of raw materials and of the necessary technical and business abilities, the business involves the securing of cargo, etc., for carriage *in all directions, to and from different parts, generally in different countries.* It therefore cannot be concentrated in one locality or in one country, but needs very experienced and highly trained organisations *in many localities and in many countries in order to enable the business to be carried on over long periods with profit.* This means that the competition experienced is not only very severe, but, to a large extent, it cannot be controlled by any one country or any one organisation. It follows that the shipbuilders and ship-owners of the country which has the greatest *natural advantages* and the utmost *freedom of action* (i.e., least interference by Government) is in the best position to compete all over the world. The little Islands of Britain have those advantages in a very marked degree, and enjoy more than most countries that freedom of action that

enables ship management to be carried on most economically. And, therefore, the great bulk of the shipping of the whole world is British.

Other countries have very naturally desired to participate in the business of shipbuilding, ship-owning and ship management. But the peoples of practically *all* countries have found it impossible to compete, unaided by their Governments, with British builders, British owners and British shipping companies (who receive no State assistance as a matter of State policy) for the two great reasons given above; and so the peoples of other nations (including also the British subjects of Canada, Australia, New Zealand and even South Africa) have only been able to undertake comparatively small ventures in the maintenance (and in some cases the building) of steamers by the assistance of their respective Governments. This has proved an expensive business; and it is doubtful whether if the great mass of the people fully understood that they are called to pay in order to maintain relatively small services of steamers, they would in every case consider the satisfaction received worth the price. The United States afford a particularly striking example. The U. S. A. have made repeated efforts to create a great mercantile marine by the payment of immense sums by the State; but the efforts have failed. One of the chief reasons is that the U. S. A. is a Protec-

tionist country, and Protection increases in various ways the cost of building so much as to make it impossible for an American owned steamer to compete in the world shipping market with a British owned vessel.

It would be quite possible to create a small Indian shipbuilding and ship-running industry provided the people of India were prepared to pay the price. But, owing to India's natural resources and aptitudes not being yet developed to anything like the extent essential for the commencement of a successful shipping industry, the price would be an extremely heavy one. It would be necessary for Government (i.e. the Indian taxpayer) to provide money for subsidising *shipyards* (I notice that the Scindia Steam Navigation Co., Ltd., want Government to establish their own shipyards, and carry them on for *ten* years, and then hand the shipyards over to private individuals with further liberal concessions to those individuals as an encouragement), and these subsidies or bounties from the taxpayers' pockets would have to continue indefinitely after the shipyards had built steamers, and delivered those steamers to the shipping companies who would run the steamer services. Even so, heavy Government subsidies would probably only suffice to enable an *Indian Coasting steamer service* to be maintained, and not services to other parts of the world. These latter bounty fed services would come in direct competition with the shipping services of private British companies, and their maintenance could only be assured by the continuous payment by the

Government of India (i.e. the Taxpayers of India) of very heavy bounties or subsidies. At the present time it is very doubtful if heavy subsidies of this kind could be justified by results.

The desire of Indian patriots to see an Indian Steamer industry created and developed is a very natural one, and an ambition with which I have every sympathy. It seems to me however, that the time for the creation of this industry is not yet ripe. When India's steel industry has been further developed, then will come the time for initiating an Indian shipbuilding industry. (Small steamers are already built in the banks of the Hooghly.) In the meantime, further experience in shipping matters can be gained.

In conclusion I should like to say (1) that I consider that the system of deferred rebates has points in its favour which require consideration before the system can be condemned, and (2) that in all my 33 years' personal experience of steamer management I cannot recall a single instance of discrimination against an Indian exporter or importer *qua* Indian. It is a common belief in some quarters that "alien" shipowners with the tacit support of an "alien" bureaucracy which does not care for the interests of India," encourage English or European shippers and consignees at the expense of their Indian competitors. I can only say that during a life's personal experience of English and Scotch ship management, I have never heard of or seen a single case of discrimination of this kind.

Oral evidence, Karachi, the 12th December 1923.

President.—On behalf of myself and the members of my committee, I thank you very much for sending us your statement and for coming here to give evidence to-day. I hope you will realize that we are only seekers after information and, if you are asked for any information that you do not care to give please do not hesitate to say so.

Q. The Government of India and the people of India have very natural aspirations to start an Indian Mercantile Marine and we have been asked to recommend to Government how best to do it. Do you think there is any reason why the Indian Mercantile Marine should not be developed?

A. I know of no reason why an attempt should not be made. It may prove expensive at this stage.

Q. Supposing Government and the people of the country really want to start it, do you think it will be possible for the Indian people to start it without any assistance from Government?

A. Not at present.

Q. Do you think it will be possible for Indian companies to be formed and for them to run in competition with the established companies?

A. There is not the slightest reason why an Indian company should not purchase steamers.

Q. You do not see any reason why a company should not be formed in India for trading purposes?

A. No reason whatever beyond the ordinary trading risks.

Q. Have the shipping companies that you have been connected with all been trading overseas, or have you anything to do with the coastal trade ?

A. We have very little to do with the coastal trade.

Q. Have your ships carried Indian crews ?

A. Nearly always.

Q. Any Indian officers ?

A. I do not remember any Indian officers.

Q. From your experience, can you tell us if you have had any Indian gentlemen asking you about facilities for their sons to go to sea in a merchant vessel ?

A. I do not remember a single instance. Over an experience of 33 years I only recollect three occasions on which Indians have approached us with the object of getting employment on a steamer, and on no occasion do I remember ever being asked by an Indian gentleman to provide for or to give opportunity to his son to go to sea.

Q. It has been suggested to us that we should have a training ship or ships in India. Do you see any disadvantages or objections in it ?

A. Not the slightest, except the expense.

Q. As regards an Indian company entering into ordinary competition on the coast, do you think the fact that we have a deferred rebate system would militate against their being successful in the coastal trade ?

A. I think a deferred rebate system will make it more difficult, certainly.

Q. But you are not in favour of abolishing the deferred rebate system. Do you think that the advantages are greater than the disadvantages ?

A. I am inclined to think from my experience that the advantages of the deferred rebate system outweigh the disadvantages.

Q. What are the advantages ?

A. The provision of a regular and reliable service of steamers.

Q. Is there any reason why an Indian company starting an Indian Mercantile Marine should not adopt the Deferred Rebate system ?

A. Not the slightest.

Q. Supposing we start an Indian Mercantile Marine, you would not be in favour of reserving the coastal trade of India ?

A. I think it would be a very great hardship upon shippers from small Indian ports. I think it would weigh very heavily on them.

Q. Another suggestion that has been made to us by several witnesses, in order to find the money required for training, subsidies, navigation bounties, etc., is that a tax of 8

annas a ton should be levied on all imports (and some have said, on both imports and exports) carried in non-Indian vessels. Can you tell us from your experience what effect this would have in India ?

A. I should think that the first effect of a tax on inward and outward freight would be to increase the rate of freight and, therefore, it would be a handicap to that extent both to export and import merchants. The handicap on the export trade will find its way back to the producer who is the last man on whose shoulders it should fall. With regard to imports, I take it that the tax should find its way on to the back of the consumer. That is to say, the producer and the consumer in India would be paying the tax. For that reason I do not know why it should be better to introduce a tax of that kind rather than provide the money required out of the ordinary taxation in the budget.

Q. Some witnesses have told us that such a tax would hardly be felt. What is your opinion ?

A. It is very difficult to say. No individual item of taxation probably is hardly felt by anybody.

Q. Do you think that it is a sound proposition to raise money by such a tax ?

A. I do not see any objection to it in theory.

Q. Would you vote for it if you were in the Central Legislature ?

A. I should have to weigh the advantages and disadvantages of that particular kind of taxation with other alternative methods which might appear to me better or worse. If it seemed to me better than any other form of taxation, I should vote for it.

Q. Do you think that at any rate for the present there is no opening for building ships in India ?

A. Not without a bounty.

Q. Do you think that to start shipbuilding is a business proposition ?

A. With the aid of a bounty, I think that the shipbuilding industry could be started on the top of the pyramids, but it would be a very expensive business.

Q. A certain number of witnesses stated that shipbuilding should be started as a new industry and that Government should guarantee a certain dividend both in running ships and shipbuilding. Do you think it advisable to adopt such a course ?

A. I doubt if guaranteed dividends would profit the people. I would rather myself have a bounty paid on work done.

Q. Would you be in favour of reducing the customs duty partially in order to build up the national industry?

A. That is quite usual.

Q. Taking labour, it is generally recognised that there are no Indians at present with sufficient experience to start construction work. Supposing they get expert advisers, constructors and engineers out from home, do you think that in all the ports in India the labour is suitable for shipbuilding?

A. There are one or two ports very suitable; Karachi had one of the best localities for shipyards during the war.

Q. Do you think Karachi can be extended to make suitable shipbuilding yards for bigger ships?

A. Yes; but labour will have to be imported. We had a small shipbuilding yard here during the war for Government purposes. I helped to form that. The locality on the western side of the main channel was very suitable indeed. But everything had to be imported—materials, labour and technical skill.

Q. Do you know the size of the ships built then?

A. I think we put together a good many vessels which were designed elsewhere.

Q. From where did you import labour?

A. From Calcutta.

Q. Climatically is not Karachi better than the other ports so far as heavy work in shipbuilding is concerned?

A. I believe the climate here is the best in the plains in India.

Q. Would there be any difficulty in getting coal or steel?

A. At present steel has to be brought from the other side of the world; coal from the other side of India, skill from England and labour from Calcutta. Thus Karachi is a very expensive place in which to run a shipbuilding industry.

Mr. Jadu Nath Roy.—Q. To develop shipbuilding we must have State aid?

A. I do not think it would be possible in India without State aid.

Q. If India is to develop shipbuilding, she should have State aid; but you say the country is not suitable for building ships? Can you explain why?

A. Economic conditions are not yet sufficiently developed to make shipbuilding economical.

Q. Can it be made economical gradually?

A. Yes.

Q. In other countries like Australia, people have been constructing on a small scale?

Is there any reason why India should not follow Australia?

A. No. But I doubt if Australians realise what their efforts are costing them.

Q. You say it is doubtful whether if the great mass of the people in Australia fully understood what they are called upon to pay in order to maintain relatively small services of steamers, they would in every case consider the satisfaction received worth the price. Are not the Australians urging their Government to subsidise most of the trade routes?

A. Yes.

Q. As regards the United States, is it not because they incurred a lot of expenditure in shipbuilding that they are now the second shipping country in the world? Formerly they occupied the third place and now they occupy the second place in the shipping world?

A. That may be true if you take the present total of the American tonnage, but you must also see what proportion of that tonnage is lying useless and idle.

Q. What do you mean by saying: The time for the creation of this industry is not yet ripe?

A. I mean that the expense of establishing a shipping industry in India now would be so heavy that I think it would be better to wait until steel and other industries are a little further developed before attempting to construct ships in India. Otherwise it would be very expensive.

Q. Steel is now being rolled in India and don't you think that if there is a demand there will be supply?

A. Yes, in time.

Q. You are in favour of deferred rebate system?

A. I should be sorry to attempt to establish a coastal service unless I were guaranteed that cargo would be given to me every time I might call and I do not think I could rely on a certain supply of cargo without some such system as the rebate system?

Q. If Indians are to work their mercantile marine this deferred rebate system works against them?

A. No doubt it will be employed to check competition. The same thing happens in every trade as well as shipping. Every trade has to meet competition from existing interests.

Q. The existing interests are so powerful that the Indians cannot compete with them unless they are given some sort of protection?

A. I think they may find it advantageous to have this deferred rebate system.

Q. Some sort of legislation to protect the new Indian companies is necessary, otherwise

they would not be able to fight against the well established companies ?

A. No doubt they would find great difficulties. But I am not prepared to say that they could not hold their own if they were properly managed.

Q. Against these well established companies and with the deferred rebate system ?

A. Yes ; there is no reason why Indian companies should not establish a rebate system in competition with another rebate system.

Q. The well established companies can afford to lose money but these new companies can ill afford to do so ?

A. That is the same in all new businesses.

Q. You say that you are not aware of a single case of discrimination made between a European trader and an Indian trader.

A. I have never heard of such a case.

Q. We have been told by some witnesses that there are instances of discrimination in the matter of giving space to European traders in preference to Indians ?

A. I am aware that the assertion is very frequently made and it is because I have heard the assertion so frequently made that I desire to lay emphasis on the fact that in my 33 years' experience of shipping management, I have never personally known of such a case to occur.

Q. As regards Calcutta, I know of an inland steam navigation company which makes discrimination in the matter of allotting space to traders. When there is scarcity of space the Indian traders are not allowed space but the European traders are given preference.

A. I have no personal knowledge of such cases.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. You say that cheap supply of raw materials and technical and business abilities are necessary for the shipping industry ? Are both these absent in India ?

A. Yes, up to the present.

Q. If ships are built cheap then they can be run cheap ; otherwise raw material does not come in in shipping ?

A. If the capital cost of a ship is low that ship is better able to compete with others all other things being equal.

Q. As India has not got at present the necessary raw material and the technical and business abilities she will have to pay more if she wants to have that industry ?

A. Yes.

Q. Can you tell us how much more India would have to pay ? Supposing you start shipbuilding industry can you tell us what the total cost would be ?

A. I cannot off hand give you any percentages.

Q. We have been told by some witnesses that if the Government is able to find some 60 to 80 lakhs every year for five years, then it will be able to develop this industry, both shipbuilding and shipping. If that is so, do you think that one crore could not be raised in India when 3 crores could be raised by the salt tax ?

A. My conclusion is that the expenses would be unduly heavy at present. I think as a business man it would be wiser to wait for a few years.

Q. How long are we to wait ? The longer we wait, the further back are we in the race. All nations are going ahead in shipbuilding and technical education and we feel we are far behind them. We want that the Government should build at least one shipbuilding yard as a pioneer industry.

A. I personally would not object to Government experimenting with a pioneer shipbuilding yard, but I think the expenses would be very great.

Q. It is for the central legislature to decide. This committee can make the recommendation and if the Government find money they might consider the question ?

A. Yes.

Q. The illegalisation of the deferred rebate system or the reservation of the coastal traffic for Indian shipping would not lead to extra expenditure ?

A. No, not on the part of the Government. The shipper or consignee might perhaps have to pay more.

Q. You say that the competition that is experienced is very severe and it is to such a large extent that it cannot be controlled by any one country or any one organisation. If the competition is very severe it is really difficult for any new comer unless he gets some sort of help from the Government ; at least on the same lines as the infant industries ?

A. Unless he can show some superior ability or business skill.

Q. But we have not got it here and that is why we want the Government to come in ?

Can you give us some further information about the ships built in Karachi ? We have been discussing this morning with some witnesses about wooden ships. Have you any experience of wooden ships with motor or steam power ?

A. I have no personal experience of wooden ships.

Q. You do not think that wooden shipping industry can ever be revived excepting for sailing ships ?

A. I am not a shipbuilder and I am unable to say whether it would be economical to construct wooden ships with steam or other propelling power.

Q. You said that during the war time, you built certain ships here in Karachi. Is the engineering company which looked after that, here, or were they imported from England ?

A. I lent a member of our own staff who had practical experience in shipyards. Messrs. Herman and Company and Cosser and Company who are engineers also lent members of their staff. Messrs. Burn and Company of Calcutta also sent some members of their staff.

Q. Is the South African coal cheaper in Bombay than in Karachi ?

A. I think we have to pay a little more for it here.

Q. If steel has to be imported would not Bombay and Karachi be in the same position ?

A. Much the same.

Q. Technical skill of the higher class will have to be imported in both cases from England ?

A. Yes.

Q. Skilled labour will be more easily available in Bombay than in Karachi ?

A. Yes.

Q. Can a small shipbuilding yard be recommended to be constructed in Karachi ?

A. I have given consideration to this subject. I should not recommend the starting of a shipbuilding yard here.

Q. Where would you like to start one ?

A. I think the best place would be Calcutta. On account of the Tata steel and iron company, on account of the proximity to coal and raw materials and also the river channel, Calcutta is the most suitable place for a shipbuilding yard.

Q. Would you not like the experiment to be made in Karachi at least on a small scale ?

A. I could not honestly recommend it.

Q. As regards the rebate system you said it has the advantages of regular and reliable service of steamers. That is one aspect. Is there not the other aspect, namely that the customer is practically tied down to the same company ?

A. Yes.

Q. As a result a new company cannot get the customers of the old companies unless the shippers are prepared to sacrifice all the rebate that has accrued to their credit ?

A. Yes.

Q. So it will be more correct to say that the rebate system has both its advantages and disadvantages ?

A. I do not think it is necessarily a disadvantage to a shipper to be bound by a rebate agreement.

Q. Does it not create a monopoly which can be used against shippers ?

A. It tends to create a monopoly.

Q. You know from past experience that as soon as competition is removed freights are raised as a rule ?

A. Very often.

Q. Does it not hurt the consumer ?

A. It may add to the cost, but that is a peculiarity common to all branches of business.

Q. The objection is to the deferred rebate system by which money is accumulated and withheld if a man is disloyal. Cannot loyalty be secured in some other way ?

A. In business we know very many ways of securing what you call loyalty to a contract.

Q. We were told that sometimes shippers lose something like a lakh of rupees if they transfer their custom to another company. Naturally it is too big a sum to be sacrificed.

A. That is gross exaggeration, I should think.

Q. The actual figure is 72 thousand rupees. Unless the Indian merchants are patriotic enough to sacrifice their rebates and stick to the Indian company, there is no way out of the difficulty. Unfortunately as you are aware when business comes in, patriotism goes away.

A. I do not know that there is any special difficulty.

Q. The shippers are at the mercy of the shipping companies ?

A. I know that is a very common belief ; but I do not believe there is any real economic hardship. Very often people are bound to each other in business. Very often it would suit people to break away from contracts at different times when they do want to break away. That is not peculiar to the shipping trade alone.

Q. In reply to the president you said that coastal reservation for Indians will mean hardship to shippers in small ports. Can you explain what you mean by that ?

A. What I meant was that if suddenly, tomorrow, a law were passed reserving the coastal traffic to Indian vessels that would be a great hardship to shippers in small ports, because there would not be enough Indian vessels to carry on the trade with such ports. I think it is possible that for a great many years to come if the traffic were reserved purely for Indian vessels, service would not be

nearly as sufficient as it is at present. That is what I mean by hardship.

Q. Supposing the coastal trade is reserved by stages to shipping companies that are registered in India, with a rupee capital and with a majority of Indian directors, do you think it would still be a hardship to the small ports ?

A. I fear that the monopolists would be likely to raise their rates to very high levels.

Q. Do you think that 3 or 4 companies will fight among themselves ?

A. I think that the risks would be just as great as they are now. I see no reason why the monopoly of an Indian combination should not be as bad, if it is bad, as the monopoly of an alien combination.

Q. With regard to the reasons you mentioned for the levy of a surcharge of freight, can it not be that instead of being passed on to the producer or consumer the shipping company may have to lose the freight ?

A. My experience of these matters leads me to believe that the shipping company will push the loss off on to somebody else.

Q. And the stronger man will succeed ?

A. Yes.

Q. The producer or the consumer may be the stronger ?

A. Yes, he might.

Q. You object to the guaranteeing of dividends on the construction of ships. What about the guaranteeing of dividends on shipping for shipping companies. It has been suggested to us by one witness that the dividends could be guaranteed as is done in the case of Feeder Railways. What do you say to that ?

A. I have already said that the guaranteeing of dividends of industrial companies is bad. I do not approve of it in the case of Railways managed by private enterprise.

Q. Do you know anything about Insurance ?

A. I represent a great number of Insurance Companies.

Q. Do you know of a rule which says that vessels owned and managed by Indians are treated as second class whereas the same vessels, if managed by Europeans, are treated as first class for the purposes of effecting insurance ?

A. I know the rule to which you are referring.

Q. Can you tell us why this distinction is made ? Is it purely on racial grounds or are there any other reasons ?

A. I should not imagine that it is conceivable that it would be on racial grounds. I think the discrimination which Insurance Companies make is based entirely upon their belief of the risk involved.

Q. But as it is worded the rule carries the impression that it is based on racial grounds.

A. It might.

Q. You said that the companies you represent have not done much work on the coastal trade of India.

A. Not much.

Q. Can you give us any statistical information about the coastal trade of India ?

A. No.

Sir Arthur Froom.—Q. On page 3 of your statement you express sympathy with the desire of Indian patriots to see an Indian steamer industry created and developed. Is your sympathy merely one from the point of view of the patriotism of the Indians or is it because you think it might be a practical business ?

A. I think it might be a practical business.

Q. The ideas of Indians, who wish to create an Indian Mercantile Marine, are that the ships should be registered in India, they should be owned by Indian companies, the Indian companies should have the greater part of their capital belonging to Indian shareholders, the companies should be managed by Indians and lastly, the ships should eventually be built in India. Supposing an Indian came to you and asked you for advice as to how he should start to form an Indian shipping company with any chance of success, could you help him in any particular way ?

A. I could sell him a steamer very cheaply.

Q. You are not, on general grounds, in favour of bounties or subsidies to be paid by Government ?

A. If assistance must be given, I would prefer the assistance given in the form of bounties. The note which I have given to the Committee is intended to convey my view that the time is not ripe for ship-building in India, and that the bounties that would have to be paid now in order to encourage Indian shipping would be extremely heavy, I think too heavy, to pay at the moment. I prefer a bounty to any other form of assistance.

Q. Supposing an Indian company is formed and it has sufficient capital, it can buy ships ; can't it ?

A. There is not the slightest reason why it should not.

Q. Would you still consider that the time is not ripe for starting an Indian shipping industry ?

A. So far as ship-owning is concerned, there is no reason why Indian merchants should not finance, own and manage steam ships ; they have very little experience : but they can engage expert assistance from outside. The same has been done in Japan and other countries.

Q. Your firm is Forbes, Forbes, Campbell and Company and you told us that you have been in India for 33 years ?

A. Yes.

Q. Was your firm, when you joined it, as big and flourishing as it is now ?

A. Possibly not.

Q. By your efforts and those of others you have increased the scope of your firm and it is in a more prosperous position now ?

A. I believe so.

Q. You had to fight no doubt a lot of the time ?

A. Very hard all the time.

Q. During your fight you did not appeal to Government for assistance ?

A. Not once.

Q. Do you see any reason why, if an Indian-owned shipping company started with sufficient capital, good management and really sound business men, they should not establish themselves without Government aid ?

A. I don't see why they should not.

Q. They have got to have those characteristics and you think it is the lack of these characteristics that is the chief reason why so many Indian-owned shipping ventures have failed ?

A. They have failed from lack of experience.

Q. They could have had experience if they employed experts to help them all the time ?

A. I think it would be wise in starting a new industry of this kind certainly to engage experts.

Q. Your sympathy would be deeper with an Indian-owned shipping company if they stood on their own merits and fought their way in ?

A. Yes.

Q. You see no reason why they should not do so ?

A. I see no reason.

Q. You say they could start their own Deferred Rebate system.

A. Yes.

Q. We know that there are companies already established on the coast and they have worked up the trade from practically nothing to a very big business.

A. Yes.

Q. This has been beneficial to India ?

A. I believe so.

Q. When somebody comes in to cut into their trade, can you see any objection to the established company fighting ?

A. It is an action which I have always been accustomed to in all business I have come across. What I should like to emphasize is that the competition is not confined or restricted to shipping. The same competition and exactly

the same difficulties are met with in all branch of trade as in shipping, by new-comers.

Q. But in many branches of trade new-comers are able to fight their way in ?

A. Because it is not so intricate and does not require so much experience as in the shipping trade.

Q. But shipping companies have fought their way into the so-called Shipping Rings ?

A. That is so.

Q. Even in the Bombay-China-Japan trade.

A. Yes, I believe so.

Q. You have heard of such an Institution as Lloyds. I think I should be correct in describing Lloyds as being comprised of very sound level-headed far-seeing businessmen ?

A. Undoubtedly.

Q. They are doing Insurance business. They naturally won't accept business which is not a first class risk except at a higher premium ?

A. That is the usual practice.

Q. It has been stated by witnesses before this Committee that a cargo shipped by an Indian-owned shipping company has to pay a higher premium.

A. Very often, yes.

Q. That is not directed by Lloyds merely against Indian-owned ships, because ships of other nationalities also frequently have to pay higher premia.

A. Yes.

Q. Why I am putting this question to you is because I should like any wrong idea that may be in the minds of the public removed. Lloyds do not care about the nationality or ownership of any ships from a racial view they really consider only the business side of it, viz., the risk.

A. Yes. The ships that I have had to do with are manned mostly by Indians and they are all accepted as first class risks.

Q. This question of higher premia for Indian-owned ships is not a question of ownership by Indians, but it is because they consider the management is not so good ?

A. That is so.

Q. I presume the world would accept the opinion expressed by Lloyds as a very weighty one.

A. Yes.

Q. They base their risk or rates on past experience.

A. Yes.

Q. The ship-building in Karachi during the war chiefly took the form of assembling ?

A. Entirely.

Q. There was practically no original construction ?

A. There was no designing; we merely assembled vessels which had been designed in England and sent out in parts.

Q. You would be in sympathy with the idea of a training ship being established to give a chance to young Indians to be trained.

A. Certainly.

Q. Regarding the levy of a tax on the export and import of cargo, I think you said in reply to the President that such a tax would hardly be felt?

A. I do not think I said that. I meant that an individual tax as a rule could not be said to be felt very heavily. Possibly this particular tax would not be noticed by me at all.

Q. We have had witnesses before us who said that this tax would not be felt throughout the country.

A. It is an argument that can be applied to every branch of taxation. Just increase it by one per cent. and no one will take notice of it; but it is not therefore a good argument in favour of increasing taxation.

Q. If there was such an easy way of raising big sums of money, why has this form of taxation been neglected by the Finance Member up to now?

A. In practice, like many other taxes, I think it would fall more heavily than appears on the surface. If the ship-owner had to collect 8*d.* a ton, he would probably raise his freight at least to 18*d.* to be on the safe side. He may raise it even by half a crown for all I know. The ship-owners have to take risks.

Q. So this proposed tax is not such an easy way of obtaining money as some witnesses suppose?

A. I could not give my blessing to it straight off; I should have to compare it with other taxes and see which was the least disadvantageous.

Q. I believe you have some knowledge of the Feeder Railways and the rate of guaranteed dividends on the same. One witness suggested to us the guaranteeing of dividends to newly formed Indian shipping companies on the lines of the Feeder Railways. Would you agree that the two cases are parallel?

A. Not in the least. I think that, in the case of most Guaranteed Railways, the Railways are run by the State. If it was a case of Government guaranteeing a private firm running a railway, I should then regard the guarantee as doubly objectionable.

Q. Your opinion is that Railways are the life and blood of any country?

A. Yes.

Q. And, therefore, Railways should be developed in this country?

A. Undoubtedly.

Q. Whereas, you are of opinion that the shipping needs of the country (imports as well as exports) are at present adequately satisfied.

A. I should think so.

Sir John Biles.—Q. Are you a Member of the Buyers and Shippers Chamber?

A. No. That is an Indian Association.

Q. The last witness before us brought forward a scheme for creating an Indian Mercantile Marine and he suggested that State aid should be given in the shape of bounties, loans at cheap rates of interest, exempting ship-building materials from customs and import duties, granting preferential railway rates for goods carried in Indian ships, reimbursement of canal dues, exempting Indian ships from taxation, postal subsidies, giving preference for carrying Government stores, etc. He proposed that 25 per cent. of the cost of the shipping should be borne by Government and on examination he admitted that what he wanted was that all the risk of the enterprise of the ship-owner in founding an Indian Mercantile Marine should fall on Government?

A. That I think many people would like.

Q. Do you as a Member of the Community and as a Statesman think there is any chance of such a proposal going through?

A. I should not think so.

Q. Would you advise us to put money into that cause?

A. No. That seems to me to be an excellent example of what I previously stated regarding the great cost of subsidizing an Indian Mercantile Marine.

Q. Regarding the amount of tonnage in the United States Mercantile Marine at the present moment, do you know how much of that tonnage is laid up?

A. Some time ago I gathered from photographs shown at a Cinema that acres and acres of water were occupied by American tonnage laid up and unemployable.

Q. All these are counted in the total tonnage.

A. From what I know of American statistics, I should reply yes.

Q. I want to avoid drawing any inference from the success of the United States Mercantile Marine as measured by its gross tonnage. It built enormously in excess of its capabilities of working during the war and naturally it has a very large excess of tonnage just now.

A. I believe the loss amounts to hundred millions of sterling and I personally expect most of that tonnage to disappear during the course of the next few years. That fleet came into being owing to the war situation. The losses occurred by the U. S. A. owing to the inexperience of those who were running the steamers. I do not think that a protectionist country like the United States can expect to compete in the steamship business all over the world, and from what I have seen from my own personal observation of a few American steamers coming out to the East I should think they were losing tens of thousands of pounds on every voyage.

Q. You think it is due to protection ?

A. I think that is the reason why the United States are not able permanently to maintain a universal shipping service.

Q. Is it not partly on account of their inexperience in managing ships ?

A. Also partly owing to the increased cost of their ships, partly owing to the increased cost of their labour in running the ships and partly owing to lack of experience.

Q. You think the conditions are analogous in India ?

A. Not the slightest at present.

Q. You advocate protection ?

A. I have recommended discriminating protection.

Q. You want to learn from the American lesson what can happen to India ?

A. I think America affords the best example that this country can possibly require ; that is to say it shows that a limited mercantile marine can be established provided the tax-payers are ready to meet the bill for such a marine. But it cannot be expected to function all over the world.

Q. Is there any chance of coal or iron being found anywhere near Karachi ?

A. There is a large quantity of iron near Karachi but no coal of good quality. There is good iron also in Baluchistan.

Q. Is there any water supply for electricity ?

A. There is only the Indus.

Q. The inability to build ships in Karachi cheaply so far as material is concerned is not likely to be removed soon ?

A. No.

Q. I have seen instances where some disability applies as to materials but in which the industry of ship-building has been established by skilful development of labour and design. Do you think it is impossible to have such a state of affairs exist here ?

A. I think this country—India—has a good supply of iron ; there is coal ; it has river places suitable for the development of the industry and in course of time this industry may be built up.

Q. You are hopeful of Calcutta as a ship-building centre and not Karachi ?

A. Karachi is not suited in my opinion for a shipbuilding centre ; in other respects we are very strong.

Q. What do you think of the buying up of the existing coastal lines by the Government and then either selling them to Indians or running them themselves ? Would that be a proper Indian Mercantile Marine ?

A. That would be one way of attempting to establish an Indian Mercantile Marine.

Q. Do you think it is a logical way out of the present difficulty of satisfying the aspirations of Indians ?

A. It is one of the ways of satisfying the aspirations of Indians. But I do not know whether it is within the range of practical politics. I have not contemplated a purchase of that kind.

Q. Do you think it is at all likely to be a scheme acceptable to the legislature ?

A. I should think that that type of scheme would be acceptable to the members of the Legislature ; the present time is very favourable for acquiring steamers cheaply.

Q. You would not buy coastal steamers unless you have got the whole management ?

A. I cannot say ; the Legislative Assembly might do it.

The Hon'ble Mr. Lalubhai Samaldas.—Q. Have Lloyds made rules that nationalities will be taken into consideration in fixing the rates ?

A. I am not able to say whether the Lloyds draw up their rules in exactly the same words as you have just used. But I know that Lloyds do exclude ships of certain nationalities. They do not give any reasons.

President.—Thank you very much.

Witness No. 29.

Professor S. C. SEAHANI, M.A., Principal, D. J. Sind College, Karachi.

Written statement, dated the 29th November 1923.

Q. 1. My opinion is that the present condition of the shipping industry in India is very backward.

Q. 2. In my opinion, the conditions in India at present militating against the development of shipping enterprises by the people of this country are:—

- (a) no training in Navigation to Indians, and
- (b) no State aid to Indian Companies—Indian in constitution and control.

Q. 3. Any measures other than State aid will at this stage be futile, in my opinion, in the removal or even mitigation of existing difficulties or disabilities, or for the encouragement of the people of the country to embark on shipping enterprises.

Q. 4. State aid is both necessary and desirable for promoting the satisfactory development of shipping industries by the people of this country.

Q. 5. I advocate the following methods of State aid:—

- (a) Bounties,
- (b) Loans,
- (c) Subsidies for mails,
- (d) Prevention by permanent tribunals of competition, aimed at killing new shipbuilding industries,
- (e) Monopoly of coasting trade,
- (f) Naval schools, colleges and scholarships.

Q. 6. I would for the satisfactory development of shipping industries by the people of this country, advocate legislative measures sanctioning the methods of State aid enumerated in my answer to Question 5.

Q. 7. I favour the grant (a) of a monopoly to vessels owned by the people of this country and on the Indian register and trading between Indian ports, (b) of navigation bounties to such vessels trading between India and ports abroad and (c) of neither a monopoly nor navigation bounties to such vessels trading between ports outside India.

Q. 8. I would 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, like Bombay or Calcutta to United Kingdom and Continent, Bombay to East Africa or to China or Japan, or Bombay

or Calcutta to Singapore and Java. My reasons for selecting the suggested routes are:—

- (a) that these trade routes will be paying to India, looking to the volume of trade along these routes and therefore promotive of Indian shipping on these route, and
- (b) that some limit on the extent of navigation bounties will be necessary.

Q. 9 to 11. I am not in a position to answer these questions.

Q. 12. I do advocate that provision should be made for the gradual reduction of the bounty after a specified term of years. I am not in a position to answer the latter part of this question.

Q. 13 and 14. I would advocate that navigation bounties should not be paid to vessels built outside of India even if they have been on the Indian register for a specified period of years.

Q. 15. I would advocate that all vessels receiving a navigation bounty must take on board a certain number of Indian apprentices for purposes of training.

Q. 16. I would 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. I would, however, reserve some power to the Government to make exceptions.

Q. 17. I would advocate the cessation of navigation bounties in the case of vessels being sold, chartered or mortgaged to non-Indians.

Q. 18. The provisions of the Indian Coasting Trade Act V of 1850 should be modified. The coasting trade of India should mostly (at least three-fourths) be reserved for the development of an Indian Mercantile Marine. For the remaining one-fourth, minimum rates should be fixed.

Q. 19. The effect of any policy of reservation on the Indian coastal trade is bound, in the present circumstances, to be good.

Q. 20. I would impose a condition that such ships benefiting by the reservation of the Indian Coastal trade should give facilities for training Indian apprentices.

Q. 21. Not able to answer it.

Q. 22. I recommend at this stage the establishment or development of Government dockyards for building and repairing vessels required for the Indian Mercantile Marine. Indian private shipyards should be subsidised, but not non-Indian.

Q. 23. I regard the present condition of the ship-building and Marine Engine construction industry in India highly unsatisfactory.

Q. 24. The conditions in India at present which militate against the development of such industries by the people of this country are:—

- (a) utterly inadequate mechanical engineering training,
- (b) no State aid to Engine construction industry.

Q. 25. I cannot suggest any measures to remove or mitigate existing difficulties, or disabilities, without having recourse to State aid, which at this stage is essential for the people of this country to embark on such industries.

Q. 26. Yes, State aid is necessary and desirable to promote the satisfactory development of the aforesaid industries by the people of this country.

Q. 27. My method of State aid here would be a bounty per ton on vessels built in Indian Yards.

Q. 28. I would advocate legislative measures for adequate mechanical engineering training and for State aid to engine construction industry.

Q. 29. Already answered.

Q. 30. I would advocate that construction bounties should be confined to vessels built of steel. Concrete ships are yet in an experimental stage. I cannot answer the latter part of this question.

Q. 31 to 35. Not answered.

Q. 36 to 43. Not answered.

Q. 44. No inconsiderable number of the youths of this country will be likely to be desirous of following the sea in the capacity of officers in the Mercantile Marine?

Q. 45. Government should take 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, which at the present stage I would not leave to private enterprise in India.

Q. 46. Cadets for training should undergo a preliminary course of instruction in a training ship or training establishment on shore, and not proceed direct to sea as apprentices.

Q. 47. Preliminary training should be carried out in India. At this stage the training ship or establishment should be provided and supported by Government.

Q. 48. If some cadets are also trained in England, I consider that at this stage they should not be required to pay fees for such training. Government should establish a system of some scholarship. But the training must be done mainly in India.

Q. 49. For some time training ships or establishments in India should be maintained by Government. Fees may be levied afterwards.

Q. 50. I do advocate the establishment of a training ship or nautical college on shore.

Q. 51. I advocate that after undergoing their preliminary training the boys should serve a period of apprenticeship in steamers of the Mercantile Marine or in a sea-going training ship according to their aptitude or ability.

Q. 52. I do consider it feasible to get ships carrying Government or Railway goods to accept apprentices for training. Ships in Government ownership or control must accept apprentices for training.

Q. 53. At this stage Government should pay the whole of the premium for their apprenticeship that the apprentices may be required to pay.

Q. 54. If a sea-going training ship for apprentices could be maintained only partially by carrying freight or Government stores the balance of the cost should at this stage be paid by Government.

Q. 55. I do consider that at this stage the apprentices in a sea-going training ship should be given free food, and some uniform or clothing allowance during apprenticeship.

Q. 56. Experts to answer this.

Q. 57. I do consider that some sort of Nautical Academy or Academies should be established for 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 now obtaining in the United Kingdom.

Q. 58. For the present, three academies will do for the purpose, which may be situated in Karachi, Bombay and Calcutta, and which should be maintained wholly by Government.

Q. 59. I do consider that a fair 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.

Q. 62. Government should, at this stage of India's development, take active steps to provide for:—

- (a) their training,
- (b) future employment, and
- (c) facilities for further study when qualifying for the Board of Trade Certificates in the various grades.

I would not leave these to private enterprise in India.

Q. 61 and 62. For Experts to answer.

* Q. 63. I do not think that there are 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.

Q. 64. The present arrangement for the appointment of Executive Officers is altogether inadequate. Nautical education which begins at the age of fourteen must be imparted to Indian boys in India on ships like His Majesty's School Ship "Conway" or "Worcester," or in colleges like the Pangbourne Nautical College, separate or combined, as the Experts may advise, for the Royal Indian Marine and proposed Indian Mercantile Marine; and a provision for a Board of Trade Certificate

or its equivalent should be made here in India. The candidates should be selected by a Selection Board appointed by the Government of India.

Q. 65. Candidates for Commissions in the Engineering branch of the Royal Indian Marine may at present be trained in Great Britain, at Government cost. Meanwhile requisite steps should be taken to institute a ship-building industry in India, and the Royal Indian Marine Dockyard should be largely developed.

Q. 66. For carrying mails Steamer Services already in existence should be utilised. But the fixing of subsidies should be based on the regularity, speed, and number of Indians on the Engineering and Navigation Staff of the Services.

Q. 67. Answered in 66.

Q. 68. At this stage an equal chance of competing for mail contracts could not be given to all steamship companies. Companies offering requisite regularity and speed must be preferred.

Q. 69. A State-owned line of steamships in India will be most likely to promote the establishment of an Indian Mercantile Marine.

Q. 70. The funds required may be raised by a loan, which is bound to prove productive, as in the case of State-owned Railways. Figures to be given by experts.

Oral evidence, Karachi, dated the 12th December 1923.

President.—Before we begin I should like to assure you that we are here seeking for information to advise the Government of India as to the best means of starting an Indian Mercantile Marine. If you find there is anything objectionable in our questions I hope you will please say so.

Q. I take it you have no connection with shipping personally?

A. No.

Q. Your profession is to teach boys?

A. Yes.

Q. Do you think that there are among your boys young men who would like to go to the sea if they are given a chance?

A. There are very many.

Q. Both in the mercantile marine and the navy?

A. Yes, especially the Sindhis.

Q. They are very keen on joining the mercantile marine?

A. Yes, provided the requisite opportunity be given them.

Q. Supposing a training ship is started and thus an opportunity is afforded for the boys to go to sea, would there be possibilities in a school such as yours for giving the boys a little preliminary technical training by teaching the theory of navigation?

A. Certainly, provided reasonably assured prospects are held out to them.

Q. You will be able to teach mathematics in a manner applicable to marine engineering?

A. Very easily.

Q. Would you be in favour of having a training ship at Government expense?

A. Yes.

Q. Is your college supported by the Government?

A. It is supported by Government. The people refused to convert it into a Government College because they thought that development would be easier if the college stood as it was. The college has developed on the civil engineering side. This development would have become impossible if the college had been tied down to Government management. We hope

hat in a city like Karachi we shall find it possible to develop on the mechanical engineering side also.

Q. Therefore there is no reason why marine engineering should not be taught if funds are available?

A. There will be no great difficulty if funds are available. I have also formulated a scheme to shift the college from its present site and it has found favour with Government. Government, it seems, may be prepared to advance 5 lakhs. Under the circumstances, I think here will be less difficulty in teaching marine engineering also.

Q. Do your students pay fees?

A. With the exception of 2 or 3 per cent. who are free scholars, others pay their fees.

Q. Do they pay sufficient fees to cover all the expenses of the college?

A. No, they pay a certain amount.

Q. The college is endowed?

A. Not very largely.

Q. Your college can largely assist the development of an Indian mercantile marine?

A. Yes.

Q. It is very satisfactory to know that you have boys who would be likely to take to the sea-faring profession?

A. They have fared well in all departments and I do not think they would lag behind here.

Q. You would have more opportunities of knowing whether boys really have a desire to go to the sea than other witnesses?

A. I have a fair chance of ascertaining the feeling of the boys. I have come in contact with all classes of people in Sind; not only that, but with other people in the country because I have been an examiner at the I. C. S. Examination too.

Q. I see you are in favour of the reservation of the coastal trade of India?

A. Yes; until of course the shipping industry and the ship-owning companies are fairly well established.

Q. You have every hope that the industry and the companies will be well established in course of time?

A. Yes.

Q. Supposing that an Indian mercantile marine is fully established, would India go further and ask for a navy?

A. Yes; I am in favour of that.

Q. Do you think you would have boys ready to come to the navy in the same way as British lads?

A. Most certainly.

Q. You are in favour of State-owned lines?

A. Yes.

Q. That is simply to give them a fair start?

A. Yes.

Q. You think that once they have a fair start, they will be able to stand on their own feet?

A. Yes.

Sir Arthur Froom.—Q. You are in sympathy with the aspirations of Indians to start a mercantile marine in this country?

A. In great sympathy.

Q. To give expression to that, you think State aid is necessary?

A. Certainly; otherwise it will not be practicable.

Q. Why should not a properly managed Indian steamship company with sufficient capital and good experience succeed without State aid?

A. Unfortunately experience is lacking.

Q. They might borrow experience?

A. You can never develop with borrowed experience.

Q. As a set-off against good management you would have State aid?

A. No. I would at the same time be providing for good management, that is to say establish schools and colleges for training and also provide a training ship. It is only with proper training you can manage. You do not want to have inexperienced managers.

Q. I do not quite follow you. When I asked why an Indian company started should not succeed now, you said it was due to lack of experience?

A. Yes; in experience I include lack of managing experience which certainly must be based on some training in the line.

Q. Then the State aid will be to make good the loss arising from lack of experience.

A. It is to create an atmosphere in which such experience may accrue to the people.

Q. Would enough companies be started?

A. Yes.

Q. Will not the trade of the country suffer if the existing British Companies are driven off?

A. The trade of the country should not suffer. I am not one of those who advocate the driving away of the foreigners when we are not able to stand on our own legs.

Q. You have no personal objection to the coastal trade as it exists at present except that you would like to have an Indian mercantile marine?

A. Yes.

Q. Some people have described the coastal trade as a monopoly.

A. It is a monopoly which is not for the benefit of the people so much as for the benefit of existing shipping companies.

Q. Do you prefer competition?

A. In the later stages but not in the beginning.

Q. You do not want competition in the Indian mercantile marine.

A. Of course there should be competition amongst themselves.

Q. You say that you want a monopoly of the coastal trade. Does that mean for Indian-owned companies?

A. As against aliens that is to say reservation of the coastal traffic to Indian-owned ships.

Q. In reply to Question 16, you say: I would exclude the employment of non-British subjects? I suppose you refer to Frenchmen and Germans and others?

A. By non-British subjects, I mean foreigners settled in India.

In reply to Question 8, I would like to insert 'Karachi' between 'like' and 'Bombay.'

Q. In answer to Question 18 you say that 75 per cent. of the coastal trade should be reserved to Indians in the first instance. Would you ask that the remaining 25 per cent. should be reserved later on?

A. A system of licensing would prove equally efficacious.

Q. Do you think that is a practicable proposition?

A. All difficulties have to be endured in the case of protection. Protection is not an easy matter and should be applied with great care, knowledge and sympathy.

Q. Supposing there was a person in business and another party comes along and says: I will take three-fourths from you and you may keep one-fourth. Would that person like it? It is not human nature. He would fight with all the means in his power against it.

A. I agree they would fight. But you would never have to fight when you can maintain the position you have secured. I will deal with them very sympathetically.

Q. You are firmly of opinion that a number of boys would come forward to go to the sea?

A. I have not the slightest doubt about that. In course of time they would compete very well with those who are now leading in navigation.

Q. In England there is a marked line between seamen and officers. They belong to two different classes. I do not think it exists in this country to any extent?

A. Yes, it does. Here it will be more potential. The sailor class here have been making very good crews. The Sindhis, the Parsis and the Christians will make very good officers if opportunities are afforded to them.

Q. Do you agree that the officers for the Indian mercantile marine should be drawn from one class and the seamen from another class?

A. I would draw no hard-and-fast rule separating one class from another. Much depends upon individual aptitudes. When you see certain students fitted for the officers' line you direct them to that line and when you see certain others who if wanting in the higher faculties will yet do well as seamen and you direct them to that line.

Q. You are of opinion that a large number of youths would come forward to go to sea as officers?

A. Yes; but I am not unmindful of the fact that discipline will to a certain extent be difficult in the initial stages.

Q. Sea-going life is a very hard one.

A. It has charms of its own and the difficulties are more than compensated.

Q. My idea of a sea-going life is that it is a very hard one. English boys who go to sea are those who prefer an open air life to working in an office and hence they choose that line. Does the same feeling exist among Indian lads?

A. In the Customs House here you had preventive officers, who are being recruited from among our best sportsmen. Exactly the same kind of young men would come forward for the nautical academies.

Q. It might be that in a mercantile marine the Indian lad would be sent away far from his home for long periods perhaps years.

A. The Sindhis have been accustomed to such a life all along. The Sind Merchant is to be seen in every part of the world.

Q. The sea-faring profession is not what you may describe as a very lucrative one. You do not make fortunes by going to sea?

A. All are not destined to make fortunes so that the majority will be quite content with comparatively small gains.

Q. I see you are in favour of a State-owned Line of Steamships.

A. Yes.

Q. Don't you think that it would be a very expensive experiment?

A. All such experiments are bound to prove expensive and the country should realize the expense of this nature must be undertaken.

Q. In answer to Question 70 you say that the funds required may be raised by a

Do you think that the money ought to be raised by a loan?

A. I say "may" be raised. It becomes a controversial matter whether or not your revenues can afford money for a marine. My belief is that the Indian Government can afford the required money; there are others who think otherwise.

Q. You say that loans are bound to be productive?

A. Probably we mean different things by the term "productive." If loans can fit you for a life which must be led by your nation, they must be reckoned productive according to me.

Q. You do not necessarily mean that the purposes for which the loan is applied would necessarily return a good rate of interest?

A. No.

Sir John Biles.—Q. Don't you think that navigation bounties should be paid to vessels built outside India?

A. Some people think that vessels could not be built in India during less than 10 to 15 years. I believe that they could be during a much shorter period. If, however, it is proved that they could not be built in less than 10 or 15 years, I would modify my statement.

Q. You would not be giving bounties to English ships until you have shipyards sufficiently established in India?

A. As I said that depends upon the time that my dockyards take to build.

Q. The effect of such a proposal would be that bounties to ships should not be paid except to ships built in India.

A. In my oral examination I want to supplement my written answer so as to make my view clear. I do not wish that any very long period should be taken to build ships in India, but if dockyards cannot be built for a very long time to come, I would in view of that modify my answer.

Q. What steps would you propose for the Intermediate stage?

A. I am sorry I could not tell you, I am not in the line.

Q. I am only asking you with reference to the question of paying bounties.

A. Pay bounties to trading ships that have been managed, owned and worked by Indians.

Q. This you would do in the first stage, until you can build ships in India. Would you pay bounties to ships bought abroad?

A. Yes, to ships bought abroad and owned here, I would pay bounties if other conditions remain the same.

Q. What would be the basis of the bounty you would give? Have you anything in your mind?

A. I could not indicate that.

Q. What object is there in giving a bounty?

A. The object in giving bounties is to stimulate the shipping industry of India, and to augment the nautical ability of Indians.

Q. Would you guarantee dividends?

A. I would guarantee a fair dividend so that capital may be attracted but I cannot make any useful suggestions here as to what the dividend should be.

Q. We shall have to make some definite proposal. Can't you help us?

A. You are an expert and I suppose you would supplement my suggestions.

Q. Your suggestion merely is that bounties should be given.

A. I think that bounties or aid in any other shape should be given.

Q. You believe in the establishment of Government Dockyards; why do you believe in Government rather than private Dockyards?

A. Because Government Dockyards will serve as a good example and guide to private shipyards which will come later.

Q. You want Government Dockyards to set the example.

A. Yes.

Q. Do you know anything of Government Dockyards?

A. I have no intimate knowledge of them.

Q. You think they are capable of becoming good examples?

A. Government institutions have become good *exemplars* in education, agriculture and in co-operation. Government schools and colleges, Government Co-operative Societies and Government farms have mostly set the required example.

Q. That is the Indian system.

A. No. It is the system all over the world. Americans have grown thus, Germans have grown thus and the English have grown thus.

Q. Would you say that in England Government set the example?

A. Yes, I know the example has been set to private enterprise by Government in England, but because of its halting nature the British have come to occupy in marine a much lower position now. It would not be right to say that the Britisher is leading in the world just now. England's position was first some time before, but she is second now.

Q. In ship-building?

A. Yes.

Q. Who is the first?

A. I think the Americans.

Q. Do you mean in quality, economy or efficiency?

A. Not necessarily in quality; I can not make any very definite statement because I have no personal knowledge.

Q. You made a statement that England is not leading?

A. My idea is based on figures and information supplied to me. I have not worked out the figures myself.

Q. What is in your mind about the system of Government development? I rather understood from what we heard before that it was the practice in India for Government to give the lead in every case?

A. My statement is that India as it is circumstanced to-day needs Government example. I may go further and say that it is not only India that will benefit by Government example. Other countries have benefited by Government example.

Q. And you quoted England?

A. Yes; my knowledge of history goes to show that it is the Government measures that have come to the aid of private industry in England.

Q. Supposing we as a Committee were convinced otherwise namely that it is private enterprise that has developed England. Would you then say that we should not recommend that the development of shipbuilding should not be left to private enterprise in India also?

A. You would be justified in following your convictions. I would only say that you were not right in being convinced that private enterprise unaided by Government measures has developed England.

Q. I think we are all with you regarding the inadequacy of training and the necessity for training as a foundation for successful enterprise. You told me with reference to a suggestion I made some time ago in connection with the development of ship-building in India that Mechanical Engineering students could be taken as graduates and trained in Naval Architecture at the same time as they are in the shipyards. Do you think they are a good class of men to do that?

A. I think so.

Q. What is the extent of the Mechanical Engineering course, say, in Mathematics?

A. The Mathematics done in my college goes as far as the M. Sc. course in integral calculus, trigonometry, geometry, statics, dynamics, and other branches of Mathematics.

Q. You think that would be quite sufficient to begin Naval Architecture?

A. I think it will be sufficient that is to say, in the case of those who are expected to combine theory and practice. Those who are to do only the practical part need not undergo a careful training in theory.

Sir John Biles.—I want to thank you personally for your development of the educational side in such a clear and definite way; I think it will be of much help to us.

President.—*Q.* Do you think that in going to sea there will be any difficulty on account of different castes and creeds in India, because you know they cannot all have separate accommodation in ships?

A. As regards Sindhis, there should be no such difficulty. I have no personal knowledge of how things stand in other parts of India.

The Hon'ble Mr. Lalubhai Samaldas.—*Q.* In your reply to Question 5 you suggest certain methods of State aid. Would you insist on all or any of these?

A. I would advise the Committee to bear all in mind, preferring probably the reservation of the coasting trade as being the best.

Q. With regard to navigation bounties you said, I think in reply to Sir Arthur Froom, that you did not want that as a set-off against bad management. Your idea, I take it, is that if the trade is in the hands of other companies it will be very difficult for Indian companies to be floated and to take charge of shipping without Government aid. You want Indian companies to be helped in competition?

A. That is my idea. The term "bad" might not be used; it is imperfect management in initial stages.

Q. You said you were not one of those who would object to the help of experts from any non-Indian.

A. So long as we have no trained men of our own.

Q. You can start Indian companies at once with the help of officers borrowed from Britain?

A. Yes.

Q. In your reply to Question 8 (a), you have suggested certain routes. Have you any basis for this suggestion or is it your general information?

A. It is my general information.

Q. I think you made it quite clear in reply to Sir John Biles that you do not object to navigation bounties to ships built outside of India if it would take time to build them here. Is that not so?

A. Yes.

Q. Your reply to Question 18. How could we proceed to modify the Indian Act V of

1850? You know the difficulties under the British Act and unless that Act is modified, the coastal reservation cannot be done. The Secretary of State will have to be addressed to have the Act modified?

A. My own belief is that the Secretary of State has not got the power. I think the Central Legislature has the power.

Q. You said it would be difficult to reserve the coastal trade to the extent of three-fourths. If we reserve the coastal trade, say, by sections, say beginning from Bombay to Karachi, it may not be so difficult. What do you think?

A. It is quite possible. I only talked of all protection being a difficult affair.

Q. You want Government Dockyards; do you want them as model or pioneer dockyards to be passed to private companies later on?

A. I intended them as 'pioneer' ones. Karachi would be the best place for a dockyard, because it has one of the safest harbours and it is best to have a dockyard here.

Q. In your reply to Question 45 you say that Government should take steps to provide for future employment of Indians; how would you do that?

A. Having got State lines to begin with, employment becomes certain and if the training imparted is of a superior quality, your men will get service easily.

Q. You want loans to be raised on the lines of the 30 crores of rupees a year for five years in the case of Railways.

A. Yes.

Q. In reply to the President you were speaking of Navy Officers. Would you like to have them in the same way as Army cadets are selected for the King's Commission?

A. I want a good selection, of really good men.

Q. Cadets are selected for the King's Commission; you would like some other method of selection?

A. Yes.

Q. You said it would be hard for existing companies to be asked to go away. Would you pay them any compensation?

A. I would be prepared, if necessary, to give reasonable compensation, because un-

sympathetic treatment ought not to be intended. Each case should, however, be examined on its own merits.

Q. Can you tell us whether the so-called lower classes are devoid of brains. Have they as good brains as the so-called higher classes?

A. Brains are not the monopoly of the higher classes; only that the education of all classes is very defective.

Q. I think you said that you wanted to do away with servility so that there may be better discipline. Do you think there should be direct recruitment for the Indian Mercantile Marine as there is for the regular Government services?

A. All would depend on the individual; only the individual should be rightly selected.

Q. Do you think direct recruitment would prove a success?

A. Yes.

Mr. Jadu Nath Roy.—Q. I understand that in Australia British Shipping cannot engage on the coastal trade of that country on account of some regulations and restrictions that the Australian Government have passed. Can we not adopt similar or other kind of restrictions?

A. We can, if such restrictions can do any good.

Q. If you could do that, the difficulty regarding repealing Act V of 1850 is surmounted? Don't you think so?

A. Yes, besides as I have, we have much power ourselves under the Government of India Act of 1919 to pass the necessary measures.

Q. As regards compensating the present companies, you can do away with that by buying the ships?

A. Yes, the difficulty would be reduced.

Sir John Biles.—Q. Can you point out to us the section under which you think the Secretary of State has not the power under the Government of India Act?

A. I can if you will allow me to bring the Act. It requires some little time. I will let the Secretary of your Committee have the particulars if he wants them.

President.—Thank you very much.

Witness No. 30.

Commander P. G. GLANVILLE, R.I.M., Officiating Port Officer, Calcutta.

Written statement, dated the 31st March 1923.

Q. 44. Having never come into personal contact with the youths of this country, of the educated classes I am unable to say.

Q. 45. There are hundreds of youths of this country serving at sea. I have never encountered amongst them any of the better educated

class and never one who has secured a Board of Trade Certificate as Mate or Master of a Foreign-going Merchant Ship. On the other hand numbers of Officers, if not now-a-days, certainly in bygone years worked their way up to command fine ships from the lowest ratings. Practically every other nation has produced such men.

(a) Nevertheless, if it can be conclusively proved that considerable numbers of the better class youths of this country are ready and willing to endure the manual work and privations inseparable from the efficient training of a Mercantile Marine Officer then I consider Government would be justified in granting facilities for their training.

(b) Cadets will not presumably be trained and apprenticed unless there are ships owned in this country on board of which they would subsequently find employment as Officers. I do not consider that Government should interfere to the extent of making it obligatory on other owners to carry such Officers.

(c) A number of apprentices or cadets coach themselves as also do candidates for Mates and Masters Certificates who are serving on the coasts of India. I see no reason for the intervention of Government. If schools should be required private enterprise will provide them.

Q. 46. I advocate preliminary training in a training ship.

Q. 47. In India, Government might provide the ship.

Q. 48. Not recommended.

Q. 49. Number of ships would depend on number of Cadets offering themselves. Fees should be levied to cover maintenance charges. Private enterprise might assist in some measure with Donations.

Q. 50. A training ship, *i.e.*, life afloat and conditions as far as practicable similar to what will be encountered on passing out and proceeding to sea as apprentices.

Q. 51. Boys should serve a period of apprenticeship in ships of the Mercantile Marine.

Q. 52. If there are ships owned in this country then presumably such owners would take apprentices for training.

Q. 53. If apprentices are required to pay a premium their relatives should provide this.

Q. 54. Not recommended.

Q. 55. See (54).

Q. 56. As a cadet study, manual work and conditions as nearly as possible on the lines followed by the Worcester and Conway.

Q. 57. Might be considered at a future date—(please see 45 (c)).

Q. 58. See 57.

Q. 64. Under certain conditions the establishment of a training ship in India has been advocated. If run on Worcester or Conway lines such vessel would provide the preliminary training. A likely Cadet might then be taken direct into the R. I. M. where he would receive the rest of his training as a midshipman. A selection Board might be appointed by His Excellency the Viceroy.

Oral evidence of Capt. O. GOLDSMITH, R.I.M., Port Officer, Calcutta.

Examined at Calcutta on the 19th December 1923.

President.—I hope you will realise that this committee is here for the purpose of advising the Government of India as to the best possible way of starting an Indian mercantile marine. If you think that we are asking you any questions which are outside your province or which you object to in any way, I hope you will say so.

Q. This written statement was prepared by Commander Glanville before you came here as Port Officer?

A. Yes.

Q. You do not bind yourself to any opinion of his?

A. No.

Q. You have been a good many years in India and do you think that plenty of young men with good education would come forward for the sea-faring profession?

A. I must confess I have not met many who are desirous of going to sea. I think it is solely due to the fact that they have not been given the required education for sea service. I suppose there are only 10 per cent. of Indian boys who have at all seen the sea. If they knew what it was, I think they would get the necessary desire to become officers in the sea service.

Q. How do you think that should be arrived at?

A. I think the Government should help.

Q. How should the Government help?

A. My opinion is that the boys should be educated in a world-wide sense. Take them away from their homes and allow them to see the world. That must be the first start.

Q. And gradually imbue them with the spirit of the sea?

A. Yes.

Q. You think the government ought to provide these facilities?

A. I think the Government should make the first start and the parents of the boys should certainly assist them.

Q. Do you think that the indianisation of the marine and the indianisation of the Indian navy of the future should go hand in hand?

A. I certainly do. We should create an Indian sea service.

Q. You are a Board of Trade examiner?

A. Yes. Only for the syrang certificates. None appear for the higher examinations. I do not think they have the necessary facilities to get an officer's qualification.

Q. What charge is given to the syrang?

A. The syrangs are in charge of river steamers.

Q. Have they a written examination?

A. No; the examinations are entirely oral.

Q. Are they in your opinion capable men?

A. They appear four or five times before they get through the examination. But they manage their boats very well.

Q. Is it because they are not used to the system of examination that they appear four or five times?

A. The syllabus is issued in vernacular and I think they know quite well what the examination is.

Q. How far do they get up in command?

A. They get up to first and second class masters.

Q. Is there only oral examination for first and second class masters?

A. Yes. No written examinations. I do not think they have the necessary education to sit for a written examination.

Sir Arthur Fromm.—Q. In answer to question 45, Commander Glanville says: Nevertheless if it can be conclusively proved that considerable numbers of the better class youths of this country are ready and willing to endure the manual work and privations inseparable from the efficient training of a mercantile marine officer then I consider Government would be justified in granting facilities for their training. Are you in agreement with this view?

A. Yes; I think the Government should certainly help in this matter.

Q. How would you set about obtaining this proof?

A. My opinion is that about 200 young boys should be selected and they should be sent away from their homes on a world-wide cruise for a period of two years. I am convinced that at least 20 per cent. of these boys will still continue the sea career. They will become imbued with the sea spirit after they have had a world-wide cruise.

Q. You are in favour of sea-going training?

A. Yes.

Q. Would you not start by training them in hulks for a couple of years?

A. Personally I would not. My idea is to get them away from home and send them straight away to the sea. I favour this most; the other is the second best. If you cannot do the first, I think you must have a local training ship. By local I mean a good distance away from shore facilities.

Q. You think it is better to send the boys away to sea direct instead of as apprentices?

A. They would carry out the same sort of discipline as is carried out in a training ship at home. Let them be educated and let them work the ship with assistance. A boy going to sea must face all hardships. I think he has got to be trained in all kinds of hard work. He has to do a certain portion of manual work as well as officer's work.

Q. You think that he has to start right from the bottom like a seaman?

A. Yes.

Q. How would you set about to prove that a considerable number of the better class of young boys would be forthcoming? Do you suggest that Government should put up a training ship and then wait and see whether youths come forward or not?

A. My idea is that Government should first find out whether there are any recruits coming forward. If a considerable number of young men come forward and if their parents are willing to send them to sea, then I think the Government should certainly provide facilities for those boys to undergo training.

Q. Is it your idea that the Government should come forward with some sort of announcement that if sufficient number of youths offer themselves for training, then a training ship would be started?

A. Yes.

Q. You say you prefer a sea-going training ship?

A. I do. My idea is that these boys should be taken away from their homes and educated in a world-wide sense. That is a great part of a youth's education.

Q. Do you think that a sufficient number of youths will come forward?

A. My experience in Calcutta is that they have absolutely no idea of what the requisite qualities are for an officer at sea. They have no idea of what the sea is. For instance, we advertised for candidates for the Bengal Pilot service. I got any number of applications from boys who have been highly educated, but none of them had ever been to sea or have any idea of what they have got to do.

Q. You do get applications from Indian boys for the Bengal pilot service?

A. Three recruits are required for the Bengal pilot service. One of the qualifications is that they must have been four years at sea, but none of the applicants have that qualification. You cannot make a pilot out of a boy who has never seen the sea.

Sir John Biles.—Q. 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?

A. My personal opinion is, no. I do not think that any State aid should be given other than what I have already said about training ships.

Q. Do you advocate State aid for construction bounties for shipbuilding?

A. Personally I do not. I think that there is sufficient money in India and people who want to start a shipbuilding industry can put money into it.

Q. Do you advocate reservation of the Indian coastal trade to Indians?

A. No.

Q. Do you think shipbuilding and marine engine construction can be developed in India?

A. I think we can develop anything in India, but it will take a very long time. We have to bring in people from outside to start the work.

Q. Do you think that under proper supervision, the Indians can be trained to do the work?

A. Yes.

Q. Would you encourage the wooden shipping industry?

A. The days of wooden shipping are gone.

Q. You do not think they need any assistance?

A. No.

Q. You advocate that Government should provide training ships?

A. The Indians say that there are a sufficient number of youths of good education willing to go to sea. If Government have knowledge that there are 400 or 500 of these Indian youths willing to go to sea, then the Govern-

ment should assist them by providing facilities for their training.

Q. Supposing immediately a hulk is provided and boys can be trained therein at once, do you think that that is a good system?

A. I am against that system. If the youths are to be turned into efficient seamen, then they should be taken away from their home conditions.

Q. There is a ship called "Exmouth." She was a built hulk. She has accommodation for a lot of boys. She lies in the river Thames. In conjunction with that ship is a sailing ship, which takes about 10 per cent. of the boys to sea in batches and brings them back to the mother training ship after they finish their training. Do you think a scheme of that kind would help us?

A. It may help later on, but not to start with. What is wanted is: select about 300 boys and send them away to sea for a period of two years and then find out how many are willing to stick to the sea.

Q. That is the preliminary way of finding out whether they will stick to the sea?

A. Yes. I am only talking of the educated classes. No doubt we have already got any amount of Indian seamen class.

Q. Some of the witnesses have told us that there are very good seamen on the Kathiawar coast and that if they are given adequate training they will become efficient officers. Do you agree with this view?

A. They will make excellent seamen but not excellent officers.

Q. Is it due to lack of education?

A. Partly lack of education; and partly I suppose many of them do not want to become officers.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You are of opinion that Government should send 200 or 300 young men away from their homes so that it may be found whether they can be imbued with the spirit of the sea?

A. Yes.

Q. The expenditure will have to be borne by the Government in the first instance?

A. The Government should provide a training ship; the parent of the boy should defray a portion of the expenses and the Government the other portion.

Q. In the same way as is done in the professional colleges, such as law and engineering?

A. Yes.

Q. I am glad you are prepared to help us in creating a spirit of sea worthiness in us.

A. That is quite necessary.

Q. You have examined only people for the syrang certificate and not for the home trade certificate ?

A. No candidates have come up till now for the home trade certificate examination.

Q. Have you got facilities here to give them instruction in the home trade certificate examination ?

A. Not from the port of Calcutta. I think they get their training in the Madras way.

Q. What is the class of people from whom the syrangs come ?

A. Ninety per cent. of them are Chittagongians. A large majority of them are Muham-madans.

Q. You said they would not be able to sit for a written examination ? Have they no preliminary training ?

A. I do not think they have the requisite preliminary training.

Q. Supposing young boys from that class are given literary training in the 3 Rs. do you think they will go up to the standard required of officers in course of time—though not in this generation ; at least in the second generation ?

A. I think you are proceeding on the same basis as the Board school boys at home. If you educate a young man when he is young, I presume he should be able to tackle anything in after life.

Q. You do not consider that brains are the monopoly of any particular class ?

A. No.

Q. You said that the boys should be sent away from their homes for a period of two years and if they proved their seaworthiness, then facilities might be provided for training them ? How would you provide facilities ? By starting training ships or by opening nautical academies ?

A. If you carry out my idea, the youths would have been half trained within the period of two years they are at sea. If we find them successful, then is the time to decide as to what further steps should be taken. If the Indian youths have a desire to go to sea, then is the time to work out the larger scheme.

Q. Three suggestions were made by some witnesses (1) Provide training ships, (2) Sending the boys out as cadets in the coastal trading ships, and (3) Nautical academy. Which of these would you support ?

A. I have already said my idea is a sea-going training ship to start with.

Q. Would you provide the boys with any theoretical or scientific training while they are away at sea for two years ?

A. Certainly that would be part of their education. They would have to do manual

work ; they would have the same sort of training as in the training ship at home.

Q. In the engineering, law and medical and other professional colleges, the Government do not insist on a guarantee that the boys will join the colleges. Do you think that Government should insist on a guarantee that the boys will join if a training ship is started ?

A. I say the Government should provide facilities in the first instance. After two years if they find that the experiment is not a success and that sufficient number of boys are not coming forward, then the Government will be quite justified in dropping the scheme.

Q. What did you mean by a "Serang Certificate ?"

A. I referred to certificates which qualify serangs for work on the river Hooghli ; they must pass for navigation.

Q. Can they work on, say, the Irrawadi or the Brahmaputra with the same certificates ?

A. I do not think so. They have to pass locally an examination for the particular river on which they work.

Q. How long have Indians been in charge of river crafts ?

A. I cannot answer that ; they are gradually becoming more capable to take command of river crafts.

Q. Before the war, were these boats in charge of English Commanders or Serangs ?

A. A certain number of them were, and a certain number are still in command.

Q. Is it a fact that on account of the war a great number of English Commanders on these river crafts had to go away, and their places were filled by Serangs ?

A. A very great number did go away for the war, and their places were taken by Indians.

Q. Are they able to do their work fairly satisfactorily ?

A. I think they are able to command these river crafts.

President.—Q. About the local examination, you mean that these examinations are held with a view to give a knowledge of the particular river and that the examinations for the open sea are the same all over the world ?

A. That is so.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You said that the days of wooden ships are past. We have been told by other witnesses that other river crafts, for example, with auxiliary motors, may be tried. Are you in a position to say anything about that ?

A. They are not my views.

Mr. Jadu Nath Roy.—Q. You said that there were about 3 applications from Indians for pilotships ?

A. No ; I said that there were three vacancies which were offered to Indian candidates if they applied possessing the necessary qualifications.

Q. But there were no Indians with the necessary qualifications ?

A. At present there are none.

Q. Because they have not got the facilities ?

A. They have not had the training, and they have not taken the trouble to acquire the necessary training. If a man is really keen to go to sea, I do not see any reason why he should not gain the necessary experience by going out of the country.

Q. Do you think that if they have the wish they can have the facilities to go for training ?

A. If an Indian youth is keen to go to sea and has people to back him up with a certain amount of money, I do not see why he should not go out of the country.

Q. But non of the non-Indian boats take any apprentices for training ?

A. The candidates are not very keen and there are not a sufficient number of them coming forward.

Q. If they come forward in sufficient numbers, will non-Indian ships take them as apprentices ?

A. I am not in a position to say that.

Q. I know that non-Indian companies do not take Indian apprentices.

A. There are no regulations against them.

Q. I understand there was a strike in the B. I. in 1896 or so when some Indians took charge of sea-going vessels and navigated them.

A. I do not know. The law would not allow a ship to go to sea unless it had the necessary certificated officers.

Q. You said you do not believe in State aid or protection ?

A. My own view is that there are plenty of people in India with sufficient money who could come forward to start the industry.

Q. Do you think they can stand the competition of the old-established companies ? The latter have got the advantage of so many years' experience and the advantage of the Deferred Rebate system to help them ?

A. It is all a question of money as far as I can see. If the Indian companies are willing to face the competition for some years, they will eventually get a footing.

Q. We have heard from a witness in Bombay that one must be prepared to lose a million or half a million before he can establish himself. What is your opinion ?

A. I certainly think that you must be prepared to face the loss.

Q. The idea is that some sort of protection should be given to the Indians, say, the reservation of the coastal trade ?

A. I am not a businessman and I cannot give an opinion on that myself. I should still hold that I can see no reason why Indians should not put up the money and compete on their own. They may have to face very severe losses for some years, but if they run the business properly, there is no reason why they should not succeed.

Q. Can they not expect that the coastal trade should be reserved for them just as other countries have done ?

A. I am not conversant with the history of other countries.

Sir Arthur Froom.—Q. Provided a certain number of applicants come forward, you would have no objection to Government taking them straightaway without any training ?

A. I would take them as cadets, just as they do on the Conway, say, for two years, and when they come back if they want to stick to sea, Government would be justified in providing facilities for them ; not otherwise.

Q. Would you want them to have experience of cold climates ?

A. Not necessarily, but I want them to have " world " experience.

Q. I do not mean to suggest that you should send them up to Iceland ; they should have experience of the climates in turn all round the world so that they could experience calm seas, rough seas, cyclones, etc.

A. It is absolutely necessary that they should have a thorough training and it is for Government to incur expenditure if the result of that training justifies them to do so and if a sufficient number of the apprentices still wish to go to sea.

Q. In fact you want to show to them something what they do not know anything about.

A. That is so.

Sir John Biles.—Q. You said that people of the seamen class were not able to command ships even though they were educated. Was that what you meant ?

A. No, I did not mean to convey that impression.

President.—Q. I gathered that what Capt. Goldsmith said was that the seamen class as a body would not be more likely to become officers than the seamen class of other nations, say, the British or English sea-faring class.

A. Yes ; I ought to say that if they have the education they can aspire to anything.

*President.—*Thank you very much.

Witness No. 31.

Engineer Commander W. H. WATERS, R.I.M., Principal Engineer and Ship Surveyor to the Government of Bengal, Calcutta.

Written statement dated the 29th March 1923.

Q. 22. I consider vessels required for the Indian Mercantile Marine should be built entirely in private shipyards to encourage healthy competition and expedition.

Q. 23. That India is at present a very long way from being able to compete with other countries in the building of ships or Marine Engines.

Q. 24. The present state of education and the climate.

Q. 25. No.

Q. 26. Necessary but not desirable.

Q. 29. Not in favour but vessels could not be built in Indian shipyards without.

Q. 30. To the first part No. Second part 500 tons.

Q. 33. Exception would have to be made at least until India was able to supply the

material and was advanced sufficiently in manufacture.

Q. 36 to 43. Wooden steam-ships are no built and the day seems to have passed when their building should be encouraged.

Q. 44 and 59. In my experience the youth of this country have not shown any particular desire to follow the sea in any capacity.

Q. 62. There are Engineering and Ship building firms in India that give sufficient practical training to apprentices to enable them to become Marine Engineers though there is no training that can be compared with that gained in European Countries.

Q. 63. There are schools, etc., where sufficient theoretical knowledge can be gained and no doubt these would increase with the increased desire of the youths of the country to follow the sea.

Q. 65. No.

Oral evidence, Calcutta, the 19th December 1923.

President.—Before I begin I should like to assure you that we are here really searching for information and if you are asked any question that is outside your scope or that you do not care to answer you will not hesitate to say so: If we criticize your answers you will understand that we are doing so with a view to search for information.

Q. I see from your replies to the Questionnaire that you confine yourself to your own particular branch, i.e., Shipbuilding and Marine Engineering. Have you had a lot of experience of Indian Engineers in examining them for the Board of Trade Examinations?

A. Yes.

Q. Have you a good number who go up for the ordinary Board of Trade Examination?

A. Yes.

Q. From your experience, are they highly qualified Engineers?

A. They are not the best; but some are sufficiently qualified to run ordinary ships.

Q. These Indian Engineers, Parsees, Hindus, Muhammadans and Anglo-Indians, do they rise to the grade of Chief Engineer?

A. Not generally. The percentage of Indian Engineers who have obtained first class

certificates is probably not more than 30 per cent. of those who go in for the profession.

Q. How high do they usually go?

A. Probably there will be 70 per cent. who obtain first and second class certificates, leaving about 30 per cent. who obtain no certificates at all.

Q. As a Surveyor you have come in contact with ships a good deal. Do you think the Indian Chief Engineers and Engineers keep their ships well and efficiently as a rule?

A. They are not kept as well as British ships.

Q. Is it due to lack of experience?

A. Yes, they do not make the man that European with superior training might.

Q. Is that due to lack of facilities for training in India?

A. Partly, yes; Indians are not as well adapted to engineering.

Q. That means that a ship with Indian Engineers will probably have more work to be done in the Dockyard?

A. I should think so.

Q. Do these Indian Engineers serve the apprenticeship in Marine Engineering schools in Calcutta?

A. Yes.

Q. Do you think that this training is as good as Home training ?

A. No.

Q. What is the reason for that ?

A. They do not carry out sufficiently advanced work here such as work on high powered engines and boilers. This is very important.

Q. Do you think that there is any opening for a Shipbuilding industry in India ?

A. I do not think so.

Q. What are your reasons against it ?

A. Primarily the people of the country do not seem fitted for it.

Q. At the present moment they are very keen and Government are keen to help them. Supposing they are helped by bounties or subsidies or cheap loans, do you think there is any reason why the shipbuilding industry should not be started in India ?

A. The object of State aid is State return in some form : I cannot imagine that return.

Q. Tatas are manufacturing steel plates ; supposing the necessary steel plates were available and coal is available too, is there any reason why the industry should not be started ?

A. The construction of the vessel is more important than the supply of the material.

Q. It is admitted that we have to get European Naval Architects and Europeans at the head of things ; and if facilities are given to young Indians, is there anything to militate against it ?

A. I cannot quite picture young Indians supervising the work satisfactorily.

Q. Not even if they are trained ?

A. If they show a desire to be trained, they would show a desire afterwards to supervise ; they have not done so to any extent as yet.

Q. If you had a shipbuilding yard and a Marine Engineering course in Calcutta University, would not these help a great deal ?

A. I should think so. I do not see any reason why they should not do it eventually, given the same experience and education as Europeans.

Mr. Jadu Nath Roy.—Q. You said that there is lack of material in the country and lack of experience in the people. If the material is manufactured in the country and if we require the help of experienced men from outside, don't you think that we can start shipbuilding in India ?

A. The material is a long way from being manufactured in the country.

Q. It is just now being manufactured ; why it will take some time for the required quantity to be manufactured.

A. I suppose it must be done eventually ; it may be difficult to get on with Indian labour in the beginning.

Q. What is your experience of Indian labour ?

A. I think it is due to lack of education that Indians do not take an intelligent interest in their work. There is lack of intelligence.

Q. If they are properly educated and trained, would they advance ?

A. They must advance with education.

Q. Are not barges being built in the country with Indian labour ?

A. Yes.

Q. Do they do that work properly ?

A. They do the work properly, but it needs a great deal more supervision than it would in European countries.

Q. My experience has been that in building barges the work is entirely left to contractors.

A. No, not technical work. So many riveters are put in charge of a leading rivetter and that leading rivetter is not to be relied upon. That is my experience. I am trying to emphasize the fact that a great deal more supervision is required in India.

Q. There are slackers in every country.

A. It is not a case of a slacker ; it is a case of want of knowledge.

Q. Big vessels that used formerly to be in charge of European Engineers are now in charge of Indians. The companies find it cheaper to engage Indian drivers, is that so ?

A. Yes.

Q. What is your experience of Indian serangs and Indian drivers ? Do they keep the ships properly ?

A. They cannot be relied upon for the upkeep of the vessels. These vessels call at stations regularly and when they do so they are inspected by some superior authority ; Indians as Engine Drivers certainly drive well, but they do no more than driving.

Q. That is because they have not got the facilities.

A. No ; if they had shown a desire, facilities would have appeared before to-day.

Q. Even if they wanted to go to sea, no boats would take them. The B. I. will not take any Indians as apprentices ?

A. No.

The Hon'ble Mr. Lalubhai Samaldas.—Q. In reply to question 22 you say that you are in favour of entirely private shipyards. Do you mean that Government should not contribute anything towards their upkeep ?

A. The idea is that owners would be better served by private shipyards.

Q. As a general principle we agree that healthy competition is the best; but supposing we can't find enterprising men coming forward to build shipyards, would you have any objection to Government putting up one pioneer or model shipyard which would form an example to be copied by other Lines? The Indian Industrial Commission have recommended this procedure as regards other industries.

A. I have no objection whatever; if the Indians would profit by it, Government should do it.

Q. In reply to question 24 you refer to the present state of education and the climate as the grounds which at present militate against the shipbuilding industry in India. Unfortunately the climate cannot be changed; we have had evidence to show that the climate is not really bad. As regards education, how would you make any improvements in it?

A. I am afraid I cannot say.

Q. In reply to question 26, you say that State aid is necessary but not desirable. Evidently you recognise that in this country it is not possible to do this work without State aid. Can you give your reasons why it is undesirable?

A. The object of State aid is State return in some form. I do not think that India can ever successfully build ships against European competition.

Q. Some chemical industries have been started in the Punjab and the United Provinces merely to teach the people these industries and the Government is prepared to spend money on these ventures. It is more or less an organization work. Some sort of protection is necessary in the beginning for all infant industries. Why do you say that it is not desirable.

A. I feel that India is at the present moment well served in shipbuilding and the running of ships.

Q. We have no running ships.

A. I mean relying on other countries.

Q. You do not think that India should be economically independent?

A. I do not say that.

Q. Don't you think such an aspiration is quite justifiable?

A. If India can build ships as successfully as other countries, then it would be profitable to give State aid.

Q. If you are satisfied that if Government make these experiments, then later on India can successfully compete with other countries in shipbuilding, then would you mind Government spending tax payers' money on this?

A. If the shipbuilding industry is likely to be successful, then the country should be encouraged to pursue it.

Q. In reply to questions 44 and 59, you say: In my experience, the youths of this country have not shown any particular desire to follow the sea in any capacity. In your official capacity have you ever come in contact with young Indians either from schools or colleges?

A. I have not. That is in ships.

Q. Then why do you say that the youths of this country have not shown any desire to follow the sea?

A. I have come in contact with older people connected with shipping but not with young men.

Q. Out of the 100 men that appeared before you how many would be fit for first class and how many for second class and how many would be quite unfit?

A. About 70 would be fit to pass the examination and the rest would fail. Out of these 70 about 30 may go up to the first class. But this is after several examinations and not at their first appearance.

Q. Where do these engineers get their preliminary training before they appear for the examination?

A. In the workshops.

Q. Are any special training facilities provided by any of the companies?

A. No.

Q. Do people from Sibpur college come here?

A. No. We have had applications to become engineers direct. They did not want to go to sea for the necessary 18 months.

Q. Do you know the curriculum for mechanical engineering in the Sibpur college?

A. I do not know.

Q. I would like to know if the training given in that college would be good enough for theoretical training for your examination?

A. I am satisfied it would be. But this college training must be in addition to sea experience.

Q. If a man who has passed the mechanical engineering examination is given a few months training in the marine engineering, you think he will be able to get through the examination?

A. After being trained for a period of 18 months at sea he will be quite fit for the examination.

Q. You think that the theoretical training given in the Sibpur college is quite adequate for marine engineering?

A. Yes; for ordinary marine engineering.

Q. What class of people usually come before you for examination? Are there high class or middle class Hindus among them?

A. No Indians appear before me for examination.

Q. Then the people that come before you are either Anglo-Indians or Europeans?

A. I get Anglo-Indians and Europeans. Very few Indians become engineers.

Q. In reply to the President, you said that the Engineers are usually either Anglo-Indians or Indian Christians or Parsis. Is it due to lack of experience that they do not keep their engines in as good condition as they are kept by European engineers?

A. In most cases they are not quite up to the standard.

Q. Do the Indian engineers serve under European chief engineers?

A. Some of them take independent charge of ships.

Q. Have those who have actually served under European chief engineers proved better engineers afterwards?

A. Yes; that is my experience.

Q. So that if we can provide European supervision in the earlier stages, there is a possibility of these men becoming more capable engineers?

A. Yes.

Q. In reply to the President, you said that construction work of ships required more technical knowledge. You said that the engineers in the firms have not got sufficient experience because they have no chance of working at the construction of big engines and boilers. How would you provide that education for Indians? If it is decided not to have any construction work of our own on a large scale, would you award scholarships and send the Indians to England?

A. After he has proved his worth, the man might be sent to England on scholarship.

Q. What is your difficulty in constructing ships here?

A. All the materials necessary for the construction of ships have to be imported from outside.

Q. Do you know that a company has been floated in Jamshedpur for the manufacture of locomotives?

A. I have heard of it.

Q. If certain Englishmen and Indians combine in the same way and start the manufacture of marine engines, is it impossible to construct ships here?

A. I think the firm which sets out to manufacture marine engines will have to be prepared for a good deal of loss in its earlier stages.

Q. You know the Government have guaranteed to the Tata company to take 20,000 tons of steel plates in the earlier stages. The

Government have also guaranteed the purchase of about 100 locomotives per annum from the company. If a new company is started, do you think that the Government should help it by guaranteeing it cost plus something or cost, insurance and freight plus something.

A. I am afraid, I am not in favour of protection in any way.

Sir John Biles.—Q. Were you here in 1921? Did you give me any information as to the work and the cost of Indian and European labour?

A. No.

Q. Probably it was Engineer Lt. Commander J. S. Page. When he was a surveyor in the port, he said that it took 4 Indians to do the work of one European. Do you agree with that?

A. I do not think so. I suppose you are judging a good workman on either side.

Q. What Mr. Page said was that it would take four Indians to do the same work as one European.

A. I suppose you are judging a good Indian and a good white man?

Q. I think the figure 4 represents an average Indian and the figure 1 represents an average white man.

A. I should say the proportion would be $2\frac{1}{2}$: 1.

President.—Q. Would that apply to working in hot weather in Calcutta or would it apply to an Englishman working at home in his own climate?

A. I think it should apply working anywhere. I take it that the Indian shipbuilding yards would be covered from the sun.

Sir John Biles.—Q. So your estimate refers to what would be done under similar conditions. That is to say a white man working here under the same conditions as an Indian works?

A. We have no experience of white men actually working here.

Q. You do not have any white men here?

A. No.

Q. Mr. Page says that the Indians work well but they do not work so well as Chinamen. Do you agree with that?

A. I do agree.

Q. Have you any experience of Rangoon?

A. No.

Q. What class of Indians are employed in shipbuilding yards?

A. There are Punjabis, Muhammadans and South Indian Hindus.

Q. Do you find any difference in them?

A. Physically the Punjabi is better able to carry out heavy work than others.

Q. Have you any information on the question of the relative cost of labour in this country as compared with Great Britain?

A. No; except that quotations from this country have been able to compete with quotations from Great Britain.

Q. Does that include both labour and charges for materials?

A. Yes, both.

Q. You do not know the relative cost of labour alone?

A. I do not know.

Q. You said it was necessary to have much more supervision here than at home; by supervision do you mean control of the work or inspection?

A. I meant inspection.

Q. As to the control of the work, do you require more supervision than inspection?

A. Yes; in giving instructions.

Q. Is that supervision Indian or European?

A. The supervision is almost entirely European, but it must be graded down to the actual labourer himself.

Q. You say that on the whole supervision, including Europeans and Indians for construction is much more here than it is at home?

A. Yes.

Q. Therefore on account of supervision the work is more costly?

A. Yes; also a greater number of men have to be employed for the work. I think the supervision cannot be solely entrusted to Indians at present. There are Indian mistris who are expected to supervise, but they take no pride in their work. Of course there are exceptions.

Q. If Government were to back up a ship-building concern financially, and partly or wholly guarantee to build so many ships a year for a considerable number of years, do you think that such a project would tend to European shipbuilders taking control of the works here?

A. Yes, I think it would.

Q. In addition to supporting the scheme financially during construction, it would be necessary to guarantee a certain amount of work?

A. Yes.

Q. If that were done European shipbuilders might be disposed to come forward?

A. Yes. I cannot imagine any ships being constructed entirely by Indians from top to bottom.

Q. At any rate you think that at the beginning it would be necessary to have European shipbuilders take up the project?

A. Yes.

Q. You do not think that wooden steamships should be built, not even by Europeans in this country?

A. No; it would not be economical to build them.

Q. You say there are engineering and ship-building firms in India that give sufficient practical training to apprentices. Will you tell us the names of such firms?

A. They are Messrs. Burn & Co., John King & Co., The Hughly Docking Co., and Turner Morrison & Co. These are the marine firms. If apprentices serve their term in engineering firms such as Messrs. Jessop & Co., they can well become marine engineers.

Q. Do you think they can become marine engineers if they are trained in locomotive shops?

A. Yes; but they have to get some marine experience after leaving the locomotive shops.

Q. You do not think that the training they get in these shops is equal to the training they get in the shops where they construct larger machinery?

A. I do not think you can expect these shops to turn out all the men required in India. They can obtain certificates as marine engineers and take charge of ships up to a certain point.

Q. The facilities are all right in character but not sufficient in quantity?

A. There are facilities; they can do a good deal more after development.

Q. Do you think that the theoretical knowledge they get at present is sufficient for them to become marine engineers?

A. They do not become competent marine engineers in the college; they have to obtain further experience at sea.

Q. You think the schools are sufficient to give them all the necessary training?

A. Any boy in this country who wants to become an engineer can go to one of the shops, serve his time and become quite a good engineer after passing his examination.

Q. You think for the present there is no necessity to add to these?

A. Except if there is a demand, I do not think there is any necessity for addition.

Sir Arthur Froom.—Q. Do you know of any yard in Calcutta which could be adapted to building ships of 5,000 or 6,000 tons gross?

A. I am afraid that is too big.

Q. Do you think that any yard in Bombay can be adapted to building such ships?

A. I think the R. I. M. Dockyard in Bombay is rather small; we want a bigger expalse than that.

A. No Indians appear before me for examination.

Q. Then the people that come before you are either Anglo-Indians or Europeans?

A. I get Anglo-Indians and Europeans. Very few Indians become engineers.

Q. In reply to the President, you said that the Engineers are usually either Anglo-Indians or Indian Christians or Parsis. Is it due to lack of experience that they do not keep their engines in as good condition as they are kept by European engineers?

A. In most cases they are not quite up to the standard.

Q. Do the Indian engineers serve under European chief engineers?

A. Some of them take independent charge of ships.

Q. Have those who have actually served under European chief engineers proved better engineers afterwards?

A. Yes; that is my experience.

Q. So that if we can provide European supervision in the earlier stages, there is a possibility of these men becoming more capable engineers?

A. Yes.

Q. In reply to the President, you said that construction work of ships required more technical knowledge. You said that the engineers in the firms have not got sufficient experience because they have no chance of working at the construction of big engines and boilers. How would you provide that education for Indians? If it is decided not to have any construction work of our own on a large scale, would you award scholarships and send the Indians to England?

A. After he has proved his worth, the man might be sent to England on scholarship.

Q. What is your difficulty in constructing ships here?

A. All the materials necessary for the construction of ships have to be imported from outside.

Q. Do you know that a company has been floated in Jamshedpur for the manufacture of locomotives?

A. I have heard of it.

Q. If certain Englishmen and Indians combine in the same way and start the manufacture of marine engines, is it impossible to construct ships here?

A. I think the firm which sets out to manufacture marine engines will have to be prepared for a good deal of loss in its earlier stages.

Q. You know the Government have guaranteed to the Tata company to take 20,000 tons of steel plates in the earlier stages. The

Government have also guaranteed the purchase of about 100 locomotives per annum from the company. If a new company is started, do you think that the Government should help it by guaranteeing it cost plus something or cost, insurance and freight plus something.

A. I am afraid, I am not in favour of protection in any way.

Sir John Biles.—Q. Were you here in 1921? Did you give me any information as to the work and the cost of Indian and European labour?

A. No.

Q. Probably it was Engineer Lt. Commander J. S. Page. When he was a surveyor in the port, he said that it took 4 Indians to do the work of one European. Do you agree with that?

A. I do not think so. I suppose you are judging a good workman on either side.

Q. What Mr. Page said was that it would take four Indians to do the same work as one European.

A. I suppose you are judging a good Indian and a good white man?

Q. I think the figure 4 represents an average Indian and the figure 1 represents an average white man.

A. I should say the proportion would be $2\frac{1}{2}$: 1.

President.—Q. Would that apply to working in hot weather in Calcutta or would it apply to an Englishman working at home in his own climate?

A. I think it should apply working anywhere. I take it that the Indian shipbuilding yards would be covered from the sun.

Sir John Biles.—Q. So your estimate refers to what would be done under similar conditions. That is to say a white man working here under the same conditions as an Indian works?

A. We have no experience of white men actually working here.

Q. You do not have any white men here?

A. No.

Q. Mr. Page says that the Indians work well but they do not work so well as Chinamen. Do you agree with that?

A. I do agree.

Q. Have you any experience of Rangoon?

A. No.

Q. What class of Indians are employed in shipbuilding yards?

A. There are Punjabis, Muhammadans and South Indian Hindus.

Q. Do you find any difference in them?

A. Physically the Punjabi is better able to carry out heavy work than others.

Q. Have you any information on the question of the relative cost of labour in this country as compared with Great Britain ?

A. No; except that quotations from this country have been able to compete with quotations from Great Britain.

Q. Does that include both labour and charges for materials ?

A. Yes, both.

Q. You do not know the relative cost of labour alone ?

A. I do not know.

Q. You said it was necessary to have much more supervision here than at home; by supervision do you mean control of the work or inspection ?

A. I meant inspection.

Q. As to the control of the work, do you require more supervision than inspection ?

A. Yes; in giving instructions.

Q. Is that supervision Indian or European ?

A. The supervision is almost entirely European, but it must be graded down to the actual labourer himself.

Q. You say that on the whole supervision, including Europeans and Indians for construction is much more here than it is at home ?

A. Yes.

Q. Therefore on account of supervision the work is more costly ?

A. Yes; also a greater number of men have to be employed for the work. I think the supervision cannot be solely entrusted to Indians at present. There are Indian mistris who are expected to supervise, but they take no pride in their work. Of course there are exceptions.

Q. If Government were to back up a shipbuilding concern financially, and partly or wholly guarantee to build so many ships a year for a considerable number of years, do you think that such a project would tend to European shipbuilders taking control of the works here ?

A. Yes, I think it would.

Q. In addition to supporting the scheme financially during construction, it would be necessary to guarantee a certain amount of work ?

A. Yes.

Q. If that were done European shipbuilders might be disposed to come forward.

A. Yes. I cannot imagine any ships being constructed entirely by Indians from top to bottom.

Q. At any rate you think that at the beginning it would be necessary to have European shipbuilders take up the project ?

A. Yes.

Q. You do not think that wooden steamships should be built, not even by Europeans in this country ?

A. No; it would not be economical to build them.

Q. You say there are engineering and shipbuilding firms in India that give sufficient practical training to apprentices. Will you tell us the names of such firms ?

A. They are Messrs. Burn & Co., John King & Co., The Hughly Docking Co., and Turner Morrison & Co. These are the marine firms. If apprentices serve their term in engineering firms such as Messrs. Jessop & Co., they can well become marine engineers.

Q. Do you think they can become marine engineers if they are trained in locomotive shops ?

A. Yes; but they have to get some marine experience after leaving the locomotive shops.

Q. You do not think that the training they get in these shops is equal to the training they get in the shops where they construct larger machinery ?

A. I do not think you can expect these shops to turn out all the men required in India. They can obtain certificates as marine engineers and take charge of ships up to a certain point.

Q. The facilities are all right in character but not sufficient in quantity ?

A. There are facilities; they can do a good deal more after development.

Q. Do you think that the theoretical knowledge they get at present is sufficient for them to become marine engineers ?

A. They do not become competent marine engineers in the college; they have to obtain further experience at sea.

Q. You think the schools are sufficient to give them all the necessary training ?

A. Any boy in this country who wants to become an engineer can go to one of the shops, serve his time and become quite a good engineer after passing his examination.

Q. You think for the present there is no necessity to add to these ?

A. Except if there is a demand, I do not think there is any necessity for addition.

Sir Arthur Froom.—Q. Do you know of any yard in Calcutta which could be adapted to building ships of 5,000 or 6,000 tons gross ?

A. I am afraid that is too big.

Q. Do you think that any yard in Bombay can be adapted to building such ships ?

A. I think the R. I. M. Dockyard in Bombay is rather small; we want a bigger expanse than that.

Q. Supposing you get an order to build a ship of, say, 5,000 tons in this country and you get the requisite number of European experts; you use as much Indian labour as you can and you have European supervisors, do you think you could turn out a ship which would in any way compare in cost with a ship built at home?

A. I do not think so.

Q. The difference will be very much greater?

A. I think so.

Q. I gathered from your replies to some of the questions that you would only recommend Government to put up that difference.

A. No; I did not recommend that, because there is no idea of any return eventually in any form.

Q. What do you mean by saying that the climate is against the starting of the industry?

A. You cannot expect *any* man to do the work in the Indian climate that he would in a more suitable climate; the result must, therefore, be expensive. It applies to any one, Indians or otherwise.

Q. Have you a very wide experience of survey, both in Bombay and Calcutta?

A. Yes.

Q. Do you survey many sea-going steamers which are manned by Indian Engineers?

A. No, there are none at all.

Q. Do you know that ships of the Bombay Steam Navigation Company of about 1,500 tons have all Indian Engineers?

A. Yes.

Q. Have they any European Engineers?

A. No.

Q. The Europeans only superintend the ships on shore?

A. That is so.

Q. From your experience of surveying these passenger ships, do you find that the Engine rooms which have been looked after by Indian Engineers are kept up in that high state of efficiency which you would expect from a qualified Engineer?

A. These ships of the Bombay Steam Navigation Company are only going from port to port and their engine rooms are well kept, because their voyages are short; but if you ask me about a ship which actually goes to sea, I would say "no."

Q. Can you give any reason for that? I think you said that insufficient education of the Indians was one reason.

A. Yes, I should say that these men are not well educated. Although they are in possession of first class certificates and are qualified to become Chief Engineers, they are not as good as Europeans, because the Europeans

have a great desire to keep the ships in a much better condition.

Q. Would you put it down to the character of these men?

A. Partly, character and partly, lack of knowledge.

Q. Although they possess certificates?

A. Yes; they have not the same desire to run ships as well as the other men.

Q. That is not lack of knowledge?

A. They have not the knowledge of the importance of keeping a ship well.

Q. Perhaps you mean that instead of tackling a slight defect or trouble in its infancy, it is liable to be neglected and then it will become a very much bigger trouble?

A. I think the Indian is more easily satisfied that the ship is running well; there may be one man who is satisfied with running a ship from port to port, and another who wants to proceed further.

Q. At present you consider that Indian Engineers have not come up to that stage?

A. Yes.

Q. They might come up to that?

A. Yes; there are exceptions also.

Q. With regard to shipbuilding, I understood you to say that you did not see the necessity for Government support, because the Indian requirements were already well provided for. Is that so?

A. Yes; they can buy ships cheaper and start the business much more economically.

Q. Should I be correct in assuming that you look upon it as a waste of public money, I mean, not to buy in the cheaper market?

A. It would not be of benefit to the State.

President.—Q. Is there a great deal of difference in the examination of a Chief Engineer of one of these big river steamers, as compared to a sea-going one?

A. Not a great deal. If a European is in charge, he has at least got an Engineer's certificate; but the ships have been run by drivers with first class Engine Driver's certificates.

Q. Can Indians run a big ship?

A. Yes, they have drivers in charge of vessels up to 170 N.H.P., i.e., 12 to 1,500 I.H.P.

Q. Have the Asiatic Steam Navigation Company any Indians on their ships?

A. Yes.

Q. Are their ships kept well?

A. Yes; here again they have no Indians of any position in ships running a field but only in ships more or less running on the coast. Indian Engineers are confined to the coastal ships.

Q. You said they were all either Parsees or Anglo-Indians?

A. Yes.

Q. And these drivers on the River steamers, who are they?

A. There are Muhammadars and Hindus.

Mr. *Jadu Nath Roy*.—Q. In reply to Sir John Biles you said that the output of a European was equal to that of 2½ Indians; did you refer to their physical work?

A. Yes, manual labour.

Q. Take the case of Punjabees and Bengalis; don't you think they would be able to do the same amount of work as a European?

A. No.

Q. Is it due to inexperience or to physical inability?

A. I should think it is due to physical unfitness; they have not got the strength.

Q. I believe the Indians are very strong, and I cannot understand how a European can turn out the work of 2½ Indians.

A. He has more determination and desire to get ahead with what he is doing.

Q. Regarding climatic conditions to which Sir Arthur Froom has drawn your attention, do you mean to say that workshops are closed down in April and May when the climate is too hot, or do they go on working and turning out the same amount of work?

A. I should think there is a difference in the turn-out.

Q. What do you think will be the difference?

A. It may probably be 20 per cent. less.

Q. Does that apply to cold weather conditions also?

A. Yes. My point is that, taking the year right through, you would not get in India the output in 12 months that you would get at home.

Sir *John Biles*.—Q. There was a proposal made by the Stores Purchase Committee which reads as follows:—

“When a vessel is required by any other Department of Government other than the Royal Indian Marine, or by a local Government or Administration, particulars of the vessel should be sent to the Chief Marine Surveyor of the Province in which it is required.”

Who is the Chief Marine Surveyor referred to?

Would you do that work?

A. Yes; that used to be the designation of my appointment.

Q. It further says:—“He should be requested to draw up such plans and specifications as he may consider necessary for the invitation of tenders.” Do you think that your qualifications and those of your staff are sufficient to enable you to draw up designs, plans and specifications in which tenders should be taken?

A. No.

President.—Thank you very much.

Witness No. 32.

Messrs. MACKINNON MACKENZIE & CO., Calcutta.

Written statement, dated the 4th July 1923.

We have the honour to submit our reply to the questionnaire issued by your Committee.

We prefer to submit a general reply as, if our views be accepted, it would not serve any purpose to give separate replies to a number of the questions.

It appears to us that the questions submitted have been based on the wrong assumption that India possesses no Mercantile Marine.

India is not a separate country, but is an integral part of the British Empire, and her trade is served by the Mercantile Marine of the British Empire and protected by the British Navy. We do not think that it has ever been suggested that the development of the trade of the country has been hindered through an insufficient amount of shipping tonnage having been available. Unless such a complaint were made and substantiated, we do not con-

sider that there could be any justification for Government incurring the heavy financial responsibility involved in the creation of a subsidized Indian Mercantile Marine.

In Appendix C of the questionnaire a considerable amount of information has been accumulated with regard to navigation bounties or subsidies granted by the Governments of Austria, Belgium, Chili, France, Germany, Italy, Japan, Spain and the United States of America.

Such evidence does not appear to be relevant. Each of the countries named is a separate country, and the subsidies mentioned have been granted with a view to the maintenance of a National Mercantile Marine in each instance.

The case of India is entirely different. It is not a separate country. As a part of the British Empire it already enjoys the benefit

of having the greatest Mercantile Marine Service in the world.

It has never, so far as we know, been suggested that Java or Sumatra, which are parts of the Dutch Empire, should have a Mercantile Marine apart from that of Holland, that the Philippines should have a Mercantile Marine apart from that of America, that French China should have a Mercantile Marine apart from that of France, or that Formosa should have a Mercantile Marine apart from that of Japan.

The principal reasons given by the United States Government for their desire to pass the Shipping Subsidy Bill were that the trade of the country could not be fully developed, and that their security would be endangered in time of war, if they did not possess a National Mercantile Marine.

These reasons do not apply to India. All requirements of the trade of the country are met by the Mercantile Marine of the British Empire, of which India forms a part, and the security of the country in time of war, through having at its disposal the Mercantile Marine of the British Empire, has recently been demonstrated.

The financial responsibility of a Government undertaking the establishment of a subsidized Mercantile Marine has been demonstrated by the experience of the United States of America. The loss in which that country has become involved as the result of the operations of the American Shipping Board amounts to many crores of rupees, and, as may be recollected, from reports received from America, the idea of subsidizing a National Mercantile Marine has been abandoned.

In only two parts of the British Empire has any real attempt been made to form a separate Mercantile Marine. These are Canada and Australia.

In the case of Canada the operations of the Canadian Government Mercantile Marine have resulted in enormous losses, and it seems possible that the Canadian Government may, owing to force of public opinion, have to abandon the project.

In Australia the establishment of a Mercantile Marine owned by Government has resulted in serious financial loss and we understand it has now been decided to dispose of nearly all the vessels owned by the Australian Government.

For the Government of India to adopt the policy of creating a subsidized Indian Mercantile Marine, by the methods suggested in the questionnaire, would, we consider, in the present state of the finances of the country, mean undertaking a serious financial responsibility for which there would be no justification.

With regard to the special questions submitted with regard to the training of Indian youths for employment at sea, either as executive officers or as engineers, there does not appear to have been, at any time, any desire evinced by the youth of this country, of the better classes, to adopt a sea-faring career. Only evidence of such a desire, strongly expressed, would justify Government in undertaking the costly experiment of establishing and maintaining training ships or Nautical Colleges as is suggested in the questionnaire. A Nautical School, which was established by Government as an experiment at Masulipatam, some little time ago, was a failure.

Oral evidence of Mr. J. W. A. Bell, representing Messrs. Mackinnon, Mackenzie & Co., examined at Calcutta on the 19th December 1923.

President.—Q. You are representing Messrs. Mackinnon Mackenzie and Company, Calcutta, and the Bengal Chamber of Commerce. Do you want to give evidence separately or would you like to be examined together?

A. I think it would be better to examine me separately on behalf of the two Institutions.

President.—We will take Mackinnon Mackenzie first. In asking questions I would like to assure you that we are only seeking for information and if we ask any questions that you would rather not reply to, I hope you will not hesitate to say so. Please understand that if we cross-examine you we only do it with a view to obtain information.

Q. I take it you are replying on behalf of your firm?

A. Yes.

Q. Generally speaking, your firm is against the reservation of the trade for Indian shipping.

A. That is so.

Q. I might mention that a great many of our witnesses, especially Indian witnesses, have used the word 'foreign' as applying to everything that is not 'Indian' and the idea of reservation would mean reservation for Indian owned, Indian managed, Indian officered and Indian manned ships. Would your firm be against the practice of reserving the coastal trade for the Empire, say as a measure of protection?

A. I am against protection in any shape or form. This point, *viz.*, the idea of reserving the trade as against countries which refuse

British ships to enjoy the coastal trade of those other countries, came up in connection with the Imperial Conference. That as against pure protection of the trade for Indian shipping is another question. If I were to say that I am in favour of any protection in this direction, it would only be with a view to ultimate free trade.

Q. On principle you are against protection in any shape or form. Is that so?

A. Yes.

Q. There is a strong feeling in the country that there ought to be an Indian Mercantile Marine and that, as it has never been started really, Government might give some assistance. Supposing Government went so far as to establish a training ship where young Indian gentlemen would go through the same training as they do on the Conway or Worcester or Pangbourne at home and get qualifying certificates after having been for two years in the training ship, do you think that your firm would still be against taking young Indians as apprentices?

A. That is a point that seems to me hardly to arise at present. I would first like to see what sort of men they are. I should want to see some of those who have had that training. So far as a training ship in India is concerned, I don't think that this would give the necessary experience to Indians for employment in any company whose trade is world-wide.

Q. I only meant that after doing two years in the training ship they should go out as apprentices. I did not mean that they go straight away as officers. My suggestion was to establish a training ship on the same lines as, say, the Conway or Worcester?

A. I am not in favour of a training ship in India.

Q. Don't you think it will be hard on Indian boys to be sent to cold climates for training, as it would be hard to send British boys out to hot climates?

A. I do not know that it would be a particular hardship in either case; there are many Indian boys at home under training and there are many at school at home. I know of a young boy at home of about 15 or 16 at school; that is just the age when a boy should go to sea.

Q. You do not think that a training ship in India could produce the necessary ground-work?

A. I do not think the young men would get the necessary experience here; I mean not merely experience of seamanship, but also the necessary experience of climatic conditions.

Q. Do you think that they ought to have experience of climatic conditions straight away?

A. If they are going to be sailors in a world-wide sense, I consider that they ought to have that training. It does not necessarily mean training in England; training in America or Holland would meet my point. You cannot have a sailor who can only go to a particular district.

Q. The idea of a training ship was merely for a boy of, say, 14 to 16 or 15 to 17; after that, he would do his apprenticeship in the world-wide sea.

A. I would not be in favour of doing his apprenticeship out here; and if he is going to be a world-wide sailor, I think it would help him to be in contact with the boys of other nationalities.

Q. It has been suggested to us that it might be advisable, as part of the training, to send a training ship on a world-wide tour. The boys we have in mind are young Indians who would have the same education as the ordinary English or Scotch boy who goes to sea. It has been suggested that we might send a training ship with, say, a hundred students on a world-wide tour to give them a sort of sea feeling and experience of other climates and see whether they would really come forward for a sea career. Do you think this would be a good idea?

A. To the thing in itself I would take no exception. It would be a costly affair and it seems to me to be unnecessary. Training ships are available at home.

Q. As a matter of fact at present there is only one ship (the Worcester) that is prepared to take a limited number of Indian apprentices.

A. If that be so, I am against the idea on the ground only of its expense and by reason of the fact that it is unnecessary.

Q. Do you employ Indian Engineers in any of your ships? By "Indian," I mean not only Hindus and Muhammadans, but also Parsees and Anglo-Indians?

A. At the present time we have one or two Parsee Engineers.

Q. Are they satisfactory?

A. I think they are quite reasonably satisfactory.

Q. Are there many openings for them in the lines that you are concerned with?

A. The two steamers I had in view are War steamers; one of our small lines of steamers.

Q. Have you all European Deck Officers?

A. Yes.

Q. Have you any apprentices studying Marine Engineering in any of your workshops ?

A. We have had from time to time Anglo-Indian apprentices. Some of them have become Marine Engineers and others have taken appointments elsewhere. I have found that most of them have been inclined to go in for appointments on shore.

Q. Do you give special facilities for their training ?

A. Not any more facilities than we provide for any other young men ; no difficulties are put in the way of their having training if they wish it.

Mr. Jadu Nath Roy.—Q. You are against protection in any form ?

A. Yes.

Q. Do you refer to training ships only ?

A. I am speaking of shipping generally when I say that I am against protection in any form ?

Q. Don't you think that without some sort of protection, the new companies cannot compete with well established companies ?

A. We do not distinguish between Indian shipping and British shipping ?

Q. But the British companies do not take any Indian apprentices ?

A. I have been in India for about 23 years and I have never known of an Indian youth of good social standing anxious to become an apprentice.

Q. There was a committee which enquired into the question. The British India, the Asiatic and the other companies have declined to take Indian apprentices ?

A. I have never heard of that.

Q. Though India is an integral part of the British Empire, you do not treat her properly because you do not take her apprentices ?

A. I do not think she is not properly treated.

Q. Is it not natural for Indians to aspire to have a mercantile marine of their own and to ask to be protected from competition of other companies including British ?

A. My view is that there are already Indian companies which form part of the British mercantile marine.

Q. In Australia which is also a part of the British Empire, British ships cannot engage in the coastal trade ? If the coastal trade of India is reserved by some such regulation as they have in Australia will you object to it ?

A. Yes.

Q. When Australia has reserved her coastal trade, why do you object to India following suit ?

A. I do not think it is good for this country. I think the establishment of a special mercantile marine in Australia should rather be a warning to India than an encouragement to start a mercantile marine of her own.

Q. Do you mean to say they are losing money ?

A. I mean to say that very decidedly. The loss is over nine crores of rupees.

Q. It was suggested by the commercial community there that more routes should be subsidised ?

A. No, the commercial community is against it. The last report that I read about the Chamber was that their ideas were being modified.

Q. The natural aspiration of Indians is to have the coastal trade reserved for the development of an Indian mercantile marine. They say that unless some sort of protection is given, they cannot compete with well established companies ?

A. I do not think that is a reason for asking the country to pay for protection.

Q. Are not Messrs. Mackinnon Mackenzie & Co. agents for some mills ?

A. Yes, for some jute mills.

Q. Do the mills take jute conveyed in Indian owned vessels ?

A. Yes, they do. There is no objection to take jute conveyed by any line.

Q. Are you aware that there is an Indian inland shipping company plying in East Bengal and that the jute mills refused to accept jute carried by these vessels ?

A. The India Jute Mills would never refuse to take jute by any steamer because of the fact that it was either managed or owned by Indians. I can say that your statement that these mills refused to take jute for that reason is entirely wrong.

Q. Some mills did refuse ; this is in the statement of Raja Sreenath Roy and Brothers.

A. I would say that it is entirely untrue. There may be other reasons for this refusal. Possibly greater facilities may have been afforded by other companies and it might have paid them to confine their shipments to another company. But to suggest that because a company was an Indian one and for that reason the India jute mills refused to take jute is absolutely untrue. They may in the same way refuse to send shipments by British companies if they did not give proper facilities. What I want to be clear about is that there was no question of refusing to carry jute by a company because it was either Indian owned or Indian managed.

Q. There are other reasons, insurance, etc.

A. I am not aware of that.

Q. Do the British India Company engage Indian masters ?

A. I have never heard of an Indian qualified to command a steamer.

Q. In 1898, the Indians were engaged as masters for navigating from Negapatam to Penang ?

A. I do not know that. I never heard of an Indian who had the necessary qualifications to command an ocean-going ship. A number of Indian companies have been started and they are carrying on business successfully. I do not think any of them have Indian masters.

Q. All these companies came to grief ?

A. But there is one which is still existing.

Q. You mean the Scindia ; but they too have come to some arrangement with you ?

A. That is a different matter. The Scindia too have discovered that there are no Indians qualified to command an ocean going steamer.

Q. Now they are taking apprentices ?

A. I am only speaking of things as they stand at present. Now they have no Indian masters.

Q. You say that it has never been suggested that Java or Sumatra should have a mercantile marine apart from that of Holland. Is it because they are small countries that they have no mercantile marine of their own ?

A. Java and Sumatra are very large countries from a shipping point of view.

Q. You say : ' All requirements of the trade of the country are met by the mercantile marine of the British Empire, of which India forms a part, and the security of the country in time of war, through having at its disposal the mercantile marine of the British Empire, has recently been demonstrated.' If there is an Indian mercantile marine, that will be a great advantage to the Empire. Its services can be utilised in time of need ?

A. There will be no necessity for having an Indian mercantile marine.

Q. If you have companies well managed by Indians and as part of the British mercantile marine, they would be of immense help in times of war ?

A. My contention is not that there should be no Indian companies. What I say is there is no necessity for having an Indian mercantile marine as distinct from the British mercantile marine and there is less necessity for Government subsidies in order to make that distinction.

Q. Without subsidies the people of this country cannot stand the competition of well established companies ?

A. I do not agree with that view.

Q. If Indian companies are well established, then the subsidies may be withdrawn ?

A. I do not at all agree with that.

Q. During the last war, one enemy vessel " Emden " was able to do great havoc. If there had been an Indian Mercantile Marine, it would have been of immense help to put down the enemy ?

A. I think if there had been an Indian mercantile marine at that time, the Emden would have had a much happier time and a lot more to do. It was the British Navy that brought her to an end.

The Hon'ble Mr. Lalubhai Samaldas.—**Q.** Is it your opinion that this committee has not correctly grasped the situation in the country in drawing up the questionnaire ? You say that the questions submitted have been based on the wrong assumption that India possesses no mercantile marine ?

A. What I say is that India does possess a marine in common with the British Empire.

Q. The Government have appointed this committee to advise as to the best means of starting an Indian mercantile marine. They have not taken into account the existing British mercantile marine ?

A. I do not agree with you. I think the point is to enquire whether it is desirable to establish an Indian mercantile marine.

Q. The Government of India and the Legislature have accepted that India ought to have a mercantile marine of her own. Taking that for granted do you think that the position just now is satisfactory ?

A. I consider that the test of the question is whether there is sufficiency of shipping to meet the needs of the country and I say that there is at present a sufficiency of shipping to meet all the needs of the country.

Q. Do you think yours is the final word ? Do you think that because the existing companies provide sufficiently for the needs of the country, India should not aspire for anything higher ?

A. I do not think that an Indian mercantile marine is necessary.

Q. You would not allow India to have a Mercantile Marine of her own ?

A. I do not consider it necessary.

Q. You think that the existing companies cater for the needs of the country and therefore India should not think of having a mercantile marine of her own ?

A. They should certainly not think of subsidising one.

Q. Do you think they can start without subsidy ?

A. I do not agree to the proposition of having a separate mercantile marine at all.

Q. If Canada and Australia have a right to have their own mercantile marines, would you prevent India from having one?

A. The experience of Canada and Australia ought to be a warning to India.

Q. You allow us to have a mercantile marine of our own and if in the long run it does not pay we will give it up.

A. I do not consider it necessary at all.

Q. You consider that we are going out of our way and doing something inimical to the interests of the Empire and the present companies?

A. I would say inimical to India. You are suggesting an enormous expenditure which would be entirely unnecessary.

Q. We have been told by one witness in Karachi that the idea underlying the appointment of this Committee and the two Bills that were before the Assembly was to drive out the existing British Companies from the field. I hope that feeling is not prevalent here.

A. I am quite sure you disagreed with him and told him so.

Q. You just now said that your chief objection to India's having its own Mercantile Marine was the heavy financial responsibility it would devolve on Government in creating and subsidizing the Mercantile Marine. I take it that that is your main reason?

A. The first reason is that I consider it unnecessary; the second is that it will be an enormous expense which is not justified and which is not called for.

Q. You said you were against protection of all kinds. Is that so?

A. Generally speaking, I am opposed to protection in any form.

Q. Even of infant industries as John Stuart Mill has told us?

A. I am so strongly opposed to protection that I include everything.

Q. You said you were not in favour of a training ship to be established in India, but would like students to be sent to England for that purpose; do you suggest this because they won't get sufficient training here, or is it due to some other reason?

A. I have already explained that my objections were two. In the first place I consider that the very great cost would not be justified and in the second place I consider it would be entirely unnecessary. Boys could be sent to other parts of the world for the necessary training.

Q. But for the coastal trade only, would it be necessary for them to have experience of all climates?

A. A sailor is not a sailor who can't go to any climate.

Q. That is true in the larger sense; but we are talking of what is practicable?

A. There would be very great difficulties in engaging as an officer a man who, if you sent the ship to certain point, would say he would not go beyond some other point.

Q. Does the English cadet get experience of all climates before he is given a certificate?

A. He certainly has, generally speaking, a world-wide experience before he gets a certificate.

President.—I should explain that an English boy who is trained only in the British Isles would not be able to take a Second Mate's certificate for the world. The apprenticeship must be done in foreign-going steamers.

Diwan Bahādur T. Rangachariar.—What certificate would he get in the first instance?

President.—He would only get the Home trade certificate.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You have here the Sibpur Engineering College to give education in Civil Engineering; they give training in Mechanical Engineering also. We in Bombay have the Victoria Jubilee Technical Institute and Government have provided money for giving all this technical instruction in various branches to train up Indians without any idea of getting a return. Government think they owe a duty to the citizens to provide them with certain educational facilities. Don't you think that Government are bound to provide similar training in Marine Engineering and Navigation?

A. I do not think so; I think you rather mistake my attitude. My attitude is not antagonistic to having a training ship in Indian waters at all. I merely say that if you want the Indian boys to be properly equipped, you must send them further afield.

President.—Q. Only one ship (Worcester) would take Indian apprentices at all and that would take only a very limited number.

A. If the experiment is tried in the Worcester, there would then be something to go upon.

The Hon'ble Mr. Lalubhai Samaldas.—Q. We have been told that the total number of officers in boats running on the coast as well as carrying trade from India to other countries would be 2,000 in the long run; if that is so, don't you think that a beginning should be made when education can be provided for, say 50 or 100 men at a time. It will take two or three generations before we can get all men trained

up; and such training cannot be done on the Worcester. Why should not Government do for Marine Engineering what it has done for Civil and Mechanical Engineering?

A. I would like to know before answering this question whether there is any desire on the part of Indians to go to sea. My point is that there has been no desire evinced at all by Indian boys of the educated class to become sailors. I do not say that in a sense derogatory to Indian boys. When I look back over the last 50 or 60 years, there have been thousands and thousands of Indians (I am not exaggerating) who have gone to Britain, America and other Continental countries and all of them have gone there with a definite object. Some have gone to study law, some to study medicine and some to study scientific trades. It seems to me that if there had been any real desire on the part of Indian boys to become sailors, you would have found among these thousands and thousands of young Indians some one who expressed a desire to go abroad to be trained as a sailor. I have not heard of any such.

Q. Don't you think that, owing to the spirit in which all these English companies have been working, the spirit in Indians has been killed?

A. I do not think so; I do not think the spirit ever existed. I would like to emphasize that even in England there are only a limited number of boys who care to go to sea. You will find large tracts at home in which you will not find a single boy who wants to go to sea. It is not attractive to Indians; for one thing, it is not a sufficiently lucrative profession; it is a very hard life and it does not give a very great return. I have heard of many Indians making fortunes, but I never heard of anyone making his fortune as a sailor.

Q. That is the tragedy of the country; all our spirit has been killed.

A. I do not think that is a fair assumption; what I say is that the spirit never existed.

Q. History says that it did exist.

A. Not among the particular classes I am speaking of.

Q. We are talking of the whole country not of any particular class.

A. You must have a particular class to select your sea officers from.

Q. The higher classes are prepared to do their duty; leaving aside those who may have caste scruples, don't you think that a sufficient number of Parsees, Hindus and Muhammadans would be prepared to come forward, provided the necessary educational facilities are given them?

A. I don't quite agree. I have particularly avoided any reference to the disability that you speak about; they undoubtedly exist.

Q. Do you mean to say that brains are the monopoly of the higher classes only?

A. I am rather speaking of what one would describe in a rough and ready way as the educated classes; probably not the higher classes socially, but educated.

Q. You said that America lost a good deal in shipping. Could you give us some more information on that subject?

A. The Ship Subsidy Bill that was brought forward last March was thrown out. The losses were enormous and the possible benefits were so small that the American Parliament, Senate and Congress threw out the Bill altogether. I have some figures about the American losses.

Q. Has the Act been repealed?

A. The Bill was brought forward and thrown out. It was one of President Harding's pet hobbies, but he was not able to convince the country that it was to their advantage. I shall read from a cutting attached from the *Englishman* dated the 24th September 1923. While giving the history of Australian and Canadian State shipping, Mr. Bruce, the Australian Prime Minister presented for the edification of Australians the balance sheet of the United States Shipping Board:

Two years' estimated loss up to March 17th, 1923, excluding interest and depreciation	30 crores of rupees
The estimated gross capital cost of the fleet was	900 " " "
To-day's estimated value is	90 " " "

This means that the loss in capital was 810 crores of rupees and in addition to that, they had trading losses of 30 crores in two years.

Q. These are paper losses; the money was spent and the boats are there. The valuation is merely a question of value at a particular time. Has the amount which was spent in buying raw material been lost?

A. The money has been lost so far as the owners of the ships and the American Government are concerned.

Q. You say that it seems possible that the Canadian Government may have to abandon the project. What is your authority for this?

A. When we sent in our written statement, the position in Canada was less clearly defined than it is now. I hadn't so much information then as I have now. Canada as well as Aus-

ustralia embarked on shipping during the boom period and Mr. Bruce has given us a statement of the cost of this adventure to the Canadian taxpayer :

Gross loss for the year ended	
December 31st, 1921 .	£1,800,000 sterling.
Gross loss for the year ended	
December 31st, 1922 .	£2,000,000 "
Gross capital cost of the	
fleet	£14,000,000 "
Estimated market value.	£3,600,000 "

It is small wonder in the light of these figures that the majority of Canadians have come to the conclusion that no money could be made from shipping under State management and they, like the Australians, have had to pay heavily for the Government's adventure in shipping. It was recently stated that the Canadian State ships and the National Railways represent a loss which absorb the whole yield of the incometax in Canada.

Q. That refers, I take it, to State-owned ships ?

A. Yes.

Q. What about subsidies, the reservation of the coastal trade and other legislative measures; these might help indigenous enterprises. State-owning is quite different from State subsidies or State aid, whether it is direct in the form of money, or indirect in the form of legislative measures.

A. The common factor is that America gone money in whatever way it is spent.

Q. Has Australia, Canada or Australia they back on the principle of State minds to given to understand that in have not definitely made up and was sent give up.

A. Since my written statement was sent to the Committee, they have actually disposed of the whole fleet with their legislative of a few steamers.

Q. Have they dropped any dropped legislative measures? adopted them.

A. It is not a question of them so much as not having The form that State aid took in Australia was the owning of ships; the question whether they subsidize ships does not arise, because they would run them in competition with ships they themselves own.

Q. Has the reservation of the coastal trade been dropped ?

A. That has not been dropped; that still exists to the detriment of the country.

Q. They do not feel it; we here feel it.

A. Those who live in the country do feel it.

Q. It has been suggested to us by some witnesses that some form of indirect State aid should be given to Indian companies, such as fixation of a maximum and minimum freight, or the abolition of the Deferred Rebate system. Have you anything to say on about these suggestions ?

A. These are outside the province of the Committee and I would prefer not give my opinion on them. It is not that I would not be glad to answer any questions put to me regarding these, but I think it proper that we should confine ourselves to the two statements I have submitted to the Committee.

Q. You said you had one Parsee Engineer under you; where was he trained ?

A. I can't tell you.

Q. Does your Company ever train up any Indian Engineers ?

A. I think I am right in saying that we have had a certain number of Anglo-Indians who were trained as apprentices in our own workshops.

Diwan Bahadur T. Rangachariar.—Q. I wish to place certain facts before you so that you may remember them and consider your position. I suppose you believe in India becoming a self-governing nation as part of the British Empire at some future date ?

A. I do not know what that has to do with the mercantile marine. If India is a part of the British Empire—I do not contemplate an Indian

Q. You are put on unit with

A. I know we have been told that we the road to become a self-governing in the British Empire ?

Q. Do you actually dis- uite realise that.

A. I will you believe in self-determination nation ?

Q. Are you will have to carefully consider the I am not prepared to give my opinion on that now.

Q. Are you aware that 87 per cent of the coastal trade of India is carried on by non-

A. Yes; companies ?

they are carried on by British companies. I do not make any distinction between Indian and British companies.

Q. You also know that 98 per cent of the ocean going trade with India is in the hands of non-Indian companies ?

A. Yes; in the hands of British companies.

Q. Notwithstanding the connection with England for a hundred years and more, no Indian is yet able to hold even a sub-lieutenant's post in the Royal Indian Marine ?

A. I want you to remember the explanations I gave in regard to the absence of Indians in the seafaring profession.

Q. You also know that no Indian has got the chance of getting a training in his own country for the sea faring life ?

A. Yes.

Q. Please remember also that the only country where he has the possibility of entering under certain conditions and limitations in one of the three institutions which exist there is England which is 8,000 miles away from India ?

A. Yes.

Q. Please remember also that India pays in the shape of freight several crores of rupees, a substantial portion of which goes out of the country ?

A. The major portion of it is spent in this country.

Q. Please remember also that the two important British companies, the British India and the Asiatic refuse to take Indians as cadets.

A. I do not think it is so.

Q. When the Bombay Committee which enquired into this question asked the British India they said : We are not in favour of employing Indians as cadets on board our ships. As a matter of fact there is no Indian Officer of any rank in any of the companies that are now running their trade with India ?

President.—Q. In the Asiatic company there are a lot of engineers ?

A. I mentioned one Parsi engineer ; there may be other engineers also.

Diwan Bahadur Rangachariar.—Q. Please remember also that at one time Indian ships carried on trade with foreign countries ; they took the goods from India to Egypt and sometimes even to the Thames. My authority for this is the Tylers History of India. Subsequently the Board of Directors passed a rule that all goods from India should be brought in English bottoms.

A. Please do not mix up ancient history with modern history.

Q. I want you to remember that India as a nation had her shipping in those days ?

A. I am inclined to think that many Indian ships were trading with the East coast of Africa and with the Persian Gulf and also Java. Indian ships do even now go to the Malay States. I rather imagine that there are more Indian ships employed in that way now than there were before.

Q. Remembering all these, please put yourself in the position of an Indian ; do you think that any man will tolerate such a state of

affairs notwithstanding all this talk about partnership in the British Empire ?.

A. It all depends on the point of view from which it is looked at. If you get a certain work done for you by another nation and if it suits you to have it so done, then there is no question of national feeling at all.

Q. Supposing 87 per cent of the coastal trade and 99 per cent of the foreign trade of England were in the hands of Indians, do you mean to say that any Englishman would allow a ministry which allowed such a state of affairs to remain in power for a moment ?

A. You are taking up a position that is not quite parallel to what exists in India. If the same disinclination had been shown by Scotchmen and Englishman to adopt the sea as their profession as has been shown by Indians, no Englishmen or Scotchman or even an Irishman would be expected to object. The fact is that a business for which he had shown no particular inclination himself is done for him by somebody else.

Q. Supposing a nation has no particular inclination for a particular thing, then is it not the duty of the Government to promote that inclination ?

A. My reply is that it is not necessary for the advancement of the nation.

Q. You do not believe in the growth of indigenous industries in the country ?

A. I consider that there are certain professions in which the Indians have distinguished themselves. These, they find particularly lucrative and these have such a strong hold upon them that they are naturally disinclined to take to other professions which do not hold out the same prospects.

Q. My question was : Do you believe in the growth of indigenous industries in India, that is that raw products should be converted into finished products in this country ?

A. That is a natural process of development in any country.

Q. The Industrial Commission investigated this whole matter and they recommended that the Government of India should hereafter embark upon a policy of direct state intervention and protection.

A. I do not want to express any opinion about the report of that Commission, but I should not accept a statement as correct merely because it was a statement of that Commission.

Q. If that is to be the policy of the Government of India, namely the fostering of industries in this country by direct and indirect aid, what objection do you have to the Government helping the shipping industry ?

A. I object because this industry is not necessary for this country. The present needs of the country are fully met by the tonnage that is made available both by British companies and Indian companies.

Q. Would not the same argument hold good for the cotton mills and for the steel industry?

A. There is no objection to the establishment of any industry provided there is an opening for it. The main objection is to taxing the country in order to bolster up this shipping industry.

Q. You look at it more from the point of view of the tax-payer than from that of any other?

A. I do not think there is any objection in the world to the establishment of Indian companies, and to their carrying on trade so long as it is done by themselves.

Q. I suppose you are aware that more than 20 Indian companies were started and that all of them came to grief with the exception of one which has survived because it entered into an agreement with the British companies?

A. That is more or less correct. But I will point out the reason, that these companies, that were started in opposition to the existing companies, did not succeed was not because they were Indian companies.

Q. You say India is well served by the existing companies and that her needs are sufficiently met and that there is no room for any company whether British or Indian to come to prominence in the face of the crushing competition which it will have to face. Supposing in spite of all this, a new company was started, what protection will you give it?

A. I should think that no company should be started under such circumstances.

Q. If you allow the present state of things to continue, do you think the Indians will co-operate with you on those terms? Do you expect them to co-operate with you as reasonable men?

A. I do not see why an Indian should refuse to co-operate with me on those terms. I am his servant and I have served him well. If I want an experienced lawyer, I will go to the best man, even though he is an Indian.

Q. The service that you render although excellent is at the expense of the Indian nation?

A. It is not at the expense of the nation. You must not say that we are paid for the services we render.

Q. It is certainly at the expense of the nation. No doubt India has been blind to her interests for a long time, but now she has awakened

and you as shrewd businessmen must recognize that?

A. My point is that Indians have been shrewd enough to know that it was not to their advantage to go in for shipping.

Q. The old policy of non-interference on the part of Government of India has been changed into one of active co-operation in the matter of the development of the industries of the country. In what way can you assist this committee to make recommendations to the Government of India as regards the development of the mercantile marine?

A. I am opposed to Government assisting either directly or indirectly in the development of the mercantile marine not because this is India; if the same were to be done at home, I would raise the same objection.

Q. I suppose you recognize that in no country, whatever may be the present state of things, has shipping developed without State aid of some sort.

A. No State aid has ever been granted in Great Britain.

Q. I suppose you have read your History of England which shows that the State helped the British mercantile marine to defeat Dutch competition.

A. You must put out of consideration any State aid that might have been enjoyed by England in ancient times. You are probably referring to some hundreds of years ago; but you must remember that the State aid was not then against another part of the Empire.

Q. The object was the same, namely, to enable the country to withstand foreign competition?

A. You are overlooking at the present time the fact that you and I are citizens of the same Empire and our interests are one and the same.

Q. At the same time you must recognize that one citizen is growing fat at the expense of the other?

A. Yes; the lawyer citizen is growing fat (Laughter.)

Q. Every Indian feels that his country suffers.

A. No doubt a good many Indians take that view; but I think that those who take that view look at things from the wrong side. In the first place they altogether set aside the question of the Empire. You have no reason to say that you are not treated well.

Q. You may with equal force say: why should there be Indian doctors and Indian public servants; there are enough English doctors and English public servants who can attend to the needs of India?

A. If you raise the question of doctors, you are going against your own argument. Indian boys go in hundreds to America and England to study for medicine. The environment of the Indian boy is such that from the time he is a boy, he grows up thinking of becoming a doctor. The point is he never wants to become a sailor.

Q. Indian boys do not take to sea faring profession because there is no place where they can go and get themselves trained?

A. That is not quite correct.

Q. Conway will not take them up. The authorities of the Thames Nautical Training College will be prepared to take them provided sufficient notice is given, no special arrangements are wanted in the way of diet and provided there is some one in England to take charge of them during the vacation and to whom reference may be made in case of illness or any other unexpected difficulties.

A. These are not real difficulties. Every one of these conditions can be fulfilled and Indian boys can enter the Nautical College and get themselves trained there.

Q. In fact what is the opening for him if he gets himself trained?

A. That is the very point from which he looks at the matter. He says the opening is not lucrative.

Q. There is no opening at all, apart from its being lucrative or non-lucrative. The Asiatic and the British India are not in favour of employing Indian cadets on board their ships.

A. The objection raised by these companies is not because they are Indians.

Q. In Conway and other places, they do object on the sole ground that they are Indians. They insist that the cadets must be British born.

A. There is an opening in the Worcester under certain conditions.

Q. Once he is trained what is the chance for him?

A. If he is proficient, he will get employment anywhere.

Q. I have put to you all the difficulties. You recognise that it is very difficult to get education and even for that he has to go 8,000 miles away from India. Even after getting himself trained there is not much opening for him?

A. I suppose that is why the Indians have realised that shipping is not good enough for them.

Q. With 4,000 miles of coast line, do you think that Indians are not fit for the sea faring profession.

A. I say sea faring life does not attract them.

Q. They fear that they have got little chances of getting on in this line?

A. That is a mere statement. Who fears? Has a single person offered himself for training?

Q. I suppose you believe in the doctrine of supply and demand. If you create a training ship, India is not going to become any the poorer thereby. Have you estimated the cost of starting a training ship?

A. You must remember that this is not the case of the demand bringing the supply but of the supply bringing the demand. No desire has been evinced by the youth of this country to adopt a seafaring career.

Q. Have you calculated what the cost of a training ship provided in India would be?

A. I have not made a definite calculation, but I can give you a rough idea.

Q. Suppose you establish a training ship with the necessary equipment at a cost of about 3 lakhs of rupees and establish a school costing about, say, Rs. 3,000 or 5,000 per mensem. Do you think that India's finances cannot afford this?

A. That is another thing. So far as the training ship by itself is concerned, I have already said that, I have no objections to it at all. But if you ask me to say whether I would advise the Government of India to undertake the expense, I would not; especially at the present time I would strongly advise Government not to embark upon it.

Q. The Government of India have with the Secretary of State about 6 crores of rupees on account of enemy ships captured during the War. Do you think that this amount will be a proper item to indent upon for a training ship?

A. I think that India needs every penny that she has got, it doesn't matter where it comes from. If she has six crores hidden away anywhere, she needs it.

Q. I am merely putting it to you, whether there is any possibility of funds being found for this very useful item of expenditure.

A. If India had lots of money to throw about, there would not be the same objection, but at present it is too expensive a thing for India to go in for.

Q. I have tried to put it to you from the point of view which has been striking us and I want you to consider it from that point of view.

A. I have done that.

Q. Supposing Government resolved upon doing something, can you give us any advice as to what form Government aid should take? Say, for instance, the reservation of the whole or part of the coastal trade?

A. I do not agree to that.

Q. Stopping the Deferred Rebate system?

A. That is a different thing.

Q. Subsidies to Indian-owned ships?

A. I would not give subsidies to Indian or even to British ships.

Q. Therefore you should at least be willing to start a training ship and give facilities for training up Indians?

A. I do not recommend it from the financial point of view or from the point of view of its necessity.

Sir John Biles.—Q. Your first proposition is that, India being a part of the Empire, there is no necessity for an Indian Mercantile Marine.

A. I have said so.

Q. Is there any objection to an Indian Mercantile Marine from the point of view of the Empire as a whole?

A. I think there is an objection to a separate subsidized Indian mercantile marine, that is, a mercantile marine purely Indian, subsidized by India, with a view to enabling it to secure the coastal trade from other ships belonging to other parts of the Empire.

Q. Do you mean to say that in the Comity of Nations in the British Empire there would be any objection to an Indian mercantile marine?

A. I would object to that on the same principle as I would object to a Mercantile Marine for Canada or Australia. I think the country will be better served by the Mercantile Marine of the Empire. India cannot afford to lose the enormous sums of money that Canada and Australia have lost.

Q. That may be because they were State-controlled lines?

A. My objection is that I do not recognize India as a separate part of the Empire; it is a part of the British Empire and it has a Mercantile Marine now in common with the rest of the British Empire. You are asking for a thing which already exists.

Q. The question I ask you about refers to an independent Mercantile Marine for India, manned and owned by Indians?

A. I object to a subsidized Mercantile Marine.

Q. But that is an objection to the method of producing it?

A. If you ask me whether I have any objection to ships being owned in India, by Indians and manned by Indians simply by themselves

without any subsidy and working in the open market just as any other British shipping companies, I have no objection at all.

Q. If as a result of owning and managing Indian ships all other ships were driven out by competition, would you be quite satisfied?

A. I have no objection to fair, unaided, competition.

Q. I think it comes to a *qua* Indian Mercantile Marine, apart from the method of producing it. Would you object to that?

A. This question is rather put in a peculiar way. If you ask me whether I would object to Indians owning ships, I would say I don't.

Q. About the reservation of the coastal trade, it has been suggested to us that it might be possible to compensate the existing European companies already in the trade in some way. Do you think there would be anything objectionable in that?

A. I would object to the reservation of the coastal trade for Indian ships against the ships of the British Empire under any circumstances.

Q. Even if those in the trade are compensated?

A. That would not alter my opinion—at all. It would then simply be buying a ready-made fleet and excluding other ships of the Empire. My point is that India is a part of the Empire and that the coast of India should be open to the ships of the Empire.

The Hon'ble Mr. Lalubhai Samaldas.—Q. Would you include the Colonies also which do not treat us equally? Is there to be no reciprocity?

A. With regard to reciprocity, if there is any question of making a bargain, I would only approve of it if it were done with a view to having absolute free trade.

Sir John Biles.—Q. Would not complete reservation to Indians drive out British ships?

A. If you reserve the coastal trade of India to Indian-owned and Indian manned ships it would, *ipso facto*, drive out every British ship.

Q. The statement made was that there was no intention of driving out ships. By reservation, it is meant that there would be companies registered in India with a majority of Indian capital and a majority of Indian management?

A. That would drive out, not necessarily British companies, but companies owned in any other part of the Empire.

Q. You do not see any possible circumstances in which they would not drive out the ships of the other parts of the Empire?

A. No.

Q. It has been stated that it is not the intention to drive out British ships?

A. There could be no other result. If you reserve the coastal trade of India for only Indian-owned ships, that is, if you do not allow any other ships to trade on the coast of India, I cannot foresee any other result. If you say that the Indian coast is to be closed to any ships other than Indian-owned ships or Indian manned ships, it naturally follows that every other ship is excluded, whether it belongs to the Empire or not.

Q. You said that until there was evidence of a desire on the part of Indians to go to sea you would not train them?

A. I did not quite say that. I said, that, as there was no evidence of that desire, I did not think it necessary to create facilities for training here.

Q. What evidence would you require? It has been put to us this morning that it is very desirable to create a training ship which would take, say, 200 or 300 Indians to sea with a view to discovering whether, when they came back, they were quite willing to stick to the sea life. If 20 or 30 per cent of those sent out came back and had the desire and a sea spirit, would you think it sufficient?

A. It would depend entirely on the number. No one would deny that this would be a certain evidence of the desire and a continuation of that experiment would probably bring out the result.

Q. Whatever desire they have, there will be no openings for them. If they express a desire, would that be sufficient evidence?

A. I should at least have evidence of a fact which I had not known before. I have, of course, already stated that I would raise no objection to the establishment of a training ship by itself.

Q. We have had some difficulty in arriving at a conclusion as to the amount of money that goes out of India on account of freight charges. You have answered it in part by saying that a great many of the crew are Indians. Could you help us any further with figures as to the percentage of labour, as to their wages, etc.?

A. I can not give them to you right off. On Board an ordinary steamer, you will probably have 9 Europeans and 80 to 90 Indians. In our own office we have, say, 40 Europeans and 400 Indians.

Q. Could you give us positive figures later?

A. I could give you approximate figures so far as the number of Indians employed are concerned. Taking the whole number of ships and striking an average of the crew, one

could tell you how many Europeans and how many Indians are employed.

The Hon'ble Mr. Lalubhai Samaldas.—Q. Can you give us the total amount spent on the European staff and that spent on the Indian staff without giving the names of any ship?

A. It must be remembered that the European staff is a trained staff; it is a scientific staff.

Q. We want to find out what percentage of money remains in India and what percentage goes out. Can you give us some idea without disclosing names? We have been given figures ranging from 15 to 70 crores.

A. It can be worked out by taking the dividends paid by the different companies.

Q. We want to know the salaries paid to the European staff?

A. As a matter of fact a very large proportion of the salaries of European officers does remain in the country.

Sir John Biles.—Q. We have to find out how much India really loses on account of freight charges. You said that a large proportion of the freight was spent in the country; how much of the freight does the ship-owner get as interest on his capital?

A. That is the point I meant to bring out. If you have a successful industry, it attracts foreign capital; the interest has got to be paid for that, it does not matter where it comes from.

Q. Have you any experience of Indian-built ships?

A. We have one small Indian built ship, called the Badra.

Q. Is it a well built ship?

A. It is rather a technical question and I would like that to be answered by an expert. I do not know that she is not well built.

Q. Have you any idea of her cost relatively to a ship built in England?

A. I could not give you figures right off and I would not be justified in expressing an opinion as to what the hull would cost in England. It would perhaps cost now half as much as it did at the time it was built. I do not think it would be possible for me in this particular instance to give you relative costs.

Q. Has she any bearing on the comparison?

A. She would not be a very fair instance to take, because her cost was very high compared with what it would be to-day.

Q. Would you employ Indians if they were as efficient as Europeans?

A. I can see no objection. We employ Indians in different capacities and there certainly would be no objection to employing them because they are Indians.

Q. You also said that there was no reason why they should not be assisted in being trained?

A. I see no reason whatever. So far as the establishment of a training vessel is concerned, I do not think the expense would be justified.

Q. Can you tell us why the Indian has not taken to shipping?

A. Do you mean shipping as opposed to sailing?

Q. Shipping is the whole and sailing is a part of it. I mean owning of ships.

A. I suppose they made so much money in other directions that they did not care for this line.

Q. Is that the real reason?

A. One rather hesitates to answer that question; the answer may indicate a want of appreciation of the ability of Indians. They take to certain things because they are familiar with them and these are less world wide than shipping. But certainly the Scindia company has been managing shipping in a businesslike way.

Q. There was a time when India had its own marine. It has not got that now. Can you give us the reasons why that change has taken place?

A. I think it is natural evolution.

Q. Why does not the Indian evolve in this direction?

A. Probably he considered there were greater opportunities of success in other directions.

Q. Do you know whether the Conway and Worcester training ships are supported by Government or maintained by private enterprise?

A. The ships were presented by the Government and they are maintained by private enterprise.

Sir Arthur Frome.—Q. You are against State aid for the Indian mercantile marine?

A. Yes.

Q. In fact you are against protection of any sort?

A. Yes.

Q. You have no objection to Indian owned ships calling themselves the Indian mercantile marine as long as they are owned by Indians and managed by Indians?

A. I do not like that name. I would rather have the name "British Mercantile Marine." The name "Indian Mercantile Marine" connotes limitation. The Indian Mercantile Marine is really a part of the British mercantile marine

and they are protected by the British navy. Therefore there should be no separate name.

Q. Have you ever heard of a general desire from Indian gentlemen to have an Indian mercantile marine irrespective of the cost to the Indian Government?

A. I do not think they have expressed any desire.

Q. We have heard from some gentlemen that there is that desire. But have you heard?

A. I have not heard that desire expressed at all. I have been transacting business with my Indian friends for the past 23 years and I have never heard them express such a desire.

Q. Do you consider that the taxpayer in India would cheerfully shoulder the burden involved in the creation of an Indian Mercantile Marine?

A. I am sure he would not. I do not think that is confined to Indian Mercantile Marine only. The Indian taxpayer would very strongly object and very properly too, to the grant of any subsidy.

Q. Some witnesses have suggested the raising of money by levying a charge of 8 annas per ton of cargo imported into or exported from this country in non-Indian owned ships? Would you object to this proposal?

A. I should very strongly object to that. I object to any distinction being made between the British Mercantile Marine and the Indian Mercantile Marine.

Q. Supposing a law was passed giving effect to this levy of 8 annas, who would feel the burden?

A. The burden will fall upon the people who use the cargo.

Q. It is merely another form of taxation?

A. Undoubtedly.

Q. Another witness suggested that the Government should guarantee a dividend of 6 or 8 per cent on the capital of newly started Indian companies irrespective of whether the company runs at a loss, which may mean that Government might pay about 56 per cent. What is your opinion on this suggestion?

A. I am opposed to that, because it amounts to bolstering up a weak industry at the expense of the taxpayer.

Q. You are of opinion that India's needs are adequately served by British ships?

A. Yes.

Q. In British ships you include Indian owned ships also?

A. Yes; I make no distinction.

Q. You are aware that Australia reserves her coastal trade?

A. Yes.

Q. Can you tell us how that is regarded by the traders and merchants in Australia?

A. I rather hesitate to express an opinion on behalf of the traders there. But I think it is recognised that by such reservation higher freights have to be paid because there is less competition.

Q. One witness who has been down in Australia told us that the reservation of the coastal trade was strongly objected to by the merchants and traders. Are you surprised at that?

A. I am not at all surprised. I should say there are very good grounds for their being dissatisfied.

Q. If the coastal trade is reserved to a limited number of ships then they cannot cater for all the needs of the country?

A. If the coastal trade is reserved then the companies may limit the tonnage to any extent they like. They need not care whether the traders are served well or not. They have no competition to fear.

Q. The existing companies on the coast have fought against any new company coming in to share their trade?

A. It is not a question of their opposing a new company because it is an Indian company. They would equally oppose another British company coming into their trade.

Q. We have been told by witnesses over and over again that if facilities are given, educated boys will be willing to come forward in hundreds to go to sea. Can you tell us any means by which we can test the truth of this statement?

A. Thousands of Indian boys go to England to be trained in a large number of professions, but not one has ever taken to the sea faring profession. I do not think sea life is sufficiently attractive to them. The other day I was speaking to a man who has been 34 years in the shipping business. He told me that only once in his whole experience had he known of an educated Indian expressing a desire to go to sea but when pressed on the point, he said: No. In other words, in a romantic moment he said he wanted to go to sea. But he was not prepared to carry out his intention that was one experience in 34 years. In my experience of 23 years, I have never heard of any educated Indian expressing a desire to go to sea.

President.—Thank you very much.

Extract from the "Englishman" dated the 24th September, 1923.

SOCIALISM IN ACTION.

THREE SHIPPING VENTURES.

An Object-Lesson.

Mr. Archibald Hurd writes in the *Daily Telegraph* :—

We are frequently told to look towards the Dominions if we would study the working of various Socialistic theories; but it is not always easy to get at the facts. Statistics, handled with intention, can be made to prove almost anything. Once a Socialistic experiment is entered upon, its supporters indulge in a good deal of wriggling before they admit defeat. If failure is demonstrated beyond cavil, then they parade what they claim to be indirect benefits, which are sometimes incapable of effective exposure. But the Prime Minister of Australia has provided an admirable illustration of the way in which the nationalisation of industry works by revealing the history of the adventures in shipping of his own Dominion and Canada, and he is surely above reproach.

Shipping is an international trade, and it may be said stands alone; but all the trade of this country is, in varying degree, international, because our prosperity depends upon the extent to which we succeed in selling goods or rendering services, such as banking and insurance, to other people. We cannot hope to hold our own in exporting manufactured goods or coal, or in performing various financial operations, unless efficiency is combined with cheapness. The Socialists profess to believe that they can so reform human nature that men will work for the community at large more cheaply and more efficiently than they will work for the support of their own families; and under the New Social Order everyone is to be happy and well-to-do.

AUSTRALIA'S LOSSES.

Mr. Bruce, the Australian Prime Minister, has just delivered the funeral oration over the most ambitious scheme of nationalisation which his Dominion has ever attempted. During the war that Government acquired a number of ships, which it proceeded to operate under ideal conditions; there was a shortage of tonnage, and, though British shipping was controlled and subjected to a severe limita-

tion of freight rates, the Australian ships ran free from all restraint as to sailing and also as to profit. We heard a good deal at that time of the success of the venture under those exceptional conditions. But, as every business-man realises, it is necessary to take long views in the case of the Australian State Fleet. The venture is being wound up, and Mr. Bruce has been explaining why this course is being taken. The experiment has proved far too costly to be continued as the following official statement indicates:—

Gross loss, year ended June 30th, 1922 . . .	£1,171,000
Estimated gross loss for year ended June 30th 1923	£1,626,150
TOTAL	£2,797,150

Gross capital cost of fleet	£14,156,938
To-day's estimated market value	£4,718,150

What do those figures indicate? They reveal a capital loss, which has come out of pockets of the Australian people, of nine and a half million pounds sterling; and, in addition a revenue loss of nearly £2,800,000; and if those losses be offset against the profits made during the "shipping boom" and account be taken of the insurance fund, the Australians are apparently over £6,000,000 out of pocket. It is also suggested by Mr. Bruce's speech that this shipping, unlike the British shipping, has contributed nothing to the Commonwealth Treasury by way of taxation, even when during the boom it was making profits.

At any rate, failure is now admitted. The heavy losses are to be wiped out, and the ships are to be handed over at the reduced valuation to a Board of not less than three or more than five directors, who will be appointed by the Government. They will, we are assured, be free from political interference. I wonder! With the ships, the Board is also to take over the Cockatoo Dockyard, another State venture which cost £2,725,000 and is now valued at £1,00,000. The Board will have no working capital, and, since the Government are holding the Debentures on the full, though reduced, valuation of the properties, it is admitted that it cannot go to a bank or other financial institution and obtain an overdraft in the ordinary way. It is provided that "the Treasurer shall, out of the Consolidated Revenue, advance to the Line a sum for working capital, or shall guarantee an advance by a bank for working

capital for the Line of an amount that shall not exceed 25 per cent of the capital for the time being outstanding." That means that the Australian taxpayers, having lost about eight millions sterling on this venture, are to be called upon to find a further large sum for working capital. That, of course, is their affair, and not ours. But their experience is not without interest, as the Socialists in our midst tell us it is to these young and enterprising Dominions that we should look for guidance. Far be it for me to criticize any acts of the Australian Government; but the consequences of those Acts are worth study.

CANADA'S EXPERIENCE.

Canada, as well as Australia, embarked in shipping during the boom period, and Mr. Bruce has given us a statement of the costs of this adventure to the Canadian taxpayers:

Gross loss, year ended Dec- ember 31st, 1921 . . .	£1,800,000
Gross loss, year ended December 31st, 1922 . . .	£2,000,000
Interest	£1,000,000
TOTAL	£4,800,000

Gross capital cost of fleet.	£14,000,000
To-day's estimated market value (say average £10 per ton d.w.)	£3,600,000

It is small wonder, in the light of those figures, that the majority of the Canadians came to the conclusion long since that there was no money to be made from shipping under State management. And they, like the Australians, have also had to pay a heavy price for their Government's adventure in ship-building. It was recently stated that the Canadian State ships and the national railways represented a loss which absorbed the whole yield of the income-tax. These Dominions have learnt that the State cannot build ships, nor run ships, at a profit. And what is true of shipping is true of railways, mines and other industries. The State is a failure in business, whether its activities be viewed from the angle of its employees or the taxpayers; and by its inefficient management and rising losses it contributes to the impoverishment of the community at large.

While giving the history of Australian and Canadian State shipping, Mr. Bruce also turned an eye to the United States, and presented

for the edification of the Australians, the balance-sheet of the United States Shipping Board :

Two years' estimated loss (up to March 17, 1923, and excluding interest and depreciation)	£20,000,000
Estimated gross capital cost of fleet	£614,000,000
To-day's estimated market value (about 10,000,000 tons d.w.)	£60,000,000

AN EFFECTIVE WARNING.

The Australian taxpayers, it was suggested by Mr. Bruce, might turn from their own losses to the even heavier losses of the Americans, and congratulate themselves that they had not fared so badly. But if we bear in mind the disparity of population and wealth of Australia and of the United States, it is not by any means certain that the Australians have much ground for satisfaction. After all, the losses on the American State shipping have been incurred by a country which is fabulously wealthy, and which has a population of 110,000,000 whereas the Australians number less than 6,000,000.

It would be a task of supererogation to stress the moral of these three experiences in nationalisation. The experiments were tried by different Governments under varying conditions. All who were concerned in the management and operation of the ships, according to the Socialists, worked under the energising and uplifting inspiration that they were promoting, not their own selfish interests, but the welfare of the community at large. And yet these adventures have failed. They are all bankrupt, and the losses have fallen upon the general body of taxpayers. That is not our concern. I would not dare to do more than suggest that, since we are urged to watch the working out of nationalisation scheme overseas, we should take note of the figures revealed by Mr. Bruce. We may also congratulate ourselves that, though British shipping under efficient private management is passing through a period of serious depression the British taxpayers have not to make good those losses. On the contrary, they profit directly from the low level to which freights have fallen, while in the immediate past they have gained by the many millions British shipowners have paid into the Treasury in incometax, corporation tax, and excess profit duty.

Witness No. 33.

The BENGAL CHAMBER OF COMMERCE, Calcutta.

Written Statement.

Q. 1. This question is not, in the opinion of the Committee of the Chamber, clearly drafted as it is difficult to understand what is meant by the expression "shipping industry." If it is intended to mean the building and the running of ships by the people of India then the question is, the Committee submit, based on an incorrect assumption. India is not a separate country but is an integral part of the British Empire; and her trade is served by the mercantile marine of the British Empire, and protected by the British Navy. So far as is known to the Committee it has never been suggested that the development of the trade of the country has been hindered by an insufficiency of shipping tonnage. And, unless such a complaint is made and substantiated, there can be no justification for the Government incurring the heavy financial responsibility of creating a subsidised Indian mercantile marine. The evidence which is adduced in Appendix C does not appear to be relevant to the issue. Each of the countries named is a separate country; and the subsi-

dies have been granted with a view to the maintenance of a national mercantile marine in each instance. The case of India is entirely different. It is not a separate country. And, as a part of the British Empire, it already enjoys the benefit of having the greatest mercantile marine service in the world. No suggestion has ever been made that Java or Sumatra, which are parts of the Dutch Empire, should have a mercantile marine apart from that of Holland; that the Phillippines should have a mercantile marine apart from that of America; that French China should have a mercantile marine apart from that of France; or that Formosa should have a mercantile marine apart from that of Japan.

The principal reasons given by the Government of the United States for their desire to pass the Shipping Subsidy Bill were that the trade of the country could not be fully developed, and that their security would be in danger in time of war, if they did not possess a national mercantile marine. These reasons do not apply

to India. All the requirements of the trade of this country are met by the mercantile marine of the British Empire, of which it forms a part; and its security in time of war, through having that mercantile marine at its disposal, has been recently demonstrated. The financial responsibility of a Government undertaking the establishment of a subsidised mercantile marine has been shown by the experience of the United States of America. The loss in which that country has become involved, as the result of the operations of the American Shipping Board, amounts to many crores of rupees. And, as may be recollected from reports received from America, the idea of subsidising a national mercantile marine has been abandoned. In only two parts of the British Empire has any real attempt been made to form a separate mercantile marine. These are Canada and Australia. In the case of Canada the operations of the Canadian Government mercantile marine have resulted in enormous losses, and it seems possible that the Canadian Government may, owing to the force of public opinion, have to abandon the project. In Australia the establishment of a mercantile marine owned by the Government has also resulted in enormous losses, and it has been resolved to dispose of the major portion of the Government fleet of steamers. For the Government of India to adopt a policy of creating a subsidised Indian mercantile marine would mean, the Committee of the Chamber consider, that they would be undertaking a serious financial responsibility for which there is no justification.

Q. 2. It is clear that this question refers to shipping enterprises by the people of India as entirely separate from shipping enterprises by the people of other parts of the British Empire. So far the people of India have shown but little aptitude or inclination for shipping enterprises; and in the opinion of the Chamber this is the only thing that militates against the development of the shipping industry. But for this they would probably have been by now as firmly established in the shipping industry as they are in other industries.

Q. 3. As will be seen from the answer to question 2, the present position is not, in the opinion of the Chamber, due to difficulties or disabilities. The Committee cannot, therefore, suggest any measures, as they do not admit the existence of the difficulties or disabilities contemplated by the question.

Q. 4. The Committee of the Chamber are against any form of State aid. Such aid is in their opinion most undesirable and would serve no useful purpose. It would be merely an additional burden on the taxpayer, and

would ultimately tend to increase the cost of living in the country.

Q. 5 & 6. In view of the Committee's answers to question 4 these questions do not arise.

Q. 7. The Committee of the Chamber do not favour the grant of navigation bounties, or any form of subsidy to vessels owned by the people of India as against vessels owned by other British subjects.

Q. 8, 9, 10, 11, 12, 13, 14, 15, 16 & 17. It is unnecessary to reply to these questions, which all deal with navigation bounties, as the Chamber is strongly opposed to bounties in any form.

Q. 18. On broad principles the Committee of the Chamber are in favour of open trading on the coast of India. But many foreign nations exclude British ships from their inter-coastal trade, and the Chamber would be prepared to agree to the exclusion, from the Indian coastal trade, of ships owned by such nations. They would not agree to the reservation of the Indian coasting trade for ships owned by any one section of the British Empire as against all other sections.

Q. 19. The Indian coastal trade is now, and has always been, adequately served by British shipping. And consequently the policy of reservation would have a good effect on the trade, provided that the reservation was confined to British ships, and to ships of those nations who do not differentiate on their own coasts against British subjects. But to reserve the Indian coastal trade for an Indian mercantile marine, which at the moment is not in existence, would be fatal. It would cause incalculable hardship to those engaged in the coasting trade if all ships were kept off the coast until a mercantile marine, owned and managed by Indians was slowly developed. Indeed by the time the development was complete, if that time should ever come, it may be safely assumed that the trade would have been permanently diverted to other routes. And, even on the assumption of the existence of an Indian mercantile marine, such a reservation of the trade would be at best merely a means of enriching a small section of the community, that is to say a few ship-owners, at the expense of the general taxpayer.

Q. 20. As the Chamber could in no circumstances countenance the reservation of the Indian coastal trade as is suggested, the question of imposing conditions need not be considered.

Q. 21. This must depend to a large extent on the length of the voyages, the trades to be provided for, etc. But it may be accepted, the Committee of the Chamber think, that the shipping now running in the coasting service—

or at any rate the new ships—are the most suitable for present day requirements. They represent the result of many years experience and may be taken to represent as nearly as possible what is required.

Q. 22. The ships required for the Indian mercantile marine cannot at present be built in India, and the Committee do not recommend the establishment or development of a Government dockyard for this purpose.

Q. 23. Large ocean-going ships cannot be built in India at the present time, nor can they be satisfactorily engined and boired, principally by reason of the difficulties in the way of manufacturing boilers in this country.

Q. 24. It is the opinion of the Committee of the Chamber that shipbuilding, meaning by that phrase the construction of ocean-going ships, does not exist in India. It cannot be said, therefore, that the situation of the industry is satisfactory or unsatisfactory. It has to be remembered that marine shipbuilding is a highly specialised and technical industry which in western countries has been slowly evolved and developed. It may be considered to be the result of many generations of experience acquired by the maritime peoples. It is largely dependent on numerous other industries, and in particular on the manufacture of steel and the component parts of marine engines.

Q. 25. The Committee repeat that there are in their opinion no difficulties or disabilities at present apparent, simply because the industry does not exist.

Q. 26. The Chamber is strongly against State aid in the formation and development of such industries.

Q. 27 & 28. As the Chamber is opposed to State aid, these questions do not call for replies.

Q. 29. The Chamber is strongly opposed to bounties in any form.

Q. 30, 31, 32 & 33. In view of the answer to question 29 these questions do not arise.

Q. 34. As the Customs tariff of India is imposed for revenue purposes the Chamber is strongly opposed to any concessions. For such become merely a bounty, the burden of which is thrown upon the general taxpayer.

Q. 35. In view of the answer to question 34 this question need not be considered.

Q. 36. At the present time a small number of wooden ships are built in India, and they serve a useful purpose to a certain extent.

Q. 37. The situation is not unsatisfactory so far as it goes, but the Committee of the Chamber do not recommend its development. The building of wooden ships of any size was proved during the war to be uncommercial.

Q. 38, 39, 40, 41 & 42. As the Chamber cannot recommend the development of wooden shipbuilding, these questions do not call for replies.

Q. 43. There is obviously great difficulty in effecting the insurance of Indian-built wooden ships; and, in the opinion of the Chamber, there is no remedy for this.

Q. 44. So far as is known to the Chamber the youths of India have not up to now shown any desire to follow the sea in the capacity of officers in the mercantile marine; and the Chamber does not anticipate that any Government action would alter this state of affairs. The desire for a seafaring life among people in other parts of the world, is, it must be remembered, traditional and hereditary. It cannot be artificially created by State action among people who have no natural tendency towards a seafaring life.

Q. 45. In principle the Chamber has no objection to the Government taking steps in the direction proposed. But unless there is strong evidence of a desire on the part of the youths of this country for such training—and of this there has been no sign hitherto—the Chamber does not consider that the Government would be justified in undertaking so costly an experiment. The nautical school established by the Government as an experiment in Masulipatam has proved to be a failure.

Q. 46. The Chamber would oppose any scheme of technical training that did not include a long period of sea-service.

Q. 47. There is no objection to a preliminary training in a training ship so long as it is not allowed to interfere with training at sea. But the Committee think that it should be undergone in more severe weather conditions than prevail in India, so that the boys may be more adequately equipped for a general seafaring life. To ascertain the extent of the demand the Government might, as an experiment, offer scholarships to boys anxious to be trained in the home training ships. Government would then be able to see how many of the applicants went through the course. The training ships should not be supported by the Government, beyond the grant of these scholarships.

Q. 48. Government might help by a system of scholarships, the value of which should be sufficient to pay a part, or even the whole, of the boy's passage home, and his expenses during a full course of training in a training ship. The boys should first pass an educational test for the purpose of selection; and the papers in the test should be set by the training ship authorities in the United Kingdom.

Q. 49. This question does not arise.

Q. 50. The Chamber is not in favour of the establishment of a nautical college on shore.

Q. 51. The Chamber is of the opinion that the boys should serve for four years as apprentices in vessels of the mercantile marine, or for two years in a training ship in the United Kingdom and then for three years as apprentices.

Q. 52. The Committee of the Chamber are not aware of any difficulties put in the way of cadets of Indian nationality by any of the training ships in England. Nor do they anticipate any difficulty with ship-owners. They are, however, also not aware of any desire on the part of the boys of the educated classes in India to apply for admission to these establishments.

Q. 53. As a rule the premium required for prentices is small, and it is returned in the form of pay during the period of apprenticeship. The payment of the premium should obviously be made by the boy's parents, or guardians, rather than by the State.

Q. 54. This question does not call for a reply.

Q. 55. Apprentices on training ships in the United Kingdom are given free food. But does not seem to be likely that boys of the highest class would have any difficulty in providing their own uniform and clothing.

Q. 56. The curriculum should be similar that pursued in the training ships *Conway* and *Worcester*.

Q. 57. The Committee consider this to be necessary. The British officers who come to India as boys find no difficulty in passing their various examinations in India for Board Trade Certificates, without having recourse to study in nautical academies. Indian officers could have no difficulty in doing the same.

Q. 58. This question does not arise.

Q. 59. A certain number of Indians on the Bombay side, mostly Parsis, follow the sea in the capacity of engineers in the mercantile marine.

Q. 60. The Chamber is of the opinion that the Government need take no active steps to

provide special training for engineers for the merchant service. There are facilities at present existing for Indians to be trained as engineers, and no special training is necessary to become an efficient marine engineer, except such as the individual requires when he is appointed as a junior engineer to a sea-going ship.

Q. 61, 62 & 63. These questions do not arise.

Q. 64 & 65. The Chamber has no observations to offer regarding the Royal Indian Marine.

Q. 66. The Chamber accepts this principle.

Q. 67. The Chamber has no other conditions to suggest.

Q. 68. The Chamber would oppose the granting of postal subventions for the purpose of favouring one class of British shipowner as against another class. Postal contracts should be given to those companies who are best able to carry them out efficiently, provided of course that they are owned within the empire.

Q. 69. The Committee of the Chamber would oppose any scheme for indirect aid to any particular class of shipowner, just as strongly as they oppose direct aid.

Q. 70. As the Chamber has not advocated either direct or indirect State aid the question of finance does not arise. If State aid is decided on, the necessary funds can only be raised by taxation. In other words, the general taxpayer will have to provide the money for a time to create artificially an Indian mercantile marine which is not required for the trade of the country. The Chamber is of the opinion that the demand for an Indian mercantile marine owned, managed, and manned by Indians is artificial; and that the question has been raised for political purposes. If there were a real desire inherent in the country to encourage the ship-owning industry, such an industry would have been built up before now by private enterprise. The great Indian cotton industry for instance was built up without any suggestion from politicians, protective legislation, or subsidy from the Government.

Oral Evidence of Mr. J. W. A. BELL, representing the BENGAL CHAMBER OF COMMERCE, examined at Calcutta on the 19th December 1923.

President.—Q. In reply to question 18, I say: But many foreign nations exclude British ships from their inter-coastal trade, and the Chamber would be prepared to agree the exclusion from the Indian coastal trade ships owned by such nations.

A. As I am strongly in favour of free trade, I rather hesitate even to adopt such retaliation.

Q. Who drafted the replies to the questionnaire, a sub-committee of the Chamber?

A. The questionnaire was issued to every member of the Chamber and the members

were asked to send in their replies. A considerable number of members did send in their replies. A sub-committee was formed to go through the various replies received from the members and to draw up a reply to the questionnaire. The General chamber then accepted the draft.

Q. In reply to question 22 you say: The ships required for the Indian mercantile marine cannot at present be built in India and the committee do not recommend the establishment or development of a Government dockyard for this purpose. Is it because the Chamber is against State aid that they raise this objection?

A. That is an elaboration of their objection to State aid.

Q. Supposing in future we can produce steel plates in India and supposing the labour problem is got over and supposing ships can be turned out as economically as elsewhere, would the chamber even then object to the establishment of shipyards?

A. They would certainly not object. At present it is possible to get launches built in India and the firm with which I am associated have got a large number of small craft built and everything we can get built in India we do get built here.

Q. In answer to question 37, you say: The building of wooden ships of any size was proved during the war to be uncommercial. From the post-war point of view, do you consider it still uncommercial?

A. They would be uneconomical because the Indian traders would prefer to send their cargoes by steam vessels. The Indian wooden ship is out of date, just as the British wooden ship is out of date.

Q. It was suggested that wooden ships with auxiliary engines might prove economical?

A. I would not take it as a business proposition.

Q. On any particular ground?

A. A wooden ship with a small auxiliary engine can never compete with a steamer in point of regularity of arrival at its destination, in the terms of insurance, and in its capacity to carry cargo. A merchant will naturally prefer a steamer to a wooden ship because the steamer can preserve the cargo better. The cost of maintaining a wooden ship will be very great as compared with its value and its earning capacity.

Q. You say in reply to question 45 that the nautical school established by the Government at Masulipatam has proved a failure. The failure is due to the fact that the scheme was drawn up in the belief that it was possible to

educate a boy right up to the time he becomes an officer without sending him to the sea?

A. My information is that it died a natural death because people ceased to take any interest in it.

Q. In reply to question 60, your chamber says: There are facilities at present existing for Indians to be trained as engineers and no special training is necessary to become an efficient marine engineer except such as the individual requires when he is appointed as a junior engineer to a sea-going ship. Do you mean to say that no training is necessary?

A. They mean that no special college is required for training a marine engineer.

Q. The existing facilities are in the workshops?

A. Yes.

Q. It is said that the fact that marine engineers are confined to construction work militates against their success?

A. A large amount of repair work is done in the workshops. In our own workshop we do a large amount of work in repairs.

Q. But it does not give an apprentice fair chance. We are running a dockyard in Bombay and the Engineer says that apprentices trained in workshops cannot be compared with a man who has been trained in a shipbuilding yard because he has not seen the engines that he is going to work?

A. What the chamber means is that a separate college is not required for the training of marine engineers.

Q. If in the postal contracts they give, the Government of India put in a clause that the companies which receive a subvention should take so many Indian apprentices if they are forthcoming, do you think it is objectionable?

A. At the present time, I think it will be unfair, because it has never been shown that suitable people exist. It is possible that most unsuitable candidates might be forced on the companies.

Q. If a training ship is established and if they undergo training for a certain period, do you think there will be objection to taking them as apprentices even then?

A. I do not want to give an opinion until it is actually put into operation. I do not want to talk about a hypothetical person who does not at present exist and who may never exist at all. I want something more tangible before I can express an opinion.

Q. Supposing there were Indian-owned, Indian-manned and Indian-officered ships of the requisite efficiency, would you think it unfair of Government to reserve the actual postal subventions to Indian shipping,

irrespective of the general trade? It has been suggested that they might reserve the trade, say, between Bombay and Karachi or Calcutta and Rangoon.

A. Who would protect these mails?

Q. I think it is agreed by a good many that, if the Government of India are to do anything in the nature of subventions, they must also have an Indian Navy to take its due share in protection. It has been strongly considered and advocated by the Committee on Imperial Defence that India should protect its own coast.

A. My general proposition remains that one part of the Empire should not be given any advantage over another.

Mr. Jadu Nath Roy.—Q. In reply to question 24, you say that marine ship-building is a highly specialized and technical industry which in western countries has been slowly developed and which is the result of many generations of experience. India had no experience in steel ships before. Can they not make a beginning now?

A. If they can do it on an economic basis, if they extend the present yards in which they build small craft, no one would have any objection, but you can't suddenly come and say that a country should become a shipbuilding country. It is not a question of years, it is a question of centuries.

Q. You can make a beginning and do it gradually, with some sort of State aid or protection.

A. No State aid should be given.

Q. All things that come from England have to pay a duty, but ships built in England haven't to pay an Indian duty.

A. I spent 3½ hours the other day trying to oppose the imposition of a duty on steel. I recognize that the country must live and that these small duties that are imposed are for revenue purposes. They are not for protective purposes and I am against protective duties.

Q. In England you have not to pay any duty; in India you have to pay a duty which adds to the cost of vessels.

A. No duty you would pay will be anything like the expense that you would have to incur in bringing the ship out to India. In England you have not to pay a duty and, therefore, you can build cheaper there, but you have to bring it out to India.

Q. Why not build the vessels in India?

A. I am afraid that Government would object to that on the ground that they must have revenue of some sort, and even with the duty added to the cost of the ship. I assume that the duty for the ship built here is nothing

as compared to the cost of bringing out the ship to India.

Q. Do you object to any sort of construction bounties?

A. I am opposed to any sort of construction bounties.

Q. Even to give the industry a start?

A. Yes.

Q. You said that in the Pilot Service there was objection to Indian lads associating with others. Is that so?

President.—What he said was that there were 3 posts reserved for Indians.

Mr. Jadu Nath Roy.—Q. Is that due to lack of qualifications; they have had no facilities for training?

A. We come back to the same point that they have never shown any desire, because they have not looked upon it as a sufficiently attractive profession.

The Honble Mr. Lalubhai Samaldas.—Q. You know perhaps that some industries were started by Government as pioneer industries in the United Provinces and the Punjab. Would you have any objection to Government starting a ship-yard as a pioneer or model in one place?

A. I do not know the conditions under which the industries were started in U. P. and the Punjab. If it would be a question of launching out Government money in an enterprise that would not hold out very much hope of success, I would be against it.

Q. Would you object to the question being examined?

A. I think that everything should be examined; we arrive at the truth by examining things.

Q. You know that we are deficient in the manufacture of boilers. If a company is started, would you have any objection to giving it a sort of guarantee that Government would purchase a certain number of boilers. You know that the Tata Iron and Steel Company who manufacture rails have got a guarantee from the Government of India that they would annually take 20,000 tons. Would you approve of that sort of Government aid for boilers or engines in connection with the plying of steamers?

A. The question of boilers for a steamer is a very technical affair.

Q. If somebody wants to put in his money?

A. If private individuals start a boiler industry, I think they ought to be encouraged; Government must guarantee nothing.

Q. What encouragement would you then give?

A. I am quite sure that if any boiler industry were established in India, tenders by that firm would be sympathetically considered.

Q. In your reply to question 1, you said that there has been no insufficiency of tonnage. If there is a monopoly and freights are raised, does it not prove that there must be insufficiency of tonnage? If there had been fair competition, freights would naturally be brought down.

A. You cannot bring the freights down below a point at which the service will pay.

Q. In your last question you say that your Chamber is of opinion that the demand for an Indian Mercantile Marine owned, managed and manned by Indians has been raised for political purposes. Have you any grounds for saying that?

A. That is the Chamber's opinion. As a matter of fact, there are no economic grounds for it.

Q. You said you had built some barges and launches in India. Were they assembled here or were they entirely built with the materials available in India?

A. We have a large number of launches entirely built in yards in this country. I do not know if the plates for building them were obtained from England or from Tatas.

Q. Were they quite satisfactory for the purpose for which they were built?

A. Entirely so.

Q. The cost of building would not be extravagant, compared to what it would be in England?

A. I do not think so.

Q. What was the biggest one?

A. We had a set of three of 90 ft., we have had them as big as 150 feet.

Q. With regard to wooden ships you said that they were not suitable for ocean-going purposes. If they were fitted with auxiliary motors, would you accept them?

A. I do not think they would be an economical method of transport.

Q. What about small river boats?

A. I wouldn't have a river boat built of wood.

Q. In reply to Sir Arthur Froom, I think you said that you had no objection to Indians *quâ* Indians in any work.

A. I personally have no objection to an Indian as an Indian.

Q. We have been told that an Indian ship containing cargo has been classed as second class for the purpose of insurance, merely because it was Indian.

A. The question of classifying a steamer for insurance business does not depend on the management at all. It depends on the class

of the steamer. If I were doing the classifying, I would not classify a boat as second class because she was Indian managed.

Q. But that feeling is there. Is there not?

A. That feeling should not be there.

Q. You can remove it.

A. I want to dissipate that feeling.

Q. Sir Arthur Froom asked you whether you were in favour of a surcharge of 8 annas a ton. Do you object to that on the ground that it should not be discriminating? It is a tax levied from all, Indians, Britishers, everybody, for the purpose of extra revenue.

A. That would depend on the needs of the country.

Q. What would be the increase, would it be very heavy to the small consumer?

A. If you have heard some of my Bombay friends discussing an increase of even 4 annas in freight, you would have some idea of the feeling which a suggested increase of 8 annas would have.

Q. In your reply to question 18, your Chamber say that they would not agree to the reservation of the Indian coasting trade for ships owned by any one section of the British Empire as against all other nations. What do you mean by that?

A. The Chamber's point is that they would exclude foreign companies who exclude British ships.

Q. Purely as an economic question, don't you think that the internal competition will keep down the freights if the Indian coastal trade is reserved for Indian ships?

A. The exclusion of the tonnage of any country from the coastal trade would have a tendency to raise freights all the way along. I do not think it is a good thing and it would only be justified if it were done in order to make a bargain with another country to admit British ships to their coast.

Q. Australia reserved her coastal trade. If Australia was making a good profit, why should she be deficient in tonnage?

A. The coastal trade of Australia, being confined to certain ships, has a tendency to raise the freight on the coast of Australia, but that does not mean that, because a profit is made by the Australian owners, a large number of companies would be started. It requires a huge capital to enter the shipping industry and you run very great risks.

Diwan Bahadur T. Rangachariar.—Q. As regards the fear of freight being increased if the coastal trade is reserved, I think that fear can be removed by legislation by fixing maximum and minimum rates.

A. Yes, it can be; but it would be an unusual legislation. It would be so unusual that it would be difficult to put into operation. There is no country in the world where legislation of such a sort has been attempted.

Q. Your Chamber's reply to question No. 1 is more or less the same as the reply of Messrs. Mackinnon and Mackenzie to the same question?

A. The opinion of Messrs. Mackinnon Mackenzie was communicated to the Chamber. The Chamber appointed a sub-committee which went through all the replies received and the sub-committee drafted the replies to the questionnaire on the basis of the replies received from individual members of the Chamber.

Q. Was the letter of Messrs. Mackinnon Mackenzie circulated to the other members?

A. No. Their letter was sent in to the Chamber in common with other letters from other members.

Sir John Biles.—Q. Is it not true that large ships can compete successfully with small ships on account of their size?

A. Generally speaking it has been proved by experience that it is more economical to run a ship of a certain size.

Q. You cannot build wooden ships of large size; is that not the reason why wooden ships have been driven from the field?

A. I suppose there must come a point beyond which wood is not a suitable material for building ships.

Q. If the large ship is more economical to run and if large ships cannot be built of wood

for structural reasons, then that is why wooden ships were driven out of the trade?

A. Undoubtedly.

Q. If any one wants to go to sea can he not go as an apprentice in a tramp?

A. Some tramps do take apprentices.

Q. If an Indian is so keen on going to sea and if there is no opening for him in this country, he can go to England and get the training in a tramp?

A. At present there are no Indians in tramps because they have expressed no desire to be trained to the sea.

Q. You think the boiler making industry will succeed in India?

A. It is rather difficult to express an opinion as to whether any particular industry can thrive or not. All I can say is that there is a fair field for a boiler industry in India.

Q. Will it succeed?

A. Provided it is run economically.

Sir Arthur Froom.—Q. Mr Rangachariar was asking you whether the letter of Messrs. Mackinnon Mackenzie was circulated to the other members of the Chamber. I take it that the letter of your firm was considered by the special committee of the Chamber along with other letters from other firms?

A. Yes.

Q. Because the views of the Chamber practically coincided with that of Messrs. Mackinnon Mackenzie they embodied the reply of the latter in their reply to the questionnaire?

A. Quite so.

President.—Thank you very much.

Witness No. 34.

Commander E. C. WITHERS, C.I.E., R.I.M., Port Officer, Chittagong.

Written statement, dated the 10th August 1923.

Q. 1. I consider that the Shipping Industry in India as a whole is at present in an unsatisfactory state.

Q. 2. (a). The Deferred Rebate System combined with Liners' Conferences as at present operating militates against local enterprise.

(b) In the small ventures which have come under my notice on the eastern side of India the owners are too eager to obtain quick and large profits.

(c) The owners prefer to obtain cheap and mediocre labour than to pay more for good officers and crews and refuse to spend money on their ships to keep them in an efficient state of repair.

(d) The prompt payment of crews' wages by owners is a secondary consideration.

(e) Owners have little or no idea of maintaining discipline on board their vessels and this lack of discipline is accentuated by the conditions stated in (c) and (d) with the result that irregularities occur which depreciate the turn over.

Q. 3. (a). Legislation whereby the Deferred Rebate System may be curtailed or eliminated in certain ports or runs, or

(b) The establishment by law of maxima and minima rates of freight for coastal traffic. This might also be affected by the establishment of a Committee of control who would

fix these rates from time to time according to the markets.

In this connection I am of opinion that every Dominion and Colony, including India, with sufficient maritime interests to warrant the adoption of such a course, should become self-supporting so far as its coastal shipping is concerned and, as this seems to be intimately connected with the shipping of the Empire, I attach certain suggestions (Appendix A) which I have made regarding the Deferred Rebate System cum Liners' Conferences, with a view to finding some basis for consideration whereby the bad points of this combination may be eliminated and the good features retained.

Q. 3. I do not consider that financial aid should be given by the State as a matter of principle but as a matter of expediency, if it is found that the establishment of a maximum and minimum freight rate is unworkable or that the operations of the Deferred Rebate System cannot be conveniently curtailed, then perhaps some form of State aid may be considered.

Q. 5. I do not consider that State aid is desirable but it might in certain eventualities, become necessary, *vide* 4. I am of opinion that in the initial stages State aid may take the form of a loan, subject to certain conditions, to approved registered companies. The extent of the loan to be based upon the amount of capital subscribed by the shareholders, such subscribed capital to reach a certain definite minimum before a State loan can be considered.

Further conditions of loan would be:—

- (a) Vessels to be of not less than 1,000 tons net and to be classed at Llyods and insured.
- (b) Officers to be British until such time as Indians have acquired the necessary qualifications.
- (c) Crews to be entirely British Indian.
- (d) Each vessel to carry Indian apprentices.
- (e) Any other conditions regarding trades on which to be employed, speed, etc., as may be deemed desirable.

Q. 6. *Vide* clause 3.

Q. 7. I do not favour navigation bounties in the initial stages, but consider that when shipowning with the aid of State loans has become popular and when Indian shipowners have acquired by experience and by following in the footsteps of those firms old in the trade, an efficient organisation, then the system of loans may be abolished and, if it is found necessary, which should not be the case, a system of navigation bounties might be considered.

If the necessary legislation or other means are adopted to minimise the effects of the Deferred Rebate System, the Indian shipping industry should, when once floated and maintained for a period of years on a sound basis, be in a position to take over the coastal trade of the Indian Empire.

Q. 8 to 17. I am not in favour of navigation bounties in the initial stages of the shipping industry, because I consider that such a system would be a drain upon the resources of the country out of all proportion to any benefit to trade which might be derived.

The Indian has yet to learn how to own and run ships on a sound commercial basis, and I do not consider that financial aid beyond the loans already recommended would be conducive to efficiency and progress.

Q. 18. Coasting trade for the present should be open to fair competition amongst all vessels flying British colours.

Q. 19. In the infancy of an Indian Mercantile Marine, such reservation would lead to hardship on the part of traders who rely upon regularity of shipment, and if carried out to any great extent would cause incalculable harm to trade.

Q. 20. *Vide* clauses 5 (d) and 19.

Q. 21. Vessels of from 1,000 to 1,500 tons net, with ample accommodation for deck passengers and modern cargo-working appliances.

Q. 44. Yes, a considerable number is desirous of following the sea in the capacity of officers in the Mercantile Marine but the majority wishes to forego the necessary training as apprentices in sea-going vessels to qualify themselves to become officers.

Q. 45. (a) Until a sufficient number of likely candidates comes forward who are willing to follow the accepted course of training it does not appear reasonable to ask Government to expend money on institutions or training establishments on leaving which the young men will refuse to be indentured as apprentices in sea-going vessels.

(b) No.

(c) Private enterprise.

Q. 46. I am of opinion that a course of preliminary training in an establishment on shore attached to which there should be a training brig, would be preferable to sending boys straight to sea. In this way some idea of discipline could be imparted which is an essential at sea, and little understood by the modern youth.

In this connection I was called upon for a note regarding the establishment of a Nautical

Collegè in Bengal, a copy of which is attached herewith as Appendix B.

Q. 47. In India, and it may be found expedient to resort to State aid for a period sufficiently long to enable the Institution to become self-supporting.

Q. 48. I see no advantage to be gained by sending cadets to England for training for so long as an Institution is established on modern lines in India and the Indian shipping industry is confined to coasting trade.

Q. 49. To begin with, one Institution should be sufficient assisted financially by the State until such time as it is able to support itself by the levy of fees, and/or by endowment by the Indian Shipping Industry.

Q. 50. A nautical college on shore with training brig attached.

Q. 51. I consider that the boys should serve their apprenticeship in steamers of the Mercantile Marine.

Q. 52. I understand that British shipowners are averse to accepting Indian apprentices but as the subject has not come before me I am not able to give any helpful ideas beyond expressing an opinion that the first thing to start is an Indian Shipping Industry. When this is accomplished there should be no difficulty in placing apprentices except for the caste question which seems to me will remain a difficulty in years to come.

Q. 53. Government should not be called upon to pay any portion of an apprentice's premium.

Q. 54 and 55. I recommend that after leaving the Nautical College the cadets should serve their apprenticeship in vessels of the Indian Mercantile Marine.

Q. 56. Boys entering the Nautical College should be matriculates and the curriculum of study at the college should be similar to that in such institutions in England.

As an apprentice he should learn to put into practice those things which he has learnt more or less in theory at the College and qualify himself to pass the Board of Trade examination for Mates and Masters.

Q. 57. Yes, and would suggest that they might be run in connection with existing Government Colleges.

Q. 58. Bombay and Calcutta, one at each port and may be attached to one of the colleges there. This Department should be assisted financially by Government until such time as it may become self-supporting by fees or by endowment by the Indian Shipping Industry or both.

Q. 64. Until a training ship is attached to the Royal Indian Marine I would suggest that selected candidates may be sent to England for training as in the case of certain candidates for the Indian Army.

I would not be in agreement with any proposal to establish a combined training ship for the Royal Indian Marine and Indian Mercantile Marine as I consider that candidates for service under the Crown should be carefully selected and suitable to hold the King's Commission and especially in view of the possibility that the revival of an Indian Navy may be an event of the near future.

Q. 65. Yes, Government may negotiate with engineering firms in England with a view to arranging for a requisite number of selected candidates for Commissions in the Engineering branch of the Royal Indian Marine to serve their apprenticeship.

Q. 66. I accept the principle but I am of opinion that long-distance mail contracts, so far as ships are concerned, will cease to exist in the not distant future, and that such services will be carried out by air.

Q. 67. In the immediate future I consider that a general speeding-up of long-distance mail services should be insisted upon within the British Empire in order to facilitate Imperial trade thereby gradually eliminating foreign competition both in shipping and the supply of commodities in British markets throughout the Empire and strengthening the Imperial bond of unity.

Q. 68. Efficiency and unfailing regularity of sailings, etc., seem to be essential qualifications required of steamship companies competing for mail contracts and such may be given to that firm which, it is considered, best complies with these two desiderata for a period not exceeding two years, which may be renewed at the expiry of that term.

Q. 69. No useful suggestion presents itself.

Q. 70. I am not in a position to suggest financial ways and means.

APPENDIX (A).

Letter from Commander E. C. WITHERS, C.I.E., R.I.M., Port Officer, Chittagong, to The Secretary to the Government of Bengal, Marine Department, Calcutta, No. 392-P., dated Chittagong, the 31st July 1923.

With reference to letter No. 2352-Mne., dated the 10th July 1923, enclosing a copy of letter No. 3588, dated the 28th June 1923, from the Government of India, Department of Commerce, to the Secretary to the Govern-

ment of Bengal, Marine Department, regarding the recommendations of the Imperial Shipping Committee in respect of the Deferred Rebate System, I have the honour to state that the whole question of Liners' Conferences and Deferred Rebates is one in which I have been interested for some time and I have endeavoured to find a basis for the solution of the problems involved.

2. It seems clear from the "Recommendations of the Royal Commission on Shipping Rings" and the "Final Report of the Imperial Shipping Committee on the Deferred Rebate System" that while being in general agreement with the contention that some form of combination amongst shipowners is a necessity yet the dangers of such "conferences" combined with the present system of deferred rebates are equally clearly demonstrated tending to form, as they do, monopolies over which there is no control and which portend to become so powerful that shippers, no matter how well-organised in association, will be forced to accede to the shipowners' demands. In fact to quote the very important minority report of the Royal Commission, the signatories of which 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." The evil would appear, therefore, to exist in the combination of these two factors one of which is admitted to be a necessary concomitant of modern commerce, and the various solutions which have been sought as alternatives to the other, namely, the deferred rebate system, seem to indicate that it is tacitly admitted that that system is conducive to harmful results in Inter-Imperial trade.

3. With the end in view of abolishing the evils of this combination and retaining and expanding the good features, I have endeavoured to draw up a scheme whereby:—

- (a) The desiderata of the Liners' Conferences are retained without the danger of monopolies being formed to the detriment of Inter-Imperial trade and at the expense of the shippers; and
- (b) The necessity for a deferred rebate system no longer exists and at the same time securing regular, frequent and efficient services at moderate, equal and stable rates of freight.

4. In the absence of sufficient data I am unable to deal with extensive detail but submit my outlined suggestion in the hope that it may

serve a useful purpose as a basis for consideration in dealing with the vexed questions under deliberation.

Imperial Shipping Board.

In paragraph 64 of the Final Report of the Imperial Shipping Committee on the Deferred Rebate System allusion is made to a previous recommendation made by the Committee that an Imperial Shipping Board should be set up vested with certain powers of conciliation and arbitration. And further "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 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."

2. It is on the constitution and functions of such a permanent Board that the following scheme is based.

3. In paragraph 32 the report speaks of the necessity for efficient organisation in the distribution of the world's trade and the "liner service requires fleets of ships operating in unison and consequently large capital resources and a carefully perfected central administration."

4. Such organisation and administration exist in the Liners' Conferences for the various trades served by their members, and as each trade requires a more or less distinct organisation and separate treatment, this must entail an enormous amount of specialised clerical labour which, in the ordinary course of shipowning, would not exist and the expense of such an establishment would not have to be considered.

5. It is proposed to place all these highly trained staffs under the single administration and control of an Imperial Shipping Board with headquarters in London. Those firms forming the Conferences would thereby be relieved of the cost of maintaining these staffs but, as hereafter explained would still retain the benefit of their knowledge and experience.

6. As the Report of the Imperial Shipping Committee on the Functions and Constitution of a Permanent Imperial Body for Shipping Questions is not available for reference, it is proposed that the composition of the Imperial Shipping Board should be such as to include representatives of all Governments in the British

Empire with large maritime interests and representatives of shipping and commerce.

7. The Imperial Shipping Board would deal with all matters requiring conciliation or arbitration in Inter-Imperial trading and shipping and would form a Court of Appeal in cases arising out of disputes in coastal trading and shipping which would first be dealt with by the local and subsidiary Boards which, it is proposed, should be set up and explained hereinafter, and all questions dealing with the fixing of freight rates, classification of ships, group and inter-group trading which are described under their respective heads.

8. On representations being made by the subsidiary Boards and shipping companies, all questions dealing with the development and equipment of overseas ports commensurate with the requirements of modern shipping and trade conditions would be the subject of negotiations between the Imperial Shipping Board and the Governments concerned.

9. It is proposed that in each Dominion or Colony including India, with sufficient maritime interests to warrant the adoption of such a course, a local Shipping Board should be set up subsidiary to the parent body in London. The functions of these Boards would be similar to those of the Imperial Shipping Board but confined to the coastal trade of that country in so far as conciliation and arbitration are concerned and they would be in constant touch with local commerce and its requirements and keep the home Board posted as to group tonnage necessary to meet those requirements and the movements of group shipping in the area under their control. These Boards would be analogous with the Traders Associations mentioned in paragraph 53, *et seq.* of the Final Report of the Imperial Shipping Committee on the Deferred Rebate System and their composition would be such as to include representatives of the Local Government, shipping and trading interests.

10. It might be found expedient to place one such subsidiary Board in control of an outlying area covering important centres in different colonies where it may not be considered justifiable to unnecessarily multiply the number of such Boards on the grounds that the maritime interests of each are intimately connected such as, for instance, the Malay Archipelago, Hongkong and the Far East.

11. Agreements would be drawn up between local shippers in every part of the Empire and their Shipping Board whereby the former contract to ship in none but British ships in return for which the latter would arrange, through the Imperial Shipping Board, for the main-

tenance of regular, frequent and efficient services at moderate, equal and stable rates of freight to large and small shippers alike and cargoes would not be shipped on owners' account. At the outset this would apply to those services now covered by the Conferences and later, as the organisation became more perfected, to all trades, whether shipping to British or foreign ports.

12. In this manner the necessary "tie" mentioned in paragraph 40 of the Report would be effected but would be unattended by the bad features of the Deferred Rebates, Contract and Running Agreement Systems, and the Conferences would "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." The only competition of this description which would be met with under the proposed scheme would be that of foreigners, when the whole weight of this powerful organisation would be brought into operation.

13. Such a "tie" would be Imperial in nature forming a commercial bond between all Governments of the Empire for the stimulation of British shipping and trade and the improvement and development of the sea communications between the different parts of the Empire.

14. The development of air mail services will greatly facilitate communication between the subsidiary Boards and the Imperial Shipping Board and reports regarding trade conditions and demands for tonnage in all parts of the Empire would reach headquarters in ample time to carry out the necessary programme, in communication with the shipowners concerned. It may be pointed out in this connection that an economy of tonnage would be thereby effected which could not otherwise have been obtained.

Group System.

15. The main long-distance Inter-Imperial trade routes are at present served by the large shipping firms of the Empire who have built up the trade and borne the burden of adversities which have from time to time been experienced, as well as having reaped the benefit of good years. It is only just, therefore, that they should continue to operate in their chosen spheres of action, whether in one or more parts of the Empire.

16. It is proposed that Inter-Imperial sea communications should be grouped in a manner analogous to the present Conferences but subject only to a very limited control by the Imperial Shipping Board. Such control would

only apply to the prevention of the formation of monopolies to the detriment of shippers, merchants and small owners and the establishment of moderate but fair rates of freight (q. v.).

17. The following outline of "Main groups" will serve to illustrate the system which is advocated, namely:—

United Kingdom and Australia.
 United Kingdom and India.
 United Kingdom and South Africa.
 United Kingdom and South America and West Indies.
 United Kingdom and Far East.
 United Kingdom and United States and Canada.
 Pacific Groups.

On each of these trade routes is established one or more large lines of steamships which form the backbone of the transport in that particular sphere.

It is proposed that the working of each group should proceed along the lines at present followed by such firms, whether they are members of Conferences or not, who have built up the trade and have provided ships suitable for it.

18. A further system of grouping would then be taken up which might be called "Secondary Groups," such as,

Mediterranean and New York,
 India and Africa,
 Australia and America,
 India and Australia,
 India and Far East,

and thirdly, the organisation of that part of the overseas traffic consisting of Inter-Dominion, Dominion and Foreign, Inter-Group and all that is now an established trade but cannot be said to fall within the category of "Secondary Groups" and which may be called "Auxiliary Groups."

19. On both the "Secondary Groups" and "Auxiliary Groups," steamship lines are already established and it is not proposed that they should be disturbed in their operations, but that they should form the basis on which the existing organisation may be developed and expanded in order to stimulate trade and increase facilities.

20. Having divided the Empire's trading routes into "Main Groups," "Secondary Groups" and "Auxiliary Groups," it will still be found that British ships are employed in various spasmodic trades which cannot conveniently be classified under any of these categories, such as the business now carried

out by tramp steamers in all parts of the world and which may be termed the "Tramp Group."

21. On the completion of the division into four groups, the question of the requirements of each group will be considered with a view to providing the necessary tonnage.

For the "Main" and "Secondary" groups the problem will not present great difficulty as the Conferences are already operating and the main considerations will be confined to whether the trades can carry more or less ships, whether all ships are suited to the trades in which they are employed, and foreign competition and how to deal with it.

22. In the "Auxiliary" and "Tramp" groups the difficulties become more pronounced owing to the large number of small firms who employ ships in these trades.

Such a condition of affairs, if continued would lead to an enormous amount of clerical labour and perhaps, through oversight, injustice to owners in the allotment of ships for certain business, by the Imperial Shipping Board.

In order to overcome this difficulty to a large extent, it is suggested that owners should be asked to negotiate with one another with a view to amalgamation. Such a proposition would not in any way affect those subsidiary branches of the great shipping companies already employed in this class of trade, as cutting of freight rates between British ships will be entirely eliminated, except in dealing with foreigners, which is explained hereinafter.

Amalgamation such as that suggested is not essential, but under this scheme it would appear to be beneficial to all concerned including shippers and merchants.

It may be found that trades in one of the larger groups can carry more ships, and in this case small owners of suitable ships might be induced to amalgamate with one of the larger firms already engaged in that trade.

The modern tramp, and there is a large number afloat, is not the type of vessel which the name implies in the generally accepted sense of the term. These vessels are fitted with modern equipment and have a turn of speed not found in the older type of vessel and they are run on up-to-date business lines, and in the "Tramp Group" there would be found an ever increasing business, if properly organised, not the least of which would be competing for trade with foreigners outside the Inter-Imperial Groups, and the carriage of British goods into foreign spheres in all parts of the world.

23. Reference may be made here to coastal traffic. It is recommended that each Govern-

ment of the Empire with sufficiently important maritime interests to justify the adoption of such a course, should take steps to encourage a coastal shipping industry through the Subsidiary Shipping Board which would be set up, and endeavours made to make that Dominion or Colony self-supporting in this respect.

Such an industry is already operating in some of the Dominions, but in India it is practically non-existent and one of the main reasons for this is the operation of the Deferred Rebate System combined with Liners' Conferences which make it practically impossible for ventures in this direction to attain any measures of success, in fact, the difficulties arising out of this cause are so great that schemes for building up a coastal shipping industry put forward by the people of the country are doomed to failure even in their conception, and an agitation has been set on foot to induce the Legislative Assembly to pass a Bill declaring the Deferred Rebate System illegal. In this connection, however, there are other reasons which also militate against any speedy establishment of an Indian Mercantile Marine which it would be out of place to discuss here, and so, for some years to come, the main coastal trade of India will have to be carried out, as it is at present by a subsidiary branch of one of the great steamship companies who have built ships specially suited for the purpose. In the course of time when Indians have learnt the art and science of shipowning, it is hoped that India may take her part in providing for the coastal trade of that vast maritime Empire.

24. Before closing this section it would appear relevant to allude to the subject of penalties which, it is suggested, should be in the power of the local Shipping Boards to inflict, subject to the sanction of the Imperial Shipping Board who will decide the case on its merits. In paragraph 40 of the Report of the Imperial Shipping Committee on the Deferred Rebate System it is stated that "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 it appears equitable that if either the shipowner or the shipper fails to keep to the schedule laid down he should be penalised, and the penalties so to be inflicted should be clearly stated in the agreements drawn up between shippers and their Shipping Boards, *vide* paragraph 11.

Classification of Ships.

25. On page 43 of the Report commencing in the last line it is stated: "The enormously

greater capital value of the high class liners 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."

This statement clearly demonstrates the fact that high class liners should be able to command a better freight than the less efficiently equipped ship, and with this consideration in view it is suggested that the Imperial Shipping Board should undertake the classification of all vessels of the British Shipping industry according to their capacity as freight earning units.

26. The classification would fall under two heads, Efficiency and Speed. It might be found necessary to include a third, namely, Tonnage, but for the purposes of this note the first two only are dealt with. It is suggested that Efficiency should be divided into four classes, A, B, C and D, according to a certain basis of equipment which would be decided upon by the Imperial Shipping Board, such as Modern, Good, Moderate and Indifferent according to each vessel's age, cargo lifting appliances, etc.

27. Each vessel's speed would be dealt with in a similar manner and classed as A, B, C and D as follows:—

Class A, say 15 knots and over.

Class B, say 12½ to 15 knots.

Class C, say 10 to 12½ knots.

Class D, say under 10 knots.

28. If classification is carried out on these lines, it is clear that a modern vessel of 15 knots speed is classed as A under both Efficiency and Speed as a freight earning unit, but in the course of time she would be reclassified and her capacity as such a unit would decrease and, although her speed might still meet the requirements of Class A, her efficiency would drop to Class B.

29. There are certain classes of ships which it would be difficult to place in this classification engaged on particular trades, such as Frozen Meat Ships and Tankers; these vessels might form a class by themselves and be classified according to their capacity as such.

30. The ocean mail and passenger steamships would fall within the scope of the above classification without loss, *vide* page 40 of the Report under paragraph "Rough Cargo" in which Sir Percy Bates is reported to state in evidence as follows:—

"Further at Bombay there were regular fixed passenger and mail sailings to United Kingdom and E rope and such vessels were frequently carriers at rates cheaper than the

world basis and they affected the general Bombay freight market."

31. In connection with the passengers services of the Empire it may not be out of place to suggest that the Imperial Shipping Board should investigate the rates charged by the great companies, as in this case the passenger is in an analogous position to the small shipper, who has to pay the freight imposed upon him by a shipping monopoly, but with the disadvantage that he receives no deferred rebate. It is thought that passenger rates to some parts of the world are inordinately high and will not bear comparison with rates in other parts, or to put it frankly, on certain routes the shipping companies have formed monopolies in the passenger traffic to the detriment of the public who, *force majeure*, have to travel by their ships or take advantage of lower rates offered by foreign companies which is deplorable. There should be no room for foreign passenger ships on the Inter-Imperial routes.

Ports.

32. Having dealt with the classification of ships in accordance with their capacity as freight earning units, it will be convenient here to give attention to the subject of Ports; their charges, administration and development, before turning to the important consideration of rates of freight because the charge for terminals is one which is closely connected therewith. Mr. Holt in evidence stated that in general terms the consideration of rates on the basis of their ratio to geographical distance was misleading as it neglected such important factors as the comparative cost of loading or discharging.

33. One of the functions of the Imperial Shipping Committee is "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."

34. The shipowners state that "the force of economic law can be relied upon to place on the list of Conference ports any additional port as soon as it can offer sufficient inducement."

35. Lord D'Abernon, Chairman of the Dominion Royal Commission, in an address to the London Chamber of Commerce on the subject of sea communications, advocated a bold and progressive policy of harbour construction for the accommodation of large ships.

In his address he pointed out that the pre-war facilities for commercial intercourse by sea were far below the best available standard, that there was little scientific anticipation of coming events, and still less was there preparation on a generous scale for future possibilities, whilst it seemed indeed, as if other nations had applied to the problem of harbour development a clearer vision of the future and a broader comprehension of progressive tendencies.

He proceeded to point out that this condition of affairs could hardly be altered scientifically so long as harbour development was left to isolated and independent action by individual harbour authorities, and that the responsibility for the development of harbours along great ocean routes must be dealt with by superior State authority, *acting independent of the immediate interest of individuals.*

The Royal Commission on the Port of London expressed a similar opinion and in their report commented on the difficulty of creating a port without State aid, and when discussing the great development made by the continental ports, principally owing to lavish expenditure on the part of the State, remarked as follows:—

"The power of undertaking large expenditure and of working for a long time at a loss with a view to compensation in a distant future is no doubt in the keen world competition, an advantage possessed by undertakings which have the force of Empire, States, or a great city behind them. If in some countries national and municipal resources are thus employed, it becomes most difficult for private enterprise elsewhere to hold its own against the intelligent, farsighted and formidable rivalry thus created."

36. The British Empire, the greatest maritime nation the world has ever seen, is notorious for the deplorable condition of her ports in general.

Latterly certain steps have been taken to remedy this serious defect and hindrance to modern trade, but an enormous amount of organisation, re-habilitation and development still remains to be undertaken in order to cope with modern and future requirements of Inter-Imperial communications by sea.

37. Shipowners, shippers and merchants are the directly interested parties who provide the income of ports and it is essential, therefore, that they should be in a position to make their influence felt in matters relating to the development and efficient maintenance of the ports of the Empire.

With this end in view it is suggested that the Imperial Shipping Board should have a standing sub-committee in charge of the Ports section, who would scrutinise the condition and develop-

ment of ports and before whom the subsidiary Boards would place any complaints received from shipowners, shippers and merchants regarding facilities at any port in their area.

In the absence of settlement or removal of the grievance by the Port Authority, the matter would be the subject of negotiations with the Government concerned.

38. At the present time owing to the diversity of conditions there can be no uniformity in the charge known as Terminals, and it would appear to be a desideratum for all Governments of the Empire to develop and maintain ports at a standard of efficiency which could be classified as first, second and third class ports with uniform charges in the various classes. It is feared that owing chiefly to the difference in the cost of labour in various parts such classified charges could not be made uniform throughout the Empire, but it does not appear that this difficulty should stand in the way of each Dominion or Colony.

39. One port charge, that for pilotage, would have to undergo exceptional treatment as it is perfectly obvious that such a charge cannot be the same for every port, although in ports similarly situated topographically it may be treated on a uniform basis.

For instance, the pilotage charges for Calcutta must obviously be more than those for Bombay but in Madras and Colombo, where conditions are practically equal, the charge should be made uniform.

40. In the classification of ports, facilities such as depth of water, docks (dry and wet), wharfs, jetties, sheds, piers, cranes, distance from sea, etc., would be given first consideration, in fact all appliances designed to give speedy and efficient despatch at all states of the tide, including railway communication with the interior and area served.

41. Under the scheme to stabilize the rates of freight in this proposal it will be found that this charge for terminals is the only strictly variable factor which has to be considered on a basis which is not uniform, and it is suggested that one of the first duties of the Imperial Shipping Board would be to negotiate with the various Governments of Empire with a view to exhaustive enquiries being made into the control and administration of their ports, their bases of charges and cost of maintenance and, until such time as ports are sufficiently developed to admit of classification, whether some interim form of uniform and stable rates might be adopted.

Rates of Freight.

42. In paragraph 29 of the Report it is stated :
"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 (Imperial Shipping Committee) find ourselves in entire agreement," and again in paragraph 25 the Imperial Shipping Committee finds—"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." From page 42 of the Report under section (2) "The advantages derived from the system" the following is quoted : "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 owners' account. *It was admitted, however, that these advantages were not the subject of any explicit undertaking.*"

The majority report of the Royal Commission on Shipping Rings finds that "the monopoly possessed by shipping conferences . . . confers on them powers with regard to the charging of rates which at certain times and in certain trades may exceed the power which they necessarily require over the shipper to enable them to maintain an organised service."

In the evidence placed before the Royal Commission on Shipping Rings and the Imperial Shipping Committee and the recommendations made by those bodies based thereon, two points are clear, namely :—

- (a) The necessity for stability in freight rates, and
- (b) The power of the Conferences is that of a monopoly over which there is no control and which can fix the rates of freight from time to time to further its own prosperity. In this connection Sir David Barbour put in a 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.

43. In the main the shipowners declare that any legislation directed against them would be class legislation and a gross injustice, and the shippers view the growth of the monopoly in the shipping world with apprehension and both would welcome the formation of associations through which collective bargaining and negotiation could be carried out, but evidence was recorded on behalf of the shippers to the effect that even though the merchant's associations might become much more powerful than

they are it was not considered that they could be effective to secure the desired remedies.

44. In an endeavour, therefore, to solve the problem of stability of rates some middle course must be sought whereby control will be exercised only in a very limited degree and in a manner which, while on the one hand maintaining the necessary encouragement for ship-owners to continue to supply modern ships for the trade of the Empire and on the other hand assisting shippers and merchants out of their difficulties experienced in the deferred rebate system and by fluctuations in the rates of freight yet will be found least repugnant to all parties.

45. Mr. Holt states that in general terms the consideration of rates on the basis of their ratio to geographical distance is misleading. It neglects such important factors as the comparative cost of loading or discharging and cost of coal. Many other important factors also enter into the consideration of these rates, but it is contended that the basic principle of all carriage rating whether it be by train, road or canal is weight and distance, and it is proposed to demonstrate how this principle may be utilised as a basis on which to calculate rates of freight for sea transport and how the other essential considerations in dealing with this class of traffic may be brought into the calculation.

46. Under the heading "Classification of Ships" (paragraph 25, *et seq.*) it has been shown how it is proposed to classify all British vessels according to efficiency and speed with a view to calculating their capacity as freight earners and under the heading "Ports" (paragraph 32 *et seq.*) the charges for Terminals have been discussed. Reference may kindly be made to these sections as it is now proposed to demonstrate a system of fixing the freight rates which may be called for convenience the "MERSCT" system, where—

M=Mileage
 †=Efficiency.
 R=Regularity.
 S=Speed.
 C=Commodity.
 T=Terminals.

47. *M. Mileage* seems to require little or no explanation as it appears to be a fundamental basis on which to calculate freight rates. The longer the voyage the greater the facility given and the greater the expense incurred. For these calculations, which are purely illustrative a basis of 1 ton per 200 miles is used.

48. *E. Efficiency*.—This has been explained in paragraph 26 and ships classed as A. B. C. and D according to their degree of efficiency.

For the purpose of examples in calculating the rate of freight for vessels let it be assumed that:—

Ships of E. A. class should receive $+\frac{3}{8}$ M.
 Ships of E. B. class should receive $+\frac{1}{4}$ M.
 Ships of E. C. class should receive $+\frac{1}{8}$ M.
 Ships of E. D. class should receive *nil* under this head.

49. *R. Regularity*.—This, it is suggested, should be considered a constant and is designed to give the regular liners the advantage to which they are entitled over spasmodic traders. This constant may be assumed to be $+\frac{1}{4}$ M.

50. *S. Speed*.—In paragraph 27, vessels have been divided into A. B. C. and D. classes according to their speed, another important factor in determining the rates of freight permissible to ships, and it is assumed that:—

S. A. class ships should receive $+\frac{3}{8}$ M.
 S. B. class ships should receive $+\frac{1}{4}$ M.
 S. C. class ships should receive $+\frac{1}{8}$ M.
 S. D. class ships should receive *nil* under this head.

51. *C. Commodity*.—An important consideration in fixing rates of freight is the class of goods carried. In dealing with this question it is suggested that commodities should be classed and tabulated and that those in the first class or comprising fine cargoes should be entitled to, say, $+\frac{1}{4}$ M, and those in a medium class to $+\frac{1}{8}$ M, and other cargoes to no special consideration regarding the payment of extra freight.

52. So far the first five factors have been dealt with and calculations may be made for a 12,000 mile voyage with a basic mileage charge of, say, 4*d.* per 200 miles.

A regular and modern liner in class A for Efficiency and Speed would earn the following rate of freight, on an A class cargo, namely:—

$$\begin{aligned} & M + EA + R + SA + CA. \\ & = M + \frac{3}{8}M + \frac{1}{4}M + \frac{3}{8}M + \frac{1}{4}M. \\ & = 4 + 1\frac{1}{2} + 1 + 1\frac{1}{2} + 1. \\ & = 9d. \text{ per ton per } \text{£}00 \text{ miles.} \\ & = 45s. \text{ per ton for the voyage exclusive} \\ & \text{of terminals.} \end{aligned}$$

A vessel in class C for Efficiency and class B for Speed and not employed on a regular run would receive for a class B cargo:—

$$\begin{aligned} & M + EC + SB + CB. \\ & = M + \frac{1}{8}M + \frac{1}{4}M + \frac{1}{8}M. \\ & = 4d. + \frac{1}{2}d. + 1d. + \frac{1}{2}d. = 6d. \text{ per ton per} \\ & \text{200 miles.} \\ & = 30s.-0d. \text{ per} \\ & \text{ton for the} \\ & \text{voyage ex-} \\ & \text{clusive of} \\ & \text{terminals.} \end{aligned}$$

A vessel in class D for Efficiency and class D for Speed and not employed on a regular run would receive, on a rough cargo, the minimum, namely,

$$\begin{aligned} & M + ED + SD + CC \\ & = 4 + 0 + 0 + 0 \\ & = 4d. \text{ per ton per 200 miles.} \\ & = 20s. \text{ per ton for the voyage exclusive of} \\ & \text{terminals.} \end{aligned}$$

Further examples are as follow, namely :—

$$\begin{aligned} & M + EB + R + SA + CA \\ & = 4 + 1 + 1 + 1\frac{1}{2} + 1 = 8\frac{1}{2}d. = 42s. 6d. \\ & \text{per ton.} \end{aligned}$$

$$\begin{aligned} & M + EB + R + SB + CA \\ & = 4 + 1 + 1 + 1 + 1 = 8d. = 40s. \text{ per ton,} \end{aligned}$$

$$\begin{aligned} & M + EB + R + SB + CB \\ & = 4 + 1 + 1 + 1 + \frac{1}{2} = 7\frac{1}{2}d. = 37s. 6d. \\ & \text{per ton.} \end{aligned}$$

$$\begin{aligned} & M + EC + R + SB + CB \\ & = 4 + \frac{1}{2} + 1 + 1 + \frac{1}{2} = 7d. = 35s. \text{ per ton.} \end{aligned}$$

$$\begin{aligned} & M + EC + R + SC + CB \\ & = 4 + \frac{1}{2} + 1 + \frac{1}{2} + \frac{1}{2} = 6\frac{1}{2}d. = 32s. 6d. \\ & \text{per ton.} \end{aligned}$$

$$\begin{aligned} & M + ED + R + SC + CB \\ & = 4 + 0 + 1 + \frac{1}{2} + \frac{1}{2} = 6d. = 30s. \text{ per ton.} \end{aligned}$$

$$\begin{aligned} & M + ED + R + SD + CB \\ & = 4 + 0 + 1 + 0 + \frac{1}{2} = 5\frac{1}{2}d. = 27s. 6d. \\ & \text{per ton.} \end{aligned}$$

$$\begin{aligned} & M + EC + SD + CB \\ & = 4 + \frac{1}{2} + 0 + \frac{1}{2} = 5d. = 25s. \text{ per ton.} \end{aligned}$$

$$\begin{aligned} & M + EC + SD + CC \\ & = 4 + \frac{1}{2} + 0 + 0 = 4\frac{1}{2}d. = 22s. 6d. \text{ per ton.} \end{aligned}$$

53. *T. Terminals.*—The foregoing examples illustrate the suggested method of calculating rates of freight on a stable basis but giving advantages to the classes of ships and goods which are entitled to consideration. The sixth factor to be dealt with, namely Terminals, must remain unstable until Ports can be classified and a certain measure of uniformity in charges can be adopted and tabulated.

It is suggested that dues, such as are levied in the Suez and Panama Canals should be included in "Terminals" and that shipowners and shippers should bear the cost of all "Terminals" in a proportion which would be decided upon by the Imperial Shipping Board in conference with all parties.

54. It is obvious that if the rates of freight are based on some method such as that described, if no other factors enter into the calculation, the wholesale rates of commodities will vary according to the class of ship in which they are carried. A factor which would have the effect of partially eliminating such fluctuations in this direction would be that of insurance, which is paid according to the class of ship and

commodity and would be in inverse ratio to that of freights in this scheme. Insurance rates on goods carried in a C class ship are more than those lifted in an A class ship and it is suggested that when determining the proportion of M or class E. B., E. C., and E. D., the difference in each class should approximate the difference in insurance rates, thus obtaining an equality of rates for the consumer.

55. It is suggested that the Imperial Shipping Board should have the power to place a surcharge on freight rates on particular groups or all groups in order to meet emergencies, such as war risks, great coal strikes, or other general disturbances, affecting shipping and causing exceptional expense to shipowners.

56. In concluding this section, it is suggested that the Imperial Shipping Board should confer with leading shipowners, and shippers from all parts of the Empire with a view to arriving at a decision as to what would be a fair basis or mileage rate in order to maintain an efficient and regular service. To pay a reasonable dividend to shareholders and to assure a continuous forward development.

Advantages claimed.

57. (i) Regularity and efficiency of service, stability of freights and equality of treatment together with abstention from shipment on owner's account, *vide* paragraphs 23 to 29 of the report.

(ii) The attainment of the desiderata laid down by the Imperial War Conference, 1918, namely, "to maintain satisfactorily the connections, and at the same time encourage commercial and industrial relations, between the different countries of the Empire."

(iii) The increased facilities would produce an increase of trade with beneficial results to the whole Empire and the redemption of the vast war debt would be brought nearer accomplishment with the concomitant relief in the burden of taxation.

(iv) Economy in tonnage.

(v) Subsidised foreign competitors would be met by a powerful and overwhelming organisation in British trades.

(vi) Shipowners would be encouraged to have ships built on modern lines and maintained efficiently in order to be in a position to command the highest rates of freight.

(vii) Price of commodities to be consumed would decrease.

(viii) The advantages of such an organisation in the event of an outbreak of war would

APPENDIX (B).

be incalculable. At a moment's notice, the Admiralty could be placed in possession of certain vital information regarding the Empire's Merchant Fleet, such as, position of ships, whence and where bound, cargoes or part cargoes and their nature, position of ships in ballast, and those available for any specific purposes such as transport of troops or war stores in any part of the Empire and other information of great moment to those responsible for the protection of the inter-Imperial sea communications.

(ix) Modern conditions of commerce and sea transport demand modern methods of administration and it is claimed that an organisation, such as the Imperial Shipping Board, meets these requirements and is capable of further expansion and development as need arises in the future.

Conclusion.

58. In the foregoing scheme it has been endeavoured to steer a middle course between the evils of the Conferences-cum-Deferred Rebate System which is a form of monopoly repugnant to shippers and merchants, and hard and fast legislation against Liner's Conferences which is repugnant to the shipowner.

59. In order to accomplish this it has been found impossible to avoid suggesting a very limited form of control regarding the fixing of rates of freight and the method recommended is one which, it is felt, may commend itself for consideration to the majority of those concerned. That some shipowners will find it distasteful is a *sine qua non* and their opposition will be in the same ratio as their profits are effected, the monopolists being to the fore.

If one or two of the leading owners would give such a scheme their earnest consideration and assistance by offering criticisms in a spirit of compromise there is little doubt that the remainder would fall into line and some method of stabilising and equalising freight rates to the benefit of all concerned, could be evolved.

60. As time goes on it is felt that the British Empire will stand more and more alone and it is the duty of all great industries and specially those dealing with communications and commercial intercourse between the countries of the Empire to consolidate their position under their various Governments with a view to bringing about a closer understanding and more co-ordinated action to defeat foreign competition and enable the Empire to become entirely self-contained and self-supporting.

With reference to your note regarding a scheme for the nautical education and training of sons of Indian gentlemen with a view to their taking up the sea as a profession, and the better facilities to be offered to Serangs and Malums, I should like to remark that this subject has always been one of great interest to me, and I am convinced that it opens up great possibilities for the future.

My own observations have been confined exclusively to those of the Muhammadan Faith, and I regret to say that I have had no opportunity of studying the conditions which exist amongst Hindus. What small knowledge I have gained, however, in this respect seems to indicate certain religious obstacles with regard to following a seafaring career by certain desirable classes of Hindus, that is to say, by the type of young gentleman it would be necessary to obtain for the post of Officer and eventually Master in the Mercantile Marine.

Whether these difficulties can be overcome may be judged by competent authorities and, having made reference to them, it only remains for me to give a rough outline of a scheme for training young men for the sea.

1. According to Board of Trade Regulations, to obtain a Second Mate's certificate of competency, a lad must have served four complete years at sea and have attained the age of 18 years.

This regulation is modified in the case of training received in certain training-ships and colleges, a period of two years in which is allowed to count as one year at sea provided that the necessary certificates are obtained by the boy on leaving, giving a balance of three years to be served in a sea-going ship. By sea-going ship in this case is meant a ship engaged in foreign trade as distinct from coasting trade.

2. As far as college and ship training is concerned little difficulty should be experienced, and for eastern India I would recommend Chittagong as the venue. In my opinion this port is admirably adapted for the purpose and better than Calcutta on account of its easy access to the sea, also a better environment is obtainable for training lads than would be the case in a large city.

3. I propose that a suitable building should be erected on a convenient site close to the river to serve as a residential college for the cadets and that a brig should be purchased and converted into a sea-going training-ship which would act as a tender to the college.

4. The Instructional Staff of the college would be composed of a sufficient number of graduates who would instruct the cadets in the following subjects :—

1.—*English.*

- (a) History (and Indian).
- (b) Geography.
- (c) Composition.

2.—*Mathematics.*

- (a) Arithmetic.
- (b) Geometry.
- (c) Trigonometry.
- (d) Algebra.
- (e) Logarithms.

This staff should be supplemented by two or three experienced Marine Officers and Engineers who would take the following subjects :—

- 3. Navigation.
- 4. Nautical Astronomy.
- 5. Elementary Physics.
- 6. Elementary Applied Mechanics.
- 7. Naval Architecture.
- 8. Elementary Marine Engineering and Boiler Construction.
- 9. Marine Surveying.
- 10. Elementary Electrical Engineering.
- 11. Meteorology.

Officers might be lent, to start with, from the Royal Indian Marine for this purpose, Executive and Engineer Officers.

The President of the college would be the Port Officer who would be responsible for the internal economy and the carrying out of efficient instruction in college and brig.

As the college became more popular it would probably be found necessary to appoint a whole-time officer for this post, in which case the Royal Indian Marine might be asked to second an officer of Junior Commander's rank for a period of years, say three, who would be given residential quarters in or near the college.

5. I suggest that a suitable officer should be drawn from either the Royal Indian Marine or one of the Pilot Services to command the brig, and a younger officer to serve as Chief Officer.

Both in the brig and in the college there should be one officer whose duties will be entirely connected with the instruction of Seamanship, Rule of the Road at Sea. Winds and Currents and Tides. Signalling would also come into this curriculum. These officers should be drawn from either the Royal Indian Marine or the Pilot Services or selected with great care from the Mercantile Marine. The

Civil Surgeon, Chittagong, would be in medical charge of the college if a site be chosen which would be of easy access from the town, otherwise a medical officer would be attached to the college.

6. In the college a routine would be laid down and strictly adhered to regarding study and recreation for the latter of which good grounds should be prepared on the premises and a gymnastic and games instructor placed in charge. It must be borne in mind and cannot be impressed too deeply that a seafaring life, though not so strenuous as in days gone by, still makes a strong call on physical stamina and lads should be prepared for this by being given good food, healthy training and outdoor sports, and by being subjected to strict discipline.

7. After completing their two year's college and brig training and having obtained the necessary passing-out certificates they would then enter upon their sea career proper, as cadets on ocean-going vessels.

In passing, I would remark that the Board of Trade would have to be approached regarding the extension of the privilege of allowing two years in an officially recognised training establishment to count as one year at sea, to the proposed college at Chittagong.

Various steamship companies of the better class should be approached and asked to take these lads as cadets on their vessels, preferably those which invariably make at least one Indian port a part of call on every voyage. I think this would be better than placing the boys on, say, the British India coasting steamers, as they would see more of the world, experience a greater variety of weather conditions and come in contact with a larger assortment of ships of every type and the different methods of handling them, both at sea and in port.

8. On the expiration of their apprenticeship or cadetship and having obtained good testimonials as to their conduct and professional ability, they would sit for their Second Mate's certificate at an Indian port where these examinations are held. In due course, after having served the necessary time at sea in charge of a watch, they would appear for their Mate's and Master's certificate.

9. The age of entrance into the college should be not more than 17 and not less than 16 years of age and all candidates should be Matriculates.

10. The college, which should be a purely residential establishment, no day-boys being admitted, would be a Government institution and should be inspected periodically by responsible Ministers. The fees paid would include board, lodging and instruction and the amount

would be determined according to circumstances.

11. I am strongly of opinion that this college should be entirely and absolutely separate from any establishment for the training and better education of Serangs and Malums. It must be remembered that these boys will be of an entirely different class to the men who require coaching for the Serang's and Second and First Class Master's certificate. These men are from the lower classes and could not on any account be mixed with the boys.

12. The vicinity of Juldia Signal Station would, I think, be eminently suitable for the site of the college for the following reasons:—

- (a) Proximity to the sea.
- (b) Healthy.

- (c) Some distance from the town.
- (d) Plenty of land suitable for playing fields.
- (e) Sea bathing.
- (f) Good anchorage for the brig.
- (g) Good water for boating.
- (h) The Signal Station and Tidal Semaphore would supply an additional sea-touch and all shipping entering and leaving the port would come under the observation of the cadets.

Sd.) E. C. WITHERS,

Commander, R. I. M.,
Port Officer, Chittagong.

Oral evidence, Calcutta, the 20th December 1923.

President.—We are here seeking for information so as to advise the Government of India as to the best way of starting an Indian mercantile marine. If we ask you any question which you consider objectionable, please say so. Before proceeding further, I should like on my own behalf and on behalf of every one of the members of the committee to thank you for the great trouble you have taken in answering the questions. Yours is the most complete answer, we have at present received.

Q. You are generally against State aid if it can be avoided?

A. Yes.

Q. What do you think of the deferred rebate system?

A. I consider the deferred rebate system *cum* Liners' conference is bound to curtail private enterprise.

Q. It is bound to crush any new companies that may be started?

A. Yes.

Q. Do you suggest any scheme in its place?

A. I have given a scheme in the Appendix which I hope will form the basis for consideration.

Q. You are against State aid as a matter of principle but in case of expediency you will be prepared to give State aid?

A. Yes; in the form of loans.

Q. There is no shortage of seamen. Only two classes have to be started, one is the officer class and the other is the management class?

A. Yes.

Q. As far as state aid is concerned, you are in favour of giving them an opportunity to get themselves trained in seafaring?

A. Yes; to the class that is likely to become officers.

Q. You prefer a nautical college to a training ship?

A. I prefer a nautical college with a brig attached to it.

Q. One witness suggested that a couple of hundred boys should be sent on a voyage round the world for a period of two years so that they might acquire a knowledge of the world and at the end of the period those who wished to stick to seafaring life might be taken for training. This voyage was intended to instil the sea spirit into the boys. How do you like this suggestion?

A. I think it will be a good plan if the idea is to go beyond coastal traffic. But if the Indian shipping industry is to be confined to coastal traffic, then I do not think such a voyage will be necessary.

Q. I do not think Indian shipping is intended to be confined to coastal traffic?

A. If it is to be world-wide, then a scheme such as the one mentioned by you may be adopted.

Q. You are not in favour of reserving the coastal trade to Indian ships?

A. I am not in favour of reservation. I am in favour of open competition.

Q. Have any Indian gentlemen talked to you of their desire to send their sons to the marine service?

A. About 4 or 5 Indian gentlemen have talked to me about their desire to send their children to the marine service.

Q. To expose Indian boys of tender age to the rigors of English winter will be almost as

bad as sending English boys to the tropical climate.

A. But the English boys sometimes do start as apprentices at the age of 14.

Q. What size of vessels do they build in Chittagong ?

A. They have not been building since I have been there. Shipbuilding has practically died out.

Q. Do you think it an economic proposition to revive wooden shipping industry ?

A. I do not think it would be.

Q. Taking your replies as a whole, I see you are generally in favour of the development of this mercantile marine if it can possibly be done ?

A. Yes.

Q. You say that prompt payment of wages to crews by owners of ships is a secondary consideration ? Have any cases come to your notice ?

A. Yes, they were small vessels owned privately. The wages were not paid promptly in these vessels.

Sir Arthur Froom.—Q. I understand that on a question of principle you are against State aid and all forms of navigation bounties ?

A. Yes.

Q. You object to the deferred rebate *cum* Liners' conference ?

A. Yes.

Q. Have you had any practical-experience of the deferred rebate system *cum* Liners' conference as a business man ?

A. As a business man I have had no experience. But certain points have come to my notice in Chittagong. There was one consignment of rice which was to be shipped to Madras and the local agent of the Clan Line was asked whether he could take it. He said he could take it, but he was not allowed to take the cargo by his conferrers in the shipping ring. The coastal trade was reserved for the B. I., and although no B. I. tonnage was available at that moment, no other line was allowed to take the consignment.

Q. For that reason you object to the whole system of deferred rebates ?

A. Not for that reason only. I have read the final report of the Imperial Shipping committee on the deferred rebates system. I was called upon to put up my views on this report and so I studied this question from the point of view of that report and the various other reports of shipping committees and conferences. I formed my views as a result of the study.

Q. In the report that you quote, they do not condemn the deferred rebate system as a whole ?

A. Taking the report as a whole, it is evident that the committee was of opinion that it was the deferred rebate system *cum* Liners' conference which was an evil.

Q. They have not described it as an "evil" ?

A. No, they have not.

Q. You suggest maximum and minimum rates of freight ?

A. Yes.

Q. Then there will have to be somebody controlling the maximum and minimum rates ?

A. Presumably.

Q. Do you advocate Government control in a mercantile marine ?

A. My opinion is that if an Indian mercantile marine is to be started, it must be started on a fair basis. It cannot at present compete with the deferred rebate system *cum* Liners' conference.

Q. History does not tell us that. I can give you innumerable instances where new companies were started and they entered into competition with the established lines and by virtue of their being well managed, they fought their way in ?

A. They fought their way into the conference and thus they lost their individuality.

Q. How can they run a separate line ?

A. If the new line puts up an opposition sufficiently great to encourage the conference to take it in.

Q. You must know that a conference is necessary to maintain regular trade ?

A. I agree with that. In my Appendix, I have recommended one big conference.

Q. In answer to question 3, you say : Every dominion and colony including India should become self-supporting so far as the coastal trade is concerned. Would you amplify this ?

A. I mean that the actual coastal trade should be run by that particular colony or the Indian Empire as much as possible. The inter-colonial and inter-imperial trade should be carried on by the big conferences from home.

Q. In other words, you support reservation of the coastal trade ?

A. No. I will not go so far as that. A particular colony or dominion may not be in a position to carry out the whole of the coastal trade by itself, in which case there must be help from outside.

Q. You are not against competition ?

A. No. I think competition is good for trade.

Q. I presume that if the coastal trade of this country is reserved, you are afraid that it will do away with healthy competition ?

A. It would be bad for trade generally.

Q. You know the coastal trade of Australia is reserved ?

A. Yes.

Q. You know that that is considered bad in many parts of Australia ?

A. Yes.

Q. You think that in the initial stages, an Indian mercantile marine must have State aid which may take the form of a loan ?

A. Yes.

Q. How will you secure that loan ?

A. According to the capital subscribed by the particular company to which the loan is to be granted.

Q. Supposing a company is not a success ?

A. That is a risk which Government has to face. It is a business risk.

Q. It is not a business risk. It is a risk that Government would be taking at the expense of the taxpayer ?

A. I believe the taxpayer will feel it less than a subsidy which is a continual drain on the resources of the State.

Q. Of the two, subsidy and loan you prefer loan ?

A. Yes, because the loan will be for a certain fixed sum and the subsidy for an unlimited sum.

Q. In reply to question 44, you say: A considerable number is desirous of following the sea in the capacity of officers in the mercantile marine but the majority wishes to forego the necessary training as apprentices in sea-going vessels to qualify themselves to become officers. Is it from your personal experience that you say this ?

A. This was the opinion expressed to me by two members of the Bengal Legislative council. It was in view of the conversations which I had with these gentlemen that I drew up the scheme for the training of Indian youths. Those Indian gentlemen were quite sure that as many as 200 would come forward.

Q. We had one witness who said that Indian youths would be coming forward in thousands. We do not wish to dispute the accuracy of that statement, but we should like to be assured about it.

A. I can't give you any assurance.

Q. One witness before us recently put forward a suggestion that Government should provide a ship to take a number of Indian youths of education and send them away on a cruise. They would continue to receive their education and some sort of instruction in the duties of a sailor beginning, of course, from the bottom, and starting with menial work. The suggestion was that this should be done as a sort of test to see whether the boys who come out at

the end of the period would wish to take to a sea-faring life. Would you agree with this suggestion ?

A. If they are taken on a world cruise, there is a possibility that they might look upon it as a joy ride and several youths might go to sea who had no intention whatever of following the sea.

Q. But at the same time they will have to work, do their lessons and continue their education just like, perhaps, the boys on the Conway or Worcester.

A. One of the main things is that they have got to learn strong and strict discipline.

President.—Q. The idea is that they should do the whole business of the ship, not necessarily the menial part of it; in fact they would learn the profession of the sea.

A. In that case I think it is a good idea.

Sir Arthur Froom.—Q. In reply to Q. 52 you say that British shipowners are averse to accepting Indian apprentices. What are your reasons for saying this ?

A. I understand that this is so. No instances have actually come to my notice, although I was given to understand about 18 months ago in Calcutta that British shipowners had been approached on the subject.

Q. Would you agree that it is understandable from the point of view of any shipowner that he cannot take a raw Indian boy to sea ?

A. I think it is understandable.

Q. One witness told us that before he could say whether a British shipowner would take an Indian apprentice, he would first like to see the lads, as none is forthcoming.

A. I think it would be difficult to obtain a sufficient number, especially if the Indian lads were of different castes.

President to witness.—I might just say for your information that all the Indian members of this Committee are at one that, if any Indian young gentlemen want to go to sea, all caste prejudices should be put aside. They would be prepared to go to sea exactly as the Europeans do.

Sir Arthur Froom.—Q. You end up your reply to Q. 67 by expressing a desire to see the strengthening of the Imperial bond of unity. Is that one of your reasons why you would not like any particular trade to be reserved to any particular Member of the Empire ?

A. Yes.

Q. You think that there should be equal opportunities for all British ships (I include Indians in the term 'British') trading ?

A. Yes, eventually it will include Indian owned ships.

Sir John Biles.—Q. Are you an Englishman or a Scotchman?

A. Neither.

E Q. You perhaps know that within recent centuries England and Scotland and within the last few weeks Ireland were prepared to exclude everything, each from the other country, and have no commercial relations.

A. Yes.

Q. Was not the removal of that kind of exclusion followed by very much better conditions?

A. Yes, and prosperity.

Q. You think that State aid should be given without the Deferred Rebate being curtailed or abolished; that is the logical conclusion from what you say.

A. State aid is necessary unless the Deferred Rebate is curtailed or abolished.

Q. Would you accept as an alternative what is proposed by so many people in this country, viz., that the Deferred Rebate system should be delegalized?

A. I look at it from rather a bigger point of view. It is only right that if the Deferred Rebate System is in force in every part of the Empire, India must be included as it is a part of the British Empire.

Q. Would you have a delegalizing of it rather than giving State aid?

A. Yes, I would.

Q. You suggest that if State aid be given it should take the form of a loan. What would happen if a company which is assisted by a loan got into financial difficulties, it does not matter where the money comes from?

A. Government would have to stand up to the loss; but I consider that the loss of a certain fixed sum would be less of a drain on the taxpayer than the annual payment of an unlimited sum as a subsidy.

Q. Why should a subsidy be unlimited?

A. If you are going to subsidize ships either by navigation bounties or by tonnage subsidies, that would be for a continual period.

Q. Equally according to you, the companies may be supplied with indefinite demands for loan according to the indefinite number of companies.

A. Government would safeguard their interests by thoroughly examining the soundness of the company before issuing a loan and they would only put up a small proportion of the capital. The shareholders will have to put up a certain amount of the capital before Government will consider the grant of a loan to the company.

Q. Would they rank, *pari passu*, with other shareholders or is it to be in the sense of a debenture?

A. In the sense of a loan at some fixed rate of interest.

Q. What would happen if the company fails?

A. For granting the facility of a loan, Government would have a prior claim on the liabilities of the company.

Q. We call that a debenture loan; is that what you mean?

A. Yes.

Q. You are against shipping bounties, because they are a drain on the country?

A. That is so.

Q. You are against ship-building bounties?

A. I prefer to leave ship-building alone, because I am not conversant with the subject.

Q. You say that the coasting trade should be open to all vessels flying British colours. By that you mean you would not allow other countries to trade on the coast?

A. I would not exclude foreigners.

Q. Would you not exclude them from the coastal trade?

A. I would fight them.

Q. So as to give them the same rights as other British traders.

A. Yes, but they would have to come up against the combination of the British ships and combination of the British ship-owners with lower rates of freight.

Q. Would you fix rates?

A. I have suggested that this should be done by the Imperial Shipping Board. What might be gained in one trade where a cutting of freights does not exist might go towards helping another trade where a freight war has to be maintained against a foreigner.

Q. Would you make a world-wide combination of British ships?

A. Yes, that is my scheme.

Q. Do you think that the owners of Class A, Class B, Class C and Class D would all be likely to agree to the variations in freight?

A. That would be in the hands of the Shipping Board. The idea would be to have a schedule drawn up and ships examined with regard to their efficiency under these various heads, and on the Shipping Board after all there would be ship-owners.

Q. But the difficulty I see is that you go in jumps; in efficiency, in regularity, in commodity and the terminals?

A. All except regularity and terminals.

Q. What is $\frac{1}{4}$ M referred to in your scheme?

A. That means a quarter of the freight which is allowed according to mileage.

Q. Would you modify your scheme by having a curve instead of a series of sudden changes.

A. Yes.

Q. So that anybody who had 14.9 would get nearly as much as a man with 15.1.

A. Yes, that is what I mean.

Q. Do you know how freights are arrived at in tramps?

A. That depends on supply and demand. My scheme has only been put up with a view to its being discussed. No scheme can be perfect for running a whole thing. Why I put up the scheme was to try and help the smaller ship-owners and individual enterprise.

Q. And incidentally to help this Committee to come to some conclusion?

A. Yes.

Q. Sir Arthur Froom asked you about new Lines getting into a conference and you said they could not get in.

A. They can get in if they last out long enough; they have got in in several cases.

Q. You made a statement that the new Indian Marine would not be able to compete with the Conference.

A. I said that without a great deal of capital at its back, it would be impossible to get in.

The Hon'ble Mr. Lalubhai Samaldas.—Q. I take it that your scheme has been drawn up with the idea of meeting the demands of Shipping Companies, so that the effects of the Deferred Rebate system may be modified?

A. Yes.

Q. Some witnesses have told us that they would like to make the Deferred Rebate system illegal by putting up a maximum and minimum rate only. We are told that that would not quite suffice and I take it your scheme is what can be worked up into an alternative scheme.

A. What is hoped may be worked up into a scheme.

Q. You said in reply to Sir Arthur Froom that a few instances had come to your knowledge where, owing to this system, there was an actual loss to the shippers. You gave one instance of a man wanting to send some rice which was reserved for the B. I. and could not be taken. Are there any other instances? Do you know of any complaints of a similar character from other merchants?

A. No, I have not heard of other complaints in Chittagong.

Q. When you say that you want each country to become self-supporting as far as the coastal trade is concerned, I think you mean that within the Empire each should develop its own and that all should combine for the unity of the Empire. Is that your idea?

A. Yes.

Q. Although on principle you do not approve of State aid, you would consider some form of State aid as a matter of expediency if the Deferred Rebate system cannot be abolished or the fixation of maximum and minimum freight rates cannot be brought into existence.

A. Yes.

Q. You have suggested that loans might be given. In reply to Sir John Biles, you made it clear that you wanted loans to take the form of debenture loans. Suppose a ship costs 10 lakhs of rupees and the State puts in 3½ lakhs of rupees; if the interested company or the ships are not run profitably, the company will not be able to pay dividend at the end of every six months, so that at least one-third of the total value can easily be recovered from the company. Practically this would not be running any risk. What is your opinion?

A. I am not a financier, but the proposal sounds to me to be objectionable.

Q. Some Indian States are helping other industries; don't you think it is the duty of the Government of India to do the same?

A. I will not put it as their duty. I would prefer the money to be provided privately, if it cannot be done, some assistance such as you suggest might be given.

Q. You would like to have debentures and the right to foreclose the mortgage if the interest is not paid regularly?

A. Yes; if the company is found not to be run on satisfactory lines.

Q. It has been suggested that State aid may take the form of guaranteed dividends on the share capital on the same basis as the feeder railways. What is your opinion about that?

A. I am afraid I do not know anything about feeder railways.

Q. In your answer to question 5 (c), you say that the crews should be entirely British Indian, by this do you exclude subjects of Native States?

A. No, not in the least.

Q. You say that navigation bounties cannot be given just now because there is no Indian mercantile marine existing; but later on you suggest it may be given when shipowning has become popular and when Indian shipowners have acquired experience?

A. Yes.

Q. You are against the reservation of the coastal traffic to any but British ships?

A. Yes.

Q. In answer to question 19, you say: In the infancy of an Indian mercantile marine, such reservation would lead to hardship on the part of traders who rely upon regularity of

shipment. Supposing particular routes are reserved and companies such as the Bombay Steam Navigation company are included in the coastal trade, do you even then think that there will be no regularity in shipment ?

A. I am speaking here of the whole coast of India and not of the particular routes.

Q. The Government have opened colleges for agriculture, medicine and law in anticipation of students coming forward. Is there any reason why Government should not follow the same course as regards marine education for Indians ?

A. I want to consider the question before answering.

Q. In reply to question 57, you say : Yes, and would suggest that they might be run in connection with the existing Government colleges. You refer to arts colleges here ?

A. Yes.

Q. I take it your objection to having the same sort of training for cadets of the Royal Indian marine and for the Indian mercantile marine is that the people for the Royal Indian marine should be of a higher class ?

A. I think they should be selected in the same way as cadets are selected for the Indian army.

Q. Would you like them to be specially selected for the Royal Indian marine and given special training ?

A. Yes ; that is having the Indian navy in view.

Q. Do you have any objection to accept the suggestion that they might before being selected or finally sent to England for special periods, undergo preliminary training here ?

A. No.

Q. Your idea is that at present the Indian youths should be prepared for the home trade certificate which is necessary for the coastal trade of India ?

A. Yes.

Q. Later on if capable young men come forward they may be trained for the foreign trade certificate ?

A. Yes.

Mr. Jadu Nath Roy.—Q. You are of opinion that if the deferred rebate system *cum* Liners' conference is done away with, Indian shipping will come into existence ?

A. I have said that that combination tends to curtail private enterprise.

Q. You are of opinion that State aid should take the form of loan ?

A. Yes.

Q. These are all suggestions made for the development of the Indian mercantile marine ?

A. Yes.

Q. You do not suggest any other sort of bounty ?

A. I do not.

Q. You suggest that every dominion and colony should become self-supporting so far as its coastal shipping is concerned. Does it not amount to reservation of the coastal trade ?

A. No ; I suggest they should maintain the coastal trade as far as their people are able to do.

Q. Do you think that new Indian companies can successfully compete with well established British companies in the coastal trade ?

A. In the present circumstances, no.

Q. Is it not necessary that reservation should be adopted to some extent until the Indian mercantile marine is well established ?

A. No. I do not favour reservation under any circumstances.

Q. In Australia there is some sort of reservation ?

A. Quite so. It is very doubtful whether they will find it good for trade.

Q. You have come across four or five gentlemen who are willing to send their sons to seafaring profession ?

A. Yes. They assured me that many young lads will come forward if sufficient opportunities were given.

Q. There will be no caste difficulty ?

A. I was told that in time it will vanish.

Q. You said that the B. I. alone could take rice to the coastal ports. Was that not some sort of reservation ?

A. Apparently.

President.—Q. You are, I take it, of opinion that it is necessary that boys should imbue the spirit of the sea ?

A. Yes.

Q. Taking all parts of India, don't you think that in Bombay where the ships can be moored within sight of the blue sea and where the ships of all lines will be constantly moving forwards and backwards, the boys can be trained better than in other ports ?

A. Yes.

Q. Supposing the Government are anxious to develop the mercantile marine of the country both from a material point of view and from a national point of view, don't you think that there should be a small Indian navy for the protection of the mercantile marine ?

A. Every dominion and colony should bring up its own navy side by side with the mercantile marine. Those who prefer the naval line may enter this profession and those who prefer the commercial life may enter the mercantile marine.

President.—Thank you very much.

Witness No. 35.

The MARWARI ASSOCIATION, Calcutta.

Written statement.

We may preface our remarks on the questionnaire by stating how the Indian trade was utilised for over 100 years for the development of the British Mercantile Marine. This may be illustrated by the rates of duty levied in British India on the importation of British and foreign cotton goods from the earliest periods as will appear from Appendix B of "The Fiscal Policy in India" by Dr. Pramatha Nath Banerjee which is as follows:—

APPENDIX B.

Rates of duty levied in British India on the importation of British and foreign cotton goods from the earliest periods.

PRESIDENCY OF BENGAL			
From	British Bottoms.	Foreign Bottoms.	
1773 . . . . .	..	6½ p. c.	..
1778 . . . . .	..	7 p. c.	..
1795 . . . . .	..	2½ p. c.	..
1797 . . . . .	..	3½ p. c.	..
1810 . . . . .	..	7½ p. c.	..
1811	7½ p. c.	..	15 p. c.
1815			
United Kingdom	2½ p. c.	..	5 p. c.
Foreign	5 p. c.	..	10 p. c.
1817			
United Kingdom	2½ p. c.	..	5 p. c.
Foreign Europe	5 p. c.	..	10 p. c.
Other Goods	7½ p. c.	..	15 p. c.
1825			
United Kingdom or other British possessions	2½ p. c.	..	5 p. c.
Foreign Europe	5 p. c.	..	10 p. c.
Other Foreign	7½ p. c.	..	15 p. c.
1836			
United Kingdom or other British possessions	3½ p. c.	..	7 p. c.
Foreign	7 p. c.	..	14 p. c.
1845			
United Kingdom or other British possessions	5 p. c.	..	10 p. c.
Foreign	10 p. c.	..	20 p. c.

PRESIDENCY OF FORT ST. GEORGE.			
From	British Bottoms.	Foreign Bottoms.	
1803	6 p. c.	8 p. c.	
1812	8 p. c.	16 p. c.	
1816			
United Kingdom	2½ p. c.	5 p. c.	
Foreign Europe	5 p. c.	10 p. c.	
1819			
United Kingdom	2½ p. c.	5 p. c.	
Foreign Europe	5 p. c.	10 p. c.	
Other Foreign Goods	8 p. c.	16 p. c.	
1844			
United Kingdom or other British possessions	3½ p. c.	7 p. c.	
Other places	7 p. c.	14 p. c.	
1845			
United Kingdom or other British possessions	5 p. c.	10 p. c.	
Other places	10 p. c.	20 p. c.	
PRESIDENCY OF BOMBAY.			
1799			
In force since 1795	2½ p. c. on manifest with exceptions.	2½ p. c. on an advance of 60 p. c. on manifest.	
1805	3½ p. c.	3½ p. c. do.	
1813 . . . . .	..	4½ p. c. do.	
1815			
United Kingdom	2½ p. c. }	4½ p. c. do.	
Foreign Europe	5 p. c. }		
1817			
United Kingdom	2½ p. c. }	4½ p. c. do.	
Foreign Europe	3½ p. c. }		
1838			
United Kingdom or other British possessions	3½ p. c.	7 p. c.	
Other places	7 p. c.	14 p. c.	
1875			
United Kingdom or other British possessions	5 p. c.	10 p. c.	
Other places	10 p. c.	20 p. c.	

Q. 1. The present condition of the Shipping industry in India is extremely unsatisfactory or, more precisely speaking, India has only a nominal shipping industry of her own. She has a coast line of over 4,500 miles and is really a maritime country with an annual coastal trade of over 200 crores in value. She has also a foreign trade of over 500 crores in value. Yet, approximately, 90 per cent. of her coastal trade and 98 per cent. of her export and import trade by sea are served by foreign shipping companies. Even the steamers that ply in the rivers of the country are owned and managed by foreign companies.

Q. 2. The conditions which militate against the development of shipping enterprises by the people of the country are mainly the want of encouragement in any way by Government, the undesirable methods of competition employed by powerful foreign companies who leave no stone unturned to strangle Indian enterprises and want of facilities for training Indians in the science and art of ship building, navigation, marine engineering, wireless telegraphy, etc. Whenever an Indian company appears in the field, the foreign companies wage a fierce *rate war* and reduce their rates heavily, sometimes even below the actual working cost, and work at a loss, to kill the Indian company. Then, by another questionable means, the foreign shipping companies keep the shippers practically in their own hands. It is the *deferred rebate* system of the foreign shipping companies which provides for the refund to a shipper at the end of 12 months a certain portion, usually 10 per cent., of the freight paid if the shipper has shipped his goods by the same company's steamers during those 12 months. If a shipper fails to comply with this condition, not only does he lose the rebate but is also penalised by refusal of space and discrimination in the contract, loading and unloading of freight and adjustment and settlement of claims. Even Indian shippers are thus prevented from patronising the Indian companies. Government have not only not helped the Indian companies in any way but have allowed the foreign companies thus to stand in the way of their development and growth with the result that almost all of the several shipping companies which have been formed by Indians from time to time during the last 25 years or more with an authorised capital of 10 crores or thereabouts have been compelled to go into liquidation. Besides, the foreign companies who control the coastal and foreign traffic of India, recruit all their highly paid staff, both for the offices and the ships, in England or their respective countries of origin and do not train Indians to qualify

them for what is called ocean certificate. Nor do the Government provide for the training of Indians for a sea career.

Q. 3. Removal or even mitigation of the difficulties and disabilities under which India labours and reference to which has been made in the foregoing paragraph, is impossible without the active help and co-operation of the State. State aid has been the principal and most essential factor in the creation and development of a mercantile marine in every country which possesses a mercantile marine and it cannot be otherwise in India.

Q. 4. State aid is not only necessary or desirable to promote the development of shipping industries but indispensable in India, as the promotion and development of the shipping industry require the adoption of measures which can be adopted only by the State.

Q. 5.—The Government of India should follow the example of the Governments of other countries, such as England, France, Germany, Belgium, Austria, Italy, America and Japan, and help the development of an Indian mercantile marine by means of both direct and indirect aid and the aid should be comprehensive and generous. State aid should take the form of construction and navigation bounties, mail or postal subventions, equipment bounties, reservation of coastal trade to Indian vessels, cheap loans, exemption of ship building materials from import duty, reimbursement of Suez and Panama canal dues for ocean going steamers, exemption from port dues and taxation and preferential railway rates. Government should also do everything necessary for the training of Indians so that Indian steamers may be manned and officered entirely by Indians.

Q. 6. Having regard to the difficulties and disabilities under which India labours and having regard to the powerful foreign competition, legislation is undoubtedly necessary to enable the Indian people to undertake the shipping industry with any hope of success. Legislation should be undertaken to make the rate war and deferred rebate system impossible, to fix a maximum and minimum rates of freight, to provide for the grant of State aid in different forms, both direct and indirect, to reserve the coastal trade to Indian vessels and to throw open the sea career for the children of the soil.

Q. 7. Yes, only to Indian owned vessels trading between Indian ports and between India and ports abroad. But when the entire coastal trade has been taken up by vessels owned and managed by Indians, the navigation bounty to vessels trading between Indian ports may be discontinued.

Q. 8. It would be unnecessary to restrict the grant of navigation bounty to any specified route in case of vessels trading between the Indian ports. But in case of Indian vessels trading between India and foreign ports, the routes along which India's foreign trade is generally carried may be specified, for that would be more economical.

Q. 9. Yes, limits should be fixed as to gross registered tonnage, average speed at sea and age for vessels to be eligible for navigation bounty and it should not be given indiscriminately to all vessels.

Q. 10. The bounty should be given at a rate not less than 12 annas per ton of gross registered tonnage for every 1,000 knots run at a speed of 10 knots. The minimum distance to be traversed in a year should be not less than 12,000 knots, or 1,000 knots per month on an average. Besides, to be entitled to this bounty, a vessel must carry on every voyage at least half the cargo required to fill up its space.

Q. 11. Navigation bounty should be paid at the rate suggested in answer No. 10 up to 4,000 gross registered tons. For every additional 500 tons gross tonnage, an additional 5 per cent., and for every additional knot per hour, an additional 10 per cent. should be paid. In the present condition of the shipping industry in India, no distinction should be made between vessels engaged in trading as indicated in question No. 7 (a), (b) and (c).

Q. 12. In legislating for the creation of a mercantile marine of their own, Japan and some of the European countries laid down that after a certain period the navigation bounty would be reduced annually by a certain percentage, so that it might be discontinued after a definite period by gradual reduction. But even then the shipping industry was not wholly non-existent in those countries as it is in India. In India too, the bounty will have to be gradually reduced, but it will be time to consider the question when the industry has gained a footing. It will therefore be premature now to fix the period after which the reduction may be undertaken. Considering that there are many difficulties to be surmounted, it is difficult to imagine that any reduction will be possible before 10 or 12 years.

Q. 13. India has now no ship building industry of her own. Every effort should be made to establish the industry in India. But so long as India cannot build her own ships, it will not be desirable to exclude from navigation bounty foreign built ships owned or chartered by Indians unless they have been on the Indian register for any definite period. No

such restriction should be imposed at least for the next 10 or 12 years.

Q. 14. The question when navigation bounties should cease altogether can be considered only when the shipping industry of the country has advanced sufficiently to make a reduction of the bounty possible.

Q. 15. Yes, certainly.

Q. 16. Race or nationality should not be a disqualification for employment on vessels receiving Navigation bounties, but in the economic interests of India, preference should always be given to Indians, whether British or non-British subjects. If, however, the Government find it necessary, they may make exceptions in any case with the consent and approval of the Legislative Assembly.

Q. 17. Yes, in the case of sale. Charters and mortgages stand on a different footing. If the effect of any charter or mortgage be substantially to transfer the benefit of the Navigation bounty to non-Indians, the bounty should cease. But it should not cease because of a charter or mortgage given or effected in the ordinary course of business such as the securing of business or working capital, etc.

Q. 18. In every country except India the coastal trade is reserved to its own mercantile marine. In fact, in every country the reservation of coastal trade has been an important factor in the building up of its mercantile marine. There is no reason why in India the coasting trade should be open to all comers. Indeed it has proved highly injurious to the interests of India and immediate steps should be taken to reserve India's coastal trade to vessels owned by Indians to encourage the development and growth of an Indian mercantile marine.

Q. 19. The effect will be highly beneficial to the country. Firstly, the vast amount of money which the country has to pay every year to the foreign shipping companies by way of freight will remain in the country and, by adding to its capital, will stimulate the growth of other industries. Secondly, the children of the soil will find new and large fields of employment open to them and the un-employment problem will become less acute. Thirdly, the many serious disadvantages under which Indian shippers now labour in consequence of the preferential treatment given by the foreign shipping companies to European shippers and in consequence of the fixing of rates of freight by the European shipping companies, like the Railway Companies, in the interests of industries owned and managed by Europeans, will disappear and thus Indian trade between the

ports will greatly increase in volume and add to the economic prosperity of India.

Q. 20. Yes.

Q. 21. The size and description of vessels will necessarily depend on and vary with the nature of the routes that will from time to time be adopted by the steamers. But we believe that the evolution will begin with the coast, then develop to the near ocean ports and finally culminate in all the ports of the world with which India deals.

Q. 22. It is indeed desirable that vessels required for the Indian Mercantile Marine should be built in private shipyards. Along with a mercantile marine, India should have her own ancient ship building industry revived and re-established on modern lines. But as there are no shipyards in the country, Government should establish such yards and after working them for some years and training up Indians, sell or lease them out to Indians and in doing so should make every possible concession in regard to terms and conditions. That will encourage the establishment of similar yards and the revival of the ship building industry.

Q. 23. The Ship building and Marine Engine construction industry is practically non-existent in India.

Q. 24. The conditions which militate against the development of ship building and marine engine construction industry by the Indian people are unrestricted foreign competition and the indifference of Government towards the general question of the protection and improvement of the industries of the country. (The steamships of iron and steel brought to India by the foreign shipping companies soon succeeded in capturing the trade in this country and with the influential support of the British Government at their back, the foreign companies soon established themselves firmly in the country.) The old Indian industry died of starvation but the Government of India never attempted to keep it alive. India cannot manufacture either iron or steel plates or other ship building materials and the expenses of importing them from abroad are prohibitive. Nor does she possess men who have any knowledge of ship-building. Government is still apathetic and so practically India labours under all sorts of disadvantages and discouragement.

Q. 25. It is difficult to imagine how without State aid the present difficulties and disabilities can be removed or mitigated or the people of the country can be encouraged to embark on ship-building industry. In every country it is the State which has come forward to aid

the people in establishing this industry and it is impossible that in India the people will be able to overcome their great difficulties without the help of the State. The best way and perhaps the only way to encourage the people to take up such industries is to reserve the coastal trade to national shipping and to exclude from the coastal trade after a few years all vessels not built in India. But that is also State aid though in an indirect form.

Q. 26. State aid is not only necessary but indispensably so.

Q. 27. The grant of construction bounties, equipment bounties and cheap loans to ship builders and ship owners, exemption of imported ship building materials from import duty, reservation of coastal trade, exemption from port charges, and preferential railway rates, etc. In short, the methods adopted in Belgium, France, Japan, America, etc.

Q. 28. Legislation is necessary to make the Indian industry entitled to State aid in different forms. See answers to 6, 25 and 27.

Q. 29. Yes.

Q. 30. Yes, construction bounties should be confined to vessels built of steel only and the minimum registered tonnage thereof should be 500 tons. But the larger the vessel, the higher should be the bounty and the rate should vary according as the vessels may be provided with accommodation for passenger traffic or not.

Q. 31 and 32. In some countries, bounties are given separately for hulls and for machinery built therein. In this country too the same principle should be followed to encourage the manufacture and use of ship-building materials. The rates should be different for different classes of vessels, namely, vessels with equipment for carrying passengers, vessels for coastal traffic alone and vessels for ocean voyages. The total construction bounty should be 25 per cent. of the total cost of construction and this should be divided between the hull and the machinery.

Q. 33. No. It is not yet time to advocate the exclusion of materials made outside of India. But as has been stated above, the manufacture of ship-building materials in the country should be encouraged by all means and when they are made, they should be used in building ships in the country, if the quality be of the standard required.

Q. 34. As suggested in answer to question No. 27, the importation of ship-building materials should be allowed free of customs duty.

Q. 35. Rules may be made to prevent the abuse of concessions and if proper supervision is kept over the working of the rules, there is no chance of their being abused.

Q. 36 to 43. In the ancient times when India had her own shipping industry, ships used to be made of wood, but with the advent of steam ships of iron and steel, the wooden ships have disappeared and the construction of wooden ships is a lost industry. But the modern steam vessels have come to stay and the Association is not in a position to say how far wooden ships would be able to hold their own against steam ships of iron and steel and how far the revival of the industry would serve any useful purpose. The Association therefore prefers not to answer these questions.

Q. 44. Yes, there is every reason to believe that the sea career, if it is thrown open to Indians as it should be, will attract the educated young men of the country in large numbers. No difficulty will be experienced in recruiting either the officers or the crew.

Q. 45. Government should take steps to provide for their training, future employment and further study when qualifying for the Board of Trade certificates in the various grades. These should certainly not be left to private enterprise.

Q. 46. There need not be any hard and fast rule requiring cadets to undergo preliminary training in a training ship or a training establishment on shore. The object being to train them up as efficient officers, facilities should certainly be provided for their training both in a training ship and in a training establishment but at the same time they should be given the choice of either undergoing a preliminary course of instruction there or proceeding direct to sea to serve as an apprentice on a ship.

Q. 47. Yes, facilities should be provided for the preliminary training of cadets in India, that is to say, a training ship and a college for nautical education should be provided and maintained in the country by the Government.

Q. 48. Until adequate facilities are provided in the country for the training of cadets the Government should establish a system of scholarships for the purpose of assisting the training of cadets elsewhere.

Q. 49. Calcutta and Bombay being the two largest ports in India, a training ship and establishment should be maintained at each of these places. The Association do not suggest that the cadets should receive their training entirely free of charge and fees may be levied. But the fees should not be very high, as high fees will prevent many from joining the institutions, and the maintenance charges of the institutions should be met almost wholly by Government, at least for a number of years.

Q. 50. Yes.

Q. 51. Yes, it is essential that after undergoing this preliminary training, the boys should serve a period of apprenticeship in a steamer.

Q. 52. Indian steamship companies will certainly not object to taking Indian apprentices for training and so far as this Association is aware, the Scindia Steam Navigation Company takes apprentices. Besides, the taking in of Indian apprentices for training without premium should be made compulsory on the part of shipping companies receiving bounties or subsidies or State aid in any form such as mail contracts, etc., and for ships on the Indian register. It is, however, natural on the part of the existing foreign shipping companies to view any scheme for the creation of an Indian mercantile marine with disfavour and it is doubtful if they will readily accept Indian apprentices or provide facilities for their proper training in their steamers. It is therefore necessary that Government should provide one or two sea-going ships for the purpose.

Q. 53. In case apprentices are required to pay a premium for their apprenticeship, this Association is of opinion that they should be required to pay only half the amount, and the other half should be borne by Government, at least for five or six years. It will go a long way to encourage Indians to go in for the sea career.

Q. 54. Yes, training ships should certainly be supplied by Government. It is difficult to believe that it will be possible to maintain them entirely by premiums. A small income may be derived from the half premium to be paid by the apprentices, but the balance should be borne by Government. The Association agree to freight or Government stores being carried in those ships for the purpose of earning an income to meet the maintenance charges.

Q. 55. Yes.

Q. 56. No.

Q. 57. Yes, the establishment of such Nautical Academies are highly desirable.

Q. 58. To begin with, there should be two such academies, one at Calcutta and one at Bombay and for at least five or six years to come, they should be maintained by Government, though a small fee may be charged from the officers who will study in the academies.

Q. 59. Indian youths are not only likely but are sure to be desirous of following the sea in the capacity of Engineers in the Mercantile Marine.

Q. 60. Yes, Government should take steps to provide for their training and employment and further study when qualifying for the Board of Trade Certificate. It is not yet time

to leave these to private enterprise in the country.

Q. 61. Every necessary facility should be provided by Government to train up Indian youths as efficient marine Engineers, but the Association cannot state in detail what exactly those facilities should be.

Q. 62. The Association cannot answer this question fully as it has no information as to the equipments of the present engineering and ship-building firms in India. All that the Association desire to say on the subject is that the best use should be made of the existing facilities in the country and, if they are not up to the mark, they should be improved and other arrangements should also be made in the country for the training of Indian Engineers for the Mercantile Marine.

Q. 63. So far as the Association is aware, there are no such schools, colleges or institutes at present in the ports or anywhere else in India. Both Calcutta and Bombay should therefore have an Engineering Academy where apprentices may obtain sufficient theoretical knowledge.

Q. 64. The present arrangements are inadequate and additional arrangements are necessary. In the opinion of the Association a combined training ship for the Royal Indian Marine and the proposed Indian Mercantile Marine will meet the present requirements.

Q. 65. So long as facilities cannot be provided in India to enable Indian candidates to serve their period of apprenticeship in the country, they should be awarded scholarships to go to England for the purpose and care should also be taken to ensure their being accepted as apprentices by recognised engineering firms or dockyards, but at the same time every effort should be made to provide facilities in the country to enable Indian apprentices to qualify themselves for the posts of Engineers without going to England.

Q. 66. In all countries postal subventions constitute a form of State aid to their mercantile marine and in this country too the Government should give mail contracts to Indian Shipping companies with the same object in view. The

subsidy should be sufficient to enable the steamer companies to earn a reasonable profit on their capital outlay on their fast passenger steamers which will have to be constructed specially for carrying mails.

Q. 67. Steamship companies receiving State aid in any shape or form should be under an obligation to accept Indian apprentices on their steamers. Postal subvention or subsidy being also a form of State aid, and mail steamers being fast passenger steamers, the steamship company receiving such subsidy should be bound to train up apprentices for the higher executive posts.

Q. 68. All steamship companies should be given an equal chance of competing for the mail contracts, as otherwise it will mean doing injustice to some and perhaps preferential treatment to some to the exclusion of others by no means less deserving of State patronage. The Association therefore prefers open tender for mail contracts to private negotiation. Indian companies should be favoured even if a slightly larger amount has to be paid.

Q. 69. The reservation of coastal trade and a rebate in port charges to Indian owned vessels is the most effective indirect aid which the Association advocates. It has been referred to in answer to question 5.

Q. 70. The Association urges the grant of State aid, both direct and indirect, to develop an Indian Mercantile Marine, but the finances of the country being not under popular control, it is for the Government to devise ways and means of raising funds for the purpose. It strikes the Association, however, that about 50 crores of rupees go out of India every year for freight on account of her foreign export and import trade. If a tax of 1 per cent. were levied on this amount, it would yield an annual income of about Rs. 50 lakhs and this sum may be very advantageously devoted to the development of an Indian Mercantile Marine. Such taxation is not without a precedent. It obtains in South Africa and Australia and there is no reason why such a measure cannot be introduced in India.

Oral evidence of Mr. D. P. KHAITAN, representing the Marwari Association, Calcutta, examined on the 20th December 1923.

President.—We are seeking for information so as to advise the Government as to the best means of starting an Indian Mercantile Marine. If we ask you any questions which may seem critical, it is only because we are trying to obtain the best information possible so as to advise the Government wisely.

Q. You say that during the last 25 years several shipping companies with an authorised capital of 10 crores or thereabouts have been

compelled to go into liquidation? Was it entirely due to competition? Don't you think that the loss of certain shipping lines may have been due to the fact that they were not well managed by experienced people?

A. I regret I cannot agree with you. It is quite possible that in the commencement a company may not be as ably managed as a foreign company.

Q. Not a foreign company but an experienced company?

A. In order to make the management quite good, it is necessary that the company should be given a chance. It seems to me that these companies were given no chance to develop, for from the very commencement they were met by well established companies with their rate wars, the deferred rebate system and all the advantages which they had in competition without which these Indian companies cannot get on.

Q. Supposing a mill industry is started, do you think that Government should help the new companies here also?

A. I would like you to look at this from this point of view. Take the case of cotton mills, the Indians are able to manage them successfully. Recently two jute mills sprung up under Indian management. In all other business, the Indians are able to show quite a good record.

Q. Why should they not do the same in shipping?

A. The Indian shipping companies have to work under various disadvantages, such as the deferred rebate system, rate war and so on.

Q. In mill business, have you not got methods by which you can fight a new comer?

A. None at all.

Q. In regard to State aid you say that the Government of India should follow the example of other countries. You forget the fact that the other countries were fighting an entirely foreign nation. It is not the same thing with India, she is fighting within the Empire if you may call it? So your argument that the Government of India should follow other countries is not quite parallel.

A. India is unfortunately in a worse condition. If the Government of India had tried to develop the Indian Mercantile Marine and if it had not succeeded against foreign nations that would have been quite a different thing. But here we are within the Empire and the Government of India doing nothing, while the British companies are successfully carrying on the trade. We consider that we are in a worse position than other countries. Therefore we expect England to do even better than other countries.

Q. Japan has reserved its trade against other countries, but it does not reserve the trade of Korea or Formosa for the inhabitants of Korea and Formosa respectively? Nor has Holland reserved the trade of the Dutch East Indies?

A. England once reserved the coastal trade against Ireland. The Irish had first to take their goods to English ports and then they had to be shipped to other countries.

Q. India can trade on the English coast?

A. But there are no steamers to go there. If Indians tried to do that, I do not know what would happen.

Q. But England has expressed itself in favour of free trade and against protection in the last general election?

A. As regards Indian steamers, we have had no occasion to test whether the English would allow them on their coasts; but as regards cotton goods we had occasion to test it. Piece goods manufactured in India were not allowed to be imported into England.

Q. Can you not send piece goods to England now?

A. That restriction does not exist now. It existed at the time when the cotton manufacturing industry was starting in England.

Q. In several of your answers, you use the word "foreign," to whom do you refer?

A. I mean non-Indian.

Q. You are in favour of reservation of the coastal trade and also subsidies and bounties?

A. Yes.

Q. If you reserve the coastal trade entirely for Indian ships, is there any necessity to do anything more?

A. In the beginning we want some subsidies from Government. We also want the abolition of the deferred rebate system.

Q. Supposing the coastal trade is reserved for Indian companies entirely, and supposing all the British companies are off the coast, and supposing a certain number of Indian companies were started, if a new Indian company comes into the trade, will there not be competition amongst all the Indian companies?

A. There will be competition among the Indian companies themselves. I will not mind the Indian companies conducting rate war amongst themselves so long as the British companies do not capture the coastal trade.

Q. Wherefrom do you come?

A. I come from Rajputana.

Q. Do you think that young Rajputs will come forward for sea-faring life if the coastal trade is reserved for Indians?

A. It is not a matter concerning any particular community in India. There are several peoples in need of employment. I have no

doubt they will all come. You will remember that when the Imperial Service Cadet corps was formed several respectable Rajputs came forward and joined the corps. I would like my own sons to join the mercantile marine.

Q. As a sailor you will allow me to put it to you that you would never make a success in the sea-faring profession if you take it up only as a means of getting employment. It is not a lucrative profession and it is a very strict profession for discipline.

A. We quite appreciate that.

Q. Supposing you reserve the trade of India for the Indian Mercantile Marine and keep the English ships off the trade, it would hardly be fair to expect the British Navy to do the protecting for the Indian Mercantile Marine.

A. In fact it has been one of our chief complaints that we are not allowed to defend our own shores.

Q. So at the same time as you form an Indian Mercantile Marine, you are in favour of forming an Indian Navy?

A. Yes.

Q. And, are you in favour of Government starting training ships?

A. Yes, in the beginning.

Q. Do you think that the training ships should be entirely supported by Government or should parents pay certain fees as they do in other institutions?

A. Just in the beginning I think it would be desirable that Government should entirely support it; but when respectable people come and learn, I have no doubt they will pay fees and the training ship will be partly supported out of fees and partly out of Government revenues. If at the very commencement you try to make the training ship self-supporting, I do not think you will succeed.

Q. But it would not be fair that the son of the rich man should be educated free when he is able to pay fees.

A. Just in the commencement I think it ought to be attractive.

Q. Don't you think it would be fairer to other professions if we suggest to Government that it should be started on the same lines as other Government colleges, say like the Sibpur Engineering College in Calcutta or the Victoria Jubilee Technical Institute in Bombay?

A. There is no harm in levying fees, but the fees should not be made prohibitive. India is a poor country. The average lawyer or doctor or Engineer or even trader has got a large number of dependants on account of the joint family system, and if fees are made prohibitive, it may not be possible for the poorer families to

send children on payment of such prohibitive fees.

Q. What I suggest is that it is not fairer to the other professions as the Medical and Engineering.

A. Yes, I agree.

Q. In your answer to question 66 you speak of vessels specially constructed for carrying mails. Would you agree to a ship being built entirely for the purpose of carrying mails?

A. What we meant was a vessel "suitable" for carrying mails; it is probably a printing mistake.

Q. In answer to question 68 you say that all steamship companies should be given equal chance to compete for the mail contracts. Is that so?

A. So far as our information goes, no opportunity has been given to Indian companies to compete for these contracts.

Q. But I can assure you that open tenders are invited for these mail contracts.

A. If the conditions we want to create are already in existence, it is all right; otherwise, we want to create them.

Q. In answer to Question 69 you say that you would give indirect aid to Indian owned vessels in the form of a rebate in port charges. If the trade of the country is to be successful, it is necessary to have the ports kept up-to-date; if you reduce the port charges, will it not be hard on the Port Trust?

A. It can be done more or less on the lines of what is called preference in import duties; a heavier port charge may be imposed on other than Indian companies and a lower charge on Indian companies.

Q. You cannot live without imports; is there no risk of spoiling the Overseas trade?

A. I do not think there is that risk.

Mr. Jadu Nath Roy.—Q. You say that it is not possible for Indian companies to survive the competition of other non-Indian companies and therefore there should be some sort of State aid or protection.

A. Yes, I think it is necessary. Even if companies do not come into existence, looking at the present situation, I would recommend protection.

Q. Further on in your reply to Question 2 you say that Indian shippers are prevented from patronising the Indian companies. Can you give an instance of that?

A. I can give you an example that concerns yourself. You will remember that you approached a certain firm in Calcutta and asked them to give you jute to carry in your river steamship and the firm (Indian) was willing to

give you jute to be carried for an Indian mill; but when they made enquiries they were told that if they gave jute to your steamers they would not be given space by the other European companies to carry the rest of their jute to Calcutta and, therefore, they had to give up the idea of giving you the jute.

Q. In Australia and Canada State aid has been given for the development of their Mercantile Marine.

A. That is so.

Q. In reply to the President you said that you would allow the cutting of rates to be carried on amongst Indian companies. Will you have recourse to maximum and minimum freight rates?

A. Let us be in a position first to cut our throats. Let us develop it first; we shall afterwards consider as to what should be done.

Q. If the coastal trade is reserved for Indian companies, do you think there is any chance of rates going up? Will there be many Indian companies formed?

A. I think many Indian companies will be formed and that there will be internal competition.

Q. If the coastal trade is reserved, do you think there will be a reduction in the number of steamers to carry the cargo?

A. There will be any number of steamers who will be able to carry the cargo; only it will take some little time.

Q. Would you want Government help in that respect?

A. Certainly; State aid is absolutely necessary.

Q. You also advocate construction bounties. If the coastal trade is reserved, do you want these bounties and subsidies also?

A. As I have already explained, bounties will be necessary to bring the steamers into existence; if a sufficient number of steamers come into existence, there will be no necessity for bounties for the coastal trade.

Q. Do you think that a large number of Indian youths will be coming forward to follow the profession at sea?

A. Yes.

Q. Will not caste prejudices stand in their way?

A. The caste distinction is vanishing if it is not already vanished. In some communities, of course, there are still some distinctions, but that does not matter so long as we get Indians for the sea profession.

Q. Do you think that shipbuilding should be started in India with Government aid?

A. Yes; a beginning has to be made by Government and gradually private shipbuilding yards will be forthcoming.

Q. Are there facilities in the country for shipbuilding, raw materials, etc.?

A. If there are any raw materials that cannot be obtained in India, we can get them from abroad. Cotton mills have been established by importing machinery.

Q. I understand that Tatas are turning out plates.

A. Well and good if they do it.

Q. Will skilled labour be available?

A. They will have to be trained. I do not think shipbuilding is a trade which Indians cannot learn; in fact Indians were perhaps the first to learn it.

Q. That refers to wooden ships?

A. If men can invent and build wooden ships they can at least learn how to make steel plates.

Q. They are now, with the assistance of European staff, already building small launches and barges, aren't they?

A. Yes.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. What is the Marwari Association? Can you give us an idea?

A. It is an Association of Marwari merchants.

Q. What are they dealing in?

A. They deal in everything.

Q. Are there any shippers in it?

A. Yes.

Q. Are there any who are interested in a steamship company? Any who own ships or are Managing Agents?

A. One of the members of the Marwari Association wanted to start a Steamship Company, but he had to abandon the idea on account of these rate wars and the Deferred Rebate system.

Q. The money had to be refunded to the shareholders?

A. Yes.

Q. He found he could not compete and he thought it more honest to refund the money to the shareholders?

A. That is so.

Q. Has the written statement which you have submitted to this Committee been approved of by your Association?

A. It was passed by a meeting of the General Committee of the Association and has their approval.

Q. Your Appendix B is headed as "Rates of duty levied in British India on the importation of British and foreign cotton goods from the earliest periods." That refers to importa-

tion of goods from England or the Continent or any other country ?

A. Yes.

Q. Were there any Indian ships bringing these goods and if so how were they treated ?

A. I have no idea.

Q. We have been told that Indian ships carrying on trade with Great Britain were exporting piece-goods and silkware; history shows that our ships did go up to the Thames.

A. I have no idea.

Q. Britain tried to keep the Indian trade in its own hands as against other countries, not as against India.

A. But Indian trade was being utilized to develop the British Mercantile Marine.

Q. So that it has something to do with India, though it may not have anything to do with Indian ships ?

A. I do not know.

Q. You said that the Deferred Rebate is usually 10 per cent. Is it not sometimes more than that ?

A. It might be more; it is a matter on which I am not qualified to give my opinion.

Q. In reply to Mr. Roy, you gave one instance where a shipper was penalized to a certain extent. It has been asked why Indian shippers should not make a sacrifice to help Indian companies; it has been suggested that if there was sufficient patriotism they would make that sacrifice and lose the Deferred Rebate.

A. That sacrifice will be at the expense of the trade; they will have to cease running their ships.

Q. And the money will remain with the non-Indian companies.

A. Not only that, but even the export and import trade will pass into the hands of non-Indians.

Q. In your reply to Question 6 you say that legislation should be undertaken to make the rate war and deferred rebate system impossible. How can that be made impossible ?

A. One of the methods is the fixing of the maximum and minimum rates of freight.

Q. Would you have a Board of Arbitration for fixing the rates ?

A. Yes.

Q. Would you go to that extent ?

A. To begin with there may be a Conciliation Board and if any difficulty is experienced an Arbitration Board might be established, but there must be a substantial Indian element in it.

Q. You have suggested various methods, viz., the rate war and the Deferred rebate system being made illegal, fixing of a maximum and minimum rate of freight and reservation of

the coastal trade. Do you want to recommend to Government all or some or any of them and which do you think is the best ?

A. My answer to Question 6 shows the minimum I would recommend. When I say that provision should be made for the grant of State aid in different forms, direct or indirect, that gives sufficient latitude to Government to decide what to give. The reservation of the coastal trade must be done if really our object has to be achieved. Half-measures would not succeed; confidence must be created in the people of the country that the shipping industry would be successful.

Q. You have suggested the grant of navigation bounties to Indian-owned vessels trading between Indian ports and between India and ports abroad. What do you mean by 'Indian-owned' vessels? It has been suggested to us that an Indian-owned company is a company on which the majority of shareholders are Indians, the majority of Directors are Indians and it has a rupee capital; the Managing Agents may either be Indians or Englishmen. Would you agree to it ?

A. I would prefer that the Managing Agents should be Indians.

Q. But if an English firm are Managing Agents, would you call it an Indian-owned company ?

A. I do not see how you can. This system of Managing Agents, so far as I see, exists only in India; it does not exist in England. I do not know if it exists elsewhere.

President.—Q. It exists very largely in such places as South Africa; in South Africa all big shipping companies are managed by Managing Agents.

A. I did not know that.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You insist that there should be Indian Managing Agents ?

A. Yes.

Q. In your reply to Question 13 you say that so long as India cannot build her own ships it will not be desirable to exclude from navigation bounty foreign-built ships owned or chartered by Indians unless they have been on the Indian register for a definite period. Will you explain what you mean by this ?

A. We mean that this condition of foreign-built ships being on the Indian register for a specified period should not be imposed.

Q. You do not want that condition to be applied in the first instance? If a new company is started and wishes to buy new boats, they cannot be placed on the Indian register for a specified period: that is your point ?

A. Yes.

Q. You say that charter or mortgage should not make any difference so far as navigation bounties are concerned. Some witnesses said that if a boat is chartered, bounty should cease?

A. We discriminate between two kinds of charter. One kind of charter may give all the benefits to the charterer, the other form may be one in which the owner of the ship may get the benefit. If the charter is given in order to secure business, you should not stop the bounty, but if the effect of the charter is to convey all the benefits to the charterer, then it should cease.

Q. If the profit goes to the owner, then it should not cease?

A. No.

Q. You speak of the preferential treatment given to European shippers; can you substantiate this statement?

A. I know of one instance in which an oil shipment from Cochin was not allowed space. Q. Was it because they were Indian?

A. That is what I am told.

President.—Q. Can you give us definite proof of that?

A. That is only my information.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You want the Government to start pioneer shipyards?

A. Yes.

Q. You do not object to Government control?

A. I do not see any other alternative.

Q. You desire that Government should provide employment for the youths who are trained?

A. Yes.

Q. You say that boys should pay a portion of the fees for their training? What proportion should the Government bear?

A. You can never prescribe a proportion in this matter. Supposing it costs Rs. 2,000 per annum, still the training has got to be undertaken. A boy cannot be expected to pay more than Rs. 10 per month.

Q. Will it serve the purpose if the fees are lowered and a larger number of free scholarships are given to poorer classes?

A. If that be the only means of starting a training institution, then you must have it so. What I feel is that even if a smaller fee is prescribed we can later on increase the fee for richer people.

Q. If a tax of one per cent. were levied on the freight do you think it will fall very heavily on the consumer?

A. No.

Q. Supposing the freight is 35 shillings per ton you propose to levy 4 annas per ton; will that go hard with the consumer?

A. I do not think it can affect the price except as regards coal for which we have already recommended that there should be a sliding scale of import duty.

Sir John Biles.—Q. Who will pay the four annas per ton?

A. It will come out of the freight. I think the owner of the ship will pay it out of the freight. At the same time the freight will not be increased on this account.

Q. Do you expect the owner to pay it out of his pocket?

A. Yes.

Q. When the freight goes up, does the owner of the cargo pay the increase from his own pocket?

A. The tax proposed is only 4 annas and hence there will not be any appreciable increase in the freight.

Q. Supposing you levy a tax of Rs. 4 per ton, do you think the owner of the ship will pay it out of his pocket even then?

A. We are only proposing a tax of 4 annas. It is such a small sum that you cannot calculate it per unit of goods.

Q. What will be the effect on the price of goods on account of this taxation?

A. There will be neither adverse nor beneficial effect on account of this tax.

Q. What is the minimum variation?

A. I cannot understand how there can be variation on account of the levy of such a small sum as 4 annas.

Q. You do have variation in freight rates? What is the minimum increase in freight rate that will cause variation in the price?

A. That has to be considered in regard to each commodity. Take the case of jute; if it goes up by 8 annas per bale, it amounts to Rs. 2-8-0 per ton; then this will cause variation. Usually 8 annas is the gradation by which the prices are increased or lowered. If it be 4 annas, there will be very little effect.

Q. Supposing you put 4 annas on to the freight will there not be a tendency for the jute to go up by 8 annas?

A. Part of the 4 annas will be paid by the buyers abroad and part by the sellers here and thus it will be lost in the wilderness without anybody feeling it.

Q. Will it not be the ship-owner who will pay?

A. It is such a small amount that nobody will notice where it has gone.

Q. You think there will be rate wars between Indians if the coast is reserved?

A. I never said there will be rate wars. What I said was that if there were a sufficient number of Indian-owned steamers, let them have rate

wars if they liked. If something could be done to prevent the rate wars, I would welcome it.

Q. You would be quite pleased even if there were rate wars amongst Indians?

A. Quite possible.

Q. It is a crime in the one case and not in the other?

A. It is a crime now because the rate war is against the development of the Indian Mercantile Marine. If our mercantile marine does not develop, then it will be our concern to see that steps are taken to prevent the rate wars. But if our mercantile marine develops in spite of the rate wars, perhaps nobody need interfere.

Q. You think that if you get an Indian Mercantile Marine and if they chose to carry on rate wars, that does not concern anybody else?

A. Yes.

Q. If the British Mercantile Marine is excluded from the coastal trade, do you think that the Indian Mercantile Marine will be as efficient as the British?

A. With sufficient encouragement from the State and with proper watching, it will be so.

Q. How has the non-reservation of the coastal traffic proved highly injurious to the interests of India?

A. We have lost much money. We have not attained that progress that we ought to have done. We feel we are far behind in the race.

Q. It is a loss of something which you never had.

A. It is a loss of something which we had. If the Indian Mercantile Marine had earned all the profits that the British mercantile marine has done, all that money would have remained in India and not only the mercantile marine industry but also other industries would have developed with the help of that money.

Q. Has the freight paid to the British companies all gone out of India?

A. Not all, but more than 50 per cent. of it has gone out of India. A portion of it is spent in repairs, in the purchase of stores and in the payment of salaries to the staff.

Q. Don't you include interest on capital?

A. You can either call it dividend or if it is a loan you can call it interest on capital. If an Indian Mercantile Marine had come into existence in the past, then all the loan that we might have taken would have been repaid and the mercantile marine would have belonged to Indians. Nothing would have to be paid in the shape of interest to outsiders. But if we are now to develop our marine then it may be that we have to borrow money from abroad and interest will have to be paid.

Q. The money that you should have put into the mercantile marine has been put into other industries?

A. Probably I have not made myself clear. Assuming that fifty years ago an Indian Mercantile Marine had been started simply with the aid of non-Indian money, then India would have earned all that portion of the freight which now goes out of India. The amount borrowed from non-Indians would have been paid off and India would have built a substantial reserve with which to develop other industries. Therefore the money belonging to India that has been spent in the construction of other industries does not count here, because I am assuming that the Indian Mercantile Marine had been built up purely with non-Indian money.

Q. Therefore the money that you did not put into the mercantile marine had been put into other industries?

A. I have already assumed that.

Q. Did they not make profits in other industries?

A. That does not explain away what I said, namely, that the full amount of freight would have remained in India if the mercantile marine had been built purely out of non-Indian money.

Q. If that money had not been put into shipping, it was put into other industries which earned profits?

A. It might have earned, but the fact remains that we are still without a mercantile marine.

Q. But you have got other industries?

A. I cannot agree with you. I have assumed that Indian money has been invested elsewhere. If the mercantile marine had been built up purely with non-Indian money, we would have paid not only the interest but the whole principal and still we would have been left with our mercantile marine.

Q. You assume that not only would you have been in possession of a mercantile marine, but would have been able to carry out the development of all other industries?

A. Yes.

Q. There is a limit up to which you can borrow?

A. We may not agree but that is what we feel.

Q. You have not convinced me that India has lost much?

A. But we are convinced that it has.

Q. You recommend the building of ship-yards by the Government?

A. Yes.

Q. You want the whole of the capital to be invested by Government at the commencement?

A. Yes; in the sense that it is possible that Indians will lend money to the Government for the purpose.

Q. We have been told that it is exceedingly difficult to make the shipbuilding industry successful in India, on account of the climatic condition and on account of the difficulty in getting materials?

A. Those industries which have been said to be impossible of development in India on account of its climatic conditions have all come into existence now. Will you be surprised to hear that once it was said that postage stamps could not be printed in India on account of the hot climate, but now postage stamps are printed here.

Q. All other industries have been done by private enterprise; why do you want the Government to come in for shipbuilding industry?

A. But not in railways; so far as railways are concerned, the Government have to take the lead and ships stand on the same level.

Q. Do shipyards stand on the same basis as railways?

A. They will stand on the same footing as railway workshops.

Q. In other countries, shipbuilding has been developed by private enterprise?

A. In India the circumstances are such that we think the Government must start it.

Q. In reply to Question 24, you say: with the influential support of the British Government at their back, the foreign companies soon established themselves firmly in the country. What do you mean by the British Government, do you mean the British Government at home or the Government of India?

A. I mean the British Government at home.

Q. What is the support which the British Government gave?

A. The British Government gave bounties and they also gave postal subventions to the British companies.

Q. The postal subventions were for service rendered.

A. We are not getting such subventions for Indian companies.

Q. Do you call it influential support?

A. On account of the political sway which England had over other countries, she managed to have tariffs and other things in such a way

that British bottoms alone were favoured. The Indian Mercantile Marine wants assistance only at the start. It may not want any assistance fifty years hence.

Q. You speak of equipment bounties. What do you mean by that?

A. There is some difference between construction and equipment. If you include equipment in construction, there is no difference.

Q. If Government gives 25 per cent of the cost of the ship, do you want the Government to own 25 per cent. of that ship or do you want it as free gift?

A. Bounty is always understood to be a free gift.

Sir John Biles.—Q. You mean that it should be a free gift to the ship-owner to enable him to get his ship built?

A. Yes, in order to bring the shipbuilding industry into existence in this country.

Q. Why did you fix 25 per cent.?

A. We thought it would be a suitable figure.

Q. Has it any relation to the difference in the cost of constructing a ship in England or elsewhere?

A. It was not suggested with reference to any scientific calculation.

Sir Arthur Froom.—Q. I do not understand what useful lesson this Committee is to learn from your table in Appendix B. I think you told other Members of the Committee that you wished to show the difference in the rate of duties imposed on British and foreign bottoms.

A. That is so.

Q. Have you any quarrel with this?

A. What we wanted to convey was that the British Mercantile Marine in order to develop itself wanted certain facilities and such facilities were given them and it is on account of such facilities that the British Mercantile Marine was developed.

Q. Do you object to the action?

A. It is too late to object. I do not know what I would have done if I had lived in the year 1850 and what would have happened to the British Mercantile Marine if these advantages had not been given to it by Government.

Q. My point is that these advantages were given to the British Mercantile Marine to protect it against the shipping of other countries.

A. I may tell you quite frankly that, for the present, in order to develop the Indian Mercantile Marine, we cannot draw a distinction between England and other countries.

Q. You look upon England and Germany as one from your point of view?

A. Because we want a mercantile marine of our own.

Q. Would you describe Englishmen or English shipping-companies as foreigners and class them with Germans or French?

A. I would refer to them as non-Indians.

Q. Don't you agree that the term 'British' includes Indians? When I use the word 'British ship,' I include a ship that might be owned by an Indian.

A. When we say 'British' we do not mean that it includes 'Indians.'

Q. When I refer to a British Mercantile Marine I would include, say, the Scindia Company.

A. Quite possibly.

Q. You do not look at it from the same point of view?

A. It does not pay us to do so.

Q. Have you had any experience of ship-owning?

A. I gave my answer to Mr. Lalubhai Samaldas.

Q. Any experience of ocean-going steamers?

A. We wanted to start a steamship company, but we found we could not make it successful and so had to return all the money.

Q. You really then have no experience of managing ships?

A. No.

Q. You describe India as a maritime country, is that not rather a far stretch of imagination? India is an agricultural country.

A. By a maritime country, what we mean is that India has a good coast line and that we can develop a mercantile marine.

Q. You would not say I was wrong if I described India chiefly as an agricultural country, would you?

A. If you use the word 'chiefly,' I will agree, it is not altogether an agricultural country.

Q. I take it you appreciate that if you are attacked in business by another man who is in the same line of business as you are you can have no quarrel with the first man seeking to defend himself.

A. An ordinary business man would look at it as you say; but it will be the business of Government to intervene if Government find that there is a possibility of the destruction of a national industry, the development of which will be for the benefit of the country.

Q. That is not my question. If a person had been in the shipping business, say, for a number of years and another man tries to come and cut him into the business, you as a business man would understand the first man seeking to defend himself.

A. I would not blame him.

Q. You will admit that there are established companies on the coastal trade of India?

A. Yes.

Q. You would have no quarrel with them for defending themselves?

A. They would naturally do it.

Q. And they would defend themselves, whether attacked by a British company or by an Indian company?

A. Yes.

Q. With regard to rate wars, it is a matter of common knowledge that if a shipping company has a sufficient and proper amount of capital it may succeed in forcing its way into a trade without any assistance from Government where other companies have been established for years.

A. The circumstances of India are not such that we can succeed in that way.

Q. Why not?

A. We have not got so much money to lose.

Q. You would rather that Government lost the money?

A. Government has not got to lose anything what we want to do is to make rate wars impossible and the deferred rebate system illegal. We don't want anybody to lose anything.

Q. Why should Government be called upon to provide money from the general tax-payer to foster one particular industry?

A. Because the general tax-payer also will benefit by it.

Q. If the companies are run at a loss, will the general tax-payer benefit by it?

A. I do not think they can be run at a loss; they will yield profits.

Q. Then I come back to my original suggestion that you have not had much experience as a shipper.

You objected to shipping companies being run by Managing Agents and said it was not the case in England.

A. What I wanted to explain was why I did not like the system and incidentally I said that the system of Managing Agents did not exist in England.

Q. Haven't you heard of the Orient and Anchor Lines, they are big lines?

A. Generally speaking the system exists; there are a number of lines like that.

Q. I just want to remove what false impression you have as regards the non-existence of the Managing Agency system in England.

A. That does not change my answer.

Q. Do you wish the coastal trade to be reserved for Indian-owned ships?

A. That is so.

Q. You say it is done everywhere else; it has not been done in England.

A. At the commencement we ought to do it. It need not be done in England now, because they have already developed their mercantile marine. The Free Trade policy is best for England, but I consider it very bad for India.

Q. But the English shipping industry has its difficult times and they do not seek Government help at any time.

A. Established industries do not seek Government assistance.

Q. There are many English shipping companies which have ceased operations from time to time.

A. Those are individual cases. If you find that an industry cannot succeed in a country which is necessary for its self-defence and other purposes, Government has to intervene.

Q. Do you think Government ought to intervene in the case of the Indian shipping industry?

A. Yes.

Q. Does your Association really suggest that the Suez Canal dues should be re-imbursed to Indian-owned shipping?

A. Yes; they should be re-imbursed by Government.

Q. And they should be exempted from port dues?

A. Yes.

Q. And the whole list of assistance you propose, all these mean money.

A. You have got to select which to give and which not to give.

Q. The list in your reply to Question 5 says that all these should be allowed to Indian-owned ships.

A. If you will read my two answers to Questions 5 and 6 together, you will find that in reply to 5, I have simply specified what are the several forms of State aid that have been given in various countries, and what form State aid might take; from this list you have got to select any which you would recommend.

Q. Has the Marwari Association got any similar Association as they have here at Karachi?

A. Not that I know of.

Q. One of the statements that was put before us at Karachi was exactly on similar lines as yours.

A. We have not sent these answers anywhere.

Q. In your reply to Question 24 you say that Government is still apathetic. Any enterprising Indian gentlemen who might have come forward to start a shipping industry have not done so. Would you describe them as apathetic?

A. They found they could not do it.

Q. Have they tried?

A. Some of them have tried to run steamers.

Q. In your reply to Question 44 you say that no difficulty will be experienced in recruiting either the officers or the crew for an Indian Mercantile Marine; Indians are largely employed at present as crews.

A. That simply substantiates what we have said here.

Q. The employment of Indian seamen is not at all dependent on starting an Indian Mercantile Marine.

A. We have not said that; what we said was that no difficulty would be experienced in recruiting either the officers or crew, part of which already exists.

Q. If this new scheme goes through, it does not start anything fresh.

A. Only so far as the crew is concerned.

Q. You are of opinion that a number of young Indian gentlemen of education will come forward for training?

A. Yes, you will get more applications than you can admit.

Q. That remains to be seen.

A. I do not think it is quite speculative. There is so much of unemployment and so much desire on the part of Indians to enter various lines that we feel there will be no difficulty.

Q. Don't you know that a sea life is not a lucrative employment?

A. It is more lucrative than having to starve.

Q. You consider that apprentices should not be required to pay premia for their apprenticeship courses. I do not agree with that, because they get their premia back in the form of wages, so that there is no necessity for Government to put up money in that way.

A. There may be several Indian apprentices who may not be able to pay premia in the beginning and Government might just advance them.

Q. You mean as a loan to be repaid?

A. Government might pay the company for the apprentice.

Q. I think you said in reply to Sir John Biles that a tax of four or eight annas a ton would be so small that it would hardly be felt.

A. Yes.

Q. The amount to be realized is large and the withdrawal of a large amount from the earnings of shipping companies would be felt. Don't you think so?

A. If the shipping companies have got to increase the freight for that purpose, they might feel it; but so far as the trade is concerned they will not feel it. In many cases it might happen that raising the freight by 1 per cent. will be so small that it will not be felt.

Q. You are going to take something like 50 lakhs out of the shipping companies and I think they will feel it.

A. They will feel it in this way, that they would ultimately have to go away.
President.—Thank you very much.

Witness No. 36.

Messrs. ANDERSON, WRIGHT & CO., Calcutta.

Written statement, dated the 20th August 1923.

Q. 1. In our opinion the present condition of the shipping industry in India is quite satisfactory. There are regular lines to all ports of the world and there is also an efficient coasting service. We have seen it suggested in some quarters that unfair preference is given by these lines, which are mostly under European management, to European shippers as against Indian. In our opinion there is no substance in this allegation. Indian shippers who stand up to their engagements are, we believe, treated in exactly the same way as Europeans of the same character.

Q. 2. Indians appear reluctant to risk their money in shipping ventures. If they wish to develop shipping enterprises of their own, it seems to us that the remedy lies in their own hands. That some Indians are quite capable of making a success of enterprises, which are managed and staffed by Indians, is proved, to take only one instance, by the large number of cotton mills of that nature on the Bombay side. If Indians can run cotton mills successfully in the face of strong competition from rival concerns managed by Europeans, there would seem to be no reason why they could not also run lines of steamers successfully. It must, however, be remembered that people who have a liking for, and some knowledge of, the sea are the most likely to manage a line of steamers with success, and there are, we believe, very few such people amongst the educated classes in this country.

Q. 4. We would be entirely opposed to the granting of State aid to any one section of His Majesty's subjects in India.

Q. 7. We see no necessity for such bounties, but if they are introduced they should not be confined to Indians.

Q. 8. We would be opposed to any interference on the part of Government in the internal management of private concerns.

Q. 18. We are in favour of the present policy, though we would have no particular objection to the exclusion from the coasting trade of foreign-owned vessels (such as German or Japanese), especially in the case of nations who

themselves exclude British-owned vessels from their own coasting trade. We have seen it suggested that legislation should be passed whereby the entire coasting trade of India should, by means of a licensing system, pass into the hands of the Indians within a short period of time. Any such legislation would in our opinion be grossly unfair and inequitable. People who, though born and bred in Great Britain, spend the greater part of their lives in this country have, in our opinion, an unassailable right to engage in the coasting trade should they wish to do so. Without the protection of the British navy the shipping of India would be at the mercy of the enemy in the event of war, and this navy is provided by Great Britain, we believe we are right in stating, entirely at her own cost.

Q. 19. We believe it would, for many years at least, result in a shortage of tonnage and consequently in high rates of freight.

Q. 23 & 24. Such an industry hardly exists at all in this country, and none is likely to develop to any material extent until the Indian steel industry is much further advanced than it is at present.

Q. 25 *et seq.* In view of our answer to Questions 23 and 24 we consider that the discussion of such ideas as State aid or bounties for ship-building would serve no useful purpose.

Q. 33. To our minds, though we have no special knowledge of the subject, it is very doubtful whether it would be possible in India to construct steamers from imported materials, even if it were admitted entirely free of duty, at anything near the cost of steamers constructed in Europe, while to construct them entirely from materials made in the country would be a sheer impossibility and is likely to remain so for many years to come.

Q. 44. The seafaring classes in this country will have to be much better educated than they are now before they will be able to provide men fit to act as officers in the Mercantile Marine. As regards the educated classes, so far as we are aware very few youths of that

class have any ambition to take to the sea as officers, at any rate in so far as this side of India is concerned.

Q. 45. We would have nothing to say against Government taking steps to train Indians, if it is considered that financial considerations would allow of it, but as already stated we would

be strongly opposed to any legislation whereby privately owned vessels would be forced to employ Indians against their own wish.

Q. 59 & 60. See our answers to Questions 44 and 45.

Q. 66. We accept the principle as stated in this question.

Oral evidence of Mr. I. A. CLARK, representing Messrs. ANDERSON, WRIGHT & CO., examined at Calcutta on the 20th December 1923.

President.—We are here seeking for information for the purpose of advising the Government of India as to the best way of developing the Indian mercantile marine and Indian shipbuilding industry. If any question is asked which you consider objectionable, please say so.

Diwan Bahadur T. Rangachariar.—Q. You say: We have seen it suggested in some quarters that unfair preference is given by these lines, which are mostly under European management, to European shippers as against Indian. To what are you referring there?

A. I cannot give chapter and verse, but I have seen it stated in the Press. I think there is such a feeling; otherwise these proposals would not have been put forward.

Q. You mean these proposals for the development of the Indian mercantile marine. Do you think that the idea of an Indian mercantile marine is based only upon these suggestions?

A. No; not *only* upon these suggestions. I have seen it expressed somewhere in print that the Indian community feel that they do not get fair treatment from the lines which are solely managed by Europeans at the present time.

Q. Apart from this question whether the existing companies give undue preference or not, do you sympathise with the aspirations of the Indians to have an Indian mercantile marine of their own?

A. My firm was established fifty years ago and many other firms have been established for a much longer time. We feel that we are part and parcel of the population of this country. We are strongly opposed to any legislation or anything else which will prevent our community from running a coastal line in India which I understand is the proposal made by Mr. Seshagiri Ayyar in his Bill.

Q. That is quite a different matter. The mercantile marine is at present almost entirely in the hands of non-Indians?

A. There is one Indian company, I mean the Scindia Company which is running.

Q. You know that several attempts were made to form Indian companies and they all failed for some reason or other, on account of the crushing competition?

A. I just happened to read in the papers this morning the report of the Scindia Company. I learnt therefrom that they have come to an arrangement with the British India, and they are now to be allowed to carry cargo at rates which will pay both companies. That is exactly the process which any Indian company should adopt. If a new company is started, it is bound to have opposition; but if it is strong enough it will eventually be able to establish itself firmly. The Indians have successfully established jute mills and cotton mills in the face of competition.

Q. You think that if a new company is started it should face this crushing competition?

A. This is a hard world and business is business. People in other countries have been able to do this business without Government assistance. I really fail to see why Government assistance is necessary in this country.

Q. Can you name any country which developed her mercantile marine without Government assistance?

A. My own country, Great Britain.

Q. Are you not aware that in the early centuries it was necessary to have legislation to protect the English mercantile marine against foreign competitors?

A. Am I a foreign competitor in India?

Q. The profits do not remain in the country. If you stay in this country you will not be a foreigner. Your company must be registered in India?

A. We have been here for the last fifty years and we are to all intents and purposes registered in India. We pay income tax.

Q. At present there is no room for an Indian company to come into existence unless it is prepared to face the crushing competition?

A. It seems to me that the mere fact that there is no room goes to show that the company

is not required. There is sufficient tonnage to carry the cargo.

Q. Those who know the matter seem to think that the supply of tonnage is more than adequate to meet the needs?

A. Yes.

Q. If an Indian mercantile marine is to develop at all, it must be at the expense of the existing shipping companies?

A. And of the tax-payer too.

Q. It is to be recognised that the shipping industry is almost entirely in the hands of non-Indians?

A. That is a fact.

Q. Supposing it is considered necessary to develop the shipping industry in this country, what steps do you advise to be taken in that direction?

A. My firm is strongly opposed to any legislation which will exclude us from any trade of any sort whether it is shipping or anything else.

Q. Supposing it partially excludes and partially includes you?

A. I am opposed to exclusion of any kind.

Q. Supposing you were an Indian, how would you look at it?

A. The Indians were in India a very long time before the British. Why should they not have started shipping lines before we ever came, in which case the boot would have been on the other leg and it would have been for us to fight the Indians.

Q. Before you came, a fair share of such shipping as was in the world was in our hands?

A. I have heard of it.

Q. In such shipping as was in the world, we occupied a front position, though not the very front?

A. Very likely.

Q. That position we have lost owing to your competition?

A. Yes.

Q. You have acquired the field?

A. We have acquired the field by perfectly fair means, by ordinary business acumen.

Q. We do not want to attribute any unfairness at all. At the same time you will grant that the children of the soil should have a fair share in the industries of this country?

A. I see no reason why they should not.

Q. They have tried for the last 25 years and they have sunk 10 crores. But by reason of this crushing competition, they were not able to come up.

A. This morning I happened to see the reports of two jute mills which are managed entirely by Indians. Both these companies showed a very fair profit. In my opinion there is just

as much competition in the jute mill trade as in shipping, and yet these companies have been able to establish themselves firmly by business-like methods and by their energy. I admire them for having done so and I wish them every success. I do not want to crush them. It is exactly the same in shipping. There is no reason why Indian companies should not be formed in this fashion. Competition has been overcome by the Scindia Company and there is no reason why other Indian companies should not do the same.

Q. You do not attach any importance to the fact that all countries had developed their mercantile marine only with State aid of some sort or other, either direct or indirect or both combined. That is what the history of every country tells us. You think India should chalk out a peculiar line of her own if she is to develop her mercantile marine.

A. The question is whether the country can afford it. Even if it can, then I say that whatever facilities or bounties you give to the people of the country you must also give to those who have established themselves here, like my own firm. If there are to be bounties or any sort of subsidy, then we should have a right to share in it.

Q. The people of the country will include people who are in this country and who register their companies here, who take a fair proportion of Indian capital and a fair share of Indian directors on their Board?

A. I would not submit to be tied down to such conditions at all. We cannot accept any conditions in order to be eligible for these benefits.

Q. Even if they are Englishmen who are settled in this country, we do not mind it. We do not want non-Indians who do not settle in the country, who come here, make a profit and go away.

A. It seems to be rather a fine distinction. I want to leave this country eventually, as the climate does not suit me as well as the English one. How much I shall take away, I do not know. But even when I go, my firm will remain.

Q. Are you willing to consider any proposal for the partial reservation of the coastal trade for such companies which I have mentioned, for any improvement in the deferred rebate system which compels people to stick to particular companies, for any subsidy or loan to new companies or for guarantee of interest?

A. I have no great objection to any of these proposals, provided that we share in the benefits. We maintain that India is a part of the

British Empire and firms like ours should share in any such bounties.

Q. Even in a partnership like that if one partner has acquired, though by fair means, an undue position, does not justice and equity demand that there should be some redistribution?

A. I do not agree with that. Even now there are Indian companies like the Scindia which are successfully carrying on their trade.

Q. They are suffered to exist by reason of the agreement they entered into; otherwise they would have died last year.

A. They are in the trade now.

Q. You see the difficulty in which we are placed. From your answers, I see that you have assumed an attitude of entire negation. You say nothing is needed. We want the assistance of European communities in this matter.

A. You want to establish these lines not because they are required but merely from a sentimental point of view. I am afraid I cannot agree with that idea. If you are going to pass a bill by which no white man will be allowed to trade on the coast, then we must regard it as an unfair proposal.

The Hon'ble Mr. Lalubhai Samaldas.—Q. Can you tell us what Messrs Anderson, Wright and Company are doing?

A. We are general merchants and also agents for a jute mill and for some collieries. We are agents for the Natal Line of steamers which run from here to South Africa.

Q. You say in reply to Question 2: If Indians can run cotton mills successfully in the face of strong competition from rival concerns managed by Europeans, there would seem to be no reason why they could not also run lines of steamer successfully. Probably you are not aware that when cotton mills were started in India, there was no monopoly nor even competition.

A. I do not know that.

Q. We have been told by some witnesses that the trade suffers on account of the deferred rebate system. There have been instances where shippers could not send their cargo by other lines because of this system?

A. I am surprised to hear that the trade has suffered on account of this system.

Q. The idea is to develop the smaller ports. Can you give us some figures to show the percentage of trade with smaller ports?

A. We do not keep statistics to show the percentage of trade for smaller ports.

Q. I can tell you that the proportion is 9 : 1. The big lines do not care for the smaller ports, with the result they are neglected.

A. I do not know that. If the big lines do not care for the small ports, what is there to prevent a new line being started by Indians to cater for the needs of small ports. I do not suppose the big lines take up the attitude that they will not carry the cargo and at the same time not allow the cargo to be shipped by other lines. I do not think any line would be so unreasonable.

Q. We were told this morning by a witness that the B. I. tonnage was not available to carry some rice from Chittagong to Madras and at the same time they did not allow the Clan Line to take the cargo?

A. That is news to me.

Q. You say that you believe that there are very few people among the educated classes in this country who have a liking for the sea. Is this statement really based on facts or is it a general impression only?

A. It is only a general impression.

Q. Have you tried to find out by enquiries whether educated people are prepared to come forward?

A. We run a line of steamers; if there were a large number of Indians on this side of India who did want to go to sea we would certainly have received a large number of applications; as a matter of fact we have received none.

Q. How do you know that they are taking in Indians as apprentices? We have been told by some witnesses that Deck Officers and Engineers' posts are not given to Indians, nor are cadets or apprentices taken.

A. If they are trained and prove themselves efficient officers, we are not opposed to give these posts to Indians because they are Indians.

Q. In reply to Questions 23 and 24 you say that no industry is likely to develop to any material extent until the Indian steel industry is much further advanced than it is at present. Would you like the steel industry to expand?

A. I imagine that it would be to the benefit of the country.

Q. You may take it from me that the Tata Iron and Steel Company have begun to manufacture steel plates and will be able to supply steel plates within five or six months. In that case, one difficulty would disappear?

A. One company cannot make all the steel plates which would be necessary for the whole of the shipbuilding industry.

Q. Other companies are starting.

A. I would not regard the fact that one company can make steel plates as making the industry in this country in any way compar-

able, say, to the shipbuilding industry in England.

Q. Can you tell me how many tons of steel you would require for one ship, say, of a thousand tons.

A. I can't tell you.

Q. Have you any special knowledge of the shipbuilding industry? Can you give us any figures to show the comparative cost of a boat of, say, 1,000 tons built in India to that of one built in England?

A. I have no figures. If you build a steamer in England and bring it out here with cargo, you pay no freight on the material with which the steamer is constructed. On the other hand, if you import materials, even if they come in free of duty, freight must be paid on those materials; that is common sense.

Q. On general lines you think it would not be possible to build ships as cheaply here?

A. We say it is doubtful.

Q. I take it you have no objection to Government providing facilities for training Indians. Your only objection is that no private company should be forced to employ them.

A. That answer refers really to *Q.* 45 (*b*) regarding future employment. There was a proposal that, in the event of bounties being given, they should only be given to lines which undertake to employ Indians.

Q. Question 45 refers to training.

A. Yes, we have really got our answer in the wrong place.

Mr. Jahn Nath Roy.—Q. In your reply to *Q.* 2 you say that Indians appear reluctant to risk their money in shipping ventures. You also state that Indians have done successfully in cotton mills. One witness told us that they are doing well in the jute trade. Are all these successes of theirs due to want of competition in those industries?

A. There is competition in these industries, but I would not call it crushing competition.

Q. There is so much competition in shipping that they cannot feel their way against well-established companies. Is that your idea?

A. They have done it to a certain extent.

Q. You say that you would be entirely opposed to granting State aid to any one section of His Majesty's subjects in India. It is true that British ships do not require such help, but Indian ships want protection against British ships?

A. The Indian people want to start an Indian Mercantile Marine; but whether it will be to the good of the country is another question.

Q. Do you consider that if help is given to Indian companies similar help should also be given to British companies?

A. It seems to me that in all the questions I have answered so far the position of the Indian shipper and also of the Indian taxpayer is entirely ignored; all the questions tend to the idea that it will be a good thing to start an Indian Line, but we have got the population of India to consider.

Q. You mean that only the people concerned in the shipping industry will benefit and that will be at the expense of the general tax-payers?

A. Yes.

Q. If the representatives of the general tax-payers vote for the money, do you think you would have any objection?

A. I do not think that the present Legislative Council is quite representative of the whole country.

Q. At least they are more entitled to speak with authority than you can, I believe?

A. That may or may not be so. If you can find the money I do not object to the bounties.

Q. In your answer to *Q.* 45 you say you would be strongly opposed to any legislation whereby privately owned vessels would be forced to employ Indians against their own wish. Do you know that English companies will not even take Indian cadets as apprentices?

A. There are some Indians on all our steamers.

Q. There are lascars and such sort of men. Do you want them to continue as lascars?

A. I have some difficulty in answering because we are only Agents of the Line. If I had a line of my own, I would have no objection to Indian officers at all provided they were qualified.

President.—Q. Do you know that by legislation the Australian Government have reserved the coastal trade of Australia for Australian ships?

A. Yes.

Q. Having done that, Australia being as much a part of the British Empire as India is (I do not mean to suggest that Australians have made a success of it), is it not reasonable to consider that Indians might think they could do the same as the Australians have done?

A. In the first place the fact that the Australians have not made a success of it is an argument against its being done here.

Q. The Australians having felt they have a right to do it, don't you think that it is reasonable for Indians to think that they might do the same thing?

A. I do not agree with that.

Q. But the Australians have done it ?

A. That does not prove that they have done the right thing.

Q. My question is perfectly clear. Australians considered that they have a right to reserve their coastal trade ; is there any reason why Indians should not have the same feeling ?

A. There is no reason ; but I think the feeling is wrong.

Q. The fact remains that they prevent British ships from trading on the coast of Australia. The Indians have the same feeling ; have they not the same right to that feeling ?

A. It is a difficult question for me to answer.

Q. What I wanted to put to you was simply the national point of view. Indians feel that if the Australians can do it in their country they can do what the Australians have done.

A. It is a great pity that Indians are raising this question.

Q. You said that there is no harm in young Indian gentlemen having aspirations to go to sea.

A. Yes.

Q. All seafaring people agree that one cannot really be a blue-water sailor unless he goes to all parts of the world. Supposing the Government of India decide to start a training ship like the Conway or Worcester and a boy does two years on it and a year on a sea voyage and gets a certificate for navigation and seamanship as an English boy does on the Conway or Worcester ; and if with these qualifications he wants to go overseas, would you be prepared to put up his case to your owners and take such Indian students as apprentices ?

A. Yes, I would.

Q. Supposing the steel industry prospered in India and the price of Indian coal came down and it was possible to produce steel girders, frames and plates in India as economically or even cheaper than importing them from outside, you would have no objection to starting an Indian shipbuilding firm in India ?

A. If there was a possibility, we might start it ourselves.

Q. You say it is simply non-economical at present.

A. I am only speaking generally ; that is what I believe.

Q. Would you be against Government helping the shipbuilding industry in any way, such as providing a loan, to start with ?

A. Not at all, if Government considers the security good enough, they might help.

Sir Arthur Froom.—Q. Are you of opinion that part of the reason for the failure of several

Indian shipping companies which were started was lack of sufficient resources ?

A. I should imagine it was ; I don't really know. Possibly it was lack of good management.

Q. Or the two combined ?

A. Very likely. You cannot start big shipping lines unless you have a very large amount of capital.

Q. Are you of opinion that it is quite reasonable for a shipping company to fight any new company that comes and encroaches on its business ?

A. It is human nature.

Q. I suppose if your line started business round the coast of India, you would expect very strong opposition from the established companies already doing business ?

A. Yes. Soon after I came out to this country the Natal Line had a rate war with Andrew Weir and Company which lasted for about 3 years and both lines eventually came to a working arrangement. It is merely a question of business.

Q. The position is not in any way racial ; the rate war is against anybody that comes and tries to cut into your business ?

A. Certainly. Now that the B. I. and the Scindia Company have come to an agreement I should be surprised if another Indian company started and the Scindia did not fight it.

Q. As long as it is not too extravagant or expensive to the country, I take it you will support the proposition to give this matter of training the young Indian gentlemen a trial.

A. Yes, I would support giving them a fair trial.

Q. We have been told that thousands and thousands of young educated Indians would come forward to go to sea and that it is necessary that some trial must be made ; would you agree that it should be so ?

A. I think you will find a very large number of them unsuitable ; but a certain number will be suitable.

Sir John Biles.—Q. How long have you been in India ?

A. About 18 years.

Q. During that time, has there been anything to prevent the Indians from commencing steamship lines ?

A. Nothing that I know of.

Q. A statement has been made that it is difficult for an Indian steamship line to be begun on account of the rebate system and the combination of Liners. Do you know how long this has been in force ?

A. I can't tell you.

Q. Do you think the difficulty of getting in, commencing a line and succeeding in the trade on the part of Indians is more to-day than it was 18 years ago?

A. I do not know very much about the conditions that existed 18 years ago as I was a very young man at the time; I do not think there has been any particular change that I know of.

Q. Has there been any opportunity during the last 40 years for Indians to work out the trade in the same way as the British have worked it up?

A. I think there has been an opportunity all the time if they liked to go in for it.

Q. The difficulties of beginning against an established line must be greater, the longer the line is established?

A. That is so, so long as the established line gives an efficient service.

Q. You do not know then anything beyond the 18 years you have been in India.

A. I am afraid I don't.

Q. It has been stated that no Mercantile Marine can be created without subsidies. Do you know of any subsidy having been paid for the creation of the British Mercantile Marine on the coast of India?

A. I do not think any was given.

Q. So the British Mercantile Marine was created in India without a subsidy.

A. Quite so.

Q. Do you see any reason why, if Indians made a beginning, they should not do the same without a subsidy?

A. They certainly can provided they get hold of people who would put up the necessary capital.

Q. Is there any possibility of the existing companies in the coastal trade taking Indians into their shareholding and management?

A. As far as shareholding is concerned, if the company is a limited one and the shares are available in the market, there is nothing to prevent the Indians from buying the shares in the open market. That is the only way in which you can get the Indians into the shareholding management.

Q. There is nothing that you know of to prevent them from taking such a course and thus purchase the mercantile marine of India?

A. I do not suppose that the B. I. Company shareholders would sell their shares. If their shares come into the market for sale, there is nothing to prevent the Indians from buying them.

Q. I understand your chief point is that you are as much an Indian as anybody else for the purpose of the mercantile marine?

A. By reason of my long connection with India, I have as much right to trade in this country as an Indian.

Q. Is it your contention that in this enterprise which has been developed by the British people there is a very large number of Indians employed?

A. We have got a very large number of Indians in our employ.

Q. Have you any idea what percentage of the whole people employed are Indians?

A. If we take all our employees the proportion between Indians and Europeans will probably be about 10 to 1.

Q. The only change that will be effected by having an Indian mercantile marine is that the small number of Europeans who are now in these concerns will be displaced by an equal number of Indians?

A. Yes.

Q. So that the change will affect only a very small number of people?

A. Quite so.

Q. Is there a great demand from this small number of people to displace the Europeans?

A. No, I don't think so.

Q. I was told there is a great demand for an Indian mercantile marine?

A. I doubt it. A very great bulk of the population has never seen a steamer. There is a demand for the Indian mercantile marine from people who want to get into this trade.

Q. Will it be 10 per cent.?

A. I have no doubt that there are people who want to knock out the B. I. and start a new line. But on the whole I think the country is quite satisfied.

Q. Have you ever been asked by Indians to leave your company and allow them to step into your place?

A. I have never been asked.

Mr. Jadu Nath Roy.—Q. You said there are only 10 per cent Europeans and 90 per cent. Indians. What is the difference in their pay?

A. The pay of the Europeans is much higher. We do not work out percentages in regard to the salaries of our staff. We get as many people as we require of the required attainments and as cheaply as we can.

Q. You said that there is no demand from the country for the displacement of the small number of Europeans. Probably you are not aware that a major portion of the Indian population are illiterate?

A. The ryots do not care for an Indian mercantile marine. So long as the rains come and

their fields are harvested, they do not care for anything else. There are a large number of people like that in the country. I do not think

there is a large demand in the country for an Indian mercantile marine.

President.—Thank you very much.

Witness No. 37.

The East Bengal Engineering Works, Cossipore.

Written statement, dated the 22nd August 1923.

Answers to Appendix A of the Questionnaire.

Q. 1. We build inland steam vessels and flats of steel.

Q. 2. None.

Q. 3. We have built several flats up to 175 feet long and a steam launch 110 feet long.

Q. 4. Small hauling engines.

Q. 5. None.

Q. 6. No.

Q. 7. None.

Q. 8. Seven bighas.

Q. 9. Three.

Q. 10. Inland steam vessels up to 200 feet long.

Q. 11. One inland steamer and four flats in nine months.

Q. 12. Can build engines and necessary propelling machines for small vessels.

Q. 13. Yes.

Q. 14. None.

Q. 15. That depends on the prospect.

Q. 17. Somewhere down Calcutta where there is sufficient water for launching and not far away from business centres.

Q. 21. Three to four hundred men more or less :—

Riveters and Boilers-makers 200, Fitters 45, Blacksmiths 15, Turners 20, Copper-smiths 3, Moulders 20, Carpenters 15, Coolies 40, Lascars 60, Total 418.

(1) Almost the same number.

(2) Ditto.

(3) Ditto.

Q. 22. We have got sufficient machinery for building inland steam vessels and flats.

Oral evidence of Mr. G. S. THOMPSON, representing the East Bengal Engineering Works, Cossipore, examined at Calcutta on the 20th December 1923.

President.—Your reply is only in regard to building vessels and so I propose to confine my questions to that. I should like to assure you that this Committee is only seeking for information to advise the Government of India as to the best means of starting an Indian mercantile marine. If we ask any questions which you consider objectionable, please say so.

Q. Where are your engineering works situated?

A. At Cossipore, which is five miles from here.

Q. Do you actually build steamers?

A. Yes.

Q. What is the biggest steamer you have built?

A. We have built a steam launch 110 feet long \times 17' 6" \times 8' 9", also several flats 175' 0" \times 28' 0" \times 9' 0".

Q. Do the plates come out ready from home?

A. We get our plates from England, but we shape them in our yard to our design and erect accordingly. We do not build boilers.

Q. Do you have a naval architect?

A. Yes; he is an Indian. He actually draws down the lines of our flats and steamers from the model after being passed by Superintending Engineer.

Q. I take it the reason why you do not make boilers and engines is you can get them cheaper at home?

A. Yes.

Q. Do you make engines?

A. We have made engines and the necessary propelling machinery for small vessels.

Q. Do you think there is an opening in Calcutta for the shipbuilding industry?

A. I think the only drawback here is the absence of suitable men.

Q. If we get suitable men will there be any difficulty in building heavy steamers?

A. No.

Q. You build light steamers and boats?

A. Yes; there is no difficulty in getting men physically strong enough to hammer up the rivets in light steamers and boats, but they are not strong enough to rivet up ships.

Q. Do the Tata Company who are now manufacturing steel plates produce them as cheaply as we can buy them from home?

A. More cheaply and we can get delivery quicker here.

Q. Do you run steamers?

A. Yes.

Q. Are they entirely officered and engineered by Indians?

A. Yes.

Q. Have they been educated up to the proper standard?

A. So far as the looking after steamer is concerned some of them are not up to the standard. Most of them are very careless, but some are very good.

Q. Do your engineers keep their engines well?

A. They are very slack and very careless, but I think a good deal of the blame is due to the fact that they have not sufficient time to do so.

Q. Where are they trained?

A. They are trained and pass their examinations in India.

Q. Do they face the situation in the event of a breakdown?

A. I have seen some of them do very wonderful work.

Q. If proper education is given, do you think they are likely to become capable engineers fit to manage big ships?

A. They will require to be trained for many years. Mere theory is of no use; they must combine theory with practice.

Q. Is your yard capable of extension for building big ships?

A. We cannot take more than 200 feet at present.

Q. Down the river, there is plenty of room, is there any reason why shipbuilding should not be started there?

A. No.

Q. How would you propose launching?

A. We can build dry docks down the river to take three steamers or more at a time and float them all at once.

Sir Arthur Froom.—Q. Does the cost of building small ships compare favourably with those built at home?

A. In England it will be cheaper, but it will not be cheaper when brought here.

Q. What is the biggest launch you have built?

A. 110 feet long \times 17' 6" \times 8' 9".

Q. Do they turn out work quicker at home than here?

A. Yes.

Q. How do you account for extra costs?

A. We want more supervision here than at home, that means money.

Q. If suitable plates are obtainable in India, do you think you can build big ships?

A. We can; but probably it will cost more.

Sir John Biles.—Q. You think it will cost more to build a ship here?

A. I think so.

Q. In arriving at that conclusion, I suppose you have taken into account the cost of getting things from England?

A. Yes.

Q. Can you give us any idea as to the relative cost of labour?

A. As far as riveting and plating is concerned, I think the workmen at home get about £5 to £6 a week, while the workmen here get 30s. to £2.

Q. The workmen at home get three times as much as the workmen here?

A. Yes.

Q. How much work does a workman here turn out as compared with a workman at home?

A. I think it is twice, some say it is three times. This only alludes to a certain class of work; in many cases, such as machine work, the Indian is quite equal to the home man.

Q. If you get as much work from three men here as you get from one man at home, then don't you think the labour costs much the same?

A. But there will be more supervision here than at home.

Q. You will have to add to the cost, the cost of supervision.

A. Yes.

Q. Have you any idea how much percentage of the total labour does supervision cost?

A. I have not worked it out.

Q. You think that the difference in cost is very largely due to the cost of supervision?

A. I think so. The workmen here often spoil the job and it has to be done twice or thrice over.

Q. Do they spoil like that at home?

A. Probably they do.

Q. Will you tell us what facilities are there for training naval architects here?

A. They may be trained in any of the Marine Engineering firms around Calcutta, Bombay, Madras, etc., and in the Government dockyards.

Q. Do they get any training outside the yards?

A. There may be some technical schools.

Q. What does your Indian naval architect do?

A. He prepares estimates ; he does his work well.

Q. Do you find him satisfactory ?

A. Yes.

Q. Where was he trained ?

A. I cannot say where he has been trained.

Q. In the work that your naval architect does, have you any problems of work in which the relation between power and speed come in ?

A. Yes ; he does such work with assistance.

Q. For your purpose he is quite efficient ?

A. Yes.

Q. Are there other men like him in India ?

A. Yes ; there are a good many.

Q. You do not think there will be difficulty in getting designs ?

A. I do not think there will be any difficulty in getting designs prepared by them here.

Q. I suppose they will be all the better for a little training ?

A. Yes.

Q. Do they work very satisfactorily ?

A. Yes ; they are very keen. It is only the manual labour they do not like.

Q. What do you think of the prospect of successful shipbuilding in India ?

A. It would be rather difficult to build large sea-going ships on the banks of the river Hooghly.

Q. Do you think it would be commercially a success ?

A. It is very difficult to judge.

Q. Do you think that shipyards in India should be subsidised by Government ?

A. Yes ; I think so.

Q. What form should that bounty take ? Is it to lend capital, is it to pay 25 per cent. of the total cost of ship ? Some witnesses suggested that the Government should lay down a yard and hand it over to some body to work ? What do you think of these proposals ?

A. I think it has to be experimented with before we can come to a decision. Probably if the Government gave a subsidy, it would be good.

Q. You mean that the shipbuilder should be paid a subsidy in relation to the amount of work he did ?

A. Yes.

Q. You think that if a subsidy to the extent of 25 per cent. on the cost of each ship is given, the shipyards will develop in India ?

A. Yes.

Q. Do you think those shipyards will be commercially successful ?

A. That is rather a hard question.

Q. Can you tell us anything to help us in any way to recommend to the Government what they are to do ?

A. I do not know much on the commercial side.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. You said your chief difficulty was about riveting ? Have you tried the Punjabi workmen ?

A. No.

Q. What is the cost of bringing the plates here from home ?

A. It is, I think, 25 shillings per ton.

Q. As the cost of labour is proportionately lower, it is only the supervision charges that has to be added ?

A. Yes.

Q. In comparing costs in England and costs in India, if a boat has to be brought out to India, the cost of bringing it to India also should be set off against it ?

A. Yes.

Q. To what community does your Naval Architect belong ?

A. He is a Hindu ; I think he is a Brahmin ; his name is Chakrabarti.

Q. Did you train him here ?

A. No.

Q. Where was he trained ?

A. I do not know ; he has been with us for about 12 years.

Q. Are you satisfied with his work ?

A. Yes.

Q. Do you run your boats on the rivers or on the coast ?

A. On the rivers.

Q. Your boats stand the test very well ?

A. Yes.

Q. Do you train your Serangs up here ?

A. No ; they come to us with certificates.

Q. What do you pay them usually ?

A. About Rs. 75 a month.

Q. What would you have to pay an Englishman in his place ?

A. He would probably get about Rs. 400.

Q. So that the salary of an Indian is only about one-fourth or one-fifth of that of a European.

A. That is so.

Q. Is the efficiency as bad as that ?

A. That cannot be judged from a few men.

Q. You have Indian Engineers also who come to you with certificates ; do you train any of them ?

A. No.

Q. What do you pay them ?

A. About Rs. 70 to 75 a month.

Q. For technical purposes, do they give you satisfaction ?

A. Yes.

Mr. Jadu Nath Roy.—Q. Your experience of Indian labour is that they are good for small work, but that they cannot do heavy work?

A. That is so.

Q. Can you not replace them by strong men like the Punjabees?

A. Probably that could be done.

Q. And the proportionate cost would be the same?

A. That is so.

Q. Do you anticipate any difficulty on account of climatic conditions in this country?

A. I do not think so.

Q. No work is stopped in April, May or June?

A. No; the climate is worse at home than in India. I prefer to work in the heat than in the cold and I find the Indian workmen also do.

Q. Have you ever known of any Indian Engineers in big sea-going vessels?

A. Yes; I have sailed with an Indian Chief Engineer on the B. I. (Samuel Vaz).

Q. What was the tonnage of the boat?

A. About 3,000 tons.

Q. Have you had any experience of Indian Masters as well?

A. Yes. I have sailed with Indian Masters during the B. I. strike. I sailed with two, one a Chief Officer and one a Master, both Indians, from Negapatam and sailed from Negapatam to Penang and *vice versa*.

Q. Did they do their work properly?

A. Yes, very well.

Q. Are they still working in the company?
A. Not that I know of; when the strike ended, they probably went back.

Q. Have you known of any other instance?

A. I have sailed with an Indian passenger who took a vessel very nicely from Negapatam to Penang and piloted her very nicely to anchorage in the Harbour.

Q. Do you think that Indians, with proper training, will in time be capable of navigating big vessels?

A. It is difficult to tell.

President.—Q. Had the men with whom you sailed all deep sea certificates?

A. Yes; they must have had deep sea certificates.

Q. Do you think they can command a ship well?

A. Yes; one was a Chief Officer and the other a Master with a boat-master's certificate.

Sir John Biles.—Q. Do you employ many Chinamen in your works?

A. I employed Chinamen when I was in John King's.

Q. It has been said that Chinamen make the best shipwrights.

A. Yes, they do.

Q. Do you do much shipwrights' work?

A. We do all light work for inland service only, $\frac{1}{2}$ " to $\frac{3}{8}$ " rivets.

Q. Do you employ many shipwrights?

A. No; we have all mistries and rivetmen; they practically do the work of shipwrights.

President.—Thank you very much.

Witness No. 38.

The Indian Engineering Association, Calcutta.

Written statement, dated the September 1923.

Q. 22. The Indian Engineering Association is strongly opposed to any further extension or development of the Government dockyards for ship-building purposes. Its members are very clearly of the opinion that ships should be built exclusively in private shipyards. Competition as between the State and private enterprise as ship-builders should be altogether excluded.

Q. 23. The present condition of the industry cannot be regarded as satisfactory, even apart from the fact that at the moment the shipyards are for the most part empty. But nevertheless, the industry does exist, and the

Indian Engineering Association is convinced that it is capable of great expansion. Its extent was well defined by the Stores Purchase Committee, 1919-20, in paragraphs 128 and 129 of their Report as follows:—

128 * * * * The shipbuilding industry of India is centred chiefly in Calcutta, although shipbuilding yards also exist in Bombay, Karachi, Rangoon and Madras, and to a lesser extent at some of the smaller ports round the coast. The industry relies principally on private firms, companies, and quasi-public bodies

for its support, as, hitherto, very few orders for river, or sea-going, craft have been placed by Government on private firms.

129. The sections required for the frame work of steel vessels can, for the most part, be obtained from indigenous sources of supply, but up to the present it has been necessary to import the materials for shell plating. It is anticipated, however, that within the next two years, plates will also be manufactured in India, thus rendering possible the building of the complete hull from Indian manufactured materials. Considerable progress has recently been made in engine manufacture, and plant is being laid down for the construction of marine boilers; it would appear then that, in the near future, it will be possible to build and equip ships entirely from locally manufactured materials. Firms in India are now engaged in building all classes of vessels required for river service, such as cargo boats, jute flats, motor boats and steam launches, also sea-going vessels, such as fishing boats, pilot vessels, and cargo ships; a sea-going passenger ship of over 200 feet in length has recently been launched. It has been contended that vessels designed and built in India might not embody the latest and most economical improvements introduced in shipbuilding in the United Kingdom; but witnesses from private firms have pointed out that, owing to the publicity given to any improvements in shipbuilding and in marine propulsion, through the medium of the technical and scientific press or by Home representatives of Indian firms, the designers and builders in this country are not likely to be behindhand in their knowledge of the latest improvements; moreover, it does not follow that the latest improvements necessarily emanate from the United Kingdom. In most cases, an expert knowledge of local conditions is necessary in designing craft for service in Indian waters, owing to the different nature of the rivers, and climatic conditions, as com-

pared with those obtaining in nortropical countries.

Q. 24. It is generally accepted that formerly there existed some sort of ship-building industry in India. But the ships built were of course exclusively wooden ships. There has never been in India an industry engaged in the building of modern iron or steel steamships beyond what is now in existence, and which is defined in the above answer to question 23. Indians have not therefore at the present time the technical and scientific knowledge and equipment which are essential for the building of modern steamships. In short, the industry has to be created, and the way to create it is, in the opinion of the Association, to develop and to extend the nucleus of a ship-building industry which is at present in existence. There is no reason why the capitalists and the people of India should not engage in this industry, just as they engage in the cotton and other industries.

Q. 25 to 27. It is the opinion of the Association that direct State aid in the form of construction bounties may prove to be necessary if Indian ship-builders are to construct large ocean-going steamers in competition with builders in other parts of the world. In any case the proposal is one which deserves to be thoroughly investigated. State encouragement could also be afforded in various ways with great advantage to the industry. The suggestions which were made in this connection by the Stores Purchase Committee are worthy of consideration. The Committee pointed out that hitherto it has been almost invariably the practice on the part of the Government to place orders for Government vessels in the United Kingdom without giving ship-builders in India an opportunity to quote. This practice ought certainly to be discontinued; and, as the Stores Purchase Committee recommended, when placing orders for vessels up to such length as Indian firms may be able to build, opportunity should be afforded by the Government to local ship-builders to tender, in competition with firms in the United Kingdom, and that if there is no material difference in the price the Indian tender should be accepted. Further, the Government of India should, the Stores Purchase Committee suggested, place orders in India for sea-going vessels without competition with British firms, provided it can be shown that the price asked is not unreasonable. If the Government would come to the assistance of the industry to this extent it would be greatly encouraged, and its development might be expected. The active promotion and expansion by the State of technical and scientific

education and training would also go far to help the industry. For it would tend eventually to cheapen the cost of production, inasmuch as it would lessen the need for importing costly supervisors, foremen, etc. At present there seems to be a tendency to expect engineering companies and ship-builders to provide educational facilities for their workers. But this is obviously wrong, for the provision of such facilities, at the cost of the Indian employer, must tend to put him at an additional disadvantage with the foreign manufacturer, whose workmen are all educated at the cost of the taxpayer. All educational facilities should be provided by the State, which, by so doing, would be rendering most material aid to the industry.

Q. 28 to 31. The Association has no legislative measures to suggest. It does not directly advocate the grant of construction bounties, but as has been already stated it agrees that the proposal to grant such should be investigated. Given State encouragement on

the lines already suggested, a considerable development of the industry, even without direct monetary aid from the taxpayer, might be anticipated.

Q. 32 to 35. If construction bounties are to be granted it would seem to be desirable to restrict the use of materials made outside India to those which cannot be manufactured in India. But as a number of the articles cited above are what may be termed specialities of certain manufacturers abroad it is generally found to be cheaper to import them than to manufacture them here. Customs concessions might be granted in respect of parts that cannot be manufactured in India. But no such concessions should be given in respect of articles capable of being manufactured in this country. It is not anticipated that there would be difficulty in preventing the abuse of any Customs concessions that might be granted. The existing supervision should be sufficient for the purpose.

Oral evidence of Mr. A. CAMERON, M.I.M.E., and Mr. MILLAR M. KING, representing the Indian Engineering Association, examined at Calcutta on the 21st December 1923.

(Mr. Cameron was the spokesman; where Mr. King answered, he is represented as Second witness).

President.—We are only seeking for information to advise the Government of India as to the best means of starting an Indian mercantile marine. If we ask any questions which you consider objectionable, please say so.

Q. Your Association is strongly opposed to any further extension of development of the Government dockyards for shipbuilding purposes?

A. Yes.

Q. Is that on the ground that the Government concerns are not economically run?

A. We feel the less the Government have to do with shipyards the better for all concerns.

Q. The Government machinery is so peculiar that it is almost impossible to be economical?

A. Yes.

Q. I see from the general trend of your answers that your Association considers that in course of time shipbuilding will develop in India?

A. Yes.

Q. You will not be adverse to Government encouragement?

A. I would advocate only material encouragement.

Q. Several kinds of encouragement have been suggested to the committee: (1) loans

at a small rate of interest; (2) payment of 25 per cent. of the cost of ships by Government and (3) guarantee of dividend. Which do you prefer?

A. Shipping questions are assured of an important place in the deliberations of any Association. They will always deserve such a place where the movement of passengers and goods depend upon sea transport but we hold strongly the less the Government have to do with business the better for all concerned. The less the Government influence the better. I think a great majority of Indians to-day appreciate and realise what the British companies have done for them and for their country and desire the continuance of that help of British capital and knowledge. Generally speaking, the Indian is not an investor. Instead of bolstering up Indian capital and guaranteeing dividends the Government should accelerate the putting in hand of sound revenue producing schemes such as the extension of railways and so speed up the development of the country. The rate of development of any country is normally limited by its own financial capacity. But if the normal rate can be accelerated it is good policy and good business to do so. We must preserve our commercial existence on free trade lines. British shipowners as a whole stand resolutely for free trade. They do not ask for subsidies or

assistance in any other way. They had more than enough of Government management during the war and freights never rose to such high levels as when they were controlled by Government. Freights are generally lowest when there is complete freedom for the working of the law of supply and demand. It is peculiar to the present period of widespread depression in trade that there should be an agitation in favour of protection. To this may be added the general difficulty of following the collapse of markets all over the world. To cut out competition is not good policy or good business. The subject requires careful study and investigation in order to understand and appreciate the possibilities that lie in front of it. Character and training combined with hard work are the essentials required for shipbuilding and engineering industries.

Q. Would you recommend Calcutta as the best place suitable for starting shipbuilding?

A. I think it is just the centre.

Q. Do you think ocean-going ships can be economically built here?

A. Yes.

Q. At the present time?

A. No; a little later on.

Q. This committee has to advise the Government about the starting of the shipbuilding industry which is the aspiration of a large number of Indians. Supposing we start a shipbuilding industry and educate Indians is there any reason why they should not rise to high posts in course of time?

A. There should be no difficulty.

Q. Do you think ordinary labour in Calcutta is suitable?

A. Yes.

Q. It has been brought before this committee by principals of various colleges that they are quite prepared to start in their colleges a chair for marine engineering if they get Government support? What do you think of this proposal?

A. There has been an evening technical school at Calcutta for years run by Engineers.

The Hon'ble Mr. Lalubhai Samaldas.—Q. What is the composition of your Association?

A. We can send you a list of the members.

Q. To whom is the membership open?

A. To all who deal in engineering.

Q. Is there any racial discrimination?

A. None at all. It is open to all.

Q. Is it because you think the Government cannot control shipyards efficiently that you object to their coming in for building ships?

A. My strong opinion is that they are not qualified to carry on any engineering or shipbuilding industry efficiently.

Q. What about State railways?

A. I do not think they are economically run.

Q. Are they not efficiently run?

A. We must admit efficiency.

Q. At present there is very little competition between State and private enterprise. There are no existing shipyards where we can build large ships. Would you object to pioneer work done by Government for a few years as they have done in the case of certain other industries in the United Provinces and in the Punjab?

A. To cut out competition is not good policy or good business.

Q. There will not be competition for some time to come. It might be started as a pioneer industry for some time and then handed over to private capitalists?

A. We are opposed to that.

Q. You know that in the Punjab and the United Provinces the Government have started certain chemical works?

A. I do not know.

Q. You would not suggest the same thing to be done in regard to this industry?

A. We do not recommend it.

Q. You quoted from the "Stores Purchase Committee Report" I take it that you support the recommendation of the committee as far as you quoted it?

A. Yes.

Q. That is to say you see no reason why India should not follow other countries in the matter of developing her shipbuilding industry?

A. I do not think there is any difficulty.

Q. Do you think the plates manufactured by the Tata & Co. can be utilised for shipbuilding purposes?

Mr. Miller M. King.—A. They are being utilised now.

Q. You said Government should give material encouragement to the existing companies for developing shipbuilding? What sort of material encouragement do you recommend?

Mr. Miller M. King.—A. By giving orders only.

Q. You know the Stores Purchase Committee recommended that for articles manufactured in the country, the price should be C.I.F. plus duty. The duty has to be taken into consideration at the time of placing orders. You will lay down similar rules for this purpose also?

Mr. Miller M. King.—A. The Stores Purchase Committee recommended alteration in the shipbuilding rules.

Q. It has been suggested that at the time of accepting tenders if there is a quotation from an Indian manufacturer and another from a British manufacturer or a foreign manu-

facturer, the duty should be added to the imported article and the price should then be compared. Would you adopt such a principle for this also?

Mr. Miller M. King.—A. Yes.

Q. You agree with the Stores Purchase Committee in their recommendation that orders should be placed in India for sea-going vessels without competition with British firms provided it can be shown that the price asked for is not unreasonable. Do you approve of that principle?

Mr. Miller M. King.—A. Yes.

Q. You referred to a technical school which was run by engineers and which was not taken over by the Government. Is it on the same lines as the Victoria Technical Institute at Bombay?

A. I have no knowledge of the Victoria Technical Institute at Bombay.

Q. Do you give training in marine engineering?

Mr. Millar M. King.—A. It is at present confined to engineering.

Q. Do you teach them higher mathematics so that they may understand the theory of engineering?

A. Yes.

Q. Do you think that practical training can be obtained here in the existing ship-building yards?

A. Yes.

Q. We are told by certain witnesses that unless the apprentices or the engineers who are qualifying for engineers' posts actually see big construction works, they will not be able to carry on the repairs as efficiently as they would if they had been given that opportunity?

A. It is very necessary that they should see the construction of the ship and the engine from its very foundation.

Q. That will be much more beneficial to the student?

A. Yes.

Q. How will you provide for it here?

A. We are building vessels and engines in smaller sizes

Q. Will that suffice for the purpose of giving them education?

A. Yes.

Q. You say that education facilities should be provided by the State. You advocate that, part of the expenses should be met by the Government and part should be recovered from the boys in the shape of fees?

A. Quite right.

Q. You say that the proposal to grant construction bounties should be investigated.

Will you suggest in what way it should be investigated?

A. We have no particular suggestions to make.

Q. You say that if construction bounties are to be granted it would seem to be desirable to restrict the use of materials made outside India to those which cannot be manufactured in India. By this you want to give preference to those articles made in India?

A. Yes.

Q. In case of those that are to be ordered from outside, you want the customs duty to be remitted?

A. Customs concessions might be granted.

Q. You want that the articles manufactured here should be put on the same level as those manufactured in England or Scotland?

A. There is no reason why they should not be.

Sir John Biles.—Q. You object to the extension of Government yards?

A. Yes.

Q. Do you object to the extension because they may compete with private dockyards?

A. They have been competing with private shipyards.

Q. Is that your sole reason?

A. That is a reason and not the only reason. We ask for material assistance from Government for private shipyards for the benefit of building for Government.

Q. You want to stop building in Government shipyards so that you may build in private shipyards?

A. Yes.

Q. Do you think it is necessary for Government to have their own dockyards?

A. I think it is necessary at the present time for Government to carry out their own repairs.

Q. So far as the Indian mercantile marine is concerned you think that Government dockyards should not touch the work?

A. Yes.

Q. Any work for the Indian mercantile marine should be exclusively done by private shipyards?

Mr. Miller M. King.—A. Yes.

Q. It has been suggested by some witnesses that the Government should have their own shipyards and after running them successfully for some time, hand them over to private companies to be run by them? Do you agree with this suggestion?

Mr. Miller M. King.—A. We do not agree.

Q. Do you think Indian shipbuilding has got any chance of successfully competing with European shipbuilders?

A. Not for a very long time to come.

Q. How long is it since you had steel plates placed at your disposal in this country?

A. Hardly two or three months ago.

Q. Are you able to get frames and angles from Tatas?

A. Yes.

Q. Are the steel plates cheaper here than at home?

A. Not at present.

Q. You used to have to carry great stock?

A. Yes.

Q. How does the labour here compare with British labour? Have you got any data on the subject?

A. I think it is more costly here. It may work out to about three times.

Q. You say there is no chance of reducing these costs?

A. I do not see any signs at the moment.

Q. You do not see any signs of making ships in India in competition with England?

A. Not for a long time.

Q. Supposing you get as bounty 25 per cent. of the cost of ship, would it enable you to compete with European prices? Supposing your price is 100 and the European price is 80, then Government will give you 25 per cent. of the European price. That would make up your price. Would you then be able to build ships in competition with European builders?

A. We have made it clear that we want only orders. It is a serious thing to encourage shipbuilding in the way you propose.

Q. You have nothing to say about the cost of ships in India that would enable us to judge as to whether 25 per cent. added to the European cost is sufficient to protect Indian shipbuilding?

A. We are not here as individuals, but we are representing here the association. We would rather not express any views on that point.

Q. Your point is that Government themselves should not build any ships in India?

A. Yes.

Q. I gave it as my opinion to the Stores Purchase Committee that I did not see any visible indication of its being possible to build and equip ships entirely from locally manufactured materials. Is the position much better now than it was before?

A. We are better able now to build than before. Marine Engines are now being built in the country up to 500 H. P.

Q. It might be possible to build some vessels 250 feet long such as cargo boats if the machinery is supplied from Britain; but I am of opinion that construction of bigger vessels is beyond your scope for some time to come.

It is no use to say that you have not been able to build because you have not been asked. You have not been asked because you have not been able to build.

A. I think the shipyards would come if the necessary orders are given.

Q. If you give an order for a ship you cannot wait for the plant to come in by which the ship is to be built?

A. No.

Q. You have got to begin at the other end of it; you have to be able to do it before you can get orders?

A. We are putting down the plant for vessels of that class.

Q. It seems to me that this idea of encouragement from the Government in this way cannot have any practical effect?

A. I think it would.

Q. You could not build ships and therefore you are not asked; and you will not be asked until you can?

A. We have stated already that we will not be able to build them for sometime to come because the plant is not ready.

Q. As far as this committee is concerned do you think there is any chance of your building?

A. In the near future there will be.

Q. The view of the people in India as represented to this committee is that nothing will be done in the building of ships until a subsidy is given for the purpose. You say you do not believe in subsidies, but you have done nothing to build ships. I say Government cannot help until you are able to build.

A. I say put the necessary plant down.

Sir Arthur Froom.—Q. I take it your position comes to this. You want the Government to say: If you put down the plant we will give you orders?

A. That is what it boils down to.

Q. Is that order to be irrespective of the cost of the ship?

A. No.

Q. You would give the Government figures at which you can build ships?

A. Yes.

Q. We are talking of ocean-going vessels. If these figures exceed what the Government would pay for a ship at home, how would you proceed?

A. Government should buy in the cheapest market. It is not a question of a home industry but it is supporting the Empire of which India is an integral part.

Q. If Government said: We will give you an order even though we know that the vessels

will cost more than at home, that would be a form of subsidy? Would it not?

A. The difference in the two costs will be a present to the shipbuilder.

Mr. Miller M. King.—A. On the other hand it would be money spent in the country and labour employed in the country.

Q. There is not so much unemployment in India as there is in other parts of the Empire?

A. No.

Q. You say that the cost of labour in this country is three times more than that at home. Is the committee to understand that though the wages are lower here, still the outturn of an Indian labourer is three times less than that of an English labourer?

A. In our own yard we are now renewing some reverse frames for the Asiatic Shipping Company and the cost of labour for that is a great deal more than three times for the British workmen.

Q. Is that due to the higher wages since the war?

A. They take a much longer time for the same job.

Mr. Miller M. King.—A. Greater supervision is required.

Q. What wages does a riveter get at home?

Mr. Miller M. King.—A. It is piece work. He gets anything up to £12.

Q. Say a man earns £5 a week at home, what will you pay a man here doing similar work?

A. About £5 a month.

Q. Even with that margin in hand, an Indian labourer turns out only about a quarter of the work that a workman turns out at home?

A. Yes.

Mr. Miller M. King.—A. The cost of supervision is much more here than at home.

Q. That of course adds to the cost of the job?

A. Yes, it does.

Mr. Jadu Nath Roy. (Mr. Cameron at this stage left, leaving Mr. Miller M. King to answer all the questions).

Q. You say that ships should be built exclusively in private yards. Do you advocate the development of Government yards as an encouragement for starting private yards?

Mr. Miller M. King.—A. We would not.

Q. Is it impossible to develop a shipbuilding industry in India?

A. It is not impossible, but it will take a long time.

Q. I understand that one locomotive company has been started for building engines. With all these advantages, you think shipbuilding can be developed in India?

A. Yes.

Q. You say that passenger boats up to 200 feet have been built in India?

A. Slightly over 200.

Q. You can do light shipbuilding work in India?

A. Yes.

Q. How do your prices compare with those at home?

A. Our prices will be a little more, not much more, if you take everything into consideration.

Q. If there is demand for shipbuilding in this country, then you think all the plates, locomotives and engines will be manufactured in the country?

A. Yes.

Q. As regards skilled labour that will be produced in the country if there is demand?

A. By giving proper technical education, skilled labour can be produced.

Q. Is it not due to the fact that many people are illiterate that a good deal of supervision is required? If the labourers are properly educated then so much supervision will not be required.

A. It will not be required.

Q. What do you suggest for improving labour?

A. I think it has improved a little now. I speak of the Calcutta evening school. Generally most of the firms send all their apprentices to the evening school and pay their fees in addition to the small wages they are paid on the understanding that they attend the classes regularly and pass certain examinations held at Sibpur College twice a year.

Q. You said that the outturn of Indian labour is three times less than English labour?

A. It is about that.

Q. Does it apply to heavy work also?

A. I think it was meant generally.

Q. Do you still hold that idea?

A. There is a lot of work spoiled in India on account of the ignorance and bad attendance of the workmen. A man works at a stretch for two days and then absents himself and another man has to be put at it. This does not happen at home.

Q. Why do they so often absent themselves?

A. Some of them remain with us for three months and then go away to their country on account of sickness. They have not got the stamina.

Q. Is it due to physical weakness?

A. Possibly the climate is against them.

Q. You think that you must not go in for big ships at the present moment? You want

a small beginning to be made in building small ships ?

A. The small beginning is there and it wants to be encouraged.

Q. By Government orders being placed in the hands of private firms ?

A. Yes.

Q. Is it, you want any sort of Government aid ?

A. No.

Q. Supposing a ship costs in England £400 ; is it your contention that the Government of India ought to place their order here even though it costs £425.

A. In the interests of the country I want this encouragement.

Q. The additional ground for that is that all the money is spent in the country and the people derive the benefits ?

A. Yes.

Sir John Biles.—Q. Do you think that shipyards run by Indians solely without any European assistance will be superior in efficiency to the present yards ?

A. At present there are no Indians capable of running shipyards. For a long time they will not be capable.

Q. There was one suggestion by a witness that the shipyards in India should be wholly run by Indians ? What is your opinion about this ?

A. Personally I do not think it can be done.

Q. That is not likely to be done in the near future ?

A. No.

Q. Do you know of any firm in India like Messrs. Burn & Co., created and run by Indians solely ?

A. No.

Q. Is there any reason why they should not have done it ?

A. They have not got the experience.

Q. They can gain experience by doing it ?

A. In time it might be possible.

Q. Is there any kind of handicap to the Indian going in for such construction works as are done by Messrs. Burn & Co. ?

A. The Indians have not taken it up as a career.

Q. You do not see any reason why they should not ?

A. No.

President.—Thank you very much.

Witness No. 39.

THE CENTRAL NATIONAL MOHAMMADAN ASSOCIATION, Calcutta.

Written statement, dated the 16th April 1923.

Q. 1. The present condition is very unsatisfactory inasmuch as the Indian Shipping Industry is entirely under the control of the foreigners including English people.

Q. 2. The Indian Shipping Industry cannot successfully compete with the English or foreign combinations and where there had been any attempt they were stangled out of existence by such unholy combinations and also by the granting of rebates and cutting down the fares and freights.

Q. 3. No.

Q. 4. Yes, we do.

Q. 5. The methods we advocate are:—(1) Cheap loans. (2) Construction bounty. (3) Navigation bounty. (4) Legislation fixing the rate for carrying passengers and goods from one port to another. (5) Mail Sub-ventions. (6) Concession in Railway rates. (7) Concession in custom duties. (8) Payment by the Military for the upkeep of certain type of steamers which may be requisitioned during the war or at any

national emergency. (9) Concession in port and harbour dues.

Q. 6. We advocate Legislative measures for the protection and maintenance of the Indian Shipping Industry in the following way:—

(1) That the coastal shipping should be entirely reserved for Indians and the Indian capital.

(2) No foreigners including non-Indian British subjects should be allowed to carry on the coastal shipping.

(3) The Companies should have Indian capital of which 80 per cent. must belong to Indians.

(4) Fixing the rates for carrying passengers and goods from one port to another.

(5) Rebate system and discriminations should be declared illegal.

(6) Government should provide docks, etc.

Q. 7. Yes, we do. (a) Yes. (b) Yes. (c) Yes.

Q. 8. Yes, we do but not at the present moment. It may be given effect to when the

entire trade comes under the control of the Indian Shipping.

Q. 9. No. Not at the present moment.

Q. 10. Bounty should be given to all steamers plying in the ocean but the distance covered by the outward and inward journey should not be less than 50 miles. At the present moment in order to earn the bounty there should not be any restrictions about speed. No ships of 25 years old should get any bounty.

Q. 11. The bounty to be paid is 8 as. per gross tonnage for distances between 50 and 200 miles, Re. 1 per gross tonnage for distances between 201 and 500 miles, Rs. 1-8-0 for distances between 501 and 1,000 miles and Rs. 2 for distances over 1,000 miles.

At the present moment there should not be any restrictions about payment of bounties on speed and tonnage. Let us see the working of the Act for some time and if sufficient capital would be forthcoming and the trade fairly developed then restrictions could be usefully applied as was done by Japan. In nebulous state there should not be any restrictions.

Q. 12. No answer to this question is necessary inasmuch as what has been stated above fully covers the answer to this question.

Q. 13. We do, but not now. No hard and fast rule could be laid down now as it is likely to cripple development.

Q. 14. No.

Yes. After 15 years of the passing of the Act.

Q. 15. Yes.

Q. 16. No, we would not exclude employment of non-British Indian subjects or non-British subjects in such emergencies the Government may employ such foreigners but the employment should not exceed more than three months.

Q. 17. Yes.

Q. 18. We do not favour this policy. The Indian coastal trade should entirely cease to non-Indian shipping companies after 5 years from the commencement of the Legislation.

Q. 19. We do not think that the trade will in any way be affected.

Q. 20. Most certainly.

Q. 21. Vessels of every size and descriptions are necessary for the development of Indian shipping.

Q. 22. Government Dockyards are necessary at the present moment inasmuch as the Government can afford to enlarge their Dock at Bombay and build one at Calcutta with little cost and when the shipping industry will develop then enterprising Indian companies would take the matter in hand and the Government could then

give up its dockyards or hand them over to private Indian companies.

Q. 23. At the present moment it is practically non-existing.

Q. 24. As there are no Indian shipping, there could not be any question of its development.

Q. 25. We cannot suggest any measure to embark on such enterprises without State aid.

Q. 26. We think it desirable as well as necessary that State aid should be freely given to promote the satisfactory growth of these industries by the people of this country.

Q. 27. We advocate the following:—(1) Cheap loan. (2) Bounty. (3) Free duty. (4) Lower Railway freights. (5) Expert advice.

Q. 28. Yes, we do advocate. No construction bounty should be given to any shipping company who will build their ships in the dockyards of a company of non-Indian British subjects.

Q. 29. Yes.

Q. 30. No, what has been said above will clarify this answer.

Q. 31. Rs. 15 per gross ton.

Q. 32. Yes.

Q. 33. In the case of vessels receiving ship-building bounties, we advocate that no materials built outside India should be used for hull and propelling machinery except such things as mentioned in (i), (ii), (iii), (iv), (v), (vi), (vii), (viii) and (ix).

Q. 34. Yes, no custom duties should be levied on these articles.

Q. 35. If there would be any abuse then bounty should be stopped and the offending party should recoup the State for any loss the State may have.

Q. 36. Very unsatisfactory.

Q. 37. See answer to Question No. 2.

Q. 38. See answer to Question No. 3 and we would advocate that the State should supply timber without any royalty from State forests.

Q. 39. Yes, it is desirable.

Q. 40. See answer to Question No. 5.

Q. 41. See answer to Question No. 6.

Q. 42. Yes.

Q. 43. Formerly there were difficulties, because the foreign Insurance companies would not effect insurances of these vessels; but at the present moment there are many Indian Insurance Companies who would like to insure these kind of vessels. During the war time there were scarcity of ships but the enterprising people of Chittagong built wooden vessels at Chittagong and Rangoon and did a boom trade for some time but they are now idle because they do not get freights on account of the combinations, granting of rebates, etc. If

the remedies suggested above are given effect these wooden vessels will get freights and will be able to develop this industry. With its growth there will not be any difficulty with regard to insurance.

Q. 44. Yes, as far as Bengal is concerned, in 18 a resolution was passed by the Chittagong Muslim Students' Conference to start immediately a nautical school at Chittagong for the training of the youths of Bengal so as to make them fit for service in the capacity of officers in the Indian Mercantile Marine or ships plying in Indian waters or in foreign countries. It may be incidentally mentioned that the people of Chittagong, Noakhali, Barisal are exclusively employed for works on the docks and people of Dhaka and Chittagong are exclusively employed on the engines and the Inland steam vessels are exclusively manned by people of Chittagong, Noakhali, Barisal, Dacca, and Mymensingh. Over and above that the wooden vessels of Bengal that ply in Indian waters are purely manned by people of Chittagong. From these it can be conclusively concluded that there will be no dearth of candidates to get training.

Q. 45. We consider it necessary that the Government should take active steps to provide for:—(a) their training, (b) future employment some time to come and (c) facilities for further studies when qualifying for Board of Trade certificates in various grades. We would not leave this to private enterprise.

Q. 46. We think in the beginning the candidates should undergo a preliminary course of instruction in a training establishment on shore before they proceed to sea.

Q. 47. We recommend that the training in a training ship or establishment should be carried out in India and we recommend that the training ship or establishment should be provided by Government.

Q. 48. If some of the cadets are sent to England, we recommend that Government should pay all their expenses by granting them such bursarships as would cover their expenses for such training.

Q. 49. We recommend that there should be seven centres for training. One at Calcutta, one at Chittagong, one at Rangoon, one at Cuttack, one at Madras, one at Bombay and one at Karachi. We recommend that the maintenance charges of such institutions should be entirely from the Imperial revenues and that no fees should be levied from cadets for some time to come.

Q. 50. We recommend the establishment of training ships. At the present moment there is no necessity of having a nautical College at present but provision should be made for such a

College in the near future. At the present moment it would be cheaper to send cadets to a nautical College in England.

Q. 51. We recommend that the boys after undergoing preliminary training at Shore should be sent to sea in a sea-going training ship and they should not be sent as apprentices in the steamers of a mercantile marine because it may lead to mischievous results.

Q. 52. If such experiment would be tried it would be a failure because the question of black and white would come in and the officers of the present mercantile marine will make their lives miserable and will not be sympathetic to their aspirations and will not give them the necessary training. Yes, they can be compelled by legislative measures.

Q. 53. This question does not arise. No premium.

Q. 54. We recommend that the ship should be supplied and maintained by Government. There should not be any premium charge but these training ships may carry freights or Government stores for which freights shall have to be paid and this method will fully or partially cover the maintenance charges and in the long run they will be self-supporting.

Q. 55. We do recommend that apprentices during their training on board the training ship should be given free food and also they should get allowances for their clothing and uniforms and not pocket money.

Q. 56. We have not got any idea of the curriculum.

Q. 57. Yes.

Q. 58. We do recommend one nautical academy at Chittagong and another in Bombay. They should be provided free by the Government of India because in both these academies people of whole India would get training and therefore they should not be a burden on the Provincial revenues.

Q. 59. Yes.

Q. 60. (a) Yes. (b) Yes. (c) Yes, but I would not leave them to private enterprises.

Q. 61. The facilities should be the same as would be given to apprentices for officers.

Q. 62. No.

Q. 63. We don't know of any and if there exists any that is not enough.

Q. 64. The present arrangement is not adequate. We would recommend that a combined training ship may be used for both the purposes and that the costs would be less and organisation and control would be more efficient.

Q. 65. Yes, we do suggest.

Q. 66. We do not accept the above. For a period say 2 or 3 years the present arrangements

may continue when there will be a development of an Indian Mercantile Marine then restrictions as to speed, etc., may be imposed and that the Government should fix a rate for carrying of the mails and would give them preferably to one company or one or more companies but one company should not be given the monopoly of the whole continent but a certain definite route.

Q. 67. At present the present arrangement should continue and if there is any Indian company which could carry on mails on their own vessels then no more mail contracts should be placed with English or foreign shipping companies. The coastal mail should entirely be reserved for the Indian Mercantile Marine

Q. 68. The previous answer will sufficiently indicate the answer to this question.

Q. 69. The indirect aid should be given to the Indian Mercantile Marine and in what form they should be given have been stated in the foregoing answers.

Q. 70. Everything depends how the Indians utilise the Act. No definite sum could be fixed for the purpose but approximately a sum of Rs. 1½ crores to 2 crores might be necessary and should be supplied for this purpose by the Government as is being done in the case of Railways.

INLAND NAVIGATION.

The Committee has entirely overlooked this question. We are of opinion that the Inland Navigation is as important as the ocean navigation. At the same time the Inland rivers supply a great bulk of the coastal trade. So this question cannot be left out. At the same time it is subsidiary to the general question and this Inland maritime traffic is entirely in the hands of the non-Indians. Hence provisions should be made to capture this trade too. The question of an Indian Mercantile could not be complete without it and our views on this point are as strong as the question.

Oral evidence of Maulvi MUHAMMAD NUR-UL-HAQ CHAUDHRI, representing the Central National Mohammadan Association, Calcutta, examined at Calcutta on the 21st December 1923.

President.—We are here seeking for information to advise the Government of India as to the best way of starting an Indian mercantile marine. If we ask you any questions which you consider objectionable, you please say so. If we seem to criticise you in any way it is only to obtain the most accurate information. We must not give bad advice to the Government.

Q. You represent the Central National Muhammadan Association?

A. Yes.

Q. The association is not a business concern?

A. No.

Q. Are you connected with shipping now?

A. I belong to a mercantile family. My father floated the ill-fated Bengal steamship company which carried on trade between Calcutta, Rangoon and Chittagong in competition with the B. I. I represent the Labour association and the Inland Steamship association as its president. I come from Chittagong where you get seamen in plenty.

Q. In your replies you have used terms like 'unholy combination' which are objectionable. While criticising the Government you have to refrain from using objectionable terms. In the company that your father floated, how many ships were there?

A. There were two ships. They were both German ships built about 1899. The company was floated in 1907.

Q. Were they passenger ships?

A. Yes.

Q. You want the coastal shipping to be reserved entirely for Indians?

A. Yes, I do.

Q. You do not want any English people on the coastal trade at all?

A. I do not.

Q. Having reserved the coast, you also want the Government to give you other concessions?

A. Yes.

Q. If you reserve the coast, would not that be sufficient?

A. At the present moment it will not be sufficient. Until the dividend is guaranteed, people will not invest money. Moreover shipping being a new industry we would like to have Government help for some time to come. It is necessary that bounties should be given to this infant industry so that it may grow up soon. Ultimately we may not require any sort of concession at all.

Q. On account of inexperience, you would like to have bounties?

A. Not only that; this being an infant industry, it must be protected.

Q. Supposing the coastal trade is reserved for Indians, do you think they will get sufficient experience to manage the shipping companies ?

A. I do not think there will be any difficulty.

Q. You will have Indian officers ?

A. Yes.

Q. Do you think a sufficient number of educated youths will come forward to join the mercantile marine ?

A. They will come forward gradually.

Q. You think Government ought to assist them in the matter of training ?

A. Yes.

Q. Do you think that Indian ships should be all over the world or only on the Indian coast ?

A. When the business grows up, I wish Indian ships should be all over the world.

Q. Do you think Government should assist Indians in capturing the trade of the world ?

A. If we can capture outside freight, it will be not only beneficial to the Indian people but also to the Government.

Q. Do you think it will be beneficial or economical to Government ?

A. Take Japan for instance, although she has a big mercantile marine, yet she gives bounties to new companies. We want that to be done in our case also.

Q. Japan gave bounties to encourage her mercantile marine against foreign countries. You want to go further than Japan and want to exclude English ships whose owners form part and parcel of the British Empire ?

A. I still think the Government ought to help us.

Q. Supposing you reserved the coastal trade and the Government gave you all the assistance you required, do you think it would be fair to expect the British navy to protect the Indian mercantile marine ?

A. We want an Indian navy too.

Q. You think that side by side with the mercantile marine you should have a navy also ?

A. It is no use placing a burden on England so far as the protection of India goes. We want to establish our own navy manned by trained Indians. For example there may be foreign aggression at any time and unless we have our navy we cannot save our country. In the absence of a navy we will be subject to invasion by any and everybody.

Q. You think sufficient number of Indians will come forward to serve as officers both in the marine and in the navy ?

A. Yes. Otherwise there is no meaning in our asking for Dominion Home Rule.

Q. How long will it take to bring about a complete reservation of the coastal trade ?

How will you get rid of the present steamers ? Will you begin slowly ?

A. I think within five years' time the entire coast may be reserved.

Q. You cannot make master mariners within that time ?

A. We can employ non-Indians also for some time till the Indians are well trained.

Q. You would be in favour of employing English captains at the start ?

A. Yes.

Q. But you would not consent to English management ?

A. No: We would like to have their expert advice in the matter of training our men. We will employ non-Indians so long as we require them. Even if it takes 15 years to train our youths, we will employ the English till that time.

Mr. Jadu Nath Roy.—Q. You say that your family is connected with some ill-fated steamship company. Will you please give a history of that company ?

A. It was a purely Indian venture. The B. I. and the Asiatic companies were at that time trading with Rangoon, Akyab, Calcutta and Chittagong. Our company had only two steamers in which we used to carry passengers to Rangoon and from there to Calcutta, Chittagong and Akyab. When the English companies found an Indian company brought into existence, they cut down the freight as well as their passenger fares to such a ridiculously low amount as 8 annas. Sometimes they would take passengers free. Sometimes they would give a handkerchief as present to the passengers in addition to their being carried free. Owing to this cut throat competition our company had to be liquidated.

Q. Were they well built ships ?

A. They could carry 1,400 passengers. An injunction was issued by the Admiralty court of Rangoon restraining our ships from plying in the Bay.

Q. Did you insure those boats ?

A. I remember that Rs. 35,000 was being paid as insurance premium.

Q. Who bought those vessels ?

A. They were sold to the B. I. for 6 lakhs. Those vessels are still running.

Q. From your experience you are convinced that no new Indian enterprise can thrive without some sort of protection from the government ?

A. That is my decided opinion.

Q. You think it will be useless for Indians to start shipping without some sort of protection ?

A. Yes, I do.

Q. The new companies cannot stand the competition from these well established companies ?

A. It is impossible.

Q. Was the liquidation of your company due to any mismanagement ?

A. The company could not raise its capital and so it had to borrow money from certain Chetties in Rangoon. The president of the company did not like the running of the ships and so he got them attached. We were told that the B. I. had a great hand in the matter of attachment.

Q. It was manœuvred by the B. I.

A. I only heard of it.

Q. Do you want cheap loans, construction bounties and navigation bounties even if the coastal trade is reserved ?

A. As we want to develop a new industry, all these aids are necessary even if the coastal trade is reserved.

Q. With the reservation you do not require State aid in so many forms ? Are they merely suggestions ?

A. For some time to come the various aid suggested by me should be given. After the industry is well established, we do not require so many. But we may require some aid such as mail contract, etc.

Q. As regards mails, you can expect them only if you have efficient service ?

A. Of course highly efficient vessels would come in with the development of the industry.

Q. You said: The companies should have Indian capital of which 80 per cent. must belong to Indians. How can you regulate the shares ?

A. I do not mean *bogus* names ; I mean that 80 per cent. should really belong to Indians. It may happen that a powerful combination might buy up all the shares in the market in the name of an Indian. I do not approve of *benami* shareholders.

Q. Is it sufficient if the management is in the hands of Indians ?

A. The management should be by Indians and also 80 per cent. of the shares must belong to Indians.

Q. If the concern is not properly managed, the remedy lies in the hands of the shareholders ?

A. Yes ; they can dismiss the management and bring in new management.

Q. You are not in favour of the deferred rebate system ?

A. No, I am not in favour of it.

Q. With the deferred rebate system *cum* Liners' conference you do not think the Indian companies can thrive ?

A. No.

Q. In reply to Question 11, you have given certain rates in accordance with which bounty is to be paid. These are only your suggestions ?

A. Yes. The Government may accept one form or another.

Q. If the Indian coastal trade is reserved for Indian shipping companies, you do not think there will be any diminution of facilities for the transport of passengers or cargo ?

A. No. If the Indians come to know that the coastal trade is exclusively reserved to them, several companies will come forward with ships. There will be several Indian companies to compete among themselves. Thus they will keep up the facilities and this will eventually tend to reduce the freight.

Q. You are also in favour of a shipbuilding industry in this country ?

A. It is no use to have an Indian mercantile marine unless you can build your own ships and repair them in the yards here.

Q. You want construction bounties ?

A. If the Indian mercantile marine is to be developed at all, construction bounties must be given to shipyards and dockyards.

Q. Do you think you have got all the necessary materials for building ships in this country ?

A. We have got iron ore and coal. The Tatas are manufacturing steel.

Q. Your opinion is that if there is a demand for shipbuilding materials, then the necessary materials will be produced in this country.

A. Yes.

Q. What about labour ?

A. Except expert labour, we can have other kinds.

Q. When there is a demand, expert labour can be gradually trained in this country ?

A. Yes.

Q. Are you in favour of wooden shipbuilding ?

A. In Chittagong we built wooden ships during the war. These ships generally go to the Laccadives, Maldives and other islands.

Q. Your opinion is that wooden ships will do well for small ports ?

A. Yes.

Q. With regard to training of Indians as officers do you think that people will come forward in sufficient numbers to be trained ?

A. So far as Chittagong is concerned, there will be no difficulty. I think the people there will gladly take advantage of the opportunity afforded them.

Q. Do you think educated Indians will come forward ?

A. Several young men who have read up to the Matriculation class have come and asked me to suggest an opening for them. If there had been an Indian mercantile marine, they could

have all gone in there. They are all sons of syrang and drivers.

Q. Do the sons of syrang get themselves educated well ?

A. Yes.

Q. If these people get proper training they will in future be able to work as officers ?

A. They do want training, but the pity is they cannot get it now.

Q. So there will be no difficulty in finding people for officers ?

A. So far as I can see there is no difficulty.

Q. There are no Indian officers now ?

A. No.

Q. Is it because they have no facilities or they have no inclination ?

A. For ocean-going steamers we have not got any officers because we have no facilities to train them. I know of certain Bombay captains who used to come to the service of the Bengal Steam Navigation Company. In Chittagong you will find men who can successfully navigate ships anywhere in the Bay of Bengal. The materials are here and they only require to be made use of.

Q. You think that Government should take active steps to provide for their training and future employment for some time to come ? You also think that Government should give facilities for further studies when qualifying for Board of Trade certificates in the various grades ?

A. Yes.

Q. Do you advocate that the cost of training ships should be met by Government or that the pupils should contribute towards the expenses in the shape of fees ?

A. If you charge fees, I am afraid no youth will come forward for training.

Q. What harm is there in charging a small fee ?

A. In training colleges, the Government does not charge any fee at all.

Q. Is it you want completely free education ? In some cases the cost of training a boy may come to Rs. 600 a year ; don't you think it will not be a heavy burden if a sum of Rs. 100 a year is levied in the shape of fees ?

A. Then children of poor people cannot come for training. In my answers I have made it clear that the Government stores may be carried in training ships and the amount which the Government gets in carrying those goods may be utilised for the maintenance of training ships.

Q. Do you think there is sufficient facility at present for training as officers or marine engineers ?

A. The European companies would not take Indians as cadet. Some time ago I had a talk with the Chief Engineer of the Asiatic Steam Navigation Company. He told me about the difficulties in taking Indian apprentices. He was of opinion that the Indian did not know the manners and customs of Europeans and that he would not freely mix with Europeans. Above all the Indian would not leave his caste scruples.

Q. Has not the caste prejudice disappeared a good deal ?

A. Yes, it has. I believe if a trial is given, the Indians will prove successful in training.

Sir John Biles.—Q. What is your business ?

A. I am a merchant, a lawyer and a zamindar.

Q. Have you any regular business ?

A. I deal in piece goods in Rangoon, Calcutta and Akyab and so I am a merchant. I own some lands and so I am a zamindar. I have taken the degree in Law and so I am a lawyer.

Q. You deal in piece goods and so you compete with other people in that line ?

A. We also had our wooden built cargo boats at Rangoon. We are dealing in piece goods now.

Q. I suppose you meet with competition in your trade ?

A. Yes, I do.

Q. When you find somebody competes with you, don't you want to suppress him.

A. It is quite natural.

Q. Do you think that the suppression that you speak of or the strangling that has taken place is quite natural ?

A. Quite a natural thing.

Q. You think that the successful competitor ought to be excluded from your trade ?

A. I do not say that.

Q. You want to reserve the trade for the Indians ?

A. Amongst Indians there will be competition.

Q. The successful competitor should be excluded from the trade ?

A. We do not want English companies to compete with us so far as the coastal trade is concerned. We want to be self-supporting so far as the coastal trade is concerned. We want an Indian mercantile marine and an Indian navy. There is an abundant supply of raw materials in this country. We want all of them to be converted into manufactured articles and then send them out to other countries in our own vessels. We want that the shipping companies should be managed as well as manned by Indians. The shareholders also should be Indians so that the profit may not go out of the country.

Q. You want to exclude all English competitors ?

A. Yes, I do.

Q. You want a subsidy to enable you to establish a monopoly in the coastal trade ?

A. Yes.

Q. Can you not make sure of your profits by your freights when you establish a monopoly ?

A. In the beginning only one or two companies will be started. We want many companies to come into existence with the help of the subsidy.

Q. Do you want the subsidies to cease, the moment all the English competitors are excluded ?

A. No, we want subsidies for 20 years.

Q. Among Indian companies, will not the less powerful one be killed by the more powerful ?

A. If the maximum and minimum rates are fixed, then there will be no difficulty.

Q. Apart from the subsidy you want the rates to be fixed ?

A. Yes.

Q. Why do you want a subsidy when the rates are fixed ?

A. At the very beginning a company cannot make a profit. If the Government gives subsidies for a few years, the company can develop its trade.

Q. So you want this committee to recommend to the Government that subsidies should be granted ?

A. Yes ; we want subsidies for the purpose of helping the industry.

Q. Do you think the industry will require any help even if there is a monopoly ?

A. Yes.

Q. When you have established a monopoly, you no doubt will find some firms more successful than others ?

A. Yes, some will make more profit and some less profit.

Q. You want to have a monopoly in which everybody who comes in can make a profit ?

A. A reasonable return on the outlay.

Q. Supposing there were twice as many ships as there are goods to carry, what will be the result ?

A. Some will make more profit and some less profit.

Q. Then some of the ships will have to drop out ?

A. Of course if there is nothing to carry, some of them will have to drop out. In England also there is a slump in trade now.

Q. Don't you think it will be the legitimate desire on the part of those who are successful to keep out the unsuccessful ones ?

A. It may be that the unsuccessful companies have not got good steamers, or that they cannot carry passengers within a fixed time. Probably they have old steamers. There might be several causes operating against the success of a company. In every business there is bound to be some failures and some successes.

Q. You say that the Indian shipping industry was strangled out of existence by competition from English companies ; now you say that the Indian companies should be started and those that are successful should be pushed out ?

A. If the rates are fixed, then the companies may not die out.

Q. If more ships come into the trade than are really necessary, then what is the use of fixing rates ?

A. Then people will not invest their money in the shipping industry. If they do not find that they get proper dividend, then they will not invest money.

Q. What about those that have already invested ?

A. Many old companies die out.

Q. Then the unsuccessful companies will have a right to say that the successful ones must be stopped from trade ?

A. We must give our protection more to the unsuccessful ones than to successful ones.

Q. Will you tell us what India as a whole is going to gain by displacing the present British coastal ships and by subsidising the Indian mercantile marine ?

A. The country will improve economically. All the profits earned by the Indian companies will remain in the country and this will tend to the development of other industries.

Q. You do not seem to have properly understood my question ? What will India as a whole gain apart from the shipowners, by displacing the British ships that are carrying on the coastal trade now ?

A. Indians will have their own steamers and no British ship will compete with them.

Q. What does India gain by having her own mercantile marine ?

A. It is necessary for an Indian navy. For the sake of our self respect, we must have both a mercantile marine and a navy.

Q. Will you say how much India as a whole will gain by getting this self respect ?

A. India will rise in the estimation of other nations. The money that the Government may have to pay for the development of the mercantile marine is nothing when compared to the self respect that India will gain thereby.

Q. You want Government to pay considerable sums of money every year for the sake of getting this self respect ?

A. Apart from the gaining of self respect, the huge sums of money that now go out of India will remain in this country. The English companies are at present taking away a good lot of money by way of freight. All that will remain in India and this will increase its prosperity.

Q. Do you know how much the English companies take away ?

A. I cannot say.

Q. You want this proposal to be given effect to for the benefit of India. But before you can say that it is beneficial, you must calculate the gains and losses ?

A. My common sense tells me that it will be beneficial to India.

Q. You say that there is no use in having a mercantile marine unless you have shipyards to build ships ?

A. Yes.

Q. We have had experienced shipbuilders as witnesses before us and they told the committee that India cannot compete successfully with foreign shipbuilding companies. You want the Government to pay subsidies not only for the mercantile marine but also for the shipyards ?

A. If you want to be self supporting, you should not consider the cost. We want that this should be tried as a national venture.

Q. Don't you want a return for the investment ?

A. We make many payments for which we do not get any return. But still we do it.

Q. It is not good from an economical point of view ?

A. We do not take economy into consideration in many places.

Q. I am told that the economic condition of India is such that she cannot afford to spend any money for what is more than absolutely necessary ?

A. We are spending a good deal over the army.

Q. You know nothing about shipbuilding ?

A. I do not know anything.

Q. What you are now saying is without a definite calculation ?

A. Yes.

Q. You want a subsidy for wooden ships ?

A. Not much. We might be given wood free of cost from the forests.

Q. Why ?

A. Because they are Government property. In that way, aid may be given to the wooden shipping industry.

Q. When there is no competition from foreigners in wooden shipping why do you want the help of the Government ?

A. If we get wood free of cost, then the ship may be built at a less cost. This will also facilitate the goods being carried by that ship at a less freight.

Q. If you get a ship built free of cost, then you can carry goods much more cheaply ? Do you call that a business proposition ? There is no monopoly, no strangling and you can charge whatever freight you like ?

A. We do not want to charge much. If the rate is fixed we will charge only that rate. Let there be competition among the different Indian companies.

Q. Would you like to send your sons to the British mercantile marine ?

A. Yes ; I would.

Q. Do you think you have got any chance of sending your son to the British mercantile marine, if you exclude British officers from the Indian mercantile marine ?

A. The British are getting mail contracts from India ; I will say if they do not take in Indians, they will not get the contract. We can also refuse to issue licences to them to trade here. Then they will be bound to take Indian apprentices.

Q. You want to get into the British mercantile marine by compelling them to take you on pain of losing the mail contracts and the trade licences ?

A. If they want to carry on trade in India, they must take Indian apprentices.

Q. If you want employment in the British mercantile marine, then you should not exclude the British from the coastal trade ?

A. For some time to come the European companies would compete with us. We cannot exclude them all in a day. Within the course of ten years, they can be excluded.

Q. In what way will you bring this exclusion into operation ?

A. We will abolish the deferred rebate system and all the concessions given to the British companies. We will gradually exclude the foreign companies from trading on the coast.

Q. Are you going to allow the foreign companies to compete with you for the whole of the ten years ?

A. Yes ; afterwards they will have to quit the coastal trade.

Sir Arthur Froom.—Q. You take considerable interest in shipping ?

A. Yes.

Q. You wish to start an Indian-owned mercantile marine ?

A. Yes.

Q. With State aid, subsidies and bounties ?

A. Yes.

Q. As a start, you also wish to reserve the coastal trade ?

A. Yes.

Q. You wish to reserve the coastal trade irrespective of the fact whether it is beneficial to the trader or not and also irrespective of the cost to the country ?

A. Yes.

Q. Do you know when this coastal trade was first started by the existing companies ?

A. A great many years ago.

Q. Do you consider the coastal trade is well served by the existing companies ?

A. I think they are.

Q. You think that the foreign trade of India is also well served ?

A. Yes.

Q. Your idea is to wipe out the existing system of trade and place in its stead something which is untried ?

A. We have got some companies trading on the coast now. There is cut throat competition from the English companies which keeps down the Indian companies. If Government gives subsidies, there will be no difficulty in developing this mercantile marine.

Q. You want to do away with a system by which the coastal trade of India is well served and substitute in its place a new one ?

A. Without actual trial, you cannot say whether the new ones will be better or worse than the existing ones.

Q. When we talk of a British mercantile marine we include in it Indian-owned ships ?

A. The Indian-owned ships are at present negligible.

Q. You do not agree that the Indian-owned companies are part of the British mercantile marine ?

A. At present they are.

Q. Do you want that India should cut herself away from England ?

A. No, I do not.

Q. You want to start something of your own ?

A. Yes.

Q. In reply to Question 5, you set out the various methods by which State aid may be given ?

A. Yes.

Q. You want cheap loans ? That is you want the Government to lend you money at a lesser rate of interest than at what they can borrow ? Is that not a charge on the country ?

A. If I go and borrow from a bank, the rate of interest will be, say, 8 per cent ; but if the Government borrows, it will be, say, 6 per cent. The Government may borrow the money from the banks and give the money to the companies at the same rate of interest at which they get

from the bank. Thus there is no difference in the rate of interest which can be construed as a charge on the country.

Q. You will be satisfied if the Government gives you loans at the same rate of interest at which they borrow ?

A. Yes.

Q. The only charge on the country would then be one of security ?

A. Yes.

Q. Next you suggest a construction bounty ? Is it not a charge on the country ?

A. Yes.

Q. You suggest mail subventions ? This is for services rendered ?

A. Yes.

Q. You want concessions in railway rates ? It is another charge on the country ?

A. Yes.

Q. You also want concessions in custom duties ? That is another charge on the country ?

A. Yes.

Q. You next suggest payments by the military for the upkeep of certain type of steamers which may be requisitioned during the war or during any national emergency ?

A. Yes.

Q. There is already a complaint about the size of the army budget, but you want to increase it still further ?

A. If possible the army budget may be decreased in some other respects.

Q. You put up your opinion against that of the Commander-in-Chief ?

A. I say for the upkeep of the army the Government is spending more than is necessary.

Q. The last thing you suggest is concessions in port and harbour dues. That also is a charge on the country ?

A. Yes.

Q. You want Government to provide docks, etc. There are plenty on the Bombay side ?

A. I do not know about the Bombay side.

Q. Your idea is that the coastal trade should be reserved first ; then the Indian companies will come into existence with the help of Government subsidies ?

A. Yes.

Q. How can you get ships immediately to capture all the coastal trade ?

A. They have to be purchased from outside.

Q. You think that ships of the extraordinary variation and type required to run the whole of the coastal service of India can be got ?

A. Yes.

Q. The types are very widely divergent. Of course the existing companies have built their ships to suit the trade ? You cannot go into

the market and purchase ships suitable to the coastal trade.

A. I think we can.

Q. You are in favour of shipbuilding in India irrespective of the cost ?

A. Yes.

Q. Do you know that ships can be built much cheaper in England than in India ?

A. We want the necessary materials. I think if we get the materials we can build ships here.

Q. Even assuming that all the necessary materials are obtainable in India, the cost of building a ship here will be much more than it is in England. This is the opinion of experts in the line.

A. Who are those experts ?

Q. Experts who have had experience in the line for several years ?

A. There may have been some inner motive for them to give such an opinion.

Q. That I think is not a well considered reply. Would you suggest that a shipbuilder in India who is out here to make money for his firm would not like to build ships here if he could do so advantageously ?

A. Probably the experts think that there is so much competition here and that one is trying to displace the other and so it would be good for them to bring the ships from outside. That might be their idea. They think it is better to have the ships from England rather than from India.

Q. I am afraid that is not a reply which the committee can accept. I cannot accept the theory that a man in shipbuilding business would not build ships here if he could do so with profit ?

A. As I already said, there may probably be other reasons.

Q. Anyhow you consider that side by side with the establishment of an Indian mercantile marine ships should be built in India ?

A. Yes.

Q. That also would be irrespective of the cost ?

A. Yes.

Q. That would be another charge on the country ?

A. Yes.

Q. Coming to the training you consider that many boys would come forward to go to sea if suitable opportunities are given to them ?

A. Yes.

Q. You would like to have an Indian navy ?

A. Yes.

Q. A very big Indian navy ?

A. A navy sufficiently large to protect the shore of India and to protect our mercantile marine.

Q. Have you any idea of the cost of the navy ?

A. At present we are paying £100,000 for protection. We have got small ships for carrying troops from place to place.

Q. You are in favour of starting an Indian navy ?

A. Yes. The cost for its upkeep will be paid by India.

Q. The cost of its upkeep will be very heavy ?

A. Yes.

Q. That will be another charge on the country ?

A. Yes.

Q. You suggest so many charges on the revenues of the country ?

A. Although the cost may be great, yet India must have her own mercantile marine and her own navy. India must bear all the extra cost.

Q. You think the people of this country will cheerfully shoulder the increased burden of taxation ?

A. If they think it is for their own benefit and for their own self respect, then they will not grudge it. They must have both an Indian mercantile marine and an Indian navy to defend themselves against foreign competition and foreign aggression.

Q. The immediate person who will get the benefit is the person who starts a company. The people all over India will not be benefited by your suggestions ? We cannot say how far they will cheerfully shoulder the increased taxation ?

A. I assure you there will be no protest from the taxpayer on account of any increased taxation provided it is levied for the development of the mercantile marine and the navy.

President.—Thank you very much.

Witness No. 40.

Messrs. BANDO & Co., Calcutta.

Written statement, dated the 22nd August 1923.

Q. 1. Most regrettable and unsatisfactory.

Q. 2. The destructive policy of the vested interests backed and supported by whole

English community and Government. The following direct and indirect methods are adopted to kill one and all shipping enterprises:—

- (1) They start rate cutting competition knowing fully well that Indian enterprises are not backed with big capital.
- (2) They attempt to influence Government officers and adopt various trickeries, etc., and crop up litigation to put the organiser in various difficulties.
- (3) Experts, Auditors, etc., belonging to the European community are sometimes actually forbidden to act on behalf of Indian Shipping Companies. The Indian firm, who dares to start shipping company fails to get sympathy from Government not only for the shipping department but also for other activities of the firm. Pressure is brought on the European servants of the firms even though he is not connected with the Shipping Department.
- (4) The community as a whole start non-co-operation with a firm which undertakes any enterprising scheme in the Shipping line.
European Banks refuse to be their Bankers.
- (5) Sometimes Anglo-Indian press with honourable exceptions takes opportunity to discredit Indian firms. Favourable points are not reported as unimportant. Some omission and a few Commission represents the matter which can safely be said as misrepresentation. They even sometimes refuse Advertising which goes to the credit of the Company.
- (6) Sometimes attempts are made to damage or disable vessels by the foreign interest.
- (7) The system what is known as deferred rebate is made use of to enforce loyalty of customers.

Q. 3 and 4. I am really ashamed to say that without State aid Indians are not in a position at present to stand on their own legs but unfortunately we have been brought to such state that State help has become a necessity to improve the position. Of course when Indian public opinion would be strong enough to crush the conspiracy of the exploiters, the real remedy will be at sight.

Q. 5. (1) Inland river service and coastal service should be altogether reserved for Indian Shipping Companies under Indian Managing Agencies or Indian management and with at

least 75 per cent. Indians on the Board. Non-Indian shareholders or Directors should be debarred from bringing any litigation except for recoupment of personal loss or making any application for liquidation.

(2) The Gold Standard reserve should be brought over from England to India to help Indian Shipping Companies as well as other industries of National importance by advancing capital at a cheap rate of interest, say 3 per cent. up to 100 per cent. of the Capital of the concern.

(3) The Companies shall have the option of settling their cases by Indian Judges, as they have better knowledge of the Indian conditions and character, and apathy for Indian shipping enterprise is seldom expected from Indians. Any case against the Indian Shipping Company that may be brought should be settled in the first instance by arbitration. Court should not interfere in the first instance. Most of the frictions are due to misunderstanding and by arbitration they can be settled in a much better way without much loss of energy and money on both sides.

(4) Indian officers to be trained as early as possible.

(5) Guaranteed dividend by State as in the case of Railways in all new companies.

(6) Not only Colleges for training higher officers but Nautical schools should also be opened to train serangs, etc.

Q. 6. As already stated in 5.

Q. 7. (a) Yes.

(b) Yes.

(c) Not now.

Q. 8. No restriction as to rules.

Q. 9. I advocate bounty for all vessels which are built in India above 350 tons. But for ships purchased from abroad from thousand tons upwards; speed not less than 8 knots. Ships older than 20 years are not eligible for navigation bounty.

Q. 10. Be settled afterwards.

Q. 11. Yes, details hereafter.

Q. 12. Yes, detail hereafter.

Q. 13. Bounty should be paid to steamers in Indian register and owned by Indians.

Q. 14. See 12.

Q. 15. Yes.

Q. 16. Exclusion is not possible for some time to come.

Q. 17. Yes.

Q. 18. Reservation for sons of the soil as done by all other nations.

Q. 19. This will have the effect of inducing and encouraging Indians in opening new companies for the coastal and inland service. The existing European Companies will sell their

vessels on reasonable terms or will convert the same into Indian-managed enterprises. The shippers will get better attention from the Indian companies.

Q. 20. Yes.

Q. 21. Three to four thousand Dead Weight tons for Burma—Calcutta Services from 1,000 tons to 3,000 tons D. W. for Coastal lines. It is to be settled according to nature of cargoes.

Q. 22. Private enterprises are better and more economic, but I have no objection if Government also start model dockyards where private firms may get help by way of manufacturing certain parts, hiring suitable Docks or securing technical expert advice, details of design, etc.

Q. 23. Hopelessly unsatisfactory.

Q. 24. (1) Want of training — no educational facilities anywhere in the country for requisite training — University education does not help men to be industrious.

(2) No opening for training in these lines in India.

(3) Little or no prospect of apprentices being taken in by existing European firms for such training.

(4) Economic and political subjugation and the militating agents as described in question 2 has brought about a temperament which makes people think that navigation or shipbuilding is far beyond our reach. Even the eminent old business men of Bengal told me—leave the shipping enterprise otherwise you will be killed in no time.

(5) Indian shipbuilding firms have little prospect as they can expect little or no order from Government departments, shipping firms, etc. There are very few Indian shipping firms who can place orders.

(6) Import of necessary vessels and consequent shyness of capital in these enterprises.

Q. 25. Either State aid or strong determination of the people may set right all defects, and control all circumstances to their benefit.

Q. 26. Yes.

Q. 27. Construction bounty, Government orders, exclusion of duty on imported raw materials, cheap and preferential Railway rates.

Q. 28. Heavy taxes to be levied on all steamers and vessels built or purchased from outside India either in furnished or unfurnished state if such steamers or vessels could have been made in India. Or all ship-owners to be bound to purchase their vessels upto 500 tons at present and upto 1,000 tons after 3 years from Indian firms otherwise they will not be allowed license to ply in Indian waters.

Q. 29. Yes.

Q. 30. No. Bounty for both wooden and steel vessels of over 350 tons built in Indian shipyards are to be given.

Q. 31. 15 per cent. of the estimated cost.

Q. 32. Yes.

Q. 33. All parts should be made in India but for the first few years, say 5, imported parts may be allowed or if Government shipyards are established, they can supply at reasonable rates.

Q. 34. Free of Custom Duty.

Q. 35. Abuse can be prevented without difficulty from the report of the firms' outturn and stock.

Q. 36. Unsatisfactory.

Q. 37. As stated in Question 24.

Q. 38. As in Question 25.

Q. 39. Yes.

Q. 40 to 42. As before.

Q. 43. Yes, people will make arrangement for insurance if the above encouragements are allowed by Government.

Q. 44. Yes, if suitable prospects are held out before them and they get assurance not to be ill-treated by non-Indian officers and crews or to get justice in case of ill-treatment.

Q. 45. (a) Yes.

(b) Yes.

(c) Yes, private enterprises at this stage will not be suitable for the purpose.

Q. 46. Indians should get preliminary instructions in training ships and get rid of their slowness by mixing with people already in the line, but that these training ships must be engaged in the usual business of cargo carrying and earning their way.

Q. 47. In the beginning it is to be done by Government and as Indian shipping concerns develop they will take charge of the training of their brethren.

Q. 48. Cadets in England should get half their living cost as scholarships and this is to be reduced by half the amount they may earn from their employers as allowance.

Q. 49. (1) There must be at least one in each principal ports.

(2) Training should be given entirely free.

(3) Establishment cost is to be realised by carrying Government and other goods in near ports; in case of deficit Government should pay.

Q. 50. Yes, but reasonable prospects for the students to be definitely settled beforehand so that they get field as soon as they complete their course.

Q. 51. Yes, as paid apprentices.

Q. 52. Indian shipowners will be willing to accept but I am afraid non-Indians, especially Europeans, will not accept them solely on the question of racial distinction. They will not give up their non-violent non-co-operation, till the sons of the soil free themselves from the present dependency and the foreign interest do not loose their undue hold on the Government and its officers. In a conference it was found that the European Officer feels himself degraded to remain in company with Indians.

Q. 53. Government should pay whole for the present, 5 years.

Q. 54. By carrying freight the cost or at least major portion can be realised.

Q. 55. Free food and clothing.

Q. 56. To be considered later.

Q. 57. Yes.

Q. 58. Two academies to be opened one at Calcutta and the other at Bombay at Government cost.

Q. 59. Yes, as before.

Q. 60. (a) Yes, (b) yes, (c) Government to take steps, private enterprises cannot be taken into consideration now.

Q. 61. To be considered afterwards.

Q. 62. No. But best use of the existing firm to be taken and to be supplemented in such steps which may complete their required training.

Q. 63. Not to my knowledge.

Q. 64. Training ship will do for the present.

Q. 65. Certainly.

Q. 66. We are not concerned till we are given facility to enable us to stand as candidates for Mail Service.

Q. 67. In future it must be given to an Indian firm which can guarantee the speed. It is to be settled by open tender.

Q. 68. My answer in 67.

Q. 69. Position of Indians has been brought to such a condition that indirect help will be of little or no benefit to them.

Q. 70. (1) By levying tax on all cargo carried in Foreign ships inward and outward.

(2) By realising 20 per cent. of the profit of over 9 per cent. of all the Companies accepting State aid.

(3) If necessary on all cargo shipped by Inland, Coastal and Overseas services.

(4) Even by general taxation.

Appendix A of the Questionnaire.

Q. 1. Both.

Q. 2. We are building 250 tons capacity flat and it is the largest we have built.

Q. 3. We are building 120 tons capacity flat. We have built 50 tons capacity motor cargo steel boat with 40 B.H.P. Crude Oil Engine.

Q. 4. No.

Q. 8. About 10 Bighas.

Q. 9. We are building on the river bank sloped in required form and the frontage is about 350 feet. Depth of land 400 to 500 feet with a path-way in the middle which will be diverted when required. On the above frontage of the river Hooghly it would be possible to lay out seven or eight vessels at a time.

Q. 10. Steamers up to 150 feet long can be built and launched.

Q. 11. We can build three or four vessels in the first year and the rate can be increased considerably in the following years.

Q. 12. We can make engines and propelling machinery in our machine shop at Durgapore for three or four vessels stated above but we have not got requisite plant for making boilers.

Q. 13. Yes.

Q. 14. $140,000/20=7000$, $7,000/300=23$, say, one twenty fourth of the whole.

Q. 15. Yes, I can increase my equipment suitable for building upto 1,000 tons steamers.

Q. 16. With proper help and encouragement necessary arrangements for building three or four 500-ton steamers per year can be made within three years.

Q. 17. Not intelligible.

Q. 18. To be given later.

Q. 19 and 20. To be given later on.

Q. 21. (1) No shipyard. (2) no shipyard. (3) 200 in shipyard only and chief machine-work is done in another department where some 3 to 4 hundred men used to work.

Carpenters, Rivetters, Fitters, Painters, Machine men, Moulders, Smiths.

Q. 22. List of machines we have got in our works.

(1) LATHES—

20' with extension bed	1
16' do.	1
12' do.	2
8' do.	3
6' do.	6
Capstan Lathe	1
Brass Turning Lathe . .	4
Fine work small sensitive Lathes from 1' to 3'	8
Double Head wheel turning Lathe 54" centre	1

(2) Drilling machine of different sizes	12 nos.
(3) Planing machine 10'	1
Planing machine 8'	1
Planing machine 4'	1
(4) Shaping machine	2
(5) Slotting machine	1
(6) Milling adjustments for cutting fine wheels	2
Milling machine	1
(7) Punching, shearing and angle cut- ting machine with—	
30" gap extra heavy type	1
18" gap extra heavy type	1
30" punching machine.	1
Universal sewing machine	1
Punching and shearing single sided	2
(8) Sheet cutting machine	1
(9) Plate bending machine	1
(10) Punching press of different sizes	3
(11) Roller machine	1
(12) Engraving machine	1
(13) Electric Drills	6 nos.
(14) Oxy. Acetylene Welding Plant	
(15) Steam hammer	2
(16) Drop forge	1
(17) Power hammer	1
(18) Miscellaneous machinery Smithy forges of about	30 nos.
Foundry shop about 20 tons capa- city per day.	

Q. 23. No.

General.

India has a brilliant record of 3,000 years' shipbuilding and shipping industry which is unique and unparalleled in the History of the world. When king Bejoya of Bengal with 700 followers achieved with the conquest and colonisation of Ceylon as early as 350 B.C. our ruling bureaucratic masters were living in the jungles of the British Isles. Building of naval vessels in Bengal received great impetus under Kedar Roy and Raja Pratapaditya. The efficiency of the Indian naval and mercantile

ships was successfully maintained till 1840 A.D. Ships built in India were 25 per cent. less in cost and four times more durable than those built in Great Britain. So in 1802 A.D. we find the Admiralty ordering men of war for the King's Navy of England to be constructed in India under the Indian master-builders in Bombay. This advantage was thrown aside afterwards for the development of their own shipbuilding and they adopted all means, fair and unfair, to destroy our industries. This concrete example clearly shows the hollowness of the plea of the Indian Government of Purchasing English and Foreign Goods for India for efficiency and cheapness. The plea of want of money for support of Indian shipping is equally hollow and it shows clearly the antipathy of the Government in the interests of the people. The tyranny and unfairness of the Foreign interests has at present risen to its highest pitch. Self-respect of Indian shippers is molested in their hands. Having secured the monopoly of the key industry (shipping) they are killing all our industrial activities, exploiting our country and labour, carrying away all the resources, leaving the sons of the soil in utter helplessness. The land of fabulous wealth has turned into a land of famine and starvation.

Now the time has come for reaction. India must now recoup her old position. She has been bestowed with special privileges and with intelligence and capability none the less. When the means to stand whole world's combined force will not be able to resist. The dawn of that day is at sight; so it is better for the bureaucracy to move with the times and save themselves from utter disappointment. It is also necessary for the bureaucracy to earn the gratitude of the people whom they have trodden under their feet by most unfair means. Under the above circumstances I earnestly request the members to press the matter in such a way that the Government may earn the goodwill of the people by adopting the suggestions given herein.

Oral evidence of Mr. S. N. BANDO, Representing Messrs. BANDO & Co., Calcutta, examined at Calcutta on the 22nd December 1923.

As President did not attend owing to indisposition, Sir JOHN BILES was in the Chair.

Sir John Biles.—Q. You belong to the firm of Bando and Company, Calcutta?

A. Yes.

Q. What is your firm?

A. We are Engineers and Ship-builders.

Q. You think that the shipping trade is very unsatisfactory?

A. Yes.

Q. In your answer to Question 2 you say that the English community attempt to influ-

ence Government officers and adopt various trickeries, etc., and crop up litigation to put the organisor in various difficulties. Will you explain what you mean by that ?

A. They influence Government and secure all Government orders for themselves ; as regards getting licenses for passenger service, we are put to inconvenience.

Q. Are these the various trickeries you refer to ?

A. I have not been able to take my coal from the jetty for the last three days. The English firms simply make delay so that our customers may be annoyed with us, with the result that I have not been able to load my steamer with coal.

Q. Do they do that only to you ?

A. I think it is done to others too.

Q. Do you mean it is done to Indians only and not to Europeans ?

A. That is my idea.

Q. Can you give any specific case ?

A. I have told you my own personal experience : I cannot tell you of others' experiences with the authority they can.

Q. How often has that happened ?

A. That happens sometimes. We can take it that it is intentionally done.

Q. Do you think this prevents the development of shipping in India ?

A. It is a discouragement and it puts difficulties in our way.

Q. It is a discouragement to the shipper ?

A. Also to the shipping companies.

Q. It cannot be a discouragement to the European shipping companies ?

A. No.

Q. Therefore, I think we can take out from the statement your answer No. 2 (2) as one of the conditions which militate against the development of shipping enterprise. This has to do with the shipper.

A. No ; because when we are in difficulties we will not be able to deliver our goods in time and so the shippers do not send goods to us.

Q. In your No. 2 (3) you say that experts, auditors, etc., belonging to the European community are sometimes actually forbidden to act on behalf of Indian shipping companies. Here again, will you please explain how it is that the charge you make interferes with the creation of Indian shipping ?

A. One European gentleman whom we asked to take up our auditing work came and told us that if he took up our auditing work he would be boycotted by his European firm and regretted that he could not take up work with us. That is the actual fact ; I should not name the firm.

Q. That is what we call ' hearsay ' evidence.

A. That is my personal experience.

Q. Somebody comes and tells you that somebody else said something to him ; that is all that you can say.

A. Yes.

Q. Your answer to Questions 3 and 4 is not really an answer to the question. You make an appeal to the Indian public to strengthen the position of those who want to have Indian steamers.

A. Yes.

Q. Your answer to Question 5, sub-clause (3) ; you want to bring disputes between rival ship-owners into a Court to be adjudged ?

A. That is not the idea. We experience many difficulties and these difficulties may properly be judged by those who have knowledge of our Indian condition.

Q. You would like the disputes to be settled by Indian judges ?

A. That is the idea.

Q. Whatever amount of loss is incurred by the ship-owner you want the State to pay a guaranteed dividend.

A. Yes.

Q. You advocate bounties for all ships ?

A. Yes.

Q. Your answer to Question 9 is not clear. What do you advocate for ships purchased from abroad from one thousand tons upwards, speed not less than 8 knots ?

A. I want bounties paid for them also ; the word ' but ' should go out from the sentence.

Q. You do not propose to exclude non-Indian subjects from ships yet ?

A. No.

Q. You propose bounties for ship-building ?

A. Yes.

Q. You say that some old businessmen of Bengal told you to leave the shipping enterprise ; otherwise you would be killed in no time. Is that the reason why Indians have not entered into shipping ?

A. No, that is not the reason ; they think they will be killed by unequal competition.

Q. What have they done with all their money and enterprise ? They have engaged in other enterprises ; in those other enterprises they have invested their capital and presumably made money. If they had put their money into shipping they might or might not have made money ; but generally they did not. When they made money in other directions, is there any reason why they should not have earned money in shipping ?

A. They might have lost in other industries too.

Q. Does not the fact that they did not go in for shipping mean that they could not go in for it ?

A. Not necessarily.

Q. You propose a bounty for wooden ships ?

A. Yes.

Q. Is there any competition between wooden ships and the foreigners ?

A. No.

Q. Why do you want to give a bounty when there is no competition ?

A. Because the industry is lacking.

Q. Is it lacking for want of capital or lacking for want of trade ?

A. It is because the spirit for shipping enterprise is lacking. The shipping is not in the hands of Indians and they are not able to run either steel or wooden ships.

Q. You mean it is in the hands of non-Indians and non-Indians do not bother about wooden ships ?

A. Yes.

Q. Suppose the wooden ship-owners get a subsidy, would they be able to compete with those wicked foreigners ?

A. If we do not get a subsidy, and protection it will be no good.

Q. Are you a politician ?

A. I am a businessman in general.

Q. Some of your answers flavour of a very successful political oration ; I thought perhaps you were a politician.

A. No.

Sir Arthur Froom.—Q. In your answer to Question 2 (3), you say that expert auditors, etc., belonging to the European community are sometimes actually forbidden to act on behalf of Indian shipping companies, and in (4) you say that European Banks refuse to be Bankers of Indian shipping companies. These are wide sweeping assertions ; do you make these statements seriously ?

A. I do.

Q. Then I do not think I can recommend my confreres to take your statement seriously and I won't trouble you any more with any further questions.

A. I can show records to prove that the European Banks have actually refused to be our (O. N. Co., Ltd.) Bankers. It is a fact ; it may be revolting, it is at the same time degrading to us.

Q. Surely that is no reason why Indian shipping has not developed.

A. It is on account of these that difficulties are created in its way.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You say that Anglo-Indian press even sometimes refuse advertisements. Do you mean to say

that even when you are prepared to pay for the advertisement they refuse to accept them ? Can you give instances ?

A. Yes, I can give instances ; I can show you the correspondence, but I can do it only *in camera*.

Q. Your answer in 2 (6) is more serious. You say that attempts are made to damage or disable vessels by the foreign interest. Do you realize that this is a very serious charge ?

A. I do.

Q. Can you prove that such damage is done intentionally ?

A. There are damages done by collision. The first day we started to carry goods from Calcutta to East Bengal there was a collision on our boat and all our articles were damaged.

Q. How could you say it was intentional ?

A. That is the opinion formed by those who were present on the spot.

Q. I am not quite able to understand your answer to Question 5 when you say that non-Indian shareholders or Directors should be debarred from bringing any litigation except for recoupment of personal loss or making any application for liquidation. What do you want us to do ?

A. When we get facilities for shipping, we are of opinion that these firms will try to create difficulties and put Indian companies to a loss.

Q. You say that capital should be advanced at a rate of interest, say "3 per cent. to 100 per cent. of the capital of the concern." Would you make your meaning clear ?

A. If I have got a lakh of rupees Government should give a lakh of rupees ; that is what I mean.

Q. In your reply to Question 24 you say that University education does not help men to be industrious. Does it apply to the Calcutta University or to all Universities ?

A. I apply it to the Calcutta University only.

Q. In your Appendix A you say you can make engines and propelling machinery. Have you made any ?

A. I have got the plants ; I have not made any.

Mr. Jadu Nath Roy.—Q. You have inland steam vessels ?

A. Yes.

Q. No sea-going vessels ?

A. No.

Q. Where do they ply ?

A. They ply from Calcutta to East Bengal.

Q. Do you bring jute from East Bengal districts ?

A. Yes, jute, rice, seeds, etc.

Q. Do you bring them to the mills ?

A. We bring for the bazaar.

Q. Why don't you bring jute for the mills ?

A. We do not get orders for them.

Q. Do you know why you do not get orders ?

A. I am not sure I do.

Q. Who looks after the traffic of your company ?

A. One Mr. Mitra.

Q. Then you are not conversant with the working of your company, at least with the traffic portion of it.

A. No.

Q. Do you think that the shipping industry cannot be started by Indians without any protection ?

A. It is difficult to start without State protection.

Q. Why ?

A. On account of keen competition and the hopeless state of the people at the present time ; they have no experience of shipping business.

Q. In your answer to Question 52 you say that "in a conference it was found that the

European officer feels himself degraded to remain in company with Indians." What is the conference you speak about ?

A. There was a conference, I think, which was held in Calcutta. If you want a proof of the statement I have made I can send you the report of that Conference. I will send it to your Secretary.

The Hon'ble Mr. Lalubhai Samaldas.—Q. In your answer to Question 70 you say that you would give certain figures. Have you got them ?

A. I will send you the figures : I haven't got them with me.

Sir John Biles.—I think I am expressing the views of my Committee when I offer you the advice that before you come up to give evidence before another Committee you will strengthen your case very much if you leave out abusive statements and support what you say by evidence you bring with you. That is only for your benefit in future.

Thank you very much.

Witness No. 41.

Managing Agents, East Bengal River Steam Service Limited, Calcutta.

Written Statement.

We are in receipt of your letter No. 112, dated the 7th March 1923, and the questionnaire. We are glad that the Government have appointed a Committee to consider the question of the creation of an Indian Mercantile Marine ; for we have always held that without an Indian Mercantile Marine Indian commerce cannot be developed rapidly.

We have over 20 years' experience in the line as Managing Agents of the East Bengal River Steam Service Limited, the only Indian Inland Steamer Company in Bengal which has survived the competition of European companies and withstood the ravages of the War during which vessels had to be commandeered by Government to meet their requirements in Mesopotamia.

From our experience we are of opinion that it is very difficult for Indian shipping companies to withstand the combination and undue competition of European companies. In our own case not only the European steamship companies had combined to crush this Indian enterprise but they also requisitioned the combined help of the jute mills to that end. Even for a time the Insurance companies raised the rate of premium for goods carried in Indian owned and Indian managed vessels as will appear from our reply to the questions. In our case we can emphatically assert that it was neither want of capital nor lack of efficient manage-

ment that retarded the growth of this Company but the undue combination of European interests with the avowed object of crushing the Indian enterprise. And we are of opinion that all talk of an Indian Mercantile Marine would be useless unless we can devise means to protect it from the unfair competition and undue combination of vested European interests.

With these preliminary remarks we will now proceed to answer the questions :—

Q. 1. The present condition of shipping industry in India is very bad, especially in Bengal. There are very few sea-going vessels in Bengal. There were three or four inland steam navigation companies before the War. But most of them were wiped out by impressment during the War, and only the East Bengal River Steam Service Company is still surviving.

Q. 2. Strong combination amongst the European Companies with a view to crush Indian enterprise can be said to be the main cause of the gradual decline and premature end of the Indian shipping industry. Even Inland Steam Navigation Companies suffer from similar combinations and competition. For the information of the Committee, let us give here some particulars of the treatment that has been so long accorded to us. This company was at first started as a private concern with two small launches and six small flats, when most of the

mills used to accept goods carried on the small vessels of this company and to advance money on the bills of lading of the goods shipped by the Company's vessels. But after a few years, this Company was converted into a limited liability company and larger and more powerful launches and bigger flats were added to it. When the European Companies found that this Indian company was increasing its flats and doing very good business and other similar companies were being started by Indians they made an agreement with the mills restraining them from accepting jute carried on vessels owned and managed by Indians. And subsequently the Insurance Companies, as if in sympathy, would not insure goods carried on our vessels at the same rate as goods carried on the European companies, in spite of the fact that our vessels were brand new and in some cases more strongly built than those of the European companies. On our representation to the Insurance Companies and through the kind intervention of Sir Earnest (now Lord) Cable this very invidious and unfair difference in rates was removed. But the mills which consume the major portion of the jute, even now do not advance money on our bills of lading and accept jute shipped by our vessels, even when Indian sellers insist on the despatch of jute by this Company's vessels, and ourselves advance money on our own bills of lading. Even Indian shippers intending to ship jute by this Company's vessels to Indian consignees, such as mills owned by Indians are restrained from doing so, by the threat that they will find difficulty in securing space for goods intended for the European mills and also in shipping from the stations where this Company's vessels do not run. Even the Honourable Mr. Mackenzie of Messrs. Macnill and Co. threatened us in so many words that unless we sold or made over the management of this Company's business to them they were determined to crush our company. There are other weapons in use such as, the arrangement that no rebate will be paid to shippers and consignees who have occasionally shipped their jute or coal by this Company's vessels and also rate-cutting.

Q. 3. To remove existing difficulties measures should be adopted against deferred rebate, and rate-cutting and for shipping Government goods in Indian owned vessels as also other measures necessary for promoting Indian shipping.

Q. 4. Yes.

Q. 5. By granting construction and navigation bounties and subsidies and other measures necessary for encouraging Indian shipping

industry, such as facility in Railway rates, custom and port-dues, cheap loans, etc.

Q. 6. Yes, measures ensuring privileges mentioned above or any other measure considered necessary for promoting shipping industry by the people of this country.

Q. 7. Yes, as indicated in (a) and (b) to begin with.

Q. 8. Routes are immaterial, but the vessels must run between Indian and other ports.

Q. 9. From 500 tons upwards, speed from 8 knots, age up to 20 years.

Q. 10. The rates of bounty should be decided by the rates given by other countries and can be altered to suit local circumstances.

Q. 11. Yes.

Q. 12. Yes, bounties can be reduced by a certain percentage yearly after some years.

Q. 13. The bounty should be paid to vessels built in foreign countries and owned by Indians after it has been in the Indian Register for one year.

Q. 14. Yes, say after 15 years.

Q. 15. Yes.

Q. 16. We would exclude the appointment of non-British subjects but not subjects of the Indian States.

Q. 17. Yes, in the event of their being sold to non-Indians.

Q. 18. The Indian coasting trade should be gradually reserved for the Indian Mercantile Marine.

Q. 19. This will encourage Indian shipping industry.

Q. 20. Yes.

Q. 21. 500 tons and upwards as will be found necessary by experience.

Q. 22. Can be built in private dockyards and Government dockyards may be used for the purpose where available.

Q. 23. Present condition not at all satisfactory.

Q. 24. Government is not encouraging ship-building industry by the people of this country as is done in other countries. It has gradually died out.

Q. 25. It cannot be developed without Government aid.

Q. 26. Yes.

Q. 27. Bounties, subsidies and other measures as enumerated above.

Q. 28. Yes, measures ensuring cheap loans, railway facilities and facilities in custom and port dues and construction bounties, etc.

Q. 29. Yes.

Q. 30. Yes, from 500 tons upwards.

Q. 31. When the hull is made of materials manufactured in this country Rs. 22 per gross ton and Rs. 16 when built of foreign materials.

Q. 32. Yes.

Q. 33. As we have very little of home materials for ship-building, we can not at present impose any restriction.

Q. 34. Concession in custom duties is essential. We think it should not be levied on ship-building materials.

Q. 35. It must be proved to the satisfaction of the Customs Officers that the materials are required for *bona fide* ship-building.

Q. 36. We are not in favour of wooden ship-building.

Q. 44. Yes.

Q. 45. (a) Yes.

(b) Yes.

(c) If coaching by private agencies be available, Government need not provide for it.

Q. 46. The Cadets can have preliminary training in a training ship.

Q. 47. Necessary training ship should be provided by Government and can be to some extent, supported by fees.

Q. 48. After one or two years' training in India, a limited number of boys can be sent for further training to England provided Government pays half the fees in the shape of scholarships and the rest is paid by the boys' guardians.

Q. 49. The number of training-ships should depend on requirements. The maintenance charges should be partly borne by Government and partly by the Cadets.

Q. 50. We prefer training-ship to nautical college on shore.

Q. 51. Yes.

Q. 52. Foreign ship-owners do not entertain the idea of taking Indian apprentices as they consider it an encroachment on their preserve.

Q. 53. We understand now-a-days no premium is charged.

Q. 54. We understand that apprentices in Mercantile Marine are given free food but they pay for the uniform.

Q. 56, 57 and 58. We have not got sufficient experience to offer suggestions.

Q. 59. Yes.

Q. 60. (a) Yes.

(b) Yes.

(c) If coaching by private agencies be available Government need not provide for it.

Q. 61. Government can provide facilities for training by putting Indian lads in Government and railway workshops.

Q. 62. Yes.

Q. 63. There are some Government institutions which can be improved if necessary.

Q. 64. Combined training ship for the training of Officers and Engineers of the R. I. M. and Indian Mercantile Marine is advocated for economy.

Q. 65. Companies having mail contracts should be made to take some Indian apprentices without premium.

Oral evidence of Babu JOGENDRA NATH ROY, representing the East Bengal River Steam Service, Limited, Calcutta, examined at Calcutta on the 22nd December 1923.

(As President did not attend owing to indisposition, Sir John Biles was in the Chair.)

Sir John Biles.—Q. You represent the Managing Agents of the East Bengal River Steam Service ?

A. Yes.

Q. You are of opinion that until an Indian Mercantile Marine is established Indian commerce cannot be developed rapidly ?

A. Yes.

Q. Will you tell us, please, in what way the present Mercantile Marine which serves India has not developed commerce rapidly ?

A. In fact there is no shipping enterprise in India and without any shipping there can be no benefit to the people of the country on account of earning in freights, etc.

Q. That is to say, you mean that without an Indian Mercantile Marine there would be no employment for Indians in the Mercantile Marine ?

A. Yes.

Q. You do not mean that the commerce of India has not been developed ?

A. Commerce has developed no doubt, but Indians have not been benefitted by it. My idea is that people are not getting the benefit to that extent as they would if there had been an Indian Mercantile Marine.

Q. Only because they have not been employed in an Indian Mercantile Marine ?

A. Yes.

Q. Can you not develop commerce even if there is no Indian Mercantile Marine ?

A. The people of the soil will not be benefitted by it.

Q. Do you mean that the creation of an Indian Mercantile Marine will develop commerce ?

A. That will help the people.

Q. You say that from your experience it is difficult for Indian shipping companies to withstand the combination and undue competition of European companies.

A. Yes.

Q. You say that the European Steamship Companies have combined to crush the Indian enterprise. Can you give us instances within your own personal knowledge?

A. We started this steamer business only with two small launches and six small flats; when we converted it into a Joint Stock Company, increased the freight and capital and when we were doing our business well, we found that an agreement had been entered into between the European shipping companies and the jute mills with the result that they would not accept any jute carried by Indian-owned vessels and they would not advance any money on their Bills of Lading. Insurance companies also wanted to increase their rates of premia.

Q. And you would adopt the measures you have suggested to get over your alleged grievances?

A. Yes.

Q. You say that measures should be adopted for shipping Government goods in Indian-owned vessels. Have you any idea how much Government goods are really shipped?

A. No.

Q. Do you think it would conduce much to the development of shipping? Is it large enough for that?

A. I have no idea.

Q. You aren't in the Overseas trade, are you?

A. No.

Q. You are in favour of bounties similar to what are paid by other countries.

A. Yes.

Q. You do not state how much.

A. I do not know.

Q. Would you allow non-British subjects on the crews of ships?

A. No.

Q. You would favour the use of Government dockyards; you propose cheap loans and indirect aid by railway facilities, customs dues being reduced, port dues reduced and construction bounties being given to ship-building?

A. That is so.

Q. Have you anything to say about wooden ship-building?

A. No.

Q. Do you believe in wooden ships?

A. Their day is past; they have been superseded by steamships.

Q. The training ship you propose in your answer to Q. 64 is to be a sea-going training ship; is that so?

A. Yes.

Mr. Jadu Nath Roy.—Q. Your knowledge is confined to inland vessels; you have no knowledge of sea-going vessels?

A. That is so.

Q. You say that there is combination between European shipping companies and mills and that the mills will not accept jute shipped in your vessels. Is it due either to bad management or the vessels being old?

A. Certainly not.

Q. These objections were raised four or five years after your company was started?

A. Yes.

Q. Is it a fact that at the beginning the mills did not object?

A. That is so.

Q. Do you mean to say that when you increased your fleet the companies made an agreement amongst themselves and refused to take the jute sent by your vessels?

A. Yes, that is so.

Q. You say that the Insurance companies also raised their rates, but after your representation the difference in rates was removed. Is that so?

A. Yes.

Q. But still you are not allowed to carry jute for the mills?

A. No.

Q. You say that a certain gentleman threatened you in so many words that unless you sold or made over the management of your company's business to his firm he was determined to crush your company. Is that statement true?

A. It is true; it was made to a member of my firm.

Q. Do you believe that unless there is some sort of protection Indian shipping enterprise cannot develop on account of the crushing competition of non-Indian companies, including British?

A. Yes.

Q. You say that you are in favour of ship-building in India. Are you concerned in any way with the building of small vessels?

A. Yes.

Q. What size?

A. 110 to 175 feet; we can build even bigger vessels.

Q. Why is it that you have not been able to develop ship-building? Is it due to want of capital or to want of management?

A. We have sufficient capital.

Q. If there is sufficient trade, you can utilize the money lying in the Bank?

A. Yes.

Q. You do not object to utilizing European experts for help ?

A. No.

Q. Do you consider that any considerable number of the youths of this country are likely to be desirous of following the sea if there is an opening for them ?

A. Yes.

Q. There is opinion in some quarters that Indians are averse to manual labour.

A. No.

Q. Can you give instances in which any member of your firm is engaged in manual labour ?

A. I have my own nephew working in our workshops.

Q. Have you any one in your family who has gone in for Mechanical Engineering ?

A. My own son is studying Engineering in Glasgow University.

Q. You do not believe that Indians are afraid of hard labour ?

A. No ; I have under me several men working as hard as anything.

Q. Will there be any difficulty on account of caste distinctions ?

A. So many people are going to Mesopotamia and other places and they are not out-casted. My nephew was also in Mesopotamia during the war and he enlisted in the Army.

Sir John Biles.—Q. Does your son live like other students in Glasgow ?

A. Yes, he lives in a Scotch family.

Q. So that whatever views he may have on the subject of living, he has adopted the style of living around him ?

A. Yes.

Mr. Jadu Nath Roy.—Q. Are you aware that at present there are no facilities for Indian youths for a sea-faring career ?

A. Yes.

Q. Do you recommend that a training ship should be provided by Government and to some extent maintained ?

A. Yes.

Q. Do you think students should be taught free or that some fees should be levied from them ?

A. Reasonable fees may be charged.

Sir John Biles.—Q. You believe in the principle of paying for what the students get ?

A. Yes.

Q. Some witnesses have told us that they ought to get all this for nothing.

A. No.

The Hon'ble Mr. Lalubhai Samaldas.—Q. In your answer to Q. 1 you say that some inland steam navigation companies were wiped out

during the war. How could they be wiped out by impressment ?

A. Seeing the unfair competition between European companies and Indian companies, they did not build vessels after they received the money.

Q. But they have got the money ?

A. They could have invested their money in inland vessels provided they had facilities ; but they were afraid of unfair competition.

Q. You say that the Indian coastal trade should be reserved for the Indian Mercantile Marine. How is it to be done gradually ?

A. We will replace European ships as we go along building Indian ships.

Q. Two methods have been suggested to us, one is reserving a certain percentage every year for Indian shipping and the other is reserving by routes. Have you any idea about them ?

A. I cannot tell you.

Q. Can you say up to what size ships can be built in private dockyards ?

A. Messrs. Burn and Company have built a vessel for sea-going purposes. I do not know its tonnage.

Q. Are there any one else who can build ?

A. The Hughli Dock Company can build.

Q. Can they build large ships ?

A. I do not know.

Sir Arthur Froom.—Q. Towards the end of your answer to Q. 2 you quote what is presumably a conversation which took place between your firm and a very respectable member of the European community in Calcutta. I am putting it to you in a friendly way ; would you not like to withdraw the remarks, to which I am referring, from your statement, because he is not here to answer them and it seems to me unfair to put the remarks in your statement when the gentleman is not here to answer them.

A. A firm like mine would not have put it in the statement if it had not been a true fact.

Q. There are always two sides to a question and the gentleman you refer to is not in India ; he has retired from India. Would you not like to withdraw the remarks from your statement ?

A. I stick to what I have said. It may be bad taste, but it is a fact.

Q. Are you aware that when Government goods are required to be shipped to India, they are put up to tender and there is no particular arrangement with any particular line ?

A. Yes.

Q. In reply to Q. 18 you say that the Indian coasting trade should be gradually reserved for the Indian Mercantile Marine. How would you bring that into fruition ?

A. Within four or five years by gradual replacement of European ships by ships built by the Indian Mercantile Marine.

Q. You would not put only one vessel at a time on the line ?

A. We can buy or charter vessels at reasonable prices, until vessels are built by the Indian Mercantile Marine.

Q. What about the existing companies ?

A. There is no reason why the Indians should be shut off.

Q. There is no reason why Indians should not have started the enterprise 50 or 60 years before.

A. At one time India had a large number of fleets and they used to ply to other countries ; but they were killed.

Q. The coastal trade 50 or 60 years ago was not what it is now. The trade has been gradually built up by private enterprise.

A. There was trade 150 years ago.

Q. You are not in favour of wooden ship-building ?

A. No.

Q. You think it is dead and you have sufficiently progressive views not to wish to keep a moribund industry alive by State aid.

A. That is so.

Q. There is, of course, room for small wooden ships, is that so ?

A. Yes.

Q. Throughout your answers to the whole questionnaire you advocate cheap loans and railway facilities, reduction of customs and port dues. Have you any views on the establishment of an Indian Navy ? Some witnesses have suggested that as a branch of the British Navy an Indian Navy should be established. Do you agree with this view ?

A. The more we get the better.

Q. That would have to be paid for by India.

A. Yes, if it is for the protection of India.

Q. But India is already protected ?

A. We would have a separate branch for India.

Q. I do not expect that such a scheme would be thrust on India ; but if India expressed a desire to have her own Navy I do not think the British Government would object, because it would be reducing their very large payments in England.

A. If Indians are taken to the Navy, we will gladly pay for it.

Q. Do you realize that it would be very expensive ?

A. Whatever the expense may be, it is an additional advantage to India.

Q. Probably it would cost as much as the whole of the Army budget which is often criticized in this country.

A. But we get advantages.

Q. You favour an Indian Navy ; you favour bounties to shipping and you suggest railway facilities and cheap loans, reduction in port dues and customs : all this will have to be paid for by the country. Do you realize that ?

A. Yes.

Q. Do you think the country will stand a tax to meet that ?

A. I think so.

Q. Supposing you establish an Indian Mercantile Marine round the coast of India, you think it would be better for the trade generally ?

A. I think so.

Q. You have no great experience of ship owning ?

A. No.

Sir John Biles.—Q. Will you tell us what your idea is as to the use of an Indian Navy ?

A. For the training of Indians and for the protection of India against enemies.

Q. Any particular enemy ?

A. I do not know who turns up against the British Government. The Indian Navy must take a part in the defence of the British Empire.

Q. To relieve the British Government of a part of the cost in the defence of the British Empire ?

A. Yes.

Thank you very much.

Witness No. 42.

Mr. DAVID S. ERULKAR, B.A. (Cantab.), Bar-at-Law, Manager, Scindia Steam Navigation Company, Ltd., Calcutta.

Written statement dated the 11th September 1923.

Q. 1 & 2. The shipping industry in India exists, if it can at all be said to exist, in an unnaturally stunted state. For during the days of sailing vessels, Indian shipping industry ruled prosperous. But the transition period from the sailing to steam vessel was unfortunately

for this country coincident with the political enslavement and consequently its economic ruination. In consequence the then ship-owners could not adapt themselves to changing conditions in this trade as ship-owners in other countries did and a healthy development of the

Indian shipping industry was checked at the critical period of transition. With the advantages of steam over sailing vessels, which the Indian shipowners could not avail of, the European with the sympathetic Government support soon found his victory complete leaving his unfortunate Indian competitor in a state of utter helplessness, which the Government did nothing at all to remedy. In this connection it may be pointed out that during the regime of the East India Company Export and Import duties were in many cases twice as much when carried in other than "British" bottoms. The requirements qualifying ships to be classed as "British" were so artfully laid down that it was hardly possible for an Indian owned vessel although belonging to British Territory to be termed British for the purposes of these concessions. The result was that the indigenous shipping industry was starved by the effective preference that the British (European) ships enjoyed. The instance where a grant of Rs. 20,000 (out of one lac of rupees as the total amount actually required) was contributed by Lord Amherst's Government to a fund raised by the European community in Calcutta in 1823 "to encourage establishment of a communication between Great Britain and India by Steam Navigation" also serves to indicate the sympathy of the East India Company Government.

The European Companies have been careful not only to build up immense reserves but also to adopt very effective though hardly moral ways and means of securing that the same immense profits will continue to flow to them in future without interference from Indian competing companies that may threaten to grow up and these now coupled with want of Government sympathy are the main factors which militate against the healthy development of shipping industry in this country.

The first obstacle that an Indian steamship company is faced with is the deferred rebates system whereby shippers even though willing at heart to support an Indian concern cannot do so unless they are prepared to sacrifice their rebates which often run into large amounts. In many instances the margin left to the shippers is so low that the half-yearly or yearly rebates received from the steamer company constitute a large portion of their profits. In the case of commission agents the amount of deferred rebates receivable by them is an inducement to work on smaller rates of commission. Thus an Indian shipper has to pay for his patriotism in supporting an Indian steamship company by the sacrifice very often of the lion's share of his profits. If he decides to help the Indian

company even at that cost and thereby incur the displeasure of its European rivals he finds when he has shipments to make to ports other than those where the Indian Company runs its steamers he is harassed for necessary space in various ways. If in spite of these obstacles the Indian Company continues to gather business then the European Steamship Company with all its formidable resources accumulated at the cost of the Indian shippers and consumers after an uninterrupted exploitation ranging over a long period throttles its indigenous rival by the gradual but sure method of dropping the rates lower and lower till the same dwindle to next to nothing and the business becomes a losing concern. The European Company besides its large reserves has other lines wherefrom the losses on this one line can be made good. The Indian Company has no sympathetic Government or any other sources of help to turn to, and with its limited resources is soon strangled out of existence. Once this murder is achieved the European Company makes good its losses by inflating rates on this line out of all proportion. Thus no Indian Company is able to raise its head against the tyranny of the European Company which the Government suffers to continue.

Q. 3. The European shipping companies have grown so powerful that it is not possible for the shipping industry in this country to make any headway without State aid.

Q. 4. State aid is not only necessary and desirable but indispensable.

Q. 5. I would divide State aid into two Main Heads:

- (1) Direct Financial State Aid,
- (2) Other Aids.

(1) *Direct financial State Aid*.—Under this heading would be included such aids which directly affect the revenues of the State. These are:—

- (a) Bounties.
- (b) Cheap loans to shipowners.
- (c) Eliminating or reducing Export and Import duties in case of shipments being made by Indian owned vessels on Foreign and coastal cargoes.
- (d) Minimum dividend guaranteed by State to shareholders of Indian Steamship Companies.
- (e) Exemption from Income Tax.

(2) *Other Aids*.—Under this heading would be covered all other aids which are not covered by (1). These are:—

- (a) Subsidies, such as preference in Postal subventions to be given to Indian Steamship Companies.

- (b) Reservation of coastal traffic to Indian owned vessels by a process of gradual elimination of non-Indian vessels.
- (c) Preferential Railway Rates.
- (d) Exemption of Port dues and preferential treatment by Port Authorities.
- (e) Preference of carriage of Government stores to be given to Indian owned vessels.
- (f) Legislative measures to break down protective barriers such as Deferred Rebate System raised by existing European Companies.
- (g) Concessions from Port Authorities to shippers and consignees by Indian vessels.

Q. 6. Legislative measures under the present circumstances would be found indispensable for the proper growth of the shipping industry. Legislative measures will in all probability have to be adopted to enforce most of the items mentioned in answer to Question 5.

Q. 7. Yes, (a) should certainly have for various reasons the prior attention and even prior claim on the funds available for bounty. Beginning should also be at the same time made with (b); but (c) should certainly not be taken up until such time as the entire coastal trade of this country is reserved for Indian owned vessels and the bounties on (a) have as a result of satisfactory development ceased. At this state I would like to make clear what I understand by "an Indian owned vessel." This must comply with the following requirements:

- (1) The vessel must be owned by one or more Indians. In the case of a company or corporate body 75 per cent. of the shareholders or members thereof shall be Indians holding among them not less than 95 per cent. of the shares.
- (2) The Directors of such a company shall be all Indians with exception of one non-Indian.
- (3) The management shall be in the hands of Indians allowing for not more than two non-Indians at the Office in the first three years, and thereafter complete Indianisation of management.

I would have the authorities encourage not only ship owning by the people of this country, but also ship management. In the infancy of the industry the people of this country will have to depend upon European and Foreigners for management. This state of dependence should not be allowed to continue and adequate provision should be made for the gradual but complete Indianisation of management in cases of companies owning bounty fed steamers. This could also be expeditiously achieved by enhancing the bounties in cases of purely Indian management.

Q. 8. No, the grant of Navigation bounties as far (a) of Question No. 7 is concerned should not be restricted to any particular routes. As for (b) of Question No. 7 grant of Navigation bounties should be restricted to routes such as between this country and the United Kingdom where there are heavy and constant shipments both ways, and that Indians should have a large share in such a trade is a legitimate desire. Return cargo for Indian owned steamers on such routes could be secured by insisting upon all Government stores being carried and imported in Indian owned vessels.

I would have the mode of granting of Navigation bounties in cases of (b) ref. Question 7 considered side by side with the elimination or reduction export and import duties recommended by me in answer to Question No. 5.

Q. 9. Yes, the gross registered tonnage should be a minimum of 500 tons. Average speed to be not less than nine knots and the age of the vessel to be not more than twenty years. Gradually these limits which have to be liberal in the beginning should be restricted further for greater tonnage, greater speed and lesser age thereby helping towards increased efficiency.

Q. 10. Ten annas per gross registered ton per every 1,000 knots navigated by the vessel in the course of *bona fide* trade voyages, on a minimum, speed of nine knots per hour, with a minimum of 12,000 knots per year, with an additional four annas per ton for every ton of cargo carried.

This rate of bounty on gross registered tonnage should be increased by 5 per cent. for every 500 tons in case of vessels over 3,000 tons gross registered tonnage while 10 per cent. more should be allowed for every knot above the minimum above mentioned of 9 knots.

Q. 11. Yes, the object of all bounties should be encouragement of increased efficiency until the greatest efficiency under the circumstances is attained and greater efficiency in speed should be rewarded with additional bounty. But this should at first be confined only to Ships trading under (a) on the coast. It might then with caution be made applicable to (b). But it should not apply to (c) unless Indian owned vessels are likely to reach such an efficiency as to excel ships of other nations trading on the same routes.

Q. 12. This question cannot be answered specifically though after the full and healthy development of Indian Mercantile Marine, a time must come when bounties should gradually be reduced. After how many years this stage will be reached it is difficult to answer. Yet in the case of (a) the earliest that reduction of

bounties with a view to their gradual elimination could be thought of would be after the coastal trade of this country is reserved for Indian owned vessels.

Q. 13. It would be advisable to insist upon vessels built out of India to be on the Indian Register at least for six months.

Q. 14. This cannot advisedly be done until the shipbuilding industry is fully developed in this country, and since that industry will take a long time to reach such a stage of development it would do much more harm than good to put any such restriction.

Q. 15. Yes.

Q. 16. No such exclusion as stated in (a) and (b) should be made on vessels receiving Navigation bounty, except in the case of colonials belonging to such parts of the British Empire that exclude Indians from the full enjoyment of citizenship in their territories, who should be scrupulously excluded.

Q. 17. Yes.

Q. 18. It is absolutely indispensable for a healthy development of the Indian Mercantile Marine that by a gradual process of elimination of the non-Indian vessels trading on the Indian coast, the entire coasting trade of India should in the course of a few years be reserved for Indian owned vessels.

Q. 19. The effect of reservation by a gradual policy of elimination will be for Indian capitalists to come forward to launch into this industry with a feeling of security, as at present the experiences of some of them in the past are highly deterrent. With the response on the part of the Indian capitalists the growth of a healthy Mercantile Marine will be assured and the Indian public will be freed from the monopoly enjoyed by the present non-Indian capitalists with its consequent hardships and disadvantages.

Q. 20. Yes.

Q. 21. No particular kind or size of a vessel can be indicated as meeting all the needs of the Indian coastal trade, but the selection of suitable steamers may safely be left to intending shipowners who will only buy steamers that will answer the requirements of the particular trade on which they intend to ply their steamers, and in no case should any restrictions as regards size and description of vessels be imposed except the minimum for size stated in answer to Question No. 9 in deciding the qualification for bounty.

Q. 22. The use of Government dockyards in this connection will be essential in the beginning, though after the industry is sufficiently well established Government should retire

leaving private enterprise to develop the industry further with the help of the Government.

Q. 23. That the Industry as such is non-existent.

Q. 24. Want of adequate development of the co-lateral industry, viz., Indian Mercantile Marine, for it will be admitted that the largest buyers of a commodity like steamers would be the people of that same country. The effective demand is non-existent and the means for supply are in consequence also non-existent. The present Steamship Companies holding the monopoly of the Indian Maritime Trade place their orders abroad for apparent reasons. Result is there is no indigenous shipbuilding industry.

Q. 25. The most effective measure is the development of Indian Mercantile Marine with gradual compulsory employment of Indian built vessels which will create a demand for them, and for this State aid will be necessary.

Q. 26. State aid is not only necessary or desirable but indispensable.

Q. 27. To foster shipbuilding industry State aid may be adopted in the following ways:—

- (a) Construction Bounties.
- (b) State loans to shipbuilders at low rates of interest.
- (c) Minimum dividends guaranteed by State.
- (d) Exemption from Income Tax.
- (e) Shipbuilding materials to be carried at preferential Railway rates.
- (f) Shipbuilding materials to be allowed to be imported free of Import duty.
- (g) Sites for shipbuilding yards to be given by Government at nominal cost.
- (h) Enhancement of Navigation aids where vessels are Indian built.
- (i) Training Indian youths in shipbuilding by providing for up-to-date facilities in Government Dockyards as also compelling other Dockyards that receive Government contracts to receive certain number of Indian Apprentices.

Q. 28. Yes, the modes mentioned above will in all probability need to be enforced by legislation.

Q. 29. Yes.

Q. 30. Construction bounties should be confined to vessels built of steel only. The minimum gross tonnage should be 500 tons to begin with raising this minimum as the industry progresses.

Q. 31. It would be difficult to answer this question in the absence of information as to the average cost per ton of the hull to the shipbuilder in this country. However construction

bounty should in the beginning be not less than 25 per cent. of such cost up to 6,000 tons and thereafter an increase of one-third in the rate of construction bounty per ton.

Q. 33. Shipbuilders receiving State bounties should be made to use such indigenous shipbuilding material as can be obtained in this country and utilised without affecting the efficiency and to a considerable extent even the cost of the steamers built therewith.

Q. 34. If it is thought expedient to allow any exception under question No. 33 the said materials should be allowed to be imported free of the Customs Import duty and even the Port Commissioners Dues.

Q. 35. If fears are apprehended that such concessions are likely to be abused the usual import duty and other dues should be collected, on all such articles at the time of importation, but refund of the same should be made without undue delays and unnecessary obstacles, at the end of a certain period after importation, say four months, on the application and declaration of a recognised shipbuilding yard that the material in question was utilised for the purposes of shipbuilding.

Q. 36. The wooden shipbuilding industry is on the decline.

Q. 37, 38 and 39. With the introduction of Iron and Steel ships with their acknowledged superiority over the wooden ships, the latter have been everywhere replaced, with the inevitable result that the industry for building wooden ships is on the wane. In other countries this change has resulted in the growth of shipyards for building new type of ships. But not so in India. As at present this industry serves the considerably less significant role of supplying sailing vessels and other wooden crafts mainly utilised for inland navigation, feeder services and for landing and shipping cargo. I am of opinion that this industry should be left as at present that no adequate good would be achieved by any financial State aid which aims at the building of Ocean going and such larger vessels made of wood.

Q. 40, 41 and 42. I do not consider any State aid is either necessary or expedient except that all wood for shipbuilding from reserved forests should be supplied free of forest duties.

Q. 43. There are difficulties in effecting insurance on wooden ships but as compared with Iron and Steel ships the wooden ships certainly are at considerable disadvantage from the insurance point of view, and no remedial measures are advisable, as with the acknowledged advantages of steel over wood any interference would be unproductive of any material good.

Q. 44. Yes.

Q. 45. Government should take active steps to provide for—

- (a) their training on State aided and State employed vessels as also ashore,
- (b) their future employment by insisting upon State aided and State employed vessels giving preference to Indian Officers in their employ,
- (c) facilities for study when qualifying for Board of Trade Certificates by giving such students Scholarships.

Q. 46. It is desirable that Cadets should undergo a preliminary course of instruction in a training ship or training establishment on shore before proceeding to sea, though this should not be made compulsory.

Q. 47. The necessary training referred to should be carried out entirely in India and the facilities for this training provided and supported by the Government.

Q. 48. All the necessary training should be done in India and in my opinion the Government should adhere very strictly to this proposal. Encouraging Students to go abroad for study means continuing this country's dependence on other countries for adequate facilities for such study. But if it is ever deemed more expedient to send Indian Cadets to England for advanced study, a system of refundable scholarships should be established whereby the full amount of scholarships in each case is refunded in instalments during compulsory employment after return to this country.

Q. 49. Training establishments with training ships should in the beginning be maintained at Bombay and Chittagong. Fees if levied at all should be nominal in order to attract large number of Indian boys. Maintenance charges should be borne by Government, and the Port authorities at most important Ports like Bombay, Calcutta, Madras, Karachi and Rangoon may legitimately be asked to contribute towards the maintenance, as they will be able to recruit men under their employ who have been trained at these institutions.

Q. 50. I would recommend a Nautical College with a training ship attached.

Q. 51. Preferably as apprentices on Steamers.

Q. 52. It is very doubtful whether the present European Steamship Companies in India and their European employees will ever get over their race prejudices and treat and train an Indian cadet the same way as they would and English Cadet. I would not recommend the experiment as I feel it would prove futile an wasteful. Government should undertake training of apprentices on Indian owned vessels and if these are found insufficient the Govern-

ment should provide similar facilities on an Ocean going training ship.

Q. 53. No premium should be allowed to be demanded or paid in case of Indian owned vessels.

Q. 54. In the case of sea going training ships the object that it is first a training ship and that freight earning is merely secondary should not be lost sight of. It should under no circumstances be allowed to compete as far as possible with the vessels of private Indian Companies. It may occasionally carry Government stores and such other cargo wholly with the object of providing practical instruction to the Cadets and thereby earn something which should be utilised towards improving facilities for instruction, but Government should be prepared at all times to provide for a sufficient grant for maintenance.

Q. 55. Moderate fees should be charged for training but food and uniforms should be supplied free.

Q. 56. This is a question of details which could be arranged in consultation with Government advisors.

Q. 57. This question will arise not before four or five years after the above Machinery for training apprentices is set in motion. The necessity or otherwise of a separate Nautical Academy may then be judged by the extent of the success attained by Government efforts to train apprentices as suggested above. At present some apprentices are being trained on the steamers of The Scindia Steam Navigation Company, Limited, and if necessity arises facilities in a small way may be arranged for, at the proposed Nautical Colleges to give special instruction to these youths who need such instruction before appearing for the Board of Trade Examinations.

Q. 58. See reply to Question 57. Such academies if found necessary should be in the same ports as the proposed Nautical Colleges. Government should in every case be prepared to support the institution in case of need.

Q. 59. Yes.

Q. 60. Yes, same as suggested in reply to Question No. 45.

Q. 61. Government should come forward with facilities for apprenticeship in Government and private dockyards. If it is found that besides apprenticeship on shore further apprenticeship at sea is necessary facilities even for this should be afforded on vessels receiving Government aid. Later when the youth is fully qualified after the necessary period of apprenticeship he should be given assistance to enable him to appear for the necessary examinations and thereafter Government should help

him to find an employment on State aided vessels which should be compelled to give preference to Indian candidates.

Q. 62. If the present Engineering and shipbuilding firms do not afford suitable facilities to train apprentices they must be given some encouragement in the form of monetary help, if they agree to provide such facilities to the satisfaction of the Government for this purpose.

Q. 63. If the present Engineering schools have no means of imparting theoretical knowledge in Marine Engineering, separate departments dealing with this instruction should be opened at ports like Bombay and Calcutta.

Q. 64. I believe so far no Indian has been admitted in the Royal Indian Marine. This fact in itself must show that the existing rules for admission are not at all suitable. I would recommend the age limit to be extended so as to permit an Indian youth of even 25 years to be eligible for admission. Besides I would urge reservation as soon as feasible of at least one-third of the vacancies occurring every year to be filled up by Indians. A combined training ship as suggested would be advisable in the beginning.

Q. 65. Yes, all necessary facilities should be given to encourage young Indians to qualify for Engineer Officers' posts in the Royal Indian Marine until shipbuilding industry has developed sufficiently to afford similar facilities in this country.

Q. 66. The principle enunciated can safely be followed in a country where the indigenous industry is fully developed, and is in a position to hold its own against foreign competition. Unless the Government of a country has given ample opportunities and facilities to its indigenous industries—especially an important industry like Mercantile Marine—to develop and rise up to the standard of efficiency attained by industries of other countries, it cannot have by any stretch of the crudest of economic theories an excuse to patronise foreign companies, which have grown powerful after years of uninterfered exploitation. Hence Indian companies should be by a gradual process given opportunities to attain to the present efficiency in this direction. As for economy, if anything, the Indian companies should be able to manage the service more economically.

No postal subsidies should be fixed by negotiation but tenders for the service should be invited by public advertisements.

Q. 67. Indian Companies carrying Mails under contract with the Government should be compelled to receive and train a certain number of Indian youths as Officers on their vessels. European companies under similar

circumstances should be made to contribute a certain amount towards training elsewhere the number of cadets to their share.

Q. 68. If "all Steamship Companies in India" is meant to include non-Indian Steamship Companies trading on the Indian coast, as stated in reply to Question No. 66 I strongly urge the gradual exclusion of the non-Indian Companies in favour of the Indian Steamship Companies.

Q. 69. There are various such methods whereby Indian Mercantile Marine may be helped in its development. Among such aids may be noted principally the following:—

- (a) Reservation of Inland trade by water to Indian shipowners. This trade is particularly significant in the Province of Bengal, yet non-Indian interests hold the practical monopoly to the detriment of the Indians. All sorts of methods seem to have been employed by European Companies to thwart the progress of their Indian competitors. The prejudice shown by Jute Mills who would not allow the usual advance of 90 per cent. on value on the production of Shipping documents if the goods are shipped by Indian owned vessels is a scandalous inequity tolerated only by an unsympathetic and alien bureaucracy.
- (b) All Pilot services particularly the Hoogly Pilot service to be completely Indianised and suitable facilities for training Indian youths as Pilots to be afforded. In this connection the report submitted by the Bengal Pilot Service Reorganisation Committee may be mentioned. The said committee definitely favours the selection of local candidates for the

service and state that once the facilities for training Indians and Anglo-Indians have been provided in India there should be no difficulty in recruiting either Anglo-Indians or Indians to the service. As for devising the means for efficient training in this line they depend upon the Mercantile Marine Committee.

- (c) Complete Indianisation of the higher grades of services under the Port Commissioners at all the Ports in India. This refers to a very legitimate grievance of Indians that they have been unfairly kept out of the higher appointments in the administration of the Indian Ports. This unsatisfactory state of affairs should be immediately stopped and such appointments should be Indianised thereby assuring for Indian steamers genuine sympathy and all necessary assistance while in port.
- (d) Preferential treatment by Port authorities of Indian owned vessels to be insisted upon, and systems such as of preferential berths now prevailing in the Port of Calcutta should be made subservient to the prior claims of Indian owned vessels.
- (e) That in the administration of Ports there shall be a majority of Indians on the Board.
- (f) Higher appointments in the Customs should be Indianised.

Q. 70. The Government must devise the ways and means for finding the necessary funds. I would however suggest that this should preferably and principally be done by an export duty on all exports out of India.

Oral evidence, Calcutta, the 27th December 1923.

President.—Before we begin I should like to assure you that this Committee is searching for information to advise Government how best to start an Indian Mercantile Marine. I do not want you to think that we are antagonistic to this idea in any way; we are in favour of doing something to encourage Indians to go to sea; otherwise we should not have been on this

Committee. If you do not want to answer any questions that are put to you please do not hesitate to say so.

I should also like to draw your attention to the second para. of your reply to Questions 1 and 2 and say that we must be, very careful to avoid making aspersions against European companies. What we want to do is not to

discuss the past, but to advise Government how best we can form an Indian Mercantile Marine.

Q. Are you representing the Scindia Steam Navigation Company ?

A. This statement has been submitted in my individual capacity ; it has nothing to do with the Company. The Company has already submitted a separate statement.

Q. You talk about the impossibility of Indian steel shipping companies competing ; but I understand your company is now well-established on the coast ?

A. Yes, after a very serious freight war in which they lost something like 20 lakhs of rupees. After a very strenuous fight, which I think few Indian companies can put up, our company has been established to some extent.

Q. If another British company came to the coast, it would have to fight just as hard ; it is not peculiar to your company ?

A. No.

Q. And rate-wars occur even in the case of other companies it is not peculiar case of Indian companies ?

A. I cannot say that.

Q. Don't you think that, if the trade is reserved for the Indian Mercantile Marine, there would be just the same rate-wars between Indian companies ?

A. Not if the maximum and minimum freights were fixed.

Q. You are in favour of both maximum and minimum rates being fixed ?

A. That is so.

Q. Who would fix them ?

A. Government might fix them in consultation with the ship-owners and shippers.

Q. Would you have a special tribunal ?

A. That can be arranged afterwards. As regards your question that rate-wars are not peculiar to Indian companies, I would like to point out one instance. As far as Calcutta is concerned, there is no Conference for Colombo and this arrangement of having no Conference for ships trading between Calcutta and Colombo is put forward just to accommodate European shipping companies, because most of the companies that trade between United Kingdom and the continent lift outward cargo at Colombo which space they usually fill in at Calcutta with cargo—mostly rice—for Colombo and there is no restriction on the shippers shipping by those lines.

Q. You cannot call going from Calcutta to Colombo or from Bombay to Colombo coasting ?

A. It is not coasting in the strict sense but there is a Conference for Mauritius and other

ports outside India, but there is no particular Conference as far as Colombo is concerned and no restriction is imposed on shippers shipping by any steamer for Colombo. There is considerable trade between Calcutta and Colombo in rice. There are the same restriction as in the case of Indian coast ports applying to shippers shipping by an outside line calling at Galla another Ceylon port, but not for Colombo.

Q. Supposing the Indian shippers amalgamated together from a national point of view to prevent these rate-wars by not accepting the reduced rates, would not that get over the difficulty ?

A. I am afraid not. Even if they wanted to do it, it is not possible for them to do so.

Q. Are you by any chance a Member of the Port Commissioners ?

A. No.

Q. In your answer to Question 5 (2) (d) and (g) you say you would advocate exemption of port dues and preferential treatment by Port authorities and concessions from Port authorities to shippers and consignees by Indian vessels. How are the Port authorities going to carry on their business ?

A. At present Indian shipping companies are so few that in the beginning or for some years to come it would not make an appreciable difference in the earnings of the Port Commissioners.

Q. Unless you have your Ports kept up-to-date, you will not have trade and you cannot order the Port authorities to waive their fees to certain classes of ships only ?

A. These concessions would be contributing to create an Indian Mercantile Marine which in the long run, by its increased development, would certainly add to the earnings of the Port authorities.

Q. If there are no port fees or port dues, don't you think it will rather conduce to slack ways ?

A. I do not advocate total exemption, but only some concessions in port fees and port dues.

Q. Supposing you went into a dock and you had a cargo to discharge which you could discharge in 4 or 5 days and your up-going cargo was delivered in 9 days ; if there were no port dues there would be no incentive for an Indian ship to unload and load quickly.

A. I am certain it would not. Every ship-owner who knows his business is most anxious to give his vessel quickest despatch possible and a remission of Rs. 40—50 per day in the port dues would not in any way tend to make him slack in the despatch of his vessel because apart from port dues an ordinary vessel carry-

ing about 6,500 tons cargo would cost its owner Rs. 800—900 per day in wages, maintenance, insurance, etc. Besides the Port authorities always take care to see that the ships do not occupy their berths longer than the actual required period.

Q. You propose that the management of Indian companies should be in the hands of Indians allowing for not more than two non-Indians at the office in the first three years. So you do not object to non-Indians in the beginning?

A. No, not in the beginning. I think they will be essential to a certain extent on account of their experience.

Q. Do you think that plenty of young Indian gentlemen of education would be likely to come forward in the capacity of Officers for the Indian Mercantile Marine?

A. Yes.

Q. Have you any apprentices in the Scindia Steam Navigation Company?

A. Yes.

Q. As Manager of the Company, do you think much of them?

A. I do. I myself was instrumental in advertising for apprentices and I got 200 to 300 applicants.

Q. Were they all suitable?

A. Not all, but a large number of them were suitable. We had only two or three vacancies. One of the applicants was a young boy of about 18 to 20 years who was on one of the B.I. steamers for some time; he was an educated, young healthy Punjabee and he came to us as he had no prospects in the B. I. I recommended him and he was taken on. He is an apprentice on one of our ships now.

Q. How long ago was this?

A. About 6 to 8 months ago.

Q. Have none of your apprentices completed their time?

A. No.

Q. Are they generally satisfactory?

A. Yes.

Q. You are in favour of a training ship?

A. That is so.

Q. You are in favour of its being run entirely by State aid?

A. Yes.

Q. Don't you think it fair that the students should pay some kind of fees as they do in, say, the Sibpur Engineering College?

A. No. I certainly think that the majority of the young men who would be coming forward to take such training would not be in a position to afford fees.

Q. If a rich man's son wants to go to sea, why should he get free training?

A. We are to go by the vast majority.

Q. Do you think the majority would not be in a position to pay fees?

A. Yes. I had particularly in mind sons of sea-faring men, like lascars who could not afford to send their children to sea for training, but who could afford to educate their children, say, up to the Matriculation.

Q. It has been proved for hundreds of years in the British Mercantile Marine that the sons of seamen do not necessarily make good officers. They have got to carry out strict discipline in the sea and I do not suppose even one per cent of the sons of seamen become officers. Why should the sons of Indian seamen have this peculiar gift?

A. I was considering the question from another point of view. The higher class Brahmins are strictly orthodox and would certainly keep out of it. There would only be Muhammadans, Christians and Parsees who would take to it.

Q. We have had a great many witnesses who have told us that a great many Hindus would be coming forward.

A. Not the orthodox Hindus.

Q. There are plenty of higher class Hindus other than Brahmins. The British Mercantile Marine would not have been what it is to-day if they had depended on certain classes of people.

A. I am afraid I cannot speak very much about conditions in England, but if you were to draw the Officers for the Indian Mercantile Marine from the same social strata as the British Mercantile Marine, I am afraid they would not be in a position to pay fees.

Q. But the sons of lascars, etc., you refer to are not in a position to become officers. They haven't got the same education as a British boy.

A. I am not entirely depending on the sons of lascars as I am upon the class of people like the Muhammadans, Parsees and Christians. Parsees can afford to pay fees to a certain extent, but the Christians and Muhammadans cannot afford prohibitive fees.

Q. There are plenty of rich Christians and plenty of rich Muhammadans.

A. Not to the extent that we have rich Hindus.

Q. I see that you want subsidies as well as reservation of the coastal trade?

A. That is so.

Q. If you had no opposition from non-Indian companies and the coastal trade was reserved for Indian ships, why do you want subsidies as well?

A. I am anxious that Government subsidies should be reserved for the Indian Mercantile Marine.

Q. Do you mean to say that you cannot make the Scindia Company pay without subsidies from Government?

A. It is not a question of that; the Indian companies should have a prior claim on the subsidies of the country than the outside companies.

Q. Even if they are making a profit?

A. Yes.

Diwan Bahadur T. Rangachariar.—Q. What is the object of a subsidy?

A. To encourage the Mercantile Marine.

Q. If you are there already, why do you want a subsidy?

A. I was thinking of the Postal subsidy, and not of navigation bounties.

Q. You mean preference of Government custom?

A. Certainly.

President.—Q. In your answer to *Q.* 69 (b), you say that all Pilot services and particularly the Hooghly Pilot service should be completely Indianized. Why do you particularly mention the Hooghly Pilot service and not the service at Karachi or Rangoon?

A. It is simply because I am a Calcutta man.

Q. As a matter of fact you have selected the most difficult port of all.

A. I think there would be no difficulty as suitable Indians can be trained up.

Q. In the same answer, (c), you say that the higher grades of services under the Port Commissioners of all the Ports in India should be completely Indianized. What has that to do with an Indian Mercantile Marine?

A. It is a contributory factor which certainly adds to the speedy development of the Indian Mercantile Marine.

Mr. Jadu Nath Roy.—Q. In your answer to Questions 1 and 2, you say that during the regime of the East India Company export and import duties were in many cases twice as much when carried in other than 'British' bottoms. Did this in any way injure the development of the Indian Mercantile Marine?

A. I am afraid it did very seriously hinder the development, because I find that Section 20 of Act IV of George IV Chap. 80 restricted the natives of India from enjoying privileges as British seamen. Section 10 of 3 and 4, William IV Chap. 54 specifies that no goods shall be carried from one British possession in Africa or Asia or America to any other British possession, except in a British ship, and Section 12 defines what is meant by a British ship, *i.e.*, the Master to be a European British subject and three-fourths of the crew to be European British seamen.

Sir John Biles.—Q. Is what you say part of the Act or is that your comment on it?

A. That is part of the Act itself.

Q. Are you reading it exactly from the Act?

A. I have taken an abstract of the Act. I haven't got the Act itself here, but I will send it up to your Secretary.

Mr. Jadu Nath Roy.—Q. At the bottom of the first page in your answer to *Q.* 1 and 2, you say that an Indian shipper has to pay for his patriotism in supporting an Indian steamship company by the sacrifice very often of the lion's share of his profits, and you say that he has to incur the displeasure of his European rivals. Will you please explain what you mean?

A. If an Indian shipper finds that he has shipments to make to ports like the Persian Gulf and Mauritius, where the Indian steamship Co. does not run any service the European companies harass him for space in their steamers, and often shut it out altogether.

Q. You mean to say that unless the deferred rebate system is abolished and something is done to put a stop to rate-cutting Indian shipping cannot develop?

A. Yes.

Q. Do you consider that the reservation of the coastal trade is necessary?

A. It is very essential.

Q. It has been pointed out to us that in no part of the British Empire is there any restriction as to the coastal trade?

A. I understand that Australia has reserved the coastal trade for her own ships.

Q. In the event of the coastal trade being reserved for Indian ships, would you advocate that bounties should be given?

A. No.

Q. You think that the reservation of the coastal trade will be sufficient?

A. Yes. Let me make my meaning clear; in replying to the President I had particularly in view the subsidies for services rendered to Government such as postal subsidies as distinguished from Navigation Bounties.

Q. In reply to Question 27 you advocate various forms of State aid including exemption from Income tax.

A. Yes. I do not advocate all these simultaneously. Any or one or more of these can be suitably adopted. I think that priority should certainly be given to the reservation of the coastal trade for Indian shipping; this is very essential and indispensable.

Q. In that case no bounty is to be given?

A. No.

Q. What about foreign trade?

A. I certainly think that foreign trade should not be taken in hand until we have got a

sufficiently good Mercantile Marine to afford a good service on the Indian coast itself.

Q. You would think of going in for the foreign trade after developing the coastal trade?

A. That is so.

Q. In reply to Question 22 you advocate building of ships in India?

A. Yes.

Q. It has been pointed out to us that no raw material is available in India and there is no skilled labour and that it would be very difficult to develop shipbuilding in this country; also that the climatic conditions stand in the way. What do you say to that?

A. I cannot answer that question; I am not an expert in that line.

Q. You said that a sufficient number of young Indian gentlemen will come forward for sea career?

A. Yes.

Q. You also said that Hindus who have got prejudice will not come forward.

A. I said that orthodox Hindus would not come forward.

Q. But there are several Hindus who go to England; they have no objection to inter-dining, and such people may come forward?

A. Yes; they may.

Q. You are for having a training ship in Indian waters?

A. That is so.

Q. In reply to Question 52 you say that it is very doubtful whether the present European Steam Ship companies in India and their European employees will ever get over their race prejudice and treat and train an Indian cadet in the same way as they would an English cadet. You don't advocate to put Indian lads on European ships?

A. I don't.

Q. You do not advocate it because European owners have got prejudices against taking them?

A. That is so.

Q. Please refer to your answer to Question 69 (a) regarding reservation of inland trade by water to Indian ship-owners. Are you engaged in this trade and can you say anything with authority on the subject?

A. I cannot say anything from personal knowledge, but the information I have given was furnished to me from a very reliable source.

Q. Before making the statement, have you made yourself quite sure that it is a fact?

A. Yes.

Q. In your reply to Question 69 (d), you say that preferential treatment by port authorities of Indian-owned vessels should be insisted upon and systems such as of preferential berths now

prevailing in the Port of Calcutta should be made subservient to the prior claims of Indian-owned vessels. What do you mean by this?

A. At present very often Indian shipping companies have to wait for berths as foreign steamers like the Japanese have prior claims and go in first. I certainly think that Indian steamers should have preference.

Q. In reply to the President you said that after sustaining a loss of about 20 lakhs of rupees, your Company was taken into the Conference. Had the agitation in the country a great deal to do with it?

A. It is a difficult question to answer.

Diwan Bahadur T. Rangachariar.—Q. How long have you been connected with the shipping trade?

A. On the technical side of it, from the beginning of 1921.

Q. How long have you been taking interest in it?

A. Since then.

Q. What is your authority for the statement you make in your answers to Questions 1 and 2 about Lord Amherst's Government's grant of Rs. 20,000

A. There was a book published about 1830 called "Steam ships in India" which gives the description of the enterprise. I will send that book over to your Secretary.

Q. I notice that in your answers you advocate both in the matter of navigation bounties and construction bounties 500 ton ships as the minimum. What size of vessels do you think will be suitable for the coastal trade if you want to develop the Indian Mercantile Marine?

A. I think the larger size ships should have preference; they are more economical to run.

Q. 500 ton vessels would be too small. Is it wise to spend money in bounties for these small vessels? What would be the minimum tonnage you would advocate?

A. 500 tons would be about something like 800 to 900 tons deadweight.

Q. If you advocate bounties at all, in order to encourage larger ships being used, would you advocate an increased bounty for them?

A. Not only that, but after a certain time I should certainly increase the limit also. My idea in putting down the smaller ships was to encourage even the smaller capitalists to come forward.

Q. Would you really be able to compete with companies that now run the coastal trade with 500 ton vessels?

A. You cannot.

Q. Nor would you be able to capture the coastal trade?

A. You cannot.

Q. So your idea being that the Indian Mercantile Marine should have command of the coastal trade, you would advocate larger tonnage vessels being used ?

A. Certainly.

Q. You want reservation of the coastal trade for Indian companies ?

A. That is so.

Q. Supposing we had an Indian company with a majority of Indian shareholders as you suggest, and Indian Directorate as you suggest, what objections have you to European management ? Do you think there are Indians who can under-take effective and efficient management ?

A. I think so. The present day capitalist looking to the past experience in the industry will not make bold to come forward without Government assistance.

Q. Assuming that the coastal trade of India is reserved for Indian companies with a majority of Indian shareholders and Indian Directors as suggested by you, would you leave the actual management in the hands of Europeans ?

A. I would prefer to have it in the hands of Indians.

Q. Although they have no experience ?

A. That is why I have put in two Europeans who would guide and assist us ; they will be officers in responsible positions.

Q. I am talking of actual management ?

A. I would prefer that to be in the hands of Indians.

Q. I am asking you to assume two things ; in the first place the coastal trade is reserved for Indian companies. These companies have a substantial majority of Indian Directors and Indian shareholders ; the Directors can guide the policy and principle of management, but the actual management to be in the hands of experienced Europeans for the present. What would you say to that ?

A. I think the Directorate would be effective to some extent only.

Q. Won't they lay down the policy and principle of the Company ?

A. Not so effectively as the Managing Agents would.

Q. What Indian interests, do you think, will suffer if the management is in the hands of Europeans ? I want to understand your difficulty.

A. I feel that the policy of the company would not be consistent with the legitimate Indian aspirations.

Q. Do you mean to say that they will not carry out the principle ?

A. I won't go so far as to say that. I think it is the experience of many that Managing Agents to a considerable extent even guide

the Directorate. The Directors not being in a position to look into the working of the company, would be guided by these non-Indian Managing Agents.

Q. Are you satisfied that you will be able to secure competent Indians in the first instance to take up management ?

A. I am perfectly satisfied that it would be possible to train up Indians for this purpose.

Q. But you cannot all at once begin ?

A. That is why I have stated that two non-Indians will assist in the management of the company.

Q. I must repeat my question ; what is it you fear will happen if the management is in the hands of Europeans ?

A. I do not think that Indian interests would be so served as they should be.

Q. In what matters ?

A. In various matters such as the training of apprentices and other detailed working of the company which entirely rest upon the Managing Agents.

Q. Is it not because you judge them by the experience they have had as Managing Agents under European companies ? Don't you think they will pursue an altogether different line of business if they serve under Indian companies ? When you put Europeans under Indian masters, have you any fear that they will not carry out the interest of Indians ?

A. As far as the individual European officer is concerned, he is as loyal to his Indian masters as an Indian would be. But when you place them in the position of Managing Agents the question arises as to who are the masters and I do not think they can serve the Indian interests as Indian Managing Agents would.

Q. Managing Agents become unpopular because they have to serve a long term of 30 years and their term is renewable after that. Supposing Managing Agents are made to serve for a shorter period, say, 10 years and agreements are made renewable at the will of the Directorate, would you have any objection to having European Managing Agents ?

A. If the policy of the company is in no way jeopardized by having European Managing Agents, I do not see any objection but I do not think this is possible. As I look at it, I do not think that European Managing Agents could serve Indian interests as they would be served by Indian Managing Agents. If you think that Indian interests are perfectly safe in the hands of European Managing Agents, I have nothing against them.

Q. You are the Manager of a Company. Do you find any difficulty in not having had previous experience ?

A. No ; I had of course to learn certain things.

Q. Where did you learn them ?

A. On my own in Calcutta. I found out things for myself.

Q. Is it anything different from, say, the Mill business and concerns like that ?

A. In the case of the mill business there is no particular policy to be followed from a national point of view. In this case there is.

Q. In the matter of developing indigenous industries and giving preference to raw product ?

A. Yes.

Q. Cannot those things be determined by the Directors ?

A. If all the details are going to be managed by Indian Directorates as previously stated by me. I have no objection to European Managing Agents.

Q. You said that you called for apprentices and that you got a large number of applicants. How many steamers have you got ?

A. At that time we had seven steamers of our own.

Q. If all of them were fully Indiaized, how many Officers would you have ?

A. I make it 10 Officers for each steamer, including Engineers.

Q. What prospects did you offer them in your advertisement ?

A. In the advertisement itself we did not offer them any prospects ; we merely gave them an opportunity to get themselves trained without promising them any advancement.

Q. On those terms you say that several people applied ?

A. Yes.

Q. What classes of people were they ?

A. We had some Parsees, some Muhammadans some Punjabees and also some middle class Bengalees.

Q. What was their minimum educational qualification ?

A. Matriculation standard or something like that.

Q. What minimum age ?

A. Between 18 and 22.

Q. Have any of them yet finished their apprentice course ?

A. No.

Q. What do you propose to do with them if they turn out well ?

A. I expect that we shall take them on to our ships.

Q. Are they paying any fees ?

A. No ; we are bearing all their expenses.

Q. How many have you at present ?

A. I am afraid I would not be able to answer that question.

Q. Who are these middle class people you speak about ; are they the ordinary land-owners as we know them in Madras and Bombay ?

A. Pleaders' sons and merchants' sons.

Q. You spoke about high class people who observe caste scruples. There is very little difficulty in that way in Northern India as thousands of students belonging to high class families go to England. Do you think that caste scruples are going to stand in the way of their sea life ?

A. Yes, with Brahmins particularly.

Q. But they form a very small minority ?

A. That is so.

Q. You have no fear then that if opportunities were given Indians would take advantage of them ?

A. I have no fear.

Q. It has been suggested to us that as an experimental measure we may take a trip round the world as it were and give an opportunity for, say, 200 or 300 young youths in order to see how the system works. Do you think that this a good suggestion to be acted upon ?

A. I will not say so. I do not think that it had to be done in the case of other countries.

Q. Do you think that, unless you are able to guarantee their future career, any scheme for training will succeed ?

A. No.

Q. So that a scheme for training should go hand-in-hand with suitable openings for them ?

A. Yes.

Q. Do you think such openings can be had without developing an Indian Mercantile Marine ?

A. No.

Q. Do you object to fair competition ?

A. I do not.

Q. What is the unfair competition which you have to face ?

A. The rebate system and other ways of harrassing shippers ; also cutting down rates below working level.

Q. What I understand is that you have to compete with powerful companies which have built up a monopoly as it were ?

A. Yes.

Q. Who entered the field long long ago ?

A. Yes and reserved it.

Q. The coastal trade of India, I understand, is mostly in the hands of two companies ?

A. That is so.

Q. And now Scindia has taken a share in it ?

A. Yes.

Q. Both the companies now in the field are very powerful companies who have considerable resources to back them up.

A. Exactly.

Q. Is that the reason why you advocate State aid in order to develop the Indian Mercantile Marine ?

A. Yes.

Q. Supposing that by some means you are able to secure fair competition against the existing companies that is to say, by prescribing a minimum rate below which they should not cut down, do you think that any other aid is necessary ?

A. I put the coastal reservation as the most indispensable thing.

Q. How can you treat the existing British companies, although they are non-Indians, as aliens and exclude them from the coastal trade altogether ?

A. As far as that is concerned, I do not think there could be any feeling of treating them as aliens ; it is only a question of developing ourselves.

Q. But they are there already and you want to exclude them ?

A. I feel that without reserving the coastal trade the Indian Mercantile Marine cannot be developed.

Q. And total exclusion is necessary ?

A. Yes.

Q. That means really that you want to treat them as aliens ?

A. I won't say that, because it is not a question of treating them as aliens, it is only having a Mercantile Marine of our own.

Q. Why do you want that other companies should be excluded ?

A. If I think that the future development of the Indian mercantile marine will be hampered by the existence of the monopoly of other companies, I will certainly say that prohibition should be placed, not because they are British, but because the development of the Indian mercantile marine is absolutely essential. It is absolutely necessary that the British ships should keep off for sometime until the development of our marine is an accomplished fact.

Q. I understand that the first thing you want is the putting aside of unfair competitions and the second thing is reservation of the coastal trade for Indians ?

A. Yes.

Q. That at once raises the question that we are all partners in a common empire ; how can you seek to exclude one partner from enjoying the benefits of the other ?

A. You look at it from the point of view of exclusion, while I view it from the point of view of development. If they really look upon the Indians as members of the same Empire and if our development is in some way hampered by

their presence let them keep off for some time until our development is assured.

Q. If the Indian mercantile marine is sufficiently developed and able enough to take care of itself, then you would remove the restriction ?

A. Yes, I would.

Q. Then you would be on equal terms with them ?

A. Yes.

Q. Because you are at present unable to compete with them on fair terms, you want reservation ?

A. Yes.

Q. It is merely a temporary reservation in order to develop your mercantile marine ?

A. Yes.

Q. Do you think there is any use in merely developing Indian shipping without at the same time taking steps to develop Indian ship building ?

A. I would say that the two should go hand in hand.

Q. To which do you attach greater importance ?

A. I think the Indian mercantile marine should come first.

Q. If money cannot be had for both, preference should be given to the development of the marine and for training ?

A. Yes.

Sir John Biles.—Q. To what community do you belong ?

A. I belong to the Ben-Israels community. We follow the Jewish religion. We are supposed by tradition to have settled down here in 2000 B. C. Some of us claim that we are one of the lost 10 tribes.

Q. Can you give us any information as to the tonnage that existed in the Indian mercantile marine between the years 1850 and 1860 ?

A. I have not been able to get that information.

Q. You do not know any books that give that information ?

A. No.

Q. With reference to the question of fixing maximum and minimum rates, you state that it should be left to some tribunal in which the shippers, the shipowners and the Government are represented ?

A. I stated that it should be fixed in consultation with shippers and shipowners.

Q. Who is to fix it ?

A. Some special officer of the Government will have to do it, conjointly with the shipowners and shippers.

Q. Do you know of any countries where the rates are fixed ?

A. I do not know.

Q. I have got a statement which gives the number and tonnage of vessels as far back as 1876. We do not know anything earlier ?

A. I think Mr. Robertson's book on "The Harbours and Ports of India," published in 1873 or 1874 gives the tonnage entered and cleared at some of the Madras ports, like Cochin, Alleppy, etc., from 1850 to 1870. This book does not give any information about total trade of India. It confines itself only to a few ports.

Q. I have got a table which gives the tonnage between 1876 and 1877, and 1881 and 1882. But the quantities of tonnage here shown are so small that we cannot take any notice of them ?

A. Probably the Indian mercantile marine was destroyed by that time.

Q. What is the net gain to India of this proposed mercantile marine ?

A. If India has a mercantile marine of her own, I think the amount that is spent in freights will remain in the country; the Mercantile marine will find employment for many of our young men. Looking at it from an Imperial point of view, one other arm of the Empire is strengthened.

Q. How much of the freights of the existing line remain in the country ?

A. A very small proportion.

Q. You know that about 90 per cent of the men employed by the companies are Indians ?

A. Yes.

Q. You know that most of the repairs to ships are made in this country ?

A. Yes.

Q. That is money remaining in the country ?

A. Yes.

Q. The coal used in the coal trade is money spent in the country ?

A. Yes.

Q. How much is left after all these ?

A. But 90 per cent of the Indians employed in a ship draw actually much less than what the 10 per cent of Europeans draw.

Q. Let us suppose that is so, what do these 10 per cent of Europeans do with the money they get here. Surely they spend it in the country ?

A. A large portion of it goes out of the country; they send it to their families who remain in England.

Q. You think that the families of a major portion of the 10 per cent live abroad ?

A. I have prepared a statement showing the earnings of the European officers and the Indian crew. 10 officers would be drawing about Rs. 5,000 including their messing, while 63 Indians would be drawing Rs. 3,000 including

their messing. This gives a proportion of 3 : 5, as the proportion of amounts spent in wages and victualling of 63 Indians to 10 Europeans.

Q. What is the rate that you have put for messing ?

A. I have put 12 annas per head per day for the crew and Rs. 4 for the officers per head per day.

Q. That is more than what a first class passenger costs ?

A. But even if we eliminate victualling charges the figures reduced themselves to Rs. 1,751 for 63 Indians and Rs. 3,825 for 10 Europeans as their monthly wages.

Q. Out of the total freight earning what proportion does this bear ?

A. That depends upon the particular voyage and the particular freight earnings.

Q. Do you mean to say that the European officers do not spend anything in this country ?

A. They spend very little. They do not go to the shore more than 3 or 4 days in a month.

Q. What is the particular ship for which you have calculated the cost ?

A. It is not any particular ship. I have merely taken a ship which consists of 63 of the crew and 10 officers.

Q. You assume that all the 10 officers are Europeans ?

A. On the deck side all are Europeans, but on the engineering side, there may be one or two Indians.

Q. What about all the other people, the stevedocs ?

A. So far as European companies are concerned, most of the higher ranks of the staff are Europeans.

Q. How many ?

A. I cannot tell you.

Q. It is a very small proportion ?

A. Numerically they may be very small, but as far as their salaries are concerned the smaller number of Europeans will be actually drawing very much more than the larger number of Indians.

Q. What about the other things that I mentioned, coal, dock dues and pilotage ?

A. It is only the European officers that draw the pilotage, they take away their savings when they go to England.

Q. They also spend something here in India ?

A. It is only a small amount. A substantial amount goes out of the country.

Q. Is there very much in it for India herself ?

A. I think India loses a substantial amount.

Q. In order to get that you propose that subsidies should be paid ?

A. Subsidies should be given to Indian companies.

Q. You want subsidies even after reserving the coastal trade? Have you made any attempt to estimate the cost of the subsidies? What will be the net gain to India after the subsidy is paid?

A. I think India will gain much.

Q. Don't you think we ought to prepare an estimate before we can recommend a subsidy?

A. We ought not to look at it from the point of view of temporary results; but we must view it from the point of view of results spread over a longer period. If the coastal trade is reserved for the Indian mercantile marine, then all the money that is now going out of the country will remain here.

Q. But you never estimated how much India would gain?

A. No, not in actual figures.

Q. In answer to question 22, you say: The use of Government dockyards in this connection will be essential in the beginning, though after the industry is sufficiently well established Government should retire leaving private enterprise to develop the industry further with the help of the Government. What do you mean by Government dockyards in that case?

A. I think that in the beginning the Government should take the initiative.

Q. You do not mean the existing dockyards?

A. I cannot say whether the existing dockyards are in a position to make a start now.

Q. Your recommendation is therefore based on somewhat incomplete knowledge of the existing Government dockyards?

A. I do not particularly refer to the existing dockyards. If experts advise the Government that the existing dockyards are unsuitable for the purpose, then they should start new dockyards.

Q. So you suggest that new dockyards should be started?

A. What I want is that the Government should take the initiative, whether in the present dockyards or in the Government dockyards.

Q. There is only one dockyard and that is in Bombay; and so the Government should build new dockyards?

A. I cannot say whether the present dockyards are suitable for the purpose or not. I only want that the Government should take the initiative.

Q. Have you anything to say about the smaller ports in India?

A. The present service is prejudicial to the shipper at the smaller ports.

Q. Have you any suggestions to make to improve the smaller ports?

A. I have no other suggestions to make. But I think that shippers at the smaller ports have actually to pay much higher rates of freight than the shippers at the larger ports. I have got a statement which shows the trade carried on at the larger ports as compared with the smaller ports. In Calcutta, Bombay, Karachi, Madras and Rangoon the value of the total coastal imports amounted to much over Rs. 94 crores between these five principal ports while for the 94 subordinate ports, it came to only Rs. 21 crores and odd. Similarly for coastal exports, the major ports exported to the value of over Rs. 82 crores while the subordinate ports exported to the value of about Rs. 19 crores. These figures I took from a Government publication.

Q. That is the present position of trade of minor ports as compared with the major ports?

A. The minor ports are certainly at a disadvantage.

Q. What is the cause of that?

A. To my mind, this is due to the policy which the present shipping companies are following. Their policy decidedly helps to a great extent the railway. Less frequent service at the smaller ports means a considerable portion of the merchandise is being diverted to the railways.

Sir John Biles.—Q. Is there any facility in the smaller ports for ships to trade?

A. Not to the extent big ports have; still the ships of the present companies do go there, but not frequently. They visit the smaller ports but the facilities are not the same as at larger ports.

Q. Have you anything to suggest by which they can be improved to the benefit of India?

A. I am afraid I cannot make any suggestion except that Government should see that the development of the smaller ports is not allowed to lag behind.

Sir Arthur Froom.—Q. In reply to Mr. Rangachariar I think you told us that you first started in the shipping business in 1921.

A. Yes, in the beginning of February 1921.

Q. Was it before that you went home to Cambridge?

A. Much before that.

Q. Were you practising at the bar?

A. I was.

Q. And then you joined the Scindia in 1921?

A. I joined the Scindia in 1920; I was at Bombay in charge of the Share Department for a year and they sent me on here.

Q. Really you had not very much experience of shipping business when you came over to Calcutta?

A. No.

Q. You picked it up as you went along?

A. Quite so.

Q. And managed the Scindia Company in Calcutta?

A. Yes; I opened their offices here.

Q. You have much more experience now?

A. Naturally.

Q. So you have gained your experience of shipping while Manager of the Scindia Company?

A. Yes.

Q. In your answer to Question 5 you have put forward a number of suggestions as to how State aid should be given; have you formed any idea as to what all that would total in the way of cost?

A. I do not want them to be adopted all simultaneously.

Q. At any rate I take it that you agree that the cost to the country must be considerable, and therefore the cost to the country of establishing an Indian Mercantile Marine would be considerable?

A. I would not call it considerable.

Q. Would it be small?

A. It would not be small either.

Q. I think the word 'considerable' is a good word to be used here.

A. To some extent it would be considerable; but it would not be small.

Q. Under existing conditions, do you think that the coastal trade of India is adequately served?

A. I am afraid not.

Q. Why, are there too few ships?

A. I will not put it down as due to few ships; but according to the present policy of the companies, trade is concentrated at only the principal five ports.

Q. With the experience you have you must know that it is not paying for a ship to go to 20 ports when 5 would do.

A. That is exactly where I say it is not adequate. From the point of view of the ship-owners it might be justified as they only think of the gain they are making; but from the point of view of the shippers and consumers, it is not justified. Take, for example, the Orissa coast. A considerable quantity of rice is grown in Orissa and because there is no adequate service afforded on the Orissa coast, the rice has to be brought all the way north to Calcutta and shipped south from there, with the result that the Indian consumer actually pays more in the form of freight for

bringing the rice to Calcutta. If adequate facilities were afforded on the Orissa coast, it would be very much cheaper to the Indian consumer.

Q. Would you as Manager of the Scindia Company suggest that your ships should go into so many small ports?

A. I certainly think that most of these ports could be developed with some assistance from Government and that there would be ample cargo for ships to fill up at these ports. That is why I say that the shipping community is not adequately served.

Q. Why, do not some other shipping companies go into these smaller ports?

A. They have got to face the opposition of the present companies, and the present rebate agreement is entirely one-sided.

Q. Most of our witnesses have said that the trading needs of the country are adequately served.

A. I must differ from them.

Q. You would like the Indian coast to be served by an Indian Mercantile Marine and you consider it important that the coastal trade should be reserved for Indian ships.

A. Yes, that is the most essential and indispensable factor.

Q. Do you know how long it has taken the existing companies to build up this trade?

A. About 50 or 60 years.

Q. When they started the trade I presume that the companies were not in a very strong position. Why did not Indian companies start then and go into the trade side by side with the present companies?

A. I put it down to want of knowledge of Steamship operation on their part.

Q. In less than 60 years ago if there had been sufficient enterprise on the part of Indians they would have started the trade side by side with the existing companies and they probably would have been side by side with them now?

A. There were certain difficulties which came in their way, such as want of experience and want of knowledge, though I do not think enterprise was wanting.

Q. I have a good experience of the business acumen of Indians in this country and I consider that if they had gone into the trade then they would have developed the trade side by side with the British companies. The British companies by their industry and perseverance and after facing heavy losses from time to time have now established the trade and some people take the view that this is looked upon with jealous eyes by those who did not enter the trade years ago?

A. I am not aware of the difficulties that were existing then and I cannot answer this question.

Q. I agree that there were great difficulties, but the difficulties were alike for the existing companies as they would be for the Indian companies ?

A. The existing companies had the help of the Government.

Q. They had no help from Government. There were no mail subsidies until the companies actually started.

A. My personal view is that even if an Indian company had started, preference would have been given to the European company for subsidies.

Q. You mentioned that you had knowledge of the Australian coastal trade having been reserved for her coastal ships. Do you know whether that has been a success with them ?

A. I do not.

Q. One witness who had actually been in Australia told us that it had not been a success, that the merchants were feeling it keenly and that it was a question whether the reservation would continue.

Having in view the considerable cost and the fact that you propose to do away with an established service which after all most people would describe as being efficiently run do you think it would be to the benefit of India and to the trade of India generally to replace it by an untried service ?

A. I do not urge the complete elimination of British companies; they should be eliminated gradually. I do not think we have at present material to afford a service to cover the whole coast of India.

Q. How do you think that the existing companies who have built up the trade at great losses would appreciate this process of killing them ?

A. I would ask you to look at it from the point of view of the country.

Q. Do you think the needs of the whole country require it or are they the aspirations of a few people who might have some interest in shipping ?

A. I certainly think that the general public stand to benefit by it.

Q. In spite of paying increased taxes ?

A. Yes, in the long run.

Q. In effect you would gradually be replacing something that exists now by something new ?

A. Yes.

Q. You told us that as the Indian Mercantile Marine developed port fees would increase. How would the port fees increase ?

A. At present Indian shipping is so insignificant that it would not make much difference in the income whatever contributory help the Port authorities gave by a concession in the port dues; but later on we would have more ships and the result would be that their sources of income would increase.

Q. You may have more of Indian ships, but there would be less of British ships. Where is the increase in the revenue to the ports ?

A. After the whole of the coastal trade is reserved for Indian ships and the Indian Mercantile Marine is in a position to hold its own, I certainly think that the coastal trade of India should no longer be reserved for Indian shipping.

Q. In that case how do you increase the trade ?

A. More ships would mean more revenue to the Port authorities.

Q. With the reservation of the coast, you would see that the freights are not put up unduly by fixing maximum and minimum rates of freight ?

A. That is so.

Q. They would have to be fixed or controlled by some Government Department; is that your idea ?

A. I would prefer that done by the ship-owners and shippers themselves, but if Government interference was indispensable, I wouldn't object to it.

Q. At any rate there would be some sort of control.

A. Yes, I would prefer mutual agreement between the ship-owners and shippers without Government interference.

Q. Is there no mutual arrangement now ?

A. It is very much one-sided now.

Q. Do you think that you would be able to build ships in India at a cost which would enable you to compete with the cost of building them in, say, Great Britain ?

A. I am afraid I cannot answer that.

Q. You would not be surprised if I told you that many witnesses have informed us that it would cost 25 per cent. more to build ships in India.

A. I do not think so.

Q. And presumably to allow the Indian Mercantile Marine to start on a fair basis, Government with Indian built ships would have to put up 25 per cent. of the cost ?

A. Assuming that it is so, it is very essential where you have to foster a new indigenous industry, that the Government and even the people of the country have to bear a little more burden.

Q. I think that most people are agreed that it would cost more and we have been given convincing reasons.

A. I would not allow the increased cost to stand in the way of ships being built, because in the long run the Indians would gain by it.

Q. In the meantime there would be another tax. Do you think that the people of India will cheerfully bear any further burden of taxation?

A. Yes.

Q. Do you consider that the apprentices you have in the Scindia ships are likely to qualify for Officers?

A. Yes.

Q. Is their education such as to enable them to pass examinations in the theory and practice of navigation?

A. Yes, that is my experience. The captains speak very highly of them as regards their ability even as far as navigation is concerned.

Q. To get a Master's certificate you have to pass in the higher standards of theoretical navigation and you have to take up the scientific side of it. Do you think that the class of men you take on as apprentices could pass such examinations?

A. I think they would.

Q. In your answer to *Q.* 69 (*f*), you say that higher appointments in the Customs should be Indianized. How is it going to help an Indian Mercantile Marine?

A. I find that if we have an Indian officer he is more sympathetic and he is willing to afford better facilities than the European officers; I do not insinuate that the European officers do not afford facilities at all; only the Indian officers are able to give us better facilities.

Q. You want greater facilities at the expense of other shipping companies?

A. I did not suggest that.

President.—Q. In regard to the development of this Indian Mercantile Marine, do you think that India should go a step further and have a small Indian Navy?

A. I think it will serve the purposes, not only of India, but also of the Empire.

Q. Do you think that the classes of officers you have suggested, the sons of lascars, would make Naval Officers?

A. I would want higher classes of officers for the Navy.

Q. Allowing Rs. 5,000 for the officers and Rs. 3,000 for the crew of a ship, that makes Rs. 8,000 for one ship. Rs. 1,200 is spent in the country for the messing of officers, leaving only Rs. 3,800 for the officers. Would their savings be 50 per cent. of this?

A. I would put 75 per cent. as their savings and for maintenance of their families.

Q. So, out of Rs. 8,000 spent for a ship, only Rs. 2,500 goes out of the country.

A. Yes, on each ship for the crew and officers only.

*President.—*Thanks very much.

Witness No. 43.

Honorary Secretary, British Indian Association, Calcutta.

Written statement, dated the 31st August 1923.

I am directed by the Committee of the British Indian Association to acknowledge receipt of your letter No. 112 dated the 7th March last together with its enclosures and in reply to submit the following observations on the creation of an Indian Mercantile Marine as recommended in the resolution moved by Sir Sivaswami Iyer in the Legislative Assembly in January last and accepted by Government.

2. The all but complete extinction of the ship-building industry and shipping enterprise in India is one of the saddest chapters in the annals of British rule in this country. Modern researches have conclusively established the fact that the Indians had greatly distinguished themselves by their ship-building and maritime enterprise since several centuries before the commencement of

the Christian era down to comparatively recent times. They had established colonies in Pegu, Cambodia, Java, Sumatra, Borneo and even in the countries of the Farther East as far as Japan. They had trading settlements in southern China, in the Malayan Peninsula, in Arabia, in the chief cities of Persia and all over the East Coast of Africa. Indeed in ancient times India had become the mistress of the Eastern Seas. In the words of the German orientalist Buhler, "there are passages in ancient Indian works which prove the early existence of a navigation of the Indian Ocean and the somewhat later occurrence of trading voyages undertaken by Hindu merchants to the shores of the Persian Gulf and its rivers." The finds of Egyptian and Assyrian archæologists furnish ample evidence of the

early maritime intercourse of India with the West. The Ajanta paintings, executed between the second century B. C., and the eighth century A. D., contain representations of Indian sea-going vessels. The fleet of Bijaya, who made a voyage to Ceylon in 550 B. C. and landed there, carried no less than fifteen hundred passengers. Speaking of the representation of ships in the magnificent sculptures of the Temple of Borobudur in Java, which was colonised by Indians in the first century A. D. and where Indian Art reached its highest expression, Mr. Havell writes:—"The ship, magnificent in design and movement, is a masterpiece in itself." Sir A. Phayre in his "History of Burma" has proved by reference to Burmese scriptures and coins that part of Burma and Malacca were colonised chiefly from Kalinga and Bengal. The "Travels" of the Chinese pilgrims to India, Fa Hien and Hiuen Tsang bear eloquent testimony to the remarkable maritime activity of Indians from the fourth to the seventh century A. D. Mr. Rhys Davids has recorded his conclusion that Dravidian sea-going merchants, availing themselves of the monsoons, were in the habit of trading from ports in the southern coast of India to Babylon between the seventh and eighth centuries B. C. Bengali missionaries went to China, Korea and Japan in the early centuries of the Christian era to preach Buddhism and some of the scriptures preserved in the Horiuzi temple of Japan are written in Bengali characters of the eleventh century A. D. As Mr. Okakura writes in his "Ideals of the East"—"Down to the days of the Mahomedan conquest went, by the ancient highways of the sea, the intrepid mariners of the Bengal Coast, founding their colonies in Ceylon, Java, Sumatra and binding China and India fast in mutual intercourse." Coming to comparatively recent times we find the foreign traveller Varthema leaving an interesting account of ship-building at Calicut in the early part of the fifteenth century. Writing about the same time Nicolo Conti says:—"The natives of India build some ships larger than ours, capable of containing two thousand butts and with five sails and as many masts." During the period of Moghul supremacy from the sixteenth to the eighteenth century we find in *Ayeen-i-Akbari* a detailed account of Akbar's Admiralty and in Grant's "Analysis" may be found an interesting account of the Imperial Nowarra or shipping stationed at Dacca. The *Ayeen* also contains an account of the shipping and ports in Sind. The English traveller Thomas Bowrey gives many details about the shipping and commerce

round the Bay of Bengal and from Mahratta history we find glimpses of Mahratta shipping and maritime activity under Sivaji and the Peshwas. Towards the end of the eighteenth century, Calcutta became a centre of shipbuilding activity in consequence of the famine in the Carnatic which necessitated the transport of grain from Bengal to the English Settlements on the Coromandel coast. From 1781 to 1800 thirty-five ships of total tonnage of over seventeen thousand tons were built on the Hughli, chiefly at Calcutta. From 1801 to 1821 there were built on the Hughli two hundred and thirty seven ships of a total tonnage of more than one lakh. From the "Register of ships built on the Hughli from 1781 to 1839" it appears that the total number was three hundred and twenty-six. In this connection, the testimony of a Frenchman Baltazar Solvyns, will bear reproduction here. Writing in 1811 he says:—"In ancient times the Indians excelled in the art of constructing vessels and the present Hinducan in this respect still offer models to Europe—so much so, that the English, attentive to everything which relates to naval architecture, have borrowed from the Hindus many improvements which they have adopted with success to their own shipping. The Indian vessels unite elegance with utility and are models of patience and fine workmanship."

The extinction of the ancient ship-building industry of India has been brought about by the piratical activities in the Indian seas of European ship captains in the seventeenth and eighteenth centuries, by the displacement of sailing ships by steamers and lastly by the unfair and strangling competition of English ship-owners.

It will be seen that the shipping industries of India had an exceptionally brilliant and glorious past and now that the pointed attention of Government has been drawn to their present moribund condition, my Committee welcome the present enquiry in the hope that something will be done to resuscitate it.

Answers to Questions.

Q. 1. The present condition of the Shipping Industry in India is as bad as it can be, as the share of Indian shipping on the coast last year was even less than one-seventh of the total tonnage employed, while its share in the foreign sea-borne trade did not even amount to two percent of the whole tonnage engaged.

Q. 2. What principally militates against the development of shipping enterprises by

the people of this country is the crushing competition of European shipping companies who now enjoy what is practically a monopoly.

Q. 3 to 5. No substantial progress is possible without State aid. The following measures may be recommended as being likely to remove or mitigate to a certain extent existing difficulties or disabilities, namely, the abolition of the system of granting deferred rebates which has very properly been described by the Indian Fiscal Commission as being "one of the strongest buttresses of monopoly." The United States of America have passed a law declaring this system to be illegal and what opinion is entertained of this system by the Commonwealth Government of Australia would be apparent from the fact that they have decided to compensate those shippers who would patronise the Australian line of steamers in case their rebates were confiscated by the British Lines which are participators in the monopoly. Exemption of Port dues and import duties on shipbuilding materials, reimbursement of Canal dues, preferential railway rates, cheap loans to ship-owners, construction and navigation bounties, coastal and admiralty subventions, general and special subsidies and reservation of the coasting trade to Indian shipping. In regard to ship-building, the Governments of Austria-Hungary, Spain, France, Italy, Japan and Russia grant what are called "construction bounties" for the encouragement of the building of ships. England herself gave a loan of over two millions to the Cunard Line for the building of two ships at a rate of interest which was lower by two percent than the market rate. Russia paid more than twenty-seven million pounds in seven years and France paid more than a million pounds per annum as navigation bounties. Austria-Hungary and Russia reimbursed the Suez Canal dues for this purpose. Then there is the form of State aid known as conventions which are generally given for the carriage of the mails and for specific services on particular routes. As regards the reservation of the coastal trade, the United States, France, Italy, Austria-Hungary, Spain, Belgium and Japan have reserved their coasting trade to shipping belonging to their nationals. It will be seen that State aid, both direct and indirect, has been given for the encouragement of shipping by maritime countries such as America, Japan, France, Italy, Austria, Russia and Holland and my Committee submit that the same principle should be followed in India if Indian shipping industry is to regain something of its ancient position of pre-eminence.

Q. 6. Legislation is necessary for the prevention of the payment of deferred rebates and of rate wars and of retaliatory or discriminating practices in respect of the coastal trade of India and for reserving the coastal trade to Indian shipping and for preferential treatment of such shipping in other ways. In this connection my committee support the Bill which has been introduced in the Legislative Assembly by Mr. Seshagiri Aiyar.

Q. 7. Yes.

Q. 8 to 14. My Committee would prefer to leave these questions to the discretion of Government guided by experience.

Q. 15. It is absolutely necessary that this should be secured.

Q. 16. My Committee would prefer exclusion but Government should have power to make exception.

Q. 17. Yes.

Q. 18. See reply to questions 3 to 5 but this should be done gradually and any increase of freight should be provided against.

Q. 19. On the whole favourable.

Q. 20. Certainly.

Q. 21. This question should be decided on the advice of experts. But my Committee think that ships of 500 tons upwards should be built.

Q. 22. Both in private ship yards and in Government Dockyards. The former should not be excluded.

Q. 23. It cannot be expected to be anything but unsatisfactory.

Q. 24. Lack of enterprise and of Government support.

Q. 25 and 26. The situation will automatically improve when the transport of Indian merchandise is controlled by Indians and Indian ships are increasingly used for the purpose. But in any case State aid will be necessary for the present and for some time to come.

Q. 27. *Vide* replies to questions 3 to 5.

Q. 28. *Vide* reply to question 6.

Q. 29. Yes.

Q. 30. Yes, steel only. But for some time to come wooden ships are likely to play a not unimportant part in the beginning of Indian shipping and construction bounties should be admissible to them also.

Q. 31 to 35. These questions should be decided in consultation with experts.

Q. 36 to 40. The wooden ship-building industry should not be altogether neglected and efforts should be made to encourage it, if necessary, by State aid of a suitable kind.

Q. 41. No legislative measures are necessary.

Q. 42. My Committee see no reason against the grant of construction bounties to wooden vessels in the beginning, but it should not be allowed to continue for a long time.

Q. 43. My Committee are not in a position to answer this question.

Q. 44. My Committee have no reason to think otherwise, if attractive prospects are held out.

Q. 45. Certainly it requires the support of Government and should not be left solely to private enterprise.

Q. 46. My Committee are inclined to favour a preliminary course of instruction in a training ship or training establishment on shore.

Q. 47. In India and the training ship or establishment should be provided by Government or supported to the extent necessary.

Q. 48. By a system of monthly scholarships which should defray a substantial portion of the cost of training in England.

Q. 49. My Committee have no objection to the maintenance charges being met partially by the levy of fees.

Q. 50. For the present a training ship. A Nautical College in Indian waters should follow later on for the training of Executive Officers and Engineers.

Q. 51. My Committee would prefer that the period of apprenticeship should be served in a sea-going training ship.

Q. 52. As a rule private shipowners are not willing to encourage Indian apprentices as they consider that any increase of their

number will be detrimental to their interests in the end. Not in a position to reply.

Q. 53. Only a portion.

Q. 54. Partially by premiums and partially by carrying freight or Government stores.

Q. 55. Yes.

Q. 56. To be decided in consultation with experts.

Q. 57. Yes.

Q. 58. This will depend upon the number of applicants for admission. But at first Government will have to bear nearly the whole of the expense.

Q. 59. My Committee have no reason to think otherwise.

Q. 60. Certainly steps should be taken by Government and it should not be left to private enterprise.

Q. 61. To be decided in consultation with experts.

Q. 62. Yes.

Q. 63. None, but my Committee are not aware whether the Civil Engineering College at Sibpur and the Thomason Engineering College at Roorkee are in a position to give theoretical knowledge in Marine Engineering.

Q. 64. My Committee are inclined to prefer a combined training ship for the Royal Indian Marine and the proposed Indian Mercantile Marine.

Q. 65. Yes, in order to give the movement a fair start.

Q. 66. My Committee approve of the present practice and have no suggestions to offer.

Oral evidence of Mr. KUMAR PRAMATHANATH ROY, representing the British India Association, examined at Calcutta on the 27th December 1923.

President.—I should like to assure you in the first instance that this committee is formed by the Government of India for the purpose of advising the Government how best to create a mercantile marine in India and a shipbuilding industry. All of us joined the committee because we are in favour of it. I trust you will not think that the committee is antagonistic to it. The only thing is we ought to be very careful about the wisdom of our recommendations to the Government of India. There is no use recommending things which are impossible either by their course or their unsuitability. We have to be as exact as we can. If we seem to criticise you in any way, it is only to sift the evidence. Your report about ancient shipping in India is very interesting. But we have to report on the future rather than on the past.

Q. You represent the British India Association?

A. Yes.

Q. Is your Association a shipping Association?

A. No.

Q. Are you a shipper?

A. I am connected with the East Bengal river steam service.

Q. You are not connected with any sea-going concern?

A. No; I am connected only with inland service.

Q. No doubt inland service is very interesting, but it can hardly be called a marine. Marine is connected with the blue sea.

A. I am not connected with seagoing service.

Q. Several witnesses have recommended exemption from port dues; don't you think

it would hamper the ports if a part of their income is taken away?

A. If total exemption is not possible, part of the dues may be reduced.

Q. Are you a port commissioner?

A. No.

Q. If you take away the revenues of the port, don't you think the commissioners will object?

A. It is only partial exemption. Moreover it is not their only source of income.

Q. Don't you think the Commissioners of Calcutta will raise a huge cry against the exemption?

A. I do not think the exemption will affect them materially.

Q. If you cut down their revenues, they will surely protest?

A. It is only a partial cut.

Q. Don't you think that if you exempt port dues, it would make the ships a little dilatory in their working?

A. No.

Q. The ships pay so much per day to the port. If you take that away, don't you think there is no necessity for the ships to move from the ports? They could stay as long as they liked?

A. In that case, my idea is that instead of total exemption partial exemption may be granted.

Q. You refer to a loan of over 2 million to the Cunard Line. I would like to explain to you that the money was given to the Cunard line because the Government wanted the Cunard Line to build ships at a speed higher than what would pay them commercially. The Government wanted to utilise these ships during war and therefore they lent this money. It was not in the nature of a subsidy.

A. But, still, the loan helped the line.

Q. They would not have been given that loan if the Government did not intend to utilise the services of the ships during war?

A. Yes.

Q. Tenders for mails are invited from the public and mails are not given to any particular line without calling for such tenders.

A. If the Government want to help the Indian mercantile marine, then the Indians should be allowed to carry mails.

Q. They should be given mail contracts, because they are Indians?

A. Yes, to encourage the formation of the Indian Mercantile Marine.

Q. So far as the seamen are concerned, you have already got a pretty large number of them in the Indian mercantile marine?

A. Yes.

Q. If you take my experience as a sailor of 40 years, you cannot have a successful body of officers unless they come from higher classes of men than the seamen. Do you think that in India there would be sufficient number of higher class well educated men coming forward to serve as officers?

A. They may come forward. When they find that they are getting as much as they deserve for their qualifications, they would come forward.

Q. The sea is never a well paid profession.

A. If they earn according to their qualification I do not see any reason why they should not come forward.

Q. No sailor gets money according to his qualification. The sea is always an ill paid profession.

A. I think people will gladly come forward to this profession.

Q. You think the Government ought to supply the means to train them as officers?

A. Yes.

Q. In the case of a training ship, you think the Government should pay a part of the cost and the boys a portion of it by way of fees?

A. I think the cost should be wholly met by the Government.

Q. Take the Sibpur college for instance, the boys do pay some fees.

A. Yes.

Q. Do you know why they should not do the same thing in a training ship?

A. I think that in the beginning in order to give encouragement to the boys, the Government should meet the whole cost.

Q. The parents who can afford it can be asked to pay the fees.

A. In their case, the Government need not pay.

Q. Would you like to have them go to the sea all over the world or only to the coast of India?

A. They might begin on the coast of India, and afterwards they might go to the whole world.

Q. Do you want an Indian navy side by side with an Indian mercantile marine?

A. Yes.

Q. It would not be necessary to have a big Indian navy?

A. No, it would not be necessary. A small one will do.

Q. As a matter of fact, there are only five big ports which India will have to defend in case of war. They are Calcutta, Bombay, Madras, Rangoon and Chittagong.

A. Yes.

Q. On board ship, there is no room for differences of religion, caste and creed. Do

you think that young Indians without religious scruples will come forward to be trained for the seafaring profession?

A. These prejudices are rapidly vanishing. I think sufficient number of boys will come forward.

Sir Arthur Froom.—Q. Are you the secretary of the British India Association?

A. No, I am only a member of the Association. I have been deputed by the Association to give evidence on its behalf.

Q. Have you had any experience of shipping or ship-owing?

A. Not much. I have had no experience of seagoing vessels.

Q. You have experience only of inland vessels.

A. Yes.

Q. You suggest some means by which the Indian mercantile marine should be established from a financial point of view. Amongst them you mention the reimbursement of canal dues. Are you referring to the Suez Canal dues?

A. Yes.

Q. Who do you think should pay the canal dues?

A. The Government should pay.

Q. That is rather a big order.

A. Here we have suggested the several ways in which help can be given by the Government. We never meant that all these kinds of help should be given. These are merely our suggestions.

Q. From your suggestions I take it you recognise that to subsidise or help the Indian mercantile marine might be a very costly business.

A. Yes. But people do not grudge this cost if they are benefited.

Q. You are in favour of an Indian navy?

A. Yes.

Q. That too would be costly?

A. Yes; without cost nothing can be done.

Q. India is now paying only a very small amount for the protection of the British navy. India pays only £1,00,000 per annum. That is only a flea bite of the cost of building even a few ships for an Indian navy. Further there would be the running expenses and the expenses for the maintenance of the ships. You understand that it would cost a huge amount for India to have a separate navy?

A. Yes.

Q. I do not suppose that an Indian navy would ever be thrust upon India by the Admiralty at home. No doubt the Admiralty would be very pleased if India built her own navy because it would reduce the naval estimates in England.

A. Yes.

Q. India would have to pay part of the money that England spends now for the upkeep of the navy?

A. Yes.

Q. You understand that any suggestions put forward by India seriously to run its own navy would be naturally welcome to England because it might relieve the taxation at home?

A. Yes, it would do so.

Q. Do you consider the foreign trade of India is adequately served by the existing merchant ships?

A. Yes.

Q. And the coastal trade too is adequately served?

A. Yes.

Q. Your Association wants to establish an Indian mercantile marine to replace the whole or part of the established companies?

A. Yes.

Q. Does your Association consider that the trade of India would be benefited by this change?

A. To some extent it will benefit India. Because all the money earned by way of freight will remain here. If the money remains here it means greater facilities to trade.

Q. The opinion of your Association is that a lot of money is made by the existing companies on the coastal trade?

A. Yes.

Q. What rate of interest do you consider a fair return on capital?

A. From 10 to 12 per cent.

Q. The present companies have been established for many years. They were started about sixty years ago. In many years they have incurred loss; sometimes their dividends were low. The B. I. dividends have been very low for some years. The impression that I have formed from the evidence of some witnesses is that they think that the existing British companies have found a gold mine in the coastal trade. I want to tell you that we have our bad years. The B. I. has never paid till now more than 13 per cent. It is not at all a gold mine. In many years they have paid very much lower. Is it your idea that it is enough if the Indians have their own mercantile marine?

A. Yes.

Q. Would it be beneficial to the trade of the country?

A. Yes. The freight earned by the mercantile marine will remain in the country. This money will be utilised in trade and commerce.

Q. Are you speaking of the net or gross freight?

A. Net or gross, it is all the same.

Q. A great deal of the freight remains in the country?

A. Only a small portion.

Q. Do you think you are correct in saying that only a small portion of the freight remains in the country?

A. Only the crews' wages remain in the country.

Q. What about the repairs to the ships?

A. Only a fractional part of the repairs is done here. All big repairs are done elsewhere.

Q. Have you any experience of ship owning?

A. No.

Q. I assure you that repairs to ships form a very big part of ship owning.

A. I do not know.

Q. Even supposing that in the years to come an Indian mercantile marine could be run as efficiently as the present British mercantile marine, is your Association prepared to recommend that the country should go through the intermediary stage during which period the trade of India might not be served as efficiently as it is to-day? Is it not obvious that if you disturb the existing services which serve India efficiently, you are bound to upset trade?

A. You can gradually replace the existing service.

Q. Do you think that the existing companies would stand by and see themselves gradually driven away? Supposing you were in business, would you like to see your limbs cut off one by one, the arm first, then the leg and so on?

A. I fully realise what you say. The existing companies might not look upon it with folded hands. It is quite natural. If the Indian mercantile marine is to be developed, then the British companies have necessarily to suffer.

Q. There are vast tracts in India populated by various races. Most of them have never seen a ship. Do you think the people of India would cheerfully shoulder the increased taxation for the purpose of developing the mercantile marine?

A. If they understand that it is necessary for their own benefit then they would gladly pay the taxes.

Q. It would not profit them?

A. Of course it would profit them only later on. In every business one must lay out capital and then expect a return.

Q. One witness told us that if the coastal trade was reserved, he would start an Indian shipping company immediately.

What I want to know is whether the people would be benefited. Of course people interested in Indian shipping might be immediately benefited. What about the masses? Would they cheerfully shoulder the burden of increased taxation?

A. I think they would.

Sir John Biles.—Q. Would you tell us what the British Indian Association is?

A. It is a Landholders' Association.

Q. Landholders or owners?

A. They are the same; there are merchants too in it. One and the same person might be a landholder as well as a merchant. All are landholders, some of them being land owners and merchants.

Q. In your reply to Question 24 you say that lack of enterprise and of Government support are the conditions which militate against the development of ship-building in India. Are there any Indian ship-builders?

A. Not to my knowledge.

Q. Do you think the same reason applies to shipping?

A. In some cases it might not, but in the majority of cases, it does apply.

Q. What is the inducement for a ship-builder to put down a ship-yard; would you say it is due to lack of enterprise?

A. As well as lack of Government support.

Q. Is there not an inducement to make profits out of it?

A. Yes, and to keep ship-yards engaged in commerce.

Q. Do you think that, if Indians had not lacked the enterprise, they would have made money by putting down ship-yards?

A. Not without the help of Government.

Q. It seems that lack of enterprise isn't the only reason why they have not developed shipbuilding.

A. It is not solely due to lack of enterprise.

Q. Your experience in shipping is confined to river ships?

A. Yes, inland shipping.

Q. What is your particular function in the shipping business?

A. I am a member of the Managing Agency firm.

Q. Do you understand all about river ships?

A. To some extent.

Q. Tell us what part you take charge of.

A. I take part in general management; I have no experience of engines and boilers.

Q. Yours is a general business?

A. Yes.

Q. In your reply to Questions 25 and 26 you say that "the situation will automatically improve when the transport of Indian

merchandise is controlled by Indians and Indian ships are increasingly used for the purpose. But in any case State aid will be necessary for the present and for some time to come." How do you expect the situation in respect of shipbuilding to "automatically improve"?

A. When people learn shipbuilding and make profits, others will follow their example and take to the line.

Q. By 'Indian' ships, do you mean ships built in India?

A. I mean ships built in India and managed and controlled by Indians. If this is done the demand for ships will be more and people will have a chance for building them.

Q. Will it be more than it is at present?

A. At present we have no shipbuilding at all.

Q. You will not have any more ships when they are Indian ships than you have at present. Will you tell me what you mean by 'automatically improve'?

A. I mean that there will be an increase in the number of ships built in India.

Q. You told us that it was not exactly lack of enterprise but lack of profits that prevented the Indians from putting up shipyards. How will shipbuilding automatically improve when the ships are controlled by Indians?

A. I cannot answer that.

Q. Have you made any attempts to calculate what your suggestions as to subsidies and indirect aids will cost?

A. No.

Q. Let us suppose they will; will they then be as great as the subsidies that you are proposing to give? Have you made any attempts to calculate?

A. I have not done it.

Q. Is it not a business proposition to do it when you make a recommendation like that?

A. I have not done it.

Q. A proposal has been made to us to take over the existing coastal fleets by the Government buying them straightaway. What do you think of it?

A. I think it will be a good thing for Government to acquire all the existing ships gradually.

Q. Have you any idea as to what that will cost?

A. If the whole of the coastal trade is reserved for Indian ships, it might cost about 10 to 12 crores.

Q. Do you think there will be a reasonable dividend on this payment?

A. I think so.

Q. If the existing fleet is such a gold mine as Sir Arthur says, Government will

have to pay a good price; will 10 crores be sufficient?

A. My idea is that 10 to 12 crores will be sufficient.

Q. Do you think it will be a good thing for Government to do?

A. Yes.

Q. Will it not be a difficult proposition to Indianize the fleets?

A. At present we might experience little difficulty, but gradually all these difficulties will be overcome.

Q. While overcoming it, don't you think that there will be a loss in revenue, say, from inexperienced management?

A. That is the reason why we have suggested that they should be trained.

Q. But training takes time.

A. During the interval expert advice might be taken.

Q. But expert advice is not enough, don't you want expert control?

A. Our suggestion is 'give us training and then put us in charge.'

Q. Would you buy the fleets all at once, as it will take time to have competent management?

A. There are Indian companies who are managing now.

Q. Would you be prepared to manage these coastal fleets as efficiently to-morrow as they are done to-day?

A. I do not think that will be possible.

Q. Then you will have to take time. What will happen in the interval?

A. They might gradually be replaced by men as they are trained.

Q. You will have the old organization in until you have men ready to put them in?

A. Not for the management of the concern, but for the plying of the ships.

Q. You do not think there would be any difficulty in management?

A. I do not think so.

Diwan Bahadur T. Rangachariar.—Q. May I take it that your Association represents people who will have to pay any additional burden which may be imposed upon the country for the development of an Indian Mercantile Marine?

A. Yes.

Q. So any additional burden likely to fall upon the country will fall upon your people.

A. That is so.

Q. If the recommendations of this Committee involve additional expenditure, either direct or indirect, the burden will fall upon people of your class.

A. Yes.

Q. Supposing some recommendations were made and in order to meet the cost thereof, an additional surcharge is put on imported

goods and exported goods, it will eventually fall on the consumer. In the case of imports it will fall on the Indian consumer and in the case of exports it will fall on the foreign consumer. Will the Indian consumer welcome such a step for the simple idea of developing the Indian Mercantile Marine?

A. I think he will cheerfully bear the burden.

Q. What is it that really operates in his mind, why does the Indian want the Indian Mercantile Marine?

A. The Indians feel that once they were mistress of the Eastern seas; they could carry cargoes to distant parts of the world in ships officered and manned by Indians.

Q. That is the feeling which operates in the mind of the ordinary Indian?

A. Yes.

Q. If the European companies which now control the trade, both coastal and oceangoing, had encouraged Indians to become officers and otherwise developed a sea-going instinct in them during the 60 or 70 years that they had mastery thereof, do you think the feeling would have been so strong against them as it is now?

A. No.

Q. As it is, although they benefit by the trade with India, whatever the extent of it may be, they have done absolutely nothing to encourage Indians to take to sea-faring?

A. Yes, nothing.

Q. On the other hand, they have done everything in their power to crush Indian enterprise in this direction.

A. That is so.

Q. Is there a strong desire on the part of the average thinking Indian for developing the Indian Mercantile Marine?

A. Yes, a very strong desire.

Q. Supposing the Indian Mercantile Marine was in the hands of Indian companies, would they not place orders for ships in India more readily than the foreign companies do? In fact they have taken no steps to develop shipbuilding in this country.

A. Yes.

Q. If Indian companies had the control of Indian shipping, would they not have taken steps to develop shipbuilding in the country itself?

A. Certainly.

Q. Is it not becoming a serious problem for the middle class young men to find avocations in the country?

A. Yes.

Q. As a matter of fact, are not thousands crowding the legal profession for want of another opening?

A. That is so.

Q. Does the Indian feel that new openings should be laid out?

A. He does.

Q. Is it a mere question of calculation of rupees, annas and pies which actuate the Indians in demanding the Indian Mercantile Marine?

A. No; there is something more than that.

Q. If India is to become a self-governing country, is it not necessary that the children of the soil should have control over the sea trade?

A. Yes.

Q. Did not these considerations weigh with you and the members of your Association in making the recommendations that they have made?

A. Certainly.

Q. Are not these reasons accentuated by the fact that India has a coast line of 4,000 miles and yet Government have done nothing to develop the children of the soil to take a sea-faring instinct? Do the people feel it?

A. Very keenly.

Q. Would any nation tolerate such a position if they have any self-respect?

A. I do not think they would.

Q. Is there not a feeling of resentment against Government on account of their neglect in this direction?

A. Yes.

Q. Is it not worth while for Government to purchase the good will of the people even at some cost?

A. We think so.

Q. Supposing a training ship were started, do you think that all at once you can attract people to take to it? Is not a great deal of trial required? Do you think that one year's trial will be sufficient to see if people are prepared to take to sea faring?

A. Some people will come forward in one year, but many may not come just yet.

Q. Is it not a thing which will have to be watched with care and sympathetically worked for some time before you revive the sea-faring instinct in the people?

A. That is so.

Q. As regards the class from which officers are recruited, are not conditions in India different from what they are in England?

A. Yes.

Q. Is there much social difference between members of different families of Muhammadans? By their religion, are they not democrats?

A. Yes.

Q. In England it is said (and I think it is true) that Officers ranks are recruited from different sects of people outside those

who supply the seamen. In India some witnesses told us that sons of seamen may become eligible for officers and it was suggested that they may not be suitable for officers from their social position. Do you think that this is a great factor to be taken into account?

A. These considerations are gradually vanishing. Even the so-called lower castes, untouchables and Namasudras have risen to posts such as Deputy Magistrates and officers grades in the Provincial services.

Q. Do they find any difficulty in carrying on their duties on account of their social position?

A. No.

Q. Among the various recommendations which you make at the top of page 3 of your statement for developing the Indian Mercantile Marine for coastal purposes, to what do you attach the greatest importance?

A. To navigation bounties and the reservation of the coastal trade.

Q. Do you want both?

A. Yes.

Q. Is not the coastal trade a paying concern?

A. Yes.

Q. Why do you want, then, bounties as well?

A. We have not started the coastal trade.

Q. But if the coastal trade is reserved for Indian ships, why do you want additional aid?

A. Unless construction bounties are given, how can we build ships in India?

Q. You can buy ships if you have the necessary capital.

A. Government would have to give us cheap loans to enable us to buy ships.

Mr. Jadu Nath Roy.—Q. If the business is paying then the Indian companies will not insist on navigation bounties?

A. No, they will not.

Q. As for reservation it is something like home trade?

A. Yes.

Q. Indians have got a claim over that?

A. Yes.

Q. As regards British companies who have been serving on the coast, you think they ought to make room for Indian shipping?

A. Yes.

Q. They can have foreign trade for themselves?

A. Yes.

Q. You consider that a dividend of 10 to 12 per cent. is quite adequate in business?

A. Yes.

Q. What is the bank rate just now?

A. It is 7 per cent. now; but usually it is only 4 or 5 per cent.

Q. People will therefore be satisfied if they get 7 or 8 per cent. in shipping?

A. Yes. My opinion is that in shipping, the lowest rate is 10 to 12 per cent.

Q. You know that the shipping industry is at present passing through critical times and the companies who are now engaged in the existing trade such as the B. I., declared only 8 per cent.?

A. Yes. But they did much better during the war.

Sir Arthur Froom.—Q. The maximum dividend that they ever paid was 13 per cent.?

A. That is quite good.

Mr. Jadu Nath Roy.—Q. As regards the transfer of the coastal trade from the present companies to the Indians, you say there might be some inconvenience during the transition period?

A. Yes.

Q. You recommend gradual transfer?

A. Yes.

Q. Supposing those who are now serving on the coastal trade say that they must go away just now?

A. If they take that attitude we have no other alternative than to take the whole existing coastal trade at once.

Q. Will Indian capital be forthcoming for taking the whole coastal trade?

A. Some new companies will be started. When people find there is no competition from English companies many Indian companies will be formed who will compete amongst themselves.

Q. There will be no inconvenience felt by the shippers? Will existing facilities be maintained?

A. They will compete amongst themselves and keep down the rate and maintain these facilities.

Q. India is an integral part of the British Empire and the coastal trade is well served; why is it that her people are now asking for a subsidised Indian mercantile marine which means additional taxation?

A. The Indians are nowhere in the present shipping business. Besides a few lascars and officers Indians are not employed in a considerable number in the marine.

Q. Do you think it is the legitimate aspiration of the people of this country to have a mercantile marine?

A. It is quite natural that they should desire to have their own mercantile marine.

Sir Arthur Froom.—Q. You are aware that the present companies trading on the coast have built up their trade on the coast over a period ranging from 60 to 70 years. They started in a very small way and it has been gradually built up in the face of great

difficulties until it reached its present dimensions.

A. Yes.

Q. Can you explain why 60 or 70 years ago, the Indians did not come forward and engage in the coastal trade?

A. They were hampered in different ways. They could not stand the competition.

Q. Where was the competition sixty years ago?

A. Long before that the Indian industry had practically died.

Q. 60 or 70 years ago, there was no mill industry in India owned by Indians, but now there are many owned by Indians. The British companies came along and started the coastal trade. What prevented the Indian companies from building up the coastal trade? Why should they not have done it?

A. I believe they were afraid of competition from British companies.

Q. Why did they fear the British companies when they were only just starting and when they were not in the same powerful condition as they are now? Indian businessmen for whom I have the greatest admiration have shown themselves capable of succeeding in many industrial enterprises, why did they not come forward to carry on the coastal trade?

A. The Indian shipping industry was ruined long before the English companies started the coastal trade.

Q. If a group of Indian gentlemen saw that the shipping industry was profitable on the coast 60 years ago, I think they would have gone in for it just as they have gone in for the mill industry. But they did not. The position is that the English companies have now well established themselves in the coastal trade and they are now looked upon with jealous eyes. There was nothing to prevent the Indians from availing themselves of the opportunity of starting sixty years ago a mercantile marine side by side with the English.

A. But you forget the fact that their industry was ruined long before the advent of the English companies on the coast.

Q. The ruined industry was about wooden ships. When the new steel ship industry was introduced, why did not the Indians avail themselves of the opportunity? Don't you think they failed to move with the times?

A. It was not possible for them to acquire steel ships. In India there was only wooden shipping.

Q. I want to remove from your mind the idea that the steel ships crushed the wooden shipping industry.

A. I admit the Indians did not avail themselves of the opportunity afforded them.

Q. Why?

Diwan Bahadur T. Rangachariar.—Owing to the ignorance of the people and the apathy of the Government.

Sir Arthur Froom.—Q. 60 years ago, the Indians might have started in this trade but they did not, for some reason or other. Now that the established companies have succeeded, the Indians want to turn them out. I am not putting this forward as my view, but it might appear so to the ordinary businessman. The Indian did not bear the brunt of the day, but now he appeals to the Government to turn out the established companies. Can you explain this?

A. Our shipping industry died out long before the steel ship industry came into existence.

Q. When Japan started her mercantile marine, they had no steel ships.

A. But the Government of Japan helped the people a good deal. Of course I must admit that there was some lack of enterprise on the part of Indians.

Q. Then why go to the Government and say they did not start a mercantile marine?

A. In almost every country the Government helped the formation of the mercantile marine.

Q. The existing companies got only mail subsidies for service rendered. They were not in the shape of bounties. There was no other support from the Government.

A. Construction and navigation bounties were also given.

Q. In the coastal trade there was no bounty. You know there are two English companies trading on the coast and a third, an Indian company has also come into the trade. I have never been able to understand why Indians who are now coming forward did not come forward long ago. Why did they allow 60 years to lapse?

A. I already admitted it is partly due to lack of enterprise.

Sir John Biles.—Q. You said that 10 to 12 crores would buy up the existing coastal fleet.

A. Yes.

Q. Do you include in that sum the repairing yards and the various offices in the different ports belonging to the companies?

A. 10 to 12 crores represents only the cost of acquiring the fleets. It may come to another 3 or 4 crores to purchase the repairing yards and the offices. In all it would cost about 13 to 16 crores.

President.—Thank you very much.

Witness No. 44.

The INDIAN ASSOCIATION, Calcutta.

Written statement dated the 4th September 1923.

In answering the Questionnaire, the Indian Association desires to point out that it is basing its arguments on the following very important facts which bear on the subject.

(a) The entire trade of India, coastal and overseas, is borne almost exclusively in foreign bottoms for which she has to pay a freight charge of about 35 crores of rupees annually.

(b) The necessity of a Mercantile Marine as a preliminary and even as a part of a Navy essential for national defence and safety.

(c) The necessity of finding as soon as possible various avenues of employment for the educated youths of the country.

(d) The Board of Directors of the East India Company and the Government of India helped the development of the British Mercantile Marine by a discriminating customs duty in its favour as against foreign bottoms for nearly a century.

The Association lays particular stress on another matter of great importance in this connection. The shipping companies now carrying on the Indian trade strangle Indian shipping companies by such weapons as the deferred rebate system and the rate war.

It is, therefore, a legitimate demand of Indians, that they should be allowed to save the enormous freight charge by carrying in their own bottoms first, the coastal trade exclusively and secondly, the foreign trade gradually. To attain this object, the only way open, in the opinion of the Association, is State aid, which should take the form of:—

- (1) Direct State subsidy to Indian bottoms.
- (2) Reservation of the coastal trade to Indian bottoms, and
- (3) Gradual transfer of the shipping companies (their ships, capital, administration, etc.) to India and Indian Directorates and the reservation of the foreign trade of the country to bottoms owned by such companies and such companies only.

The State should also interfere by legislation and otherwise to put down the deferred rebate system, the rate war and such other

practices which hinder the growth of Indian industries and particularly the growth of an Indian Mercantile Marine. In this connection, the Association desires to extend its cordial support to the principles of the Bills framed by Mr. T. V. Seshagiri Ayyar, M.L.A., with a view to reserve the coastal traffic of India to Indian vessels and to provide for the prevention of the deferred rebates, rate wars and resort to retaliatory or discriminating practices in the coastal traffic of India.

The Association thinks that it is not necessary for it to answer all the questions separately and in detail, but to answer such of them as appear to it to be important. Answers will also be given to two or more questions jointly when their bearing is the same.

Q. 1. The present position of the shipping industry in India is very unsatisfactory.

Q. 2. The causes which militate against the development of Indian shipping enterprises are (a) want of encouragement by Government, (b) unfair competition of foreign shipping companies by the use of such weapons as the deferred rebate system, the rate war, etc., (c) want of proper training for Indians for a sea career.

Q. 3. Measures to remove or mitigate existing difficulties or disabilities are not possible without the active help of the State. Such help has been given in almost all civilised countries like Austria, Belgium, France, Italy, Spain, Portugal, Japan and the United States of America.

Q. 4. Yes.

Q. 5. State aid should take the form of construction and navigation bounties, postal or mail subsidies, reservation of the coastal trade to Indian vessels, cheap loans and preferential railway rates, reimbursement of canal dues, discrimination in port and dock dues and custom duties and training of Indians for a sea career.

Q. 6. Legislative measures suggested in the preliminary remarks should be adopted.

Q. 7. Navigation bounties should be given to vessels owned by the people of this country and on the Indian register and trading (a) between Indian ports, (b) between Indian ports and abroad, and such bounties should cease in the case of (a) when the entire

coastal trade has been taken up by Indian vessels.

Q. 8. No.

Q. 9. Yes. Tonnage from 500 tons upwards speed from 8 knots upwards and age up to 20 years.

Q. 10. The rates of bounty should be calculated at 8 annas per ton of the gross registered tonnage up to 4,000 for every 1,000 knots run at a speed of 8 knots per hour. The vessel should carry cargo of at least half its carrying capacity.

Q. 11. Yes, an additional 2 per cent. for every 500 tons above 4,000 tons and for every additional knot per hour above 8 knots. But there should be no distinction between vessels indicated in Question 7 (a), (b) and (c).

Q. 12. Yes, there should be a gradual reduction of 5 per cent. after 10 years if the Indian shipping industry has gained a footing by that time.

Q. 13. No steamers are built in India at present. Foreign built ships owned or chartered by Indians and on the Indian register should enjoy the bounty without the restriction of being on that register for any definite period for the next 10 years.

Q. 14. This question may be decided when the Indian ship building industry has advanced sufficiently to make a reduction of the bounty possible.

Q. 15. Yes.

Q. 16. No racial distinction should be made, but preference should be always given to Indians.

Q. 17. Yes.

Q. 18. As already stated under the preliminary remarks, the Association is in favour of the reservation of the coastal trade of India to vessels owned or chartered by Indians.

Q. 19. The effect has already been referred to under the preliminary remarks.

Q. 20. Yes.

Q. 21. This will depend upon the requirements of the trade.

Q. 22. Private shipbuilding yards are indeed desirable, but as they do not exist at present, Government should build such yards and after training a sufficient number of Indians, sell or lease them out to Indians on such conditions as may encourage the industry.

Q. 23. No shipbuilding industry worth the name exists in this country at present.

Q. 24 to 29. The answers will be found in the preliminary remarks.

Q. 30. Yes. Only vessels constructed of steel of minimum gross tonnage of 500 should enjoy the bounty.

Q. 31 and 32. Construction bounty should be at the rate of 25 per cent. of the total cost of construction divided between the hull and machinery.

Q. 33. No. But the manufacture of shipbuilding materials in the country should be encouraged and when obtainable of the required quality, their use should be obligatory.

Q. 34. The importation of shipbuilding materials should be free of customs duty.

Q. 35. Rules should be framed and proper supervision should be exercised to prevent abuse of concessions.

Q. 36 to 43. The Association prefers not to answer these questions.

Q. 44 and 45. Yes.

Q. 46. In the present condition of the shipping industry, there should be no hard and fast rule requiring a cadet to undergo a preliminary training.

Q. 47. Preliminary training of cadets should be provided in training ships and nautical schools maintained by the Government.

Q. 48. Until adequate facilities are provided in the country for the training of cadets, Government should establish a system of scholarships for the purpose.

Q. 49. Training ships and nautical schools should be maintained by Government at Calcutta and Bombay. But the fees charged should not be such as to prevent many from joining the institutions.

Q. 50. Yes.

Q. 51. Yes. The boys should undergo a period of apprenticeship in a steamer after the preliminary training.

Q. 52. Indian shipping companies will not naturally object to take in Indian apprentices but foreign shipowners may look upon the scheme with disfavour. Government should provide one or more sea going vessels for the purpose.

Q. 53. It should be obligatory for ships on the Indian register to take a fixed number of apprentices free of charge. If premium has to be paid, Government should pay a moiety to encourage cadets.

Q. 54. The ship should be provided and maintained by Government and by carrying freight or Government stores.

Q. 55. Yes.

Q. 56. No.

Q. 57. Yes.

Q. 58. Two—one at Bombay and one at Calcutta, maintained by Government but small fees may be charged.

Q. 59. Yes.

Q. 60. Yes.

Q. 63. No.

Q. 64. A combined training ship for the Royal Indian Marine and the proposed Indian Mercantile will serve the purpose.

Q. 65. Yes, Government should award scholarships to enable suitable candidates to proceed to England with a view to serve their apprenticeship at a recognised engineering firm or dockyard.

Q. 66. Government should give mail contracts to Indian shipping companies whenever possible. Such contracts should be

fixed by tenders, publicly advertised, and not by private negotiation.

Q. 67. Steamship companies receiving State aid in any shape should be under an obligation to accept Indian apprentices on their steamers.

Q. 68. See answer to Question 66.

Q. 69. See preliminary remarks and answers to Question 5.

Q. 70. As the finances of the country are not under popular control, it is for the Government to devise ways and means for raising funds for the purpose.

Oral evidence of Dr. Pramathanath Banerjee, D.Sc., representing the Indian Association, Calcutta, examined at Calcutta on the 27th December 1923.

President.—I should like to assure you that we are only seeking for information so as to advise the Government of India as to the best means of starting a Mercantile Marine. There is no one in this committee that is not in sympathy with the aspirations of the Indians, but we must put forward a business-like proposition. If you think that any question is objectionable do please say so.

Q. You suggest the gradual transfer of the shipping companies to Indians. Do you mean the gradual purchase of the present lines by the Government of India?

A. Yes. The idea is that the Government should purchase and then sell them to the Indian companies.

Q. You would never have them run by Government?

A. No.

Q. How will you bring about the purchase of the ships?

A. Not all at once. If necessary legislative action will have to be taken.

Q. How would you commence? Would you buy certain ships or in groups?

A. The Government may advertise and they may purchase ships belonging to one company in one year and those belonging to another company in another year and so on.

Q. Barring the Indian company, there are only two English companies at present?

A. All the ships may not be bought in one year.

Q. Would you go about buying them individually?

A. That would be a matter for arrangement between the Government and the companies.

Q. You object to the deferred rebate system and rate wars?

A. Yes.

Q. Supposing you get the transfer of all the English ships to Indian companies,

don't you think that you run the risk of the Indian companies starting a deferred rebate system and rate wars?

A. Even in their case we would object to the deferred rebate system. As regards rate wars we would fix maximum and minimum rates.

Q. You object to the deferred rebate system on principle?

A. Yes.

Q. Do you know of any country which has fixed maximum and minimum rates?

A. I do not know of any. As regards railways the Government fixes the rates. I do not think there will be any difficulty in fixing rates as regards shipping.

Q. You want State aid in order to help an infant industry?

A. Yes.

Q. Do you recommend it as an economic proposition?

A. It is not an economic proposition in the larger sense, but it is an economic proposition in the business sense.

Q. You want the rates of bounty to be calculated at 8 annas per ton. Is that yearly or for every voyage of 1,000 knots?

A. That is yearly. As a matter of fact these are details with which we are not particularly concerned. These are mere suggestions thrown out to the Government.

Q. From the witnesses we have to get particulars; otherwise we cannot make any recommendation to the Government?

A. The idea is that the rate of bounty should be fixed on the combination of the tonnage and the knots run.

Q. You have not worked it out carefully?

A. No, as a matter of fact, I did not prepare this.

Q. I think you will agree with me that in modern trade, 8 knots would be very low.

A. We do not want to encourage inefficiency. I would go further and say that the speed should be more.

Q. You have also suggested that construction bounty should be given at the rate of 25 per cent. of the total cost of construction divided between the hull and the machinery?

A. Yes.

Q. I see that you are in favour of having training ships and for having fees not too high?

A. Yes.

Q. A good many witnesses have suggested that the training should be absolutely free?

A. I suggest that the fees should not be prohibitive.

Q. The same kind of fees as we charge in scientific institutes?

A. Yes.

Q. You want two training ships, one at Bombay and the other at Calcutta? Don't you think one would be enough at the start?

A. One may be sufficient, but then there will be jealousy between Bombay and Calcutta.

Q. If you have a training ship at Calcutta which is a hundred miles away from the sea, the boys cannot be imbued with the spirit of the sea?

A. True.

Q. Navigation is a highly developed science and it is very necessary that highly educated boys should come forward?

A. The boys should have some general education.

Q. Do you think there are sufficient number of boys of that description who will make efficient officers?

A. We have got plenty of them.

Q. Will any of your relations come forward?

A. Yes.

Q. Do you think that hand-in-hand with an Indian Mercantile Marine should go an Indian Navy which would undertake the defence of the great ports of India?

A. A Navy is a very costly affair and we would rather not go in for it just at present.

Q. If you reserve the coastal trade of India for Indian ships and remove the British ships off the coast, would you think it fair that the British ships should protect the Indian coast?

A. Ultimately we may have to have a Navy of our own, but just at present we should not invest any money in this venture.

Q. But you would invest it in the other venture?

A. Yes.

Q. Have you had any personal interest in shipping yourself?

A. I am neither a shipper nor a ship-owner.

Q. Has the Indian Association any interest in shipping?

A. It is a political body.

Q. You want to go ahead with the Indian Mercantile Marine from a national point of view, even if it costs Government a certain amount of money?

A. Yes; I am interested in the economic welfare of my country.

Mr. Jadu Nath Roy.—Q. In your answer to the first question you say that India has to pay a freight charge of about 35 crores of rupees annually.

A. It may be 35 or 40 crores. The rough total average of the trade of India is 500 or 550 crores and if you take 7 or 8 per cent. as the average profit, it will come to about 35 or 40 crores. This relates to sea-borne trade; it does not include the coastal trade. The coastal trade would come to about 14 or 15 crores.

Q. Of this amount some portion is spent in the country; the amount that represents the profit is the actual drain to the country.

A. The actual profits, coastal as well as ocean trade, would come to about 50 or 55 crores.

Sir Arthur Froom.—Q. Do you propose to calculate freights at 7 or 8 per cent. of the merchandise carried?

A. Yes.

Q. Do you think that a shipping company gets 8 per cent. on the bullion that is carried?

A. Bullion represents a comparatively small portion of the total trade.

Q. I asked you because it struck me as curious to take a percentage on the value of the import and export merchandise.

A. It is a mere rough calculation.

Mr. Jadu Nath Roy.—Q. In your answer (b) on the first page, you advocate a Navy.

A. Not immediately.

Q. Do you consider that by creating an Indian Mercantile Marine avenues of employment will be opened out for the youths of the country?

A. It is very essential that new avenues of employment should be opened out so that the question of unemployment may be solved to some extent.

Q. Will you please explain what you mean by the statements you have made in (d) of page 1 of your answer?

A. If you want to know the details I would refer you to a little book that I wrote some time ago on fiscal policy in India. In the appendix to that volume, I have given the details. Between the years 1811 and 1845 certain regulations were passed which encouraged British shipping and gradually Indian shipping ceased to form any very important part of shipping.

Q. You say that deferred rebates and rate wars stand in the way of the development of Indian shipping?

A. There are various other things also, but these are the two most important weapons used by the English shipping companies.

Q. For that reason you want to reserve the coastal trade of India for Indian ships and also want State aid.

A. Yes, in order to develop the overseas trade.

Q. If the coastal trade is reserved for Indians, can you expect that the British Navy will protect the Indian Mercantile Marine? In times of need the Indian Army is being utilized for the Empire and in that case you can expect the British Navy to protect the Indian Mercantile Marine; is that so?

A. The Indian Army serves as the Eastern base. It has been drafted to various countries, to Egypt, Mesopotamia, Europe, etc.

Q. Your people desire an Indian Navy as well?

A. Yes, ultimately; but just at present we do not want to incur huge expenditure.

Q. But at present you are going for an Indian Mercantile Marine?

A. Yes, immediately.

Q. It has been suggested to us that India, being an integral part of the British Empire there is no necessity for a subsidized Mercantile Marine at the expense of the taxpayers. What is your idea about it?

A. It is true that India is an integral part of the British Empire, but India ought to have a separate existence of her own and India cannot have a separate existence of her own until she has a Mercantile Navy of her own. The people of India have their own interests which are not identical with the interests of the people of Great Britain or of Australia and while the people of these countries safeguard their own interests, it is absolutely essential for India to safeguard her own interests.

Q. If the reservation of the coastal trade is found to be sufficient for the development of an Indian Mercantile Marine, you will not advocate bounties?

A. If the whole of the coastal trade has been reserved for the people of India, I would not ask for any bounties, because there would be competition between the owners of the various companies.

Q. Do you think that by reservation of the coastal trade several Indian companies will be formed?

A. They are bound to be formed.

Q. Don't you think that the internal coastal trade will suffer?

A. I do not think there is the slightest possibility of the coasting trade suffering.

Q. Do you think that educated young Indian youths will be coming forward for training?

A. Undoubtedly.

Q. Do you think that the caste scruples will stand in their way of entering the sea profession?

A. Caste prejudices are dying out gradually.

Q. At present the Indian youths have no opportunity for training.

A. None, whatsoever.

Diwan Bahadur T. Rangachariar.—Q. The coastal trade of India is now adequately served by the existing companies both in the shape of quantity and tonnage. Is that not so?

A. Traders do not complain, but there is room for development.

Q. If there is room for development the existing companies will be able to find the tonnage.

A. That is so.

Q. What, then, is the economic advantage to the country in developing the Indian Mercantile Marine?

A. In the first place I want to open out avenues of employment for taking the young men of India as officers. In the second place an Indian Mercantile Marine would give an impetus to the industrial development of the country which is at present to a considerable extent retarded by the fact that shipping is in non-Indian hands.

Q. You mean to say that if 100 steamers are required to run the coastal trade of India and if you Indianize all these ships, you will be opening out employment for 1,000 people of various grades.

A. It will give an opening to about 1,500 to 2,000 officers.

Q. The second thing you say is that a portion of the freight paid will remain in the country.

A. Yes; that would mean the growth of capital in the country for industrial development.

Q. Will you explain what you mean by saying that if shipping remained in the hands of Indian companies it would be an impetus to the development of industries in the country?

A. Being in non-Indian hands these shipping companies generally give preference, perhaps in an indirect way, to foreign goods as compared to Indian goods. The state of things would be reversed and Indian shipping companies would perhaps give preference to Indian goods; at least the Directors of these companies may be connected with Directors in industrial concerns in India and they would look upon industrial concerns more sympathetically and this would help the industrial development of the country.

Q. But does this apply to the coastal trade?

A. This does not apply to the same extent to the coastal trade, but it does to some extent apply in that case also.

Q. When there was nothing to prevent the Indian people from embarking upon shipping 50 or 60 years ago the non-Indian companies came into existence and worked their way. There was nothing to prevent the Indian companies from competing then; but they did not. After the existing companies have established themselves, you express the desire to kill them?

A. It is not a desire to kill the existing companies, but it is the desire of Indians to have a Mercantile Marine of their own. The existing companies have endured their profits for so many years and now that the people of the country want to come forward, they must give place to them.

Q. But you want Government aid as an incentive, that is what they say.

A. That is what was done in other countries. The United States reserved the whole of its coastal trade to itself; Japan has practically done the same and Australia has done the same.

Q. The United States did not reserve against itself. Here is the British company (we are all parts of the British Empire) supplying shipping and you want to oust it from its present position. Is the analogy perfect?

A. The analogy may not be quite perfect, but the United States does reserve the coastal trade against foreigners.

Q. But the British are not foreigners, are they?

A. Each distinct class of people will have to be taken as an entity by itself in this matter.

Q. That is to say, the coastal trade must be considered as a Home concern belonging

to the people of Home, is that what you mean?

A. India has a separate entity of its own. It may form part of the British Empire, but still the fact cannot be ignored that Indians are not Britishers.

Q. By gradually developing yourself you want to extinguish the existing companies which now ply on the coast. How can you do it without their consent?

A. That would be a matter of arrangement between Government and the Shipping Companies.

Q. If they object, would you advise that they should be bought up at once?

A. If they want to sell immediately, Government will have to do it perhaps at a pinch.

Q. You do not think that they should be made to lose?

A. They should not be made to lose; I do not want vested interests to be disturbed immediately, they should be given some time.

Q. It has been put to us somewhat forcibly that the material advantage to the country will not be commensurate with the burden which would be imposed upon the country by undertaking this task. The money will have to be found in the shape of taxation?

A. The money will surely have to be found by the people.

Q. What is said is that the material return for this investment will not be such as to induce a wise man to embark upon a proposition of that sort.

A. I do not think so. I hold the contrary view. I am of opinion that the material advantage will be very great indeed in the ways I have indicated.

Q. Do you mean that there will be industrial development following upon this?

A. Yes; and the general spirit of enterprise will be quickened.

Q. Will not this also be the beginning for developing a sense of enterprise in the Indian people so that they may go and compete with the rest of the world in the ocean trade?

A. Yes.

Q. Has your Association considered this question from the point of view of this burden which will be imposed on the people?

A. The question of the incidence of taxation is a very complex one. There is no doubt that there will be some burden; but what portion will fall upon the people of the country and what portion will fall on the foreigners it is very difficult to estimate.

Q. Let us take the coastal trade first. Do you think that the reservation of the coastal

trade alone is enough to develop the Indian Mercantile Marine?

A. No.

Q. What else is needed?

A. Bounties for the construction of ships and navigation bounties.

Q. In order to get the coastal trade into the hands of Indians, what is needed?

A. If the whole of the coastal trade has been reserved to Indians, no bounties will, I think, be necessary.

Q. In the process of gradual elimination what will happen?

A. Some bounties will have to be given along with gradual reservation.

Q. Will you please explain what you understand by gradual reservation?

A. I mean reservation in the course of five or six years.

Q. Supposing there are 100 steamers on the coastal trade, how would you suggest the reservation to be done?

A. Reserve 20 steamers a year for Indian-owned ships. We may start by purchasing 20 steamers.

Q. What the Government has to do is to bring the whole thing under a license system and reserve 20 per cent. of the licenses for Indian-owned ships. Is that so?

A. In future not only will they have licenses, but all registration will be done in India.

Q. You also want bounties to be given to them to encourage them to come forward?

A. That is so.

Q. Do you think it is really necessary?

A. It will be desirable to give bounties.

Q. In addition do you want any protection regarding freight rates?

A. The maximum and the minimum rates should be fixed and the deferred rebate system should be declared illegal.

Q. Supposing the whole coastal trade is reserved for Indians, even then you want the fixing of maximum and minimum rates?

A. Yes, the customers should be protected. This protection can be had through legislation.

Q. That is so far as the coastal trade is concerned? What do you suggest for the ocean going trade?

A. I would suggest the giving of navigation bounties, construction bounties and granting of loans at cheap rates or in lieu thereof, you may guarantee a certain percentage of dividend.

Q. As regards guaranteeing of dividend is it irrespective of the fact whether the company is working at a loss or not? Supposing they are working at a loss of 20 per cent., the minimum dividend of 5 per cent.

would mean that 25 per cent. should be contributed by Government.

A. You must provide safeguards against inefficiency. You must create a board which will supervise the activities of the companies which get bounties.

Q. Did you calculate the cost of the recommendation which you make?

A. No.

Q. How do you propose to meet the cost?

A. We have had no practical experience of shipping and therefore I hesitate to answer that question. But I would certainly reserve a certain amount of money every year for payment of bounties and for giving other aids for the development of the Mercantile Marine.

Q. You say the finances of the country are not under popular control and so you leave it for the Government to devise ways and means?

A. My association has not gone into the question.

Q. What is your opinion about the levy of a cargo tax?

A. That would be the best means of raising money.

Q. You would not infringe upon the port dues?

A. That would be the alternative method. But the simplest is the cargo tax. The amount thus collected may be earmarked for the development of the Mercantile Marine.

Q. On whom will this fall?

A. Partly on the Indian consumer and partly on the foreign consumer and the foreign merchant.

Q. Don't you think that when it falls on the consumer, it will fall with double effect. Although 8 annas is put, the middleman will make it Re. 1.

A. You may make it less than 8 annas; you may levy only 4 annas.

Q. You will advocate as small a levy as possible?

A. Yes, so that the consumer may not be appreciably affected.

Sir John Biles.—Q. You do not know anything about shipbuilding?

A. No, not at all.

Q. You say that the importation of shipbuilding materials should be free of customs duty?

A. It is only when the shipbuilding materials cannot be had within the country. In another place we recommend the encouragement of the local shipbuilding materials. When shipbuilding materials are not available in the country, they should be imported from abroad free of customs duty in order that shipbuilding may be encouraged.

Q. Do you know to what extent things cannot be produced in the country now?

A. It is a very complicated affair; I have not gone into the question.

Q. You do not know what benefit that would be to the Indian shipbuilder? You do not know to what extent the free importation would benefit?

A. No doubt it will be beneficial; but I cannot tell you the exact amount.

Q. You want an Indian Mercantile Marine to safeguard the interests of India?

A. Yes.

Q. You have not made any calculations as to what it would cost if India is to have a Mercantile Marine?

A. No; I do not know of any country which has launched such a venture after calculating the cost at the start.

Q. You do not know whether it would be economically to the interests of India to have a Mercantile Marine?

A. Yes, it would be economically to the interests of India.

Q. You assume that other industries would be developed in consequence of the development of the Indian Mercantile Marine?

A. Yes.

Q. You assume that a spirit of enterprise will be developed to which, of course, you could not give any value except in terms of the industrial development?

A. Of course that spirit can be utilised for various purposes.

Q. You can arrive at no economic conclusion as to the benefits to India?

A. A spirit of enterprise is always valuable.

Q. Is it not like taking a leap in the dark if you enter upon a thing without making the necessary calculations as to its cost?

A. It is not exactly a leap in the dark. We know that it would cost much but the resulting benefit would more than counterbalance the cost.

Q. It is very difficult to take up your suggestions unless you can put up figures?

A. I do not think any country has ever reduced the cost to figures. No country launched on these ventures after careful calculation.

Q. Have you ever had a country where a Mercantile Marine which was functioning efficiently was asked to be changed?

A. The conditions may differ. Whenever you have to take a forward step, you have to submit to a certain amount of risk.

Q. You say a spirit of enterprise would be developed in other industries?

A. Yes.

Q. Do they also require subsidies to develop the spirit of enterprise?

A. Some of them may. I am a discriminating protectionist. If necessary protection will have to be given to those industries which do require protection.

Q. You anticipate, I presume, that the industries so developed would be able to compete with foreign industries ultimately?

A. Yes.

Q. Before they successfully compete, you would protect them?

A. Yes.

Q. You would again have added something to your expenses?

A. Even apart from this question of the development of the Indian Mercantile Marine, I would protect the industries of the country.

Q. You want to develop them quite independently of the development of the Mercantile Marine?

A. Yes.

Sir Arthur Froom.—Q. You are neither a shipper nor a shipowner, nor have you had any practical business experience in shipping?

A. No. I look upon it wholly from the point of view of economics and as one interested in it.

Q. You represent a political body and not a business body?

A. Yes, I represent a political body.

Q. Your association has answered the questions from the political point of view?

A. Not exactly from the political point of view but from an economic point of view. The economic interests are safeguarded by our association.

Q. In your opinion the trade of the country is retarded because shipping is in the hands of non-Indians?

A. The industrial development of the country is retarded. If the shipping were in the hands of Indians that would have facilitated the industrial development to a great extent. They might have granted various sorts of easy terms for the industrialists and thereby facilitated the development of the industries.

Q. By that remark you do not intend to convey to the mind of the committee that the exports and imports are at present inadequately served?

A. They are served fairly adequately; there may be room for improvement, but there has not been any cause of complaint on that score.

Q. Whether you are a businessman or not, you can understand that whenever there is cargo offering there is generally a big bid

for it from shipowners. There has been sufficient tonnage coming forward but they have chiefly been non-Indian at present?

A. Yes.

Q. Your idea is that this trade should be transferred to Indian-owned ships?

A. Yes.

Q. You think that it would be economically and efficiently run?

A. Yes, ultimately.

Q. Would there be some intermediary stage?

A. Sometimes you commit mistakes at the time of learning you never learn without committing mistakes.

Q. You have made some suggestions as to how this trade should be assisted financially by the Government. Has your association calculated the cost?

A. No, it has not gone into the details.

Q. You suggest among other things that canal dues should be reimbursed?

A. That is one of the ways in which Indian shipping companies may be helped?

Q. That left the impression on my mind that you have not calculated the cost?

A. No, I have not calculated it.

Q. You suggest that owing to shipping being in the hands of non-Indians preference was given to foreign goods instead of Indian goods. Can you explain that?

A. Generally raw materials are exported from this country and generally manufactured articles come into the country. That has a very adverse effect on the industrial development of the country. And if the Mercantile Marine were in the hands of the people of this country, they would look after the industrial development more sympathetically; they would as far as possible try to import raw materials into the country and export manufactured goods.

Q. India is a great country of raw materials? What raw materials would you bring in?

A. Such raw materials as India does not possess. As India is a country of raw materials, she could develop manufactures more cheaply than other countries and then it would be possible for her to export manufactured goods to other countries.

Q. That is a sort of general idea? Can you suggest any practical proposition from the point of view of a businessman?

A. I have not considered it from that point of view.

Q. You want the deferred rebate system to be made illegal? Have you studied that question very closely? Is it the general impression amongst Indians that it is a dreadful system?

A. It may not be dreadful in other countries, but in India it is so because it is one of the most potent weapons by which nascent Indian companies are killed.

Q. The same would apply to newly started English companies also?

A. There would be this difference. The European companies would be started with larger capital and would have a large number of experts. It would be very efficient from the beginning. The deferred rebate system would not affect the European companies to the same extent as it would affect newly started Indian companies.

Q. Then your association is of opinion that the reason why a number of Indian companies have not succeeded is want of sufficient capital behind them and want of efficient management?

A. Indian capital has in the past not been available to the same extent as it is at the present moment. At present capital will be available if the Indian companies are assured of success.

Q. There I differ from you. The reason why Indian companies were started was because there was a lot of loose money lying about.

A. Just at present lack of capital is not the chief hindrance.

Q. Do you think there is plenty of money?

A. I will not say that; but capital will be forthcoming if people are assured of ultimate success in the venture.

Q. When we put money into any enterprise there is an element of risk?

A. That element of risk is considerably enhanced if the newly started companies have to compete on unfair terms.

Q. I put it to you, you have no complaint against the company which seeks to defend itself against a new comer?

A. That is quite natural.

Q. The existing companies protected themselves against the new comers not on account of any racial consideration? Supposing an English company came along, then the existing companies would equally have protected themselves?

A. I think it is partly racial also. In some instances recourse has been had to the political authority to crush a newly started Indian company. About 15 years ago a shipping company was started in South India to carry on trade between Tuticorin and Ceylon. The popular belief was that that company was crushed for political reason.

Q. I do not want you to give hearsay reports. Can you substantiate that statement?

A. I have no practical experience in the matter. But I have heard it stated that because a certain person was the chief organiser, the European companies wanted to put an end to the company and they did succeed in doing so.

Q. I am sorry you have taken up the racial question. The established companies would defend themselves in the natural course of events against any new company coming into the trade?

A. In the particular instance I have cited above it was purely a racial question.

President.—Q. On the coast of South Africa, the British companies defended themselves against another British company coming into their trade?

A. It may be true. But here there is the added difficulty that the competition is between Indians and Europeans.

Sir Arthur Froom.—Q. You are in favour of fixing maximum and minimum rates of freight?

A. Yes.

Q. That would be control?

A. Yes.

Q. If you were a businessman, I do not think you would like control from Government?

A. Ordinarily I would not, but under special circumstances, I would.

Q. You said that the establishment of an Indian Mercantile Marine would bring about a spirit of enterprise? Can you tell me why when the English companies were started sixty years ago to carry on the coastal trade, this spirit of enterprise was not forthcoming?

A. One of the causes was political subjection. India was in a decadent condition in various ways politically and otherwise.

Q. How long has the mill industry been in the hands of Indians?

A. Only during the last 30 or 40 years. The spirit of enterprise in the country is growing.

Q. If Indians had started the shipping business 40 or 50 years ago, they could have competed successfully?

A. There were various difficulties in their way; there was no concentration of capital, the use of machinery was not well known and no help came from Government. During less than a period of half a century, Japan has made great strides in shipping because of the help that she received from the State.

Q. The British companies started this business in India about 60 years ago. They

had no help from Government. Why should not Indian businessmen or men of spirit have come forward at the same time and started the shipping enterprise?

A. When the British started their companies in India for the first time, they had previous experience; they had engaged in trade with other countries for a long time past. There was at that time the spirit of enterprise in England. In India that spirit was wanting because of various factors and one important factor was political subjection. India was under foreign rule and Indian interests were always sacrificed in the interests of other countries.

Q. I do not think there has been any such interference.

A. I shall give you figures to show how Indian industries were killed by England.

Q. I ask you why the spirit of enterprise amongst Indian merchants was not sufficient to start Indian shipping companies when shipping was in a small way. Now that British shipping is established, a certain section of the Indian Mercantile community come forward and ask Government to help them to turn out established companies. What I am not able to understand is why Indian companies should not have gone into the trade, if they had an interest in shipping enterprise, years and years ago.

A. The world is not the same to-day as it was 50 years ago. You may as well ask why Japan has entered the industrial field. Seventy years ago Japan was nowhere. India in the year 1923 is different from India in the year 1823. Things have changed very greatly.

Q. I do not think your comparison is altogether a good one, because Japan had not then developed and was not suitably served by shipping to develop her Mercantile Marine.

A. Japan had no shipping of her own.

Q. Nobody would say that India is not suitably served by shipping. It appears to me that the position now is that there is an established trade, and it is an efficient trade, which serves India well and it is proposed to substitute it by another. I could see and understand and sympathise with the aspirations of Indians to have an Indian Mercantile Marine of their own; if the present trade of India was insufficiently served, it would obviously have been necessary to replace it, but the state of affairs being as they are now (and the establishment of an Indian Mercantile Marine would cost the country vast sums of money), are you of opinion that the people of this country generally would cheerfully shoulder the burden

of increased taxation for providing an Indian Mercantile Marine?

A. Yes, they will.

President—Thank you very much.

Witness No. 45.

Babu NIL KRISHNA ROY, No. 8, Krishnadass Kundu's Street, Hatkhola, Calcutta, on behalf of Messrs. Sonaton Nittyanundo Roy of Chittagong.

Written statement.

Q. 1. Indians have hardly any place in the shipping industry in India. It is practically a monopoly in the hands of the foreigners; and although efforts are being made to revive the lost industry, they have proved to be too feeble against vested interests to bear any fruit. It cannot be said to have passed its embryo state and if it does, the forces of conflicting interests are so irresistible that it cannot possibly survive its infancy but for the protection of its interests by the State.

Q. 2. There are many factors which militate against the development of this industry, and principal among them is the callous indifference of our Government to Indian interest. It is a settled principle with all free countries to keep their indigenous industries under the protecting wings of the State till they can hold their own against foreign competition. We are not only denied that generous aid, but on the contrary, our Government wink at the unfair methods which are invariably adopted by vested interests to strangle to death our industry at the very infancy. The rebate system, the terror of persecution when a shipper books his cargo by a ship outside the "Conference" and the cutting down of freight to financially cripple their adversary are a standing menace to healthy competition. It is idle to expect that under such stifling atmosphere any industry can be expected to survive much less to grow.

Q. 3. By a gradual process let Indian Shipping Companies (including Ceylon and Burma) alone carry the coasting trade of India, Ceylon and Burma, and by Indian companies we mean companies started in India with Indian Capital and managed by Indians.

Government can further expedite the healthy development of an Indian Mercantile Marine by adopting the following methods:—

- (1) Making rebate system punishable under law.
- (2) Remove all bar, direct or indirect, to the exercise of free will of ship-

pers in respect of shipping their merchandise by Indian owned vessels.

- (3) Offer Indian Shipping Companies facilities to grow in every respect.
- (4) Render competition healthy by taking serious notice of unjustifiable reduction in the rates of freight.
- (5) Above all start Nautical and Marine Engineering Colleges in India and train up Indians to become Captains and Engineers.
- (6) Save them from avoidable expenses.

Q. 4. We think it is imperative so long they are not in a position to stand competition.

- Q. 5. 1. State guarantee for a part of the capital or for certain dividend.
2. Mails contracts to be reserved for Indian Companies.
3. Discrimination in port and custom dues and dock charges.
4. Maintenance of Nautical and Marine Engineering Colleges in India and providing there a full course of studies for enabling Indians to be Captains, Marine Engineers and Pilots.

Q. 6. See answer 3.

Q. 7. Yes, between Indian ports and those of Ceylon and Burma if the coasting trade is not reserved for Indian shipping.

Q. 8. Yes, see answer 7.

Q. 9. Gross registered tonnage 1,000 tons.
Speed 7 knots.
Age not exceeding 20 years.

Q. 10 and 11. An appreciable percentage as will encourage the enterprise.

Q. 12. It is premature to fix a period. * A revision should be made after 10 years.

Q. 13. This question does not arise as no steamship worth the name is now built in India. The bounty should be given to ships owned or chartered by Indian Companies and at present irrespective of where they were built.

Q. 14. See answers 12 and 13.

Q. 15. Yes.
 Q. 16. No restriction is advocated unless it be for political reasons when the decision will lie with the Government and the Legislative Assembly.

Q. 17. Yes.
 Q. 18. What we want is embodied in our reply No. 3, paragraph 1.

Q. 19. It will afford considerable relief to shippers.

It will stimulate small industries. It will enrich India inasmuch as the enormous freight money that goes out of India will remain in India and benefit Indians.

It will facilitate transit by railways.

Q. 20. Certainly.

Q. 21. It will depend on the length of the route, nature of cargo and condition of trade.

Q. 22. Both in private and Government shipyards, and the start should be made by Government.

Q. 23. None to offer as no such industry worth the name exists.

Q. 24. Shipbuilding is a thing of the long past. Expert knowledge is wanting besides India is not yet in a position to produce all the materials. Huge capital is also necessary which owing to past experience of investors in these industries has become shy and it is doubtful whether the necessary capital will come forward readily without Government initiative. Co-operation of Government is essential and should be assured.

Q. 25. See answer to Question 3.

Q. 26. Absolutely necessary and highly desirable.

Q. 27. See answer to Question 5.

Q. 28. See answer to Question 6.

Q. 29. Yes.

Q. 30. To steel vessels and sailing vessels of not less than 500 tons.

Q. 31 and 32. A very appreciable portion of the cost, say 25 per cent. should be met by the construction bounty.

Q. 33. Materials manufactured in India should be used as far as possible provided the quality is up to the standard. Materials made outside India should be used if required.

Q. 34. Yes, at least 50 per cent.

Q. 35. A formal declaration may be made to Collector of Customs by the shipbuilders that the materials for which concession has been claimed are required by them for the ship or ships (name) which they have undertaken to construct; suitable rules may be

framed to enable the Customs Authorities to maintain efficient supervision.

Q. 36. The wooden ships are still built in India but the industry is dying out.

Q. 37. The situation is positively unsatisfactory. The expenses of running a sailing vessel have become so heavy now-a-days that profit is almost out of question. Indiscriminate reduction of freight by steamships and the existing law which makes it obligatory to engage certified masters and officers and specified number of crew have contributed largely to the decay of this industry.

Q. 38. Exemption from port and custom dues, discretion to engage uncertified but experienced master and officers and number of crew deemed necessary, discretion in the matter of engagement of Pilot, exemption from forest duty for wood purchased for building sailing vessels, State bounty for construction and reasonable facility for insurance of hull and cargo of these vessels, may keep the industry alive.

Q. 39 to 43. If the concessions asked for in answer to Question 38 are made, State aid and legislative measures would not be found necessary. Serious difficulty is experienced with regard to insurance and in the event of the insurance companies denying reasonable facilities Government should cover some risk.

Q. 44. Undoubtedly.

Q. 45. Government should have taken active steps long ago. Government's apathy in this direction is inexplicable and most unfortunate.

Q. 46. He should learn the theoretical portion in an institution started for this purpose on shore and should have practical training in a sea-going training ship to complete his course for the B. O. T. Certificate. The B. O. T. examination should be held here. If financial consideration stands in the way refundable scholarships should be provided for the training of Indian Marine Officers and Engineers in England.

Q. 47. A sea-going training ship and Nautical and Marine Engineering Colleges on shore and both in India will answer the purpose. They should be provided and maintained by Government by grant and out of fees.

Q. 48. We prefer training in India.

Q. 49. See answer to Question 47. Two colleges and two ships for Calcutta and Bombay are preferable. A start may be first made in Calcutta or in Bombay.

Q. 50. See answer to Question 47.

Q. 51. See answer to Question 47.

Q. 52. See answer to Question 47. The shipowners shall train Indian apprentices.

whose training should entitle them to the same privileges as those serving in the training ships. The number may be fixed in proportion to the tonnage of the ship. The principal objection is perhaps "racial" more than anything else.

Q. 54. Partially by premiums but mainly by carrying freights or Government stores and by grant from Government.

Q. 55. Yes, both free food and uniform or clothing allowance.

Q. 56. None to offer.

Q. 57. Yes.

Q. 58. In Bombay and Calcutta. Reasonable fees may be charged but Government should bear the major share of the cost.

Q. 59. Yes.

Q. 60. Yes, private enterprise should also be encouraged but it should not be left entirely to private enterprise.

Q. 61. See answer to Questions 46 and 47.

Q. 62. Some of them can. Full advantage should be taken of the existing facilities in India.

Q. 63. None.

Q. 64. Present arrangement not adequate or satisfactory. See answer to Questions 46 and 47 for what is needed.

Q. 65. So long as facilities for qualifying themselves as Marine Engineer Officers cannot be had in India. Government should send out boys at their cost and arrange for their training in England.

Q. 66. Mail contracts should be fixed by open tenders. A particular Indian coasting line should be entrusted to an Indian shipping concern as an incentive to developing the industry, and reasonable subsidy should be given.

Q. 67. The mail ship shall keep apprentices, both for deck officers and Engineers.

Q. 68. Contract by open tenders.

Q. 69. See first paragraph of answer to Question 3.

Q. 70. The State should know from where to provide it, we would suggest curtailment of certain expenditure which we deem unnecessary but Government would not agree with our view. Hence any suggestion from us would be out of place. We are against imposition of fresh tax in any form.

Oral evidence of Babu Nil Krishna Roy, Representing Messrs. Sonaton Nittyanundo Roy of Chittagong, examined at Calcutta on the 28th December 1923.

President.—I hope you will understand that we are merely seeking information to enable us to advise the Government of India on this matter of an Indian Mercantile Marine. If we put you any questions that you won't like to answer please say so and if you are criticized please realize that we are only trying to gain information. I have read your replies and as we are a Government Committee I am afraid we cannot deal with your answer to Question 2 where you talk about Government using unfair methods.

Q. Do you come from Chittagong?

A. Yes.

Q. Is your firm a shipping firm?

A. Yes.

Q. Are you a shipper?

A. I am a shipper and I own ships as well.

Q. What kind of ships?

A. Sailing and steamships.

Q. What steamers have you and where do they ply?

A. One steamer "Prosperous" was built by us. She trades from Chittagong to Rangoon, Rangoon to Madras, Calcutta to Madras, Madras to Calcutta, etc.

Q. How big is she?

A. 400 tons deadweight capacity. She was built during the War.

Q. Are your sailing ships wooden?

A. Yes, they are brigs.

Q. Have you built them all yourself?

A. Yes, we have wooden sailing ships up to 1,000 tons carrying capacity.

Q. I see that in your recommendations the most important one is to start Nautical and Marine Engineering Colleges in India.

A. Yes, I would like to have them in two places, Chittagong and Bombay.

Q. But do you think you want one straightaway at Chittagong?

A. Yes. Chittagong, being very near to sea, is more favourably situated than Calcutta for the establishment of such a College.

Q. I agree with you, but we cannot ask Government to incur a great deal of expenditure for this purpose.

A. This is an education subject and we do not know why we have been left behind in general education. We strongly recommend that Government must spend large sums of money for this purpose.

Q. Are you in favour of free training?

A. Yes.

Q. Are you in favour of a Nautical College as well as a training ship?

A. Yes, both.

Q. To which would students go first?

A. They would first be sent to the College to receive their preliminary education there and then be sent to the training ships.

Q. Could they not get their preliminary education in ordinary schools?

A. No Nautical curriculum is provided for according to the present educational system.

Q. But you do not want a Nautical curriculum at the very start? I did not get any Nautical training until I was 13½.

A. I think it will be necessary to have some Nautical training in the schools.

Q. You are in favour of a State guarantee for a part of the capital or for certain dividend.

A. That is so.

Q. Supposing you guarantee 5 per cent. and the company runs at a loss of 20 per cent., would you like Government to pay the 25 per cent.?

A. In the beginning they will have to do that.

Q. Do you recommend reserving the whole of the coastal trade for Indian ships?

A. Yes, we do.

Q. In your answer to Question 3 you say that by a gradual process you want Indian shipping companies alone to carry the coasting trade of India, Ceylon and Burma. You cannot reserve the coastal trade of Ceylon without the permission of the Ceylon Government?

A. We have big rice traders in Rangoon and Akyab and the ships that at present are used for this trade are chartered by different merchants who take them to the Ceylon ports.

Q. What I want to put to you is that the Government of India have no power to reserve the coastal trade of Ceylon, because Ceylon is a Crown Colony.

A. Then the proposal must be abandoned.

Q. We had so many witnesses who wanted to reserve the coastal trade of India, but not many who could suggest reasonable and businesslike methods of doing it. Can you tell us how you would start this gradual process of reservation in the most economical and practical way?

A. Indian companies are not able to compete with outside companies on account of the rate wars and the deferred rebates. The rate cutting must be stopped by Government by law and the deferred rebates should be made illegal. We would then get an advantage over other shippers and Indian companies can compete.

Q. What I gather is that you think that if Government controlled rates and if the deferred rebate system were made illegal, then the Indian shippers would ship in Indian ships. Is that so?

A. Yes, under State guarantee.

Q. What guarantee will Government get that the money is safe?

A. The Government will see to the Company's position and if it is sound they will give the guarantee as is done in the case of Railways.

Q. It is not the same as Railways; Railways run on one line.

A. There are many difficulties and obstacles in the case of Railways also.

Q. Have you ever known of any country adopting maximum and minimum rates of freight?

A. I do not know of any.

Q. Do you want bounties on ship-building?

A. Yes.

Q. Do you build your own wooden ships?

A. We want Government to exempt from forest duty the woods that are purchased for building sailing vessels.

Q. There is no competition against wooden ships and they are a paying business; why do you want exemption from duty?

A. There is competition between the steamer freight and the wooden freight and wooden ships cannot get insurance.

Q. Why do Indian Insurance companies not insure them?

A. There are no Indian Insurance companies.

Q. We have had evidence to show that on the West Coast, in Cutch and Kathiawar, there are Insurance companies who insure wooden ships.

A. There are none on this side.

Q. Is it the ships that you cannot insure or the cargo?

A. Both.

Q. Do you know why European Insurance companies do not insure them?

A. They assign no reason; they won't take them.

Sir John Biles.—Q. Why don't you put all the companies in and make them pay so much on a co-operative basis?

A. That has not been done so far.

President.—Q. You stated that in building ships you wanted Government to pay 25 per cent. of their cost. Have you worked it out and can you tell us on what basis you advocate 25 per cent?

A. Because 75 per cent. is easy to get from the people. If people know that Government are there, they are willing to put in the necessary capital.

Q. But why should it be 25 per cent. and not 20 or 15 per cent.?

A. For Public Works I think Government pay 25 per cent. and it is put in on that basis.

Q. As far as an actual Mercantile Marine for India is concerned, will you agree that there are plenty of young men suitable to become officers?

A. Yes. In Chittagong we have 4 Pilots, 2 Europeans and 2 Indians. The Indian Pilots are more capable than the Europeans. In one instance I had chartered a vessel, named "Sutlej" which was drawing a draught 22' 6"; the outer bar consisted of only 16' 2" and the ship was detained one day for high tide. But from a private source of information I had, on that particular day the outer bar was drawing over 22' and on account of the detention of the ship I lost about Rs. 5,000 which I could have earned had it not been for the slackness of the Pilot in charge of this vessel. I protested to the Port Officer after this incident to give me an Indian Pilot. In many cases we have seen that the Indian Pilots have done better than the Europeans; but all the same they get very low salary while the Europeans get much higher salaries.

Q. Do you know of any Indian Officers who have passed the Board of Trade Examinations for Masters and Mates?

A. No; but we have many from the Madras side who have passed for coasting.

Q. Who is in command of the "Prosperous"?

A. A Madrassi; and we have an Indian Chief Officer.

Q. Do you take any apprentices on Board?

A. We have taken apprentices; but we have no room in this particular steamer "Prosperous."

Q. Would you be in favour of India having a small Navy of its own?

A. Yes, in defence of its ports and in defence of the coast.

Mr. Jadu Nath Roy.—Q. In your reply to Question 1 you say that Indian shipping cannot survive its infancy but for the protection of its interests by the State. Have you any experience of that?

A. Yes. I can give you an example in the River Steam service. I had ordered a launch from the Eastern Bengal Service, Limited, for a marriage ceremony and she was aground near the Channel at Joffsher behind a steamer. Although she whistled 3 or 4 times for help nobody gave any sort of help and at the request of the passengers and after great difficulty they agreed to the Master dragging the launch. The result was the serang of the boat was dismissed from service, because he was helping the Indian launch out of a difficulty. Another thing is that if an Indian vessel enters the port first she is served last. Great facilities are given to the steamers of the British

India, Asiatic Steam Navigation, and Bengal Steam Navigation Companies.

President.—Q. Do you mean by that that the Pilot service is so arranged that the British ships have preference?

A. That is so.

Q. Could you let us have a statement proving that? We cannot take hearsay evidence; we must have direct statements.

A. I will let you have a statement through the Secretary to your Committee.

Mr. Jadu Nath Roy.—Q. You said that the serang was dismissed. Could you also let us have a copy of the letter of his dismissal?

A. Yes, I think I will be able to send you that too.

Q. Are you a shipper by Indian steamers?

A. Yes.

Q. What is your experience?

A. I have found that if I want to ship by an Indian-owned shipping company the European companies would not give me space in their steamers for my goods to other ports. So for the benefit of the other ports I am compelled to ship by the English-owned companies' steamers.

Diwan Bahadur T. Rangachariar.—Q. You send your cargoes to English steamers on account of this reason?

A. Yes. We ply very small ships and although I applied to the Port Officer to allow me Indian captains; this was not done. After two voyages had been done under difficult circumstances, I got the sanction of the Indian Government to entrust small vessels to the sea-going drivers.

President.—Q. Had you any difficulty in getting Engineers?

A. There is a clique of the Captains and Engineers and they do not come to Indian steamers.

Mr. Jadu Nath Roy.—Q. You are decidedly of opinion that unless some sort of protection is granted Indian shipping cannot prosper?

A. Certainly.

Q. You have suggested the abolition of the Deferred rebate system and the reservation of the coastal trade for Indian ships?

A. Yes.

Q. The President was asking you how you would propose reservation of the coastal trade if it is to be gradual. Can you tell us?

A. If the coastal trade is reserved at once for Indian ships, it will hamper the trade and unless we have strong companies like the Scindia we must go step by step. We can start with certain ports where trade can be easily managed, say between Chittagong and Rangoon and Rangoon and Calcutta.

Q. You say it should be reserved from one port to another. You are in favour of that?

A. Yes, at the commencement.

Q. But the existing companies say that if they are to go they will go to-day.

A. At the present moment we cannot cope with the whole of the trade.

Q. It has been suggested to us that if the coastal trade is reserved for Indian companies several Indian companies will be formed, there will be no dearth of capital and that the existing steamship companies can be purchased and Indian companies floated. What do you say to that?

A. I would agree to this; only if you buy steamers it will take some time to arrange everything and in the meantime trade will suffer; shippers will have to wait with their cargoes.

Q. You think Indian capital will be forthcoming?

A. Yes.

Q. Would you suggest that Government should give cheap loans provided the companies are sound?

A. Yes; the company must render accounts to the Government. I think the Government should guarantee a dividend of 5 per cent.

Q. You also advocate the building of ships in this country?

A. Yes.

Q. You want 25 per cent. of the cost to be paid by the Government?

A. Yes.

Q. Do you want this 25 per cent. to cover the extra cost of building a ship?

A. When we build a ship, we will submit an estimate to the Government. On that estimate the Government should pay 25 per cent.

Q. Do you want this 25 per cent. because it would cost more to build ships here?

A. Yes; if 25 per cent. of the cost is given, it will be quite sufficient. When we are able to stand on our own legs, we may not need any assistance from the Government.

Q. Can India build ships cheaper than other countries in the world?

A. If we get facilities to bring raw materials at cheap rates, then we can build ships at prices which would compare favourably with those of other countries.

Q. Have you got skilled labour here?

A. The skilled labour is available. The only thing is we are not able to provide sufficient workshops for all the skilled labourers.

Q. Are you talking of wooden ships?

A. No. I am referring to steel ships. We have got skilled labourers who never get a job according to their merit. In the Tata

workshops many skilled labourers are working and their merits are well recognised.

Q. Have you visited the Tata workshops?

A. Yes.

Q. You advocate training of Indian apprentices in Indian waters?

A. I think the training is the same whether it is given in the Indian ocean or in the Atlantic ocean. If the apprentices are found quite fit in the Indian ocean, they will also be fit in the other parts of the world. There is no necessity for them to go abroad to get themselves trained in a Nautical school.

Q. We have been told that the people of India have no love for the sea?

A. The Indians have the greatest love for the sea. Before the Christian era, the Indians were trading throughout the world. They sent their ships to Arabia and the Persian Gulf. Even at present small vessels are regularly plying between Akyab and Jaffna. The Indians are in charge of such small vessels and they safely ply the ships to their destination.

Q. Are they in charge of educated Indians?

A. I am confident that even ordinary serangs, if they are allowed to drive ships will prove better than English masters. When they have got practical experience, why should they be called upon to have a compulsory training? I am quite averse to this system. They have the necessary practical experience and therefore they should be allowed to handle ships single handed.

Q. Will they not make better masters by this training?

A. If they do the work efficiently then why should they be compelled to get a training certificate?

Q. If they are capable men they can pass the examinations very easily?

A. But the difficulty is that they cannot speak English. If the examination is conducted in the vernaculars, they can secure the certificate.

Q. Are they conversant with modern machinery and scientific apparatus?

A. Yes.

Q. Would Hindus go to the seafaring profession?

A. There is no difficulty about that.

Q. Will not the caste prejudice come in the way?

A. The prejudice is already vanishing.

Q. At the present moment Indians have got no opportunity of getting themselves trained?

A. No. The serangs have practical experience. They are at present debarred by

law from running ships. That law should be abolished immediately and facilities should be given to the serangs to drive ships in the open sea.

Diwan Bahadur T. Rangachariar.—*Q.* You admit that people taking steamers out into the sea must have some certificate?

A. This rule to produce a certificate is at present a great bar to our people. There are at present several capable serangs who are fit to drive ships in the open sea.

Q. What is the size of the vessels that the serangs can run?

A. They are running ships of 500 tons.

Q. The examination is conducted in English and therefore it is difficult for the serangs to get the certificate?

A. Yes; I want the examinations to be conducted in the vernaculars.

Q. You believe that if the examinations were conducted in vernacular, they could easily get the certificate? You think they have the requisite knowledge.

A. Yes.

Q. Can they gain the knowledge without some training in an institution?

A. This is the first step. They must be allowed to run the steamers in the ocean. After some time you can make a hard and fast rule that unless the serangs are trained in a nautical school, they cannot run the steamers. Later on they can, if necessary, be replaced by men trained in the Nautical schools.

Q. How many Indian companies are there in Chittagong?

A. There are two companies.

Q. What quantity of tonnage is in Indian hands?

A. Some have 1,500 tons, others 2,000 tons and some others 1,800 tons.

Q. What is the tonnage of the largest vessel owned by Indians?

A. There is a sailing ship of 2,000 tons which plies between Rangoon and Chittagong.

Q. What are the companies at Chittagong that compete with the Indian companies?

A. The B. I. and the Asiatic. The B. I. has stopped booking my goods because I am the owner of a steamer. They never allowed me any space to book my goods to any other ports in India. I am a commission agent for many merchants; I am compelled to ship my goods in the names of others.

Q. Why?

A. My only fault is that I am the owner of a steamer, which plies between Chittagong and Akyab in competition with the B. I.

President.—*Q.* Can you give us any proof in writing?

A. The records of the B. I. at Akyab will testify to the truth of my statement.

Diwan Bahadur T. Rangachariar.—*Q.* You were a shipper before, by the B. I.

A. Yes.

Q. Then you became the owner of a ship and so they refused space for your goods?

A. Yes.

Q. You are obliged to adopt somebody else's name to book your orders?

A. Yes.

Q. When did they stop giving space for you?

A. After 1921-22.

President.—*Q.* Was it the agent of the B. I. at Akyab who refused space for you?

A. Yes.

Diwan Bahadur T. Rangachariar.—*Q.* You say: The rebate system, the terror of persecution when a shipper books his cargo by a ship outside the "Conference" and the cutting down of freight to financially cripple their adversary are a standing menace to healthy competition. What do you mean by this?

A. If anybody owns a ship, he is not allowed to book his goods by the "Conference liners." A merchant in Akyab once chartered a ship for sending rice to Jaffna and the Malabar ports. For this fault, he was not allowed by the B. I. to ship his goods by their ships for four or five years.

Q. Was it because he once chartered a ship?

A. Yes. Now, they have come to an arrangement on better terms. The merchant is given special facilities so that he may not compete with the B. I.

Q. You say it is the common experience of every shipper to be refused space when he happens to own a ship?

A. Yes.

Q. You want the reservation of the coastal trade for Indians?

A. Yes.

Q. How do you hope to achieve the reservation?

A. By reserving from port to port at the beginning. As a first step, the trade between Calcutta to Rangoon and Chittagong to Rangoon can be reserved for Indians.

Q. How would it enable you to reserve the entire coastal trade for Indians?

A. More companies will be formed and the trade of all the ports will be gradually captured by the Indian companies.

Q. Your system of reservation would only enable the existing companies to run the trade between the ports reserved? This will not tend to the formation of new companies?

A. I am not talking of the existing Indian companies.

Q. How would your process of reservation enable the new Indian companies to come into existence all over the country? The object is to start several new companies? How can that be achieved? If you reserve the coastal trade between Rangoon and Chittagong and Calcutta, you suggest nothing for the coastal trade on the west?

A. The western ports can be looked after by the Scindia company.

Q. Supposing you reserve the coastal trade at the rate of 20 per cent. every year, can you not bring about a complete reservation within a period of five years?

A. I think this suggestion is better.

Q. Your suggestion of selecting two ports and reserving the trade relating thereto will only help the local companies working there?

A. Yes.

Q. Unless you give room to develop everywhere, you cannot engender a spirit of enterprise all over the country?

A. No. We cannot.

Q. Therefore you would prefer the reservation by percentage?

A. I think to reserve one port to the full extent may be better.

Q. But you must not overlook the fact that this kind of reservation will only help the local companies in the trade?

A. We are looking from the point of view of shippers and not from the point of view of owners of ships.

Q. How would the shipper suffer in the other case, that is if 20 per cent. is reserved each year?

A. Then the difficulty to the shipper will be much greater. Other companies may or may not give steamers for the shippers. But if one port is reserved, then the Indian companies in that locality will be compelled to place their full tonnage at the disposal of the shippers, because this would enable the shipowners to derive the benefit of the 25 per cent. subsidy given by the Government.

Q. You want reservation between two ports and also 25 per cent. of the capital as subsidy?

A. Yes, subsidy is necessary.

Q. How would the subsidy help you?

A. When a company is backed up by subsidy from Government then its ships will get abundant goods to carry. It is not a gift, but it is a regular subsidy that we ask.

Q. Supposing it costs 20 lakhs to start a company, you want the Government to give 5 lakhs.

A. After we raise 15 lakhs, we ask the Government to contribute 5 lakhs.

Q. Not as a loan, but as part of the share capital?

A. Yes, part of the share capital.

Q. Then the Government will be interested in the good management of the company?

A. Yes.

Q. You say they will have a continuing interest in the concern?

A. Yes.

Q. That would ensure efficient management?

A. Yes, because they have a voice in the concern?

Q. Do you think that this is necessary in addition to reservation?

A. Yes.

Q. Otherwise you think the enterprising spirit will not be forthcoming?

A. No, it will not be forthcoming.

Q. If you reserve the trade between Chittagong and Rangoon, then there is plenty of business? Would it not be a paying business without subsidy?

A. In one respect it is paying and in another respect it is not. If there is no competition, it would be paying. If there is reservation, there would be no competition and therefore it would be paying?

Q. Why do you still want a subsidy?

A. There have been several instances of failures of shipping companies. In order to ensure success, I want the Government to have a continuing interest in the concern by paying subsidy.

Q. Do big vessels come to Chittagong?

A. At present there is difficulty on account of the bar. If the bar is cleared then big ships can come in.

President.—Q. It was said by the Port Officer, Chittagong, that the Government have allotted 9 lakhs to clear the bar?

A. That is too small an amount. It may cost 30 lakhs to clear the bar.

Diwan Bahadur T. Rangachariar.—Q. Do you think there will be any difficulty in fixing the maximum and minimum rates?

A. No.

Q. Supposing there were no unfair competition and supposing a rates' tribunal were established, would this tend to the development of the marine?

A. Yes.

Q. As regards wooden ships, do you find it difficult to insure them?

A. I once insured my ships with an English company at Home. The two ships were unfortunately disabled owing to a cyclone in the Bay. I have not yet received the insurance amount from the companies and I intend filing a suit against them.

Q. My question was whether you find any difficulty in getting insurance.

A. Yes, and so I am compelled to get insurance at Home.

Q. How long have you been in the trade?

A. Nearly 15 years.

Q. Has your family been in the trade before?

A. Yes, we are in the line for over sixty years. We were at one time owners of 14 wooden ships, now we have only two wooden ships.

Q. Have there been many families in Chittagong owning ships before?

A. Yes.

Q. How many families were there doing shipping business, say, 40 or 50 years ago?

A. Several.

Q. What are they doing now?

A. Some of them are becoming Serangs of ships; some of them are traders and some are still running ships.

Sir John Biles.—Q. These families who do shipping business, are they not all in wooden ships?

A. Yes, wooden ships.

Q. Don't you think that the decay of the wooden shipping industry is due to natural conditions caused by the improvement in ships which are made of steel?

A. I do not think that is the reason.

Q. In your answer to Question 37 you say that the expenses of running a sailing vessel have become so heavy that profit is almost out of the question. I suppose this is due to rising wages?

A. Rising wages, port dues and pilot charges.

Q. Have the port dues risen very much?

A. They have gone up from 4 annas to Re. 1 per ton; there were no pilot charges before, but now there are.

Q. But these charges have increased for steel ships just the same.

A. Not to the same extent, because the steel ships were paying pilot charges already while the wooden ships were not.

Q. What do you mean by saying "indiscriminate reduction of freight by steamships"? Did they make the reduction because their ships could carry goods cheaper than the wooden ships?

A. Wooden ships carry cheaper than steamships, but they take longer.

Q. You mean freight competition?

A. Yes.

Q. Do you think that the larger companies would attack the small wooden ships one by one by reducing freights and so drive them out one by one?

A. Yes.

Q. If they drive them out from one port, how can they get along in the other ports?

A. They cannot run 3 or 4 ports at one and the same time. The wooden ships practically ply now between Akyab and Chittagong.

Q. They are running on the East Coast as well as on the West Coast. What I want to get at is the relative freights which wooden ships carry compared to what are carried in steel ships. You are an owner of wooden ships and you know what freights are charged in steel ships. Can you carry in wooden ships as cheaply as in steamships?

A. No, because wages are high in wooden ships.

Q. Are they not high in steamships also?

A. The wooden ships do only a limited number of trips; they ply for only five months in the year, December to April, and remain idle for the remaining months. They have to earn their whole profit during these five months while the steel ships ply during the whole year.

Q. That is the strongest argument you can put forward for doing away with wooden ships and use steel ships?

A. Yes.

Q. The trouble regarding insuring wooden ships is the same all the world over; it is not peculiar to Indian waters. Is it?

A. It is peculiar to Indian waters. In other countries they get their insurance to a certain extent, but in India they never get a single pice on wooden ships.

Q. I know in Japan they experience the same difficulties in getting wooden ships insured.

A. In Japan too they get their insurance to a certain extent.

Q. In your answer to Question 9 you ask for the limitation of ships to 1,000 tons and 7 knots. Do you know of any ships which run at 7 knots? It is lower than what anybody else has suggested to us.

A. 7 knots ships for carrying cargo is more economical than ships with 12 knots speed.

Q. Is that the reason why you recommend a subsidy for them?

A. I would prefer to give subsidy to 7 knots steamers.

Q. Do you know of any existing 7 knots steamers?

A. There are many.

Q. Can you give us any names?

A. Not at the moment.

Q. Do you advocate bounties for all Indian-owned ships?

A. Yes.

Q. Do you want bounties for overseas trade?

A. Yes, in the beginning.

Q. You advocate no restriction as to the nationality of the crews.

A. No.

Q. In your answer to Question 19 you say that all the freight charges will remain in India if you have Indian-owned ships. Do you know how much of the freight charges remain in India now when they are not Indian-owned ships?

A. Nothing remains in India.

Q. We have had statements by other witnesses that a great deal of it does remain in India. Your idea of a subsidy is that Government are to take shares in the company and find 25 per cent. of the capital. Government only becomes one of the financial members of the syndicate that forms the line. How does that help you except to find the capital to the extent of 25 per cent?

A. When there is Government support the company can be floated easily.

Q. You do not want any other subsidy as well?

A. We want a shipbuilding subsidy.

Q. At the present moment you do not advocate shipbuilding in India?

A. We do.

Q. You said you were going to buy ships from existing companies.

A. Until we have regular shipyards in the country we will buy from outside.

Sir Arthur Froom.—Q. Your general idea to start an Indian Mercantile Marine is by reserving the coastal trade.

A. Yes, by gradual means.

Q. You want the coastal trade reserved for Indian ships with Indian capital and managed by Indians?

A. Yes.

Q. Do you want any State aid?

A. Yes, 25 per cent. of the capital to be found by Government.

Q. What Government have to do in the financial way is to find a quarter of the capital?

A. That is so.

Q. What are your reasons for suggesting this method?

A. This is a scientific industry and we cannot manage without Government help.

Q. Do you consider that if Government put up 25 per cent. of the capital this action on their part would induce Indian investors to put up the other 75 per cent.?

A. Yes.

Q. Why should this induce them to put up 75 per cent.?

A. Because the company will be managed well.

Q. Your idea is that Government having put up a quarter of the capital will take steps to see that their money is not wasted.

A. Yes.

Q. Then you are in favour of a State-managed line?

A. Not State-managed, because the management will be in the hands of the Indian company.

Q. The mere fact of Government putting in money in such a concern does not ensure its financial success, does it?

A. The Government will look to the management; as to how it is getting on.

Q. That means that Government have a hand in the management of the Line.

A. They will have no hand in the management, they only look in.

Q. Supposing a Government officer looks in and he does not find the management done satisfactorily, what will happen?

A. They will make enquiries.

Q. That shows that Government have a hand in the management to that extent.

A. I mean that it is done just as Co-operative Societies are managed.

Q. Where do you suggest Government is to find the money?

A. If they like Government can find money to put in any industry.

Q. Beyond Government putting up the capital, you don't want any further shipping subsidy?

A. No.

Q. It is quite possible that Government may not get any interest on their money.

A. Yes, that is to be discussed afterwards.

Q. I think in reply to the Chairman you said you were in favour of an Indian Navy being started. Am I right?

A. Yes.

Q. There is no return in the way of dividends from an Indian Navy.

A. Our trade, our ships, would be safeguarded from enemies' hands.

Q. Would it not cost a considerable sum of money to provide even a small Navy?

A. Yes.

Q. An annual charge will be incurred for the upkeep of this small Navy.

A. Yes, that will be met from the Customs revenue.

Q. Are you in favour of Government helping the shipbuilding industry in this country?

A. Yes.

Q. Do you favour Government helping the wooden shipbuilding industry?

A. No; I only mentioned wooden ships for the reason that if anybody wanted to make wooden ships Government should supply the wood free of the forest duty.

Q. You, as a businessman, recognize that steel ships are replacing wooden ships?

A. Yes.

Q. So you want Government to subsidize steel shipbuilding in this country. Is that not so?

A. Yes; but at the same time if anybody wants woods for building wooden ships Government should supply the necessary wood from Government reserved forests free of tax. Wooden ships, of course, cost too much.

Q. Some experts have told us that in their opinion the cost of building steel ships in this country would be very much higher than the price of steel ships built in Great Britain.

A. I do not think so. India is cheaper than any other country in the world.

Q. Expert witnesses have told us that although Indian labour is recognized as being cheaper than labour in Great Britain, it does not become cheaper, because the output per man is not so great in the case of the Indian as in the case of the working man in Great Britain, and that it is about three times in favour of the workman at Home. Therefore steel ships built in India would cost very much more than those built in England.

A. My opinion is that Indian labour is cheaper. It is not in any way inferior to English labour. It is not a fact that the English labour is working more than the Indian labour. I have made calculations when dealing with the "Prosperous." I think Indian merits are in no way inferior to any other merits in the world, and they have proved successful within a very short time. One of the Marine Engineers of Sonaton, Mr. Williams, told me that Indian shipbuilding at Sonaton is the finest shipbuilding he has known.

Q. But you are referring to wooden ships and I am talking of steel ships.

A. Indians can learn how to build steel ships. It is not very difficult.

Q. Your opinion is that the outturn of Indian labour is just as good as the outturn of labour in England?

A. Yes.

Q. Why did you arrive at the conclusion that a 7 knots ship was economical to run?

A. It has less consumption of coal.

Sir Arthur Froom.—Q. I suppose you will recognize that it is not necessarily economical to run at a speed of 7 knots.

A. It is not economical.

Q. If you ask any shipping man he will tell you that for a ship having a maximum speed of 15 knots, the economic speed may be 12 knots. If you run the ship at 7 knots

it will be just as uneconomical as to push her at a higher speed. I do not think your statement is based on any vast experience of ocean going steamers?

A. It is confined only to small coastal steamers.

Q. You object to the regulation which makes it obligatory for ships going to sea being in charge of certificated officers?

A. I do not object to that. I object to the examination being conducted in English. In our opinion the serangs are quite capable at sea. Because there is examination in the English language, they are not able to qualify themselves. I would advocate that the examination should be conducted orally in the vernaculars.

Q. You recognise that it is necessary to have a regulation that the ship should be in charge of a certificated master?

A. Yes.

Q. Supposing a ship is sent in charge of a master who holds no certificate, and supposing there is an accident, there would be a great hue and cry from the public against the Government for allowing an unqualified man to run the ship, even if some of the serangs you are referring to may be quite capable seamen.

A. They are able to manage small ships of 500 tons. If they are capable to handle small ships, then they will also be able to run big ships.

Q. A ship of about 4,000 tons would probably have officers, engineers and crew numbering some 90 in all. Besides, it might carry 2,000 passengers. It might carry coolies from the Madras coasts to the Straits. Would you advocate that such a ship should go to sea in charge of officers without a certificate?

A. At the present moment, masters who have got practically no certificate are allowed to take ships from one port to another; but they are very small vessels. If they are capable of running a ship of a certain tonnage, surely they must be presumed to be able to run ships of larger tonnage.

Q. There is very great difference between navigating a small ship and a big ship?

A. I do not think there is any difference in the sea. When the ships go to the ports they are under Pilots.

Q. Your suggestion to have an Indian Navy would cost much?

A. Yes.

Q. Your suggestion to have bounties for shipbuilding would cost much?

A. Yes.

Q. You want the Government to provide a portion of the capital for the newly formed

Indian companies? That would also cost much?

A. Yes.

Q. You are against imposition of tax in any form?

A. Yes. If a railway company is started, the Government supports it. In the same way shipping companies should be helped by the Government.

Q. The case of railway companies are not parallel with that of shipping companies. Railways are for opening up new tracts for trade. The Government, if it considers it

profitable, helps the opening of railways. The establishment of an Indian Mercantile Marine is not opening up new tracts for trade?

A. Shipping is a new industry so far as the Indians are concerned. In that sense it is opening up of a new industry so far as the Indians are concerned.

Q. But you are against the imposition of any fresh tax?

A. The Government should find money by retrenching expenditure in other directions.

President.—Thank you very much.

Witness No. 46.

Mr. R. C. DOOGAR of Messrs. Madhulall Doogar and Son, Calcutta.

Written statement, dated the 31st October 1923.

Q. 1. The present condition of the shipping industry is highly unsatisfactory.

Q. 2. Want of Government sympathy and the strong combination of the present non-Indian monopolists who wish to retain at all costs and by all means their control of this most important of Indian industries shutting out the legitimate claims of the children of the soil.

Q. 3. Nothing can be done without State aid, as the non-Indian steamship companies have grown too powerful and it is impossible for the people of this country to successfully embark on shipping enterprises without State aid and protection.

Q. 4. Yes, it is the *sine qua non* for a healthy development of the shipping industries.

Q. 5. First and foremost the Government must declare the deferred rebate system illegal, as at present shippers are by this means prevented from helping an Indian Company even when they in their heart of hearts wish to do so. Secondly, the coastal trade of this country should be reserved for Indian vessels. Government must also establish navigation bounties, give loans at cheap rates of interest as also mail contracts should be gradually reserved for Indian vessels. Concessions in port dues should be allowed to Indian vessels. Also concession to shippers in customs and port charges when shipping by Indian steamers.

Q. 6. Legislation will have to step in to enforce with better effect the methods suggested in the preceding question.

Q. 7. (a) Yes. (b) Yes. (c) Not yet.

Q. 8. No routes should be specified for the grant of navigation bounties in case of ships trading between Indian ports. As for (b) routes on which there are heavy shipments

such as between Calcutta and U. K., continent should be selected.

Q. 12. No reduction should be contemplated until after the entire coastal trade of India is reserved for Indian steamers.

Q. 13. There are no shipbuilding yards in India, so until the shipbuilding industry is fully developed it would be highly detrimental to any growth of shipping industry to restrict the grant of navigation bounties to ships built in this country.

Q. 14. Wait until the shipbuilding industry in this country is fully developed.

Q. 16. Exclude no one except those Colonials who in their native country put all kind of restrictions on the Indian enjoying full rights of citizenship.

Q. 17. Yes.

Q. 18. It is essential that the coasting trade of India should be reserved for Indian vessels for a healthy proper development of the Indian Mercantile Marine and the Indian Coasting Trade Act V of 1850 should be repealed and another Act passed reserving Indian coast for Indian vessels.

Q. 19. The result of such reservation will be that a steady and uninterfered development of an Indian Mercantile Marine will be assured. Indian shippers will be saved from the unsparing exactions of European Steamship Companies which huge amounts principally go abroad and enrich European shareholders. With the development of an Indian Mercantile Marine all this fabulous sum that goes abroad annually will be retained in this country, and hundreds of my countrymen, the children of the soil, who, although with a better and more liberal general education, now find themselves with only one alternative to death by starvation, and that is eke out their miserable existence as insignificant

clerks on Rs. 30 per mensem in spite of their B.A.'s, will, under the ægis of an Indian Mercantile Marine, hope to make a more decent living.

Q. 20. Yes.

Q. 22. At first Government must make a start in Government Dockyards and at the same time interest intending shipbuilders to start on their own. Once this industry is sufficiently well established Government must retire.

Q. 25. Nothing can be achieved without State aid.

Q. 26. Yes, it is absolutely necessary.

Q. 27. First and foremost the creation of an Indian Mercantile Marine. Government must encourage the shipbuilding industry by such aids as construction bounties, concessions in import duties as also Port Commissioners' dues on materials imported for this industry, exemption from income tax, free grant of suitable plots for erecting shipbuilding yards and cheap loans.

Q. 28. Legislation wherever found necessary.

Q. 29. Yes.

Q. 36. That the wooden shipbuilding industry is dying out.

Q. 37. Steel has the superiority over wood and in consequence wooden ships are naturally at a considerable disadvantage compared with ships built of steel.

Q. 44. Yes.

Q. 45. (a) Yes. (b) Yes. (c) Yes, facilities should be given.

Q. 47 and 48. Whatever training is necessary should be carried out in India, and if the facilities for same are absent in this country efforts should be made to provide up-to-date facilities for this kind of training.

Q. 51. Yes.

Q. 52. The objection of European ship-owners would be based on colour question. Even if they receive cadets they would not teach them properly, so Indian cadets should be preferably sent on Indian ships for training.

Q. 53. Yes, the Government should be prepared to pay the whole of it.

Q. 55. As Indians are very poor, no prohibitive fees should be imposed. Uniforms and food should be supplied free.

Q. 59. Yes.

Q. 60. (a) Yes. (b) Yes. (c) Yes, facilities should be provided.

Q. 64. The very fact that there are no Indians in the Royal Indian Marine condemns the present arrangements as inadequate from India's point of view. In the first place there are no facilities for training Indians to attain the necessary qualifications. Secondly the age limit is impracticable for such purposes.

Q. 65. Yes, until the Indian shipbuilding industry is sufficiently developed.

Q. 66. Postal subventions should gradually pass to the Indian vessels.

Q. 67. Training of apprentices and compulsory employment of Indians on their vessels and in their offices.

Q. 68. Only Indian Steamship Companies should be eligible to compete for Mail contracts.

Q. 69. In this connection reservation of Inland trade for Indian-owned vessels will be very necessary. Difficulties of an Indian company running its vessels on the Inland routes are many and varied. The European Companies that now enjoy this monopoly have employed every means to throttle their Indian rivals.

Q. 70. It is for the Government to find funds. A Government that can sacrifice year after year and contrary to the Indian public opinion nearly half the Indian revenue at the altar of the Waziristan Moloch can easily find, if it is sincere in its attempts to do so, necessary funds to create an efficient Indian Mercantile Marine demanded by the Indian public. An Indian Mercantile Marine is absolutely essential and will be beneficial to the country from every point of view.

Oral evidence, Calcutta, the 23th December 1923.

President.—I should like to assure you that we have been appointed by the Government and we have accepted our appointments on this committee because we want to do what we can to develop the Indian mercantile marine. Our object in examining witnesses is to get information so as to advise the Government of India as to the best means of starting an Indian mercantile marine. If you consider any questions objectionable, you please say so. If we seem in any way to criticise you,

it is because we want to get the best and the wisest advice from the witnesses.

Q. Are you connected with shipping?

A. Yes. I am shipping gunnies and minerals to Europe.

Q. You do not own ships?

A. No.

Q. I take it you are very much in favour of starting an Indian mercantile marine?

A. Yes.

Q. In your opinion there is no reason why India should not have a mercantile marine of her own?

A. No.

Q. The first requisite for a marine service of any description is the officers and the second is the seamen?

A. Yes.

Q. There are plenty of Indian seamen on the coastal trade of India?

A. Yes. They are all an ill-paid class.

Q. As regards the officers for a marine service you recognise that they should be drawn from the well-educated classes?

A. Exactly.

Q. Do you think there are among your own relations young Indian boys of that description willing to come forward for the seafaring profession?

A. Yes, there are. In this country, there are at present hundreds of boys, all well educated and shrewd in every respect, but they have absolutely no work. They cannot find any living. They have enough of academic education. But they have no opportunity to go in for seafaring profession. If they are given an opportunity, I am sure they will gladly avail themselves of the same.

Q. There is something more wanted to make a good sailor. The sea is never a well-paid profession. Personally I think it is the worst paid profession in the world, and probably it always will be so. Besides it is also an uncomfortable profession. You have got to live in a confined space. Often you will find it very difficult to get to the shore. The discipline will be rigorous. With all these disadvantages, do you think young Indian gentlemen will come forward?

A. You have already told me that there are a lot of Indian seamen belonging to the lower classes. Indians belonging to the higher classes with intelligence and education will surely be available for officering the marine service. The qualifications for a sailor are in the Indians. That is admitted on all hands. Given proper training they will make very efficient officers. As regards your second point regarding pay, I do not think the pay of the majority of the officers in the marine service is really as bad as you depict.

Q. It is not as good as in the other walks of life?

A. Take for instance a graduate of any University. He has to learn at least for 16 years before he could get his degree. To become a qualified engineer at sea, I do not think one need study for more than 6 or 7 years. After passing his B.A., he gets not more than Rs. 30 or Rs. 35 a month, whereas an engineer at sea will surely get more than that.

Q. But he will not make a fortune?

A. Indians do not want to make a fortune. They only want a living wage.

Q. You think the Government ought to help them in training?

A. Yes.

Q. You are not a professional sailor?

A. No.

Q. To my mind the best training for an officer is to go in a training ship?

A. Exactly.

Q. You know there is the Victoria Technical Institute in Bombay and the Sibpur College in Calcutta where the students pay a certain amount of fees for their training? Do you think that the boys in a training ship should be asked to pay a small fee towards the maintenance of the ship?

A. I think the fee should be as low as possible.

Q. You would not object to wealthy young men paying their legitimate fees?

A. I think a small fee should be levied.

Q. If you have a son reading at the Sibpur College, would it be fair not to charge you any fees?

A. I look at the matter from a different point of view. I say if I am very rich and if I can afford to pay, what prevents me from giving money for some useful purpose. The majority of Indians are very poor and it is on this account that I recommend the levy of a small fee.

Q. If a training ship is established wealthy Indian gentlemen should provide scholarships and prizes. In the training ship at home, scholarships and prizes are provided by the various associations?

A. I confess I cannot expect anything in the shape of scholarships from the people in India.

Q. So you say that if a training ship is started somewhere in India, no rich Indian will come forward to offer money for scholarships and so on?

A. At any rate I do not think money will be forthcoming at the beginning.

Q. To become an officer in a merchant service, you have got to be 4 years at sea in a regular ship or three years at sea and 2 years in a training ship. One witness suggested that about 100 boys should be sent round the world on a voyage for a period of two years so that they may imbibe the spirit of the sea. Do you think that is a good idea?

A. I am not quite sure of its success.

Q. It is a good thing to be a sailor; one of the reasons why most people come to the sea is they can see every country in the world?

A. In my opinion Indians would like to be sailors just for a living wage; besides they will get more knowledge. I want more Indians

to come in not only for the sake of seeing the whole world, but for actually creating a marine service in India manned by Indians.

Q. Do you want to confine the marine service to the coast of India only?

A. Yes, at present.

Q. You would not want them to go further?

A. At present, I want to capture the coastal trade of the country first and then go outside.

Q. If you want to go to the outside world, you must have wider views?

A. We will enlarge ourselves according to our capacity.

Q. If you stick to your own coast, you will not be a successful sailor?

A. From those serving on the coast, let a few who are really very promising be chosen. Let them be sent to the outside world so that they may become worldly wise.

Q. Do you think that India should also possess a small navy side by side with her mercantile marine?

A. I am not in a position to answer that.

Q. If Indians are going to be sailors don't you think they ought to be naval sailors as well as mercantile marine sailors?

A. It is a question which requires very careful consideration. I have not gone into it.

Q. You cannot start any industry without money?

A. No.

Q. The Government have not got funds at present? From where can the money be got?

A. The Government have ordered railway materials at a cost of 150 crores. If they are able to spare so much for the development of the railways, and if they can provide funds for these railway luxuries—if I may call them so—I do not see any reason why the Government should not find money for the development of the mercantile marine.

Q. You can always get money from the Assembly for railways?

A. Yes.

Q. If a tax is levied for the purpose of finding funds for the development of the mercantile marine, do you think the people would cheerfully shoulder the burden?

A. I think a light burden would not matter. But I am sure the Government can find money without increasing the taxation if they retrench in some other way.

Q. You propose that something should be taken away from the railways?

A. Yes, I would.

Q. You have not calculated what it would cost to have a mercantile marine for India?

A. I do not think it will cost much. I think a couple of crores of rupees would probably be sufficient at the start.

Q. You advocate reservation of the coastal trade?

A. Yes.

Q. Did you go into the ways and means of giving effect to this proposal? All the witnesses say the coastal trade should be reserved. What we want from the committee's point of view is a proposal which is both economical and practical?

A. I have not gone into this subject as an expert. My knowledge is only that of a shipper and nothing beyond that. It seems to me that there is a good profit in shipping trade at present. The mercantile marine may probably be a burden for some two or three years in the beginning, but when it develops, it will be of everlasting benefit to India.

Sir Arthur Froom.—Q. You are generally in favour of starting an Indian mercantile marine?

A. Yes.

Q. One of the planks in your platform of an Indian mercantile marine is the reservation of the coastal trade for Indian-owned ships?

A. Yes.

Q. Do you want State aid in addition to that?

A. I do. If the coastal trade is reserved for Indians and if the State does not render any aid I am afraid the whole venture would be a failure. The Indians are too poor to undertake the task without State aid.

Q. Why do you think so?

A. Unless we are assisted, I do not think we are strong enough to get sufficient ships to manage the entire trade. If all of a sudden all the English ships leave the shore, I do not think the Indian ships are enough to run the whole trade.

Q. Do you mean that sufficient capital will not be coming forward?

A. It would be coming forward, if State aid is given, people will have courage to invest money. The Government are able to borrow money at cheap rates of interest. I only want to use the credit of the State just for getting capital.

Q. From that I take it there is not a great interest in shipping enterprises in India?

A. No, there is very great interest. Firstly we are not rich, secondly having regard to our previous experience, we are much afraid. We all bought the Scindia shares and we are not able to get Rs. 8 return. We have been very hardly hit.

Q. You recommend navigation bounties, loans at cheap rates of interest, mail contracts and concessions in port dues. All these would cost money?

A. Yes. For railways Government have been spending a lot, why should they not spend for development of the mercantile marine.

Q. You recommend that concessions in port dues should be allowed to Indian vessels? On whom will it fall? On the Indian consumer?

A. If you reserve the coastal trade, then that question does not arise. But if you do not reserve, there should be some concession just to give the Indian consumer some attraction to ship by Indian vessels. It will help the Indian mercantile marine to develop more quickly than it would otherwise do.

Q. Don't you think that if Indian companies start, their service would be sufficiently attractive to Indian shippers to ship their cargo by them?

A. If you reserve the coast, then the question does not arise.

Q. You say Indian shippers will be saved from the unsparing exactions of European steamship companies whose huge profits principally go abroad and enrich the European shareholders. Have you any idea of the huge profits earned by the European shareholders?

A. I think it would work to a huge figure. I can quote one instance. When the B. I. was competing with the Scindia, they were charging Rs. 8 for a ton. Now they are charging Rs. 16. That is cent. per cent. profit. In that way I meant they are making huge profits.

Q. You think that with the development of the Indian mercantile marine, this huge sum will be retained in the country?

A. Yes.

Q. Have you any idea of the dividends the B. I. Company paid since they started?

A. I have not made any calculations; but the B. I. has got a very big reserve fund.

Q. That is built up in the ordinary course of business. In many Indian concerns, instead of putting by a considerable sum to reserve every year, all their profits are dissipated in payment of dividends.

A. If the Indian companies make a profit, they give dividends. The unfortunate position is that they do not make any profit at all.

Q. Building up a reserve fund depends upon the view which the management takes of running a business. Europeans generally want to build up a big reserve and not to dissipate all their profits in dividends?

A. The Indian companies never get huge profits and therefore they are not able to build up huge reserves.

Q. Your experience of Scindia was very unfortunate?

Q. Have you invested in any other companies as well.

Q. Have you invested in any other company?

A. No; I have not.

Q. Another reason given for the establishment of an Indian mercantile marine is that

the large number of educated youths can get a living?

A. Yes.

Q. But the establishment of a mercantile marine would not provide employment for a very great number?

A. It will reduce unemployment to a great extent.

Q. 90 per cent. of the persons already employed in the mercantile marine here are Indians. Only about 10 per cent. are non-Indians. How can the 10 per cent. employment of Indians reduce the unemployment in the country?

A. 90 per cent. of the people that you speak of are in the lower ranks. They are only drawing less than Rs. 30 a month.

Q. As regards the employment of people in this country, your argument of giving a livelihood to more men would be greater if the ships had all European personnel.

A. No.

Q. Supposing in a ship that has 100 souls, of whom 90 are already Indians, all were Europeans, you would get employment for 100 Indians, whereas you will not get employment for more than 10.

A. What the ten draw, the ninety do not get.

Q. You are looking at it from the money point of view. I am looking at it from the point of view of employment. Everyone will earn a wage according to his status in life.

A. A B.A. or M.A. who now draws Rs. 50 or 60 a month, if he draws a big sum, he can support his family?

Q. You were speaking of the money set aside for Railways; do you consider that too much money has been set aside for Railways?

A. I was looking at some figures and was surprised to see that over 700 crores of rupees have already been spent on railways from the beginning.

Q. A couple of years ago a sum of 150 crores of rupees was voted by the Assembly for the rehabilitation of the Railways to be spread over five years. You are probably referring to that.

A. Before that I found in some book that 600 and odd crores had been spent on Indian railways. The 150 crores which the Assembly has voted is only for improvement, to increase the luxury in railways.

Q. Do you object to that; you would rather have that for the establishment of an Indian Mercantile Marine?

A. Yes; what they want more wagons for I cannot understand. If you go over the line, you will find that they have no use for rolling stock.

Q. Have you done any business in Bombay?

A. I know what you will tell me; you will say that Bombay is not getting proper supplies of wagons for coal; but coal can be carried by ships.

Q. There is the question of freight. Anyhow this 150 crores was for the rehabilitation of railways. Don't you agree that Railways are the life-blood of any country?

A. It is essential for every country, but I think waterways are equally important for every country.

Q. You have a big country like India which is not adequately served by railways; on the other hand you have a big country like India which is adequately served by shipping.

A. I don't think that she is adequately served by shipping.

Q. That is a matter of opinion. You have a Mercantile Marine which is adequately serving the needs of India. Very few people think it is not.

A. I have something to complain of against the European service.

Q. I am talking of the present Mercantile Marine which is serving India.

A. There is no other Mercantile Marine which is serving India except the European Mercantile Marine.

Q. The present Mercantile Marine serves the needs of India for India's foreign trade as well her coastal trade, whereas the needs of India are not adequately served by railways yet. I cannot, therefore, accept your view that you should cut out anything from the Railway budget for the purpose of giving it to the Indian Mercantile Marine.

A. But if the railways with all the money that has been given to them are not able to give a proper service, I think they are not worth anything; it is the fault of the management.

Q. What was wrong in the past was that they did not get enough money to construct more lines.

A. I think railways are more to blame.

Q. You told the President that you did not consider that any rich Indian gentlemen would come forward to give prizes or found scholarships.

A. I said there will not be many just at the start.

Q. But the Indian gentlemen from my side of the country are very charitable.

A. They are, but there are very few; you can count them on your fingers.

Q. I do not suggest that you should have a great many scholarships. At any rate you consider that many will not come forward?

A. Not many.

Q. Are there not many rich Indians in this country?

A. Considering the size of the country, they are very few.

Q. You hold the opinion that they would not come forward to give prizes or endow scholarships for training young Indian youths for a sea career?

A. Not in sufficient numbers.

Q. From that, is the Committee to understand that they do not take an interest in shipping?

A. The interest is there, but they have not got enough funds.

Q. There are quite a number of rich Indians in this country.

A. They have a lot of other expenses and probably their budget at the end of the year does not leave them much to be used for the good of the country.

Q. Do you realize that the establishment of an Indian Mercantile Marine would be very expensive?

A. I look at it as an investment.

Q. Will it pay you?

A. It might not pay for a few years, but it will pay a fat dividend later on.

Sir John Biles.—Q. You gave your opinion on Railways; are you any authority on the subject?

A. Not at all.

Q. You do not think there are many rich Indians to take an interest in the Mercantile Marine?

A. They all take an interest.

Q. Not enough to give money?

A. They have not got enough to spare.

Q. They are not rich?

A. Not as rich as they ought to be.

Q. Where do you expect to get the capital from for these new Indian lines as there are no rich Indians?

A. What I wanted to point out was that we, Indians, are not in such a position as to be able to handsomely and freely distribute money for education and that sort of things as they do in England and other countries.

Q. Are they rich enough to subscribe capital for an Indian Mercantile Marine?

A. In this case it will be an investment and there will be a return.

Q. But the sums which you want for an Indian Mercantile Marine are enormously larger than you want for scholarships?

A. There is a return in the one case and no return in the other.

Q. What I want to know is whether you think that the money can be found in India for an Indian Mercantile Marine?

A. Provided Government give protection.

Q. What is the extent of the aid which you expect Government to pay?

A. I cannot give you an exact figure.

Q. Some witnesses have told us that an Indian Mercantile Marine could be started successfully if Government did supply 25 per cent. of the capital and took 25 per cent. of the shares.

A. In my opinion if Government reserved the Indian coast gradually for Indian vessels and if the Indian public were to understand that bright prospects would be opened out by the creation of the Indian Mercantile Marine and State aid, where necessary, was given, there would not be any difficulty to find the capital.

Q. Have you any idea as to the extent of the State aid expected?

A. I think it should be taken up as the Railways. I want Government to make the waterways and railways as two wings of the Government. Let the railways be the favourite wing, but let this also be another wing.

Q. Do you then want Government to find all the capital?

A. As much as is necessary; Government have no difficulty to find money.

Q. Have you any idea as to what form State aid should take in the case of shipbuilding?

A. I am not in a position to say that.

Q. You say that there should be free grants of site for shipbuilding yards.

A. That is so.

Q. Why do you think shipbuilding yards should be created?

A. That is for experts to say.

Q. Can you not help us to come to a conclusion on that point?

A. It is beyond my ability to help you.

Q. Your scheme is to get Government to contribute capital merely to find employment for Indians as officers in ships and in offices.

A. Yes.

Q. Have you any idea as to what it would cost the country?

A. I am strongly of opinion that in the long run it would cost us nothing as it would be to our benefit. There may be some initial outlay necessary to start the business, but in the long run it will pay itself.

Q. In what way will it pay?

A. If the shipping industry is fully developed, the profits from the business will set off a great deal of the capital; besides the people of India will get employment and get rich; that in itself is an asset to the country.

Q. Do you think they will get rich by earning in ships?

A. It will provide them employment and it will give them additional scope for their energy and work.

Q. The number of people it will give employment to will be small, while the sum

that Government will have to contribute is comparatively large. Have you gone into that?

A. No, sir.

Sir John Biles.—I may tell you that I bought shares in the Cunard Company at 75 and they are now 18. It may console you for your loss in the Scindia to know this. This drop in shares is not peculiar to India.

Diwan Bahadur T. Rangachariar.—Q. Among the prospective benefits which you expect from the development of the Indian Mercantile Marine, I suppose you reasonably look forward to supplying, not only the Indian market, but also the world market, with officers?

A. Certainly.

Q. Probably you may look forward to manning English ships with Indian officers on the English coast.

A. I may; I don't know if I will ever get it.

Q. If the shipbuilding industry were developed in the country, I suppose you hope to make a fortune by selling ships to other countries.

A. Yes; India is very well situated for that.

Q. Is it in that way you say that the present enterprise will be an investment in that direction?

A. Also in that way.

Q. So far as India is concerned, her needs in the way of charitable endowments are many?

A. Very many.

Q. Her literate population is 3 per cent.

A. Exactly.

Q. I suppose if any rich man has money to spare he would rather educate his people than go in for an enterprise like this?

A. Yes.

Q. Not even one out of 1,700 persons is supplied with proper medical relief. If a rich man has money to spare, would he not spend it on medical relief rather than endow an Indian Mercantile Marine?

A. Yes, preferably.

Q. The poverty in the country is so great that poor people come to your doors begging; would they not spend money in decreasing this poverty if they have money to spare?

A. Certainly.

Q. Would it be right to draw any inference as to the demands on the people in this direction from the absence of rich people to endow a Mercantile Marine?

A. Certainly not.

Q. Supposing, for instance, we had an Indian Lord Inchcape who made a fortune out of the shipping industry, would he not endow money for developing a Mercantile Marine in the country?

A. Certainly an Indian would have done it.
 Q. Because he is Lord Lochcave he has not done it in India although he made his fortune in India.

A. Yes.

Q. Is that not the feeling which prevails with the people?

A. Yes, we feel it.

Q. Therefore, if you grew merchant princes from the shipping industry, don't you expect that they would also make endowments for developing a Mercantile Marine and endow Navigation schools and other things?

A. Certainly.

Q. When you were speaking of the 150 crores provided for railways, what you had really in mind was this: although railways are not a paying concern just now, out of prospective gain Government are prepared to spend 150 crores of rupees for rehabilitating them; similarly we can expect Government to find money for this industry out of its prospective gain. A Government which can find 30 crores per annum for rehabilitating railways which is a losing concern can find another two crores for developing the Indian Mercantile Marine. Was that not your idea?

A. Yes; Government can find even more.

Q. If Government really has the will, it can find the money; money does not stand in its way in doing anything which it is bent upon doing.

A. Yes.

Q. What you complain of is that Government has not the will and you want Government to bestow the will in this direction.

A. That is so.

Q. To develop the Indian Mercantile Marine you want to reserve the coastal trade for Indian shipping. What other assistance do you want along with reservation?

A. I want Government to assist the shipping company promoters in funds, give them cheap loans, guarantee their debentures, etc., so that they may be able to get money easily.

Q. That is to say, you want Government to give cheap loans in order to enable companies to be floated?

A. Yes.

Q. You think this is necessary to induce people to invest money in this venture?

A. Yes; otherwise no one will come forward, knowing their previous experience.

Q. Do you want Government to do this, even if the reservation of the coasting trade is effected?

A. Yes; in that case there will be a much better chance.

Q. In your answer to Question 5 you say that at present on account of the deferred rebate system shippers are prevented from helping an Indian company even when they in

their heart of hearts wish to do so. Do you say that from your personal experience?

A. Yes. We, merchant classes, make 1 or 1½ per cent. profit in our shipping business. If we have to lose 10 per cent. freight in rebate, which is our only profit, we cannot go and ship in Indian concerns even though we feel in our hearts that we should support Indians. We must support our pocket first.

Q. The common feeling among Indians is that if Indian companies are started they are frightened by the rebate system?

A. Yes.

Q. Supposing Indian companies came into existence and they themselves adopted the deferred rebate system, would you remove it even then?

A. Certainly.

Q. Whether it is an Indian company or a British company, you object to the deferred rebate system?

A. Yes, it is most unfair.

Q. Supposing the coastal trade was reserved for Indian-owned ships, would you advocate any limits by legislation as to maximum freights?

A. I would ask for some sort of protection.

Q. The coastal trade may get into the hands of one or two companies, they may put up the freights and the shippers may suffer, so that if Government reserved the coastal trade for Indian-owned shipping you also want them to provide against unnecessarily high freights?

A. Yes.

Q. What do you want from Government in order to develop the Indian Mercantile Marine in the direction of the ocean-going trade?

A. I think the Port Commissioners' charges should be slightly lowered for shipping by Indian vessels.

Q. Would you advocate bounties for ocean-going steamers?

A. Not immediately; it will be too costly all at once.

Q. Do you expect the Indian Mercantile Marine to develop for ocean-going purposes along with its development for coastal purposes?

A. I would lay more stress on the coastal part to start with.

Q. If it is developed, is it likely to produce an enterprise which will without State aid enlarge itself?

A. That is my view.

Q. So you are not for giving navigation or other bounties to develop the Indian Mercantile Marine for ocean-going purposes?

A. I would like to watch the progress of the coastal trade first.

Q. So that in your view you attach the greatest importance to developing the coastal

trade and for that purpose you want three things: firstly, reservation of the trade; secondly, declaration of the deferred rebate system illegal; and thirdly, Government aid in starting companies. With these three things you think the prospects of the growth of an Indian Mercantile Marine are all right?

A. I think so.

Q. Do you think that Indian youths will come forward for training unless they are guaranteed employment after they get the training?

A. Certainly they won't come forward. If they are trained and afterwards they come to know there is no field for employment, nobody would like to come.

Q. Supposing, for instance, you provide a training ship and give opportunities for Indian youths to be trained and without taking steps to develop the Indian Mercantile Marine you leave it to the British companies to provide employment for these youths, do you think people will come forward?

A. I do not think that in the first place the British companies would give them any chance in their concerns.

Q. You think it will not be a fair experiment to make if you merely start a training ship and invite applications from young men? It will not be successful unless at the same time you take steps to guarantee the future employment of these young men in the Indian Mercantile Marine?

A. Yes.

Q. Why do you think the British companies will not employ Indians?

A. The several European witnesses who appeared before this committee have all opposed the creation of a mercantile marine; so it is not likely they would employ Indians.

Q. Judging by their past conduct and by their present attitude towards this question, it will not be safe for us to rely on them for employment?

A. No.

Q. You were asked whether we are not adequately served by the present shipping companies and you hesitated to answer that in the affirmative. So far as quantity goes the service is adequate?

A. Yes.

Q. Then what is the complaint?

A. I would rather not answer that question.

Q. In order to find money for the mercantile marine, it was suggested that a surcharge of 8 annas per ton both on exported and imported goods should be levied and that it should be earmarked for this purpose. How would the people whom you represent view this burden?

A. I do not think the people will oppose it. On jute there was no duty before but

afterwards when the duty was levied, it was not felt at all.

Q. You think the people would cheerfully shoulder the burden because the money is intended for the development of the mercantile marine?

A. Certainly.

Mr. Jadu Nath Roy.—Q. What do you mean by saying that the Government have not sympathised with us?

A. The Government have not taken steps to develop the mercantile marine by giving State aid.

Q. You do not think that because the British mercantile marine exists an Indian mercantile marine is not necessary?

A. I think there is a necessity for an Indian mercantile marine. It is only the aloofness of the Government policy that has not made us realise our object.

Q. Is it due to the fact that the Government can rely on the British mercantile marine and that they do not find any necessity for an Indian mercantile marine?

A. I do not know.

Q. From the previous experience of ship-owners you are afraid that they cannot successfully carry on the trade unless they are protected against competition from non-Indians?

A. Yes.

Q. If the coastal trade is reserved and if Indian companies are started, then you would not require bounties?

A. In the beginning bounties may be necessary. Later on we may not require them.

Q. It has been suggested that Scindia has combined with the B. I., and that other Indian companies might similarly fight their way in and that there is no necessity for an Indian mercantile marine? What is your opinion about this?

A. The Scindia is bound hand and foot now. Probably you are not aware of the fact that though the Scindia Company has its manager here in Calcutta, yet it has to get its goods booked by Messrs. Mackinnon, Mackenzie & Co.

Q. Has not the Scindia got its local agent here?

A. Yes, it has; but the manager is nobody here. All the booking at Calcutta has got to be done by Messrs. Mackinnon, Mackenzie & Co. I am certain of that in Calcutta, but I do not know what takes place in other places. When I pointed out this anomaly to the manager, he told me that they had to acquiesce in this proposal so that they may be allowed to leave.

Q. So it amounts to a transfer of the management?

A. Yes. The result is that the B. I. gets preference over Scindia, because Messrs. Mackinnon, Mackenzie & Co. are practically the owners of the B. I. Naturally they will first book by their steamers and if they have not got sufficient space, then they will book by the Scindia's boats.

Q. Can you prove this?

A. I once asked Messrs. MacNeill & Co. to send my goods per s.s. *Jalaputra*. At that time s.s. *Garinda* of the B. I. was loading and so the goods were sent to that steamer. The boat note was not delivered to s.s. *Jalaputra*. I had to complain about this to Messrs. MacNeill & Co., and they had to detain the boat for getting the boat note.

Q. Do you mean to say that the Scindia has no separate existence at all?

A. Certainly, it has not in Calcutta. That is why they are allowed to charge higher rates.

Q. This combination of the B. I. with Scindia is against the interests of the shippers?

A. Yes.

Q. We have been told that if the coastal trade is reserved, then the freight will go up and there will be restricted facilities. You say that by this combination the freight has already gone up?

A. No. The freight was originally Rs. 14 to Rs. 15 per ton. Because the Scindia stepped into the trade, the freight was reduced to Rs. 8 which was below the cost. Now as they have both come to an agreement, the freight has gone up to its original level.

President.—Thank you very much.

Witness No. 47.

Mr. M. DAUD, M.A., B.L., General Secretary, Indian Seamen's Union, Calcutta.

Written statement, dated the 27th December 1923.

Q. 1. The present condition of the shipping industry in India is extremely unsatisfactory due to the monopoly and domination of powerful non-Indian interest.

Q. 2. The conditions which militate against the development of shipping enterprise by the people of this country are mainly due to the monopoly of the non-Indian companies and the want of encouragement in any way by the State.

Q. 3. The reservation of the coasting trade to Indian shipping may to a certain extent mitigate the existing difficulties.

Q. 4. But removal or even mitigation of the difficulties under which India labours is absolutely impossible without the active help and co-operation of the State. All the great maritime countries of the world possessing mercantile marine of their own developed their national shipping principally and essentially through State aid. Hence India cannot be an exception to that. So we strongly advocate the necessity of State aid for the satisfactory development of Indian shipping industry.

Q. 5. We favour the grant of Navigation bounties, liberal postal subsidies, cheap loans, preferential railway rates, etc., to Indian shipping.

Q. 6. Legislation is essentially necessary to reserve the Coasting Trade of India to Indian ship-owners.

Q. 7. We favour the grant of Navigation bounties only to India-owned vessels trading between Indian ports and between India and

ports abroad. But when the entire Coastal Trade has been taken up by vessels owned and managed by the Indians the Navigation bounties to vessels trading between Indian ports may be discontinued.

Q. 15. All vessels receiving a Navigation bounty must take on board a number of Indian apprentices for purposes of training in order to develop the healthy growth of national shipping in this country. Because, as soon as those apprentices will become Officers and Engineers, Indian ship-owners will not have to depend on non-Indian officers and Engineers and a good deal of economy may be observed in respect of their salaries. The training of apprentices would serve the double purposes of complete nationalisation of Indian shipping by having Officers and Engineers from the soil of the land. Secondly, the complete severance of non-Indian control.

Q. 16. We advocate the exclusion of non-British subjects and non-British Indian subjects for their being employed on vessels receiving a Navigation bounty. But Government of India with the consent of the Legislative Assembly may reserve a special power to deal with urgent and exceptional cases.

Q. 19. The effect of any policy of reservation on the Indian Coastal Trade will be highly beneficial to the country. It would encourage Indian shipping industry and would open out new careers for the youths of this country.

Q. 20. Yes.

Q. 22. Government should establish its own dockyards in order to build vessels required for Indian mercantile marine as no private shipyard exists at present.

Q. 23. Highly unsatisfactory.

Q. 24. The conditions which militate against the development of the shipbuilding and marine Engine Construction industry are unrestricted foreign dominations over the said industry, absence of any encouragement from the Government, and want of expert knowledge for building steamers of modern type.

Q. 26. State aid is absolutely essential for the growth of the above industry.

Q. 44. A considerable number of youths are surely desirous of following the sea in the capacity of Officers and Engineers in the mercantile marine. The Indian Seamen's Union, an organisation of the seafarers of this country, is aware that more than a lac of seamen are registered in this port for sea services in various capacities. The Union understands that at least 10 per cent. of the seamen are literate, out of that at least 2 per cent. understand English and were trained in English schools. The Union since 1921 is agitating for prized posts such as Engineers and Officers to be given to competent and well deserved seamen of higher grades, but with no result. It is the desire of the non-Indian shipping companies not to give the Indian seamen any scope for their training as Officers and Engineers although sometimes the serangs and the seacunies (Quarter Masters) had to assist the executive Officers in their duties to a great extent. It is something like a prejudice that the non-Indian executive officers have against the Indian seamen's aspiration to become Officers and Engineers on board foreign-going ships. The Union has further noticed that whenever an educated serang or seacuny (Quarter Master) tried to learn the art of navigation, during the course of his employment, the Officer on coming to know became unfriendly with him and then stopped him from entering into the "Chart" room. Although some of the educated Indian seamen have got the natural tendency to become Officers and Engineers on board ships, but they could not avail themselves of any opportunity for higher training. Even no facilities are given to "Master Serangs" and "Drives" of steamships plying in navigable rivers owned and run by non-Indian ship-owners for qualifying themselves as officers and engineers in sea-going vessels, although they do the same sort of work as is being done by the officers of the sea-going vessels. The reason is that non-Indian shipping companies are averse

to the higher aspirations of Indian seamen for bettering their status. The non-Indian companies are here only to utilise in all possible ways India's cheap labour. The Indian seamen entertained some hopes for their better training as executive officers when a Committee was appointed by the Government of Bengal to consider the question of establishing a Nautical Institute in Calcutta for the training of Indian seamen in the elements of the theory of navigation and for the training of the Indians in the art of navigation on a scientific basis. The Committee submitted their report in April 1920 which was published in the *Calcutta Gazette*, dated 10th August 1921. The Committee recommended that a Nautical School should not be started in Bengal at present on account of there not being sufficient ships available which would carry Indian apprentices. They further recommended that either the Government or the Mercantile Community of Bengal should obtain one or two vessels to carry from 15 to 20 apprentices for experimental purposes. One member of the Committee, Mr. P. N. Guha, while agreeing with those recommendations, submitted a separate note in which he urged that the question should not be shelved, though he admitted it would not be possible for Government to do much in the direction of opening the career of seamen unless and until there is sufficient number of ships owned and run by Indians on which Indian apprentices could obtain employment. No satisfactory solution came out from the decision of the Government on the Committee's recommendations for the training of Indian seamen. Hence the opportunities of Indian seamen to be trained as executive officers become fruitless. The Indian seamen now got another opportunity for their higher training on the appointment of the Mercantile Marine Committee and from past experience we can boldly assert that training of Indian youths cannot be possible on merchant ships owned and managed by non-Indians. It is not possible to get Indian youths trained until and unless the Coasting Trade of India be reserved to Indian ship-owners and the Government sincerely helped to a great extent for the aforesaid purposes. The Union further understands that apart from the Indian seamen a large number of educated Indian youths are willing to follow sea careers. To confirm the above statement the Union begs to point out to the Committee that a large number of applications had been received from Indian youths by the B. I. S. N. Co. when they advertised for certain apprentices as "Marconi Operators" on board ships and also by the Port Officer when he

advertised for candidates for Bengal Pilot Service. A question may be raised about caste distinction, but the Union begs to point out that educated Muhammadans who are born and bred up in the family of Indian seamen living in the Districts of Noakhali, Chittagong, Dacca, Mymensingh, Sylhet and Calcutta out of their hereditary tendency would be too glad to follow sea career. The Muhammadans of other districts would also follow sea career as they have got no prejudices for sea services in their own castes. So far as the Hindus are concerned the Union also understands on the nature of the applications of some of them submitted to the Union for sea services that the Hindu youths of cosmopolitan views would also be willing to follow their careers at sea. The Union begs to urge the present Committee that non-Indian ship-owners and non-Indian Engineering Firms would try to avoid the question of training Indian youths on the ground of caste distinctions, prejudices of sea services and the absence of any desirability on the part of the Indian youths to follow their career on sea. The real cause of their avoiding the Indian youths to be trained as Officers and Engineers is that they want the whole question to be shelved by one pretext or other as it involves a good deal of loss to them as well as to the non-Indian Officers and Engineers. In conclusion, the Union begs to point out to the Committee that in spite of the pessimistic views that might be entertained by the non-Indian ship-owners and Engineering Firms, a good number of education Indian seamen as well as a number of educated youths of Bengal are ready and willing to follow their career on sea.

Q. 45. Government should take active steps to provide for (a) their training, (b) future employment, (c) facilities for their further studies when qualifying for Board of Trade Certificates in various grades. We would not leave these to private enterprise.

Q. 46. Cadets should undergo a preliminary course of instructions in a training establishment on shore before they proceed to sea.

Q. 47. The training ship for establishment should be carried out in India and we recommend that they should be provided and supported by the Government.

Q. 48. Government should provide scholarships for the training of Cadets in England.

Q. 49. In each of the following ports at Calcutta, Chittagong, Bombay, Madras and Rangoon there should be training ship or establishment to be maintained wholly by the Government.

Q. 50. We advocate the establishment of a Nautical College on shore side by side with the establishment of training ship for both theoretical and practical training.

Q. 51. We advocate that the Indian Cadets after undergoing preliminary training should serve a period of apprenticeship on steamers of the mercantile marine, if available, failing which they should serve their period of apprenticeship in a sea-going training ship.

Q. 52. Non-Indian ship-owners are not likely to accept Indian apprentices for training because the advancement of Indians in sea careers will prove prejudicial to the future welfare of non-Indian Officers. To overcome this difficulty we propose the reservation of the Coastal Trade of India to Indian-owned ships only. However until this is realised the existing non-Indian Companies benefiting under the patronage of the Government of India should be compelled by law to provide facilities for the training of Indians.

Q. 53. The whole of the premium should be paid by the Government for the next ten years in order to encourage Cadets in this line.

Q. 54. A sea-going training ship should be supplied and maintained wholly by the Government.

Q. 55. Yes.

Q. 57. Yes. Such Nautical Academies are necessary.

Q. 58. Five at Calcutta, Chittagong, Bombay, Madras and Rangoon.

Q. 59. Yes—*vide* answer to Question No. 44.

Q. 60. Yes—*vide* answer to Question No. 45.

Q. 62. Some firms are probably in a position to provide efficient practical training. But being non-Indians they probably would not do so unless pressure is given by the Government to them.

Q. 63. None at present. We suggest the establishment of Engineering Academies.

Q. 64. A combined training ship for the Royal Indian Marine and the proposed Indian mercantile marine will serve the purpose.

Q. 65. Government should give facilities for scholarships to enable suitable candidates to serve their apprenticeship at a recognised Engineering Firm or any Dockyard in England.

Q. 67. Shipping Companies that are paid Mail Subventions should be made to take Indian apprentices in their steamers, at least two in the Deck Department, and two in the Engineering Department.

Oral evidence of Messrs. K. AHMED and M. DAUD, representing the Indian Seamen's Union examined at Calcutta on the 28th December 1923.

(The spokesman was Mr. K. Ahmed; wherever Mr. Daud spoke, he is represented as 2nd witness.)

President.—I should like to assure you that we are here seeking for information to advise the Government of India as to the best way of starting an Indian mercantile marine. If we ask you any questions which you consider objectionable, please say so.

Q. You are both here representing the Indian Seamen's Union?

A. Yes.

Q. How many members are there in your union?

A. About 25,000.

Q. There is no such union on the Bombay side. Who are the members of the Union?

2nd witness: (Mr. Daud). The serangs, the firemen, the Deck crews, Engine Room crews and Saloon crews of ships are all members of the Union. Every department of the ship is represented. Out of about a lakh of seamen, a fourth are on our rolls.

Q. Are there any sailors on the governing body of the Union?

A. Yes.

Q. In what capacity?

A. We have 35 members on the managing committee, excepting the seven outsiders; the members of the managing committee are selected proportionately from the engine, deck and saloon departments.

Q. All the members of the managing committee belong to the seafaring profession?

A. There are 10 or 12 retired seamen. All the others are actually seamen.

Q. In what capacity do they serve?

A. They are serving as serangs, seacunes, tindals, firemen, sailors, butlers, cooks, saloon boys, and so on.

Q. Have you got any men in your Union who are masters of ships?

A. No. Our Union is an organisation of those seamen who go on board the ship and who have made voyages in foreign going vessels. But there are men who are masters of ships that ply in navigable rivers.

Q. The mercantile marine is concerned only with ocean-going steamers and not with river steamers.

A. There are no masters of ocean-going steamers.

Q. What percentage of your members are literate?

A. About 10 per cent.

Q. Is the percentage rising gradually?

A. No facilities are given by the ship-owners or by the Government to give them higher

training and hence literacy is not increasing among the seamen.

Q. Do they not go to schools to be trained in ships?

A. A resolution was passed in the Bengal Council in 1921 recommending the starting of a nautical school at Chittagong, but this was not given effect to by the Government because the committee suggested that either the Government or the Mercantile community of Bengal should obtain vessels to carry Indian apprentices for training. But the representatives of the shipping firms (European) expressed their unwillingness to send Indian apprentices on their ships and they admitted that it was the question of prestige that stood on their way—hence no action taken.

Q. They have merely elementary education?

A. Yes. Before they join the service at sea, they have some elementary education. Because they are always on board a ship and come in contact with Europeans, they get themselves educated. Some speak English very well and are educated in English Schools.

Q. Have you got in your association men belonging to the Maldives and Seychelles?

A. We have got men belonging to the Bengal Presidency only.

Q. In answer to Questions 48 and 49, you say, that the Government should provide scholarships and also training ships. What do you mean by this?

A. My idea is that side by side with the establishment of a nautical college on the shore, there must be a training ship. As soon as their theoretical training in the nautical college is over, they will get their practical training in a training ship. So far as the training ship is concerned, I am of opinion that it should be on the coast.

Q. Do you want both the school and the training ship?

A. Yes.

Q. Take Great Britain, there the ordinary school education is considered sufficient before you admit boys for the training ship. If you ask the Government to open both an elementary training school and a training ship, it will be very costly. Before you join a training ship, you want only to know ordinary reading, writing and arithmetic. Surely you do not want any special school for that?

A. That will be attended to in the nautical college before they go to the sea.

Q. Would not ordinary schools suffice?

A. That will not serve the purpose because they want preliminary education in the nautical college.

Q. What about expenditure?

A. No doubt it will cost much.

Q. Do a great number of men in your Union evince a keen desire to extend their knowledge?

A. Yes, they do. I may cite as an instance one of our Joint Secretaries in the Union. When he was a student of the Matriculation class, he joined a ship as a coal trimmer because he had a great desire to get higher training as Engineer on board ship. But no facilities were given to him for higher training. Similarly another boy who read up to the higher standard after passing the Matriculation had gone to the sea simply with a desire to gain knowledge, as an Engineer and to become an Engineer on board ship.

Q. We have got lots of cases of boys in England who have run away from their homes to the sea?

A. The conditions there, are altogether different from those here. In the past, India had her own marine and shipbuilding industry, and so the people here have the spirit of the sea. There were several Arab sailors who had gone to all the shores of the world. Even now people in Chittagong and Rangoon have a very keen love for the sea.

Q. On the East coast of Africa, a big Indian company is trading and they have practically monopolised the whole coastal trade there. Why should they not employ Indian officers and Indian engineers?

A. We know nothing about that.

Q. They employ European captains and mates?

A. I do not know the reason why they employ European officers.

Q. Those who are examiners for the master's and mate's certificate tell us that the seamen have to appear four or five times before they are able to secure a pass in the examination. The success of your scheme depends very largely upon the class of Indian gentlemen that come forward for this service? Do you think that a considerable percentage of these young men would prove successful officers?

A. I think they would prove successful.

Q. Supposing there are four Engineers on board a ship, and supposing the fourth engineer falls sick, his duties are attended to by the serang. His duties are not distributed among the other three engineers. The serang is able to look after the duties of the engineer satisfactorily. I am sure that if these serangs are properly trained they will prove very efficient engineers. They have the

inclination for the sea and so after proper training these prize posts can be given to them.

Mr. Daud: We have made representation about this to the shipping companies but with no result. They have been to the sea from generation to generation and so they will prove successful officers.

Q. They have to be practical engineers and practical sailors. They have to be highly scientific men?

A. I am sure they will prove equal to the task after sufficient training.

Q. There is no use of training boys if there is no prospect in the mercantile marine. So your Union considers that the best way to find that prospect is to reserve the coastal trade for Indian-owned ships?

A. That will be good in the beginning.

Q. Has your Union studied any practical means of arriving at the reservation? We have got to be practical in our recommendations.

A. It seems to me that if you reserve the coastal trade for Indian shipping, they will get the necessary facilities.

Q. Mr. Ahmed, you are a Member of the Legislative Assembly and you know the proposed Bill for the reservation of the coastal trade; how will you set about reserving the trade?

A. Just as other countries, Japan, Belgium, Italy, etc., have done. In the course of, say, five or ten years, Indians would get the monopoly.

Q. What will be your first step?

A. You may reserve 10 per cent. for Indian ships every year.

Q. Would you buy the ships?

A. Either buy or build them. It is cheaper to build them, because the Indian labour will get its share of the cost.

Q. Can you build sufficient ships in 5 years?

A. Gradually the number will be sufficient.

Q. What would you do to the ten per cent. of the existing ships? Would you compensate them or send them off or warn them?

A. We can pass an Act and give them a license to ply.

Q. You are in favour of giving them licenses to ply?

A. Yes; gradually we will put the number lower and lower until the conditions of the Indian labourers and Indian seamen are improved.

Q. It is no good reserving the coastal trade and removing other people until you are sure of success. Do you think it would be wise to adopt some other method, say, running a line carrying Government stores until it is proved to be a success.

A. We may undertake that and have a trial. But running the line through ocean or sea is more difficult than plying a coastal ship on the Indian shore.

Q. You have recommended 3 or 4 training ships straightaway?

A. We would have five training ships one for each of the ports, Calcutta, Bombay, Chittagong, Rangoon and Madras.

Q. How many boys would you train in each?

A. I am of opinion that if we start one at Chittagong, probably 500 would be coming forward.

Q. How many will Bombay then have?

A. I have not got much experience of Bombay, but I think Chittagong is the best place for training.

Q. Bombay and Karachi people do not think so.

A. My opinion is that in Bombay you do not get different varieties of people; you get a particular class only.

Q. You have just as good seamen on the Bombay side. I have commanded them myself both during War and in peace and I would say they are second to none.

A. In Eastern Bengal we have probably more than half the population Muhammadans and many of them do the work of seamen very well.

Q. Supposing 100 students were trained in each of these places, you would have 500 young men training for Officers. Training takes 5 or 6 years. You only want 2,000 officers for the whole of the coastal trade and if the students all start at the same age, they will all finish their apprenticeships together and you will suddenly have to find billets for 2,000 men. Is this not impracticable?

A. After the first year, the number may be increased according to demands.

Q. In the initial stages we want to go slower, because you cannot possibly in five or six years have reserved the whole trade?

A. The beginning must be very small.

Q. However the important point is whether the required number of applicants will be coming forward. Do you think they will?

A. Yes.

Q. In England and other parts of the world they have private schools for training them up. Do you think that private schools ought to be started in India?

A. *2nd witness.* We are not for private schools. We want that, for training Officers and Engineers, we should have a Government Institution.

Sir John Biles.—Q. What you want is employment for the Members of your Union?

A. Yes.

Q. If you get European ships would that satisfy you?

A. No. We haven't got facilities after 150 years of British rule. Government have not helped India a bit during all these years and they have given no help to uplift the status of Indians.

Q. Supposing Government are prepared to do it now?

A. We shall be very much obliged to them but when they have not done it for so long, there is no guarantee that they will do it soon. They may do something in the course of 9 or 10 years, and in the meantime why should not Indian shipping companies get facilities from Government. This is a national question which concerns the prosperity of Indians. Besides Indian crew in steamers are not now properly treated and are not given proper shelter; they are treated like cats and dogs.

2nd witness.—We have a definite answer to that question. The Government of Bengal appointed some time ago a Committee to open a Nautical school and one member of the Committee in his dissentient note stated that the whole question centred on the point whether the existing shipping companies were willing to employ Indians as apprentices. The Marine Superintendents of the Asiatic Steam Navigation, the Indian General Steam Navigation and River Steam Navigation and other companies were present and were asked if they were willing to take Indian apprentices, all of them expressed their inability to do so and it is doubtful if the shipping companies would employ them because they have to associate with Europeans on Board and it was the question of prestige that stood in their way of taking Indian apprentices.

Q. If you could get openings in the ships, it would serve your purpose?

A. If we could.

Q. Would you create an Indian Mercantile Marine in order to employ a few officers and Engineers who are now Europeans?

A. That is one of the reasons.

Q. Have you any other reasons?

A. We want national prosperity in this line and uplifting of the condition of the people and we want to encourage Indians to develop the Indian Mercantile Marine.

Q. Is that a matter of sentiment?

A. Yes.

Q. You say that Indian ship-building will be cheaper, because Indian wages will be lower?

A. Very much so.

Q. Have you built any ships?

A. *2nd witness.*—No.

Q. Have you any information that experienced people have got?

A. No, we are not ship-builders.

Q. Your proposal is to turn out 10 per cent. of the existing ships. Where would you get ships to replace them?

A. My scheme is that Government should set apart in the budget some grant for the purpose of ship-building, and that ships should be built in this country.

Q. Do you think that ship-yards in this country will be able to build 10 per cent. of the ships now on the coast?

A. There is plenty of space all round.

Q. You want something more than space; do you think they can build?

A. Government can do it.

Q. Would you buy second-hand ships?

A. I do not know what expert Engineers will think about it.

Q. You have not thought that out?

A. It is for experts to say.

Q. How will you begin to shut out the existing companies, at the end of the year or at the beginning?

A. Gradually in the course of the 12 months.

Q. You will have to shut out something like 10 ships a year; would you shut out at the rate of one a month?

A. We shall probably take one and put one Indian ship in its place; at the end of the year there will be 10 Indian ships.

Q. You have not thought about it?

A. It is common sense; if you take away ten ships, we will replace them by 10 others.

Q. What will you do about the crews?

A. If in the beginning of the year we have one European shipmaster or captain, next year we will have some Officers working under him who would be as good as the shipmaster or captain; he will serve the purpose and thus we get one captain to begin with. We will gradually get more and I do not think it will be difficult to get 10 Officers in a year.

Q. Do you think in the first year you will get 10 captains?

A. No; we will get one to start with.

Q. In the first year?

A. If we find we cannot get as much as 10, we will get a fair number and gradually the number will be increased.

Q. What number will you get in the first year?

A. We are not in a position to say.

Q. You have made a very definite proposal, but you have not thought out the details of it?

A. The details are not difficult to work out; we have the scheme and we think they can be worked out.

Sir Arthur Froom.—Q. Mr. Ahmed, have you been to sea?

A. Yes.

Q. Have you worked at sea?

A. I have not worked myself, but I have been on Board the steamer.

Q. Have you made long voyages?

A. Yes. Tilbury to Bombay was the longest.

Q. You referred to somebody being treated like cats and dogs; what was that?

A. I was referring to the Indian seamen; they do not get proper food, proper shelter, proper clothing, while all the European seamen are supplied with decent costume and are given four times a day sumptuous dishes. I am told that Indian seamen get Rs. 17/8 a month and that is the maximum amount they get for food.

Q. Do they have to pay for food?

A. In some ships I think they have to.

Q. Are you quite sure that all these statements you have made are true? Can you give evidence to prove them?

A. I can bring witnesses.

(2nd witness).—Q. Mr. Daud, have you been to sea?

A. No.

Q. What is your profession?

A. I am a Vakil of the High Court.

Q. Do you take an interest in the sea?

A. This Union was started by myself and our President Mr. K. Ahmed and some of the leading seamen.

Q. Do you practice now?

A. I do.

Q. Your work as Secretary of the Indian Seamen's Union is voluntary?

A. I am Honorary Secretary.

Q. Do you know that the feeding of seamen on Board ships is laid down by regulations of the Board of Trade?

A. Yes.

Q. The food is subject to inspection by the shipping Master?

A. Yes, but our experience has been that the shipping master does not inspect these things; the work is done by his subordinates.

Q. Have you had strong complaints from the crew?

A. Yes.

Q. Whom do they complain against?

A. The complaint is against the system.

Q. When a ship goes to sea, there are new crews:—deck crew, engine room crew and saloon crew. The ship frequently starts below proper speed as the engine room crew cannot keep steam. The deck crew

equally do not perform their duties up to the proper efficiency always. This is because these men, when they join, are very often in bad health not having had proper food. After a voyage they come back strong healthy men. After a short period they perform their duties in the most efficient manner. Any medical man will tell you that the reason for the improvement in their health is the result of good food and proper housing.

A. So far as that is concerned I have not come with the evidence of the Seamen's Recruitment Committee which sat in Calcutta; I was a Member of that Committee on behalf of the Indian Seamen's Union to examine the abuses existing in the recruiting matter and we had specific evidence on these points. We have never heard that the men when they join put in insufficient work.

Q. I repeat that in nearly every case the physical condition of the crew joining a ship, especially the Engine room crew, is poor and they cannot keep steam in the same way as a crew which has been on the ship for some time and any Chief Engineer will tell you the same thing. Also they come back very much stronger and healthier men.

A. No enquiry is necessary; I am meeting these men myself every day when they come after finishing their voyages. We have not heard the story you have told us.

1st witness.—Even people in jail when they come out are fat. I know of one instance which I can tell you. In the case of a certain ship about 18 months ago there was a complaint made by about 40 to 80 lascars that their salary should be increased. When the ship arrived at Rotterdam they asked for more wages, because the seamen of other countries were getting increased salaries. Some of them left the ship, some did not go saying they would non-co-operate. They said that if the authorities did not feed them properly, give them clothing and increase their wages they would not work. They did so. Some of them I think were prosecuted.

Sir Arthur Froom.—Q. You cannot expect a cabin to be given to each of the seamen?

A. The English crews have much better places allotted to them. The Indian seamen get their bunks. My contention is that the Indian seamen should be treated in the same way as the English seamen.

Q. You say that out of 4 engineers, if the 4th engineer falls sick, the syrang will keep watch for him?

A. Yes.

Q. This will happen if the third engineer or the second engineer fell sick?

A. Yes.

Q. It is quite possible that the syrang may be an intelligent man. But does it mean that because he keeps watch over the engine room for a few hours, he is quite fit to become an engineer without training. To be an engineer he has to acquire technical knowledge. Without this he will not be able to handle a ship in the case of a breakdown. Do you think that because a syrang is capable of keeping watch for a few hours in the place of an engineer, he should be promoted as an engineer?

A. I do not mean that he should be at once promoted as an engineer. All I say is that facilities should be given for his training so that he may get an opportunity to serve as an engineer.

Q. These facilities he can have on the shore in the workshops?

A. He has some practical experience in the ship. He needs only theoretical training.

Q. The theoretical experience must be got on shore?

A. Yes.

Q. You are of opinion that if education is given to the class of men who are now serving as lascars, they will make efficient officers?

A. Yes.

Q. And in the same way the firemen will become engineers?

A. I think there is no difficulty in getting officers and engineers.

Sir John Biles.—Q. Can they pass the examinations held in English and thus qualify themselves to become efficient engineers?

A. I have already mentioned that two of the seamen because of their coming into contact with the Europeans speak very good English.

Q. Then why do they not get the certificate?

A. According to section 10 of the Merchant Shipping Act and the Marine Department Notice No. 8 of 1921, it is laid down that if a man wants to qualify himself for mate's certificate he must do so within his 19th year and before he sits for the examination, he must have four years' training. That means a boy must begin his career in his 15th year and after finishing his training for four years, he must sit for the examination. This is a real hardship for the Indian boys.

Q. We are talking of engineers?

A. As regards engineers, at present the serangs do not get any facilities in the deck department to get themselves trained as engineers.

Sir Arthur Froom.—Q. You know there are Indian engineers on ships?

A. Yes.

Q. You are of opinion that the deck hands and the engine room hands can be trained to become officers and engineers?

A. Yes. That is the opinion held in Calcutta.

Q. In Bombay lascars are recruited from the west coast and the engine room crews come from the Punjab. These men are quite good. But the opinion of witnesses in Bombay was that they cannot be trained to become officers or engineers.

A. Our Joint Secretary served as a coal trimmer for a number of years; but owing to lack of facilities he could not get himself trained as an engineer.

Q. It does all the more credit to him for having worked as a coal trimmer and thus gained practical experience?

A. But no facilities are afforded to him for becoming an engineer.

Mr. Jadu Nath Roy.—Q. Your association is mainly concerned with the training of seamen?

A. It is not concerned with merely training of seamen. It concerns itself with the general development of the seamen, with their economic conditions and with the redressing of their grievances.

Q. You think that unless there is an Indian mercantile marine, the Indian youths who get themselves trained will not get any employment?

A. Unless there are Indian shipowners, you cannot. In European countries they have got great facilities for training their youths. Even Lord Reading who is the present Viceroy was at one time a seaman. In this country the Indian seamen are looked down upon and they are treated very badly.

Q. The training of Indian seamen and the development of the mercantile marine should go hand in hand?

A. Yes.

Q. You know that the Scindia are training a few Indian cadets?

A. Yes.

Q. You think that unless the Scindia employ these cadets, they cannot get employment anywhere else?

A. No.

Mr. Daud: We can compel other companies by legislation to employ them.

Q. You said that out of the 10 per cent. of seamen who are literate, 2 per cent. are literate in English?

A. Yes.

Q. If they get facilities, they will prove efficient engineers and officers?

A. Yes.

Q. The lascars are not allowed to learn because the non-Indian officers do not want them to do so. They want them to continue as lascars?

A. Yes. The non-Indian officers want the lascars to do all the rough work and the fine work the officers themselves do.

Q. They want to utilise the services of lascars for hard labour?

A. That is so.

Q. How is the training ship that you suggest to be maintained?

A. In the beginning the Government should defray all the cost. No fees should be charged from the pupils.

Q. Do you think that high class Indian youths will come forward to be trained as officers and engineers?

A. Yes, respectable Indian youths will come forward.

Q. The sons of seamen who are now educating themselves do not find any opening in their fathers' line and so they become clerks, etc.? If facilities are given to them, you think they will rise in the sea faring life?

A. Yes.

Q. You think that if they have facilities, they will stick to the sea service?

A. They have got the hereditary tendency and so they will stick to the sea.

Q. You have suggested the creation of three training ships? Don't you think it is rather expensive to have so many training ships? Don't you think one is enough at present and that at Bombay?

A. You deprive other ports of the benefit of the training ship.

President.—Q. Supposing you start a training ship of 100 boys, the boys will be selected proportionately from all the Presidencies?

A. In that case one training ship may be started in the first year and in course of time other training ships may be started.

Mr. Jadu Nath Roy.—Q. Is there much demand for Indian officers?

A. Now there is not much demand, but I think the demand will gradually rise.

Q. It is useless to train so many unless you can find employment for all of them?

A. Certainly.

President.—Q. There are only three establishments for the whole of the British mercantile marine? Each consists of 200 boys?

A. As I already said, one training ship may be started at present.

Mr. Jadu Nath Roy.—Q. Do you find any difference in the matter of accommodation for the seamen?

A. Both in the quantity and the quality of food and the cabin accommodation there is difference between Indian seamen and English seamen.

Q. European seamen do not get a cabin each to live in?

A. They get a covered place. Indian seamen get bunks.

President.—Q. If an Indian mercantile marine is established do you think the seamen will be better treated than they are at present?

A. We shall see by passing legislation that the seamen are better treated.

Q. Does the Scindia treat their seamen better than the B. I.

A. I have no experience of that.

Diwan Bahadur T. Rangachariar.—Q. What is your interest in seamen?

A. These seamen are poor people. They consist of Muhammadans, and Goanese. From a patriotic point of view, we offer our services to them.

Q. Have you got relations among the seamen?

A. No.

Q. Have you got an opportunity to know their real feeling in the matter?

A. Yes. I live in the heart of the locality where these poor seamen live. Many of them are my clients and so I take a great interest in them.

Q. The views you have given in the written statement represent the views of the seamen themselves.

A. Yes.

Q. Apart from the question of paving the way for them to become officers, the seamen think that with the development of the Indian mercantile marine, they will get better treatment?

A. Yes.

Q. You advocate the development of the mercantile marine so that the conditions of the seamen may be ameliorated, apart from the prospect of their future employment as officers?

A. Yes. They are cherishing the hope that facilities for their future advancement would be better.

*Mr. Daul.—*Another difficulty is that these poor seamen are obliged to pay sometimes three months and sometimes even six months'

salary to the brokers who take them to the European shippers. If Indian shipping companies are started, then there will be no such difficulty.

Q. They have to pay a certain percentage of their salary to the brokers?

A. Yes. I doubt whether this can be supported from the moral point of view.

Q. You said that the sons of these seamen have taken to other walks of life because there is no opening for them in their fathers' profession?

A. Yes.

Q. Have any become technical engineers?

A. Yes. They are employed under district boards?

Q. Have any taken to medicine?

A. Yes; plenty of them have taken to the medical profession.

Q. Given facilities for training, they would be able to adapt themselves to achieve knowledge in any sphere?

A. Yes.

Q. How many districts are there which produce seamen?

A. The whole of East Bengal, part of Assam. There are a lot of people in Cuttack, and some scattered in that district of West Bengal as well.

Q. You think that the class of people who are likely to avail themselves of the training ship which may be provided will be too poor to pay fees?

A. I think so.

Q. So that if a training ship is to be established it should be on a fee basis?

A. Yes. Or in the alternative if necessary some tax may be imposed for elementary education in nautical schools to be paid by the European Shipping companies over here in India.

President.—Q. From the wages report it appears that pay of the crews ranges from Rs. 18 to 60 a month. Besides they get free food. How does that compare with the other trades in Calcutta? Is it much worse? Compare their wages with those who work in the ship-building yards or in railways?

A. There is more risk in water than in land. The pay of the seamen, I should consider is much less.

Q. Is it the opinion of your Union that an Indian navy should be formed?

A. Yes.

Q. Certain seamen in your Union would be anxious to go to the navy service?

A. Yes.

*President.—*Thank you very much.

Witness No. 48.

The Bengal National Chamber of Commerce, Calcutta.

Written Statement.

The present condition of the shipping and shipbuilding industries in Bengal or, for the matter of that in India—is so deplorable that one may think that they had never assumed the proportions of flourishing industries. But as a matter of fact India had once established a most flourishing shipping industry and ships sailed from her ports to distant lands. Tradition claims for a Bengalee prince the glory of the conquest of Ceylon, while it is on record that people from Bengal colonized Java and the adjacent islands. The Chinese pilgrims landed in and sailed from the seaport town of Tamralipti (modern Tamruk). India had, in the past, developed her textile industry to such an extent that England could not compete with her. She exported her surplus-products not in foreign vessels but in ships built and manned by Indians. Bengal has many waterways and as such could not but help developing the shipping industry. There was a time when the revenues of Bengal were paid partly in cash and partly in kind and Bengal had to supply ships for the navy of the Moghul Emperors of India. The shipbuilding industry of Bengal was flourishing even in 1778 when the Hon'ble Robert Lindsay created a shipbuilding trade from the timber of the Sylhet forests.

As we have said before the surplus products of Indian industries were exported in ships built and manned by Indians. "A hundred years ago," wrote Mr. Digby, "shipbuilding was in so excellent a condition in India, that ships could be (and were) built which sailed to the Thames in company with British-built ships and under the convoy of British frigates."

This was considered such an audacity by the statesmen and merchants of England, that it was forbidden at once. "The arrival in the port of London of Indian produce in Indian ships created a sensation among the monopolists, which could not have been exceeded if a hostile fleet had appeared in the Thames. The shipbuilders of the port of London took the lead in raising the cry of alarm; they declared that their business was on the point of ruin, and that the families of all the shipwrights in England were certain to be reduced to starvation." (Taylor's History of India.)

In the year 1800 the Marquis of Wellesley, the Governor-General, tried to obtain the

admission of Indian ships and their cargoes into the port of England: But the Court of Directors in their Despatch, dated the 27th January, 1801, opposed the employment of Indian ships in the trade between England and India.

Thus it will be seen how the shipping industry of India suffered to a great extent for the want of encouragement which India should have received from Great Britain.

The advent of steam ships built of steel also contributed to the decay of the Indian shipping industry.

It behoves the Government now to render every help to the industry to establish itself.

With these prefatory remarks the Committee of the Chamber would submit the following replies to the questions asked:—

Q. 1. The present position of the shipping industry in India and especially in Bengal is very unsatisfactory. Excepting a few steamers owned by the Eastern Peninsular Navigation Co. Ltd., there are no sea-going steamers owned by Indians in Bengal. Only there are a few wooden sailing ships on the Chittagong side.

Q. 2. The chief causes which militate against the development of the shipping enterprise by the people of this country are:—

- (a) Want of Government support.
- (b) Undue combination and competition of European shipping companies with the object of crushing the purely Indian shipping industry and
- (c) The prevailing conditions which preclude the possibility of Indians shipping their goods by Indian-owned vessels.

Q. 3. To mitigate to some extent the existing difficulties the Committee would suggest that steps should be taken to put a stop to the deferred rebate system and rate-cutting; and Government should encourage the development of an Indian Mercantile Marine by shipping their goods by Indian-owned vessels wherever possible as also by utilising the Royal Indian Marine and Port Trust docks in the important ports for the building of sea-going steamers and the training of Indians.

Q. 4. State aid is necessary to promote the satisfactory development of the shipping industry by the people of this country.

Q. 5. State aid should take the form of bounties and subsidies as also the reserving of coastal trade for Indian-owned vessels as in Japan. The State can also allow favourable railway rates, and grant loans to ship-owners on favourable terms. In addition to these the Committee recommend the remission of port dues, the granting of postal subventions and the levy of some imposition on goods carried in foreign steamers reserving the money raised by such imposition for encouraging an Indian Mercantile Marine.

Q. 6. The Committee recommend legislative measures reserving coastal trade for Indian-owned vessels and declaring against deferred rebate and rate-cutting. Legislation should also be undertaken by which certain imposts should be levied and reserved for the promotion of an Indian Mercantile Marine.

Q. 7. The Committee favour the grant of navigation bounties to vessels owned by Indians and on the Indian Register and trading (a) between Indian ports and (b) between India and ports abroad.

Q. 8. The Committee are of opinion that specification of routes is not necessary. Only the steamers should run (a) between Indian ports and (b) between Indian and other ports.

Q. 9. The gross registered tonnage may be put at 500 tons or upwards, the average speed 8 knots and the age up to 15 or 20 years.

Q. 10. The bounty may be fixed at 6 annas per ton for 1,000 knots navigated or proportionate to the distance covered—the minimum speed being 8 knots.

Q. 11. The Committee recommend 2 per cent. extra bounty per knot over the amount suggested in reply to question No. 10.

Q. 12. Provision should be made for the gradual reduction of the bounty after 5 or 10 years at the rate of 5 per cent. yearly.

Q. 13. As at present there is no facility for building sea-going vessels in India the Committee would not recommend putting any restriction. But with a view to encourage construction of vessels in India they advocate payment of a greater percentage of bounty to vessels built in India. No navigation bounty should be paid unless the vessel is on the Indian Register for one year; and if the vessel is sold to a foreigner the bounty should cease.

Q. 14. The question whether navigation bounties should cease altogether after a specified period of years in respect of vessels built outside of India should be decided later

on according to the progress we make in shipbuilding.

Q. 15. The Committee advocate that all vessels receiving a navigation bounty must take on board a certain number of Indian apprentices for purposes of training, the number depending on the tonnage of the vessel.

Q. 16. The Committee are of opinion that non-British subjects and Colonials who do not accord equal treatment to Indians should be excluded from employment on vessels receiving a navigation bounty but not the subjects of Indian Native States, Government should, therefore, be empowered to carry this into effect.

Q. 17. Navigation bounties should cease in the case of vessels sold to non-Indians, but not in the case of charter for a short period or mortgage.

Q. 18. The Committee are not in favour of the present policy of keeping the coastal trade of India open to all comers. They recommend that at the outset a certain portion of the coasting trade should be reserved for Indian-owned vessels and with the development of the Indian Mercantile Marine the whole of the coasting trade should be gradually reserved for Indian-owned vessels.

Q. 19. The Committee hold that by reserving the Indian coastal trade gradually for Indian-owned vessels it would be possible to develop an Indian Mercantile Marine which would help the country in numerous ways. But at the same time there must be sufficient safeguard that by such reservation freight may not go up and trade suffer in consequence. It is essential that the reservation of the coastal trade should be gradual and keep pace with the development of the Indian Mercantile Marine the reservation being extended from port to port as the development of the Indian Mercantile Marine would permit.

Q. 20. While advocating the reservation of the Indian coastal trade for Indian-owned vessels the Committee would insist on the imposition of a condition that such ships should give facilities for training Indian apprentices.

Q. 21. For an Indian Mercantile Marine ships of 500 tons upwards, according to requirements, are most likely to be required.

Q. 22. The vessels for an Indian Mercantile Marine should be built in private dockyards wherever possible and where there is a Government dockyard it should be developed and utilised for this purpose.

Q. 23. The present condition of the ship building and Marine Engine construction industry in India is extremely unsatisfactory.

Q. 24. In India the export and import trade of the country is carried in foreign vessels and the Government do not encourage

shipping and shipbuilding by the people of the country. The Committee of the Chamber had evidence during the German war of a single enemy vessel the "Emden" working havoc to ships in Indian waters. We find that in every other country shipping and shipbuilding are encouraged by their Governments and in times of war these ships are utilised for purposes of defence.

Q. 25. The Committee are of opinion that indirect help in diverse ways, as specified in answer to question No. 6, is necessary to encourage the people of this country to go in for shipping and shipbuilding industries.

Q. 26. The Committee are of opinion that State aid is necessary and desirable to promote the development of shipbuilding and Marine Engine construction industries by the people of this country.

Q. 27. The Committee are of opinion that bounty should be paid for encouraging shipbuilding and Marine Engine building in India as has been done and is still being done in other countries. Especial railway rates should be allowed for the carriage of shipbuilding materials. Money should be advanced at special rates of interest for the encouragement of shipbuilding as is done in the case of railways. Custom and other duties should not be levied on shipbuilding materials and, if levied at all, should be at specially reduced rates. Otherwise it would not be possible for local dockyards to compete with foreign industries which have not to pay any local duties. The Government of this country being satisfied with the development of the British Mercantile Marine do not take any interest in the development of a Mercantile Marine by the people of this country. When a demand is created for shipbuilding in this country raw materials will gradually be available and skilled labour will also be forthcoming.

Q. 28. For the purpose of satisfactory development of these industries by the people of this country the Committee recommend legislation for some especial imposition on goods carried on foreign steamers and the setting apart of this money for encouraging shipbuilding and Marine Engine construction in India. They also advocate other measures as indicated in their answer to questions Nos. 25 and 27.

Q. 29. Construction bounties should be granted to vessels, built in Indian shipyards.

Q. 30. Construction bounties should be confined to vessels built of steel only, the minimum gross registered tonnage being 500 tons to begin with.

Q. 31. The Committee would recommend Rs. 15 per gross ton in case the hull is made of foreign material and Rs. 20 per gross

ton when the material also is manufactured in India.

Q. 32. In case the propelling machinery also is built in India, a bounty per actual horsepower should be paid to the propelling machinery builder.

Q. 33. To begin with no restriction should be placed on the use of foreign materials in shipbuilding, specially in the matter of machinery. But the manufacture of shipbuilding materials and machinery in this country should be encouraged by the payment of higher construction bounties to vessels built of home made materials and using machinery manufactured in the country.

Q. 34. No custom duty should be levied on materials and machinery imported for shipbuilding and, if levied at all, should be at a greatly reduced rate.

Q. 35. To prevent the abuse of concessions the Committee propose that materials should be imported by *bonâ fide* shipbuilders under an official certificate; or some reliable agency should certify that the materials and machineries are required for the construction of a vessel of a certain tonnage and by a certain reputable firm.

Q. 36. The present condition of the wooden shipbuilding industry in India is, in the opinion of the Committee, unsatisfactory.

Q. 37. In these progressive days when steam and electricity have been harnessed to the service of man people prefer and consider it safe to send their goods by vessels built of steel and there is difficulty in insuring goods despatched in wooden ships. Wooden ships can be used for short-distance coastal trade; but the industry need not be encouraged.

Q. 38. For reasons given above, the Committee are of opinion that wooden shipbuilding need not be encouraged unless it be for short-distance coastal trade. The Committee understand that now-a-days other countries are not encouraging the building of wooden ships.

Q. 39. The Committee are of opinion that State aid need not be given to promote the further development of wooden shipbuilding industry by the people of this country.

Q. 40. Reference is invited to the answer to the previous question.

Q. 41. As the Committee are not in favour of encouraging wooden shipbuilding they do not recommend any legislative measure.

Q. 42. The Committee are not in favour of the grant in aid of construction bounties to wooden ships built in Indian shipyards.

Q. 43. No Insurance Company will insure goods shipped by wooden vessels unless they

get prohibitive rates. The Committee cannot suggest any remedial measure.

Q. 44. If they find good prospects a 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.

Q. 45. The Committee hold that if retired Officers open schools for coaching for a small fee Government aid may not be necessary; otherwise such help would be required.

Q. 46. Cadets should have preliminary training in a training ship, and can also have training while serving as apprentices in a sea-going vessel.

Q. 47. The Committee are of opinion that preliminary training should be given in India and the training ship should be provided and to a great extent supported by Government.

Q. 48. If a limited number of cadets is to be trained in England half the expenses should be borne by the cadets and the remaining half by the Government by establishing a system of scholarships—say a fixed sum monthly.

Q. 49. A beginning should be made with one or two training ships and their number may be increased according to demand. The maintenance charges can be met partially by fees and partially by Government aid.

Q. 50. The Committee recommend the establishment of a training ship. Time has not yet come for establishing a nautical college, but when some advance is made the Government will have to establish one.

Q. 51. After receiving preliminary training in a training ship the boys should have further training as apprentices in a steamer of the Mercantile Marine. In case such an opportunity is not available they should be trained in a sea-going ship which can meet a part of her expenses by carrying cargo.

Q. 52. Foreign ship-owners do not seem inclined to take Indian apprentices for purposes of training. The Committee are of opinion that they do not like the idea of Indians being trained to be officers of a Mercantile Marine and it pays them to engage Indians only as lascars on a small salary. As regards excuses on religious and dietary grounds they are merely an eye-wash and need not be seriously considered. Only those Indians who have no objection to a common diet, etc., would volunteer for sea-service. Ship-owners who get postal subventions should be made to take some Indian apprentices on the usual terms.

Q. 53. The Committee understand that now-a-days no premium is charged from apprentices. But if it has to be paid the Committee would recommend that the Go-

vernment should pay half of it and the apprentice the other half.

Q. 54. A sea-going training ship for apprentices should be supplied free of cost and maintained, to a large extent, by Government. The fees from apprentices and the income from freight for the carriage of Government stores and other goods should go to minimise the cost to be borne by Government.

Q. 55. The answer is in the affirmative.

Q. 56. Having no experience on the point the Committee cannot offer any opinion as to the curriculum of study.

Q. 57. The Committee do not feel competent to express an opinion on this matter.

Q. 59. The Committee believe that a considerable number of youths of this country are likely to be desirous of following the sea in the capacity of Engineers in the Mercantile Marine.

Q. 60. The Government should take active steps for their training and future employment. In case retired Officers start private schools for coaching, Government help will not be necessary.

Q. 61. The Committee are of opinion that facilities for the training of apprentices in the R. I. M. workshops as also in suitable engineering schools should be given by Government if necessary.

Q. 62. Some Engineering firms and Government dockyards can give sufficient practical training to apprentices to enable them to become efficient Marine Engineers.

Q. 63. The Committee understand that in Bengal some theoretical and practical knowledge can be imparted in the Sibpore College and, if necessary, the facilities offered there can be further developed.

Q. 64. The Committee would recommend a combined training ship to train officers and engineers for the Royal Indian Marine. The would-be officers and engineers of the Mercantile Marine can have further training to qualify themselves for the Board of Trade Certificate as apprentices in the Mercantile Marine or on a sea-going training ship. And if this is not considered sufficient for obtaining Commissions as Officers and Engineers in the R. I. M., the boys, after two years' training in India, can complete three years' training in England. The Committee understand that there are several first class Board of Trade Engineers who have never been to England for training.

Q. 65. The Committee are of opinion that Government should give facilities to enable suitable candidates to serve their apprenticeship.

Q. 66. The Committee approve of the principle.

Q. 67. The Committee propose that in giving postal subvention, both coastal and over-seas, Government should make it a condition that the ships should take a specified number of Indian apprentices without any premium with the object of training Indians as Officers and Engineers in the Mercantile Marine.

Q. 68. All steamer companies may compete for mail contracts to foreign countries. But coastal mail should be gradually reserved for the Indian Mercantile Marine. The competition for it should be between companies owned and managed by Indians when up to the standard.

Q. 69. The Committee propose that Government should help the establishment of an Indian Mercantile Marine by gradually reserving the coastal trade for it as also by shipping Government stores by it and adopting various other measures suggested before.

Q. 70. The Committee recommend some special imposition on goods carried by foreign steamers and its utilisation for the encouragement of an Indian Mercantile Marine.

In conclusion the Committee would like to say that by Indian Mercantile Marine they refer to ships owned by Indians and registered in India. In the case of joint-stock companies being owners such Companies should be managed by Indians and three-fourths of the shares should be held by Indians.

Oral evidence of RAI UPENDRA LAL ROY BAHADUR, Representing the Bengal National Chamber of Commerce, examined at Calcutta on the 29th December 1923.

President.—I hope you will realize that this Committee is not out to oppose the establishment of an Indian Mercantile Marine. It has been appointed to advise Government as to the best method of starting it. If you are asked any questions that you don't want to answer or you would rather not answer, please do not hesitate to say so, and if we appear to criticize any of your statements, you must realize that we have got to advise Government seriously as well as economically.

Q. Do you represent the Bengal National Chamber of Commerce?

A. Yes; in a way I also represent the Indian Merchants' Association of Chittagong.

Q. Are there any ship-owners in the Bengal National Chambers?

A. Yes.

Q. In your preamble you say that the advent of steam ships built of steel contributed to the decay of the Indian shipping industry. Was this not the natural consequence of the fact that steam ships replaced wooden ships all over the world and India had wooden and not steel ships?

A. Steel and steam combined replaced wooden ships.

Q. Supposing you had the Indian coast run entirely by Indian ships, would not rate-cutting go on just the same as it does now?

A. We would like to stop it by legislation if possible. Maximum and minimum rates of freight may be fixed.

Q. Would you declare the deferred rebate system illegal even for Indian companies?

A. Yes.

Q. How would you arrive at the maximum and minimum rates of freight?

A. We would want a competent authority to regulate the rates from time to time according to circumstances.

Q. Whom would you have as a competent authority?

A. We want some controlling authority as the Railway Board, which alters rates and fares for railways.

Q. In your answer to question 10 you say that bounty may be fixed at 6 annas per ton for 1,000 knots navigated or proportionate to the distance covered, the minimum speed being 8 knots. Has this bounty of 6 annas a ton been worked out by your Chamber on a scientific basis?

A. A Committee of our Chamber was appointed for discussing these replies; they went into these figures and arrived at the rate.

Q. Apart from the coastal trade being reserved for Indian ships, you are in favour of excluding non-British subjects from the coast altogether?

A. We cannot do it all at once; we would exclude them from time to time.

Q. Would you not like to exclude the foreigners, that is to say, the Japanese or Germans, right away?

A. Yes, if possible.

Q. You recommend that at the outset a certain portion of the coasting trade should be reserved for Indian-owned vessels and with the development of the Indian Mercantile Marine the whole of the coasting trade

should be reserved gradually for Indian-owned vessels. Would you tell us how we are to begin?

A. I cannot fix the exact proportion. A certain percentage may be fixed from year to year.

Q. Say you reserve 10 per cent. for the first year. Would you buy 10 per cent. of the existing ships?

A. There are already some steamers owned by Indian companies; if they know that 10 per cent. will be reserved for Indian-owned ships, they will increase their fleets and other companies will be floated when the people come to know it is decided to reserve the coastal trade for Indian-owned ships.

Q. The coastal trade of India varies from time to time and it has a great demand. Ships from other parts of the world come and go. How would you tell, for example, the British India and the Asiatic that they must clear out?

A. I think we will have to spread it over ten years.

Q. Would you have legislation passed and tell the British India and the Asiatic that they have got to reduce their fleets in ten years?

A. Yes.

Q. Would you compensate the existing British lines?

A. I do not know if other countries compensate the foreigners. I do not think any compensation will be demanded.

Q. You are not in favour of encouraging the wooden shipbuilding industry by State aid?

A. Speaking on behalf of the Chittagong Merchants' Association, I would like to encourage wooden shipbuilding also. Wooden ships are an advantage for certain ports. We built a ship of about 500 tons in Chittagong, a sailing ship, called "Omurchand." Commander Williams, ship surveyor, got some grant from Government to construct a model ship and with that he gave an illustration. A summary of his advice appears under the heading of an article on shipbuilding (witness produced a cutting from a newspaper) in which he advises how wooden ships could be built cheaply. If ships are built according to his advice, I think there is much room for improvement.

Q. There is no outside competition other than Indian competition in the wooden shipbuilding trade. Why should you want Government aid?

A. Wooden ships are an advantage for certain ports and there is competition even here. I know of an instance in Chandbali (the Cuttack side) in which there was competition between us and Macneils.

Q. If they are a paying proposition, would it be fair to ask Government to spend more money on wooden ships?

A. In the case of wooden ships also there is some competition.

Q. But the other companies you compete against would also get Government help?

A. They are not absolutely Indian.

Q. The wooden shipping trade is all Indian?

A. There are some Europeans also who were interested in it.

Q. Do you think that there are plenty of young Indian gentlemen who would be ready to go to sea and become Officers on ships?

A. We have several applications from respectable Indians for training at sea.

Q. Some witnesses have told us that the best officers would be formed from the present Serangs and lascars if they are educated. What is your opinion?

A. They might do well.

Q. Do you consider that they would be suitable men to command passenger ships from a social point of view?

A. They are not very high in social status.

Q. For mail steamers you would want a higher class of Indians?

A. Yes, a better class of people should be on mail steamers.

Q. Along with an Indian Mercantile Marine, are you also in favour of having a small Indian Navy?

A. Yes.

Q. Do you consider it would be reasonable to ask Government to put up a certain amount for that purpose?

A. Yes.

Q. Do you think you would get sufficient number of young men who would make good Naval Officers as well as good Mercantile Marine Officers?

A. Yes.

Sir John Biles.—Q. Are there sufficient wood ships for the trade you are speaking of?

A. There are not sufficient wood ships.

Q. Where is the competition then?

A. I do not speak of competition. Only in certain ports there is competition by the inland steamer companies against wooden ships.

Q. Can the wooden ships compete with steamers?

A. They can, if they are fitted with auxiliary engines.

Q. Taking account of the initial cost, interest on depreciation, etc., do you think that wooden ships will cost less?

A. The cost of a wooden ship will be less than that of a steam ship.

Q. What is the maximum size of these wooden ships?

A. My experience has been with 500 ton boats.

Q. Are there many 500-ton boats?

A. Not many. In Chittagong side there are about 5 ships of that size; the others are 100 to 200 tons.

Q. You consider that these small wooden ships can compete with steamers?

A. For certain ports only. In fact we have found that there has been demand for wooden ships by certain classes of merchants.

Q. You mean they prefer to carry goods in wooden ships?

A. Yes.

Q. What sort of goods?

A. Rice and paddy. During the paddy season, a good number of wooden ships go out to Akyab and they load there and go all over the coasting ports, Cochin, Colombo, etc.

Q. Do you mean that the size of these small wooden ships are suitable to enter the small ports and that the big ships cannot get in?

A. That is one of the reasons.

Q. Why do you want a subsidy for these wood ships when they do not compete with steamers?

A. There is competition in certain cases. I do not advocate subsidy for the entire fleet of wooden ships. If they are encouraged they would improve and I feel there is demand even now for wood ships in some places.

Q. You say there are not enough wooden ships and that people won't build them, because they won't pay?

A. People do not build, not because they won't pay, but because it is very difficult to get insurance for them. There is a great disadvantage in this, *viz.*, that wooden ships are not able to get insurance.

Q. What will be the result of subsidizing them?

A. Shipbuilding will improve.

Q. It will not improve unless a profit was got out of the shipping.

A. It is not a losing concern. There is a demand for wooden ships and if the demand is to be met, subsidy will be necessary.

Q. When there is a demand, can not people be encouraged to build them without a subsidy?

A. By itself it is not an encouragement, but with the subsidy, it will be an encouragement. In the Article by Commander Williams which I gave you you will find that he has mentioned certain facts which go to show that the building of wooden ships can be improved a great deal. People as yet do not know how to build them cheaply and scientifically, they still build in their own crude way; they use more timber and have less of cargo space. If ships are to be built according to this design, we want subsidy.

Q. What is the nature of the improvement proposed?

A. Improvement in construction and also fitting up auxiliary machines. I think they will be more profitable.

Q. Do you think they will not construct new wooden ships without a subsidy?

A. I think so.

Q. There is not enough enterprise to do without a subsidy?

A. Yes.

Q. Do these considerations apply to steel shipbuilding? Would you say there is not enough enterprise to build steel ships without a subsidy?

A. Yes.

Q. Have you any idea as to whether a steamer built in India will cost more than one bought from abroad?

A. It will cost more to build a steamer in India.

Q. Unless it is subsidized by way of some protection?

A. Yes.

Q. In your answer to question 5 you have recommended a series of State aids which you would give. Would you want all these or only some of them?

A. As far as practicable, I would recommend the adoption of all.

Q. You suggest that the deferred rebate system and rate-cutting should be done away with?

A. Yes.

Q. Do you know any method of regulating these rates?

A. No.

Q. Do you know of any foreign country in which rates of freight are controlled?

A. I cannot say from memory. I will try to find out the information and send it on to you.

Q. What do you think will be the advantage to India by the development of an Indian Mercantile Marine?

A. The profits will be confined to India.

Q. Will India find the capital?

A. Yes.

Q. Is that the only way in which India can profitably encourage capital?

A. No; there are other means also. No country depends entirely on its Mercantile Marine.

Q. You said that when you have a Mercantile Marine that will efficiently serve the coast of India, the existing ships should be displaced. Cannot the capital necessary for an Indian Mercantile Marine be used in other industries?

A. All countries are benefited by having their own Mercantile Marine and there is no reason why India should not. A Mercan-

tile Marine of her own will benefit India in various ways.

Q. You say all countries are benefited by the mercantile marine. Do you know how much the United States have lost on its marine?

A. I do not know.

Q. It has lost some hundreds of millions of pounds?

A. I have no idea.

Q. So it is not always advantageous to have a mercantile marine?

A. There may be some reasons which operated against the success of the United States. I have no idea what their loss is due to.

Q. You believe in a sea-going training ship?

A. Yes.

Q. You say that the cost of the training ship should be borne by Government to a large extent? To what extent?

A. The whole of the cost might be borne by the Government and they might recoup the cost by imposing a cargo tax.

Q. The Japanese carried cargo in the training ships and they gave it up afterwards because it did not pay towards the maintenance of the training ship? I do not think you can make much out of a training ship by way of freight?

A. If training is given in a vessel that carries cargo that is another question. Training ships are an absolute necessity and without them, it is impossible to train Indians in the seafaring life.

Q. You believe in apprentices paying some fees?

A. Yes, if necessary.

Sir Arthur Froom.—Q. You say that undue combination and competition of European shipping companies with the object of crushing the purely Indian shipping industry is one of the causes which militate against the development of the shipping enterprise by the people of this country. You mean competition by Indian companies against the British companies?

A. No, I mean competition by the British companies against the newly started Indian companies.

Q. Surely it is the Indian companies that began the competition against the English companies which were already trading on the coast?

A. I do not think so. The Indian companies did not run in competition with the British companies. The Indians started this as an industry and they were killed by competition from the established companies.

Q. The new concerns were started in competition with the already existing concern?

A. It is not actually in competition with the established concerns. The Indians started

this as an industry. If by merely starting this, it is competition, then you are welcome to call it 'competition.' My view is that the English companies crushed the Indian companies by unfair competition.

Q. They did not start new industries? When you start a business in an industry which is already well established, it is competition?

A. That is not. Take for instance the business in rice. If there are 10 merchants doing business in rice and if a eleventh man enters into the business it is not competition by the new-comer. On the other hand if the already existing companies combine themselves with the object of crushing the new-comer, then that is competition.

Q. A new company starting and trying to abstract business from an already existing company that I should call competition. Of course, I am not blaming the new company for that?

A. There are two ways of competing. If they start on the same lines, then it is not competition. On the other hand if they start on different lines and if they begin to offer low rates, then it is competition. In the present instance, the new companies did not offer low rates and so they cannot be put down as competitors.

Q. I put it to you that these Indian companies when they started business began to quote rates much lower than the rates prevailing among the existing companies? Will you not call that competition?

A. If the new companies work on a certain standard by which they get some profit, then they should remain satisfied with that rate. The new companies quoted rates which left them some profit after the working expenses. On the other hand the already established companies lowered their rates below the working expenses, then that is to be called competition. Supposing it pays you to charge Rs. 8 and the existing companies are charging Rs. 12. If the new companies charge Rs. 8, then it should not be called competition.

Q. If the established companies are charging Rs. 12 and if the new companies charge Rs. 8, you do not call that competition?

A. That is healthy competition. But if the charges are lowered below the working expenses with a view to crush another company, then it is unhealthy competition.

Q. If a company is started with the object of attracting cargo from the existing companies, is not that competition?

A. If the charges quoted by the new company cover the working expenses and a small margin of profit, it is not competition.

Q. My idea in introducing this point to you, is to impress upon your mind the fact

that the opposition of the established companies was not directed against the new companies because they were Indians, but the same opposition would have been offered if a new British company was started in competition with them?

A. Competition in business is quite welcome, but not unhealthy competition. What Indians feel is that the competition was not offered in the ordinary course. It was with a view to crush the new companies that the established companies lowered their rates to a ridiculously low extent.

Q. It was not at all on racial considerations that the existing companies opposed? If a new English company was started, the existing companies would fight it?

A. There have been no cases where the existing companies fought a new British company. The British India and the Asiatic joined together to monopolise the whole coastal trade.

Q. Do you still wish to emphasise the point that it was because the new companies were Indian companies, they were crushed?

A. Our association does take that view. We find there has been undue combination and unhealthy competition.

Q. The existing companies started their business about 60 or 70 years ago facing considerable losses from time to time and by patience, industry and good management, built up the coastal trade of India?

A. Yes.

Q. They established their own lines and at the same time they built up the coastal trade of India? I have never been able to understand why 60 years ago Indian companies did not start to do the same business.

A. They did not have the necessary facilities.

Q. They had just the same facilities as the English companies. If they had the ambition and the enterprise they could have bought ships?

A. They did not have any facility with regard to the building of ships.

Q. But they could have bought them? I put it to you that it might be considered want of enterprise in the shipping industry 60 years ago that the Indians find themselves in this position to-day?

A. They did not have the required facilities in those days. They could not have competed with their existing craft against steel ships.

Q. The wooden ships went to the wall when the evolution came, they could have availed themselves of the opportunity. It seems that if those interested in Indian shipping at that time had taken their courage in both hands and gone into the trade then they would have been on the coast now?

A. That may be the cause, but at the present moment we think that the Indian mercantile marine should be started. We are a progressive nation and for the benefit of the country we want to have a mercantile marine of our own. No doubt credit may be given to the companies that started sixty years ago. We quite appreciate their work.

Q. Now that the trade has been built up by hard work and enterprise on the part of the existing companies, Indians who might be considered responsible for their not having entered into the trade, now wish to jump into it and establish themselves and to bring this about by legislation?

A. Yes, that is the position. But we want it for the benefit of our country.

Q. How would you fix maximum and minimum rates?

A. A controlling body on the lines of the Railway Board may be appointed so that it may look into the prevailing conditions and then fix the rates.

Q. That controlling body will in effect control the shipping business?

A. It will control only the freights.

Q. Our experience is that control is bad for industrial enterprise?

A. Surley the Railway Board is not bad.

Q. I do not think Railways are parallel with shipping? There is no open competition on the railways? There are not three or four railways for the same tract of country? Speaking generally do you like control in business?

A. Generally speaking I do not like control, but for the development of the Indian Mercantile Marine, I think it is necessary.

Q. You are in favour of steel shipbuilding?

A. Yes.

Q. You suggest that the Royal Indian Marine Dockyards should be used for shipbuilding?

A. Yes.

Q. Of course they are not, in their present stage, capable of building ships? You will have to erect a costly shipbuilding yard? There is no dock in this country fit to take over the building of large ocean-going vessels?

A. Small ships have been built here. So the dockyards may be developed to build large ships.

Q. That would be costly?

A. Yes.

Q. If we develop the existing dockyards, have you any idea whether the cost of a ship built here would be greater or less than the cost of a ship built in Great Britain?

A. I think in course of time the cost may be equal. I have no expert knowledge with regard to that.

Q. Experts have told us that it would be much more costly to build a ship here.

Assuming that it would be more costly, you still advocate that the shipbuilding should be started here and subsidised by Government?

A. Yes.

Q. The difference between the cost of building here and the cost of building in Great Britain will have to be paid by the Government?

A. Yes. That may be met by the imposition of a cargo tax or by some other means. We think that the present moment is very opportune for buying ships at a cheap rate. In course of time, we can have dockyards for building ships.

Q. Are you of opinion that when the present companies which are running the coastal trade of India are replaced by the Indian owned companies the service will be as efficient for the country as it is now?

A. Yes. There may even be less complaints.

Q. The cost of starting an Indian Mercantile Marine including the bounties for shipbuilding would be very considerable?

A. Yes, of course it would be considerable.

Q. You are prepared to recommend that the country should bear the cost which would be a charge on the general taxpayer?

A. We have suggested the imposition of a cargo tax.

Q. Collect it from any channel you like, it must eventually come back on the taxpayer?

A. The general taxpayer of India may not be affected to the same extent as the outsiders.

Q. If you get money from the Government, it is eventually paid by the general taxpayer?

A. The people who make money out of business carried on in India have to bear a portion of the taxes. If foreign cargoes that come into India are made to pay a portion of the tax, surely that is not taxation on India alone; it would be a tax on the people who are benefited by the trade.

Q. If a tax is levied, will it not increase the freight?

A. It might.

Q. I want to emphasise the point that the people of India will have to bear the extra tax?

A. Supposing some goods are sent from Germany to India and a tax is levied on the imported goods, surely that is not a tax on India alone. The people of Germany who have sent the goods and who derive profit therefrom will bear a portion of the tax. Similarly for exports.

Q. Do you mean to say that the consumer in India will not pay but the producer will pay?

A. No, the consumer will pay a portion.

Q. The margin of profit in exports is very low. If you put an extra charge on your produce, the producer in India will have to pay it or not ship at all?

A. I do not think the producer in India alone will bear the tax.

Q. Then he is placed at a disadvantage with other countries?

A. No.

Q. Because he has got to pay higher freight?

A. A man coming from Germany and shipping goods from India to be consumed in Germany, is called upon to pay a tax. Surely India need not bear any part of the tax. It is the consumer in Germany that has to bear the tax. It is not the Indian taxpayer alone that will suffer, but the whole world doing business with India will have to bear a portion of the tax.

Q. However you recognise that it would mean extra cost to have a mercantile marine? Do you still think that it will be beneficial to the people of the country?

A. Yes.

Q. You recommend that the people of the country should go in for it?

A. Yes.

Mr. Jadu Nath Roy.—Q. The Indian shipping enterprise which existed in the past was discouraged by British shippers?

A. Yes.

Q. You legitimately expect the Englishmen to make amends for their past conduct?

A. It is not in any spirit of retaliation that the mercantile marine is asked to be developed.

Q. The advent of steel ships tended to the decline of the Indian shipping industry?

A. Yes.

Q. You say that the Indian companies were crushed on account of unhealthy competition on the part of English companies?

A. Yes.

Q. Can you give instances of undue combination?

A. The Bengal Steamship Company started business between Rangoon and Calcutta. They carried passengers as well as cargo. It was undue competition that killed the company.

Q. If an Indian chartered an outside ship for sending cargo to a certain port, then the established companies would not allow him to ship his goods by their line?

A. The existing companies will refuse space for his goods even to ports where the chartered ship does not go. My own business was stopped in that way.

Q. Can you give us any definite evidence?

A. Yes. There are some merchants who ship their goods from Akyab and Rangoon to Chittagong and the Malabar and Coromandel ports. When the Bengal Steam Navigation Company started their business, they started only with these ports and the shippers from these ports, when they went to the British India Company, were refused space.

President.—*Q.* We cannot accept hearsay evidence. Can you let us have any written refusal of the British India Company?

A. It is a record in the company. I know that the firms have said these things to members of our Association.

Mr. Jadu Nath Roy.—*Q.* Please try if you can get written evidence.

Sir Arthur Froom was telling you that these competitions were not on racial grounds as, if any European company had started, there would have been the same competition. Do you know that the crews employed in the East Bengal River Steam Service are not taken in by British companies?

A. Yes.

Q. How do you account for it?

A. It is on racial grounds.

Q. It is said that India is an integral part of the British Empire and there is already the British Mercantile Marine which is serving India?

A. I can give you an instance. I had a small steamer in which I used to carry passengers and cargoes from Chittagong to Rangamati. The India General and River Steam Navigation Company, who never dreamt of sending a steamer there, as soon as they came to know that I had started a line, sent one of their small steamers which could go to that port and began competition with us. What happened was that we had to give way and stop our service. They also took away their steamer after we had stopped the service.

Q. Is it not clear from this that they do not want Indians to go in for shipping?

A. It looks like it.

Q. It has been suggested to us that the Indian coast is well served by the existing steamer companies and that there is no necessity for a subsidized Indian company.

A. We have many grievances against the existing companies; they increase their rates and the treatment they accord to Indians has been complained against.

Q. Can you give us any history as to that?

A. As far as I remember the secret of starting the Bengal Steam Navigation Company was due to the kicking out of a passenger from one of the regular liners. When the complaint was brought to the notice of the authorities, it was not listened to and no action was taken. Even at the present mo-

ment there is complaint of ill-treatment to the Deck passengers. The tickets of third class passengers are not checked at the entrance and after the steamer sails from the port, the deck passengers are all taken to a particular hold and if anyone makes a delay in the production of his ticket he is kicked and treated very brutally. I have seen this done personally when travelling between Akyab and Chittagong.

Q. If you start an Indian Mercantile Marine, do you think that passengers will be better treated?

A. I think so. This treatment is not given by Indian Officers. This sort of treatment should be remedied even if no Indian Mercantile Marine is started.

Q. You point to these as the reasons why India wants a Mercantile Marine of her own?

A. Yes; an Indian Mercantile Marine will also benefit the country economically and otherwise.

Q. Do you think that the people of India will be benefited if this new industry is opened out?

A. Yes; in the end it will be a benefit to the country even if in the beginning the people have to bear an extra burden.

Q. Do you consider that it is a very legitimate aspiration of the people to have an Indian Mercantile Marine?

A. I think so.

Q. In your reply to question 22 you say that the vessels for an Indian Mercantile Marine should be built in private dockyards and where there is a Government dockyard it should be developed and utilized for this purpose. Would you always utilize Government dockyards or only for a time?

A. Till private dockyards are built and fully equipped.

Q. Don't you think that if there is an Indian Mercantile Marine it will serve as an auxiliary during times of War?

A. Yes.

Q. Do you think that higher class Indian youths will come forward for training for a sea career?

A. Yes. We find that even respectable Indians of high classes have adopted motor-driving as a profession, because it is a lucrative occupation. Mercantile Marine is a still higher service and people will surely come forward to take to this line.

Q. It has been suggested to us that dietary objections may stand in the way of high class Indian lads coming in.

A. I don't think they will. They are vanishing now.

Q. You also recommend a training ship in Indian waters?

A. Yes.

Q. Because there is no possibility of the existing shipping companies taking Indian apprentices?

A. Yes.

Q. As regards the question as to why Indians did not take to shipping 60 years before when the existing companies were being started, don't you think that if Government had helped Indian companies with subsidies they would have gone in for it before?

A. Certainly.

Q. On the other hand we find that Government discouraged Indian companies?

A. That is so.

Q. With regard to freight control, you said that no company would like any outside control.

A. That is the general principle in business.

Q. The East Indian Railway is a company-managed line and still the railway rates are controlled by Government?

A. I suggested that there should be some authority to fix rates in shipping on the same lines as the Railway Board control railway rates.

Diwan Bahadur T. Rangachariar.—Q. In your answer to question 70 you recommend some special imposition on goods carried by foreign steamers and its utilization for the encouragement of an Indian Mercantile Marine. That is to say, you advocate a special duty both on imports and exports for the purpose of developing an Indian Mercantile Marine?

A. Yes.

Q. How much would you advise? What rate per ton of cargo?

A. I have not worked it out.

Q. It has been suggested to us that a rate of 8 or 12 annas a ton may be imposed.

A. To start with I think 8 annas will do.

Q. Do you consider that it will bear hard-ly on the poor?

A. I don't think it will.

Q. Is it because the consumer will have to pay it?

A. The consumer will also be benefited in other ways.

Q. How will the consumer be benefited?

A. This imposition is proposed for the development of an Indian Mercantile Marine. The imports will be taxed; with regard to exports, we shall also get something from other countries. If there is a small addition in the cost to the consumer, there will be an ultimate gain to the country.

Q. Would you be content with one training ship?

A. One will not be enough. To my mind at least three for the three important ports are necessary.

Q. You say that the number of appointments open will be very small in the first instance and unless there is a guarantee of employment, do you consider that people will come forward for training?

A. It is a question of demand and supply. We may start with one training ship and if more students come forward the number of ships may be increased.

Q. Do you think there will be any difficulty in getting Bengal boys to go to Bombay if there is a training ship?

A. There are Bengali boys getting education in other lines in Bombay; I think they will be quite prepared to go to Bombay.

President.—Thank you very much.

Witness No. 49.

Captain A. St. C. BOWDEN, R.I.M., Principal Port Officer, Burma, Rangoon.

Written Statement, dated the 10th April 1923.

Q. 1. Assuming that Indian shipping, i.e., shipping-owned, managed, and manned by Indians as is implied by Question 2 is referred to I consider its present condition unsatisfactory.

Q. 2. The same conditions as militate against a beginner invading what is practically a monopoly in any walk of life.

Q. 3. No.

Q. 4. Necessary and desirable.

Q. 5. Legislation to make deferred rebates illegal and fixing the minimum and maxi-

mum rates for freight and passages, combined with a system of bounties.

Q. 6. Yes, *Vide* reply to Question No. 5.

Q. 7. Yes, between any ports within the British Empire.

Q. 8 to 17. If it is decided to grant bounties to foster Indian shipping the whole question would have to be considered by a special sub-committee: Such subsidised vessels should be required to carry Indian apprentices for training.

Q. 18. Assuming that bounties are granted the reservation of any portion of the Indian coasting trade would not in my opinion be necessary.

Q. 19. This question appears very difficult to answer until an Indian mercantile marine is in existence the effect would certainly at first be detrimental.

Q. 20. If any reservation of Indian coastal trade is decided on facilities for training Indian apprentices should be given by all vessels employed in that reserved trade.

Q. 21. Moderate sized cargo and passenger steamer of from four to eight thousand tons register, length about 400 feet, and draft about 26 feet.

Q. 22. I do not consider that building of vessels for Indian mercantile marine should be confined entirely to private shipyards, Government dockyards should be established at the major Indian Ports to act as a check on costs and time required to carry out the work.

Q. 23. The present condition of shipbuilding and Marine Engine construction is still in its infancy and remains undeveloped, practically all boilers and engines of any size being obtained from abroad.

Q. 24. Amongst the conditions which militate against the development of the shipbuilding and Engineering Industry in India, is the backward condition of the country generally in engineering and shipbuilding knowledge and the lack of inducement to encourage any one to take up this business.

Q. 25. A system of Technical education is required to which engineering and shipbuilding apprentices or workmen could take advantage, and attend classes after working hours. More attention should also be given to the study of mathematics in elementary and higher grade schools, a thorough knowledge of which is necessary in the training of engineers and shipbuilders.

Q. 26. State aid is necessary in the promotion of technical education and greater facilities afforded to those already engaged in engineering and shipbuilding to extend their knowledge, an impetus would thus be given to these particular industries. Full advantage would be taken of any facilities put forward towards this end.

Q. 27. It should take the form of free technical classes for artisans or bounties to Firms engaged in shipbuilding and engineering.

Q. 28. It should be made compulsory for apprentices in Engineering and shipbuilding establishments to attend a technical school either during or after working hours, which should be State aided. As an inducement

to rapid progress, prizes should be offered to successful students.

Q. 29. Yes.

Q. 30. It should be confined to vessels built of steel only and of 500 tons gross and upwards.

Q. 31. A grant of Rs. 15 per ton gross should be granted for a period of say 10 years, after which if successful in building up an industry, it should be continued but on a diminishing scale.

Q. 32. A bounty should also be paid to propelling machinery builders for actual Horse Power.

Q. 33. As materials and parts mentioned could not at present be supplied in India, exception should be made in their case and bounty paid whether materials or parts mentioned were made in India or imported.

Q. 34. They should be admitted free of Custom duties.

Q. 35. I have no suggestions to offer on this point.

Q. 36 to 43. I am of opinion that the construction of wooden ships of any considerable size should not be encouraged.

Q. 44. At first yes. But after the conditions of the mercantile marine service are better understood and appreciated, there will be a falling off in my opinion.

Q. 45. (a) Yes, the initial stages of their training should be fostered by the State.

(b) Interference by Government at this stage would in my opinion tend to nurse this experiment too much.

(c) Entirely private enterprise, but subject to the proviso mentioned in (a).

Q. 46. A training ship (sea-going) is the best method in my opinion; but a training ship (non-sea-going) would suit the purpose.

Q. 47. Training in India at this stage would be the best, a training ship being provided and assisted by Government.

Q. 48. Only specially selected cadets should be trained in England after 6 months in the Indian training ship. Yes I think Government might establish a system of scholarships which should take the form of providing $\frac{1}{2}$ fees for the boys training at home and $\frac{1}{4}$ the premium during their apprenticeship period in the Merchant Service.

Q. 49. One at the initial stage partly supported by fees and partly by Government.

Q. 50. No.

Q. 51. This is a matter which I understand the Board of Trade have decided. I believe the conditions are still that 4 years apprenticeship has to be completed before a candidate is entitled to appear for his 2nd Mate's examination. But they stipulate that 2 years in a training ship (sea-going or

otherwise) may count as one year towards this initiation period. There may be some alteration in these regulations now.

Q. 52. They would be very adverse to doing so. I think the principal arguments would be:

- (1) These Indian boys would not be wanted as their future officers, being quite satisfied with their present supply.
- (2) Would be adverse to giving them any preferential or favoured treatment.
- (3) Would fear that if accepted, this acceptance would prejudice the recruiting of British boys for their ships and therefore they would not encourage the enlistment of Indian apprentices in any way.

I can only suggest that one, two, or more ships from the principal companies trading out East and on the coast of India should be selected with especially appointed officers in sympathy with this movement, these officers might draw a special allowance.

Q. 53. Except in the case where boys have obtained scholarships Government should not pay anything.

Q. 54. No, maintained by premiums, carrying freight, and Government stores.

Q. 55. Free food. No uniform or clothing allowance.

Q. 56. Ideas could be obtained from the Officers Commanding Training ship in England and adapted to Indian conditions.

Q. 57. Such Academies should be established at each port at which a training ship is established.

Q. 58. Eventually at Bombay and Calcutta, fees should be charged for tuition but they would have to be partially supported by Government.

Q. 59. I doubt if the sea as a profession will ever be popular with the better class of Indians up to date, the Engineering branch appears to attract more adherents than the Executive.

Q. 60. The Government dockyards which it is proposed should exist in the major Indian Ports, viz., Bombay, Calcutta and Rangoon, should be utilised for

- (a) their training,

- (b) their future employment would have to depend on supply and demand,
- (c) facilities for further study I should leave to private enterprise.

Q. 61. Facilities for further study by Government I do not consider necessary.

Q. 62. I am in doubt about this point, but the proposed Government dockyards should be equipped with this end in view.

Q. 63. Such Institutions do exist, at Rangoon there is the Government Insein Engineering College, at the Sibpur College of Engineering in Calcutta, diplomas in Engineering are also issued, what college provides a curriculum in Bombay I am not personally cognisant.

Q. 64. With such a small annual entry I consider the present arrangements adequate. In some ways the establishment of a combined training ship for the Royal Indian Marine and mercantile marine seems a solution. I assume that there would not be more than an average of 2 (1 Executive and 1 Engineering) candidates of Indian parentage for the Royal Indian Marine annually from say the year 1928, and onwards. This would practically be 50 per cent. of the total entries. I am taking the above year as the year in which duly qualified youths from this country would commence entering the service as Cadets or Midshipmen. In these circumstances I think the "training ship" in India should be reserved for the mercantile marine service only, and parents who hope to enter their sons for the Royal Indian Marine should send them to a "home" training ship, or engineering firm. Even if a training ship for the Royal Indian Marine only is decided upon I am not in favour of mixing lads of 14—15 with youths of 18—21.

Q. 65. Beyond the fact that vessels employed in reserved Indian coastal traffic will be obliged to carry Indian apprentices other facilities do not appear necessary.

Q. 66 to 68. I accept the present principles as regards the postal subventions for the carriage of mails and can urge no considerations other than those at present existing.

Q. 69. No methods of indirect aid are advocated.

Q. 70. I have no suggestion to make regarding raising of necessary funds.

Oral evidence, Rangoon, the 7th January 1924.

President.—We are only seeking after information and if we ask you any questions which are outside your province or which you would rather not answer, please do not hesitate to say so.

Q. Have you, ever since you have been in Burma, had any young Burmese gentlemen coming to you asking to be given facilities to enable them to go to sea?

A. Never.

Q. As a matter of fact the inland water service does not come under our Terms of Reference; but there are sea-faring people in them and we might be able to get officers from this service for the future for the Indian mercantile marine. Have you got a very large personnel?

A. About 2,000.

Q. Are any of them Burmans?

A. We have one or two Burmans.

Q. Are there any Burmans in the Deck or Engineering crew?

A. No.

Q. Have you any Burmans in the light ships?

A. No.

Q. Are all the light ships commanded by Europeans?

A. They are commanded either by Europeans or Anglo-Indians; they are all non-Burmans.

Q. You have got sea-going vessels, trawlers, etc., under the Government of Burma. Are they commanded by Europeans?

A. Yes; they are commanded by Europeans and manned by Indians.

Q. Are they all pensionable?

A. The Officers in the sea-going vessels are not at present pensionable.

Q. Do Indians when they earn their pensions go back to India?

A. Yes; they do not even bring their families here, and their leave is also taken in India.

Q. So, the Indian in Burma is very much in the same position as the Britisher in India?

A. Yes.

Q. They make their living in this province and retire to their own homes?

A. Yes.

Q. Are you a Board of Trade Examiner?

A. No. I only carry out the "inland" examinations.

Q. Are there any Indian first class masters?

A. There are one or two.

Q. Do the Irrawadi Flotilla Company still employ Europeans in their ships?

A. Yes, they do, in all their large steamers. I think there are a number of Indian second class Masters.

Q. Our duty is to recommend to the Government how best to start an Indian mercantile marine and it is no use giving training to Indian youths unless they have a certain prospect of future employment. It has been suggested to us that either a portion or the whole of the coastal trade of India might be reserved for the Indian mercantile marine; but in view of the fact

that the Burmans themselves do not go to sea and that Indians come over to Burma in the same way as Europeans come to India, do you think that it is fair to reserve the coastal trade of Burma as well as the coastal trade of India?

A. I think there are very few Indians of the better class as Officers and if it has got to be an experiment as regards India with Indians, I think it should be an experiment in Burma with Burmans.

Q. You would not treat an Indian in Burma any different from a Britisher in Burma?

A. No.

Q. In your capacity as a Senior Officer in the Indian marine, what do you think are the prospects of the best class of Indians coming forward as Officers in the Indian marine?

A. I have not come across any with proper education and it is a question for consideration if they would benefit by education. I think the class I have come in contact with would not to any great extent.

Q. But take the Warrant Officer class. Supposing you took their sons and gave them really good education and trained them up as Officers; don't you think they might make good Mercantile Marine Officers in the future?

A. There is no reason why they should not.

Q. Do you think that, if we start a training ship, Government should help it?

A. I do not, see how it can be established without Government help.

Q. I suppose that from the point of view of the Burma Government if you have sufficiently qualified men, there is no reason why you could not employ them to be in charge of the light ships and trawlers you have?

A. We have an Indian in charge of one light ship and two Anglo-Indians in charge of two others.

Q. This Committee considers that Anglo-Indians are statutory Indians, and so all the three light ships are in charge of Indians. Are they satisfactory?

A. I think they are more satisfactory than the class of Europeans who are in charge of light ships.

Q. If Indians were trained and qualified would you recruit them for the Pilot Service, say, in Rangoon?

A. No.

Q. It must be an experiment; we have got to give them a chance and there is no use of training them unless there is some future for them?

A. The future would rest with them.

Q. It has been suggested by one witness that if the Government of India could foot the bill it might be a good plan to take Indian youths on a world-wide tour in order to see whether they have a real desire for the sea and whether they would like to stick to it. Do you think it would be a good idea to do this?

A. It would be very expensive and I do not know if the youths would make up their minds definitely to stick to sea life.

Q. Is your labour in the Government Dockyards here nearly all Indian?

A. It is very mixed, we have Indians, Burmans and Chinese. We build Inland steamers up to 150 feet here.

Q. Do you build actual steamers?

A. We build the hull and get engines and boilers from home.

Q. Is there a big sailing ship industry in Rangoon?

A. No; all Indian-owned craft are small.

Q. There is an Indian-owned sailing ship from South Africa?

A. There is one, but she has not been a success as regards Indian-owned shipping. She has been here for over a year, but the owner has not sent any funds since the ship came here. Messrs. Ispahani and Company who are his Agents, have repudiated all charges on account of her and she has been taken over by me as Receiver of Wrecks. She had a European crew which I sent back to South Africa at a cost of £2,000 to the State.

Q. Are there many Indian steamers trading in Burma?

A. Very few. If you call the Scindia Steam Navigation Company an Indian company, they trade here.

Q. But it is Indian-owned. Do they come under you in any way?

A. Only in case of passengers certificates; and for wireless equipment.

Q. Do you find that their steamers are efficiently run?

A. Yes. I have had occasionally received complaints about their wireless installations, but I do not think that the Scindia Company have in this respect been greater offenders than other lines.

Q. Have you had any personal experience of the apprentices that they carry?

A. No.

Sir Arthur Froom.—Q. In answer to Question 5 you advocate legislation to make deferred rebates illegal. Is that your own opinion or what you have heard generally about the deferred rebate system?

A. My own opinion is that deferred rebates which seem to prevent any healthy

competition, should be abolished. I quite realize that there is a good deal to be said in their favour in providing regular and faster services of steamers.

Q. Have you read the report of the Committee that sat on deferred rebates?

A. Yes.

Q. Your view has possibly been changed after reading the report?

A. Yes.

Q. Have you had any experience of the hardship or absence of hardship in the deferred rebate system?

A. No.

Q. I mean, you are a sailor by profession and not a businessman?

A. Yes.

Q. You suggest minimum and maximum rates of freight; don't you think this would mean a certain amount of control?

A. I do.

Q. Do you think that control in business is a good thing?

A. I do not know the business side of it; but I know that shippers and ship-owners wish to avoid Government control in the shipping business.

Q. You recognize that shipowners went through a good deal of Government control during the War and it was abolished as soon as practicable after the War.

You suggest a system of bounties. Your suggestion, I take it, is based on what you have heard, chiefly with regard to the suggestion to start an Indian mercantile marine?

A. It seems to me that Indians must be helped in some way.

Q. Any business that Government sufficiently helps financially would yield profits; do you think so?

A. Yes. At the same time it will cost the country something to subsidize shipping.

Q. We are in Burma and I do not propose to take you to the whole of India. Do you think that people in Burma would cheerfully bear increased taxation to provide an Indian mercantile marine?

A. No; I do not think it would appeal to the Burmans at all.

Q. Do you consider that there are any ship-building yards which could turn out ocean-going steamers of, say, 5,000, 6,000 or 7,000 tons?

A. Not at present.

Q. I take it that a shipbuilding yard could be built here to turn out ships?

A. The difficulty is that raw material will have to come from England.

Q. Or from India? Steel plates are being manufactured by the Tata Iron and Steel Company.

A. I think the iron-ore industry in India is comparatively recent.

Q. Presupposing that a shipbuilding yard is able to turn out ships, could you give any idea as to what the relative cost would be between ships built, say, in the Rangoon river and those built in Great Britain?

A. No. Labour is much cheaper out here, and that would be in favour of a much reduced cost.

Q. Do you consider that labour, which would be employed in a shipbuilding yard on this river, would turn out man for man an equal amount of work as a labourer employed in a shipbuilding yard in Great Britain?

A. My experience of the shipbuilding yards in Great Britain was rather at an unfortunate time (in 1920); the amount of labour turned out by a man then in Great Britain was small indeed.

Q. That was during War time?

A. Just after the war.

Q. We have been told that labour in England turns out about three times as much as labour out here.

A. I couldn't tell you.

Q. What I am trying to get at is the cost of a ship built here compared to that of a ship built in Great Britain.

A. We find it cheaper and more satisfactory to go home to build, say, a 150 feet ship than build it out here; but for smaller types we build hulls here, getting the engines and boilers from home.

Q. The bigger type is more economically built at home?

A. Yes.

Q. And still bigger ships would be still more economical to build at home?

A. Yes, that naturally follows.

Q. Do you recommend bounties for ships built here?

A. Yes.

Q. Bounties which would more or less repay the difference in cost?

A. Yes.

Q. Will the taxpayer in Burma cheerfully shoulder the increase?

A. I do not think that either in India or in Burma he would cheerfully bear the burden of taxation.

Q. We have been told that in India the taxpayer would cheerfully shoulder the increased taxation to start the Indian mercantile marine. Do you consider that in Burma he would also bear the burden?

A. No.

Q. Supposing Government provided facilities for training the youths of Burma to go to sea, do you think that they will come forward?

A. No experiment has ever been made in Burma; they do not come forward for river steamers, but there has not been any serious effort made to get Burmans on the river steamers.

Q. Have you all Indian crews in your steamers?

A. Practically all are Indians.

Q. Is there anything in the way of Burmans coming forward?

A. No. The Burmans are employed extensively on the river, but only on their own craft; they do undertake clerical work, but I do not think everybody can employ them.

Q. Do you wish us to deduce from this that since Burmans have not come forward for river craft they would not take any interest in the scheme to provide training for them to become Officers in sea-going vessels?

A. It is a new suggestion. If the suggestion is made that better class Burmans should come forward to be trained as Officers, it might alter the complexion entirely; but the lower class of labour does not seem to attract the Burmans.

Q. A training ship, if provided by Government, would again be another expense?

A. Yes.

Q. If a share of the cost of providing a training ship has to be met by Burmans, would they agree to it?

A. At present they object to paying anything in Burma.

Sir John Biles.—Q. In making your answer to Question 4, do you assume that it is necessary and desirable to promote the satisfactory development of shipping industries by the people of this country?

A. It seems reasonable to give Indians a fair chance if they desire it. I might add to the answer to that question "if the Indians desire it."

Q. The question is: "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?" Your answer to it is that it is necessary and desirable to promote the satisfactory development of shipping industries by the people of this country. Is that so?

A. I do not think it can be developed without State aid in the first instance.

Q. But in your answer don't you intend to imply that it is necessary and desirable to promote the satisfactory development of shipping industries by the people of this country without State aid?

A. I think that if Indians wish to enter the field of shipping they should be given a chance to do so.

Q. Is it your opinion that the Indian is as efficient as the European in shipping development?

A. It may be considered racial prejudice, but I think the Indian is not as efficient as the European.

Q. If you do not consider that the Indian is as efficient as the European, then is it to the interests of India that the Indian should be employed to develop the mercantile marine rather than the European?

A. The Indian has had no chance to become efficient.

Q. He has had a good chance of becoming efficient in other ways of which you have cognisance?

A. Outside the sea service I have had no chance of seeing the Indian. In some cases the Indians have produced very efficient regiments in the army.

Q. Are they wholly Indian?

A. They are officered by Europeans.

Q. Is the Indian mercantile marine that you have in your mind to be officered by Europeans?

A. I suppose the ultimate object is to train Indians as officers.

Q. Do you think that if an Indian mercantile marine is developed and if it is wholly run by Indians, it will be as efficiently run as the British ships?

A. No, it will not be. But still my opinion is based on the assumption that they have never yet been really tried. I think the Indians must be given a trial, before we can pronounce them as inefficient.

Q. The first step towards the development of the Indian mercantile marine will be to displace some British ships?

A. Presumably it will be.

Q. Do you think that the displacement should be by compensation or without compensation?

A. I do not think compensation will be necessary. The displacement should be gradual. If the Indian shipping companies were not efficient, they would not be able to compete with the present shipping industry.

Q. You think that the mercantile marine can be developed by giving bounties and that no reservation of the coastal trade is necessary?

A. There will have to be some sort of reservation. But I do not know very much about the trade and the system of bounties. These are really very complicated.

Q. You are not very hopeful about the possibility of an Indian mercantile marine?

A. I am not.

Q. You think they ought to have an opportunity to try and develop the mercantile

marine, but you do not think they would be successful?

A. I do not think I can make that statement until the Indians are given a trial and found wanting.

Q. So your opinion is that nobody can say whether the experiment will be successful or not until it is actually tried?

A. Yes.

Q. You think no compensation is necessary if the existing lines are turned out?

A. You cannot turn out the existing lines; it will be a very long process extending over a number of years.

Q. The proposal has been made by some witnesses that the coastal trade should be reserved for Indians and that the monopoly, if it is a monopoly that exists at present, should be immediately abolished?

A. I do not think that is at all a reasonable or fair proposal. I think we have to find out whether they are able to conduct the coastal trade as efficiently as it is conducted now before we can dream of giving a monopoly to the Indian owned ships.

Q. You think it will be a monopoly if the trade is handed over to the Indian owned ships?

A. Yes.

Q. You do not think that the operation of competition between them would be any more effective than it is at present?

A. Do you suggest monopoly to Indians? I understand British ships will not be allowed to come here.

Q. Do you think that in effect it would be a monopoly just as it is now amongst the Britishers?

A. I do not think it is a monopoly to the Britishers at present.

Q. It is alleged to be so?

A. It is very hard to say so. It is mere speculation.

Q. Do you think that the details of bounties and the question of reservation should be passed on to another committee?

A. I cannot answer that because I know very little about the system in which the shipping trade is run.

Q. But you do express the opinion that it should be considered by a special sub-committee, or is it that you cannot help us in the matter?

A. I am afraid, I cannot.

Q. You are of opinion that if bounties are given, the reservation of the coastal trade is not necessary?

A. I may say at once that the whole of the answer in my written statement was given within a fortnight after the receipt of

the questionnaire. These answers were not the result of deep consideration. I had a great deal of work to do, and I had to draft a reply to the questionnaire hurriedly, so that I may be within the time allotted.

Q. Have you read the report of the Imperial Shipping Committee on the deferred rebate system?

A. Yes.

Q. Do you agree with their findings?

A. Yes, generally.

Q. So that your proposal to abolish the deferred rebate system is now withdrawn?

A. I do not think the Imperial Shipping committee were entirely against the deferred rebate system; they advocated the agreement system.

Q. The abolition of the deferred rebate system was under discussion in that committee, and as an alternative the agreement system was suggested to be adopted in cases where the people were not willing to adopt the deferred rebate system. That was done in South Africa and in some other places. They were of opinion that some kind of system was necessary. Do you agree with them?

A. Yes, generally.

Q. You said that you did not read the report of the Imperial Shipping Committee in April 1923 when you sent the answers to the questionnaire. Now that you have read the report would you alter your opinion and withdraw your proposal for the abolition of the deferred rebate system? I understood you to say that you would rather modify your opinion having read the report of the Imperial Shipping Committee?

A. I said that it was more discussing the matter with the local shippers than reading the report of the committee that led me to alter my views.

Q. But you have since read the report of the Imperial Shipping Committee and you agree with their conclusions?

A. Yes, generally.

Q. Have you had occasion to ascertain the opinion of Burman shippers in the matter?

A. Yes.

Q. Are they in favour of or against the deferred rebate system?

A. I think they are generally in favour of it.

Q. One of the reasons urged against the continuance of the deferred rebate system is that the shipowners intimidate the shippers and compel them to ship only by their lines? Do you know any instance of such intimidation?

A. I do not.

Mr. Jadu Nath Roy.—Q. You think that if the deferred rebate system is declared illegal, some other system is necessary binding the shippers and the shipowners?

A. Yes.

Q. Will this not in effect enslave the shippers to the shipowners?

A. I have discussed this matter with several shippers. They say they are quite able to deal with shipowners and that they can always get the shipowners to meet them half way.

Q. Under the deferred rebate system are not the shippers bound to the shipowners?

A. Yes, they do seem very much bound to the shipowners?

Q. If the shippers desire to ship their goods by a new Indian company, they cannot do so unless they are prepared to forego the amount accrued as rebates to them?

A. That is so.

Q. If the Indian shipping is to be encouraged at all, then they cannot compete with the present well established British companies unless the deferred rebate system is abolished by legislation?

A. Yes, that is so.

Q. Don't you think that the deferred rebate system is only beneficial to the well established companies?

A. I do not think so.

Q. You say that if bounties are granted, reservation of the coastal trade is not necessary? Bounties always imply a burden on the tax-payer. Don't you think that if the coastal traffic is reserved, it will be a less burden on the tax-payer?

A. If the coastal trade is reserved and if it is not efficient, then it will fall on the tax-payer in another way. If the coastal trade is completely reserved for Indians, then my apprehension is that the service will not be efficient.

Q. If the coastal trade is reserved, then several Indian companies will be started and they will compete amongst themselves and thus maintain an efficient service?

A. My small experience of the Indian companies is chiefly coloured by the instance of a vessel which is here now. Its method of doing business is quite hopeless.

Q. There is the Scindia company which is run on up-to-date lines?

A. Yes, they do run on efficient lines. I am referring to the vessel of another company.

Q. Would you prefer reservation to bounties?

A. I should be afraid of reservation.

Q. With bounties alone the Indian companies cannot succeed. If the coastal trade

is reserved, then the Indian companies will thrive?

A. I think that with bounties the Indian companies have a fair chance of competing with the present companies. If there is reservation there will not be sufficient inducement for the Indian companies to run an efficient service.

Q. But the Indian opinion is that without reservation the Indian companies cannot stand the competition of the present well established British companies?

A. I should come to reservation after the experiment of bounties is tried and found unsatisfactory and not before then.

Q. Is it because that the pay offered to lascars is not sufficiently attractive that the Burmans do not come forward as lascars?

A. Vessels manned by Burmans ply on the Irrawadi. I have not made enquiries what pay they get; but I imagine that they are better paid than the lascars in other private vessels.

Q. What is the reason for their not becoming lascars?

A. Probably they do not like the life on board ship.

Q. In answer to Question 44, you say that if the conditions of the mercantile marine service are better understood, there will be a falling off in the number of youths coming forward for the sea service? Why do you say so?

A. They will get better wages in their own provinces and the hardships of life at sea are considerable.

Q. Do you consider that the same will be the case as regards officers also?

A. Yes, I think so, because they will be able to get more pay in other professions on shore.

Q. In reply to Question 45(b) you say: Interference by Government at this stage would in my opinion tend to nurse this experiment too much? Why do you consider so? The Indians have had no opportunity of employment at present. If they get themselves trained, there must be some inducement in the initial stages that they will be supported by the Government. At the present moment the British companies do not take any Indian apprentices.

A. If the Indian youths are found serviceable they will surely be taken by the British or any other firms.

Q. But they are not taken at present?

A. The answer refers to the future.

Q. You are in favour of a training ship?

A. Yes.

Q. It is stated that the Burmans will not take advantage of the Indian mercantile

marine, because they do not like to associate themselves with or work in a subordinate capacity under the Indians. Do you hold this opinion?

A. The Burmans do go as clerks and work with Indians.

Q. Is it because the Burmans do not like to associate themselves with Indians or is it because they are averse to hard work?

A. I cannot answer that; probably they are averse to hard work.

Diwan Bahadur T. Rangachariar.—Q. How long have you been out here in the East?

A. I landed in Rangoon in 1887.

Q. Since then you have been in Rangoon?

A. No, in other provinces also.

Q. Most of your life is connected with Rangoon?

A. Most of my life has been spent at sea.

Q. Do you know Madras and Bombay as well as you know Burma?

A. I know very little of Madras; but I know a little more of Bombay.

Q. Do you know that Bombay has equal objection to Madrassis coming in?

A. I do not know; one does not meet many of the sailor types from Madras and Bombay.

Q. So far as certain provinces are concerned, these provincial jealousies will exist; but since Burma forms a part of British India, would it be right to treat it as a separate entity?

A. We treat Ireland as a separate entity at home.

Q. That is why you lost it.

You said that Burmans do serve as crews in Burmese-owned ships?

A. Yes; they are only river boats.

Q. Do they not even take to river boats owned by the Irrawadi Flotilla Company?

A. No; and there are no Burmese-owned steamers so far as I know; they are all river craft.

Q. Are there any similar craft owned by other people, Indians or Europeans?

A. I don't think there are.

Q. What is this peculiarity due to? Why do they take to river life only on Burmese-owned crafts and not in British-owned ships?

A. The fact is that all the Officers on these Burmese-owned crafts are Burmans.

Q. Is the coasting trade of Burma entirely in the hands of the "British India"?

A. There is also the "Asiatic Steam."

Q. Do the Asiatic Steam Navigation Company come to Burma pretty often?

A. Yes.

Q. There is also the Scindia Company?

A. Yes.

Q. What is the relative proportion of the shipping carried on by the 'British India' as against the other two?

A. About 80 per cent.

Q. How is it that a powerful Company like the Irrawadi Flotilla Company has not gone in for coastal trade? Are they under any agreement with the 'British India'?

A. Not so far as I know; they have a profitable business and that is why they have not gone in for coastal trade.

Q. But I suppose they could include the coastal trade; they have the necessary capital haven't they?

A. They have special facilities for river craft at present; going to the coastal trade would be launching out in an entirely new direction.

Q. If the people of India as a whole are to develop a mercantile marine, you have stated that some State aid is necessary. You consider it impossible to develop a mercantile marine otherwise?

A. Yes.

Q. Please refer to your answers to Questions 4 and 5. In order to satisfactorily develop the shipping enterprise by the people of this country, you consider the suggestions which you have made in your answer to Question 5 reasonable. Is that not so?

A. Yes.

Q. Do you think that, if the deferred rebate system or the Agreement system continues, it being almost a practical monopoly in the hands of one company, it is practicable for Indian companies to come into existence?

A. No.

Q. You were asked by Sir John Biles and Sir Arthur Froom whether you revised your opinion after reading the report of the Committee on the deferred rebate system. That Committee had nothing to do with India; in fact they never visited India. If you consider the question from the point of view of developing the Indian mercantile marine, do you think the average agreement system or the rebate system would allow the coming into existence of an Indian mercantile marine at all?

A. I do not see why the agreement system should not.

Q. An agreement can only come into existence with the consent of the other party, who is the existing monopolist, is it not?

A. Yes.

Q. Having read the past history of Indian enterprise in the matter, do you think it is at all likely that the monopolist would agree to take any other people?

A. No; not unless the hands of the existing companies are forced by legislation.

Q. So that some legislation is needed in order to enforce the agreement?

A. It seems to me to be necessary.

Q. You are in favour of granting bounties to develop an Indian mercantile marine rather than reserving the coastal trade?

A. Yes.

Q. What sort of a bounty would you advise?

A. A bounty on the tonnage carried or on the tonnage of the ship; I think the whole question of bounties is a very complicated one.

Q. Would you also advocate fixing some authority to fix the maximum and minimum rates of freight in order to ensure the development of an Indian mercantile marine?

A. Yes.

Q. With these two things secure, you think the Indian mercantile marine will have a fair chance of coming into existence?

A. I think it will have a fair chance of proving whether it will ever come into existence.

Q. Supposing it is difficult to find money for giving bounties and it is also necessary to develop an Indian mercantile marine and supposing also that partial reservation of the coastal trade is made either by confining the trade to certain ports or by a certain percentage of the ships being reserved every year, would you object to that?

A. I think that the reservation of a certain percentage of ships would be least likely to cause any serious damage.

Q. How would you view the other suggestion made, viz., to guarantee a percentage of profits to Indian-owned ships?

A. That would be very expensive.

Q. Would there be no difficulty on account of inefficient working?

A. Yes. The Government of Burma have, I understand, given some sort of guarantee to the Arakan Flotilla Company and the result is that owing to inefficiency in working it is not making a profit and Government are losing.

Q. How long has that company been in existence?

A. It has been in existence some 20 or 30 years.

Q. Do you know who runs the company?

A. I think it is run by Europeans. Guaranteeing profits does not seem to encourage any enterprise even in the case of Europeans.

Q. Would it not be much more so in the case of Indians who have had no experience in the shipping enterprise?

A. In the initial stages it might be so.

Q. Do you know much of the interior conditions in Burma; have you travelled much in Burma?

A. I do not know very much; neither do I speak the Burmese language.

Q. You were asked what Burmans would say to the starting of an Indian mercantile marine and you gave your opinion; but was your opinion based on any discussions which you may have had with Burmans or was it your own surmise?

A. I have had a good deal to do with Burmans; we have a number of Burman clerks in my office.

Q. Surely you won't discuss these questions with them?

A. They do not express any desire to invest in an enterprise like this.

Q. I do not mean that. You were asked what the Burmans would say to an increased taxation. Is it not really difficult to find out what the Burmans themselves feel unless they express an opinion?

A. Yes.

Q. Do you consider the American as efficient a seaman as the Englishman or Scotchman?

A. If I may decline to answer that question I would prefer to.

Q. Don't you agree that it is not right to form an opinion of a nation's capacity without giving it a fair chance of a trial?

A. Yes.

Q. Do you think that Indians have been given a fair chance in the matter of the shipping enterprise?

A. I do not think so; but only recently have they asked for it.

Q. With training ships about 8,000 miles away which would not take Indians as apprentices (only one ship would take a certain number) and with ships which run the coastal trade of India refusing to take Indians as cadets, do you think that Indians have had a fair chance at all?

A. No.

President.—I might say that it is only fair to add that "British India" does refuse to take British apprentices on their steamers also.

Dewan Bahadur T. Rangachariar.—

Q. We are not concerned with them; we are only concerned with Indians.

The British India have refused to take Indians as apprentices; do you consider that giving a fair chance to Indians to develop in them a taste for the sea?

A. They may have good reasons for not taking in Indians.

Q. Is that not an additional reason why an Indian mercantile marine should be developed?

A. I think it is.

Q. When we talk of displacing Britishers interests, it refers only to one or two companies; it is not as if a nation were involved in this, is it not?

A. I suppose it is only a few companies.

Q. As regards shipbuilding, you consider that Government dockyards should be developed in this country?

A. Yes.

Q. By such means you consider that opportunity would be given to Indians to be trained in shipyards?

A. Yes.

Q. Don't you think it will be sufficient if shipbuilding is left to private enterprise?

A. I consider that the Government dockyards which already exist ought to be utilized.

Q. In order to give Indians a chance of a sea life, till the Indian mercantile marine is developed, what would you advise should be done to give them a start?

A. Establish a training ship.

Q. Do you think one training ship would do for the whole country, including Burma?

A. It will be a start. If Indians take to it, we might have to increase the number.

Q. You suggest that for shipbuilding bounties should be confined to steel vessels of 500 tons gross and upwards. Do you consider that 500-ton vessels would be suitable for coastal trade, say, between port and port?

A. Yes.

Q. Do you consider that the small ports in India deserve better recognition and treatment?

A. They are rather backward.

Q. Do the existing companies which ply the coastal trade care to develop the trade in the smaller ports?

A. If it is going to be a financial success they are quite ready to develop the trade; but in some cases the profits are so small that it is not worth their while to do it.

Q. What would you advise to be done in order to develop these smaller ports?

A. It might pay the smaller steamers to call at these ports.

Q. As it is, I suppose this traffic is diverted to railways?

A. Yes, and from the west coast of Burma traffic is diverted by Indian sailing crafts.

Q. Supposing, for instance, we forced by legislation the existing companies which run the coastal trade to take Indian apprentices.

do you think that Indian apprentices would have a fair chance in life afterwards?

A. There is no reason to suppose that they will not give them a fair chance if they were forced to take them.

Q. But would it not be difficult to carry on unless we have an Indian mercantile marine?

A. I think that without an Indian mercantile marine it certainly would be difficult.

Sir Arthur Froom.—Q. In reply to one of my colleagues who introduced the deferred rebate system you said you recognized that under the deferred rebate system shippers were bound to ship-owners?

A. Yes.

Q. Would you equally recognize that ship-owners are bound to shippers?

A. Yes.

Q. Speaking, I think, of the existing companies on the coast, you gave it as your opinion that to enable a new company to compete legislation would have to be resorted to?

A. Yes.

Q. Are you aware that in shipping where there have been conferences, newcomers have

forced their way into the conferences without any legislation?

A. There have been isolated cases, I don't suppose it is common.

Q. I could give you 3 or 4 instances straightaway. In fact, nearer home, one Indian company has been admitted without any legislation, and so legislation is not absolutely necessary. A company comes, and if it is strong enough, it could fight its way in?

A. My opinion is that the Indian company you probably refer to has been admitted only as a question of expediency.

Q. Is it not natural in business? You cannot expect in business that a shipping concern is going to open its arms when a new concern arrives to cut into its trade.

A. That is so.

Witness.—In my answer to the original questionnaire I advocated that the methods of granting bounties should be referred to a special committee if or when the principle of granting them had been decided on by the Indian Mercantile Marine Committee and to this I adhere.

President.—Thank you very much.

Witness No. 50.

The Burma Chamber of Commerce, Rangoon.

Written Statement, dated the 20th April 1923.

Q. 1. From the purely business point of view, it appears to us that India is well supplied, both in its coast and external trade, with facilities for transport of merchandise and passengers. Seeing that these facilities are supplied, not so much by Foreign Ships but mainly by ships flying the Imperial Flag, existing conditions are by no means unsatisfactory.

Q. 2. The lack of development of shipping enterprise hitherto by the people of this country is a matter of natural evolution. The practical extinction of shipbuilding in India was caused by the introduction of the iron and steel ship and steam. For India now to recover her position so much leeway has to be made up that the revival of shipbuilding, if not to be extremely costly to the State, can only be brought about by the gradual establishment of the various industries on which shipbuilding is dependent.

On the other hand, nothing but financial considerations at present militate against the immediate establishment of Indian ownership with British or Foreign built ships. The

maintenance and success of such enterprises will depend entirely on the ability of their management.

Q. 3. No.

Q. 4. We consider that State aid is undesirable, if only for the reason that it is impossible to foresee the extent of the aid which would have to be given, and the likelihood that it would involve too great a strain on the resources of the country for the benefit of a single industry to the detriment of others equally important.

Burma, which looks to future development on lines different from those of India, and possibly to separation, would not wish to be party to any artificial fostering of Indian shipping enterprise in which she would have to bear a full share of the cost, with problematical advantage to herself.

Q. 7. No.

Q. 13. In present conditions we see no reason for making a change.

Q. 19. Reservation would result in restriction of competition, with its attendant disadvantages.

Q. 22. This should be a matter for private enterprise, and we are definitely opposed to the establishment or development of Government Dockyards for this purpose.

Q. 24. See No. 2.

Q. 26. See No. 4.

Q. 36 to 43. Even from the most protectionist point of view, we see no advantage to be gained by the encouragement of building of wooden ships.

Q. 43 and 45. We have, so far, seen no evidence of a desire on the part of the

educational youth of this country to adopt the sea as a profession, but we are quite in favour of facilities being provided on a modest scale in order to test the matter.

Q. 59. Our answer to this is similar to our reply to Nos. 44/45, but inasmuch as facilities already exist for the preliminary training, we are inclined to the view that there is evidence of a definite lack of desire.

Q. 66. Yes. We accept the principle as stated.

Oral evidence of Mr. J. W. RICHARDSON, representing the Burma Chamber of Commerce, examined at Rangoon on the 7th January 1924.

President.—We are only seeking for information to advise the Government of India how best to start an Indian mercantile marine and if we ask you any questions which you consider objectionable I hope you will say so.

Q. You are representing the Burma Chamber of Commerce?

A. Yes.

Q. Did your Chamber appoint a sub-committee to draft the replies to the questionnaire?

A. A sub-committee was appointed and the draft replies were placed before the whole Chamber and approved by them.

Q. You think that India and Burma are now well supplied with shipping?

A. Yes, I think so. We have at present facilities to get goods from almost any part of the world and for sending our goods to any place in the world.

Q. This Mercantile Marine Committee was formed in response to the general aspiration of the people of India to start a mercantile marine of their own. At present the whole coastal trade as far as the crews are concerned is manned by Indians. This committee was formed to advise the Government as to the best means of enabling Indian youths of good education to become officers in the marine. Can you give us your advice in the matter?

A. So far as Burma is concerned, it is exceedingly difficult to say whether the desire to go to sea exists or not.

Q. Does your firm do any actual shipping work?

A. Yes, they are the agents for home lines.

Q. There are in your Chamber a considerable number of members who are shipping agents?

A. There are several members who are agents of shipping companies.

Q. Is your Chamber generally averse to State owned shipping?

A. Certainly.

Q. You are not in favour of State aid?

A. At the present juncture I am not.

Q. State aid will naturally mean a certain amount of extra taxation on the people?

A. Undoubtedly it will.

Q. Supposing the Government decided to give State aid, do you think the Burmans would object to taxation for that purpose?

A. I am pretty certain that the business people will object.

Q. Are any Burmans owners of steamers either running in the coast or elsewhere?

A. No, they are not owners of steamships.

Q. You have Chinese steam ships?

A. There are two Chinese steamship lines.

Q. Do they run to China only?

A. Mostly to the coast of China.

Q. Supposing the Burmans were anxious to go into the shipping industry, they could have done so just as much as the Chinese?

A. Yes.

Q. Would the Chinese enter into rate wars if the Burmans entered into their trade?

A. I have never heard that matter discussed and I am afraid I cannot give an answer to that off hand.

Q. Have you ever had shipping matters discussed by Burmans?

A. Until quite recently there were very few Burmans who knew how to handle shipments.

Q. Are there many Burman shippers now?

A. There are very few direct Burman shippers now.

Q. You say: Burma which looks to future development on lines different from those of India and possibly to separation would not wish to be a party to any artificial fostering of Indian shipping enterprise in which she would have to bear a full share of the cost with problematical advantage to herself. Is there a strong feeling in the country for separation from India?

A. Yes, there is.

Q. You do not think that the Burmans would allow the Government of India to foster any industry in which the Burmans are not concerned?

A. I think the Burmans would object very strongly if they do not get any direct benefit.

Q. Is their objection based on racial grounds, or is it because they want to get as much benefit to themselves as possible?

A. I do not think it is based on any racial consideration. They certainly consider they should come first.

Q. Do you think there is any great future for the shipbuilding industry in Rangoon?

A. There is nothing to indicate a great future for the shipbuilding industry here. There is plenty of iron in the country, but coal has not been available to make shipbuilding a practical proposition. Until coal is available it is not possible to develop the industry.

Q. There is a lot of iron in the country?

A. Yes, undoubtedly.

Q. Supposing it is made possible to develop the industry, do you think sufficient enterprise will come forward in Burma to build ships?

A. There are several industries which have not even been touched upon by the Burmans. Taking the progress of the Burmans up-to-date, it is very difficult to say whether the enterprise will come forward or not. The Burmans know nothing about shipbuilding at present.

Q. You are in favour of facilities being afforded to train Indians if they do come forward?

A. If there is a real demand, then facilities may be provided.

Q. On the same lines as the Government help other industries?

A. Yes.

Q. You would not object to the establishment of training ships?

A. That must be determined by the demand. To start with we cannot establish a training ship and then see if there is a demand.

Q. The Indians want to go to sea, but the difficulty is they have no chance. There are no British firms which would take Indian apprentices and the ships of the Scindia are not enough to take all the apprentices.

A. If the Indians have gone through the necessary training, then they will be taken as apprentices.

Q. Now the Indians have expressed a desire to go to sea. Out of the three training establishments at home, only one will accept Indian youths. To send an Indian lad at the age of 14 to a cold climate thousands of miles away from his home would be as bad as send-

ing an English lad of the same age to a tropical climate like India?

A. It is only a comparatively small proportion of mercantile marine officers that are actually trained in the training ships. A good many of the apprentices go all over the world.

Q. Your Chamber see no objection to assisting the Indian youths if they do come forward?

A. If there is a real demand, there is no objection to assisting them.

Q. You are against Government building shipyards?

A. I am.

Q. You think that Government control is bad on principle?

A. Yes, I do.

Q. Leaving aside for the moment the question whether it is economically sound to have Government control, is there any objection to Government giving the money to start a private shipbuilding yard and try the experiment?

A. It would be extremely bad.

Q. Supposing you get steel plates from home free of duty, do you think there is any objection to the Government trying the experiment of shipbuilding in India to see whether it is fairly economical to build ships in India?

A. That leads to the question whether it is likely to be more costly to build ships in India. I do not think it will be economical to build ships in India.

Q. Supposing from an experimental point of view, the Government ask Messrs. Burn & Co. of Calcutta to build ships and guarantee them against all losses, will there be any objection to that?

A. If it is merely in the nature of an experiment I cannot see any objection to it.

Q. If it eventually proves a success, you would not object to Government guaranteeing a dividend just to keep the industry going?

A. That is not good business. I would object to it.

Diwan Bahadur T. Rangachariar.—Q. Are there any Burmans in your Chamber?

A. The Burmans have their own Chamber of Commerce. We have no Burman members in our Chamber.

Q. Are there any Indian members?

A. There are three or four Indian members in our Chamber.

Q. Were any of the Indians appointed on the sub-committee which was formed to draft the replies to the questionnaire?

A. No.

Q. Can you give me the names of members who constituted the sub-committee?

A. I am afraid I cannot.

Q. Are any Indian members of your Chamber agents for any shipping concern?

A. None.

Q. Do you come in contact with Burman non-officials holding any views on matters of public interest?

A. Yes, I do.

Q. Have you discussed this question of the formation of a mercantile marine with any Burmans?

A. I am afraid the Burmans with whom I discussed the matter are not what you would call wealthy men who are likely to take much interest in shipping. They are ordinary people who cannot hope to take any part in shipping.

Q. From a business point of view, you say that India is well supplied in the coastal trade. Do you recognise that from the Indian point of view it is not well supplied?

A. The Indians are taking an increasing share in shipping now.

Q. You refer to the Scindia company?

A. Yes.

Q. Can you mention any other Indian company taking a share in the coastal trade?

A. None so far as Burma is concerned.

Q. You know some years ago the Bengal Steam Navigation Company was started to carry on the coastal trade in Burma and that it ended in failure.

A. I was here when the company was closed up.

Q. Was it not a fact that the company which competed with the Bengal Steam Navigation Company took passengers free and gave them handkerchiefs as presents?

A. I have no information on the point.

Q. Do you think that from a business point of view it is possible for any Indian company to come into existence in the face of the competition of the existing well established companies unless aid is given by the Government?

A. The Scindia have been carrying on the trade without Government aid.

Q. I suppose you know the trouble they had to undergo? You must have known that the rates were reduced to as low as Rs. 6 from Rangoon to Bombay in order to put down the Scindia company? Was your company benefited by the reduction in rates?

A. Our company got no benefit at all by the reduction.

Q. Have you any interest in the coasting trade of India?

A. We ship a good deal of timber to India.

Q. Are you aware that the freight was reduced from Rs. 18 to Rs. 6 to Bombay.

A. I have a hazy recollection of it.

Q. Have not the rates again gone up to Rs. 16 since the agreement that was entered

into by the Scindia Company with the B. I.?

A. The timber rates have remained fairly steady.

Q. You have never heard that the rates have gone up again?

A. I do not think I have; but I can ascertain it.

Q. Do you think it is possible for any Indian company to come into existence without State aid of some sort or other?

A. That is a very difficult question to answer, because any new company will necessarily find it difficult to face a well established company. If the shipping companies that are going to start the trade come to some reasonable arrangement beforehand with the already existing companies, then there may not be much difficulty. I think that given sufficient determination and the ability to do a thing, the new companies should not find it difficult to come into the trade just as the Scindia company have done.

Q. You recognise that Indians will not be able to man their ships with Indian officers now and that they will have to employ British or foreign officers for some time?

A. Yes.

Q. It therefore means enormous cost to the Indian companies to employ superior non-Indian agencies to man the ships?

A. Yes; but not more than existing companies.

Q. You recognise that if a steamship company is started by Indians they cannot manage entirely with Indian hands, because the Indians with requisite training are not available at present to officer the ships?

A. Quite true.

Q. In the second place you recognise that the Indians have got very powerful interests opposed to them?

A. The interests opposed to them have been built up by efforts extending to a long number of years.

Q. The interests opposed to them are very powerful and influential?

A. Yes.

Q. They enjoy practically a monopoly?

A. No.

Q. Would you not call it a monopoly if you have only two companies trading on the coast?

A. There are other lines running from the west coast to Arabia. In Burma, there are the Chinese lines.

Q. The Indian coastal trade is run by only two companies, the B. I., and the Asiatic?

A. Yes.

Q. And both of them are very powerful?

A. Undoubtedly.

Q. You also know that several attempts were made by Indian companies to run the

trade and they all failed. About 10 crores of rupees were sunk in trying to start Indian companies.

A. I do not know.

Q. In South India, the Tuticorin company was started. The Bengal Navigation company was started in Bengal to carry on trade with Burma. Besides, several attempts were made to start other companies and they all failed on account of the competition from these two powerful British companies.

A. Those companies failed, but I cannot say their failure was merely due to competition from the British companies.

Q. On account of this combination arrangements had to be made between the Scindia Company and the British India last year.

A. I did not know that.

Q. The Scindia Company have already lost a considerable sum; the last balance sheet showed a loss of 5½ lakhs of rupees.

A. It may not altogether be due to competition.

Q. But it is mainly due to competition?

A. It is partly due to that.

Q. Shall I say over-weighting competition?

A. I won't accept that; it is strong competition undoubtedly.

Q. I do not know if you are aware that these Steamship companies which are flourishing on the trade of India, refuse to take Indian apprentices.

A. I did not know that.

Q. If your Chamber were aware of that, do you think they would have altered their opinion?

A. I am not prepared to commit them to that extent.

Q. Take it from me that they have refused to take Indian apprentices; that being so, the only chance for Indians to get training in navigation is to go to England where only one of the three institutions there will take them in limited numbers. Do you call this giving a fair chance to Indians?

A. It is rather difficult to say that it is so; but you have to take the difficulties into account and the absence of any real demand hitherto.

Q. How do you judge whether there is a real demand or not? Is it not done by creating the supply?

A. It is really a matter of opinion whether supply has to come before demand or demand before supply.

Q. Your Chamber have stated that they have so far seen no evidence of a desire on the part of the educated youth of this country to adopt the sea as a profession. Do you think it would be a fair means of testing their desire if the Steamship companies put up an

advertisement in the papers that they would take apprentices on such and such terms?

A. I don't think you can expect anybody to take that view.

Q. The existing Steamship companies get their full supply from Britain.

A. Quite so.

Q. Therefore, there is no need for training Indians.

A. Hitherto they have had no need.

Q. How do you now find out whether there is a demand or not? How did your Chamber form an opinion that there was no demand?

A. Until quite recently there has been no clamour on the part of Indians for an Indian Mercantile Marine.

Q. I know you Britishers want clamour.

A. We really did not see any people who were insisting on the formation of an Indian Mercantile Marine.

Q. I want your advice as a businessman of experience. Assuming for a moment that we must do something for developing an Indian Mercantile Marine, what would you advise should be done?

A. Indian merchants made a start in the cotton industry and they have done very well; they have started in other similar industries; why should they not start in the same way in the shipping industry?

Q. I told you the difficulties in their way. Do you think that in the face of these difficulties they should again venture?

A. I would refer again to the fact that the Scindia Company by their exercise of will have come into the shipping enterprise.

Q. You are not willing to go further and assist us with any suggestions?

A. I would not go to the length of saying that I am not willing, but I think the suggestions should come from the people who want to come in. We are certainly willing to consider them and endeavour to meet them.

Q. They suggest three things; reservation of the coastal trade for Indian-owned ships, granting of bounties and stopping the deferred rebate system. Which of these would you prefer, or would you condemn all?

A. The first proposal involves turning out the existing companies notwithstanding the fact that they have taken all these years to build up the trade.

Q. Unless they take steps to convert themselves into Indian companies, the result would be their gradual replacement by Indian companies.

A. I don't think that I could possibly agree to that.

Q. Supposing Government bought out 50 per cent. of the serviceable steamers that now ply in the coastal trade of India at a price

to be fixed by arbitrators, would you consider that unfair?

A. That resolves itself into a much larger question; should one industry be treated in this way when there are many other industries in the country which need development.

Q. It all depends on the nature of the industry. Would you kindly consider the three suggestions? Supposing 50 per cent. of the coastal trade was reserved for Indian companies, leaving the rest free, would you agree to that?

A. There are so many points to be taken into consideration that I find it exceedingly difficult to answer the question. After all it is a question of demand for freight space. I think I would rather not answer the question.

Q. Don't you think that reservation would be a lesser burden on the taxpayer than actual subsidies or bounties?

A. I do not think it would be a lesser burden on the shipper.

Q. But it would be a lesser burden on the general taxpayer?

A. On the whole it would be.

Q. I do not know if Burmese commercial opinion interested itself on the deferred rebate question. Indian commercial opinion was unanimously against the deferred rebate system. The Calcutta Jute Fabric Shippers' Association, the Baled Jute Shippers' Association, the Calcutta Wheat and Seed Trade Association, etc., all represented to the Imperial Shipping Committee that the deferred rebate system was a hardship. Do you remember if your Chamber gave evidence on the subject before the Imperial Shipping Committee?

A. I don't remember it; I don't think so.

Q. Don't you think that the deferred rebate system has the effect of tying down shippers?

A. It certainly has that effect to a certain extent; they can always cut loose if they are prepared to.

Q. Where there is no fair field, there is no free competition; but when 80 or 90 per cent. of the trade is in the hands of one company, the deferred rebate system is bound to act with greater effect.

A. It all depends on the company. We have found that the deferred rebate system has not been unduly harsh; in fact it has not been harsh at all.

Q. Do you think really that shippers would not benefit if this system were not in force?

A. As a businessman at any rate, I think that the shippers prefer stable conditions.

Q. I find from the Report of the Imperial Shipping Committee that the following asso-

ciations made a representation against the deferred rebate system:—

(a) The East Indian Grain and Oilseed Shippers' Association and nine other trade Associations in the United Kingdom interested in the Indian trade against the system as obtaining in the Calcutta home-ward trade.

(b) The following associations 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.

(c) The Associated Producers of East Africa and Uganda and, more recently, the Associated East African Chambers of Commerce at Nairobi.

(d) The Ceylon Association (London).

(e) The Association of West African merchants.

I do not find any Indian opinion that supported the deferred rebate system.

A. My point is that we have been very well served and the freights as a rule have been reasonable. If we have any real complaint that freights are unreasonable, I am sure the companies would take them into consideration.

Q. It has also been suggested to us that there should be a tribunal to fix maximum and minimum rates of freight.

A. I cannot conceive of that being workable at all; rates have got to be moved.

Q. Would you not have a tribunal of businessmen to decide that?

A. No, because it would leave so much room for difference of opinion.

Q. So you do not think that any of these suggestions could usefully be employed in order to develop the object we have in view?

A. I don't think so.

Q. What else would you suggest?

A. I have not come prepared with any suggestions.

Q. I want European merchants in India to look at it from the point of view of the Indian and see if they cannot help him in this matter. You told us that there is a growing feeling among Burmans that none of the paying businesses are in their hands. The rice trade, the river traffic or the timber trade for example; I suppose they feel that these are not in their hands?

A. Trades where large amounts of capital are required are not so much in their hands.

Q. You spoke of Burmese consciousness being roused; it may be due to want of push, want of energy on their part that they have not become sailors but still it is a fact.

A. I think it can hardly be said that the Burmans have ever been sailors.

Q. I am not mentioning that as an illustration to say that Indians are sailors and Burmans are not. There are, of course, a great many Indians on the Bombay and Madras coasts who have been sailors; they form the bulk of the service.

A. That is true.

Q. The national consciousness is being roused towards this aspect of the question; don't you think it is right that we should all combine to meet that consciousness in some way or other?

A. To some extent, yes; but I have the feeling that it is impossible to go and push one industry ahead before all the others. There is absolutely no reason why Indian aspirations should not be met as far as possible, but you cannot possibly concentrate on one point.

Q. But we are on this Committee now.

A. If you put it to me that shipping only should be pressed forward, I wouldn't agree to it; it has got to take its chance along with others.

Q. That would mean more money and more labour. Don't you think it is better to start with one industry?

A. There is a tremendous demand from all directions that all of them cannot be considered together.

Q. That should not be an excuse for doing nothing.

A. Certainly not.

Q. This Committee has been appointed to advise the Government of India how best to start an Indian Mercantile Marine. I want your co-operation with suggestions how best to do it. If your Chamber would like to consider the question from this point of view and give us their views, we should be obliged.

A. This Committee has been all over India; it is bound to come to some decision and to put up recommendations. Any decision that this Committee comes to if confirmed by Legislation, my Chamber would loyally support and endeavour to further.

Q. In your answer to Q. 2 you say that the lack of development of shipping enterprise by the people of this country is a matter of natural evolution. Do you mean by this "natural decay"?

A. The old shipping of the country had given way before the advent of steel and steam.

Q. Supposing you want to start a training ship and give facilities for training Indians, would you consider a sum of 5 or 6 lakhs per annum too much to spend for this purpose?

A. It all depends on the results. If with this amount only half a dozen men are trained, it is a waste, but if it is a question of training, say, 200 or 300 young men, I don't think it would matter.

Q. That is a matter of detail; do you consider that 5 or 6 lakhs per annum for the purpose of training Indians would be a very heavy drain on India?

A. I would prefer to base it on results. If satisfactory results are going to be attained, it is not an enormous sum to be spent.

Q. What is your objection to Government dockyards being improved so as to give opportunities for training young Indians?

A. My objection is that Government shipyards are not usually so efficient as private yards.

Q. I suppose you are aware that there are no private dockyards worth mentioning in India.

A. But there are possibilities of their coming into existence.

Q. The shipping companies that exist do not feel the necessity for starting shipbuilding yards.

A. Several small ships are built in Calcutta.

Q. To give a real training to the people, you must have good building yards.

A. You must also have so many other accessories.

Q. Do you think there is any reasonable chance of their coming into existence by private enterprise in India?

A. Not for many years; not because of the question of iron and steel, but due to lack of everything else necessary for a successful shipbuilding enterprise.

Q. What are your objections to Government improving private shipyards and keeping them in an up-to-date style so as to give training to Indians in shipbuilding?

A. My objection is largely one of principle; I do not believe that they can give the best training.

Q. Then we are left between the two horns of a dilemma; no private yards and no Government effort. If you want to learn shipbuilding, you must go to other countries.

A. Surely that is the best place to start from.

Q. Don't you recognize the difficulties of sending young men thousands of miles away?

A. It might be better to subsidize students rather than subsidize a shipyard. I am not prepared, however, to say that it is an advisable thing to do.

Mr. Jadu Nath Roy.—Q. In your reply to Q. 2 you say that the practical extinction of shipbuilding in India was caused by the introduction of iron and steel ships and steam. Don't you think that during this transition period, if Government had come to the help of the people, as they did in other countries, people would have been able to develop the shipbuilding industry?

A. We come back to the question as to how we could compel people to do it.

Q. Would it not have been an encouragement to the people?

A. If they haven't the desire, how could they be compelled to have the desire?

Q. Government have helped the people in other countries to develop their shipbuilding and if the Government of India did not intend to promote the Indian shipping industry, they would not have appointed this Committee.

A. The people themselves never endeavoured to do anything.

Q. People thought that the British Government would never help them in this matter.

A. It is rather a difficult question to answer.

Q. You think that nothing but financial consideration at present militates against the immediate establishment of Indian ownership with British or foreign built ships?

A. Yes.

Q. Don't you think that apart from financial considerations, protection from outside competition as may be afforded by the reservation of the coastal trade will develop the Indian shipping?

A. Of course protection without any regard to the surrounding circumstances must tend to the development of Indian shipping.

Q. The Indians feel that the coastal trade is their home trade and that therefore they must have a prominent share in it. In Australia, the coastal trade is reserved for Australian vessels. The Indians want that the coastal trade should be reserved for their own vessels.

A. In Great Britain, the coastal trade is absolutely free.

Q. In Australia they have certain regulations which prohibit English ships from trading on the coast.

A. That may be a fact but that is not in the best interests of the country.

Q. You say that Burma looks to future development on lines different from those of

India. Is not the development in all countries similar?

A. Yes.

Q. It may be that the Burmans want to have more Burmans employed in the Secretariat and other Government offices, but do they want separation from India on this account?

A. The policy of the separation party is to look after the development of the Burmans first before attending to the development of others.

Q. Do the Burmans want to develop themselves without the help of Europeans and Indians alike?

A. In the Burman's view, the Burman comes first.

Q. You say that reservation of the coastal traffic would result in restriction of competition with its attendant disadvantages. Don't you think that if the coastal trade is reserved, several Indian companies will be established and they will compete amongst themselves and thus maintain the facilities?

A. I take it that the Indian companies would be capable of combination just as any others.

Q. There is the combination of the B. I. with the Asiatic and surely the combination of the Indian companies will not be worse than this.

A. So long as the present companies are reasonable, they continue in trade, but when they become unreasonable, others come into the trade.

Q. Is it not a legitimate aspiration of Indians to have their own shipping industry?

A. Certainly.

Q. Moreover when no facilities are afforded for the training of Indian youths, is it not reasonable that the Indians should aspire for a mercantile marine of their own?

A. I do not like to express a negative view. I would put it this way: If they desire facilities for training, then they should endeavour to create them.

Q. But hitherto they had no facilities.

A. Such facilities as there are at present are extremely limited.

Q. For the last sixty years, the B. I. took Indians only as lascars and not as officers in any position. Is that not a just grievance on the part of Indians?

A. I think I am right in saying they have not asked for it.

Q. We have been told in Bombay by some witnesses that applications for apprenticeship were received from boys and that they were not taken in.

A. I have no information in the matter.

Q. Your view is that Indians have done well in other industries and so there is no

reason why they should not fare well in shipping if they take to it seriously.

A. Yes.

Q. Is that not an additional reason why they should be given some sort of protection?

A. I do not think they have paid the same attention to shipping as they have done to other industries.

Q. They feel that owing to unhealthy competition from British companies they cannot succeed in the shipping industry without some sort of protection.

A. That is only a feeling and not the actual case. That is no excuse for their non-participation in the shipping industry so long.

Q. They did participate to some extent but they failed. This failure discouraged them. Now they wish to be protected before they start the industry again.

A. I do not think protection is necessary.

Sir John Biles.—Q. You say that the revival of shipbuilding can only be brought about by the gradual development of the various industries on which shipbuilding is dependent. Is that development dependent upon the ability of management?

A. Yes; if there is ability of management they have only to get along the lines which are necessary for shipbuilding. The shipbuilding industry keeps the whole country engaged and not merely one or two industries.

Q. Is that dependent amongst other things on the ability of management?

A. You can develop nothing without ability of management.

Q. Have you had much experience of Indian management of industries?

A. I have.

Q. Are there many cases of management of industries by Indians alone?

A. I have come across a large number of Indian managed concerns in India; but confining my remarks to Burma, there are not many cases of Indian managed concerns here.

Q. From your experience you think that the Burmans are capable of managing and developing successfully any industries?

A. They manage only small concerns; I cannot say whether they can successfully manage big concerns.

Q. Over what period are you thinking of now?

A. Over 19 years.

Q. In your experience of 19 years have you seen among the Burmans much sign of ability to manage big concerns or an enthusiasm which would tend to the development of industries in Burma amongst the Burmans only?

A. It is not apparent so far.

Q. What steps should be taken to develop that ability?

A. The Burmans are awakening themselves to a sense of their responsibility and probably they will develop faster from now on than in the past 19 years. There is undoubtedly a hope for their future development.

Q. You consider that State aid is undesirable because it is impossible to foresee the extent of the aid which would have to be given?

A. Yes.

Q. Will it be possible to limit the extent of the aid to be given?

A. It may be possible to do so. But when once the aid is started and people are accustomed to it, it will have to be continued.

Q. You mean that the aid will have to be continued until the companies incur a loss?

A. The aid will then have to be continued on an increased scale.

Q. Do you think that at the present time the Burman is sufficiently advanced to justify aid being given to him to enable him to develop the ability of management much faster?

A. Are you contemplating ability of management generally or in shipbuilding?

Q. Because you postulate that you cannot develop shipbuilding until you develop other industries, I am speaking generally of the development of all industries.

A. Generally speaking we are altogether against State aid of any form.

Q. You object to State aid because you cannot foresee the results? Do you still hope that the Burmans would be able to develop themselves?

A. Personally I would go further and say that in any case State aid is objectionable.

Q. That means you want every one to be left to himself?

A. Yes.

Q. That is what you call free trade?

A. Not exactly that.

Q. Is there any difference in reserving the coastal trade of Burma to Burmans and that of reserving it to Indians? Are you dealing with India including Burma?

A. For administrative purposes, Burma cannot be included in India. Burma is a province by itself and the people here are entirely different from those in India. I do not think the Burmans would care to be brought into a position which is solely for the benefit of Indians.

Q. Do they look on India as a foreign country?

A. The Burman describes the Indian by a word which means "foreigner."

Q. You alluded to the possibility of separation of Burma from India. Do you mean the separation of the Government of Burma

from the Government of India or its separation from the Empire?

A. I mean the separation from the Government of India.

Q. You think that the Burman sentiments are such that they consider what is good for India may not be good for Burma?

A. There are many cases of what is good for India not being good for Burma.

Q. Do you think that a patriarchal system of Government such as is desired by some of the Indians at the present moment would develop shipbuilding in India?

A. I do not think it could do so.

Q. Up to the present Government dockyards have been used only for Government purposes. Do you think that under proper conditions the Government dockyards could be developed for building ships in India?

A. I do not think that under any conditions it would be acceptable to the Government or anybody else to develop Government dockyards for this purpose.

Q. Can you not make the dockyards a training institute for shipbuilding?

A. I think private enterprise should train people in shipbuilding. The Government dockyards should not come in for this purpose.

Q. Is agriculture fully developed in Burma? Is Burma fully cultivated from the point of view of quantity?

A. No, not from the point of view of quantity.

Q. Is the cultivation done on a scientific basis?

A. The Agricultural Department have achieved a certain amount of success in this direction, but still there is great room for development.

Q. Do the people take up the scientific system of cultivation apart from the Government?

A. The Burmans do take interest in scientific cultivation.

Q. Is there a great scope in future for the Burmans in agriculture?

A. For many years there is much scope for the Burmans in agriculture.

Q. Do you think that would interfere with their desire to go to sea?

A. The Burman is essentially an agriculturist rather than a sailor. The number of Burman sailors does not at all compare with the number of agriculturists.

Q. Is that likely to continue for some time on account of the development of agriculture in Burma?

A. I think so.

Q. You do not very much hope to produce enthusiastic Burman sailors?

A. I cannot see any indication of it at present.

Q. You know that the European shipping companies on the Indian coast employ a very large number of Indian labour?

A. Yes.

Q. About 90 per cent. of the people employed on the coast are Indians?

A. Yes.

Q. There would not be any appreciable change in the number of Indians employed if all were to be Indians?

A. It would be very small.

Q. If instead of developing shipping, shipbuilding is developed, then that would absorb the men who are now employed in other directions.

A. Yes..

Q. That is, new labour will have to come into shipbuilding. It would not come by the creation of an Indian mercantile marine which only amounts to the displacement of a small number of Europeans by the Indians. You think that the creation of an Indian shipbuilding industry if successful would employ a large number of Indians?

A. That is so; but I take it there will be some difference in grades.

Q. I am talking of numbers only. You think a considerable number of new men will be employed?

A. When you consider the number employed, it will no doubt increase.

Q. What is your experience of the efficiency of Indian labour?

A. In some directions they are efficient and in others they fall far short of the standard.

Q. Have you any idea of the relative cost of European labour and Indian labour? Do they turn out the same amount of work?

A. The European labour is cheaper from the point of view of output.

Q. You mean that to produce an article, it can be done cheaper by European labour than Indian labour?

A. I have in my mind the mining industry. In India the mining industry is more expensive than in Australia or America.

Q. You mean that the Indian takes more time than the European to do the same kind of work?

A. Yes. That accounts for the difference in the cost.

Q. Will that apply to efficiency in shipping?

A. I think it must have some bearing in shipping also.

Q. There cannot be the same comparison in shipping because we have got a lot of Indian labour employed in shipping at present.

A. That is only in the form of crews.

Q. Do you think that shipping can be carried on efficiently without the present pro-

portion of European labour in the ships that carry on trade in India?

A. I do not think that the Indian officer can adequately and efficiently replace the British officer.

Q. Supposing the efficiency of the Indian is not so great as the European, would there be still efficiency left in the India mercantile marine sufficient to carry on the trade?

A. No.

Q. Have you read the report of the Imperial Shipping Committee on deferred rebates?

A. I have not.

Q. You are a shipper, I suppose?

A. Yes.

Q. Do you know of any cases of terrorising of the shipping people by the existing companies by telling them that if they did not agree to the terms of the shipping companies they would not carry their goods?

A. I have never known such cases.

Q. You have never known a ship-owner threatening to ruin a shipper by not carrying his goods?

A. I have not.

Q. We have been told that this is one of the things that arise out of the deferred rebate system.

A. If shippers send their goods by other than Conference Lines they lose their rebate; I don't know if shipping companies have gone beyond that.

Q. If the shipper is prepared to lose his rebate he can ship by the same line, can he?

A. I should imagine that the loyal customers would be given preference. He would be allowed to ship by the same steamer if there is space in it, but not to the exclusion of the loyal shipper.

Q. Do you mean to say that he would get a handicap against the loyal shipper notwithstanding the fact that he has paid 10 per cent. more for his freight?

A. I have not met with an actual instance of this kind, but I should imagine that the loyal shippers would demand to have the preference.

Q. To that extent the man who broke his bargain would be at a disadvantage?

A. Yes, as everybody who breaks an agreement must be; he can't expect the same treatment as others.

Q. You said that there were some shippers from Burma who are in favour of the deferred rebate system.

A. Yes.

Q. You have been told of the names of Institutions who objected to the rebate system before the Imperial Shipping Committee. Does that list of firms include a large majority of shippers?

A. I have not seen the list, but from the names read-out to me, I should say they don't. It is impossible to give a real opinion without knowing the constitution of these Associations who objected to the system.

Q. Apart from those named therein, are there not many other Associations who would object to it?

A. I take it there are, but I do not know what they are.

Q. Are Europeans prohibited from trading on the Australian coast?

A. I don't know anything about Australian conditions.

Q. I thought you discussed the question with some one.

A. It was said that the coasting trade of Australia was confined to certain people; I must take that as a fact.

Q. You do not know about it?

A. I understand that there is a certain amount of restriction; for example, the P. & O. cannot pick up cargo at Fremantle for Adelaide but I have not got sufficient knowledge of the arrangements.

Q. Don't you know why they cannot take the cargo?

A. I have an idea that it is because the Australians do not want anybody else to do it.

Q. Why does not the P. & O. carry on the coastal trade of Australia?

A. I think they are prohibited from trading there.

Sir Arthur Froom.—Some witnesses have been under the impression that Europeans have been prohibited from trading on the Australian coast. This is not so; what the Australian Government have done is to pass legislation which lays down among other conditions that ships trading on the Australian coast must pay their crews according to the Australian scale of wages and provide accommodation for crews as on their own ships. If the P. & O. had seen fit to conform to these conditions they would not have been prohibited from trading on the Australian coast. As they have not agreed to these conditions they have ceased to trade on the coast. The traders on the Australian coast themselves object to this legislation as the service is said to be indifferent and it is open to question whether the Act will not be repealed.

Sir John Biles.—Q. I wanted to find out whether the coastal trade was prohibited to Europeans in Australia or whether it was as Sir Arthur Froom put it.

A. I do not know sufficiently about it to give you a definite answer.

Sir Arthur Froom.—Q. As you represent the Burma Chamber of Commerce, I think it would be better for me to confine my questions

to those relating to Burma. Have you heard in this country of Burma any desire on the part of Burmans generally to participate in this suggestion of an Indian Mercantile Marine?

A. I have not.

Q. They take little or no interest in the movement?

A. They have taken little or no interest in the question of shipping up-to-date.

Q. I take it then that, not being interested, they would not care to bear any portion of the expenditure for the development of an Indian Mercantile Marine.

A. Not if they are not participating in it themselves.

Q. Surely if they have no interest, they are not likely to participate?

A. That is what is indicated by the past; but they may change.

Q. But this questionnaire has been widely published both in India and in Burma; have you heard any outcry on the part of Burmans with regard to the starting of an Indian Mercantile Marine?

A. From what I have gathered when speaking to Burmans on the subject, I consider

that they are not as a rule anxious to go to sea.

Q. Nor do they want to embark in the shipping enterprise?

A. The question has not gone quite as far as that; but I should say that naturally follows.

President.—Q. Do you happen to have discussed this question with any member of the Burmese Chamber of Commerce?

A. No; those with whom I have discussed the matter are mostly Burmans in a small way.

Sir Arthur Froom.—Q. The Burmese Chamber of Commerce have not replied to our questionnaire at all. Is this body composed entirely of Burmans?

A. It is composed largely, if not entirely, of Burmans.

Q. Whereas the Burma Chamber of Commerce is composed largely of Europeans?

A. Yes. I have heard from Burmans that they do not feel any taste for sea life and that is probably why they have not replied to the Committee's questionnaire.

President.—Thank you very much.

Witness No. 51.

Mr. S. N. HAJI, B.A. (Oxon.), Barrister-at-Law, Manager, Scindia Steam Navigation Company, Limited, Rangoon.

Written Statement, dated the 7th January 1924.

The present condition of the Indian Shipping Industry is very unsatisfactory from the Indian point of view. It is equally unsatisfactory from the Imperial point of view because if the economic strength of the component parts of the Empire is, as admitted, of immense advantage to the commonwealth, it follows that the absence in India of a national merchant marine will strongly react upon the efficiency with which India can play its part as an equal unit of the Empire. The probable effect of the development of an Indian Mercantile Marine upon the existing British Shipping interests in India is, from the Imperial point of view, a matter of secondary importance and cannot be allowed to override the economic requirements of the British Empire in general and of the Indian nation in particular. The very fact that Canada and Australia are allowed by the Imperial Authorities to carry out a shipping policy which, howsoever antagonistic to individual British Shipping interests, is intend-

ed to develop the merchant marines of these dominions, decidedly proves that the Imperial Government approves of the efforts of the dominions to be economically self-sufficient. Whether this self-sufficiency will extend to the naval requirements of a country is a question that will have to be solved on a consideration of much wider issues than are comprised in the merchant marine policy of the country. Protection of the dominions by the British Navy in times of war is not the return allowed for unrestricted exploitation by British Shipping but follows from a policy based distinctly upon the requirements of various imperial interests.

To revert to Indian Shipping, however, we find that the main reasons for its present backward position are (1) the failure, total or partial, of all previous Indian attempts to participate in the industry due to (2) the British Shipping monopoly adopting questionable means to maintain their preserve along the Indian coast mainly through (3)

the deferred rebates and discriminations against the shippers and (4) a deadly rate-war against the shipowners.

Besides, there are difficulties in unexpected quarters. The European Insurance Companies working in India seem to follow a policy which is avowedly anti-Indian in character. Ships with Lloyds 100 A1 certificates and regarded, irrespective of ownership, as first-class risks by the experts of London are graded second-class by the insurance agents in India solely on the ground of their Indian ownership thus indicating an antagonistic spirit which would never be tolerated in any self-governing country.

A time may, therefore, come when, if this attitude on the part of private insurance companies is not changed, the Government in India may have to take active steps to provide the necessary marine insurance facilities. In this connection it may be noted that the American Shipping Act of 1916 lays down in Clause 12 that the Shipping Board is authorized "to ascertain what steps may be necessary to develop an ample marine insurance system as an aid to the development of an American Merchant Marine." The Merchant Marine Act of 1920 goes a step further and lays down in Section 10 that the Shipping Board should create and maintain out of net revenues from operations and sales of its steamers an insurance fund to cover the vessels, plants and materials belonging to the United States of America.

To the above direct and indirect causes accounting for the non-existence of an Indian Merchant Marine must be added the apathy of the Government of India which has not even utilized for the development of Indian shipping those very resources such as the carriage of stores and mails which are being used by the British Government for the advancement of British shipping. European stores for use in India are not allowed to be conveyed to India in ships other than British without the express permission of the Secretary of State for India. A similar restriction by the Government of India regarding the stores and mails would have gone a great way towards creating and developing a national commercial fleet for India. Doubtless the payments made in such cases are for services rendered but the character of the recipients should not be outside the ken of a Government solicitous of the economic growth of the country. Such Government help, however, needs to be supplemented by the removal of the abovementioned causes, the means by which the present monopoly obstructs the path of Indian shipping.

Referring to the question of the monopoly, however, it should be remembered that water

transport in modern times largely conditioned by the laws of joint cost and increasing returns is peculiarly amenable to large scale production. To prevent such economic evolution is neither necessary nor desirable. If, however, large scale production leads to a complex organization emerging in a monopoly, it is time for the Government to take notice of its existence and if necessary to control its activities. A monopoly requires a cautious watch, a foreign monopoly requires a vigilant watch; a foreign monopoly thwarting indigenous enterprise deserves immediate abolition.

It is in this light that the question of the existing shipping interests in India should be considered. As regards their vested interest, it should be remembered that their monopoly has for many years enabled them to charge high freights to Indian shippers and consumers as also to declare high dividends to non-Indian shareholders; and it is, therefore, only proper that now when India demands a national Merchant Marine for her own requirements as also for those of the Empire, the British monopoly will cheerfully bear the consequences of a policy advocated in the interests of India as an active partner in the British Commonwealth.

Coming now to the Deferred Rebate System, by which the ship-owner restricts the freedom of the shipper, it is necessary to examine the subject in some detail. The history of its origin shows that its object was never the conferring of so-called advantages usually held forth prominently by the ship-owner, but the prevention of competition, among the shipowners themselves and the demand of high rates of freight from the shippers who shift the economic burden to the shoulders of the producers or the consumers who, particularly in India, have no means of ventilating their grievances. Sir Thomas Sutherland, for many years the head of the Peninsular and Oriental Steam Navigation Company, in his evidence before the Royal Commission on Shipping Rings stated that:

"Conferences, pooling arrangements and rebates were unknown in the Eastern trade until some years after the Suez Canal was opened. The carrying trade was free at all points to whosoever might choose to put his capital into it, and yet rates of freight were then higher than they have been since. This state of affairs was due to the fact that the supply of steam tonnage was then limited. But in a very few years, an entire change in the situation was evolved by

what was called the compound engine, and the tonnage in the Eastern trade soon outstripped its requirements. The natural result was impoverished rates and a struggle for existence which led to several lines withdrawing from the field, although they had entered under fair enough auspices. It was in the late seventies that the remaining lines, then engaged in a hand-to-hand competition, began to draw together so as to stave off disaster by coming to arrangements between themselves and with their customers."

That the rates charged by the Shipping Conferences operating the Deferred Rebate System, are relatively high as compared with those charged by Shipping Companies operating in a free market, will be seen at a glance from the following table submitted to the Imperial Shipping Committee:—

Bombay-United Kingdom Trade as compared with Calcutta-United Kingdom Trade.

The figures compare the rates from Bombay where no Rebate System exists and from Calcutta where it has been introduced since May, 1919:—

	Bombay.	Calcutta.
1st December, 1920	56s. 3d.*	115s.
15th December, 1920	43s. 3d.	115s.
3rd January, 1921	31s. 3d.*	85s.
15th January, 1921	31s. 3d.	70s.
1st February, 1921	31s. 3d.	70s.
15th February, 1921	31s. 3d.	55s.
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. The pre-war rates were 15s. from Bombay and 20s. from Calcutta.

Even the majority report of the Royal Commission on Shipping Rings, though it does not approve of the abolition of the Conference, is constrained to remark: "It is sufficient for us to state that in our opinion the monopoly obtained by the Conferences using the system of Deferred Rebates has in certain cases enabled Conferences to make

larger profits and to place rates on a higher level than they would, but for the system, have been able to do, or at the least to arrest a possible fall in profits or rates."

Evidence regarding high coastal rates was placed also before the Indian Fiscal Commission which in its main unanimous report says:—

"Somewhat parallel to the complaints about railway rates are the complaints which we have received about coastal shipping rates. The causes are different, but the results are stated to be the same, namely, that Indian goods are handicapped in transmission in comparison with goods from foreign countries. Rates have been quoted to us showing a great disparity between the charges on goods shipped from one Indian port to another and those on goods conveyed between India and foreign countries. Such disparities more than neutralise the natural protection which an industry might expect to receive in its own country by reason of the distance of foreign manufacturing centres. The cause of the high rates in the Indian coastal trade can, according to their critics, be summed up in the one word 'monopoly.' It is suggested that the existing monopoly can best be met by the development of an Indian Mercantile Marine. As, in connection with the resolution moved by Sir Sivaswami Iyer in the Legislative Assembly on the 12th January 1922, the Government of India have accepted the necessity of a thorough enquiry into the measures needed for the encouragement of an Indian Mercantile Marine, it is unnecessary for us to do more than express our belief that a successful issue to this policy should have a favourable effect on coastal freight rates and assist industrial development.

"There is, however, one special feature of the existing system to which we think it necessary to draw attention. The system of shipping rebates is one of the strongest buttresses of monopoly. It is clear that an arrangement whereby a certain percentage of the freight paid is returnable to the shipper

* The actual quoted freights are 15s., 35s., 25s., but these relate to the ton of 16 cw's. or 40 cubic feet, and they have therefore been increased by 25 per cent. to equate them with the Calcutta freights on the basis of 20 cw's. or 50 cubic feet to the ton.

at the end of twelve months, provided no cargo is shipped by any outside line, is a powerful weapon for maintaining a shipping monopoly. Other countries have recently legislated against this system, and we think that the Government of India should make a thorough enquiry into the desirability of initiating similar legislation in India."

As regards the advantages claimed for the Deferred Rebate System, the chief is the provision of regular sailings. If, however, we take world shipping as a whole and particularly the dates when the system of Deferred Rebates was adopted in the different trades, we find that not merely was there a sufficiently large number of steamers to guarantee regular sailings in the previous period but that the very commencement of the Shipping Rings dates from the years which saw the unexpected excess of tonnage resulting either from the over-building of ships or the increased carrying capacity and efficiency of individual vessels. The history of mechanical and other inventions which increased the efficiency of steam navigation shows that they were the causes and not the results of the establishment of Shipping Conferences. Even the most zealous supporters of the Shipping Rings appearing before the Royal Commission were not able to show that regular sailings were unknown before the Shipping Rings were organized. Whatever little evidence that has been put before the Commission on this matter goes to show that in the case of certain ports, such as Colombo and Singapore, the services were as good and regular before the introduction of the Deferred Rebate System as they have been since.

To prove the hollowness of the argument that the Conference System enables regular sailings to be maintained, attention may be drawn to the United States of America, a country in which shipping combinations, like others, are declared illegal. There is, however, not the slightest evidence—certainly none was put before the Royal Commission—to show that that country consequently suffers in its trade from the want of a regular service of steamers either in its coastal trade or in the Atlantic or the Pacific trade or in the trade between North and South America. What is true of the United States would be equally true of India, if opportunities were provided for new shipping concerns to participate freely in the carrying trade of the country.

As a matter of fact, witnesses examined by the Imperial Shipping Committee have

stated that the *Rebate System was not necessary in order to maintain a regular, frequent and efficient service*. Such a service, to give Indian examples only, had been supplied in the Calcutta homeward trade until 1919 and still obtains as regards Bombay, without any such system. Moreover, a regular, frequent and efficient service is maintained by the Ellerman-Bucknall line between India and America without any Rebate System, which is illegal under American Law. This service is regularly supported by the shippers who are satisfied with it and with the rates.

Strange as it may seem, at first sight, the existence of the Shipping Rings results as a matter of fact, in the available tonnage being reduced as new competing lines are not allowed to be started. As to regularity, the services provided by the Conferences are very regular only when they are bound by mail contracts. It is, otherwise, not unusual even for them to blank sailings when a sufficient cargo is not forthcoming. Merchants at all the Indian ports could give many an example of such procedure by the existing Conference Companies. When regular sailings are provided, they are the results not of the Conference System but of the demands made by modern trade, which, there is reason to believe will insist upon and get regular sailings even if all the Conferences in the world were abolished altogether.

It is moreover worthy of notice that even the much vaunted regularity of service, in practice usually means regularity between certain large ports only and either the entire cessation of services to other ports or the inconvenience and expense of effecting transshipment at the ports of call. One of the reasons why the minor ports on the Indian coast remain undeveloped is that the monopolistic Shipping Conference can best earn huge profits by serving only the chief ports of India. The present backwardness of a large number of the ports in this country is a very strong argument in favour of small local shipping enterprises whose activities have so far been thwarted by the monopolistic combine.

The evil nature of the Deferred Rebate System has not been modified by the halting recommendation of the Imperial Shipping Committee:—

"that 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."

The Imperial Shipping Committee like the earlier Royal Commission has moreover envisaged the whole subject of its enquiry practically from the view point of the shippers. It is remarkable, however, that all the evidence put before the Committee from shippers interested in Indian trade, both inward and outward, was unanimously against the operation of the Deferred Rebates. The Calcutta Jute Fabrics Shippers' Association, the Baled Jute Shippers' Association, and the Calcutta Wheat and Seed Trade Association 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. Besides, ten Trade Associations in the United Kingdom interested in the Indian trade made a joint representation against the Rebate System as obtaining in the Calcutta Homeward trade. However, the question—from the point of view of India to-day, the very important question—of the entry of a new line into a trade has been very cursorily treated by the Committee. We in India therefore cannot be guided by the recommendation of the Committee because it has had no opportunity of studying the subject as affecting the relations of new shipping companies confronted with the established interests of the old ones. Cases, doubtless, exist in which after a rigorous rate-war in which all parties lose large sums of money, a new shipping concern is admitted into the fold of the Conference which represents not the survival of the fittest but a monopolistic combine of the richest. Whatever may be the *pros* and *cons* of the subject from the point of view of the foreign trade of a country it is scandalous that owing to the want of necessary legislation, the investing public in India in putting its capital in Indian shipping companies engaged in the coastal trade of India should have to be ready to lose a large amount of money for attempting to work in a field which is theirs by international law. From the present Indian point of view, therefore the above analysis shows that the Deferred Rebate System is positively detrimental to the economic interests of India and should therefore be abolished by law. (Please see the draft of the Indian Merchant Marine Bill, appended herewith.)

Such abolition would doubtless remove a prominent obstacle from the path of Indian shipping which however for its full growth will require a restoration of confidence among the investing Indian public by the reservation of the coastal traffic of India to ships belonging to the people of India along the

lines indicated in the draft bill in Appendix A. When after the removal of the artificial obstacles and restoration of public confidence, the Indian Mercantile Marine comes into existence, it would be necessary to apply to it the maxims advocated by Lala Harkishen Lall and endorsed by the Indian Fiscal Commission: "nurse the baby, protect the child, free the adult." That is after five years when the whole of the coastal shipping is 'Indianised,' it would be a convenient time to endow the ships of the Indian Mercantile Marine if running along certain specified ocean routes with navigation bounties, based upon mileage, speed and quantity of cargo carried, until they were able to stand upon their legs in the ocean trade as well.

Among the more important and immediate results of the reservation of the Indian coastal traffic to Indian owned vessels will be the saving to the country of a large proportion of the crores of rupees that are now drained away from the country in the shape of coastal and ocean freights.

Besides stopping the monetary drain the reservation of the coastal traffic, if, as advocated, accompanied with the abolition of the Deferred Rebates and discriminations will result in the rates of coastal and sea freights being fixed under competitive conditions, as against the present system under which the monopolistic combine is able to charge its own rates, thus increasing the cost to the ultimate consumers of the articles carried by sea. Besides trade between small ports and between large ports and small ports will be encouraged by direct services which, under the present conditions are very few in number, more terminal ports will open up, new areas of consumption, for example, Burma rice will go direct to Marmagao and Kathiawar ports and Dwaraka and Porebunder cement will be shipped to Madras and Rangoon without the expensive transshipment necessary to-day. Artificial hindrances to the development of the coastal ports like Chittagong into ocean ones will be removed (see letter of the Chairman, Port Commissioners, Chittagong written in connection with the enquiry of the Royal Commission on Shipping Rings). Above all when the Indian Mercantile Marine is adequately developed, the ocean traffic of India will be managed in the interests of the people of this country.

From another point of view, the coastal reservation will provide new careers for young Indians, who are now ready in their hundreds to take to a sea-life but who have invariably been debarred by the existing companies from benefits which are theirs by

nature. True that many Indians now find employment in the existing British companies in the capacity of lascars but unfortunately they are the only Indians employed on board the British vessels. Besides even the lascar has remained a lascar all these years. As nothing has been done so far by the British companies during the long period of their monopoly and prosperity to provide for Indians facilities for training in ship navigation and marine engineering, it is futile to expect any help from that quarter now. It is therefore necessary that not merely should the Government of India provide adequate training facilities for Indians but should moreover open out new avenues of employment for the Indians who are properly trained by requiring, in due course, a certain proportion of Indian officers and engineers on board.

Mention has already been made of the payment of bounties in connection with the navigation of Indian ships along specified ocean routes. Bounties will also have to be paid for the construction of ships when Indian factories begin to manufacture steel plates. To meet these payments a freight tax may be imposed as advocated by me during February 1923 and recommended in some of the budget speeches of that year. The following extract from my address is appended below as bearing upon the subject:

"I, therefore, propose that following precedents within the British Empire, we should levy an income-tax of one per cent. upon the amount of freight money collected by vessels engaged in carrying the foreign trade of this country. Calculations show that approximately 50 crores of rupees are being realised as freight money on commodities shipped and discharged at various Indian ports, excluding the freight money earned in the coastal trade of India. A tax of one per cent. on this 50 crores will give us annually a sum of 50 lakhs of rupees which you may spend as necessary and desirable for the development of the shipping and the shipbuilding industries in India. An income-tax of 1s. 3d. in the pound on 10 per cent. of the gross freight collected is charged in South Africa, that is, a 7,000 ton vessel carrying Natal coal, say, to Bombay and earning, say, £8,000 as freight money has to pay approximately

£60 to the South African Government. A higher federal income-tax, 2s. 8d. in the pound on 10 per cent. of the freight money, in addition to a state income-tax and a super-tax thereon is levied in Australia, i.e., a steamer with a gross tonnage of 4,600 tons and earning say, a freight of £46,000 has to pay taxes amounting to about £700 and there is no reason why a similar measure should not be introduced in this country to bring about a rapid and simultaneous growth in the two very important adjuncts to our economic life to-day, I refer, gentlemen, to the shipping and the shipbuilding industries of India."

APPENDIX A.

THE INDIAN MERCHANT MARINE BILL.

A BILL to promote the growth of an Indian Merchant Marine adequate to the industrial and commercial requirements of India.

Whereas it is expedient to provide for the rapid development of an Indian Merchant Marine.

And whereas for this purpose it is expedient to encourage the employment of Indian vessels in the coasting trade of India and to guarantee fair and healthy competition among such Indian vessels plying along the coast of India.

And whereas for this purpose it is expedient to reserve the Coastal traffic of India to Indian vessels.

And whereas it is also expedient to provide for the prevention, of the payment of deferred rebates or of resort to retaliatory or discriminating practices by common carriers engaged in the coasting trade of British India or of the dominions of the princes and chiefs in India in alliance with His Majesty. It is hereby enacted as follows:—

- I. (1) This Act may be called the Indian Merchant Marine Act, 192 . Short title and extent.
- (2) It extends to the whole of British India and applies also to the dominions of princes and chiefs in India in alliance with His Majesty.
- (3) It shall come into force on such date as the Governor General in Council may, by notification in the *Gazette of India*, appoint.

II. In this Act unless there is anything repugnant in the subject or context,

(1) "A Common Carrier by water" means a common carrier by water engaged in the cargo and passenger traffic between any two ports in British India or between any port in British India and any port or place on the continent of India.

(2) "A British Indian subject" includes a Joint Stock Company, Corporation, Partnership or Association existing under or authorised by the laws of British India or of the dominions of princes and chiefs in India in alliance with His Majesty.

(3) "Controlling interest" in a common carrier by water shall not be deemed to be owned by British Indian subjects:—

(a) If the title to not less than 75 per cent. of the stock is not vested in British Indian subjects free from any trust or fiduciary obligation in favour of any person other than a British Indian subject, or

(b) If not less than 75 per cent. of the voting power is not vested in British Indian subjects, or

(c) If through any contract or understanding it is arranged that more than 25 per cent. of voting power may be exercised, directly or indirectly, on behalf of any person who is not a British Indian subject, or

(d) If by any other means whatsoever control of any interest in excess of 25 per cent. is conferred upon or permitted to be exercised by any person who is not a British Indian subject, or

(e) If, in case of a Joint Stock Company, Corporation or Association, the Chairman of the Board of Directors and not less than 75 per cent. of the number of members of the Managing Firm and of the Board of Directors are not British Indian subjects.

(4) "The Coasting Trade of India" means the carriage by water of goods or passengers between any ports in British India or between any port in British India and any port or place on the Continent of India.

(5) "Deferred Rebate" means a return of any portion of the freight money by a carrier to any shipper as a consideration for the giving of all or any portion of his shipments to the same or any other carrier, or for any other purpose, the payment of which is deferred beyond the completion of the service for which it is paid and is made only if, either during the period for which such

payment is computed or the period of deferment or both, the shipper has complied with the terms of the rebate agreement or arrangement.

(6) "Fighting ship" means a vessel used in a particular trade by a carrier or group of carriers for the purpose of excluding, preventing or reducing competition by driving another carrier out of the said trade.

III. No common carrier by water shall engage in the coasting trade of India unless licensed to do so.

License for coasting trade.
Cf. Canada Shipping Act, 1906, Secs. 953, 960.
Cf. Australian Navigation Act, 1912—20, Sec. 288.
Cf. United States of America Revised Statutes, Sec. 4311.

IV. The license for engaging in the coasting trade of India shall, on application, be issued by the Governor General in Council, subject to such rules and conditions as may be prescribed in that behalf by the Governor General in Council.

Issue of License.

V. No license shall be given to a common carrier by water whose owner directly or indirectly, in respect of the transportation by water of passengers or property between the ports of India,

Refusal of License for. Cf. United States of America, Shipping Act, 1916, Sec. 14.

(a) pays or allows or enters into any combination, agreement or understanding express or implied, to pay or allow a deferred rebate to any shipper, or

Payment of Deferred Rebate.

(b) uses a "fighting ship" either separately or in conjunction with any other carrier, through agreement or otherwise, or

Use of "fighting ship."

(c) retaliates against any shipper by refusing or threatening to refuse space accommodations when such are available or resorts to other discriminating or unfair methods, because such shipper has patronised any other carrier or has filed a complaint charging unfair treatment or for any other reason, or

Retaliation against Shipper.

(d) makes any unfair or unjustly discriminatory contract with any shipper based on the volume of freight carried or unfairly treats or unjustly discriminates against any shipper in the matter of (a) cargo space accommodation

Unfair or unjust discrimination.

or other facilities, due regard being had for the proper loading of the vessel and the available tonnage; (b) the loading and landing of freight in proper condition, or (c) the adjustment and settlement of claims.

The Governor General in Council to determine.

Whether Sec. 5 has been violated.

Agreements to be filed with the Governor-General in Council.

Security for License.

Amount of security.

VI. The Governor General in Council upon his own initiative may, or upon complaint shall, after due notice to all parties concerned, determine whether any person, joint stock company, corporation or association engaged in the coasting trade of India:—

- (1) has violated any provision of Section V, or
- (2) is a party to any combination, agreement or understanding, express or implied, that involves in respect to the coasting trade of India a resort to deferred rebates and retaliatory or discriminating practices designated in Section V.

VII. Every owner of a common carrier by water engaged in the coasting trade of India shall file immediately with the Governor General in Council a true copy or, if oral, a true and complete memorandum, of every agreement with another such owner to which he may be a party or conform in whole or in part, fixing or regulating transportation rates or fares; giving or receiving special rates, accommodations, or other special privileges or advantages; controlling, regulating, preventing or destroying competition; pooling or apportioning earnings, losses or traffic, allotting ports or restricting or otherwise regulating the number and character of sailings between ports; limiting or regulating in any way the volume or character of freight or passenger traffic to be carried; or in any manner providing for an exclusive, preferential or co-operative arrangement.

VIII. Before granting a license the Governor General in Council may require security to be given to his satisfaction by the Master, Owner, Charterer or Agent of the vessel for compliance with the rules and conditions subject to which the license is issued.

IX. The amount of security required under Section VIII shall not exceed Rs. 10,000.

X. Every such license shall be for the duration of one year only.

XI. Every such license shall on its expiry be renewable on application to the Governor General in Council.

XII. A proportion of not less than 20 per cent. of the tonnage licensed for the first year, not less than 40 per cent. of the tonnage licensed for the second year, not less than 60 per cent. of the tonnage licensed for the third year, not less than 80 per cent. of the tonnage licensed for the fourth year and all the tonnage licensed for the fifth and subsequent years shall have the controlling interest therein owned by British Indian subjects.*

XIII. Penalty for the contravention of this Act shall be a fine not exceeding Rs. 10,000 or simple imprisonment for a period not exceeding six months or both.

XIV. In addition to or in lieu of any penalty otherwise provided, the Governor General in Council may cancel any license for engaging in the coasting trade of India if he is satisfied that a breach of any of the conditions of the license as may from time to time be prescribed by the Governor General in Council has been committed.

XV. No license for engaging in the coasting trade of India shall be cancelled unless an opportunity has been given to the Master, Owner, Charterer or Agent of the vessel to show cause against such cancellation.

The object of this Bill is to provide for the employment of Indian tonnage in the coastal traffic of India and of the dominions of princes and chiefs in India in alliance with His Majesty. Such employment will serve as a powerful aid to the rapid development of an Indian Merchant Marine. Several attempts made in this direction in the past have all practically failed, owing, it is believed, to the existence of powerful non-Indian interests in the coasting trade of India. There can be no doubt that the growth of an Indian Merchant Marine would prove a powerful factor in the employment of Indian talent and the further extension of Indian trade in various directions in a manner calculated to advance the national interests of

Duration of License.

Renewal of License.

Proportion of Tonnage.

Penalty.

Cancellation of License.

Opportunity to show cause.

Statement of Objects and Reasons.

* Provisions about rupee capital and registration of the Joint Stock Company in India are omitted because Section 736b of the English Merchant Shipping Act of 1894 enacts that—

The Legislature of a British possession may, by any Act or Ordinance, regulate the coasting trade of that British possession, subject in every case to the following condition:—the Act or Ordinance shall treat all British ships (including ships of any other British possession) in exactly the same manner as ships of the British possession in which it is made."

India. Such a growth would be greatly facilitated by the removal of some of the main obstacles that lie in the way of a fair and just competition among the vessels engaged in the coasting trade of India. They mainly consist of methods whereby a shipper is practically bound to confine all his shipments to vessels belonging to a particular shipping company or to the members of a shipping conference. Not merely is the freedom of the shipper to ship his goods by any vessel he

may choose thus destroyed, but the progress of trade along desirable channels is also checked. A 'disloyal' shipper is penalised by (a) refusal of space, (b) discrimination in the contract of freight, (c) the loading and landing of freight, (d) the adjustment and settlement of claims and various other discriminatory methods. It is the purpose of this Bill to do away with such practices so that an Indian Merchant Marine may grow unhampered.

Oral evidence Rangoon, the 8th January 1924.

President.—*Q.* You are the Manager of the Scindia Steam Navigation Company in Rangoon?

A. Yes.

Q. How long have you been here?

A. I was in Rangoon for six months in 1921. I was appointed Manager of this branch last July but I have not yet taken over charge as I have been deputed to assist Mr. Lalubhai Samaldas in connection with this enquiry. I have had experience of the Rangoon office for six months in 1921.

Q. How long have you actually been connected with shipping?

A. For over three years.

Q. You became manager in three years?

A. Yes. I began in the Secretarial Department of our Office in Bombay; after some time I took over charge of the coastal department; later on, when we began to charter steamers for the Bombay-European line I was Assistant Manager in that Department.

Q. Supposing we have an Indian Mercantile Marine, do you think that Indian steamship companies can successfully be run if they are managed by those who have only a few years' experience of shipping?

A. That would depend upon the men selected. Take the case of the Scindia Company; the general impression is that our steamers are on the whole properly run and we have no non-Indians in our office.

Q. Supposing we recommend to the Government of India that an Indian Mercantile Marine should be started, we will have to say how the lines are to be managed. Some witnesses have suggested that we shall have European managers until Indians are fully trained; but one of the difficulties will be to say how long it would be before they are trained. Do you think it is possible for Indians to successfully manage steamship companies in 3 or 4 years?

A. I was going to give you the example of the Scindia Company; none of those who are now managing this company in its several branches have had experience of more than

3 years. In the beginning, of course, we had expert Europeans and they helped us; but after a time our managing agents found that Indians were able to give complete satisfaction and that is why Indians are managing the company to-day.

Q. Could you learn the whole management of shipping business in three or four years?

A. We cannot learn the world shipping traffic in 3 years, but the management of the Indian coast is not such a difficult proposition. In a way I have been able to follow it more easily. After doing work on the coastal business, I attended to the United Kingdom business and I found that the latter was more difficult.

Q. The management of a shipping line also means managing the personnel, is it not?

A. Yes; our Superintendent Engineer is an Indian gentleman.

Q. How long has he been at sea?

A. For a very long time.

Q. What was he?

A. He was a Chief Engineer in a number of steamers. Recently we have taken up as Marine Superintendent, Captain, Ookerji who was trained in one of the British training vessels, the "Conway."

Q. Do you come much in contact with apprentices on board your steamers?

A. Personally I do not come much in contact with them, but from what I have talked with the officers on the subject, I understand that the apprenticeship scheme has been quite successful.

Q. When did you begin to take apprentices?

A. I think we began over two years ago.

Q. None of them have passed any examinations yet?

A. Not so far as I know.

Q. You are in favour of reserving the coastal trade of India for Indian companies?

A. Yes.

Q. Do you recommend it partly on the ground that a large amount of the money earned by European shipping companies goes

out of the country in the shape of ocean freights?

A. That is one of the important grounds though it is not the only one.

Q. As Manager of the Scindia Company in Burma, are you in exactly the same position as the Manager of the British India is in India? I take it you want to go to your own home and retire?

A. I do not know what I will do after living for many years in Burma. But as a matter of fact the gentleman who is looking after the business in Rangoon in my absence has been in Rangoon for a very long time; there are many others like him; they are more Burman than Indian.

Q. Haven't you got any Burmans in your office?

A. We have one or two.

Q. You are in a similar position in Burma that a British company is in India?

A. No, Burma and India are one. If the argument that Indians are foreigners in Burma and that Burmans are foreigners in India were applied to this particular industry of shipping, it would follow that people in Madras, for example, would say that Bombay people are foreigners and *vice versa*. If I may take an instance, most of the work of clerks and typists in Bombay is being done by Madrassis, so the Maharattas and Gujaratis in Bombay would say that Madrassis are foreigners. It is all a result of provincial jealousies which need not be magnified.

Q. I am talking about the Burmans?

A. I am talking of the different provinces of India; Burma is one of the provinces that make up India.

Q. You are speaking only from the administrative point of view?

A. I am speaking of the administrative, financial and military point of view.

Q. But not the Burman point of view?

A. In these matters there cannot be any provincial point of view; there can only be one Indian point of view. It is no use saying that the Government of India is not run according to the Madras point of view.

Q. It appears to me that an Indian in Burma is exactly in the same position as I am in India?

A. I beg to differ.

Q. In your experience have you ever had any young Burman gentleman who expressed to you any desire to go to sea?

A. None.

Q. Do you think they are likely to come along if we start a training ship?

A. I think they would.

Q. What are your reasons for thinking that they would?

A. I have no reason to think to the contrary. Moreover I have found in my conversation with Burmese gentlemen here that if chances of employment were thrown open they would come along.

Q. From your knowledge of the Burmans, can you give us any reason why they have not replied to the Committee's questionnaire?

A. I couldn't say.

Q. You have taken a good deal of interest in this enquiry and have followed us all round. It is no use starting a training ship unless you give some opportunities for the future employment of those who are trained and for this purpose you consider that the coastal trade should be reserved. What is the first step required to attain this object?

A. The first step would be the introduction of a license system. Before the beginning of a new year the Indian companies as well as the British and other companies would send in their requirements for ships. The Government of India would select the first 20 per cent. from the Indian section; that is the minimum. If a larger percentage of licenses than 20 can be given in the first year to Indians, that should be done.

Q. How will the Indians have their ships in the first year?

A. Supposing that an Act is passed in 1924, the Act will say that from 1925 onwards 20 per cent. of the ships would be reserved to Indians. There will be competition between the present companies and those that are then floated. If public confidence is restored, which unfortunately has been rudely shaken in the past, new shipping companies will come along. The vessels can be bought in the world market.

Q. How are you going to officer these ships?

A. I think we shall have to go in for non-Indian personnel at least for about 10 years to begin with.

Q. How many ships will you license for the coastal trade?

A. You can always judge from the past history of the particular trade how many ships are required. For the Indian coastal trade no more than 100 ships will be required. If we begin by reserving 20 ships to Indians, I think it will be a fair way of getting at the subject in a practical manner.

Q. Who will be the licensing body?

A. At present I think some section of the Commerce Department of the Government of India would be the best organisation to work out the scheme.

Q. Do they know anything about shipping?

A. They can easily take in experts in their department to help them in the matter.

Q. I see among all the witnesses who have appeared before this committee an inclination to say, you can get somebody do this thing or that thing. I find there is no one in the Commerce Department who can work out this scheme?

A. In the Commerce Department as it stands at present there is no one. But surely it will not be difficult for the Government to get Indian experts and if no Indian is forthcoming then they can get one from England.

Q. You have got no Indian officers in the Scindia Company?

A. No. The third and the fourth engineers are Indians.

Q. You have got no Chief Engineer?

A. We have none.

Q. Why don't you employ more Indians?

A. Most of our men are brought out under a contract of three and four years.

Q. Have you ever thought of entering into the Chinese trade?

A. So far as the future activities of the Scindia are concerned, they are rather limited by the agreement which they have entered into with the B. I. We are not to send our ships to any other route.

Q. Can you not take your ships to Singapore?

A. I do not know whether we can do so or not under the agreement.

Divan Bahadur T. Rangachariar.—Q. Besides your connection with the Scindia, you have been studying the question of the Indian Mercantile Marine?

A. Yes. I have also written a few pamphlets on the subject which have been supplied to the committee.

Q. You have studied the history of the attempts that were made to set up an Indian Mercantile Marine in this country?

A. Yes.

Q. How long have the attempts been going on?

A. As far as I am able to trace, the attempts have been going on from 1890 onwards.

Q. In several ports of India and Burma, attempts have been going on to establish a Mercantile Marine?

A. Yes, in all places.

Q. Can you tell us roughly how much money was sunk?

A. Roughly about 10 crores.

Q. How many companies were floated?

A. About 20 or 25 companies.

Q. All of them failed except the Scindia?

A. Except the Scindia and one or two others all the rest failed. There is the Co-operative Company trading in Bombay.

Q. What do you think would have happened to Scindia if they had not entered into that agreement last year with the B. I.?

A. There are two views on the question. One is that the Scindia was in a position to fight the established interests still further up to a certain point when they would have been forced to come to an agreement later on. The other view is that if we had not entered into that agreement at that time, we would have been forced to close our business in a short time.

Q. Supposing the rate war had been continued for another year, do you think the Scindia would have carried on her trade?

A. I think we could have survived that rate war, at any rate, but we could not have survived it for more than, say, two or three years.

Q. The whole of your capital would have been consumed by that time?

A. Yes, it would have disappeared.

Q. What is the extent of your capital?

A. Our authorised capital is 4 crores and a half and our subscribed capital is one crore and 80 lakhs. Fortunately all our subscribed capital was not spent in the purchase of ships. We bought only six cargo steamers to begin with. The funds left in our hands enabled us to put up a strong fight with the existing interests.

Q. Between what ports was this competition carried on? Was it all along the coast?

A. It began with the Rangoon-Bombay route.

Q. What was the freight rate between Bombay and Rangoon when you entered into the trade?

A. In the beginning of 1921 when the Scindia entered into the trade the freight was Rs. 18. Then the rates went down to Rs. 13, to Rs. 10 until towards the end the rate came to Rs. 6. As our trade grew along the different lines, the rates were reduced. We had only two steamers to begin with. In the beginning we could give only some sort of a regular service and not frequent at that. The result was that the existing companies reduced their rates only on the Bombay-Rangoon route. For instance, at one time the rate from Rangoon to Bombay was Rs. 6, while the rate from Rangoon to Colombo where we did not trade was as usual Rs. 9 or Rs. 10. Because there was no competition from the Scindia on the Rangoon-Colombo route the rates were not reduced. As we began to put steamers on that route also, the rates were reduced with the result that about the time when the Scindia entered into the agreement, there was a rate war along all the trade routes on the Indian coast.

Q. Whenever you attempted to put a steamer on a particular line, the rate went down there?

A. Yes. There was a rate war in all earnest.

Q. When the rates went down to the last limit, were they workable at all?

A. By the time the rates were reduced to Rs. 10 it began to hit both the interests. According to our calculations, throughout the whole period of competition we lost about Rs. 15 or Rs. 20 lakhs. As against our loss of 15 or 20 lakhs on 5 or 6 steamers, the B. I. must have lost on 50 or 60 steamers.

Q. This was the policy pursued by the existing companies in the case of every company which came into the trade for the first time?

A. Yes.

Q. Would it be right to call the existing companies as having monopolised the trade?

A. There is only one word by which it can be described, that is "monopoly."

Q. Therefore it is a question of fighting against the monopolies not only by the people coming into the field but also by the Government itself?

A. Yes.

Q. Monopoly is an evil in any system?

A. Quite so.

Q. The monopolists being powerful should be put an end to in any trade? It is not merely from the question of developing the Indian Mercantile Marine that they should cease to exist?

A. Even if there was no question of an Indian Mercantile Marine, I should say that the stronghold of one definite interest in any industry is not desirable in any country from any point of view.

Q. Much more so in India which is a green country so far as the shipping industry is concerned?

A. Yes.

Q. It has been stated that any attempt to develop the Indian Mercantile Marine necessarily meant the replacement of the existing companies?

A. Yes, it is so.

Q. It has been asked whether it is just to do so with reference to companies which have established their business for a long time? What is your opinion about this?

A. It is not merely just but it is necessary.

Q. Why do you say it is necessary?

A. Otherwise Indian shipping will never have a chance at all. It is not possible in India to open up new routes to the extent to which it will be necessary if Indians are to run their ships side by side with British companies. There is a good deal of room for improvement but that improvement to my mind can never be carried to such a large

extent as will enable Indian companies to thrive along with the British companies.

Q. I saw it stated in the Fiscal Commission Report that the Steam Ship Companies and the Railway Companies have entered into some arrangement by which the trade routes are not properly developed?

A. Evidence to that effect was produced before the Fiscal Commission.

Q. Have you investigated that question?

A. I have not investigated it to any definite extent. But I know of individual instances where the trade routes were not developed.

Q. Have you investigated the further point as to how far the minor ports are neglected by the existing monopoly?

A. That I have tried to study. I feel that the policy of the existing concerns is to bestow their sole attention to the major ports and not to pay any attention at all to the minor ports. Judging from the letter of the Chittagong Port Officer which was submitted to the Royal Commission on Shipping Rings, it seems that the shipping companies get into touch with other commercial interests and arrange to prevent coast ports like Chittagong from developing into ocean ports, even though the people in the particular port feel that it is eminently suited to such development.

Q. How does it help anybody to make any such arrangement? I do not understand your point?

A. For instance if the Chittagong port was developed, the trade that is at present carried on in Calcutta will be diverted to some extent to Chittagong. Similar complaints are made with regard to the development of ports in Bihar and Orissa. All the produce from the hinterlands of these ports have at present got to go by rail to Calcutta and then be shipped to the United Kingdom and other places. This development of the smaller ports is to some extent the business of the Government as much as it is the business of the shipping companies. If the shipping companies provide service at the smaller ports then they would develop. For example there used to be no direct shipments from Rangoon to the small ports of Kathiawar like Porebunder. When Scindia came into the field, they provided direct steamer to ports like Marmagoa and Porebunder which thus did a lot of business direct without any transshipment.

Q. Who is benefited by this arrangement?

A. These big concerns like the B. I. and the Asiatic care only for the major ports because they get huge profits there and they do not consider it worth their while to open up new ports.

Q. They concentrate their activities in big centres?

A. It will always be less expensive to do so than to have various places of business.

Q. In that way they are anxious to get traffic?

A. After all they do not lose any traffic. It is only the producer and the consumer that is penalised.

Q. The producer will get better price if he sells the produce in the place of production?

A. Apart from that, the consumer also will have to pay less.

Q. You believe that such arrangements as do exist though not committed to writing are at least implied and the trade is carried on on such implied understandings?

A. Yes.

Q. Many people believe there is an implied understanding between the various shipping companies and other commercial interests?

A. Yes.

Q. Do you think that if more companies were trading on the coast, such inconveniences would ever exist?

A. If you do not allow the shipping monopoly to exist in the coastal trade, then many coastal ports will develop.

Q. Do you think that the existing shipping companies which have been running the coastal trade have been sufficiently repaid for all the trouble they may have taken by the profits they have earned so long?

A. Owing to monopoly they have charged very high rates and thus earned large profits which mean a good return for the shareholders.

Q. I understand that the rebate system does not apply to Bombay?

A. Yes, it does not apply from Bombay to the Continent.

Q. Why is this distinction made between ports and ports as regards the rebate system?

A. I believe the shipping interests manage the whole thing in their own way.

Q. Why is this distinction made in favour of Bombay and not with regard to other ports? Can you throw any light on the matter?

A. It is not a question of distinction being made in favour of Bombay. It is because business to and from Bombay in the European trade is of such a character that it is not possible to organise a conference on that run. What happens is this. The steamers that come to Bombay with Cardiff coal and other commodities are as a rule not sufficient in number to carry away all the stuff that goes out of Bombay; so that to manage the carriage of all outward

cargo, other steamers have to be provided. The steamers that come to Bombay with coal come once and may not come again for months together. All these steamers are chartered from what you may call the world's tonnage in the London market and then they are put on berth and the cargo is booked. In addition to these chartered steamers, there are also the regular mail sailings of the P. & O. and other steamers; but they have to take that rate which is the competitive market rate. The rates because they are competitive keep on fluctuating. Under competitive conditions in Bombay for the Bombay-United Kingdom business you get a rate as low as 13 shillings, while the normal rate between Rangoon and Bombay which is only about 2,000 miles is as high as Rs. 13.

Q. So you think that the deferred rebate system is not at all necessary for Bombay?

A. It will not work well there.

Q. So it is only the people who are mainly interested in the Indian trade that will object to the deferred rebate system and not the people from Bombay?

A. The people in the Bombay export trade have not objected but their branches or their head offices, as the case may be, in Calcutta have objected before the Imperial Shipping Committee.

Q. With reference to the evidence that was furnished before the Imperial Shipping Committee in England can you tell me who are the other interests that could have objected but which did not object?

A. Practically all the shippers have objected.

Q. The representative of the Chamber of Commerce in Rangoon said that there were other interests which could have objected but which did not?

A. It may be that some shipowners and some Chambers of Commerce did not object. But from the Indian point of view, all the shippers have objected to the deferred rebate system. Evidence was invited from all parts of the Empire. With regard to the tie only one shipper witness said that some sort of a tie was desirable.

Q. I want to know whether there were other shipping interests in India which could have objected but which did not object?

A. None that I know of. But I see that the opinion of the Bombay Indian Merchants' Chamber is given in the report of the Imperial Shipping Committee. I do not know why they did not send in their opinion. Anyhow their opinion with regard to Mr. Seshagiri Ayyar's Bill was that the deferred rebate system should be altogether abolished.

Q. Did the Indian Merchants' Chamber advocate the abolition of the deferred rebate system?

A. Yes. They did.

Q. You say: Ships with Lloyd's 100 A-1 certificates and regarded, irrespective of ownership as first class risks by the experts of London are graded second class by the insurance agents in India solely on the ground of their Indian ownership—thus indicating an antagonistic spirit which would never be tolerated in any self-governing country. What do you mean by this?

A. What I mean is this. A 100 A-1 ship built and maintained up to the Lloyd's standard would get and does get even when it is owned by the Scindia the best competitive rate with regard to the insurance of hull, the machinery and so on. When the ship comes out to India, the insurance agents here regard the ship as second class simply because it is owned by an Indian firm. Though the people in London classify the ship under first class, the insurance agents here who are not such experts as the people in London charge higher rates from the shipper because the ship is owned by an Indian firm.

Q. That is to say if the same ship is owned by a European firm in India, it will be regarded as first class?

A. Yes.

Q. If the same ship is owned by an Indian, it will come under second class?

A. Yes.

Q. Has this distinction been going on for a very long time?

A. I do not know the early history; but this affected the Scindia in the beginning very much. Now after fighting the matter out the insurance agents in India have decided that our boats should be regarded as first class. We had to put up a very strong fight about it.

Q. Can you explain why the insurance agents should make that distinction?

A. I am afraid I am not able to understand this invidious discrimination.

Q. Do you believe there is a combination among European interests in this matter?

A. I cannot explain this on any other ground. I do not say that I have proofs of this combination, but on no other ground can I justify its existence.

Q. Has the Chamber of Commerce protested against it?

A. So far as I know the English Chambers of Commerce have not protested against it.

Q. Are they aware of it?

A. They must be aware of it, because I dare say some of the English insurance firms are represented on the Chamber.

Q. That is really very serious from the Indian point of view? If the European interests combine to defeat Indians like this, then such a state of affairs does call for more drastic measures from the Legislature?

A. If the European interests do not change their present attitude, then the business will have to be taken out of their hands. I may mention that the difficulty of Scindia first began at Rangoon because our first shipment was from this port. One of our vessels which was chartered by the Straits Food Controller was classed under the second class and because the Straits Food Controller had to pay a higher rate of premium he protested against this. I think it was the New Zealand Insurance Company which classified our vessel under the second class. The Straits Food Controller who used to do a lot of business with the New Zealand Insurance Company thereupon threatened to discontinue his dealings with them if they treated the Scindia vessels as second class. This Food Controller was not merely trying to help an Indian concern, but because the class immediately affected his shipment, he protested against the action of the insurance company. In the end the insurance company yielded. But that was only with regard to that particular steamer, because pressure was brought to bear on the insurance company by an outsider who was interested in the shipment. For some time after that nothing happened. But the system that was then pursued by us was this. There is in Burma an insurance company which is a non-tariff company and all our shipments were insured through this non-tariff company which, of course, meant that so much business was taken out of the hands of Rangoon Insurance Companies. That business grew as more of our steamers began to call at Rangoon. Then the Royal Insurance Company moved in the matter and suggested to their organisation at Home that this state of affairs should not continue. In the meantime we were protesting from our head office and also from our Calcutta Office, with the result that after some time the ban on our steamers was removed. Until recently it was merely our own steamers that were classified by name under first class. Some two months back, however, one of the steamers chartered by us was classed second. Then, of course, we protested to the Bombay organisation saying that while our own steamers managed by us are treated as first class, there is no reason why steamers chartered by us should be treated as second class. Then they yielded and passed a resolution treating all steamers managed by us as first class.

Q. Towards the end of page 2 in your statement you say that European stores for use in India are not allowed to be conveyed to India in ships other than British without the express permission of the Secretary of State for India. Is this a sort of subsidy to British ships?

A. It is. The authority for this statement is the evidence of Mr. Burls, who I think was the Director General of Stores in the India Office for about 40 years, before the Royal Commission on Shipping Rings. He stated that if he wanted to take advantage of cheaper foreign freights he could not do so without the special permission of the Secretary of State for India.

Q. If some such provision were made in aid of Indian shipping, you consider it would be advantageous to the development of the Indian Mercantile Marine?

A. Yes.

Q. It would be following the example of what the Britishers themselves are doing?

A. Yes.

Q. Do you maintain that no compensation need be paid to the existing companies when they are replaced by Indian companies?

A. None at all, because the whole reservation would come out only after five years and that is sufficient time for the existing companies to adjust the details.

Q. How would you meet the point that the existing companies are British companies and they should not be treated as aliens?

A. I would like to draw your attention to the definition of "controlling interest" as I have given it on page 15 of the statement. Owing to the requirements of the British Merchant Shipping Act, no British possession could legislate in a manner which would differentiate its ships from other ships owned in other parts of the Empire. I suggest, therefore, that it could be made possible for only the Indian controlled ships to run along the Indian coast. Just as in the case of Australia, they have fixed that certain rates of wages should be paid to the crew and so on; i.e., through their labour clauses the Australians have succeeded in ousting non-Australians from their coastal trade; similarly we should use the capital method here in India and if "controlling interest" is defined as I have done, I do not see how any objection could be raised to such legislation.

Q. Who had the coastal trade of Australia at the time when legislation came into force there?

A. I suppose a few British companies.

Q. And it was they who employed labour at that time which was provided against in those labour clauses?

A. Yes.

Q. It was a deliberate act to shut out British ships, was it not?

A. That was an attempt to get round the provisions of the British Merchant Act.

Q. As that method will not suit the conditions in this country, you suggest some other method?

A. Yes.

Q. When they passed the labour legislation, their object was to reserve their coastal trade to Australian-owned ships and they have succeeded in that object.

A. Yes.

Q. Do you know if Britain is doing anything to help the British shipping industry at present?

A. I do not know whether it is a fact or not (I hope Sir Arthur Froom will correct me if I am wrong), but I have been told that in the construction of the new steamers of 20,000 ton type such as 'Mooltan' and 'Maloja' belonging to the P. & O. Company about 50 per cent. of their capital cost has been met by the Government of Great Britain.

Sir Arthur Froom.—Q. It is untrue. The contradiction to this statement was published in the *Bombay Chronicle*.

A. I am glad that the impression has been corrected.

Devan Bahadur T. Rangachariar.—Q. Can you name any country in which its Mercantile Marine was developed without State aid?

A. All countries that have a Mercantile Marine of their own have at some time or other during the course of their maritime history resorted to State aid. I might add that almost all the countries are rendering some sort of State aid even to-day.

Q. This argument about the Burmans not being ready to take part in the development of an Indian Mercantile Marine will be an eternal argument to keep the trade in the hands of the monopolists, don't you think so?

A. Yes, I do.

Q. If you allow Indians to compete with the monopolists, will that give a fair chance to Burmans?

A. I do not make any distinction between Indians and Burmans.

Q. Assuming that a distinction has to be kept up, is not this argument about Burmans not being ready to take part in the development of the Indian Mercantile Marine an argument for separating Burma from India? So long as Burma forms part of British India, do you think that this argument has any weight?

A. If this argument is applied for not allowing Indians to develop their own Mercantile Marine, the sooner Burma is separated from India, the better.

Q. The people of the North-West Frontier, for example, have nothing very much in common with the rest of the Indian population and that argument would apply equally to Assam. Is it not a mere scheme for not doing anything?

A. It is nothing better.

Mr. Jadu Nath Roy.—Q. You say that “the very fact that Canada and Australia are allowed by the Imperial authorities to carry out a shipping policy which, however, antagonistic to individual British shipping interests, is intended to develop the merchant marines of these dominions, decidedly proves that the Imperial Government approves of the efforts of the dominions to be economically self-sufficient.” We have been told that Australia is not doing very well by its reservation of the coastal trade for Australian ships. Do you know anything about that?

A. I don't know anything about Australian shipping in general, but I have a few figures about the Australian Commonwealth Line of steamers which I have taken from the latest Australian Year Book which shows that they have been working quite well. From its inception in October 1916 to 30th June 1921, the Commonwealth Line has made the following profits:—

	£
From 16th October 1916 to 30th June 1918	903,500
From 1st July 1918 to 30th June 1919	1,160,034
From 1st July 1919 to 30th June 1920	137,959
From 1st July 1920 to 30th June 1921	102,949
TOTAL	2,304,442

President.—Q. Have you no figures to give us after 1921?

A. No; the latest book does not give figures after 1921. We have figures for two years after the Armistice and they show a profit, though on a lower level as compared with the year 1918-19 when it was over a million pounds.

Sir Arthur Froom.—Q. Are there any figures which show the book value of the fleet and how the fleet was written down?

A. No. The book I referred to is an official publication and if there was anything to be said from the Australian point of view, they would have said so.

Mr. Jadu Nath Roy.—Q. We find that other parts of the dominions are developing their own Mercantile Marine; is there any reason why India should not develop her own Mercantile Marine?

A. None at all.

Q. I believe your idea is to prevent non-Indian ships from trading on the Indian coast?

A. Yes.

Q. You say that “the monopoly obtained by the Conferences using the system of deferred rebates has in certain cases enabled Conferences to make larger profits and to place rates on a higher level than they would, but for the system, have been able to do.” Do you mean by this that the British Companies are charging higher rates than they would if the deferred rebate system were not in force?

A. Higher freights are paid by Indians and when it comes to the question of dividends, very few Indians are shareholders of the British India Company; naturally all the profits are going to the pockets of the non-Indian companies. The two disadvantages are, firstly, that higher freights are paid by Indians and, secondly, that the profits go out of the country.

Q. You say that is due to the monopoly they enjoy?

A. Yes.

Q. Do you consider that Indian shipping cannot prosper unless the deferred rebate system is abolished?

A. Yes.

Q. Do you also want that rate-cutting should be done away with by fixing maximum and minimum rates of freight?

A. It should be possible to develop an Indian Mercantile Marine by declaring the deferred rebates illegal and reserving the coastal trade; that is why I have purposely omitted minimum and maximum rates. But if it is feared that there will result a monopoly in the shipping trade, there is nothing to prevent Government from fixing maximum and minimum rates of freight which is a matter of relative ease. Rates have been fixed in so many branches of transport that they could be fixed without difficulty in the case of shipping.

Q. What do you think about the Agreement system? Would it be a fair substitute for the Deferred rebate system?

A. The Agreement system would not serve the purpose at all. If you look at its history, you will find that the Agreement system originated in South Africa, because with the abolition of the Deferred Rebate system in South Africa a necessity arose for the crea-

tion of some sort of a tie from the point of view of the shipowner and the result was the Agreement system. This system in South Africa is a sort of collective bargaining between the Conference on the one hand (which is always ready for collective bargaining) and the South African Trades Association on the other. But along the Indian coast, the interests vary and we would never be able to have a Central body like the South African Trades Association; unless we have such an Association, the very fundamentals of collective bargaining will be wanting. This is one of the reasons why I feel that the Agreement system cannot be utilized by us. Besides the Agreement system has one or two evils of its own. At present the shippers grumble a good deal about discrimination. The Agreement in the South African trade enables the shipowners to select the people with whom he would come to an agreement and that would enable him to make discrimination. The shipowners might also demand monetary guarantees from the shipper and this might lead to the shipowner's right to inspect the books of the shipper. On the whole my feeling is that shippers will have more grievances under the Agreement system than they have under the Deferred Rebate system. Another point is that the deferred rebate is paid by the company and the shippers are content. The shippers have no legal right to the various advantages which are supposed to result from the deferred rebate system, e.g., regular shipments. Under the Agreement system, the agreement would be cognizable by Law Courts and all sorts of new issues will be involved which are absent from the transaction to-day. Personally I feel that the Agreement system is impracticable for India and would lead to greater discriminations than the deferred rebate system has done. Therefore, while I advocate the abolition of the deferred rebate system, I cannot possibly see my way to accept the agreement system. I am against any tie between the shipper and the shipowner.

Q. Somebody must have taken an interest on behalf of India in the Imperial Shipping Committee?

A. It appears from page 4 of the Report of the Imperial Shipping Committee that Sir William Meyer who was nominated by the Secretary of State for India in Council died in October 1922 and after that no one was nominated to take his place as was done by other interests, with the result that when this report was written there was no one to represent the interests of India.

Dewan Bahadur T. Rangachariar.—Q. On page 25 of the Report of the Committee it is

stated that "there is no doubt that he (Sir William Meyer) would have been in complete agreement with the Report as finally settled."

A. I should like to say that both the Royal Commission on Shipping Rings and the Imperial Shipping Committee do not seem to have properly studied the subject from the point of view of the creation of a new Merchant Marine or the entry of new shipping companies in a trade along with the existing companies. Both bodies were appointed on the statement of grievances of shippers and almost wholly their point of view has been the effect that the deferred rebate system produced on the shipper. In India we have to look at it from the point of view of new companies coming in.

Sir John Biles.—Q. The interim report of the Imperial Shipping Committee shows that Mr. J. W. Bhore was appointed a Member of the Committee in place of Sir William Meyer.

A. The final report does not show this and I went by the final report; any way even Bhore has not signed the report.

Mr. Jadu Nath Roy.—Q. There is no facility at present for young Indians to get training for a sea life?

A. None at all, except on our ships.

Q. Have you any Indian apprentices on your ships?

A. We have been taking apprentices.

Q. The non-Indian companies do not take them?

A. Not so far as I know.

Q. Do you think it is necessary that a training ship should be established?

A. Yes; we should not merely rest content with training Indians, but we should also arrange for their future employment. If you start giving facilities for their training and they are not sure about their prospects, it will not be much of a success. If you have merely a training ship without the reservation of the coastal trade, I greatly fear that Indians won't be coming forward to take advantage of the training ship.

Q. We have been told that 90 per cent. of the crew on ships are already Indians?

A. We have them as lascars, etc. Once a lascar, he is always a lascar.

Q. Do you consider that people of this country would come forward for training for a sea life?

A. I have no doubt they would.

Sir John Biles.—Q. You mentioned that the Imperial Shipping Committee did not consider the question of new companies entering into the fold of the existing companies. You will find from page 18 of the

Report that there are two paragraphs on the subject.

A. The point I referred to was not definitely before them; that is, I suppose, why the subject of new companies was treated by them so cursorily.

Q. You expect that non-Indian officers will be required for the next ten years?

A. Yes.

Q. You will develop the Indian Mercantile Marine by employing non-Indian officers?

A. I may add that on the ground of national economy alone, so much objection need not be taken to the presence of European officers in Indian shipping in the early stages. Though I desire Indianisation of the personnel of the ships, yet as I am keen on the development of Indian shipping, I would not object to the employment of European officers at present.

Q. Do you make provision for the employment of Europeans in the Bill that you have alluded to in the written statement?

A. The Bill is merely concerned with the coastal reservation and the deferred rebates. With the reservation of the coastal trade and the abolition of the deferred rebate system, other things are bound to follow.

Q. Would you call it an Indian Mercantile Marine if the personnel of the ships is European?

A. No. In the beginning we cannot have a completely Indian manned shipping industry. As Indians get themselves trained, they will replace the Europeans.

Q. You think it is impossible to create an Indian Mercantile Marine within ten years?

A. Yes, you cannot have wholly Indian manned ships within ten years.

Q. Speaking generally is there not rivalry between Port Trusts to maintain their own trade?

A. I do not think the chief ports in India are competing with each other in the matter of trade. The coast line of India is very long. By no stretch of imagination can we suppose that Madras tries to rival Bombay. There may be some sort of rivalry between Bombay and Karachi.

Q. Is there no rivalry between Madras and Calcutta?

A. No.

Q. Does not rivalry exist in every line of business? Is there not conflict of interests from the financial point of view among the Port Trusts. Do they not try to maintain their position against possible invaders?

A. My point is that between the ports in India, there is not any rivalry worth mentioning.

Q. Is it not a fact that some ports do not develop owing to the fact that other ports raise obstacles in their way of development? For instance does not Madras oppose the development of the port of Cochin?

A. Yes; but Cochin is going to have a port of its own in spite of the protest of Madras. The grievance is that not merely the existing ports oppose the creation of new ports, but as the letter from the Chittagong Port Officer shows, even those ports which are in a position to take up ocean trade are not permitted to do so. For instance Chittagong is given a status no higher than that of a coastal port.

Q. That is merely the ordinary competition between conflicting interests in shipping?

A. The ordinary competition between trade and industries is all right. But the ordinary competition in matters of transport and with regard to the terminals of this transport is a matter on which there should be some control if necessary. I put the competition in trade and the competition in the matter of transport in different categories.

Q. All this means you prefer a patriarchal system of Government?

A. It is possible for a democratic Government to be what you would say patriarchal. As a matter of fact you will find the more democratic a Government is, the greater the interference of that Government in the daily life of the people.

Q. You do not agree to the fixing of maximum and minimum rates?

A. I do not think it is necessary. If it is found necessary it will not be difficult to fix the rates.

Q. The variation of rates that you have mentioned is very interesting. Don't you think that under the circumstances you have mentioned, there may be difficulties in fixing the rates?

A. I was speaking of the Bombay-U. K. business which is an open market so to speak. I do admit that with the fixing of minimum, the success of all concerns is assured. If we want to fix a minimum we can do it easily. For example the existing companies have got schedules which are not changed from day to day. The B. I. and the Scindia have fixed annual rates for the rice trade from Bombay to Rangoon.

Q. Does not the demand change what you call a monopoly? You want to fix maximum and minimum in view of the competition?

A. The non-changing of the rate is on the other hand due to the monopoly. For example as I said already the rates are fixed ahead for the year between Bombay and Rangoon. If we have competition along the

Indian coast as we hope to see under the new dispensation, then if you fix maximum and minimum rates for the different commodities carried to different ports, the rate will keep on changing between those two points, but the change need not be constant.

Q. You say: European stores for use in India are not allowed to be conveyed to India in ships other than British without the express permission of the Secretary of State for India. Do you know of any instance where the application for the use of a foreign ship was refused?

A. The Director General of Stores has got to run up to the Secretary of State if he wants to send the stores by foreign steamers, say French or German.

Q. It may not be very difficult to get the permission of the Secretary of State.

A. If you read the statement of Mr. Burls who was for 40 years the Director General of Stores you will find in how many cases he used foreign ships for the carriage of stores to India.

Q. Your implication is that the British wanted to shut out all foreign competition?

A. No, they encouraged their own shipping.

Q. You do not say how many times applications were made for the use of foreign ships and how many times they were granted or refused?

A. The very fact that Mr. Burls who was for 40 years the Director General of Stores did not give orders to foreign ships during his whole service goes to show that the British wanted to encourage their own shipping and to shut out all foreign competition. I have no other source of information except his statement before the Royal Commission on Shipping Rings.

Q. You say that Australia has made a profit in State-owned shipping? Do you know whether it is gross profit or net profit?

A. I understand it is net profit.

Q. With regard to the deferred rebate system, do you admit that bargaining is necessary between shipowners and shippers?

A. Yes, but it is not possible.

Q. You object to bargaining?

A. I do not think it is possible in this country.

Q. Is not collective bargaining carried out every day in this country?

A. No, not collective bargaining as it is understood in the books on the subject; or for example the collective bargaining between the shipping companies and the Bombay Rice Merchants' Association, or the collective bargaining between employers' associations and trades unions in England.

Q. So you have collective bargaining in this country also?

A. That refers to only one port and one commodity.

Q. Surely the fact that the shipping companies and the Rice Merchants' Association have agreed as to certain rates is collective bargaining?

A. Yes; but in other trades the shippers are not associated as a rule. It is only in one particular case you have the Rice Merchants' Association to deal with.

Q. This is one of the methods of collective bargaining?

A. It will be a method of collective bargaining if the other side, namely, the shipper's side is properly organised.

Q. As far as the trade is concerned it is collective bargaining?

A. Yes.

Q. You have no faith in collective bargaining?

A. Yes, I have; but in India I feel that there is not the means of carrying out collective bargaining as effectively as it should be carried out.

Q. Unless you have collective bargaining, the shipowners will be crushed by the shippers. The two methods of successful collective bargaining according to the Imperial Shipping Committee are the deferred rebate system and the agreement system? But the committee do not come to any conclusion as to the merits of each?

A. They have come to a conclusion as to the demerits of both.

Q. They do not come to a conclusion as to which should be adopted? You think that the agreement system is not preferable to the deferred rebate system?

A. I think the agreement system will be worse from the shippers' point of view.

Q. You do not help the committee by a solution of the problem?

A. You pre-suppose that a tie is necessary in order that regular shipping service may be available; but all the evidence given by the shippers before the Imperial Shipping Committee—except that of one gentleman—was against the necessity of any tie whatsoever.

Q. Collective bargaining appears to me to protect the shipper more than anybody else. That is the best system. I do not know what alternative you are going to suggest for the deferred rebate or the agreement systems?

A. We feel that in India there is no proper shippers' organisation; and in the absence of an organisation on a proper scale, we want to abolish all ties.

Q. Underlying all this is your assumption that the Indian Mercantile Marine can be satisfactorily run by Indians?

A. There is not merely the assumption, but there is the certain feeling that it can be satisfactorily run. I take it as a fact.

Q. But we have a good deal of evidence which points out in the other direction? If you are going to consider the question from the point of view of helping India, then you must not only show that the Indian Mercantile Marine can be satisfactorily run but it can be more satisfactorily run than under the present conditions?

A. Even if it is found that the Indian Mercantile Marine will be less satisfactory than the existing companies, it should be encouraged.

Q. Then you must say what do you gain by having an Indian Mercantile Marine? You must express the gain in figures.

A. Theoretically I may say that even if the loss to India by running an Indian Mercantile Marine comes to about 30 or 40 crores a year, the attempt is still worth making. I put the loss at 30 or 40 crores because that is the amount drained from the country by non-Indian shipping now. Even if an Indian Mercantile Marine means a loss to the country of that amount which now leaves India, even then we would have the advantage of having a merchant marine of our own and better transport facilities for our people, not to mention new avenues of employment. Of course, I feel that it will never be necessary to go to that limit. I am only mentioning this loss theoretically.

Q. You assume that all the freight that India now pays will be a gain to her if she runs her own merchant marine?

A. I do not say all the shipping freight will be saved, because even as things stand at present, a fair portion of the freight in the coastal trade remains in India. That is why I say it will be worth our while to lose over the Mercantile Marine that amount of money which is now drained out of the country. I put this at about 35 crores.

Q. Does that include interest on capital, or is it merely profit?

A. It is profit.

Q. So what amount leaves India?

A. I will put it this way. Taking our coastal trade, my idea is that about 5 crores can be saved therein. That is the profit made in the coastal traffic on cargo freight alone. In passenger traffic, there may be a saving of approximately one crore. I put the ocean freight at 40 crores. Because all the companies are non-Indian companies very little of the freight will be spent in India as against the coastal ships which

spend a good deal here. I will, therefore, say that out of 40 crores, 30 crores leave the country. All these 30 crores can be saved to the country. Thus on the whole there will be a total saving of 36 crores to the country. Taking the extreme point of view, namely that the creation of an Indian Mercantile Marine will involve the country in a loss of 30 crores, even then I think the experiment is worth making, because you will have Indian carriers, better developed ports and so on.

Q. Do you take into account in the Indian Mercantile Marine the cost of improving the ports?

A. I have calculated the amount and I think it comes to 45 or 50 crores on capital invested in the Indian ports.

Q. Is not the development of the Indian ports independent of the question whether you have a Mercantile Marine of your own or not?

A. The development of the chief ports is practically independent of the question of the Indian Mercantile Marine. It is rather surprising that out of 50 crores, Bombay and Calcutta alone absorb 38 crores, while on Karachi it is 3 crores and on Rangoon it is only 4 crores.

Q. Whatever it is, you think the development of the Indian ports is independent of the question of the Mercantile Marine?

A. Yes.

Q. You know that Australia has lost a good deal of money in the trade?

A. From the official statement it appears that she has made a profit. From a reading of the official papers, it does not appear that she has incurred a loss.

Q. Has it ever occurred to you that the Mercantile Marine of the British is better than the Navy?

A. I do not think any such comparison can be drawn between an instrument of national or imperial defence and a means of transport.

Q. For your purposes, you think that a Mercantile Marine is quite as important as the Navy?

A. You may say that the Commissariat Department is quite as important because you may allow a sort of monopolistic combine in the grain business.

Q. The Commissariat Department deals with war purposes only?

A. What is being suggested is that there should be a sort of British shipping combine serving the needs of the whole Empire to which Australia and Canada do not agree and to which India is not going to agree either. It is not at all in the interests of the Empire.

Q. Don't you think it will be better for the Empire to have a uniform shipping?

A. I can well imagine British shipping managing all the ships and British factories providing all the requirements of the people of the Empire. Then nothing will be left for the dominions and dependencies to attend to. England will supply us with clothes and everything else that we require. It is a scheme of things which won't work in the British Empire as we know it.

Q. British shipping is not quite the same as British factories. British shipping unites the whole Empire together?

A. It is the British Navy that keeps the whole Empire together. British shipping is one of the commercial activities of the English people and it has to be regarded in the same light as other activities.

Q. You have not considered it from that point of view?

A. It is not proper to consider British shipping from any other point of view.

Q. You say monopoly requires cautious watching, by whom?

A. By the Government of the country.

Q. Foreign monopoly requires vigilant watching, by whom?

A. Of course by the Government. I may draw your attention to one thing. I advocate that foreign monopoly deserves immediate abolition because they have thwarted indigenous enterprise. It is because I do not regard British shipping as foreign that I have not suggested its immediate abolition. It is because they are British that I suggest their abolition within a period of five years, thus giving them time to adjust themselves.

Q. You do not advocate an immediate abolition of the existing companies without compensation?

A. I advocate gradual abolition and I have made no reference to compensation, because I do not think any compensation is due to them.

Q. Do you think that the companies which are displaced won't lose?

A. They won't lose any money.

Q. Won't they have their trade destroyed in five years?

A. You don't destroy the trade; the trade will keep on developing, and it will improve with an Indian Mercantile Marine.

Q. Perhaps it will destroy the business?

A. There is no destruction in the matter at all. What we destroy is their right of trading along the Indian coast.

Q. At the beginning of five years they have a healthy business, at the end of the period it is all gone. Is it not destroying the trade?

A. The present companies will not be running the ships at the end of five years.

Q. Their business will have gone?

A. The shipping business will not have gone; the particular companies' business will have gone.

Q. The remuneration they get out of the business will have been taken away from them?

A. But then they will not be rendering any service.

Q. They may not be able to find out any other service?

A. That is their look-out.

Q. How would they be at the end of the five years, would they be well off?

A. That depends upon how they dispose of their belongings.

Q. Then they have lost?

A. They only disappear without any loss to themselves.

Q. What did the Scinida Company lose then?

A. It was not a loss of business; it was a loss of capital. But if the ships of the existing companies are fit for coastal trade work, they can be bought over by Indian companies.

Devan Bahadur T. Rangachariar.—Q. Would not the recurring annual profit which these companies would be making year after year be lost to them?

A. That presupposes that they have a right to these profits. They won't lose any great amount of money. They do not lose anything, because as they are not allowed to do any business they do not render any service.

Q. They do the service now at a profit and if they don't do that service, the profit will disappear?

A. As also the opportunity for rendering the service; but I don't see how it is a case of loss of business.

Sir John Biles.—Q. Their business stops, the plant is rendered idle and they cannot get any other service; do you mean to say there is no loss in this?

A. The ships could be disposed of to the new buyers or could be diverted to new routes.

Q. That is not the business value of the ships.

A. The good will of the business will have disappeared.

Q. You destroy the business and you destroy the good will and still say this is no loss?

A. I don't think it is correct to say that the destruction of the good will is the same as the destruction of the business.

Q. Do you know how many shippers' organizations there are in India?

A. I think there are organizations in half a dozen places, but the most effective Indian organization is in Bombay.

Q. You have told us that before the Imperial Shipping Committee certain institutions objected to the deferred rebate system.

A. If you take all shippers' organizations, Indian as well as non-Indian, into account, I suppose the number will be quite large.

Q. And do you consider that only a small part of these objected to the deferred rebate system before the Committee?

A. I feel that a large number opposed it.

Q. It is not anything like a complete list that is given in the Report of the Shipping Committee.

A. So far as European institutions are concerned, it is quite comprehensive.

Q. Do you know of many organizations that are not in the list?

A. I know of other Indian organizations, but not of any European organizations. Several Bombay associations have not submitted their statements to the Imperial Shipping Committee. Most of them are such small bodies that probably the authorities of the Imperial Shipping Committee could not get into touch with them.

Q. Towards the end of your statement on page 10 you say that "among the more important and immediate results of the reservation of the Indian coastal traffic to Indian-owned vessels will be the saving to the country of a large proportion of the crores of rupees that are now drained away from the country in the shape of coastal and ocean freights." You would replace the word "large" by the figures you have given us?

A. Yes, the figures given are large.

Q. You propose to tax freight?

A. Yes.

Q. Having collected that tax you propose to hand it back to the ship-owners in the form of subsidies?

A. In the form of navigation bounties on ocean lines and construction bounties.

Q. Would it not be better to leave it to the ship-owner to collect it himself and make the best use he could out of it?

A. How will the ship-owner do it?

Q. How will Government do it?

A. They have their own authority behind.

Q. The ship-owner will put on the amount you charge and hand it to Government, who will hand it back to the ship-owner.

A. Government action would be fair and uniform; the ship-owner's action might be along any direction he chooses.

Q. You are only taking it away from the ship-owner and giving it back to him.

A. This tax will amount to taking a sum of money from the shippers in India and from the shippers in other countries and handing over the amount to the Indian ship-owners; they collect the freight from the shippers.

Sir Arthur Froom.—Q. Please see page 2 of your statement about rate-wars. You quote the rates in connection with the trade from Rangoon to Bombay and their fluctuations owing to competition by the established companies on the coast. I think you said that in 1921 the rates were Rs. 20 less 2, i.e., Rs. 18 net, then they dropped to 13 net, then to 10 net and 6 net. What lessons do we derive from this?

A. The lesson we learn is that unless Government action is taken other Indian companies in this country will have to drop large sums of money before they can get into the Conference fold. What I object to is this necessary preliminary loss under the existing conditions. I do feel that only powerful companies could get into the Conference, and that too only if they are prepared to lose a large amount of money.

Q. History has shown that?

A. It merely shows that conditions in India should be so changed that the Indians should not have to lose money if they wanted to enter into the coastal trade. The matter would be different if they wanted to go in for the ocean trade; in that case the Government of India cannot exercise any control and a rate-war is the only method for getting into the International trade.

Q. Do you consider the 1921 rate (Rs. 20 less 2) high?

A. I think it was high.

Q. What is the rate now?

A. It is now 15 less 2.

Q. Do you know the rates before 1921?

A. I have made enquiries.

Q. They were somewhere between 9 and 12 net. Is the present rate of 13 agreeable to your Company from the point of view of the ship-owner?

A. I do not know what the opinion of my Company is; at the time when the amount was fixed I was not in Bombay.

Q. You do not know whether your Company would like a higher rate?

A. I don't know what our Company's view is with regard to this rate question.

Q. Personally you consider 13 a fair rate?

A. Both sides have agreed to it.

Q. You do not consider it an oppressive rate?

A. I do not think it is high; I think it is fair.

Q. You state that you consider 13 a fair rate. Would you agree that this has been

fixed after considerable discussion with shippers and ship-owners?

A. Yes.

Q. With the absence of any competition by any other shipping companies on the coast?

A. Yes.

Q. Therefore it must be admitted that a fair rate can be arrived at or is arrived at when there is absence of competition and the rate is not oppressive to the shippers.

A. You have to remember that this rate of 13 came after 6; from the point of the shipper the rate has more than doubled, so that whatever we, representing ship-owning interests, might regard as fair, the shippers might feel that it was because the Scindia and B. I. came to an agreement that the rates have gone up. But if there were open competition as I hope there would be with the abolition of the deferred rebate system, I feel the rates would drop.

Dewan Bahadur T. Rangachariar.—Q. Do you suggest that you make undue profits on the existing rate?

A. This rate of 13 is not a fair rate from the shippers' point of view, because they regard 13 as a sudden jump from Rs. 6.

Q. But it is still working.

A. Yes, but I suppose if you had competition it would be less than 13.

Sir Arthur Froom.—Q. If the shipping companies only went on the lines of the shippers' views they would go into liquidation sooner or later, because the rates would not be paying.

A. The rice rate leaves only very small profit.

Q. Are you acquainted with the discussion of this rate question that ensued between the British India and the Scindia Company?

A. No.

Q. You will find it interesting reading as Manager of the Scindia Company in Rangoon and you will know which Company wished to charge the lower rate. I think you said that the rate of freight from Bombay quoted in 1922 was 13; I take your statement as correct. What do you learn from that?

A. That where there is open competition the rate is much lower than where there is no competition; that is an economic truth.

Q. On the other hand, it might go higher?

A. Yes; at the same time the monopoly rates would have gone high too.

Q. The Conference rates do not go as high?

A. Because they have been fixed on such a high basis that ordinary changes would not affect them.

Q. In referring to the comparison of rates from Bombay and Calcutta, you suggest that the rates are higher in Calcutta because of the Conference system there?

A. Yes.

Q. Take your rates for March 1921 as compared with Calcutta. Would you be surprised to learn that I would rather book cargo from Bombay at 31s. 3d. than from Calcutta at 55s. a ton?

A. You would as a shipper, because Bombay has the lower rate.

Q. You suggested that because Calcutta had a Conference the rates were fixed on a higher basis there compared to an open port like Bombay. Taking the figures as they stand for 1st March 1921, would you be surprised if I booked cargo from Bombay at 31s. 3d. than from Calcutta at 55s. a ton?

A. You mean you would do it as a ship-owner because Calcutta is a port of delays.

Q. That is my knowledge; Calcutta is a much dearer port than Bombay. Calcutta means a longer voyage; besides there are delays and as a prudent ship-owner I would rather book at 31s. 3d. from Bombay.

A. Admitting that Calcutta is a more costly port, it does not justify the difference of 20s.; that is my opinion.

Q. You were in England for a long time and you have a knowledge of Lloyds.

A. All my knowledge of Lloyds has been the result of my study after my return from England.

Q. You have heard of the Stock Exchange. Lloyds is a similar sort of organization. They are a big body who quote rates for insurance which are accepted all over the world; of course, there is strong competition and the rates are cut very fine. On page 2 of your statement you say that "ships with Lloyds 100 A1 certificates and regarded, irrespective of ownership, as first class risks by the experts of London are graded second class by the insurance agents in India solely on the ground of their Indian ownership." That statement is incorrect. Ownership is one of the chief times that an insurance man looks at.

A. When I mentioned "irrespective of ownership" I did not refer to it from the point of view of the insurance expert, but from our point of view. Though we are Indians we are treated in the London market on the basis of our ships irrespective of ours being Indian ships. What I wanted to convey was "irrespective of the fact that the ships are owned by Indians."

Q. Ships with 100 A1 certificates are not always regarded as first class risks and to that extent your statement is incorrect.

A. Why I omitted the word "Indian" before "ownership" was that I did not want to make it a racial question.

Q. Even English ships with 100 A1 certificates are not always regarded as first class risks.

A. What I wanted to convey by this sentence was that we are treated in England on an equal level with others, whereas Indian conditions are different. I refer to the contrasts in the two parts of the sentence.

Q. Do you admit that the insurance of the hull would not be affected by insurance of the cargo?

A. Yes.

Q. What you object to is that the cargo shipped by an Indian vessel, although it has a 100 A1 certificate of Lloyds, is classed as second class.

A. Yes.

Q. As I have explained, Lloyds is composed of a level-headed lot of business men who compete very closely on all business and merely because a ship is managed by an Indian company, they would not class it as second class. It may be because their past experience possibly has been such that they have suffered losses in the business and therefore they put up the rates of premium.

A. How does it then happen that the same ship which for hull purposes is treated as first class suddenly becomes second class for cargo from the insurance point of view?

Sir Arthur Froom.—Q. I am afraid the underwriters have had their faith rudely shaken by the Indian managed ships. Their experience may have been that ships managed by Indian companies here resulted in innumerable claims on them. You will recognise that a particularly shrewd body of business men as the Lloyds will never care whether a ship is managed by Englishmen or Frenchmen or Americans or anyone else so long as it is properly kept and does not entail on them undue risk. If the ships are managed well, there would not be petty claims on the Lloyds.

A. Is it good business to class a ship as second class on racial considerations?

Q. This is only a badly worded clause by their agents in this country. Experience has shown Lloyds that it is bad business to class certain ships as first class. This clause emanates from the disinclination of the Lloyds to put as first class risk cargo shipped in vessels managed by Indians, because past experience teaches them so. There is nothing racial about it at all. If the same ships were inefficiently managed by anybody else, Lloyds would have done the same thing. The Scindia Company presumably is well

managed and their boats are taken as first class risk. It is absurd to suppose that racial considerations underlie the rule.

A. The extraordinary feature is this: When the Scindia became owners of ships, the company was quite unknown to the Lloyds. Even then the Scindia got good rates in the London market. But on the very ships coming out here they were regarded as second class. The people in London judge the boats on their construction and equipment even though they are owned by Indians, while the insurance agents here in India judge the boats on a racial basis. It is the behaviour of the insurance agents here that glaringly points out that racial considerations underlie the rules made by them.

Q. Probably your London agents explained to the Lloyds the real state of your ships and that was why they took your ships as first class. If you had properly explained to the insurance agent here, he would not have classed your ships as second class?

A. It is only in India that we have to wipe out what you call our evil reputation. In England there is no difficulty at all. Each ship is judged on its own merits, irrespective of the fact that it is owned by an Indian or a European.

Q. You are against the deferred rebate system, against the agreement system and in fact against any tie between the shipper and the ship-owner?

A. Yes, I am.

Q. You think business can be run as a sort of shipping Utopia?

A. I think shipping can be run on the same basis as other business. Under the deferred rebate system a shipper has no choice at all; he has to stick to one ship-owner or conference on pain of losing his rebate.

Q. Supposing there are five companies, A, B, C, D and E, on the coast, and supposing the company A comes to an arrangement with shippers by which the latter promise to ship their goods by the vessels belonging to A, do you think this arrangement is an evil? To my mind, the deferred rebate system which you run down so much is an open method of shipping business which anybody can easily understand.

A. I regard the deferred rebate system as opposed to the interest of new companies.

Q. Do you condemn it from a highly moral point of view?

A. It is merely the question of preparing the way for an Indian Mercantile Marine.

Q. As regards Chittagong why do you blame the ship-owners for its not being made a good port?

A. The Port Commissioner says: "The Calcutta firms have been trying to organize in concert with Liners' conference the Hansa Line and other responsible steamship owners for the stoppage of the direct trade between this port and the United Kingdom so as to capture the ocean trade of Eastern Bengal and not to allow Chittagong to rise in status over that of a coasting port."

President.—*Q.* The deduction of the Port Commissioner is entirely incorrect. Chittagong has a big bar at the entrance which prevents deep draughted ships from going into the ports. Unless the bar is removed ocean going steamers cannot enter the port. No ship-owner will then object to go to the port. The small steamers of the Clan Line do go into the port. It is up to Chittagong to improve her port and not blame the ship-owners?

A. The local experience is that the ship-owners do not allow the port to develop.

Sir Arthur Froom.—*Q.* You say: Above all, when the Indian Mercantile Marine is adequately developed the ocean traffic of India will be managed in the interests of the people of this country. What do you mean by this?

A. Lala Harikishen Lal in his evidence before the Fiscal Commission said that on account of the strong hold which the existing companies had over the traffic of the country it was impossible for new Indian companies to enter into the export trade. Similar allegations were made by other witnesses before the Fiscal Commission.

Q. Those are people with private grievances?

A. No, they are people with real grievances.

Q. The statement that ocean traffic will be managed in the interests of the people of

this country seems to be beside the mark, because the shipping companies have to manage their ships in their own interest also?

A. We find smaller ports are not developed. It will pay them if they opened small ports. It is only a question of relativity. If you make more profit by taking all your rice to Bombay, then you will not trouble to take it by steamer to Marmagoa. At present you know that the stuff required for Marmagoa will have first to go to Bombay and then it has to go back to Marmagoa. This would enable you to earn more freight.

Q. You must follow the trade demands?

A. There are certain other maxims which must be remembered; the interests of Indian producers and consumers as also the position of Indians in the international trade.

Q. On page 12 you refer to the income-tax collected in South Africa. Do you know that the ships in India are paying income-tax already?

A. They have been paying since the last three years only.

Q. Sometimes back shipping in South Africa was not paying any income-tax?

A. I do not suggest that the tax was taken in South Africa simply for developing shipping.

Q. When did you come to the Scindia Company in Rangoon?

A. As Manager since July last. Before that I have had shipping experience in Bombay. Besides I have lived in Rangoon for six months in 1921 in connection with the work of the Scindia Company.

Q. You give evidence in anticipation of your taking charge as Manager here?

A. Yes. The idea of our company is that the views of all the offices should be represented before this committee. So Mr. Walchand gave evidence in Bombay, Mr. Erulkar in Calcutta and I am giving evidence here.

President.—Thank you very much.

Witness No. 52.

Messrs. BULLOCH BROTHERS & Co., Ltd., Agents, B. I. S. N. Co., Ltd., Rangoon.

Written statement, dated the 13th August 1923.

The coastal and foreign shipping of India is at present exceptionally well served by the British Mercantile Marine under the protection of the British Navy and therefore no direct need arises for the institution of State aid in any shape or form with a view to assist Indian shipping. In this

connection we would remark that the information contained in Appendix C and relating to several foreign countries is irrelevant; India is an integral part of the British Empire and the necessity does not arise for her to adopt any separate means to protect her coasts and the shipping engaged thereon.

Two parts of the British Empire—Australia and Canada—have been for some time attempting to run their own Mercantile Marine and the heavy losses they have incurred and are still incurring should be enough to deter India from embarking on a similar scheme. Australia it may be remarked has now decided to dispose of the bulk of its fleet.

Any subsidising of either shipping or shipbuilding would put a strain on the resources of this country and it would be a

burden on other industries and on innumerable individuals while giving benefit to only a few.

The educated young men of India do not appear to show any predilection for the career of an officer or an engineer at sea and unless and until numbers of them show their fitness for the life by taking advantage of such facilities as are at their disposal, we do not think that any expenditure on Nautical Schools or training ships would be justifiable.

Oral evidence of Mr. G. R. CAMPBELL, representing Messrs. BULLOCH BROTHERS & Co., examined at Rangoon on the 8th January 1924.

President.—This committee was formed with the idea of advising the Government of India as to the best method of developing the Indian mercantile marine. The object of the committee in examining witnesses is to find out how best we can advise the Government on this subject. If we ask you any questions which you would rather not answer, please say so.

Q. You represent Messrs. Bulloch Brothers?

A. Yes.

Q. This committee was formed owing to a desire of the people of India to have a mercantile marine of their own. Your company, I take it, will have no objection to that aspiration?

A. That aspiration is quite natural.

Q. In your experience as manager of steamship companies, did you receive applications from young Indians or young Burmans expressing their desire to go to sea as officers in the mercantile marine?

A. No, I did not receive any.

Q. The opinion of your firm is that India being an integral part of the British Empire, there is no necessity for her to adopt any separate means to protect her coasts and the shipping engaged thereon?

A. There is a good number of steamers available for trade and therefore there is no necessity for India to have a separate mercantile marine.

Q. Supposing the Government of India decides to establish a training ship and trains young educated Indians, will your company object to employing them simply because they are Indians?

A. If they are fit for the job, I do not know of any objection.

Q. You are against subsidising ships by Government?

A. Yes.

Q. Do you object to it on principle or do you object because the country cannot afford it?

A. I do not think the country can afford it in the first place; in the second place I object to it also on principle.

Q. It has been suggested that the coastal trade of India should be reserved for Indian owned ships. Besides it has also been suggested that subsidies should be paid. Do you think that if the coastal trade is reserved, the Indian companies ought to be able to get on without subsidies from Government?

A. If the business is properly managed, then with reservation the Indian companies ought to make it pay.

Q. You are the representative of the B. I.?

A. Yes.

Q. Would you mind telling us how much experience you have in shipping business?

A. I have 21 years' experience in all; six years in Glasgow and 15 years in India.

Q. Do you think it is a pretty fair time for any one to master the subject? Do you still feel that you have something to learn?

A. There is lot to learn. As we gain experience we are also learning.

Q. The aspiration of a large number of Indians is to start a mercantile marine and trade on the coast and finally emulate the British mercantile marine. Your opinion is that it will take some years before they can develop?

A. Yes.

Q. Do you employ Indians in your ships?

A. We do not employ them as officers, but we employ them as pursers or clerks.

Q. Do you employ any Burmans?

A. They are employed only as clerks and not as officers.

Q. In your office here do you employ both Indians and Burmans?

A. Yes, both.

Q. Would you mind telling us what sort of positions they occupy in your office?

A. They do not reach to any position of responsibility at present.

Q. Provided they show sufficient aptitude there is no reason why they should not rise to positions of responsibility?

A. Absolutely no reason.

Q. In order to test the ability of young Indians to make officers, do you think it fair to ask the Government to provide a training ship so that the boys may be trained therein?

A. That is entirely for the Government to decide.

Sir Arthur Froom.—Q. You do not wish to differentiate between the British mercantile marine and the Indian mercantile marine?

A. No. The steamers of the mercantile marine at present on the coast are entirely at the disposal of India in any emergency.

Q. Would you call Indian owned ships as belonging to the British mercantile marine?

A. Yes. The Indian owned ships will be as liable to be employed by the Government in case of Imperial emergency as British owned ships.

Q. How long has your company been trading here?

A. For the past 70 years.

Q. Were they always paying big dividends or did they suffer any loss?

A. We never had very high dividends. We had bad years as well as good years.

Q. Can you tell us any reason why Indians or Burmans if they had sufficient interest in shipping enterprise should not have entered into the trade in the same way as your company did 70 years ago?

A. They could not have got ships in the country then. But they could have had an organisation.

Q. The company you represent did not get ships in the country then?

A. No, they got the ships from home. They came out here to run the ships.

Q. Enterprising Indians or Burmans might have similarly got the ships from home and started their trade here?

A. Yes.

Q. If they had started with you they could have been trading on the coast at the present time?

A. Yes.

Q. Of course it is a little more difficult to start at present?

A. Naturally.

Q. Have you received any complaints regarding the deferred rebate system?

A. No, not from the shippers.

Q. Does the shipper generally suffer loss on account of the rebate system?

A. No. The shipper is always treated very reasonably because the prosperity of the shippers implies the prosperity of the ship-owners. We do not want the merchants to suffer any monetary loss. The better their trade, the better is ours.

Q. You look upon the rebate system merely as an incentive to shippers to ship their goods by your boats?

A. We give them special service and we impose penalty for breach of contract.

Q. Do you know of any instances where the shippers welcomed the rebate system?

A. There was one instance in the beginning of 1916. The shippers on the Rangoon-Madras route asked us to revive the rebate system. They came to the office in a deputation and asked us to reintroduce the rebate system. They said that their constituents to whom they eventually paid the rebate would stick to them if they were certain that they would get rebate on the goods bought. They did not want to let their consignees get out of their hands.

Q. Do you mean to say that the rebate system was stopped for some time and the shippers actually asked you to reintroduce it?

A. Yes.

Q. Do you consider that bounties should be given by Government to shipping companies?

A. There ought to be no bounties. The companies ought to be allowed to run their business of their own accord.

Q. What about subsidies for actual service rendered?

A. Beyond subsidies for actual service rendered, I do not believe in bounties at all.

Q. Do you know of any instance where a new comer has fought his way in without the aid of the Government?

A. The Scindia has done so. It has happened in several home conferences too.

Q. From that you conclude if there is room for a new comer, he can fight his way in without being assisted by the Government?

A. Yes, he can but he will have a hard struggle in the beginning. The shipping companies who went under generally started towards the end of a boom. Shipping has approximately 7 bad years and 3 good years. These companies suffered during the bad years more than what they gained during the good years. Our company has been able to put up a reserve to meet these bad years.

Q. We have been told that cargoes carried in ship classed 100-A (1) by Lloyds but managed by Indian companies have to pay higher rates of premium. Can you explain that?

A. It is entirely for the underwriters to decide. They take the risk and they will naturally go by an established reputation. They deal with all sorts of people and so they exercise care in undertaking risks. I can cite the instance of a ship called 'Lady Blake' which was bought by us from the Ceylon Steamship Company. This Ceylon Steamship Company is an English Company registered in London and their ship 'Lady Blake' which was trading on the coast here was classed second class risk. The insurance company did not know that we purchased the ship and after our representation, it was classed first class risk.

Q. From this you conclude that Lloyds or the insurance companies at home lay great stress on the management and the knowledge whether a ship is going to be kept well or ill?

A. Yes.

Q. Do you think it natural that the rates of freight should be higher from Calcutta? Can you explain why? One witness has told us that the reason why rates are higher in Calcutta is that there is a Conference in Calcutta.

A. There is a considerable difference in recent rates, because a steamer from home takes a longer time going to and from Calcutta; it is a very expensive port and there are very high pilotage charges. In addition to the longer voyage Calcutta does not give the same facilities as Bombay. Congestion has at times been very bad in Calcutta. Taking the time taken both ways, a steamer takes 3 weeks longer on the round voyage from London to Calcutta and back than from London to Bombay and back. That explains the difference in freight.

Q. You told us you had 21 years' experience in shipping.

A. Yes, of which I had 6 years in Glasgow.

Q. Would you mind telling us what you did as a young boy when you went to a shipping office?

A. I wrote out Bills of Lading and worked in the stores and other departments. I used to go to the docks and see to the loading and unloading of cargo, etc.

Q. You weren't paid very high wages for this?

A. I was paid 1*l*s. 8*d*. a month.

Q. You merely looked upon it as an education?

A. Quite.

Q. Do you think that this education stood you in good stead?

A. Yes.

Q. Even with 21 years' experience in shipping, do you consider yourself at the top of the tree?

A. No.

Q. This question has been before the public for a considerable time now. Do you think that only certain vested interests want an Indian Mercantile Marine to be started or do you think it is a natural desire on the part of the 300 million people of India?

A. I think it is the desire of a certain body of people to be Managers of ships; it is a very natural desire.

Q. You have no quarrel with that desire?

A. No; we have had very pleasant relations with shippers for many years, and they have had no particular complaints against the company. Ever since I have been with the company there is always some competition or other and year after year all freights are a matter of arrangement with the shippers. If they have any grievance, they come up in a body and put it up to us and we settle things to their satisfaction.

Q. Would you look upon the shipping of this country as a gold mine?

A. No; I don't think it is such a gold mine.

Q. Is it not hard work?

A. There is more work done than in many other trades; it employs a tremendous amount of people both on land and on sea. It is a business proposition and not one done for philanthropy. There is competition and if legislation is passed to reserve the coastal trade to Indian companies, that will surely reduce competition.

Q. Your ideas generally are that there should be open competition and those who have sufficient experience with money are likely to succeed?

A. That is so.

Sir John Biles.—Q. Do you know much about the history of Indian shipping for the last 60 years?

A. I don't.

Q. How far back does your knowledge go?

A. My personal knowledge goes back to 15 years.

Q. Do you know anything about the Canadian and Australian Mercantile Marines?

A. Only from information in the press.

Q. Have you given any consideration to the relative advantages of an Empire Mercantile Marine versus a large number of

similar Mercantile Marines along the different sections of the Empire?

A. It would be much more satisfactory to have one mercantile marine than to have them separate and confined only to their own spheres.

Q. Will you tell us why?

A. If these various sections of the Empire are going to confine their Mercantile Marines to their own sphere they will have different legislation both with regard to ships and the personnel and in case of emergencies it will be difficult to send them to all parts of the world. Our ships on the coast could go anywhere.

Q. Is there any advantage financially to the Empire in carrying out such an arrangement?

A. I don't think there would be.

Q. Don't you consider that one big organization is better than a lot of small ones to the Empire?

A. Yes, and it will be more economical to run it as on general lines than to divide it up into separate factors.

Q. Have you read the Report of the Imperial Shipping Committee on deferred rebates?

A. Yes.

Q. Do you agree with the finding of the Committee?

A. More or less; I think it is necessary to have some hold if you are giving the shippers special facilities and you naturally expect the people to whom you give these facilities to stand by you.

Q. Does the Agreement system commend itself to you as an alternative?

A. As an alternative it is not so bad.

Q. Have you found anybody in Burma who wants a change from the deferred rebate system to the Agreement system?

A. No.

Q. Have you found anybody who has suggested an alternative system to either of these which would effect the same purpose?

A. I haven't.

Q. Do you know of any alternative system?

A. I haven't gone to the length of studying an alternative.

Q. Do you think there is no alternative between holding to the deferred rebate and abolishing it?

A. Beyond having the Agreement system, there is no alternative that I know of at present.

Q. The Agreement system is only another form of the same thing?

A. It is.

Q. Do you think that an Indian Mercantile Marine without some deferred rebate system would be satisfactorily worked?

A. I do not think that the deferred rebate system would have any effect then. If the coastal trade is going to be reserved for Indian ships, I do not see why we should worry about the deferred rebate system at all.

Q. Don't you think that wicked monopolists would want to get the deferred rebate system?

A. If the Indian companies compete among themselves, that would right itself. Some guarantee to the steamship company that it will have the regular support of the people is all that is necessary.

Q. Don't you think they would want to control persons who break contracts?

A. I don't think so if it is a question of rates going so high that the trade cannot stand it. If the rates were pushed up to such an extent that the trade could not stand it, the rice from Rangoon, for example, would not go to the West Coast of India, in place of Burma rice the West Coast of India would import from Saigon or elsewhere.

Q. Do you think many shippers would go to Indian-owned ships if it were not for the deferred rebate system and would they have gone during the recent rate-war?

A. Some of them would go to Indian companies; if they get better service they would go to that company where they get better service.

Q. Did they do it in the rate-war?

A. Yes; some of them did in spite of the deferred rebate.

Q. Did many do that?

A. I can't say, because they don't ship in their own names.

Q. The defect in the rebate system is said to be that it caused the ruin of the Indian companies; that is why I ask you if you know of any people who in spite of the deferred rebate system went to Indian companies.

A. Yes; shippers have shipped by Indian companies in spite of the deferred rebate system.

Q. In any numbers?

A. As far as I know in fair numbers; but I have no reliable information to give you.

Q. Have you experience of the efficiency of Indians or Burmans in general in connection with the work they do? Can you tell us for instance how much work a Burman will do in relation to a Chinaman?

A. A Chinaman will do more; I can't give you the proportion.

Q. Do you think the difference is very great?

A. In Singapore recently I found one Chinaman did the work of 4 or 5 clerks here, whether Indian or Burman.

Q. May I call that a determined fact?

A. Yes, so far as we could make it out.

Q. Do you think that an Indian Mercantile Marine if started would be as efficient as the present Mercantile Marine?

A. It is a question of training and of whether Indians will develop the desire to work for work's sake as against a question of simple gain.

Q. What do you think is the possibility of success of an Indian Mercantile Marine; I mean as successfully as the present Mercantile Marine?

A. I can't give an opinion on that.

Q. You think you couldn't say unless it is tried?

A. Yes.

Q. What are the freights in Calcutta and Bombay to-day?

A. I couldn't tell you.

Q. If the existing coastal ships were warned off at the end of five years do you think they would lose anything?

A. It is impossible to estimate the loss.

Q. Assume that legislation is passed reserving the Indian coastal trade for Indian ships gradually, say, in five years; would there be any loss to the existing companies then?

A. Yes.

Q. Have you any idea of what it would be in relation to the total capital of the companies?

A. I couldn't tell.

Q. Would it be a very small sum?

A. It would be a big amount. If it was known that the coastal trade was reserved for Indian ships and the existing companies are to get out, the value of the steamers, etc., of the existing companies would drop, because they have been specially built for this purpose and there might be no use for them elsewhere.

Q. Would it be reasonable for them from the owners' point of view to put in a big claim for loss?

A. Yes.

Q. You do not think they would be able to get off without loss?

A. Certainly not.

Q. Do you know if the Ellerman-Bucknall Line trade from here to America?

A. They do not take much from here; they take more stuff from Calcutta.

Q. Do you know anything about them?

A. Not very much. There are several lines in that trade; as far as the Ellerman-Bucknall Line is concerned I don't think they take much from Rangoon.

Q. Is there any competition between the American lines and the Ellerman lines?

A. I understand there is.

Q. How are they getting on? Any chance of one swallowing up the other?

A. I don't know.

Q. Do you know if the services of these lines are quite good?

A. As far as I know there are no complaints about them.

Q. Have they any deferred rebate system among them?

A. I understand not. Such systems are not allowed according to the American laws.

Q. Do you think the effect of the deferred rebate system is on the whole small?

A. I think so.

Mr. Jadu Nath Roy.—Q. Is it not a legitimate aspiration for the people of India to think that they should have their own Mercantile Marine?

A. I can't say.

Q. You say that India is at present well served by the existing Mercantile Marine and that there is no necessity for a separate Indian Mercantile Marine. But the people of India think that they should have their own Mercantile Marine in the same way as Australia and Canada have.

A. I don't know if the people of India think so.

Q. Have you any vast experience of India or is your experience confined to Burma?

A. I have been in Bombay and Calcutta as well.

Q. Do you think that the people do not want to have a Mercantile Marine of their own?

A. Here and there have been instances where people have asked for it; but I have nothing to show that the people as a nation want an Indian Mercantile Marine. Only a few people who are connected with the trade of the seaports want it.

Q. You are not in a position to say that with more authority than we can. If they desire it, is it not reasonable that they should be given some protection so that Indian shipping might prosper?

A. The protection would mean increased taxation; are the people willing to bear the burden of extra taxation?

Q. What would reservation of the coastal trade cost them?

A. The experience of other countries shows that it would cost them a good deal.

Q. By the development of the shipping industry other industries will be opened up and people will be benefited. Is it not so?

A. The shipping trade on the coast of India, so far as it affects the trade in India itself, is very much developed. The internal

industry of India has not been held back for lack of facilities on the coast.

Q. That is true, but we want Indian companies to trade on the coast of India.

A. When a company has served the coast for 70 years, is it fair to bring in legislation to oust that company and supplant it with another new company?

Q. Because the companies are there for several years, therefore Indian companies should not come in. Is that your argument?

A. There are companies already trading.

Q. The people of the country will not therefore be given a chance to trade in their own country?

A. The chance is there.

Q. If the Legislative Assembly were to pass a tax to cover the additional expenditure, would you have any objection?

A. That has nothing to do with me.

Q. You say that educated young men of India do not appear to show any predilection for the career of an officer or an engineer at sea. Do you say that from your experience of both India and Burma?

A. Yes.

Q. One European gentleman told us that he received half a dozen applications from Indians who were willing to serve as apprentices, but he had to refuse them as they were Indians. Other European companies do not care to take Indian apprentices.

A. If you run a company and want to keep it efficient, you must have a free hand. We have got to stick to the people whom experience has shown us we can depend on.

Q. How can you say that Indians will not take to sea unless you give them a chance?

A. We cannot afford to make an experiment.

Q. Therefore it is necessary to have an Indian Mercantile Marine which will give a chance to Indians.

A. Possibly if a large number of persons come forward who are willing to go to sea, an experiment might be made.

Dewan Bahadur T. Rangachariar.—Q. Is it not usual for medical practitioners and chemists to settle in unhealthy areas?

A. It is sometimes necessary.

Q. Both chemists and doctors build their business in unhealthy areas?

A. Yes, they have their business in these places also.

Q. Would it not be unfair if you do not improve health conditions and thus prevent disease from spreading?

A. Take the Panama Canal for instance. It has been turned into a healthy port and it has increased tremendously since. Even though the health conditions of the world

have improved, there are more medical practitioners now than before.

Q. Not if you improve health conditions?

A. Improving the health conditions will not affect the business.

Q. If Government takes measures to improve health conditions, doctors will not suffer?

A. Not necessarily.

Q. Has not Lancashire specially built up her industry to supply all the needs of Indians?

A. I believe it is so.

Q. If India develops her cloth manufacturing industry, then it will be at the expense of Lancashire?

A. Not necessarily.

Q. If the Indian consumption is met from the Indian looms, then will not Lancashire suffer?

A. The consumption is going up all the time. Some people will prefer English cloth and some others the Indian cloth. If India can supply good articles, it can always find a market for its commodities.

Q. The establishment of industries in countries which used to receive its supply from foreign countries will always act as a drawback upon the industries of the particular foreign country which supplied its wants?

A. I do not think it necessarily follows. Perhaps it may affect it for some time.

Q. Will that not be a reason for compensating that nation which used to supply the commodities?

A. I do not think so.

Q. What percentage of the coastal trade is now in the hands of the B. I.?

A. I have seen it stated as 80 per cent.

Q. Can you send us figures showing the profit and loss of the B. I. for the past several years?

A. I think I have to apply to the head office for their permission.

Q. What is the lowest pay which a European enjoys in your company?

A. I am afraid I cannot tell you offhand.

Q. What is the highest pay that an Indian enjoys in your company either on the ships or on the shore?

A. The highest pay I believe is in the Calcutta office.

Q. I suppose you recognise that the development of the Indian mercantile marine means loss to the B. I.?

A. Possibly so, if they are not allowed to trade on the coast by law.

Q. Does that fact in any way affect your views on the point?

A. Naturally it does. We are not philanthropists. Nobody wants to lose. It is not good for the nation.

Q. Much more so if individuals are concerned?

A. Yes.

Q. You believe in open competition under equal conditions?

A. Yes.

Q. You do not believe in unequal competition?

A. No.

Q. Supposing Japan with her resources competed with you in the coastal trade, would you have any objection?

A. We will fight them in the best way.

Q. The Japanese did try to come in?

A. They came in very much during the War.

Q. Has not the B. I. entered into an agreement with them?

A. There may be an agreement in the trade of India with Japan.

Q. Have not the B. I. and the Japanese lines come to an arrangement regarding trading on the Indian coast?

A. I do not know.

Q. In the course of 10 years can you not divert the B. I. coastal trade elsewhere?

A. It is impossible to forecast.

Q. I quite understand the possibility of future loss in business; but I think any present loss can be avoided?

A. I do not see how it could.

Q. Supposing your steamers are bought if they are seaworthy and useful, will you lose even then?

A. What are the new companies going to pay us for the good will and hard work of the last 70 years.

Q. You have been repaid over and over again your capital. Of course there is no agreement that one company should always carry on trade with India?

A. No.

Q. As a matter of fact it is only two companies that are at present running the coastal trade. It is not as if we are concerned with many companies. That makes all the difference, is it not?

A. I do not see how that alters the situation. It is all the same whether there is one company or 100 companies on the coastal trade.

Q. If it is not a gold mine but very hard work, what is the harm done to you if you divert your capital invested in the coastal trade of India to some other business?

A. If you suddenly switch off shipping which has been built by years and years of hard work, what will you find to your hand waiting for your capital and experience and to give work to your innumerable employees?

Q. If any industry is developed is that a reason for any country to establish her own

industries for ever in that country? If America was supplied with British ships, then America should not develop her shipping. Is that the idea?

A. America is quite a different country.

Q. If the countries are different you recognise the right of each country to develop her own industries?

A. Yes.

Q. Notwithstanding the fact that the existing interests will be affected?

A. Yes.

Q. Would you grant the same right to the self-governing dominions? Supposing Australia felt she should have her own shipping do you not allow her?

A. She has done it already and has badly burnt her fingers.

Q. What is the difference between Canada, India and Australia?

A. If the people of India want to go in for the shipping industry, by all means let them do so. We only want to put up for their information the disastrous experience of other countries.

Q. Do you think the Australians acted fairly in enacting the law prohibiting English ships from trading on the coast?

A. I have not studied that question.

Q. Assuming for a moment that the people of the country do want to have a mercantile marine of their own, which proposition of course you deny, would that alter your view?

A. It would alter my view to this extent, namely that the country cannot afford it.

Q. Would it be right for the Government to step in and comply with such a demand?

A. If it is satisfied that the country is going to have more efficient service, then the Government would be justified in advising the people to go in for the industry.

Q. Service by its own people even if less efficient is always considered good in every country. As an Englishman, you would always prefer service by an Englishman, even if it is less efficient than that of another, say a German?

A. Possibly.

Q. Efficiency is purely a comparative term. At that rate we will have to be at the mercy of the most efficient nation. I want you to look at the question from that point of view. Efficiency of service is not to be the sole test?

A. You form a part of what is the most efficient nation. You sometime before tried to make out an analogy in connection with the cotton mills.

Q. I dare say you look with abhorrence on the countervailing duty put on cotton in

Bombay. Do you not agree that it was imposed to protect Lancashire?

A. I cannot say so.

Q. In the people's interests, you have sometimes got to be unfair?

A. That is purely ethical.

Q. You cannot act upon purely ethical teachings when you are dealing with national problems. I suppose you recognise that?

A. I do not recognise that.

Q. What is the connection between the B. I. and the British navy? Do you mean to say they are identical?

A. The British navy is there to protect any British company. Not necessarily the B. I.

Q. It has as much reason to protect the Indian mercantile marine, has it not?

A. Yes, it has.

Q. Why do you refer to the protection afforded by the British navy as a ground for continuing the present state of affairs?

A. It is in answer to the question whether the situation at present is satisfactory or not that I have referred to the British navy. We give it as one of the reasons for saying that the situation is satisfactory.

Q. You said that Australia and Canada had been for some time running their own mercantile marine? Do you refer to the State owned ships?

A. I do not know how much the people had to do with it and how much the Government had to do with it. Anyway it is the Government that did the whole thing.

Q. The loss you speak of in para. 2 of your answer, does it refer to the coastal trade of Australia carried on by her own mercantile marine or by the State owned ships?

A. By the State owned ships.

Q. That would stand on a footing different from that of helping the people to develop their own mercantile marine?

A. Anyhow the State has to pay one way or the other. Whether it is direct loss by the State running the steamer or loss by others running the steamer, it does not matter.

Q. Bounties are not on the same footing as bare losses?

A. Possibly not.

Q. Your objection to the reservation of the coastal trade is that it will affect vested interests?

A. Naturally one interested in the business will object. That is not the sole objection.

Q. What are the other objections?

A. Reservation would tend to make a monopoly. It will eliminate the tramp steamers which compete with the existing Companies. It is liable to tend to the increase of rates.

Q. What is your objection to partial reservation, say 50 per cent.?

A. Reservation whether partial or whole is always bad.

Q. The other 50 per cent. will be put up for competition. Will that not do? Your objection will not hold good in such a case?

A. You may say a small proportion of my objection is removed.

Q. You have not heard any complaints in Rangoon about the deferred rebate system?

A. No.

Q. Is the Trades Association in Rangoon a fairly responsible body?

A. I have no information on the point.

Q. Would you be surprised to hear that the Secretary of that association described the deferred rebate system as detrimental to trade?

A. I would not be surprised.

Q. Is it not a fact that the rebates for some shippers accumulate to as high an amount as 70,000 rupees?

A. They must run to a fairly large amount.

Q. If they stand to lose it, they cannot easily make up their minds to take to other shippers?

A. That acts as a deterrent.

Q. Do you look at the deferred rebate system from the point of the ship-owner or the shipper or both?

A. From the point of view of both.

Q. Don't you think that acts as a deterrent for new companies coming into existence?

A. Yes, it does; any one will protect his own trade.

Q. From that point of view is it not more beneficial to the ship-owners?

A. It makes conditions stable from the point of view of shippers also. The shipper has fixity of rates and he need not fear an outsider coming in and making a mess of the whole trade.

Q. How would you like the deferred rebate system to be removed five years hence?

A. I would not like it at all.

Q. Given similar opportunities, do you think that the Indians are competent to discharge their duties in the same way as you do?

A. They might do.

Q. Are you aware that the British India and the Asiatic refused to take Indian apprentices because they did not like that Indian youths should associate with English lads?

A. I do not know. But the sailing life is a very rough life and I do not know how the Indian youths would like it.

Q. Do not the lascars go through the rough life?

A. But the lascars are not people of high education.

Q. The wireless operators and others go through a rough life on board the ship?

A. That is quite different altogether.

Q. I suppose you will admit that the Indian youth has not yet been given an opportunity?

A. I do not suppose he has been.

Q. I suppose you have no objection to give him a trial?

A. That is not for me to say.

Q. How is it that even on shore you have not given high appointments to Indians? You said there were no persons occupying responsible posts?

A. I suppose they have not been tried either.

Q. Why not try the scores of men who have got University education? Is it not a fact that there is a natural tendency to employ Britishers?

A. Yes.

Q. Don't you think it is the natural aspiration of the Indians to have a mercantile marine of their own so that they may get higher appointments?

A. That is quite natural.

Q. I suppose you recognise the justice of that? I hope you would help in building opportunities of that sort?

A. If they want it.

Q. Is there any reason to suppose that they do not want it?

A. Only a small section ask for it.

Q. You doubt the proposition that the people of India want to have a mercantile marine? How can we satisfy you? Is it by

a written request from all the 300 millions of people? Will it satisfy you if all the English and the vernacular papers say that the people of India want a mercantile marine of their own?

A. Boys of good family and sound education must come forward and ask for training.

Q. If there is a firm which would take them, they would come forward. But knowing that the English companies do not take them how can you expect them to come forward?

A. They can go to Indian firms such as the Scindia.

Q. Scindia came into existence the other day and they have already taken about a dozen apprentices.

A. Let us see how the scheme works out.

Q. If a particular trade is in the hands of a particular people, then they have naturally got a partiality for their own men. You cannot say that the Indian youths had a fair chance till now.

A. If they wanted to go to sea, they could have gone home and got themselves trained.

Q. If those who flourish on Indian trade refuse to take Indian youths do you expect them to be taken in a country 8,000 miles away? If those who are indebted to the Indians refuse, do you think it is fair to ask other people to take them?

A. I do not say that. If they had been anxious, they could have found their way into some firm and could have trained themselves eventually to become officers.

President.—Thank you very much.

Witness No. 53.

Lieutenant-Commander W. G. HORLEY, R.I.M., Principal Engineer and Ship Surveyor to Government of Burma, Rangoon.

Written statement, dated the 27th August 1923.

Q. 1. I am of the opinion that were a return taken of Indian Shipping (Steam) it would be found that the tonnage was small and composed principally of old and out-of-date vessels. Under these circumstances together with the fact that Indian shipping is a comparatively new departure the present condition could only be considered unsatisfactory.

Q. 2. Inexperience, inefficient management, possibly lack of capital, and the usual difficulties of a beginner when starting to compete against old established concerns.

Q. 3. By providing modern vessels, and until the industry is satisfactorily developed,

European assistance should be taken advantage of both as regards the business management and the upkeep of the ships themselves.

Q. 4. No.

Q. 6. Legislation should be introduced to make deferred rebates illegal and to fix the minimum rates for freight and Indian passengers.

Q. 18. I am of the opinion that the Indian coasting trade should be reserved for British and British Indian Shipping.

Q. 19. Obviously this would tend to assist development of the Indian Mercantile Marine as it would eliminate foreign competition.

Q. 20. Yes.

Q. 21. General cargo and Passenger vessels from 2,000 to 8,000 tons gross.

Q. 22. With the exception of rivercraft, I consider that Indian Mercantile Marine Vessels should be built in the United Kingdom on the grounds of cheapness and efficiency. I do not recommend that Government Dockyards should be developed or established for this purpose.

Q. 23. There is a considerable amount of rivercraft and small wooden sailing ships built in India and Burma, but practically no sea-going steamers; and engines and boilers for the former are invariably obtained from the United Kingdom or abroad.

Q. 24. Owing to lack of material, climatic conditions and the temperament of the people of this country, I do not consider that ship-building and marine engine construction will ever assume any great importance, particularly with Indian supervision only, and the position will in my opinion remain more or less as at present, i.e., building Hulls for Rivercraft and fitting them with Engines and Boilers obtained from abroad.

I am of the opinion that wooden ship-building (sailing ships) should not be encouraged as the demand for these ships has practically ceased to exist. There are a number of wooden sailing ships, several built since the Armistice, lying idle at Rangoon, and have proved a great loss to their owners.

Q. 59. Owing to the arduous nature of the duties performed by a Marine Engineer, I do not think 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 and fewer still after they have realised by experience what the life involves.

Q. 60. (a) They should serve an apprenticeship of not less than 5 years with a reputed firm in the making or repairing of Marine Engines, they should also attend Technical Schools in the evenings.

(b) This future employment would depend on supply and demand.

(c) Should be left to private enterprise in India.

Q. 61. Facilities for further study by Government I do not consider necessary.

Q. 62. Sufficient practical training to apprentices to enable them to become fit to take up the duties of a Junior Marine Engineer can be obtained at the larger Workshops where Marine Engines are made or repaired.

Q. 63. I am not aware of any schools, colleges or institutes in the ports of India which have a special class for Marine Engineering, but no doubt special classes could be arranged, if there were sufficient students forthcoming.

Q. 65. As the entries would be small, probably not more than 1 or 2 annually, I do not consider that Government should give any facilities to enable suitable candidates to serve their apprenticeship, but that their parents should send them to the United Kingdom either to Engineering Firms or to compete with British boys for entry as an apprentice in the Royal Government Dockyard.

Oral evidence, Rangoon, the 8th January 1924.

President.—Before we begin, I would like to assure you that there is no necessity for you to answer any questions that are outside your province or that you would rather not answer. If we criticize any of your statements, I hope you will understand that it is only done with a view to obtain information.

Q. How many years have you been in India?

A. Nearly 21, of which 18 years have been spent in the Royal Indian Marine.

Q. You have had considerable experience in engine rooms in ships and personnel?

A. Yes.

Q. Supposing the Government of India provided facilities for educating Indians, do you think there is any reason why Indians should not rise up to the position of Engineers in charge of ships?

A. It all depends on what class you select for training. I think the better class of Indian with education would not be very keen to become an Engineer. It is a very hard life and I think he is more suitable for other lines. Personally I would not myself go through it again, not the first ten years of it anyway.

Q. Supposing he still wanted to go to sea, is there any reason why he should not be trained?

A. Not at all.

Q. In your position as Marine Surveyor, do you have to survey all classes of ships, British as well as Indian?

A. We don't have great experience in surveying sea-going vessels, because there is no dry dock here; we get mostly partial surveys here, not full surveys. I have had over 4 years' experience of full surveys at Calcutta.

Q. Have you had experience of surveying ships that have been Indian-owned, such as the Scindia Steam Navigation Company's ships?

A. I have had nearly 11 years' experience in surveys, but it has been in Rangoon and Calcutta only and in both these places we do not get many Indian-owned ships. I have heard from surveyors in Bombay that most of the Indian-owned ships were old and in poor condition, naturally they are not fit to compete with well found modern ships.

Q. But the Scindia Steam Navigation Company have got modern ships?

A. I couldn't say; we see very little of them here.

Q. You are not very hopeful about establishing an Indian shipbuilding industry in India?

A. Not sea-going ships. At present we have Indian ships, such as rivercrafts, built in India after getting the machinery and engines from home.

Q. Supposing the steel industry in India advanced to such an extent that you could get steel cheaper out here, do you think there is any reason why we should not start the shipbuilding industry here?

A. I don't think we can do it as efficiently and economically as at home.

Q. Don't you think that it would be worthwhile to start the shipbuilding industry from the national point of view?

A. I don't think Indians can compete successfully with other countries. As an experiment I think it would be a failure.

Q. Supposing Government were prepared to stand a certain loss, do you think there is any reason why the Indian should not become competent?

A. It would take a long time; I think it would take about 50 years; even then it would not be satisfactory.

Q. Supposing we provide facilities for apprentices to go to sea by means of a training ship and we give them training also in Engineering shops, is there any reason why they should not become efficient?

A. As a rule they do not want to go to sea; they do two years and then do not want to go back.

Q. The shops out here chiefly do repairing work and cannot give such good training as in a yard where ships are constructed.

A. That is so, but they would have to undergo an apprenticeship of five years before they can become Marine Engineers.

Q. Do you examine for the Board of Trade certificates?

A. Here we do only for Inland drivers and engineers. I used to examine in Calcutta.

Q. Have you Indian Engineers on the Irrawadi Flotilla Company?

A. They are mostly Europeans except on small boats. On mail boats and larger crafts they have European Engineers.

Q. Is there any reason why Indians should not rise up to the position of Engineers on the Irrawadi Flotilla Company's ships?

A. Personally I see no reason, because years ago they wiped out all Europeans from river boats in Calcutta. If I were Manager of the Irrawadi Flotilla Company, that is the first thing I would do.

Q. When you were in Calcutta, were the ships which had Indian Engineers run efficiently?

A. Yes, but they had plenty of shore supervision.

Q. With hard training they would run ships more efficiently?

A. Yes.

Dewan Bahadur T. Rangachariar.—Q. In the examinations for the Board of Trade certificates, had you any complaints that when questions were asked in English the students could not understand them?

A. During the four years I was in Calcutta I never had that difficulty. I don't, however, remember any Indian coming up for the Engineer's examinations.

Q. In your answer to Q. 2 you refer to inexperience and inefficient management as reasons which militate the development of the shipping industry in India. Does not inefficient management arise out of inexperience?

A. Yes.

Q. Given sufficient experience, you have no fear that Indians will prove successful?

A. I think it would be a long job. I think in 50 years you might have all Indians. The Japanese Mercantile Marine took 60 years to get all ships manned by Japanese.

Q. That is why we should make a beginning.

A. We must get ships first.

Q. Do you recognize that the deferred rebate system acts as a deterrent?

A. I am not an expert on that sort of thing.

Q. Do you think there would be any difficulty in fixing minimum rates?

A. That is not within my province.

Q. There is no objection to taking European assistance in developing the Indian Mercantile Marine; otherwise we cannot go on?

A. You should start with any number of Europeans and then gradually eliminate them.

Mr. Jadu Nath Roy.—Q. Please refer to your answer to Q. 18. Do you think that Indian shipping can develop if they are to

compete with British shipping in the coastal trade?

A. I don't see why Indian ships should not get freights and passengers as the British ships.

Q. Won't the competition of the well established companies give them preference?

A. If your ships are as good and they are well run and managed, I do not see any reason why they should not prove successful.

Q. The British companies have a large capital and they can afford to lose?

A. There is plenty of money in India.

Q. You consider that new Indian companies would be able to compete with well established companies?

A. I do not see why they should not if they are well managed.

Q. In your answer to Q. 24 you say that owing to lack of material, climatic conditions and the temperament of the people of this country, you do not consider that shipbuilding and marine engine construction will ever assume any great importance, particularly with Indian supervision only. But we do not object to European supervision.

A. I do not think that Indians have an aptitude for this industry I think they are more suitable for other professions. It would be a very hard life, in a hot climate, India is not, I think, a suitable country to take up this industry on a large scale.

Q. In Calcutta at least there is a good deal of Indian labour.

A. They only do repair work; I don't think we will get beyond that.

Q. But Indians are used to hard climate, aren't they?

A. Hard work is another thing. Indians by virtue of their custom are not used to do

dirty work; while the boy from home will do it. It is purely a matter of temperament.

Q. But Indians go about to other countries in large numbers. I have two of my own relations in England; my nephew is studying for Mechanical Engineering at home.

A. If he goes to England he is all right, but out here he will not even carry his tools with him. That is why I said that by temperament he is not fitted for this industry.

Q. But are not they changing now?

A. In my experience I have seen that they do not stick to it. After serving an apprenticeship of two years, they leave it. That is my experience.

Sir Arthur Froom.—Q. I think in reply to a question asked by Mr. Rangachariar you stated that you did not consider yourself qualified to reply to his question. You are an Engineer and no doubt a very capable Engineer, but you have had no business training.

A. That is so.

Q. What I wanted to point out was that this discussion about the deferred rebates and minimum rates of freight, etc., is a very technical affair from the business man's point of view.

A. Yes.

Q. So you have not paid much attention to some of these questions to enable you to give an opinion on those outside Engineering or the employment of Engineers.

A. That is my impression.

Q. Without going deeply into all the questions you have merely given your opinion in your statement from an Engineering point of view.

A. Yes.

President.—Thank you very much.

Witness No. 54.

MAUNG BA DUN, Bar.-at-Law, M.L.C., of the firm of Messrs. BA DUN and LEONG, Advocates, Rangoon.

Written statement, dated the 8th January 1924.

Q. 1. The present condition of shipping industry is most deplorable. Attempts have been made by the Indians in several parts of the country to start shipping concerns but they ended in disaster owing (1) to competition with existing Companies, (2) for want of Government support.

Q. 4. I am of strong opinion that there should be State aid and the aid should be given in all possible ways (1) by means of bounties, (2) by reservation of coastal trade, (3) by any other methods which will keep non-indigenous

companies from entering unhealthy competition outside the reserved area.

Q. 5 and 6. Immediate legislation is necessary to put down the scandal of the deferred rebate system. The ruinous effect of this system is too plain to people in Burma where the indigenous Burmese boat owners are placed at an unfair disadvantage owing to the competition by the European Companies.

Q. 44. As the Burman who has mixed up with Indians and Chinamen settled down in

Burma, I am of firm opinion that the response to serve as officers from the educated young men of these communities would be very encouraging. The fact that at present there is no possibility for training and no opening for service in the mercantile marine force young men to overcrowd the other professions.

Q. 46 and 47. The Government should establish a training ship as a first step and a number of training ships later on as the demands increase.

Q. 48. Substantial scholarships should be given by the Government to cadets who desire to undergo training in England. In

fact the Indians and Burmans still possess maritime instincts of their ancestors and despite all obstacles due to entry of foreign competitors they still carry on in a humble way the coastal maritime trade. In view of the growing consciousness of the people it is desirable that the Government and the Britishers should respond to national aspiration and establish a mercantile marine in India. Burmans while advocating provincial autonomy for Burma will never try to break away from India on matters of common interest which are for the well-being of both the countries.

Oral evidence, Rangoon, dated the 9th January 1924.

Dewan Bahadur T. Rangachariar presided.

Dewan Bahadur T. Rangachariar.—This committee has been formed with the object of eliciting information so as to advise the Government of India how best to start an Indian mercantile marine. If we ask you any questions which you consider objectionable, you need not answer them.

Q. You are a Member of the Burma Legislative Council?

A. Yes.

Q. Are you a member of the Corporation?

A. Yes.

Q. Have you been taking interest in public matters?

A. Yes, for the past 14 years.

Q. You were called to the Bar in England?

A. Yes.

Q. You have opportunities of knowing the views of Burmans in public matters?

A. Yes.

Q. Do you think that if opportunities are given the Burmans will take advantage of the mercantile marine?

A. Yes, I think young Burmans will come forward.

Q. Were any attempts made by the Burmans to start shipping companies?

A. As far as river running steamers are concerned attempts were made by the Burmans.

Q. Did they succeed?

A. They all failed on account of competition.

Q. You are of opinion that State aid and State protection should be given for the development of the Indian mercantile marine?

A. Certainly.

Q. You advocate reservation of the coastal trade?

A. Yes, to a certain extent. I do not want to shut out foreign shipping altogether.

Q. You advocate partial reservation of the coastal trade?

A. Yes, I will have partial reservation at first, then after the mercantile marine is fully developed, I will have wholesale reservation.

Q. In answer to questions 5 and 6, you say: The ruinous effect of the deferred rebate system is too plain to people in Burma where the indigenous Burmese boat owners are placed at an unfair disadvantage owing to the competition by the European companies. Is it your opinion that the evil effects of the deferred rebate system are keenly felt by those interested in trade?

A. Before the Flotilla Company came into existence the Burmans had very good business in boat building and transport. On account of competition from the Flotilla Company the Burman business died out. If the goods are once shipped in country boats, then such shippers are not allowed space in the Flotilla boats.

Q. If opportunities are given you think that educated Burmans will get themselves trained for the marine service?

A. We are a seafaring people all along the coast. If opportunities are given, young Burmans will surely avail of the same. Notwithstanding lack of opportunities, the Burmans are still carrying on the trade in small country crafts. These crafts are not like the *catamarans* of Southern India but still they carried coconuts from here to the Andamans and Nicobars.

Q. Do you know the class of people who are recruited as officers in British ships? They do not actually belong to the sailing class. They are recruited from what you call educated middle class people. Are there in Burma educated middle class youths who are likely to take to a seafaring life?

A. If good opportunities are given, they will easily come forward. The same idea prevailed in the army. They said that middle class people would not come forward. But when the regiment was raised, plenty of people came forward especially for the Jamedar and the Subedar class. We raised four regiments here instead of one.

Q. In Burma you are in a peculiarly advantageous position because you have no caste system and there are no difficulties in the way of dining?

A. In the last war a Burman regiment was engaged in the Mesopotamian campaign and they were described as the best fighting unit in the whole army. Because they had no caste prejudices, they adapted themselves to their surrounding circumstances.

Q. You are firmly of opinion that opportunity being given, the Burmans are likely to avail themselves of it and get themselves trained as officers?

A. Yes.

Q. In order to induce them to come forward, you think there should be openings for their future employment, in case they get themselves trained?

A. Yes.

Q. Supposing on financial grounds, only one training ship is started in the first instance and the same located in Bombay or Calcutta, do you think Burman youths will take advantage of the training ship and get themselves trained?

A. As a rule the Burman does not like to get out of his country. His life is much easier here than elsewhere. Unless the Burman is pushed out he will not go to distant places.

Q. You prefer to have one training ship here instead of going to Bombay?

A. Yes.

Q. It is said that for training actual experience at sea is necessary. Rangoon is only a river port?

A. There are other ports like Bassein, Akyab where the training ship may be started.

Q. Supposing it is not possible on account of financial considerations to have more than one ship in the beginning, do you think the Burmans will take advantage of it?

A. If scholarships are provided, the Burmans would take advantage of the training ship.

Q. If a training ship is started in India, do you think there is any necessity to give scholarships to enable young men to go to England?

A. If you can have complete training here so much the better.

Q. Your suggestion is that in case it is not possible to provide training ship here, you

must institute scholarships and enable boys to go to England for training?

A. Yes, that is my idea. Probably by going out to England, they will have better opportunities of learning.

Q. What do you think of this statement: The Burmans will not take to a sea-faring life so long as they have no opportunities of learning work on ships owned by Burmans?

A. I do not think it is a correct representation of the Burman opinion. They will take to sea-faring life so long as they are treated kindly.

Q. What do you think of this statement: The close association which life on ship board entails combined with the Burmese dislike of working in subordination to, or in company with Indians, renders it probable that Burmans will take no advantage of facilities which are afforded by Government for the encouragement of an Indian mercantile marine. Is this a correct representation of the Burman view?

A. I do not think it is a correct representation of the Burman view. The Burman as I have already said is a very adaptable sort of man. He will take to any work provided he is treated kindly.

Q. If such a statement is made by anybody, then you say that it is made in ignorance of the true feelings of the Burmans?

A. They never consulted us; that statement might have been drawn purely from their own imagination.

Q. You recognise that if State aid were given in the shape of bounties for the development of the Indian mercantile marine, that will mean taxation.

A. Yes.

Q. It has been stated that as the Burman is not likely to take advantage of the Indian mercantile marine, he would object to pay any taxes for the purpose? What do you think of this statement?

A. We are prepared to pay our fair share so long as we get a proper return for our money. We object to taxation because we consider that our province was very unfairly treated by the Meston Committee. They took away a lot of our money with a very small return for us.

Q. You are willing to bear a fair proportion of the burden in case a burden is thought necessary?

A. Yes, we are willing to pay our proportionate share.

Sir Arthur Froom.—Q. You said that the Burmans started trade in river steamers but they did not succeed?

A. Yes.

Q. Was it owing to keen competition from the established companies?

A. Yes.

Q. Did they not fail to succeed from want of sufficient capital?

A. No. You may have sufficient capital but in the long run you may not be able to stand against the crushing competition. I myself travelled in one of these river boats. The passenger fare in the Maubine route was reduced from Rs. 1-4-0 to Re. 0-5-0. Consequently the Burman boats cannot compete with them for any length of time. They naturally continued their business for 2 or 3 months and then wound up.

Q. How did the established companies gain such a strong position? When were they started?

A. They started many years ago. They were running the steamers before the British occupation up to the frontier towns and now after the British occupation they run their steamers up to Bhamo which is 800 miles up. They are supported by the Government with mail subsidies.

Q. Supposing the position was reversed, supposing the river companies were owned by Burmans and supposing the British companies came along and tried to come into the trade, I take it that the established Burman companies would fight against the British companies coming into their trade? That is a business proposition?

A. That is a hypothetical proposition.

Q. From the business point of view, you can understand that in any line of business, you will fight against a new comer trying to get into your business?

A. It would be natural from the business point of view. At any rate the existing companies have no right of monopoly and they should not retain the monopoly. If equal opportunities are given the Burman companies can stand on their own legs. Subsidy should be given to the Burman companies to the same extent as they are given to English companies.

Q. Did Burmans ever try to start a company to carry on ocean-going trade?

A. No. We have only our sea-going boats.

Q. Can you tell me why they did not start?

A. You can only go back on history. In the early days we had wooden shipping. After the advent of steel ships, wooden ships became out of use, because transport was much easier and quicker in steamships than in wooden ships.

Q. At the time when this change took place from wooden to steel ships, there was nothing to prevent the Burmans from going into the shipping business?

A. It must be recognised that the country changed hands from the Burman rule to the British rule.

Q. The British did not impose any restrictions on enterprising Burmans from starting ocean-going shipping business, say, 50 years ago?

A. You cannot start a shipping company in a few years' time. That will have to be built up in a series of years. There were wars in Burma from 1824 to 1885 and how can you expect shipping industry to be revived in Burma.

Q. You said in reply to Mr. Rangachariar that the Burmans take a lively interest in the starting of an Indian mercantile marine?

A. Yes.

Q. In what way would they like to participate in the Indian Mercantile Marine?

A. I should like to know from which point of view you look upon the mercantile marine. Is it from the point of view of the interest in trade, or of the shipping itself or of employment to Indian including Burmans in the shipping trade.

Q. If Burmans are expected to contribute towards the cost of starting a mercantile marine, you consider that Burmans should be given an opportunity to start shipping companies just in the same way as Indians?

A. If we are given the same kind of benefits, then we will participate in the Indian mercantile marine.

Q. You object to the deferred rebate system? Have you any practical experience of the system?

A. The traders with whom I come in contact have complained about the disadvantages of the deferred rebate system.

Q. Those who complained to you, were they would-be shipowners or actual shippers?

A. Both shippers and shipowners have complained.

Q. One witness told the committee that the deferred rebate system was for some time abolished on the Rangoon-Madras route and that the shippers afterwards came on deputation and asked that the rebate system should be revived?

A. Unless the steamers are run regularly or at fixed time the shippers will suffer. Probably for that reason the shippers might have asked for a revival of the rebate system. But if other lines of steamers run regularly, then this system may not help the shippers.

Q. Then I take it that you recognise that the rebate system is not all one sided?

A. If you have a monopoly, then this system is one sided. If the rival company is a small company, then also it is one sided.

Q. I am talking from the point of view of the shipper. The shipper gets benefit under the rebate system?

A. The shipper will be in a precarious position if he wants to ship his goods by another line of steamers.

Q. I take it the shipper wants regular service?

A. Yes.

Q. You said in reply to Mr. Rangachariar that given suitable opportunities, the Burman youths will come forward to be trained as officers for the Indian mercantile marine?

A. Yes.

Q. You include Burma in the Indian mercantile marine?

A. Yes.

Q. If a training ship is started at Bombay you think that Burmans may not go all the way to Bombay to get themselves trained there?

A. On account of the distance, very few Burmans will go there. But if a training ship is started in Rangoon, then they will gladly avail themselves of the opportunity.

Q. Is it because they lead an easier life here?

A. Yes; notwithstanding the perils of the sea, our sea-faring population would go to foreign places if they find it lucrative and they have an easy time.

Q. But if they wouldn't go to Bombay because they find an easier life in Burma, do you think they would go in sea-going vessels?

A. At any rate for qualifying themselves to become Officers in an Indian Mercantile Marine, I think they would go.

Q. You are of opinion they would come forward to go to sea?

A. Yes, although not in large numbers.

Q. The sea profession is not lucrative.

A. Some young men would like to go even then. As a matter of fact one of my cousins ran away from home and joined one of the Bibby lines and after a year or two he joined one of the American lines.

Q. He was moved by a spirit of enterprise?

A. Yes, by an adventurous spirit.

Q. Do you think that ocean-going ships could be built in Rangoon or anywhere near Rangoon?

A. It is a question of whether you can get iron and coal.

Q. Presupposing you could get iron and coal, say from Bengal, do you think that Burman labour could be trained to build ships?

A. Yes.

Q. Do you think they would take an interest in it?

A. Yes; you will see that most of the Burmese country boats are manned by Burmans.

Q. I am talking of shipbuilding.

A. There are a lot of skilled artisans and mechanics in the Flotilla Company.

Q. Are they all Burmans?

A. Yes.

Q. I thought a lot of them came from other countries?

A. The other manual labourers come from other countries, but the carpenters, mechanics and fitters are most of them Burmans.

Q. Are there any Chinese?

A. There are a certain number of Chinese; Chinese are now displacing Burmans in carpentry work, but still there are a good many Burman carpenters in the Flotilla and other companies.

Q. Regarding the cost of establishing an Indian Mercantile Marine, are you of opinion that Burmans would assist to find the money if they had a fair share in the Indian Mercantile Marine?

A. That is the position.

Q. Do you recognize that Government bounties to start an Indian Mercantile Marine might prove to be extremely costly?

A. I recognize that fact.

Mr. Jadu Nath Roy.—Q. In your reply to Q. 5 you refer to the competition of the European companies and therefore you want protection and State aid?

A. Yes; that can be done by legislation.

Q. If the coastal trade is reserved, there will be no competition with the well established companies; that will give some protection for Indian and Burmese companies to be floated?

A. Yes; that will give us opportunities to grow.

Q. Would you then recommend the reservation of the coastal trade?

A. Only to a certain extent; I do not want to oust the British companies.

Q. But the British companies can engage themselves in the foreign trade.

A. I have already stated that I am agreeable to partial reservation.

Q. What do you mean by partial reservation?

A. Reservation of some routes.

Q. So that the Indian Mercantile Marine may grow gradually.

A. Yes; for instance, I do not want to reserve the line between Rangoon and Calcutta, but as far as the coast is concerned, reservation may be made between Calcutta and Chittagong, Chittagong and Akyab and other places.

Q. Do you think that by reservation there will be some restriction of facilities which are now enjoyed between India and Burma?

A. As far as Burma and India are concerned, by partial reservation there would not be much restriction in facilities.

Q. You think that Indian and Burmese companies that would be formed would keep up the facilities?

A. Yes, they will.

Q. The deferred rebate system restricts the power of the shippers to ship by the new Indian companies. Is that not so?

A. Yes.

Q. In reply to Q. 44 you say that "as a Burman who has mixed up with Indians and Chinaman settled down in Burma I am of opinion that the response to serve as officers from the educated young men of these communities would be very encouraging." Don't you think that gradually your own countrymen would also come forward for training?

A. Yes; my own countrymen would be coming forward if they are given facilities and opportunities.

Q. At present they have not taken to this line, because they are only taken as lascars by British companies and your people do not find it sufficiently remunerative?

A. Our labourers are earning more than what lascars can get.

Q. So there is no sufficient inducement for them to take to such posts?

A. No.

Q. Otherwise do you think they would have gone for a sea life?

A. Yes; as boatmen in Burman boats they have to work equally hard.

Q. A training ship at each of the places, Calcutta, Bombay and Rangoon would be expensive. Would it serve your purpose if we have one training ship for both Burma and India in the beginning?

A. I recognize that the cost will be enormous if there are several training ships; Even for one training ship the cost will be great. To begin with one would serve our purpose.

Q. Do you consider that Burman youths would not like to go for training to England at an early age of 13 or 14 on account of the distance?

A. Our young men will go to England even at the age of 12 provided they are given opportunities, e.g., scholarships.

Q. Do you consider that during the transition period of steel and steam vessels, if Government had helped the people, they would have taken to steel and steam vessels?

A. That is natural; but how could Government assist them when the British companies had been established for several years.

Q. You were not in very good relations then with the British Government?

A. A portion of Burma was under the British Government, but a portion was under the Burmese King. Our maritime provinces had been cut off altogether.

Dewan Bahadur T. Rangachariar.—Thank you very much.

Witness No. 55.

Messrs. A. V. JOSEPH & Co., Saw-Millers and Timber Merchants, Rangoon,

Written Statement, dated April 1923.

Q. 1. Owing to the present general depression in business the shipping industry also is proportionately slack.

Q. 2. The present depression in trade should not be taken into account in considering the measures for helping the industry.

Q. 3. In normal times without Government aid shipping industry can be established by the people of this country, but cannot be done under the present conditions.

Q. 4. State aid is necessary.

Q. 5. State aid is necessary in certain cases Loan and cheap rate of insurance.

Q. 6. Legislation is required for the constitution of a permanent committee for this purpose for each province under the Industry department.

Q. 7. As far as possible some special facility may be given for the people of this country within the Indian Empire.

Q. 8. Not advisable to limit to any particular route or routes. Facilities for the people of this country in all routes are necessary.

Q. 11. It is necessary to give extra bounties for extra speed. This can be arranged by mutual settlement between the Companies and Government in the case of carrying mails.

Q. 12. This question should be left to the advisory committee to determine at a later period.

Q. 13. At present vessel building in this country may not be economical unless there is abundant ship materials available in the Tata Iron Works. Aid must be given to pur-

chase vessels outside of India until a period when local companies undertake to build ships. It is not necessary to fix a definite period at present.

Q. 14. This should be dealt with by the advisory committee and fiscal board to be appointed.

Q. 15. It is essential that apprentices taken for the purpose of training should be of Indian parentage.

Q. 16. This should be left to the respective companies, i.e., if the Company belongs to Indians they should make the selection of nationalities they consider best.

Q. 18 and 19. Not necessary to have any reservation, as non-Indians could not compete with Indian shipping. For the Indians will be getting special concessions which non-Indian will not have.

Q. 20. Yes all ships calling at Indian Ports irrespective of any nationality preference should be given to Indian apprentices.

Q. 21. Except in emergent cases such as War time ordinarily 1,000 tons gross tonnage and up will be suitable for Indian coasting trade.

Q. 22. The ship might be built by private firms or individuals and not by Government or in the Government Dockyard.

Q. 23. Owing to the disadvantages which Indian shipbuilding has at present to begin with now it will take some time to make this industry successful even with substantial aid from Government.

Q. 24. If Government aid is given to 1 or 2 firms or individuals it is obvious that several others in the ordinary course of business according to time and requirements will follow suit. If Government really encourages this business it is bound to develop.

Q. 25. It is next to impossible to bring to a successful issue shipping industry without the aid of Government now and for some time to come.

Q. 26. State aids in various ways are absolutely necessary.

Q. 27. The main principles to be determined now and details from time to time can be determined by the standing committee and fiscal board.

Q. 28. A permanent committee may be appointed for the welfare of this industry and a certain amount set aside from the provincial and imperial revenues.

Q. 29. Construction bounties for vessels built in Indian shipyards can be given in various ways, i.e., Government can give orders to build for their requirements, cheap rate of freight for materials required for shipbuilding.

Expert advice and supervision by Government may be required in the shipyard. Exemption from duties of Iron mater brought down from other countries may be necessary.

Q. 30. Bounty should be given to shipbuilding in ordinary times but in case of emergency and war time should be extended to wooden ships also. The gross tonnage to be 500 tons to begin with. Small vessels also should be given bounties to encourage individuals to take up such industry. It is not possible for beginners to construct big vessels. It may not be economical for the County to build large vessels to start with as local labour should gain experience from small vessels. The Companies should be left to solve their own problems and to decide what is best and advisable in the beginning in consideration of the want of required skilled trained men in this country.

Q. 31. Yes a suitable subsidy may be given for vessels built in this country.

Q. 32. It should be left to industrial advisory committee and fiscal board to determine the suitability of giving a monopoly or any other aid.

Q. 33. This also should be dealt with the industrial advisory board.

Q. 34. Custom concession should be dealt with by the fiscal board.

Q. 35. Shipping industry is a key industry essential to the life of a nation. It benefits the people. The money granted as subsidy remains in this country. The ships are built, or ships purchased from other countries are run, by Indians. Proper auditing of accounts and Government inspection may be provided for.

Q. 36. Wooden shipbuilding has been revived during the war on assurance given by the Government. Most of the people relying on such assurance and the aid given by Government experts spent a large amount of money. Present condition is not favourable.

Q. 37. Not advisable to build wooden ships at present.

Q. 38. If Government gives some suitable concession for the existing ships built during the War, certain difficulties will disappear.

Q. 39. If sympathetic consideration is given to people engaged in this enterprise it will be some relief and encouragement to such people.

Q. 40. Either by ships or other adequate help in any other way specially to those who have suffered on account of want of sympathy and encouragement on the part of responsible authorities and to give facilities which may be determined by the board.

communication (or some preferential treatment to recoup their losses).

Q. 42. Not advisable to build wooden ships during ordinary times except in war, but it should not be discouraged.

Q. 43. Wooden vessels could not be insured now in this country in future it is essential, great hardship has been experienced in insuring India or outside of India. Therefore I suggest Government might arrange insurance through a local Indian-managed Insurance Company guaranteed by Government.

Answers to Questions in Appendix A of the Questionnaire.

Q. 8. Over 100 acres of shipbuilding lands are available with river frontage within easy reach of Rangoon.

Supplementary statement.

I enclose herewith answers to a few of the questions attached to the instructions of the Indian Mercantile Marine Committee dated the 3rd March 1923, and beg to say that though the position of the shipping industry in general at present is very gloomy, it is an acknowledged fact that the shipping industry is the key of all industries essential for the life of a nation and that the development of the shipping industry cannot be achieved without an adequate and proportionate encouragement of other Indian industries. What has been done in the past in this connection, has not at all been encouraging. The publication of the industrial report raised great hopes in the minds of the public at large but it must be admitted that nothing much came out of it, my personal opinion is that if Government desires to develop the Shipping Industry in a successful manner, it is necessary that there should be a change in the industrial and fiscal policy of India and a simultaneous development of the Indian mercantile marine.

2. This can best be achieved by the establishment of a state Industrial Bank by setting apart for it ten per cent. of the total revenues of the country. The management of the Bank should be conducted by

a committee composed of Members elected by the Indian Legislative Assembly. Further there should be a common board or a separate board for each administering fiscal, industrial and mercantile marine matters. These boards again should be composed of popular representatives and the Members should visit the provinces once every year, have a free consultation with public bodies and individuals who are interested in the development of industries and watch the progress of industrial enterprises in the country. They should never hesitate to modify the laws, rules or regulations governing such matters to suit the changing circumstances of the country and its inhabitants.

3. Facilities for the training of Indian Engineers and Deck Officers should be provided. To give them proper practical training in the Indian Waters, Government should provide ships if necessary by purchasing locally or from Foreign countries. Special encouragement by way of scholarships, etc., should be given to those who wish to serve as Engineers or Deck Officers in ships. Candidates should be selected from all the provinces if possible. Provision should be made for the admission of students in Government Dockyards and private Engineering Firms.

4. State aids and subsidies should be on the lines on which they are given in America and Japan. Considering the special conditions of India, further facilities will also be necessary, and the committee should make a careful investigation and decide what those facilities should be. One obstacle in the expansion of trade and commerce and therefore, in the development of industries in general is the high Railway and Steamer freights. Some attempt should be made to reduce the high freights prevailing at present.

5. There is one important point to be considered in connection with the development of the shipping industry and that is that people should have a greater voice in the administration of ports. In fact their administration should be brought into line with the administration of towns, i.e., it should be conducted by the elected representatives of the people.

Oral evidence of Mr. A. V. JOSEPH, Representing Messrs. A. V. JOSEPH & Co., Saw^r Millers and Timber Merchants, Rangoon, examined at Rangoon on the 9th January 1924.

(Dewan Bahadur T. Rangachariar presided.)
Dewan Bahadur T. Rangachariar.—I may inform you that this Committee is here to collect information and opinions and if

any questions are asked of you to which you object to answer, you are welcome not to answer them if you choose to do so.

Q. Are you a Native of Burma?

A. I am a Native of India; I have been in Burma for about 30 years.

Q. You have been trading here?

A. Yes.

Q. I see you describe yourselves as Saw-Millers and Timber merchants?

A. We also build and run ships.

Q. How long have you been doing that?

A. I was interested in shipping 15 years ago. At first I bought a ship and later on I was Director of one of the steamship companies.

Q. Which Company was that?

A. Madras Steamship Company.

Q. Is it now working?

A. No.

Q. How long did it work?

A. It worked for three years between Calcutta, Rangoon and Madras.

Q. How many steamers had you?

A. Only one.

Q. Why did it cease to work?

A. Because we found that there were lots of difficulties in our way. We could not get sufficient freight.

Q. What was it due to?

A. It was due to the deferred rebate system.

Q. Do you mean to say that shippers were compelled to ship by the Conference lines and that prevented you from getting trade?

A. Yes.

Q. Had it not been for the deferred rebate system, they would have given you the trade?

A. Yes.

Q. Do you say that from your own knowledge?

A. Yes.

Q. What other difficulties had you?

A. We sent our steamer to Calcutta for repairs; and one of our Directors went to Calcutta and placed an order for about Rs. 45,000 or so. Eventually when it came to surveying the ship, additional repairs had to be done and finally the total bill for repairs came to over a lakh and fifty thousand rupees. For the company's claim for repairs we had to sell the ship by public auction as we were not able to meet it. It was a financial difficulty and the ship had to be sold.

Q. Are you a shipper yourself?

A. Yes.

Q. What is your opinion as regards the deferred rebate system?

A. It is extremely difficult for new Indian companies to come into existence if the deferred rebate system continues.

Q. Do you mean that this system will act

as a check upon the growth of Indian shipping enterprise?

A. Yes.

Q. Do you advocate the development of an Indian mercantile marine?

A. Yes.

Q. On what grounds?

A. First of all, it is very essential for national defence purposes; we experienced great difficulty during the last war. I booked 2,000 tons freight from Rangoon to England at a reduced rate of freight and the shipping companies could not carry out the contract owing to the freight having gone high. They told us that the available space had been taken up by Government. As a result my business was practically stopped. So I adopted building my own ships. When I adopted shipbuilding, Government was very enthusiastic and sent round an expert to encourage the building of ships. For some reason or other eventually my ship was stranded on the river and I could not get it repaired. I spent a large sum of money on reclamation, railway, godowns, bridges, etc.

Q. Was it a steel ship or wooden ship that you built?

A. It was a wooden auxiliary ship fitted with motor engines.

Q. Do you recognize that wooden ships cannot compete with steel ships?

A. At that time the freights were very high.

Q. What do you want us to deduce from the fact you have mentioned? How does that fact assist us?

A. I met with great difficulties from responsible quarters.

Q. Please tell us briefly what they are.

A. I had difficulties from the Port authorities and difficulties in getting my ships insured. If I insured at high premium and lost the ships, I couldn't recover the money. I had to file a case in England, it is pending for the last three years.

Q. Are there no facilities for insurance in this country?

A. No.

Q. Is the difficulty for insurance felt only by Indian shipowners or is it felt by all?

A. I believe all Indian shipowners feel the same difficulty.

Q. We are now considering the obstacles which exist in the way of an Indian mercantile marine developing. I would therefore ask you to confine yourself to such obstacles. Your own individual case in regard to these matters cannot be material. I do not know how the "Port authorities"

trouble you mentioned bears upon the question before us.

A. The people of this country are not sufficiently represented on the Port Trust.

Q. If you had more Indians on the Port Trust the Indian ship-owners would find their difficulties easily met. Is that what you mean?

A. Yes.

Q. In answer to Question 5 you advocate loans and cheap rate of insurance. Again in answer to Questions 18 and 19 you say that it is not necessary to have any reservation as non-Indians could not compete with Indian shipping, for the Indians will be getting special concessions which non-Indians will not have. I cannot understand what it is you really want?

A. I thought Government would be able to give bounties. Now I find that Government may not be able to find money for bounties; so I recommend partial reservation of the Indian coast for Indian shipping companies.

Q. So you modify your written answer and prefer partial reservation of the coastal trade for Indian shipping in order to develop the Indian mercantile marine.

A. Yes.

Q. Why do you want partial reservation only?

A. It is not possible to reserve the whole coastal trade all at the same time, because we have not got sufficient fleet.

Q. When you say "partial," you mean then "gradual" reservation?

A. Yes.

Q. Do you prefer that as the method by which you can ensure the development of an Indian mercantile marine?

A. Yes.

Q. What do you mean by an Indian mercantile marine, will you define it?

A. An Indian company registered in India with a rupee capital with the Directorate and Management by Indians.

Q. Supposing you have a majority of Indian Directors, would you also have management by Indians?

A. Yes.

Q. Have they the necessary experience?

A. They will get experience.

Q. Till then, what will happen? That is, why I want your opinion as a businessman whether you would object to management being left in the hands of Europeans in the beginning?

A. I would leave it to the Directors.

Q. If they decided to have European management, you wouldn't object?

A. No.

Q. You also advocate loans at cheap rates of interest?

A. Yes.

Q. Do you consider that along with reservation cheap loans are also necessary to enable Indian companies to come into existence?

A. In certain cases they are necessary. I am talking from my own experience. When I booked certain cargo and found that space had been taken away by other people, I found it necessary to build ships. We, business people, have not got sufficient capital at our disposal; we try to get capital from the local Banks; at that time I had to sell a very valuable property at a low price.

Q. So you think loans would be helpful?

A. Yes.

Q. From your experience you found that it was difficult to get money from the existing banks and therefore you think Government should advance cheap loans on being satisfied as to proper management, etc.

A. It is very essential in the development of a general industry.

Q. Particularly in the case of the shipping industry, you say the same principle should be applied?

A. Yes.

Q. You would prefer "reservation with cheap loans" to bounties?

A. No; if reservation is adopted I do not think bounties are necessary. I would prefer the policy of reservation rather than the policy of giving bounties.

Q. You prefer reservation to bounty system on two grounds, that is on the ground of expense and also on the ground that it is less objectionable?

A. Yes.

Q. What is your idea in suggesting the formation of a committee? Is it for the purpose of disbursing the loans?

A. I want a permanent committee to watch the growth of the development of the Indian mercantile marine and also to see that the recommendations made by the mercantile marine committee are carried into effect.

Q. From your knowledge of Burma, you think that young Burmans will come forward to be trained as officers in ships?

A. Yes. In my own ship I took a few apprentices.

Q. To what class do they belong?

A. Some of them were Anglo-Burmans and some were Burmans. They were trained for the examination conducted in Bombay.

I had an English captain under whom these boys were trained. The Indians were only allowed to run ships of 300 tons. On my representation to the Government, the limit was raised to a thousand tons.

Q. What happened to the apprentices that you trained?

A. My shipping was stopped by the Port Commissioners and so I could not employ those apprentices. I do not know what became of them.

Q. You have some experience in shipbuilding?

A. Yes.

Q. You know the Indian coast well?

A. Yes.

Q. Do you think it will be economical to build steel ships here?

A. At present it may not be economical to build. I understand that ships can be bought at a cheap rate.

Q. It is said that Indian labourers do not turn out work as satisfactorily as the Chinese labourer or the English labourer. What is your opinion?

A. I think the Indian labourer is just as good as the English labourer.

Q. You had been to England?

A. Yes, once.

Q. Do you know the shipwrights who work there?

A. I saw only one shipyard.

Q. Your view is that the comparison between the Indian labourer and the English labourer will not be very unfavourable against the Indian?

A. It will not be.

Q. Do you suggest that Government should take some steps to develop shipbuilding in this country?

A. Government should encourage shipbuilding by private firms.

Q. You do not want the Government to build ships in their own dockyards?

A. I do not think it is economical to the country.

Q. Don't you think that Government dockyards are necessary to train people in shipbuilding?

A. I think we have already got a sufficient number of people in Bombay, Rangoon and Calcutta who will be able to build ships.

Q. Up to what tonnage they will be able to build?

A. Up to 2,000 or 3,000 tons.

Q. You prefer private firms constructing ships to Government building them in their own dockyards?

A. Yes.

Q. Then you would insist on these private firms taking in apprentices and training them?

A. Yes.

Q. Don't you think it will be advantageous to develop Government dockyards also for this purpose?

A. The Government dockyards may be developed simultaneously with private yards.

Q. You want State aid to be given to private yards so as to enable them to develop shipbuilding trade?

A. Yes.

Q. Do you think it will pay?

A. It may not pay at present.

Q. Do you think you can compete with English firms in the matter of shipbuilding?

A. I do not think we are less favourably situated than the Japanese.

Q. You think that if the Indian mercantile marine is developed, there would be sufficient demand for the ships?

A. Yes.

Mr. Jadu Nath Roy.—Q. In all countries some sort of State aid has been given for the encouragement of their mercantile marine?

A. Yes.

Q. Would you advocate similar State aid to be given in this country also?

A. Yes.

Q. You consider that mercantile marine cannot grow without State aid?

A. It cannot develop without State aid.

Q. You also advocate reservation of the coastal trade as a sort of protection?

A. Yes, gradually.

Q. Your idea is that trade should not suffer at the beginning?

A. No, it should not suffer. As Indian shipping increases, then we can have complete reservation.

Q. You want that the deferred rebate system should be declared illegal?

A. Yes.

Q. You are also in favour of training ship?

A. Yes.

Q. You think people will volunteer to be trained as officers for the mercantile marine?

A. Yes.

Q. At the same time you require some scholarship to be given to those who may desire to go to England?

A. Yes. If apprentices are taken in any private firms, then the Government should give some aid for the private firms for training the boy.

Sir Arthur Froom.—Q. You refer to "normal times" in answer to Question 3, what do you mean by that?

A. I mean when the freight is high and when there is more demand for shipping than at present.

Q. You recognise that shipping industry is going through hard times?

A. Yes.

Q. From the point of view of shipping industry, you want high freights?

A. What I mean is that at present owing to trade difficulty we cannot get sufficient freight.

Q. You say: One obstacle in the expansion of trade and commerce and therefore in the development of industries in general is the high Railway and steamer freights. Some attempt should be made to reduce the high freights prevailing at present. You refer to the railway freights?

A. Yes. I understand that in other countries special concession is given to foreign trade. I advocate that here.

Q. You do not object to high sea-freights?

A. I do not think the freight is high at present.

Q. You want sufficiently high freight to make the shipping pay?

A. Yes.

Q. In the Indian mercantile marine, you want Burma to be included?

A. Yes.

Q. How would you give fair share to Burma?

A. By starting Burman shipping companies.

Q. The Burmans have not started ocean-going shipping?

A. I understand that from time immemorial most of the shipping trade from Burma to India was carried on mostly by Indian ships. There was only a very small percentage of Burman ships. I want Burma to be included in the Indian mercantile marine because he has all along been reluctant to go out of the country. If there is sufficient guarantee of success, the Burman will take to shipping.

Q. You are not in favour of bounties?

A. I do not think they are feasible.

Q. On principle you object to Government fostering one industry at the expense of others?

A. Yes, I do.

Q. You suggested the creation of a permanent committee to watch the growth of the mercantile marine in India?

A. Yes. If feasible this committee may look after the development of all the industries.

Q. Would you like to have control in businesses?

A. It is not exactly control, but it is merely to watch the growth of the mercantile marine and to see that the recommendations of this committee are carried out that I have suggested a permanent committee.

Q. You also suggest that Government should provide cheap loans?

A. Yes. I think this is more feasible than bounty. If proper security is tendered, loans may be granted. But in my case, I experienced some difficulty in raising a loan of 3 lakhs on the security of property worth 15 lakhs.

Q. Why should there be any difficulty if the security is good?

A. The security is good but the money market is controlled by a certain section of people.

Q. You said you were connected with the Madras Steamship Company?

A. Yes.

Q. How many ships did it consist?

A. The company had only one ship running from Rangoon to Madras. The ship had to be sold to discharge a debt.

Q. What was the name of the ship?

A. It was "Maclean."

Q. What was the age of the ship?

A. It was a second hand steamer aged between 15 and 20 years.

Q. In a ship aged over 10 years, the repairing charges are always considerable?

A. I think there are several steamers 40 years old which are in very good condition.

Q. Their repair bills will be very heavy? The failure of most of the companies is in my opinion due to the fact that they purchased old ships?

A. I think the marine engines and boilers are good enough for 30 years.

Q. You said that high rates of premium were demanded for wooden shipping?

A. Yes. I had difficulty in my own case. I had to insure a ship valued at 3½ lakhs for half its value taking the risk for the other half on myself. When the ship was lost, the insurance amount was not paid to me in full. The insurance company promised to pay £17,000 but paid only £10,000, the balance having been taken by the broker.

Sir Arthur Froom.—Q. You mentioned that when Indian ships were insured and when the ships were lost, you couldn't get the money back.

A. Yes, I have not recovered my money yet; the suit I filed against the insurance company is still pending.

Q. Possibly they are not satisfied with the way in which the ship was lost?

A. The local Government made enquiries and were satisfied of the circumstances

under which she was lost. A Marine Court of Enquiry was held and they were satisfied, I don't know how the insurance company is not satisfied.

Q. You said that 3,000-ton ships could suitably be built in India and that they could be efficiently run. Had you in mind wooden ships?

A. No; I meant steamships. Certain parts would, for the present, have to be obtained from foreign countries.

Q. Do you think that labour in India at the present time (rivetters, for example) is efficient to carry on the work?

A. Yes. One ship was built in Calcutta during the War.

Q. I am not saying that ships could not be built in future. As far as your opinion goes, is there sufficient skilled labour available at the present time which is capable of building ships?

A. We have more than enough skilled labour.

Q. I think you said that you favour the gradual reservation of the coastal trade.

A. Yes.

Q. Do you consider that the reservation of the coastal trade would be good for the country as a whole or would it merely benefit Indian ship-owners?

A. It mostly benefits the ship-owners.

Dewan Bahadur T. Rangachariar.—Q. If reservation would only benefit the ship-owners, what is the advantage to the country?

A. By having a large number of fleets, Indians, would make money and so many other Indian companies would spring up.

Q. There will be other sources of advantage from that fact and that is why you recommend it?

A. Yes.

Thank you very much.

Witness No. 56.

The Dewan of Baroda State on behalf of the Baroda Government.

Written statement, dated the 13th September 1923.

His Highness' Government do not command the expert knowledge necessary for furnishing replies to the exhaustive questionnaire prepared for the Committee's enquiry. They, therefore, content themselves with communicating their views on the important issues involved in the inquiry.

2. His Highness' Government regard the present condition of the shipping industry in this country as highly unsatisfactory. They think that among the causes which are responsible for this deplorable result are :—

- (1) The disinclination of the Indian nationals in general (except the Sailor Class) to take to the sea.
- (2) The Laissez Faire policy hitherto pursued by the British Government and the Indian States in regard to the question.
- (3) The competition of vested interests and of non-Indian shipping concerns.
- (4) The rate-wars.
- (5) The deferred rebate system and the system of "denial of space."
- (6) The lack of facilities for training.

3. There is no question that strenuous efforts require to be made to remedy the present state of things. Shipping is both a key industry and is essential for national

defence. Its speedy and proper development must therefore be placed in the forefront of national endeavour. The last great war has demonstrated the importance to India of being equipped with a powerful mercantile marine.

4. His Highness' Government think that the object aimed at will not be achieved without State aid direct and indirect. What form State aid should take is a question for determination by the expert committee which has been appointed. His Highness' Government, however, venture the opinion that State aid will have to be afforded both by means of legislation and by means of financial assistance including expenditure on facilities for training.

5. Speaking more particularly, His Highness' Government think that the following forms of State aid may be tried to start with :—

- (1) *For Coastal trade.*—(a) Reservation of the coastal trade of India and Burma to Indian vessels, to be introduced gradually. (b) Fixing of minimum and maximum rates. (c) Declaring deferred rebates illegal and (d) Cheap loans to Indian Shipping Companies for construction and purchase of

steamers, at half the rate of interest at which the Government may be able to borrow, repayable by twenty equal annual instalments in the case of steamers built in India and by equal annual instalments depending on the age of the vessels in the case of steamers purchased.

- (2) *For Foreign trade.*—Besides (c) and (d) mentioned above, (1) Navigation subsidies to Indian shipping companies based on tonnage and speed, (2) Preference for bringing Railway material and Government stores, (3) Preferential Railway rates and (4) Exemption from Port Dues.
- (3) *For Steel ship construction.*—(a) Cheap loan as mentioned in (1) above and (b) exemption from import duty on articles used in ship-building.
- (4) *For Wooden ship construction.*—(a) Timber from State forests at concession rates, (b) Land for ship-building yards at a nominal charge,

(c) Declaring competitive rates by railways illegal, and (d) equal recognition for ships registered in Indian States.

- (5) *For Training.*—(a) Maintenance of training ships and institutions at Government expense and training Indians in the institutions without any fees for at least 5 years, and (b) Compulsory taking of apprentices for training in navigation and naval engineering by the steamers engaged in coastal trade and by steamers receiving Mail or Navigation subsidies.

6. His Highness' Government, however, think that in the beginning State aid will have to be mainly educational and attempts will have to be made to break down the disinclination to a sea-faring life, to which attention has already been called. His Highness' Government also think that in gradually reserving the coastal trade to Indian nationals, the existing vested interests will have to be equitably dealt with, though no claim to expansion of these interests may be recognised.

Oral evidence of Mr. MANILAL B. NANAVATI, representing the Baroda State, examined at Bombay by the Hon'ble Mr. LALUBHAI SAMALDAS, C.I.E., on the 11th January 1924.

Q. Mr. Nanavati, this Committee has been asked by Government to make enquiries as to the best method of creating a mercantile marine. The Government of India expect us to prove the question and to collect views of persons interested in the matter and then submit our report to Government. I take it that your statement represents the views of the Government of the Baroda State. In reply to Question 1 in your statement you suggest that there is a disinclination amongst the people to take to sea-faring life. We in our enquiry have heard many witnesses, mostly Indians, but some English also, say that there is a probability of many Indians belonging to what we call the higher classes coming forward to take up this kind of work. You, however, say that there is a disinclination. If proper facilities are given, don't you think that they will come forward?

A. Yes, in that case I think they will come forward.

Q. So you do not think that if facilities are given they will not join on sentimental and religious grounds?

A. I think not. I might cite an illustration, viz., the leather tanning industry which

we have in India which although against religion and against the prejudices of Brahmins, has now been taken up by them. Not that the people do not want to take to such work, but not having done such work for a very long time they are out of touch with it.

Q. Do I understand you right if I put it this way, that if a few training ships are provided and opportunities are given for those who have been trained therein of rising to the top, sea-faring spirit, although broken, could be made to revive?

A. It is not hopeless. That is what we were told when we started new industries.

Q. As regards the rate-wars, don't you think competition leads to better facilities and greater development?

A. Yes, but not when there is unusual or unfair competition.

Q. You object to cut-throat competition?

A. Yes, but to healthy competition certainly not.

Q. Have you any special cases where such unhealthy competition has led to disastrous results?

A. That is the general opinion and not the special experience of the Baroda State.

Q. In reply to Question 5 (5), you suggest certain methods of State legislation and finance. Would you like to have all of them together, or would you like to lay particular stress on any of them?

A. Of course, the first point is Government policy: change of heart is desirable. If there is a determination to do so, a good deal could be done. It is not possible to lay down any special programme at present.

Q. If we reserve the coastal trade to Indian ships and if we declare the deferred rebate system illegal and fix the maximum and minimum rate, do you think loans and bounties would then be necessary for the development of Indian shipping?

A. I think they will have to be given.

Q. Do you prefer the loan system first or will you give construction bounties also?

A. These may be a little postponed, but so far as reservation is concerned, we might give bounties for the purchase of steamers.

Q. What is your opinion as to ship-building yard, whether Government should have their own ship-building yard or whether you would leave that work to private companies?

A. Generally to private companies, but to begin with Government should have one and then transfer it to private agency. That is how we started in Baroda, with regard to cotton mills.

Q. We have been told that wooden ship industry is dead, not sailing ships, and that it will not be possible to compete to any extent with steel boats even if the wood boats are provided with self-propellers. Have you any boats or ships of that nature and have any of them been employed for coastal traffic?

A. We have no experience of wooden boats provided with self-propellers. But we have

some sort of ship-building yard, which is still going on and during the war we got some impetus at Dwarka. Baroda Government also gave us a little assistance.

Q. In what form?

A. We do not charge any rent for ground; then, a certain bonus was given, as also we allowed exemption of tax.

Q. Could you supply us a copy of such privileges?

A. Yes.

Q. Did you have any ship with auxiliary motors?

A. No, we have no experience of that kind.

Q. In your statement under Question 5, you say that training ships should be maintained at Government expense.

A. Yes. Of course, if people come forward, that would be another matter.

Q. Would you not charge rich men also?

A. If they are willing.

Q. And for keeping poor men?

A. In the first two or three years we might subsidize.

Q. With regard to training ships, what arrangements would you prefer? Do you agree that steamers receiving subsidies from Government should train free of charge?

A. Yes, that should be one of the conditions laid down in the subsidies.

Q. As regards the reservation of coastal traffic for Indians, how would you recommend it to be done?

A. It could be nationalized in 5 or 10 years, or any good period. I think 10 years would not be a hardship, but quite fair and adequate.

Mr. Lalubhai Samaldas.—Thank you.

Witness No. 57.

Commander R. SEVERS, R.D., R.N.R., Port Officer, Cuddalore, S. Arcot, Madras.

Written Statement, dated the 29th March 1923.

Q. 1. Undeveloped.

Q. 2. (a) Disinclination of the people to embark on new schemes which involve the outlay of large capital, similar schemes having been seen to come to grief in the past.

(b) A maritime spirit lacking.

Q. 3. No.

Q. 4. State aid is necessary if the industry is to be developed, but I do not consider that such aid, in large measure, is, at the

present time, desirable. At the present time, there are more ships in the world than are necessary, and old established concerns, in all countries, many with large reserves of capital are finding it increasingly difficult, in spite of all their vast experience, to get a fair return from their business, and, therefore, I do not think it wise to hold out State aid, (and which after all, can only be a temporary thing) as an inducement to the people of this country to embark in shipping enterprises.

Q. 5. By the grant of State loans at small interest.

Q. 6. Only such legislative measures as will safeguard the industry from unfair competition of rivals.

Q. 7. No, but subsidy for carrying mails.

Q. 8 to 14. Does not arise.

Q. 15. Yes, vessels receiving mail subsidy.

Q. 16. (a) Yes.

(b) No.

(c) No.

Q. 17. Does not arise.

Q. 18. Yes.

Q. 19. Would limit trade.

Q. 20. Does not arise.

Q. 21. Steamers of moderate speed, economical consumption, light draft, and varying in size, as the engineers of the services demanded, from 500 to 5,000 tons gross.

Q. 22. Private shipyards.

Q. 23. Negligible.

Q. 24. Replies to Question 2 apply here also. People of this country can never hope to compete successfully with the old established yards in Europe, and America, where everything is self-contained and practically nothing has to be imported.

Q. 25. No.

Q. 26. No.

Q. 27. Does not arise.

Q. 28. No.

Q. 29. No.

Q. 30. Does not arise.

Q. 31. Do not advocate.

Q. 32. No.

Q. 33. No.

Q. 34. Does not arise.

Q. 35. Does not arise.

Q. 36. The condition is retrograde.

Q. 37. (a) High cost of materials and skilled labour.

(b) Uncertainty of the freight market.

(c) The long period of inactivity during the S. W. monsoon, when most wooden vessels are laid up.

(d) Inability to compete successfully with steamers.

(e) Reluctance of shippers to ship valuable cargoes, and the reluctance of Insurance Companies to insure this type of vessel.

Q. 38. No.

Q. 39. On the Indian Coast, in common with all other ports of the world, wooden vessels are gradually being superseded by steamers, and I do not consider it would be progressive policy to bolster up the industry by the grant of State aid.

Q. 40. In a few instances it may be desirable to assist builders, and such aid might take the form of supplying Government timber at cheap rates, and supplying the

necessary iron work from the Government Dockyards at cost price.

Q. 41. No.

Q. 42. No.

Q. 43. Yes, private Companies decline, except at prohibitive rates, to insure these vessels. A system of State Insurance is the only suggestion I can offer.

Q. 44. No. (My negative reply refers to the Madras Presidency. I have not sufficient experience to make a statement with regard to other Provinces).

Q. 45. (a) Yes, but the number should be very strictly limited in the first instance, and only increased as the volume of the Indian Mercantile Marine increases.

(b) By making it compulsory for Indian-owned vessels and which receive any bounty or subsidy, to carry them.

(c) Yes. Facilities should be provided.

Q. 46. Cadets should undergo a preliminary course of at least one year.

Q. 47. I suggest that the preliminary training should be carried out in India, as I am of the opinion that, during this preliminary year, a number of cadets will decide to give it up, or will be turned down as being unsuitable for a sea career.

The establishment should be provided by Government, but the boys should pay moderate fees.

Q. 48. With the establishment of a good training school in India, I do not see any necessity for sending cadets to England at Government expense.

Q. 49. Two. One at Calcutta and one at Bombay. The maintenance charges to be met, as far as possible, by the levy of fees, any deficit being made up by contributions from the Provincial Governments, the amount of each contribution being decided according to the number of cadets from each province.

Q. 50. I suggest a College on shore. A training ship could be established later, when it is seen that there is actually a sufficient number of cadets to warrant it.

Q. 51. After preliminary training, boys should serve a period of apprenticeship in Mercantile Marine steamers.

Q. 52. I am of opinion that shipowners will be quite willing to accept apprentices. In any case, my reply to Question 45(b) would apply here also.

Q. 53. Government should pay the required premium when it is conclusively shown that the parents are unable to do so.

Q. 54. Does not arise.

Q. 55. Does not arise.

Q. 56. During the period of preliminary training, I would suggest the lines of study should be much the same as those obtaining on the Worcester and Conway.

During the term of apprenticeship, the study should include 2 hours daily in theoretical navigation, and daily instruction in steering, signalling, duties of an officer of the watch and in port.

In port instruction in loading and unloading cargoes, stowage, trim and stability should be given, and also frequent instruction in boat work.

Q. 57. Nautical academies are necessary for the preparation of candidates for Board of Trade Certificates.

Q. 58. Two. Calcutta and Bombay.

It would be necessary for Government to provide these Academies.

Reasonable fees should be levied, but whether the fees realised would be sufficient to maintain the school, would depend entirely on the number of pupils under tuition.

The cost of maintenance of each academy would be about Rs. 1,500—1,800 per mensem and Government should guarantee the amount for at least one year, in order that suitable tutors might be attracted.

Q. 59. As regards Madras Presidency, No.

Q. 60. (a) Pending the development of the shipbuilding industry in India, Government might arrange for a limited number to be trained at the Naval Dockyards in England.

(b) Government to make it a condition of the grant of bounty or subsidy that men so trained be given employment when vacancies occur.

(c) Might be left to private enterprise.

Q. 61. Does not arise.

Q. 62. No.

Q. 63. I do not know of any.

Q. 64. As the average entry is only 4 per annum, I do not consider it necessary to alter the existing arrangements.

Q. 65. I am of the opinion that there will be sufficient applicants for the appointments without Government granting any special facilities.

Q. 66. Yes.

Q. 67. Have no suggestion to make.

Q. 68. Have no suggestion to make.

Q. 69. No.

Q. 70. Unable to reply.

Oral evidence, Madras, the 15th January 1924.

President.—The object of this Committee is to advise the Government of India how best to start an Indian Mercantile Marine, and also an Indian ship-building industry, if possible. What we want is real useful information so as to enable the Committee to advise Government. The giving of evidence is quite voluntary and if any questions are asked of you that you do not care to answer or that are outside your province, please do not hesitate to say so.

Q. Are you at present Port Officer at Cuddalore?

A. I am now at Negapatam; but I was at Cuddalore previous to going to Negapatam.

Q. Before becoming Port Officer, had you considerable experience of the sea?

A. I had 14 years in the British India Company.

Q. So you had considerable experience of shipping?

A. Yes, in all parts of the world, especially in India.

Q. What we are chiefly concerned with is to advise Government as to the provision of Indian Officers for an Indian Mercantile Marine. In your experience have you had many educated Indians who have talked to you about going to sea as Officers?

A. I have had none.

Q. Supposing the Government of India supply a training ship in India like the Conway or Worcester, do you think from your experience in India that young educated Indians would be forthcoming to be trained?

A. I do not know about any other part of India except the Madras Presidency and I do not think they would come from this Presidency. I am perfectly sure about it, because we had a school in Masulipatam from 16th August 1921 to 30th November 1921 and the school had to be closed down for want of pupils.

Q. Did you ever see the school?

A. I was in charge of it as Superintendent.

Q. How many pupils had you when you started the school?

A. About 16.

Q. Was that run on the same lines as, say, the Pangbourne?

A. No. We got the men from the coasting ships, i.e., brigs running about the Indian coast. Masulipatam is a port of registry for a large number of these ships and the idea was originally suggested by one Mr. Rangiah of Masulipatam. With the help of Government, we started on the

rudiments of navigation and progressed as far as working out the latitudes, etc. For the first month or so, the school went on well, but gradually students who came one day to the school, stopped away for three days until finally we had only 3 men at the school.

Q. What was the age of the students?

A. From 18 to 30 years.

Q. Had all of them been to sea?

A. Yes, they were sailors.

Q. Did you not take any boys for preliminary training before going to sea?

A. That was Mr. Rangiah's idea; but it did not materialize.

Q. Were you in the Conway or Worcester?

A. No; I went straight to sea.

Q. Do you consider it a good idea to start a training ship?

A. No. I think it would be better to start training them on shore.

Q. Don't you think it necessary to imbue them with a spirit of the sea?

A. I suppose that really would be better; but from my experience of the school at Masulipatam, I do not see why Government should waste money and get no return.

Q. What happened to the school at Masulipatam?

A. It was closed down entirely.

Q. Who instructed in Navigation at the school?

A. We had a Master Mariner who lived in Cocanada; he was appointed Instructor.

Q. Did any of the students pass the Board of Trade Examination?

A. No; they never went up to that.

Mr. *Jadunath Roy*.—Q. You said you had a Naval Institution and it was a failure. Did you want to train men as crews or Officers?

A. As Officers.

Q. Had they any education?

A. We did not take anybody who could not read or write the English language to some extent. There are no Navigation books or tables made out in any vernacular; a good deal was translated by the Instructor, but the actual working of figures had to be done in English and so the students had to know English.

Q. Up to what standard were they educated, up to the Matriculation?

A. Nothing like that.

Q. So they were recruited from the sailor class and not from the educated class?

A. They were men who had been to sea on ships, principally ships belonging to Mr. Rangiah.

Q. As lascars?

A. Yes, and some as a sort of second mate they were all without certificates.

Q. Your experience is confined to the Madras Presidency only?

A. Absolutely.

Q. You say that in this province people are not inclined to come in for training?

A. There was a school and nobody came forward.

Q. Are you aware of any Indian Steamship Companies which ply to Madras?

A. There are none now. I think many years ago there was one company running between Tuticorin and Colombo, viz., the Swadeshi Steamship Navigation Company.

Q. What became of it?

A. It went into liquidation.

Q. Was that due to too much competition?

A. I couldn't say; it was many years ago.

Q. So you cannot say whether it failed on account of bad management or want of capital or the keen competition of the existing companies?

A. I can't say.

Q. Do you think that a new Indian Company can develop unless it is given some sort of protection?

A. If a new company has suitable ships, is properly managed and properly officered, there is no reason why it should not be able to compete with an old-established company.

Q. The old-established companies have been doing business for a very long time and on account of the deferred rebate system, etc., don't you think that it would be impossible for new Indian companies to compete with the old companies?

A. They will find it difficult like every other concern, but they should be content with making a small profit in the beginning. If an old-established company makes 10 per cent. profit in a year, the new company will have to be content with one or two per cent. for a certain number of years.

Q. The freight on rice from Rangoon to Bombay is, say, Rs. 13 per ton. The existing companies go on rate-cutting and carry rice at Rs. 6 or 5 per ton. How can new companies succeed?

A. The latest instance I have of rate-cutting is that rice is carried by the older companies at Rs. 13 a ton and that it was reduced to Rs. 5 or 6 by the Scindia Steam Navigation Company. The B. I. refused to reduce their rates; they keep it at Rs. 13.

Mr. *Lalubhai Samaldas*.—Q. I do not think that is correct.

A. That is the information I have.

Mr. *Jadunath Roy*.—Q. Do you advocate the abolition of the deferred rebate system?

A. The deferred rebate system is not in force all over the coastal ports of India; it only applies to some places.

Q. But it is in force at most of the coastal ports?

A. We ship cargo from Negapatam and Cuddalore to Calcutta; there is no rebate system. The rebate system is only in force in regard to rice shipped from Negapatam to the Ceylon ports.

Q. I believe it is in force on the Bombay-Rangoon trade.

A. Yes; the rebate system is purely a business agreement between businessmen and shipping companies.

Q. Does that not bind shippers to ship-owners? The shippers cannot ship by new companies unless they are prepared to lose the rebate for 12 months.

A. Yes, but they can always ship by new companies after that period if they are not satisfied with the rebate system.

Q. You are not in favour of the reservation of the coastal trade of India for developing new companies?

A. No; I do not think it should be reserved entirely.

Q. But other parts of the British Empire have done it. There are some restrictions in Australia according to which other companies cannot trade on the Australian coast.

A. I do not know anything about it.

Q. If it is a fact, what would you advise?

A. I do not see why the old-established companies who have developed the ports and developed the trade of India should be ruthlessly turned out.

Q. In that case you do not give the Indian companies a chance to develop themselves; they cannot compete with the well-established companies with the deferred rebate system and rate-cutting in force?

A. I understand that the deferred rebate system does a certain amount of good to the shippers.

Q. Several shippers at Calcutta have objected to the deferred rebate system.

A. If they do not like it, they can go to the Scindia Company.

Q. The Scindia Company is in agreement with the B. I. though they never liked it.

A. The deferred rebate system keeps the freight stable.

Q. You do not advocate any training ship on Indian waters?

A. I am in favour of a training establishment on shore, giving students a year's training and then sending them to sea.

Q. If a training ship is established straight away, they would get practical knowledge instead of theoretical knowledge?

A. In the case of the Masulipatam school Government spent Rs. 2,225 in three months; they will have to spend two or three lakhs of

rupees for a training ship. I think it would be better to train men in a school first and then send them on a ship.

Q. Do you know that the existing British companies do not take Indian apprentices for training?

A. I don't know if they have ever been asked.

Q. We have heard in Bombay that one European firm (I think it was Messrs. Turner Morrison and Company) had half a dozen applications from apprentices and they refused to take them as they were Indians. In the circumstances, is it not necessary that some facility should be given to train up Indians as apprentices?

A. Any shipping company that receives help from Government should be obliged to carry one or two apprentices.

Mr. Lalubhai Samaldas.—Q. I think you said that you were in the service of the B. I. for 14 years and that you have had experience of all parts of the world.

A. Yes.

Q. When did you come to India as Port Officer?

A. In 1912.

Q. Therefore, your experience of India or of the Madras Presidency is for 11 years only.

A. I had 14 years in the British India before that.

Q. Were you on Indian seas all the time?

A. Yes.

Q. In reply to the President you said that you did not think that educated Indians would come forward for training at sea. Had you any opportunities of coming into contact with educated Indians, Indian youths or their parents?

A. Not more than a European comes into contact with Indians generally.

Q. Your reply is based on general impressions and you have not made any definite enquiries?

A. They have not come to me.

Q. Have you had any enquiries made?

A. No.

Q. In your reply to Question 2 (a) you refer to "similar schemes having been seen to come to grief in the past." We have been told that the reasons for these are cut-throat competition, the deferred rebate system and the existing companies declining to give space to Indian companies even if space were available. Do you know if these reasons hold good in the case of those companies that are competing at present?

A. I think one of the principal reasons why they have come to grief is that they had not suitable ships in the past.

Q. Do you know if cut-throat competition had anything to do with the failure of the new companies?

A. I have heard it stated that it had to a certain extent, but I have no definite information.

Q. The deferred rebate system was the second reason I mentioned.

A. I haven't heard of that.

Q. The third was that space was refused by the existing companies to people who gave their cargo to other competing companies.

A. I do not know that.

Q. In reply to Q. 2(b) you say that maritime spirit is lacking. Do you mean that it is lacking in the lascar class or in the higher classes, as they are unfortunately called?

A. I may say the middle classes from whom you recruit officers.

Q. Do you come in contact with the lascar class very often.

A. I do.

Q. Do you think that if they are taken to school, say, at the age of 10 or 12 and are properly trained up in Navigation, etc., they have sufficient intelligence to work up their grade to become Officers?

A. A certain number of them have.

Q. You do not mean that intelligence is the monopoly of the higher classes?

A. Not at all.

Q. We have been told by witnesses from Calcutta and Bombay that higher class Hindus, a certain number of Parsees, Muhammadans, etc., would be extremely willing to come forward if they are assured that they would be treated equally with others. Your experience of Madras Presidency does not justify you to say the same?

A. Not in the Madras Presidency.

Q. In answer to Question 4 you say that State aid is necessary if the industry is to be developed. I take it you agree that without State aid this industry cannot be developed in India.

A. Yes.

Q. You further say in the same question that such aid in a large measure is not at the present time desirable. Do you say that from the general taxpayer's point of view?

A. I say it is not desirable to hold out prospects of too much State aid, because there are many ships in the world doing nothing.

Q. The general tax-payer does not come into your mind?

A. The money has to be provided for somehow or other.

Q. If the tax-payers are prepared to find the money, would you object to Indian aspirations being fulfilled?

A. Not at all.

Q. In your answer to Question 5 you have suggested the grant of State loans at small interest. Another form of State aid that has been suggested to us is the guaranteeing of dividends. What do you say to that?

A. It is a very big question.

Q. Would you not like to give an opinion on that?

A. I would not guarantee dividends.

Q. In your reply to Question 6 you refer to legislative measures as will safeguard the industry from unfair competition of rivals. What is the unfair competition you had in mind?

A. Drastic rate-cutting and running ships at a loss.

Q. Would you prevent rate-cutting and introduce maximum and minimum rates of freight?

A. It has to be something like that.

Q. Have you thought of any scheme?

A. The minimum rate of freight to be fixed will have to be thought out very carefully.

Q. How is the minimum rate to be fixed for a company whose boats are five or six years old?

A. A shipping board ought to be constituted. You cannot go on changing the rate from week to week.

Q. Would you object to Government starting one or two model shipyards and then handing them over to private companies after demonstrating they could be run successfully?

A. That scheme will be quite feasible if the Government can find the money.

Q. You think that people of this country can never hope to compete successfully with the old established yards in Europe and America where everything is self-contained and practically nothing has to be imported?

A. For quite a number of years, I think we will have to import almost everything to India.

Q. I may tell you for your information that the Tatas are in a position to supply 30,000 tons of steel plates required every year for ship-building industry. In that case, you think it will not be necessary to import steel plates into India?

A. No, it will not be necessary.

Q. A subsidiary industry for locomotives is being put up at Jamshedpur. Don't you think that an attempt may be made as an experimental measure to build ships in course of time having the experts from England?

A. My answer to Question 24 refers to the present state of affairs and not to the future.

Q. As regards wooden ships, I take it you are not in favour of them?

A. No.

Q. Not with auxiliary motors?

A. They are not successful even with motors.

Q. You would keep sailing ships of 300 or 400 tons for coastal traffic?

A. Yes, if they are profitable.

Q. For what class of trade would they be suitable?

A. On the west coast of India hundreds of small wooden ships are running up the rivers and creeks, and they serve very well in places where steamers cannot go.

Q. There is no competition for them and do you think State aid is necessary for them?

A. They may be helped with Government timber.

Q. You think that some help should be extended to them in that way?

A. Yes. I do.

Q. You think Government should take up State insurance work for them?

A. I do not think it is necessary. It has not been asked for up till now.

Q. From your reply to Question 45, I take it that you are in favour of Government providing training to a very limited number. Will you tell us on what principle it should be started?

A. I should not start with more than 20 in the first instance.

Q. That education will be quite different from that you get in ordinary schools? Would it not be of a higher grade?

A. No, all should go through the same training.

Q. You said that in three months Government spent a sum of Rs. 2,225 on a certain school started by Mr. Rangayya? Was it a grant-in-aid?

A. It was actual expenses for the school, for the instructors and for the books.

Q. What did the gentleman do with the money?

A. The school was started in Masulipatam. Boys of 8 or 10 years of age had their own ordinary education and they also joined this school and had instructions in the evening. But that scheme did not materialise.

Q. Because there was no sufficient time to test the scheme?

A. No. The scheme did not prove successful.

Q. In answer to Question 47, you say: The establishment should be provided by Government but the boys should pay moderate fees. You think that Government should help them on the same lines as they

help the other technical schools and colleges.

A. Yes.

Q. In reply to the President you said you were in favour of a college at shore; that does not mean you object to a training ship later on to be established at sea?

A. No.

Q. Where would you establish a training ship? What do you think the best place for it?

A. The establishment of a training ship should be in that province where many pupils will come forward. If young men in large numbers come forward in Bombay, I would not like to have a training ship in Madras in preference to Bombay.

Q. In reply to Question 52, you say: I am of opinion that shipowners will be quite willing to accept apprentices. We have evidence to show that except the Scindia and the Bombay Steam Navigation Company others do not take up Indian cadets. The remedy you suggest is that those who receive Government subsidy should be asked to carry apprentices? Will that suffice?

A. Yes, that is quite sufficient.

Q. Can you give us some details of the estimate of Rs. 1,500 to 1,800 a month? Will that suffice for each academy?

A. I am talking of the preliminary efforts for one year.

Q. In reply to Question 64, you say: As the average entry is only 4 per annum, I do not consider it necessary to alter the existing arrangements. Supposing it is decided that India should have her own Indian navy, don't you think that special facilities should be given to train youths as R.I.M. officers on the same lines as the cadets for the King's Commission.

A. Train them first as sailors, then as Officers and then like myself, as reserve officers and then they will be fit for the navy.

Sir John Biles.—Q. You know of any shippers who have been penalised by shipowners for breaking a contract?

A. No.

Q. You know of any shippers who have broken their contract?

A. I have not heard of any.

Q. You think a special course can be had at the existing colleges for training mercantile officers?

A. That might be done.

Q. You think training in the ordinary way with additional course for marine education can be given in the colleges?

A. You cannot combine education of one sort with another. There must be a whole-time programme. You cannot try to educate them first as seamen, then as navigators.

Q. You think the course of training in existing colleges is not a practical one suited for the training of mercantile marine officers?

A. I would not advocate it.

Q. You say that companies receiving help from Government should carry Indian apprentices. What do you mean by help?

A. It was suggested that companies should receive navigation bounty, construction bounty or something like that; or if the company is newly formed, then loans at cheap interest should be given.

Q. You do not mean vessels running mail contracts.

A. No. I do not think a mail contract is an advantage to the company.

Q. You do not call a mail contract a help from the Government?

A. No, not in the sense you mean.

Q. You think that if they receive bounty, they ought to carry cadets?

A. Yes.

Q. Are there any companies at present receiving bounties?

A. Not that I know of.

Q. You say that the failure on the part of some Indian companies was due in part to their having unsuitable ships?

A. A large number of ships that I have seen were very unsuitable. They were old ships with deep draughts, small carrying capacity and heavy coal consumption.

Q. They were inherently incapable of competing with the ships that were already in the field?

A. They were handicapped on account of unsuitable ships.

Q. The ships that are already running the line are quite suitable?

A. They are built by people with great experience.

Q. So that you think even if there had been no cut-throat competition, the ships would not have been suitable for the trade?

A. They are hopelessly handicapped from the start.

Q. In answer to Question 4, you say that one reason by State aid is not necessary is that there are at present more ships in the world than are necessary. But if the Indian companies bought some of these ships that would not increase the number?

A. No, that would not.

Q. You think that even if the Indian companies bought some of these ships, they would be able to compete with the existing fleets?

A. I do not think so; at the present time the trade of the world is so bad that they cannot compete whatever ships they have.

Q. Is that because the existing companies are able to run them off?

A. No. The existing companies are able by their experience to work and get a suitable return for their money as good as Government can give you. The chances of success for new comers are probably less because of lack of experience.

Q. You say: I do not think it wise to hold out State aid as an inducement to the people of this country to embark in shipping enterprises? Don't you think State aid will help them to balance their inexperience?

A. Yes, that would.

Q. To that extent State aid will help them?

A. Certainly.

Q. You think it would be a fair thing to give Indian capitalists aid to establish themselves?

A. I have already stated that loans at moderate rate of interest will do.

Q. You advocate State loans for ship-building?

A. Not for ship-building but for shipping.

Q. To that extent you approve of State aid?

A. I approve of State aid on those terms.

Q. In answer to Question 64, you have omitted to take into account the possibility of a combined training ship for the Royal Indian Marine and the proposed Indian mercantile marine. Is that not so?

A. I did not take that into account.

Q. Supposing it is decided to train men for the Indian mercantile marine and for the R.I.M., do you then advocate a training ship?

A. Yes.

Sir Arthur Froom.—Q. From your answer to Question 4, I understand that you are not an advocate of State aid?

A. Except in the form of State loans as suggested in my answer to Question 5.

Q. State loan is a form of State aid?

A. Yes.

Q. That means the difference in the interest will have to be paid by somebody?

A. Yes.

Q. You agree that subsidy should be given for carrying mails?

A. Yes.

Q. Because you recognise that it is payment for service rendered?

A. Yes. The steamer must sail on the due date whether there is cargo or not.

Q. You are in favour of keeping the coastal trade open to all and not to reserve it?

A. Yes, I am in favour of keeping it open for all.

Q. You have no objection to competition?

A. None whatever.

Q. 'Cut-throat competition' that sounds dreadful?

A. Yes.

Q. I have never been able to understand quite what competition is. Taking the shipping trade, I take it competition means competing in rates?

A. Exactly as between two shopkeepers.

Q. Supposing you are established in the shipping trade and supposing another gentleman comes along and cuts rates of freight under yours; who would be described as the competitor? Is it the first man or the second man?

A. Both are competitors.

Q. Supposing you are shipper No. 1 and supposing shipper No. 2 comes along and quotes rates of freight less than yours, then the second man is the competitor?

A. Yes.

Q. Would you describe that as a 'cut-throat competition'?

A. No, not necessarily.

Q. You as No. 1 in the shipping trade, what is your reply to No. 2 who quotes below your rates?

A. I will re-organise my business and do the same?

Q. You will probably move by cutting down your rates?

A. That is natural.

Q. You would not describe that by the dreadfully sounding term 'cut-throat competition'?

A. No.

Q. You think that the rebate system is in the shape of agreement between shipowner and shipper?

A. Yes.

Q. Even if the deferred rebate system is made illegal, you still think there will be some agreement between the shipper and the shipowner?

A. Very probably.

Q. You think the effect of that will be to benefit the big shipper more than the small shipper?

A. I do not think so.

Q. Suppose there is a big shipper commanding large business, he goes to a shipper and says, you ship all your goods through me, I will give you some consideration in freight. Probably they will come to some agreement?

A. Yes.

Q. Then there is the small shipper who will not get the same consideration?

A. Naturally he cannot.

Q. Therefore doing away with this rebate system will be harmful to the little shipper?

A. Yes, he will suffer.

Q. Because the rebate system provides the same rate of freight for all?

A. Absolutely.

Q. The training school that you referred to, was it a residential school?

A. No, not a residential school. The people lived close by in the village.

Q. There was nothing to compel them to go to school?

A. No, it has purely voluntary.

Q. I take it that if a school is started for young Indian lads with the idea of training them to become Officers, it should be a residential school with some sort of discipline?

A. Yes.

Q. The boys should be compelled to study their lessons whether they like it or not?

A. Yes.

Q. You think that the failure of the Masulipatam school was in part due to the lack of discipline?

A. That is the principal reason; the attendance grew worse and worse.

Q. If the boys in the training school do not like the discipline, they will have to withdraw?

A. Certainly they have to be turned out.

Q. You think it is reasonable that this committee should recommend the starting of training schools to see whether people come forward?

A. Most decidedly.

Q. If the boys show an inclination to take to seafaring life, then there must be some discipline in the institution?

A. Yes, there must be.

Q. I do not mean rigorous discipline in any way harmful to the boy?

A. You must have some discipline to start with in a navigation school.

Q. If the boy does not like it, he will go out of the school?

A. Yes.

Q. You do not think a training ship is necessary from the start?

A. I would not advocate it to start with. There is no use of wasting Government money in a training ship until you see what is going to happen. You do not know whether the boys will like the sea or not. I will have a training establishment for the boys on shore. You have got such training establishments on shore at home. It is just like a ship on dry land. You might have that to start with here so that the boys may get the ship training and ship routine.

Sir Arthur Froom.—Q. Do you know of many lads who undergo training at the Pangbourne Nautical College and then go to sea as apprentices?

President.—Some of them actually go there, because their parents think that it is better

for their children to go to sea between the ages of 14 and 16 than to go to a public school.

Sir Arthur Froom.—Q. It appears necessary to have two tests, first, a school test, and, if pupils still wish to go to sea, then a test on a training ship.

A. Yes.

The Hon'ble Mr. Lalubhai Samaldas.—Q. In reply to Sir Arthur Froom you said that you were in favour of giving subsidies to boats that carry mails. Would you object to laying down as one of the conditions of giving the subsidy that the boats should carry a certain number of Indian apprentices?

A. I would not in the case of Indian-owned vessels.

Witness.—In regard to the question of the development of an Indian Mercantile Marine, I would like to point out, if I may, that a large number of people in this country, small and big investors, like to see what they are investing their money in, something tangible I mean like a cotton mill for instance. I think a large number of people do not like investing money, if they had it, in shipping; because there is great risk involved in the shipping enterprise and as the ships move from port to port they are seldom seen by the investors.

President.—Thank you very much.

Witness No. 58.

Sir AHMED THAMBY MARICAIR, Kt., Negapatam.

Written Statement, dated the 12th April 1923.

Q. 1. I consider there are more vessels available than the demand for shipping.

Q. 2. Nil.

Q. 3. No.

Q. 4. Yes.

Q. 5. Government should arrange to supply shipbuilding materials for considerably cheap rates and also provide cheap loans.

NOTE.—Similar concession was made by the Madras Government and other Provincial Governments at the time of war by the formation of a Committee called "Shipbuilding Committee" in which I had the honour of serving as one of the Members.

Q. 6. Yes, if Government considers necessary.

Q. 7. No.

Q. 8. No.

Q. 9. No.

Q. 10. Not in favour.

Q. 11. No.

Q. 12. Not necessary.

Q. 13. No.

Q. 14. No.

Q. 15. Not necessary.

Q. 16. Not necessary.

Q. 17. Consider bounties in no case necessary.

Q. 18. Yes. Coasting trade of India should be open to all.

Q. 19. The trade will be reduced.

Q. 20. I advocate facilities should be given in all ships plying either in Coastal trade or in foreign trade for training Indian apprentices.

Q. 21. Various sizes are required according to the offerings of the ports.

Q. 22. I recommend the establishment of Government Dockyards for this purpose.

Q. 23. Most unsatisfactory.

Q. 24. For want of encouragement from Government.

Q. 25. No. I am afraid nothing could be suggested for the people to start shipbuilding dockyards of their own accord as most of people of India have not come to that stage.

Q. 26. Yes.

Q. 27. I consider State aid is necessary on the following points:—

(1) Providing shipbuilding dockyards.

(2) Securing shipbuilding materials at cheap rates.

(3) Lending money at cheap interest.

Q. 28. Yes, if Government considers necessary.

Q. 29. No.

Q. 30. Unnecessary.

Q. 31. Do not advocate.

Q. 32. No.

Q. 33. No.

Q. 34. I am in favour of Customs concessions. Customs duty on materials imported from foreign countries for the use of shipbuilding should be levied 50 per cent. less than the standard rate.

Q. 35. There are various ways to prevent the abuse of these concessions.

Q. 36. Satisfactory and sufficient to meet the requirements.

Q. 37. Nil.

- Q. 38. No.
 Q. 39. Yes.
 Q. 40. Yes. As per answer to Question 5.
 Q. 41. Yes, if Government considers necessary.
 Q. 42. No.
 Q. 43. Yes. I recommend that arrangement should be made with the Insurance Companies to accept insurance of all wooden built ships of the carrying capacity of not less than 500 tons gross, provided the vessel is manned by certified Captains.
 Q. 44. Yes.
 Q. 45. (a) Yes.
 (b) Yes.
 (c) Government should provide facilities for further study and it would not be so effective if left to private enterprises.
 Q. 46. I recommend that cadets should undergo the preliminary course of instruction in a training ship first and then be trained on shore in a Navigation School established by Government.
 Q. 47. The establishment of Training ship and Schools on shore should be provided in India by Government.
 Q. 48. I recommend the Government should pay scholarships for cadets trained in England on the same lines as Government give for other branches of study.
 Q. 49. The establishment of Training Ship should be in India. One ship for each Province, Madras, Bombay and Calcutta will be sufficient. The maintenance charges should be met by Government.
 Q. 50. I advocate both.
 Q. 51. Yes.
 Q. 52. Ship owners might refuse to accept apprentices for training because they will have to feed the apprentices. I suggest that apprentices should provide themselves with their own grub and clothes. In that case ship owners might not refuse. In any case

Government should use their influence with the ship owners to accept apprentices.

Q. 53. As referred to above ship owners should not demand any premium from apprentices; if demanded it should be paid solely by Government.

Q. 54. Yes. The training vessels can easily get freight by carrying cargo from one port to another and the Government stores.

Q. 55. No. They should provide themselves.

Q. 56. The curriculum of study during the period of training is the rudimentary knowledge of navigation and while an apprentice he should be taught the remaining portion of study as a sea-man from A to Z.

Q. 57. Yes.

Q. 58. One in each province of Madras, Bombay and Calcutta and the same must be maintained by Government.

NOTE.—I moved the Ship Building Committee on the 24th September 1918 in which I was a Member and the Madras Legislative Council on the 20th November 1918 when I was a Member of the Local Legislative Council, to open Navigation Schools for teaching rudimentary principles of navigation. This was adopted but failed sometime later for want of suitable instructors.

Q. 59. Yes.

Q. 60. (a) Yes.

(b) Yes.

(c) Yes. It would not be so effective if left to private enterprises.

Q. 61. Government should establish Engineering Colleges such as one in Madras and also arrange facilities with Railway Workshops and Shipbuilding Firms to accept cadets for training.

Q. 62. Yes.

Q. 63. Not in a position to state.

Q. 64 to 70. I have no idea and am not in a position to state.

Oral evidence, Madras, the 15th January 1924.

President.—On behalf of my Committee I should like to thank you for your coming to give evidence before us. If any questions are asked of you that you would rather not answer, please do not hesitate to say so.

Q. I gather from your replies that you are in favour of the development of an Indian Mercantile Marine.

A. Before I answer that, I should like to know the exact meaning of the words "Indian Mercantile Marine." Does it relate to Navy or cargo steamers?

Q. Cargo and passenger steamers.

A. I am not in favour of starting an Indian Mercantile Marine.

Q. You would prefer to carry on as we are doing now; that is what you think would be to the benefit of the country?

A. Yes.

Q. You mean that existing facilities for the trade on the coast of India and also Overseas are satisfactory?

A. Yes.

Q. Supposing opportunities are given to young Indians to go to sea, do you think that there are a sufficient number of young

educated Indians who would like to go to sea, say, in British ships?

A. I am in favour of giving them opportunities. There are several young Muhammadans who have a rudimentary knowledge of navigation; but several of them have not passed in navigation and obtained certificates. On my motion in the Local Legislative Council during the year 1918, a school was opened by the Madras Government at Masulipatam, although I suggested that a moving school should be opened at Negapatam, Calicut and Cocanada for three months every year. I did not consider Masulipatam a proper place to start a school. The Presidency Port Officer asked me to recommend an Indian tutor and I selected a Muhammadan who had a Captain's certificate on foreign-going vessels. The Presidency Port Officer found him unfit, I do not know for what reasons. As a matter of fact he had been manning several vessels of over a thousand tons and also small steamers.

Q. He might be a very good sailor without being a very good tutor?

A. He might be; I don't know. In my opinion if an Indian tutor who knows the language had been appointed, the school would have run successfully. I heard that boys did not attend school regularly and that it had therefore to be closed down. I think it is in the best interests of all concerned to teach Indian the art of navigation. I can quote an instance. About 20 years ago the officers of the B. I. Steam Navigation Company went on strike and there were about 4 or 5 steamers lying idle in Negapatam, Madras, and other places. The B. I. Agent was able to secure the services of some Muhammadan Officers who were able to take the vessels to their respective destinations without any difficulty. They even went as far as Rangoon.

Q. Did they go in command of ships as Captains?

A. No; only as Officers. These Officers were very useful at the time when the strike was on even to foreign companies—I do not call the B. I. a foreign company:—assuming it is a foreign company. It will be useful to train up men who would be useful on such occasions, and when European officers demand high wages. From the stand-point of the company itself, it would be useful to train up Indians.

Q. Supposing we gave them sufficient training and the Indian boys passed the Board of Trade Examinations, do you think that the B. I. or the Asiatic Company would employ them on the coast, because they would not have to pay them as much as they have to pay European Officers?

A. Yes, provided they trust Indians.

Q. If the Government of India gave facilities for training young Indians to become Second Mates and Mates, do you think they would not need to be paid such high wages as Europeans and steamers would carry them and, therefore, it would not be necessary to reserve the coastal trade of India entirely for Indian-owned ships?

A. I am not in favour of reservation of the coastal trade; we are well off without it.

Q. Are you in favour of giving them training?

A. Yes.

Q. You are not in favour of granting them any subsidies?

A. No.

Q. If we give good training to Indians, do you think they would become really efficient Officers?

A. Yes.

Q. Are you in favour of forming an Indian Navy?

A. Not necessarily. India is not a separate country; it is part and parcel of the British Empire.

Q. But the British Empire would like Indians to do a certain amount of defence on the coast of India. Do you think that will be a good opening for young Indians?

A. I doubt if Indians would prove successful as Naval Officers.

Q. Do you think they would prove successful as Mercantile Marine Officers?

A. They would.

Sir Arthur Froom.—Q. You just told our President that you are not in favour of a separate Indian Mercantile Marine; but you have no objection to Indian companies starting shipping?

A. There are already several shipping companies; I have no objection to start more.

Q. But you consider that they form part of the British Mercantile Marine?

A. Yes; Indian as well as British companies do.

Q. Seeing that India is a part of the British Empire, that is your view?

A. Yes; separate reservation is not necessary.

Q. Supposing there were a separate Indian Mercantile Marine and supposing the coastal trade of India were reserved for it, do you think it will be good for the trade of the country?

A. I think the trade will diminish.

Q. At the same time, you would like Indian lads in this country to have an opportunity of training to become officers in any shipping company, Indian or British?

A. I am in favour of that.

Q. The British Mercantile Marine includes India?

A. Yes.

Q. Your opinion is that these young lads should be lads of 14 or 15 to start with?

A. As well as old men who have practical knowledge of steamers. As I already said, there are some who are working on Board the sailing vessels as second and third officers under their parents and relations who have secured no certificates. They did not appear before the Committee formed in Madras under the presidency of the Principal Port Officer, Madras, and get certificates. I sent a few men to the Committee and they obtained certificates after having undergone an examination. Such men should also be admitted to the training school in addition to the young lads.

Q. Then you might have a young lad with, say, the Chief Mate's certificate in a position of seniority over a man old enough to be his father with only a Second Mate's certificate. Do you think that would work?

A. It would not matter; there are cases like that very often happening.

Q. I see you suggest that boys should go through instruction in a training ship first?

A. Yes.

Q. Would you have them in a training hulk or would you have a sea-going training ship?

A. I would have a sea-going training vessel so that we can also pick up cargo from one port to another.

Q. Do you think they would get better instruction if they went to sea straightaway?

A. They would get much better training than they would get on shore. I think there was a Government order issued by the Madras Government suggesting that it was better to train up men on sailing vessels rather on shore which, for want of financial help, has been abandoned. It is a good idea to start training them on the sea.

Q. You do not consider it trying for young lads of 15 to be taken to sea straightaway?

A. I have seen European lads of 14 or 15 enter steamers as cadets. As a matter of fact lads under 15 years are at present working under their parents as lascars; there are very small boys too.

Q. Do you think that Government should help the scheme for training?

A. Yes.

Sir John Biles.—Q. You recommend the providing of shipbuilding materials at cheap rates. Do you know what material you have in mind?

A. I was a Member of the Shipbuilding Committee at the time of the War and I moved the Committee on the 24th of Sep-

tember 1918 to import timber, steel and such other accessories required for shipbuilding. At the time of war the price of materials was very high and I wanted Government to interfere and secure materials at cheap rates. There are Government forests in Malabar and Government could get timber from these forests at cheap rates; also Burma teak could be imported by Government at cheaper rates. There are various ways in which Government could get materials cheaper than individual buyers?

Q. You mean principally timber?

A. Timber, steel or iron.

Q. How can Government supply cheaper steel to shipbuilders?

A. Most of the iron and steel materials are coming from England and Government could import at cost price. Government could ask their Agents in England to purchase them at cost price, ship them at cheaper freight and deliver them to the shipbuilders at cost price. Government if they want to help industries, can do so; they have done so during the war.

Q. But now the market is quite open and a shipbuilder can buy in the market as cheaply as Government?

A. No merchant will sell his material without adding profit and interest. If Government like to help shipbuilding, surely they can get them cheaper.

Q. Do you mean that Government should instruct the High Commissioner in London to buy at the cheapest possible rates?

A. Yes, and ship the materials to India at cheap rates of freight.

Q. Do you think that Government would be a better buyer of these materials than an ordinary shipbuilder?

A. Government are now buying for their own consumption, *i.e.*, Railways and other public works.

Q. Your view is that Government can buy more cheaply than the ordinary ship-builder?

A. I think so.

Q. You also propose that Government should give loans for shipbuilding?

A. Yes.

Q. Would the shipbuilders have Government as shareholders in their Company or would the loans be debenture loans?

A. They would be debenture loans. Rather than a shipbuilder going to the Bank and borrowing at high rates of interest, I want Government to lend him at cheaper rates. I do not want Government to be a partner in shipbuilding or ship-owning; nor should Government give bounties or grants.

Q. Do you know anything about the deferred rebate system?

A. I know a lot about it. I am one of the biggest importers of Burma rice and I was one of the importers during control time. I am a merchant myself.

Q. Do you object to deferred rebates?

A. I am in favour of rebates; so also are all -merchants. Every commercial shipper wants the deferred rebate system or a contract with the shipping companies. As a matter of fact Government appointed a Committee about ten years ago who visited all the Colonies and India recommended that this system should be insisted upon without which there will be no confidence between a shipper and a ship-owner.

Q. Do you know whether ship-owners have imposed penalties on shippers for breach of contract under the deferred rebate system?

A. I have not heard of that. If a shipper who is on a contract with a shipping company ships by any other company, he is warned and as a penalty the rebate due to him is held back, but a few months after it is paid to him.

Q. We have been told that ship-owners are a great terror to the shippers and the latter do not, therefore, go to anybody else.

A. If ship-owners treated shippers like that, surely they will not get any confidence from shippers. Unless shippers and ship-owners are friendly, they cannot get on.

Q. Do you think that new shipping companies are prevented from being created by the existence of deferred rebates?

A. Certainly not. So many merchants are shipping by new companies.

Q. We have been told that the people of India want an Indian Mercantile Marine. Do you know anything about it?

A. I have heard about it, but I do not think there is any necessity for it. I consider that there are more vessels available than there is demand for shipping.

Q. You do not think that the people of India are clamouring for an Indian Mercantile Marine?

A. Some interested people are clamouring, but where is the necessity? Shippers are not clamouring.

Q. We have been told that the people of India want an Indian Mercantile Marine as a matter of sentiment.

A. India is a huge country and a handful of people clamouring for an Indian Mercantile Marine does not mean that India itself is clamouring for it. We are well off with the existing Steamship companies and we want the old system to continue.

Q. Do you know of any Engineering College here?

A. Yes.

Q. Are many students successfully trained in that Institution?

A. Yes.

Q. Do you think these students would be suitable for shipbuilding work?

A. I do not think they are, unless a special course is introduced. I do not think that at present the arrangements are adequate, but if the Government of Madras want to introduce a special course in Shipbuilding or Engineering to enable students to go on Board ship as Engineers, I think they could do it.

Q. Is the training in Engineering at present given of such a character that it could be made use of in completing a training for shipbuilders?

A. Probably not; but I haven't got much experience of shipbuilding.

Q. You do not know the curriculum for the Engineering Course?

A. I do not know.

Q. You think that the Mercantile Marine officers can be trained in the engineering college here by having suitable courses?

A. I think they must have a separate school for navigation.

Q. Is there no college in Madras which can give training in Marine Engineering?

A. There was once a school, but it does not exist now.

The Hon'ble Mr. Lalubhai Samaldas.—Q. In reply to the President, you said there would be no difficulty for trained Indian officers to get employment in existing foreign non-Indian companies if they trusted Indians. What was at the back of your mind when you said: if they trusted Indians?

A. I do not mean as a general rule that all Indians are not trusted by shipping companies.

Q. Do you mean to say that the shipping companies do not employ Indians as officers because they are Indians?

A. I do not think so.

Q. You have confidence in them?

A. If the Indians are as well qualified as European officers, then surely the Indians will find employment.

Q. There will not be any racial discrimination?

A. None at all.

Q. In 1920 three companies declined to take Indian cadets. One of them has now taken Indian apprentices; but they will not have them as officers?

A. I have not heard of their refusal.

Q. Some were taking British cadets but they would not take Indian cadets?

A. If properly qualified men come forward, then the companies will take them as apprentices.

Q. You are in favour of providing cheap loans for shipbuilding?

A. Yes.

Q. In reply to Sir John Biles, you said you preferred debenture loans, because you thought in debenture loans, there would be no risk?

A. It is a matter between the shipbuilder and the Government. I am no authority on the subject.

Q. Would you fix any percentage regarding the loan to be granted by the Government?

A. I have no idea of it. It is left to the discretion of the Government.

Q. You will not fix any maximum?

A. That depends upon the shipowner and the Government.

Q. You know that Australia and Canada have their own navy?

A. I do not know that.

Q. If both these countries have their own navy without in any way breaking away from the Empire, can we not have our own navy and thus help the Empire in times of war?

A. I already said India forms part of the Empire and at any moment they are willing to help the Empire as they did during the last war. I think it would cost a good deal if India decides to have her own navy. If you suggest taxation for the purpose of forming an Indian navy, then I am strongly against it. I am not in favour of any new venture which would drive the Government to the necessity of taxing the people.

Q. The Indians make good army officers. Is there any reason why with proper training they should not make efficient naval officers?

A. I have already said in my reply that I have not got much experience. I consider they will make efficient army officers and not naval officers.

Q. You are in favour of the establishment of Government dockyards for shipbuilding?

A. For building small vessels such as Messrs. Burn & Co. are building in Calcutta. If the Government provide dockyards in Madras, surely we can build small vessels here also.

Q. Which place would you select for the establishment of dockyards, Madras, Bombay or Calcutta?

A. Madras is not as much advanced in this industry as Bombay or Calcutta.

Q. You are in favour of customs concessions being granted for engines and other materials that are required for shipbuilding?

A. Yes, I am in favour of it. As a matter of fact I moved a resolution to that effect in the Council of State.

Q. You are in favour of Government providing facilities for training officers for navigation?

A. Yes.

Q. For marine engineers also?

A. Yes.

Q. In reply to Question 49, you say that the maintenance charges should be met by Government?

A. Yes.

Q. Do you want the training ship in all the three ports or in one port only?

A. I want one in Madras also.

Q. You said in reply to Sir Arthur Froom that it was only interested people who clamoured for an Indian Mercantile Marine. Are you in any way interested in any of the existing companies?

A. Yes, I am.

Q. Can it be your reply was biased on that account?

A. Certainly not, I am as much interested in the B. I. as you are in the Scindia, though not a Director.

Q. You said you were not aware of any penalties levied by the existing companies for any breach of contract. But we have received specific complaints where penalties were levied.

A. I have never heard complaints that the British India or the Asiatic have levied penalties.

Q. You think the deferred rebate system is good for the shippers as well as for the shipping companies because it creates a tie between them, but the tie is good enough for the stronger party, namely, the shipping companies. The shipper has to be at their mercy?

A. I consider there must be a certain amount of confidence between the shippers and the shipowners. There must be either the deferred rebate system or some long standing contract. Without this the shippers cannot get on. It is the shippers that insist on the rebate system and not the shipping companies.

Q. We have heard from the shippers in other parts of India, from Calcutta, Bombay and Karachi that the deferred rebate system works against their interest?

A. I have seen the opinions received by the Government of India on this question from the various provinces and I found that almost all of them are in favour of the deferred rebate system.

Q. We have evidence to the contrary from almost all the shippers?

A. Probably a few interested parties might be against the rebate system.

Q. They are all shippers and not interested shipping companies?

A. Probably they are shippers interested in the reservation of the coastal trade.

Mr. Jadu Nath Roy.—Q. May I inquire in what way you are interested in the British India Company?

A. I am a shipper myself. During the time of my father we were doing business with the Colonies through the British India and I am still continuing my connection with the B. I.

Q. I am also connected with the B. I. as a shipper. I wish to know if you have any connection other than that of a shipper?

A. I do not want to say what connection subsists between myself and the B. I.

Q. You consider there are more vessels available than the demand requires. In case it is decided to develop Indian shipping, don't you think the existing companies should to some extent withdraw from the field?

A. As a matter of fact a number of vessels are lying idle without any cargo or passenger to carry. There is no demand for such a large number of vessels as are now available.

Q. Is it not a legitimate aspiration for the people of this country to have their own Mercantile Marine?

A. By all means let them have it; but why do you want legislation for the purpose.

Q. If there are already enough of vessels available for the coastal trade and if at the same time it is decided to encourage Indian shipping, then some of the existing companies should withdraw?

A. The remedy lies in your own hands. You can reserve the coastal trade entirely for yourself by calling on all the Indian shippers to ship their goods entirely through your ships and not to go to foreign or non-Indian ships. There is thus no necessity for the reservation of the coastal trade by legislation.

Q. Question No. 4 is: Are you of opinion that State aid is necessary or desirable to promote the satisfactory development of shipping industry by the people of this country. Your reply to this question is "yes."

A. I suggest that Government should help by providing shipping materials at cheap rate, by granting customs concessions and by lending money at cheap rates of interest.

Q. You object to the abolition of the deferred rebate system?

A. I do object to its abolition.

Q. Various English companies have suggested the abolition of the deferred rebate system?

A. I have got the report of a committee which was appointed some years ago. They recommend the continuance of the deferred rebate system in the country or in its absence a long standing contract.

Q. It might probably suit the trade of the other countries to have the rebate system, but here in India all are against the system?

A. I think a great many are in favour of it.

Q. You are not in favour of reservation of the coastal trade?

A. The coastal trade should be open to all.

Q. In Australia, there are some regulations by which British ships cannot engage themselves in the coastal trade?

A. In Australia the establishment of a Mercantile Marine owned by Government has resulted in serious financial loss. It has now been decided to dispose of nearly all the vessels owned by the Australian Government.

Q. The Melbourne Chamber of Commerce has recommended the reservation of the coastal trade. If they are losing money, then why should they recommend that more trade routes should be subsidised?

A. This is my information. I understand that all the arrangements made by Australia during the war are going to be abolished on account of financial difficulties.

Q. Even granting that Australia has suffered a loss, is there any reason why India should not try the experiment?

A. As I have already told you, India is not a separate country altogether.

Q. Australia is a part of the Empire as well? Why should she have a separate Mercantile Marine?

A. Java and Sumatra are part and parcel of the Dutch Empire and yet they do not have a separate Mercantile Marine. The Phillipines do not have a Mercantile Marine separate from that of America. Formosa does not have a Mercantile Marine separate from that of Japan.

Q. You say that trade will be reduced by the reservation of the coastal trade?

A. Yes.

Q. If the coastal trade is reserved, don't you think several Indian companies will be formed and they will compete amongst themselves and thus maintain facilities for trade?

A. I think the whole trade will collapse. Everybody will begin to carry on trade and reduce the freight.

Q. We have already got a British monopoly?

A. Instead of accusing the Britishers as having a monopoly, you can apply the remedy that lies in your own hands. If you want to develop Indian shipping, then build your own ships and then compete with others

and reduce the rate. If you do so the foreign companies will try to kill you by competition. In that case by all means have a combination of all Indian companies so as to prevent the shippers from shipping through foreign shipowners. There are several ways by which you can capture the trade. I do not want the Government to interfere in business matters. If the Government legislate for shipping, should they not legislate for skins and for jute and other articles? My opinion is that trade should be kept open for free competition; Government interference will spoil the trade and it will do no good to India.

Q. Legislation has been enacted in other countries for the furtherance of shipping; why should there not be legislation in India?

A. India is a different country altogether. She is suffering very much from financial difficulties. Madras has to pay heavy contribution to the Central Government and if this new venture is started, it would mean that the Government of India should contribute some money whereby you would make Madras suffer more. India is a poor country and cannot afford to pay any more taxes.

Q. I agree with you; we do not want any more taxes nor do I want any more taxes. This reservation of the coastal trade can be done without taxation?

A. I do not think it is possible.

Sir Arthur Froom.—Q. You told us that when an Indian lad is trained up to become an Officer and gets a certificate, one of the reasons why he would be taken on by British companies is that he would be cheaper. I take it that you do not wish the Committee to understand from you that these Indian Officers should be underpaid. Your view is that their wages need not necessarily be on the same scale as for British Officers as they would not have the same expenses.

A. Yes. It is always the case.

Q. The Indian Officer would be as well off on a lesser rate of pay than a Britisher on a higher rate: is that your idea?

A. I have not understood you.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. You would put the Indian and the European Officer on the same level as regards status; but you consider that European Officers may be paid higher rate of salary because their expenses would be greater?

A. Yes, it is always the case.

*President.—*Thank you very much.

Witness No. 59.

Lieutenant Commander F. H. COOKE, R.N.R. (Retired), Port Officer, Calcutt.

Written statement, dated the 3rd April 1923.

Q. 1. While there is ample tonnage to carry all the cargo offering at reasonably low rates of freight, I consider the position to be satisfactory. This is the case at present.

Q. 3. I know of no difficulties or disabilities in the way of people of this country who wish to embark on shipping enterprises. In the course of my 26 years' experience of the coasting trade of India, I have known several such enterprises, and where they have not been successful the cause has been ignorance of the shipowning and ship management profession, which is a highly skilled business. Too often also, political ideas have been at the back of these enterprises rather than business ones. A combination of politics and business is unlikely to pay dividends.

Q. 4. No.

Q. 6. No.

Q. 7. No. The carriage of cargo whether (a), (b) or (c) is a sufficiently paying business when properly managed. The payment

of bounties would increase Imperial expenditure without in any way improving shipping facilities, and would enable cargo to be carried at an unfairly low rate, thus benefiting shippers at the expense of the general community.

Q. 8 to 17. See answer to Question 4.

Q. 18. Yes. To reverse this policy and construct a Mercantile Marine owned, manned and officered by Indians by means of a system of bounties would cost large sums of money, the chief part of which must be borne by the millions of tax-payers who have no cargo to ship, have never seen the sea and have no wish to travel upon it or interest connected with it.

Q. 19. That for the present efficient coasting service which costs the tax-payer nothing an inefficient service would be substituted in which cargo and passengers would be carried partly at the expense of the general tax-payer who would gain no advantage from the change.

Q. 21. The British Indian Steam Navigation Company, in the course of 60 years' experience, have evolved types of ships suitable to all the various runs in the coasting trade of this country. These types should be followed.

Q. 22. Private yards are almost invariably more economically managed than Government yards and can therefore build ships more cheaply. I am, therefore, in favour of them.

Q. 23. That as regards steel vessels the industry can hardly be said to exist.

Q. 24. That most of the materials of which vessels are built do not exist in sufficient quantities in this country and would have to be imported, thus largely increasing the cost. The skill to build large steel vessels does not exist at present, and whether the Indian workman can acquire it is in my opinion (having seen a large amount of repair work) doubtful.

Q. 25 to 35. I consider that ships should be built where the work can be done most economically and efficiently. That is undoubtedly in Europe where unlimited facilities exist, and keen competition brings down the cost of ships to the lowest possible.

Q. 36. Fairly efficient wooden vessels can be built in the East and West coasts of the Madras Presidency. I do not consider that there is much future for wooden ships and I recommend that the industry should be left to itself.

Q. 37 to 42. See answer to Question 36.

Q. 43. I believe insurance can be effected upon cargo sent in these ships and possibly upon the ships themselves. The rates would be high reflecting the percentage of loss.

Q. 44. Officers of the British Mercantile Marine are mostly drawn from the middle classes at Home. I have never heard of any desire on the part of boys of similar class in this country to go to sea, or found any of them at sea.

Q. 45. No. I would have these matters left to the parents and to private enterprise as in England.

Q. 46. Direct to sea, where more can be learnt in a month than in a year in a harbour training ship or shore establishment.

Q. 47 to 52. When English boys go to sea their parents make arrangements with a shipping company, by payments of a premium, to allow the boys to work without pay for a period of four years on the company's ships, the boys getting their food free from the ship. The premium is usually fifty or sixty guineas. Four years at sea entitle him to sit for his Board of Trade examination for

the 2nd Mate. This passed, he is free to look for paid employment as an officer. This system seems sufficiently profitable to the shipowner and I see no reason to doubt that if Indian parents wish their sons to go to sea to become Mercantile Marine Officers and were willing to pay the premium they could make similar arrangements with, say, the Bombay Steam Navigation Company. The Scindia line of Bombay or even the British India Steam Navigation Company if Government put pressure on mail carrying companies to carry such premiumed apprentices.

Q. 53. I see no reason why Government, i.e., the general tax-payer, should be asked to pay any portion of the premium.

Q. 54 to 56. I do not recommend training ships.

Q. 57 and 58. Navigation schools in England are usually private ventures of retired officers who charge reasonable fees for getting young men through their Boards of Trade Examinations. In this country I presume Government would be expected to provide navigation schools in Calcutta and Bombay through the agency of the Educational Department. Fees should in that case be charged. Boys of good general education can always find time during these 4 years apprenticeship to teach themselves if they will and a large number of text books are to be bought at slight expense from which all that is required for the examinations can be learnt.

Q. 59. I see no reason why they should not.

Q. 60. (a) No. This should be arranged for by the parents.

(b) This should be arranged by themselves.

(c) Schools teaching the theory of Engineering might be started under the aegis of the Educational Department in Calcutta and Bombay to teach boys serving or who had completed their apprenticeship. Fees should be charged.

Q. 61. See Question 60 (c).

Q. 62. There are several fairly large building and ship repairing yards also large power stations in India and Burma. I believe 3 years' work in one of these followed by two years work in the Engine rooms of the sea-going vessels of say 2,000 gross tons or over as Engineer apprentice keeping watch with a watch keeping Engineer, with a few weeks at the Engineering school would be a sufficient training to enable a young man to become a Marine Engineer, efficient for the subordinate employment he would at first obtain.

Q. 63. I do not know of any.

Q. 64. While a sufficient number of young men offer themselves for employment trained at their own expense it would seem to me foolish for Government to go to any expense in the matter.

Q. 65. The Engine rooms of Royal Indian Marine ships do not differ materially from those of Mercantile Marine ships. See answer to Question 63.

Q. 66. The method employed seems the only one compatible with economy and common sense.

Q. 67. None.

Q. 68. That the contract for the sea carriage of mails should be put up to tender and the lowest suitable tender accepted.

Q. 69. I do not recommend Government aid except in so far as indicated in answers to Questions 57, 58 and 60 (c).

Witness No. 60.

The Calicut Chamber of Commerce, Calicut.

Written statement, dated the 4th October 1923.

Q. 1. The present condition of the shipping industry in India may be considered generally satisfactory. The introduction of further shipping lines for coastal trade might prove an advantage by reason of the healthy competition which would thereby be engendered; but it is doubtful whether there is sufficient cargo offering to justify any large development in this direction.

Q. 2. If the present situation be considered unsatisfactory, the chief conditions which militate against the development of shipping enterprises by Indians are:—

(a) The absence of maritime traditions of adventure and risk on the part of the Indian Mercantile Communities with a few exceptions.

(b) The lack of highly technical and skilled knowledge of modern maritime business on the part of Indians which knowledge has been gained by European countries through sheer toil, industry and scientific discovery for hundreds of years.

Q. 3. The encouragement of shipping industries is in the hands of Indian business men. When Indian business intellect elects to direct its attention to shipping as it has done for example to the cotton industries, it should meet with the same success. The best Indian business minds have not yet apparently considered it worth their while or the risk to embark on shipping enterprises.

Q. 4. State aid is neither necessary nor desirable for the development of the shipping trade.

Q. 5. None.

Q. 6. No.

Q. 7 to 17. We are not in favour of Navigation Bounties.

Q. 18. We are in favour of the coasting trade of India being open to all comers, as in the British Isles, as thereby only can an efficient, fair and regular service be provided for shippers along the entire coasts of India. This contention is conclusively proved by the history of the coasting trade of the United Kingdom.

Q. 19. The effects of any policy of reservation on the Indian Coastal Trade would be to produce an inefficient and irregular service, high freight rates and the evils consequent thereupon, all of which would react to the detriment of the industries and trade of India.

Q. 20. Though we do not advocate the reservation of the Indian Coastal Trade, we think that facilities would be given readily by existing shipping lines, for training Indian apprentices, if any such should be found both willing and fitted to learn the arduous and intricate profession of seamanship.

Q. 21. We are of opinion that the size and type of vessel evolved by the British Coastal Shipping Companies after half a century's experience should be followed as guides in any future development of the Coastal Shipping Trade.

Q. 22. We hold strongly to the opinion that vessels should be built entirely in private shipyards for reasons of economy.

Q. 23. The shipbuilding and marine engine construction industries in India exist only in an elementary stage. Small ships are built at one or two yards, but these are too small to be suitable for the coastal trade. Marine engine construction is equally backward. The development of these industries in India to the stage at which large ships and large units of propelling machinery can be successfully undertaken, will be long and costly.

Q. 24. The chief conditions which militate against the development of such industries by Indians, are, in our opinion,

- (a) the lack of interest and enterprise with regard to these industries on the part of Indian Capitalists,
- (b) the lack of many of the various semi-manufactured materials required for these industries,
- (c) the absence of the many subsidiary industries so necessary to the master industries themselves.

Q. 25. In our opinion to hasten the development of such industries the following are necessary, (a) men, (b) money, (c) material. By "men" we mean, men of ability, energy and initiative whose bent is, by nature and tradition, in the direction of shipbuilding and engineering, men of the pioneer breed, who will not be dismayed by difficulties or obstacles.

By "money" we mean capitalists who will have sufficient idealism to risk their capital in such enterprise, and sufficient faith and determination to continue to do so in face of disappointment at delayed success.

Q. 26 to 28. We are of opinion that the only State aid which might advisably be given to promote the development of shipbuilding and marine construction would be some degree of remission of customs duty on materials or manufactures required for these industries, but unobtainable in India.

Q. 29 to 35. We are not in favour of construction bounties.

Q. 36 to 42. We are of opinion that the wooden shipbuilding industry should be left to take care of itself.

Q. 43. There is great difficulty experienced in effecting the insurance of Indian built wooden ships. The disinclination on the part of Insurance Companies against such insurance is not so much a question of sea worthiness or otherwise of the ships themselves, as one of the management and seamanship bestowed on the ships.

The only remedial measures which we can think of would be to place these ships under Board of Trade Rules.

Q. 44. In our opinion only a very small number of Indian youths of suitable qualifications are likely to follow the sea from inclination.

Q. 45. We do not consider it fair, to burden the tax-payer with the expense of training officers of the Mercantile Marine.

Q. 46. We are of opinion that cadets for training should proceed direct to sea as apprentices.

Q. 47. We are not in favour of either a training ship or a training establishment on shore.

Q. 48. If certain cadets are trained in England, we consider they should pay the full fees for such training. Scholarships might be opened tenable for four years of the value of say £100 which should be endowed privately and not at the public expense, since, actually, apprentices could learn nothing more at Home that would warrant such an expense.

Q. 49 and 50. We are not in favour of a training ship; but if supplied it should be a sailing vessel in which one year's training would be given combined with 3 years in a steamer of the Mercantile Marine. Such a vessel should be mainly supported by fees. If it were placed under the Educational Department it might receive a grant on the same basis as other State aided schools.

We do not advocate the establishment of a training ship or a Nautical College on shore, but would recommend the establishment of nautical classes at the existing engineering schools or colleges in the towns of Bombay, Calcutta and Madras.

Q. 51. The apprenticeship should be served in steamers of the Mercantile Marine.

Q. 52. We are of opinion that ship-owners would be willing to receive apprentices for training, if they were of suitable physique, education and general qualifications.

Q. 53. We do not think that the Government should be called upon to pay any portion of the premium which might be required for apprentices.

Q. 54. See replies to Questions 49 and 50.

Q. 55. We are not in favour of a sea-going training ship, but if apprentices go to sea in Mercantile Marine ships, we consider they should be given free food and an allowance for uniform.

Q. 56. We are content to leave the framing of a curriculum of study to experts in seamanship.

Q. 57. We are not in favour of a Nautical Academy or Academies being established and consider all requirements would be met by nautical classes at the existing schools and colleges of Engineering at the various large ports.

Q. 58. The nautical classes which we recommend might be established at the following colleges:—

- Victoria Technical Institute, Bombay.
- Sibpur Engineering College, Calcutta.
- College of Engineering, Madras.

If further classes were required, these could be established at:—

College of Engineering, Roorkee.

College of Engineering, Poona.

Q. 59. We do not consider that a large number of Indian youths are likely to be desirous of becoming Marine Engineers.

Q. 60. We consider that it would be unfair to burden the tax-payer with the expense of (a) training; and (b) future employment of apprentice Marine Engineers; but we are in favour of facilities for further study being provided by Government.

Q. 61. The facilities which we would recommend are the establishment of classes in Marine Engineering at the Colleges mentioned in 58, *supra*.

Q. 62. We consider that the existing engineering and shipbuilding firms in India can give sufficient practical training to apprentices to enable them to become efficient Marine Engineers.

Q. 63. There is a sufficient number of schools, colleges and institutes in the various ports of India where adequate theoretical

knowledge can be obtained to enable apprentices to become efficient Marine Engineers.

Q. 64. We consider the present arrangement adequate.

Q. 65. We would suggest that philanthropic Indians should be asked to endow scholarships to enable a certain number of suitable candidates to serve their apprenticeship.

Q. 66. We accept the existing postal convention.

Q. 67. We have no other conditions to suggest.

Q. 68. At present all steamship companies in India have equal chances in competing for mail contracts. Only those which can fulfil the necessary conditions can possibly be chosen.

Q. 69. We cannot suggest any methods of indirect aid.

Q. 70. In the case of direct or indirect State aid being advocated, funds can only be raised in two ways, (a) by a tax on the public; (b) by private subscription.

Oral evidence of Lieutenant-Commander F. H. COCKE, R.N.R. (Retired), Port Officer, Calicut, and Representative of the Calicut Chamber of Commerce, examined at Madras on the 15th January 1924.

President.—I hope you will believe me when I say that if we ask any questions that are outside your scope or which you would rather not answer you will not hesitate to say so.

Q. You have sent in your own written statement; you also represent the Calicut Chamber of Commerce?

A. Yes.

Q. What is the Calicut Chamber of Commerce composed of? Is it an entirely European body?

A. I think it is composed entirely of European firms.

Q. Are there many people on it?

A. I think there are about 15 Members.

Q. Did you have a sub-committee of the Chamber to draft the written statement?

A. Yes.

Q. Reading the two statements, I find you are yourself in agreement with the views of the Calicut Chamber of Commerce.

A. That is so.

Q. I hope you do not want us to go through the two statements separately?

A. No.

Q. Have you been connected with India for a long time?

A. I came out in 1896 and have been in India pretty well ever since.

Q. How long have you been on the Madras coast?

A. For 14 years; before that I was with the British India Steam Navigation Company on the coast of India.

Q. So you have had about 28 years' continuous service in India.

A. That is so.

Q. What is your opinion about Indian shipping companies starting? Did you ever have as Port Officer experience of Indian lines in your ports?

A. The Scindia Company steamers call at Calicut frequently.

Q. Any other lines before that?

A. Only small steamers run from Bombay to the Malabar coast.

Q. Do you find from your experience that the Scindia Company's steamers are run efficiently?

A. Quite; I do not board them as they don't carry passengers.

Q. You are against the system of bounties?

A. Yes.

Q. You consider that if Indian companies came in and are run efficiently and economically there is no reason why they should not compete?

A. I think there is no reason why they should not compete with any European companies running on the coast of India.

Q. From your experience of India, do you think there is material for making as good Mercantile Marine Officers amongst Indians as there is for making good men?

A. I can't say there is not, but I have not met with any.

Q. You never had anybody coming to you and asking you to get their sons to sea?

A. Never.

Q. Do you think it would be fair to give educated young Indians a trial to enable them to go to sea?

A. Certainly; but even now there is no particular reason why they should not go to sea.

Q. How do they serve their apprenticeship?

A. The Scindia Company is, I think, at present taking in apprentices. I suppose if they were really keen even the Bombay Steam Navigation Company would take them; I do not know if the B. I. have ever refused to take any.

Q. They will not take apprentices on the coast.

A. They have British cadets.

Sir Arthur Froom.—Q. They have British cadets mostly on the Home lines and not on coastal steamers.

A. They used to. I didn't know as I have not had anything to do for the B. I. for the last 14 years.

President.—Q. Do you think they should be given a chance in some way or other?

A. I certainly think that everything should be done to encourage them to go to sea, but as far as the expenses are concerned, I think the parents of students should bear them.

Q. Have you had any experience of Indian Engineers while you were at sea?

A. No, not purely Indians.

Q. It has been suggested to us that British firms do not take Indian apprentices because they have an idea that Indians would not make good sailors. In all the technical institutions in India Government pay for the buildings and pay for most of the instruction; the students actually pay only a very small percentage of the cost in the shape of fees. Don't you think it fair that the Government should do for the sea profession what they have done for other professions?

A. I think it would only be fair for those who wish to go to sea.

Q. It has been suggested that perhaps British firms would take apprentices if they had a two years' course in a training ship and obtained certificates.

A. I think the British India might consent to take them if they paid a certain premium. All English boys pay fairly large premia when they go to sea.

Mr. Jadu Nath Roy.—Q. In reply to Question 1, the Calicut Chamber of Commerce say that "it is doubtful whether there is sufficient cargo offering to justify any large development in this direction." If it is decided to develop an Indian Mercantile Marine, do you think that the present shipping should to some extent be withdrawn?

A. I think there is no reason why the present shipping should be withdrawn and any other substituted when the present shipping is perfectly efficient.

Q. But Indians want to go in for national shipping?

A. While the connection between India and England lasts, the Indian Government can hardly close the Indian coast to British ships.

Q. In Australia, for example, they have restrictions against other than Australian ships plying on the coastal trade. Cannot something be done on similar lines in India?

A. I think the largest Australian coasting line is practically a London line. They may have been registered in Australian ports.

Q. None of the British companies are engaged on the coastal trade of Australia?

A. It is one thing to be registered and another thing for capital to be owned by them. I think the capital of the Australian companies is very largely owned in London.

Q. I think it is not the case?

A. Can you then tell me who owns the Australian U. S. N. Company?

President.—Q. There is nothing in the Australian law to say that the owners should be Australians; it is simply a matter of complying with certain regulations, which make it difficult for English companies to engage in trade on the Australian coast.

A. That is so.

Mr. Jadu Nath Roy.—Q. In reply to Question 3 the Calicut Chamber say that "the encouragement of shipping industries is in the hands of Indian business men. When Indian business intellect elects to direct its attention to shipping as it has done for example to the cotton industries it should meet with the same success." Is it not necessary that some sort of protection should be allowed for the growth of Indian shipping?

A. Indians have not put very much capital into the shipping trade. The biggest venture I can remember in 23 years is the Scindia Line.

Q. Other ventures have failed on account of competition of the existing companies.

A. They were all very small and they were very astonishingly badly managed.

Q. Do you think that Indian Companies with the deferred rebates and rate-cutting can successfully compete with the established British companies?

A. I think so.

Q. Don't you think it would be difficult for them to do so?

A. For the first few years, undoubtedly, it would be difficult. I think the Scindia has now made an arrangement with the B. I. and they are trading on exactly the same terms as the B. I.

Q. One witness told us that it was due to the agitation in the country that the B. I. took the Scindia Company into agreement?

A. The Scindia Company was floated at a most expensive period; now that they have got a fair start, they can make peace with the existing lines.

Q. How can they make peace with the existing lines when these would not allow new companies to come in?

A. I do not think the existing companies can stop them from coming in, as long as they are prepared to take cargo at the same rate as the existing companies.

Q. That would mean rate-cutting?

A. Have the B. I. cut rates?

Q. The rates which were Rs. 13 have gone down to Rs. 6.

A. But freights have gone down all over the world now.

Q. But freights went down to Rs. 6 during this competition with Scindia?

A. If you buy ships at reasonable rates and start a company fairly, they could in time get a foothold in spite of any competition from the existing companies, though, of course, it would cost a great deal in the beginning and no profits can be expected during the first two or three years.

Q. Some witnesses have told us that they must elect to lose about 50 lakhs of rupees if they want to come in. Are you of opinion that Government should give Indians a chance of training to become officers by providing training ships?

A. Generally speaking, I am not in favour of training ships. I think training on sea-going ships is better than training on a training ship; also a training ship is a very expensive proposition.

Q. But English companies will not take any Indian apprentices?

A. That objection might be got over if those companies which carry Government mails are compelled to carry a certain number of apprentices. Government can make it a condition.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. I think you said that the Calicut Chamber composed of about 15 members and that all of them were Europeans?

A. Yes; the figure is approximate.

Q. Are they in any way connected with shipping or are they shippers?

A. All are shippers and some of them are Agents for existing lines.

Q. Did the sub-committee which was appointed to consider the Committee's questionnaire consist of representatives of both?

A. The sub-committee consisted of the Secretary, one Member who had nothing to do with existing lines and myself.

Q. You said that half a dozen small passenger steamers come from Bombay side to the Malabar coast. What size of steamers are they?

A. From 100 to 250-ton steamers.

Q. Are they trawlers with Mr. Jivanji bought?

A. I don't know who their owners are.

Q. You do not get any other boats? Do the Bombay Steam send any of their steamers?

A. No.

Q. In reply to Questions 7 to 17 the Calicut Chamber say that they are not in favour of Navigation bounties. Is that on the ground that bounties would mean extra taxation to the country or any other ground?

A. The Calicut Chamber is out for low freights. If Indians were to be subsidized to build ships, others to own them and others again to navigate them, it could not possibly lead to lower freights.

Q. If there is a subsidy or navigation bounty, is it not possible that a large number of companies would be floated and their competition would keep down freights?

A. Most of them would go bankrupt as there is not trade enough for them.

Q. But with the help of Government subsidies some of the existing lines may be able to bring down rates. We have heard complaints that rates from large ports to small ports are always higher than those between large ports; that is one of the defects of the monopoly system. If you break the monopoly, it is just possible that the rates of freight from large ports to small ports would proportionately go down. The present rates are much higher than they ought to be.

A. Freights are lower between big ports, because there are always a large number of ships that would either go in ballast or take cargo at low freights. Suppose a ship comes out to Bombay with some cargo from Home, if she can secure some cargo from there, she would rather take it at cheap rates rather than go in ballast.

Q. I am speaking of the coastal trade.

A. There is very little inducement for a ship to go from Bombay to Calicut.

Q. A ship going from Calcutta to Bombay and stopping at intermediate stations charges higher rates of freight from Calcutta to those ports than from Calcutta to Bombay; that is because there is no competition between Calcutta and the smaller ports. There is competition between Calcutta and Bombay and therefore the freight between these ports is lower. Don't you, therefore, think that competition between the larger and smaller ports would reduce freight?

A. May not the higher freights be due to smaller consignments of cargo? Between big ports there are big consignments and it must be made worth the ship's while to stop at the smaller ports; therefore a higher rate is charged.

Q. That is one of the reasons; but we have been told that the real reason is want of competition.

A. If freights go lower than they are at present, the shipping companies would go bankrupt. Money must be earned somewhere.

Q. And so, hit the smaller ports, because the larger ports cannot be hit. Is that the principle to be followed?

A. The B. I. declared the other day a dividend of 8 per cent. It is not a large dividend for a risky business.

Q. We are not talking of any particular company, but on general principles?

A. I mean that the companies cannot afford to carry cargo at lower rates when they earn such low dividends. It would mean that any company competing must go bankrupt if rates go lower than they are now.

Q. You do not think that by having a large number of Indian companies on the coast the grant of navigation bounties would help the shippers?

A. In the long run, I think not.

Q. It might in the beginning?

A. There is also the question to be considered that every shipper is a tax-payer and as a tax-payer he has to pay the bounties.

Q. Leave aside the general tax-payer's view. What about the actual shipping freights?

A. Naturally freights must come down if Government are prepared to pay a portion of them.

Q. In reply to Mr. Jadu Nath Roy you said that the B. I. have some company or companies on the Australian coast registered on the Australian register. Did I understand you aright?

A. I said that the biggest companies trading on the Australian coast are really British companies.

Q. But they are on the Australian register?

A. No doubt.

Q. If the Central Legislature decides that only companies registered on the Indian register as Indian companies should be allowed to carry the coastal trade of India, would it be in any way against the Empire's interests?

A. I think you would permit the B. I. or other existing lines to register their vessels in the same manner.

Q. It has been suggested to us that any company with a rupee capital, a large number of Indian shareholders and a fairly large number of Indian Directors registered under the Indian Companies Act should be considered Indian, whether its management is in the hands of Indians or Europeans. If it is decided that such companies only should carry on the coastal trade of India, would it in any way affect the existing companies?

A. I think that is a little beyond me; I cannot see that it makes any difference.

Q. The difference would be this: Indian Directors would be trained up, Indian shareholders would begin to take an interest and it would make a small beginning for Indians to enable them to acquire greater and greater knowledge of the shipping business.

A. I know too little about Company Registration law to know what difference it would make to them (but I don't see why companies should be registered on the coast).

Q. Supposing we have more confidence in the capability of Government managing their affairs, have you any other objection to Government dockyards?

A. Yes, I object because it would mean for certain heavy loss which would have to be met by the tax-payer.

Q. Is that on account of inefficiency in management?

A. Not so much on account of inefficiency of management, but you have to get all your materials from Home. A ship built here must be necessarily far more expensive than one built on the Clyde.

Q. We are talking of big ships. Do you want steel plates or engines to be brought from Home?

A. No engines can be built here big enough.

Q. Not at present; but steel plates are being manufactured by Tatas?

A. Yes, they are manufactured now.

Q. So the difficulty about steel plates is removed. We have not got technical know-

ledge, but we will bring out experts from England. We are very much lagging behind in this industry and so we want to make a beginning. If the money can be found is there any special objection why the experiment should not be made?

A. It will be a very expensive ship and expensive ship means expensive freight.

Q. You are not in favour of Government starting pioneer shipyards as an experimental measure?

A. That sort of work should be done where it can be done best and cheapest.

Q. On theoretical grounds nobody objects. In the case of all infant industries some sort of protection has to be given. As regards iron and steel we are asking for protection on the same ground. After a few years we will be able to stand on our own legs. If the loss to the general tax-payer is not permanent and much good can be done to the nation at large, what objection have you got to try the experiment? I merely want to know whether you agree to that proposal.

A. I cannot see how vessels can be profitably built in India, not even within the next ten or twenty years.

Q. In reply to Question 44 you say that you have not heard of boys wishing to go to sea. Have you made enquiries from the parents of boys from abroad?

A. During the war there was an idea of starting navigation schools at three ports in the Madras Presidency. As Port Officer of Cocanada, I was then instructed to open a navigation school if any one could be found wishing to learn navigation, the idea being to teach men who are already going to sea, a better kind of navigation. There are a large number of sailing craft out of Cocanada very inefficiently navigated but none of their men cared to improve their knowledge of navigation. I got letters from a number of boys who left school in Cocanada asking what the Government would pay them if they learnt navigation. Of course, that was not the idea of the Government at all.

Q. They wanted to have scholarships?

A. I suppose they wanted in the form of monthly scholarships. I interviewed some of them and I found they had no desire to go to sea if they were given scholarships. They wanted to make a living out of it.

Q. They had no idea of sticking to the sea?

A. None at all. They had no idea of going to sea at all.

Q. What did they want to learn for?

A. They were looking for jobs; they probably wished to enter this line with the idea

that Government would pay them Rs. 15 a month as scholarship.

Q. Were they lascars or middle class boys?

A. They were the middle class boys. Lascars would not come.

Q. That is your experience?

A. Yes. I may also state that a navigation school was started at Masulipatam and I think it opened with 27 boys, in three months the strength came to 7 and in about 4 months there was none at all.

Q. We heard quite a different version. We were told that the services of a teacher who was very capable in vernacular were dispensed with and therefore the school failed.

A. His services were dispensed with only after the last boy left. The Government was paying Rs. 400 a month and yet the school did not succeed.

Q. In reply to Questions 57 and 58 you say that navigation schools should be started in Calcutta and Bombay through the agency of the Educational Department?

A. That is only if boys could be found willing to go to sea.

Q. How is it to be tested? It is suggested that one ship with a couple of hundred boys may be sent on a world cruise. After a period of six months or one year, if 25 per cent. of the boys show an aptitude for a seafaring life, then a school should be started for training them. It is suggested that we should find out whether they are imbued with the sea spirit before we establish a training school. What is your opinion about this proposal?

A. It is not necessary for boys to learn navigation before they learn seamanship.

Q. The suggestion was that boys aged 15 or 16 who have read up to the Matriculation class might be sent on a world cruise so that they might acquire a knowledge of the world. On their return after a year's course, if we find 30 per cent. or 25 per cent. want to remain at sea, they may be put in a training school?

A. It takes four years for a boy to learn before he can sit for the examination.

Q. If a navigation school is started, it is merely by way of preliminary enquiry?

A. I should say that a navigation school could be started if it were found that after about three years a considerable number of Indian boys remained at sea.

Q. You will send them out with private ships; you do not want Government training ships?

A. Yes, with private ships.

Q. If a sufficient number of private ships can be found then there is no difficulty?

A. I think a sufficient number of private ships is available. You have ships in the Bombay Steam Navigation Company and the Scindia Company.

Q. The Bombay Steam Navigation Company train only for the Home trade certificates. Except one man for the foreign trade certificate, they have not trained any other?

A. As I said before when Government mails are given to a company, it may be made obligatory on them to carry a certain number of Indian apprentices.

Q. You will not recommend that training ships should be started all at once?

A. I should like to be assured that a sufficient number of boys would come forward to make it worth while to incur the expenditure. If a boy chooses the seafaring profession, his parent should be asked to pay the cost of training.

Q. You know that almost all the technical schools and colleges, such as engineering, do not pay their way. The fees charged are very low. The Government owe it to the country to provide some kind of educational facilities in engineering, medicine and even law. Don't you think that Government owe a similar duty to the country as regards training in navigation also?

A. Government assistance will come in in providing navigation classes in existing schools at the larger ports but the boys should prove their aptitude for the sea by sticking out at least 3 years of it before expenditure is incurred.

Q. You are not sure of providing nautical schools all at once?

A. If there are a sufficient number of boys at sea, for a period of three years, they can easily learn navigation in the last year of their service.

Q. You do not start with a training school and end with a training ship?

A. I should begin with sea training in ordinary steamers and end with navigation school.

Q. If sea training cannot be had in a private ship, you will not provide for a Government training ship.

A. Let the experiment be tried, I think sea training can be had.

Q. You think that apprentices should also be given the theoretical training after they were taken to sea?

A. There are already sufficiently big engineering colleges in the country, where sufficient mechanical engineering training can be given.

Q. Would you recommend the addition of a special marine engineering class to the

Engineering college at Poona or the Victoria Technical Institute at Bombay or to the Sibpur college at Calcutta?

A. The theory can be taught in these colleges and the practical training can be had in sea going vessels and ship repairing yards.

Q. I take it that the Calicut Chamber is of opinion that navigation can be taught in the existing schools?

A. Navigation or engineering can be taught in theory ashore.

Q. In reply to Question 70, you suggest the levy of a tax. How can that be done? Is it by a tax on the public or by voluntary subscription?

A. We are against giving the giving of a bounty or subsidy or bribes of any sort. In our answer to Question 70, we only say that if it must be given, it can only be by a tax on the public or by private subscription.

Sir John Biles.—Q. You say that the ignorance of ship owning and managing is the cause of the unsuccessful shipping industry?

A. Yes.

Q. What is the nature of this ignorance? What are they ignorant of?

A. They do most extraordinary things. When I was at sea, I had occasion to see three times little lines springing up. I particularly remember the one at Tuticorin. They bought a 24 knot old ship, the very last sort of thing which you can possibly make pay. The boilers were worn out and this new company bought such a ship to start with. Another passenger ship with worn out boilers and hull was also bought by this company. Another time I remember a line springing up with only one ship. They bought an old second-hand steamer of 5,000 tons, the last of the Clan Line passenger ships. It had worn out boilers and they sent the ship to Singapore which is the most expensive place for ship repairs. They spent about 10,000 dollars in repairing the boilers. I think it made two trips after repair and then the boilers gave out and it was laid up for six months in Rangoon when the company became bankrupt. That is the way in which these Indian concerns manage their business. They buy the most unsuitable ships.

Q. That is the kind of ignorance that you had in your mind when you said the failure of shipping enterprise was due to the ignorance of ship-owning and managing?

A. Yes.

Q. The ships were quite unsuitable for trade?

A. They were quite old and worn out.

Q. Was there any other kind of ignorance of ship management that you had in your mind when you wrote this reply?

A. These companies were started by people who knew nothing about shipping. In fact they were mostly lawyers. They had had nothing to do with ship management at all.

Q. You also say that political ideas had been at the back of these enterprises rather than business ones. On what sort of political ideas were these lines started?

A. There was a very strong political bias existing in the minds of the people who started the new companies. People who knew nothing about ship owning with a good deal of law in their brains I fancy and very little of shipping knowledge entered into the business. When the Tuticorin line was going bankrupt, serious riots broke out in Tuticorin which were traced to the same people.

Q. That was after the failure of the company? They could not have started their line on political ideas?

A. I believe there were political motives in starting the line.

Q. In reply to Question 7, you say, the carriage of cargo is a sufficiently paying business when properly managed. That would be only true if the ships were run efficiently?

A. I think a bounty earning ship is usually managed very inefficiently.

Q. They could not use up the money to make up for their inefficiency and then charge an unfairly low rate. You cannot have it both ways?

A. I think you can. If your profit is guaranteed and I understand they ask for guaranteed profits it does not matter whether the ships are run efficiently or not.

Q. If you use up your bounty to balance your inefficient management, you will have left nothing to enable you to reduce your freight? That is what I wanted to point out?

A. I think it is a little of both.

Q. They use some for reducing the freight and some for bounty?

A. Quite so.

Q. That is benefiting the shippers at the expense of the general community.

A. If you reduce the rate you benefit the shipper but the difference is paid by the taxpayer.

Q. You anticipate a freight war to start with on the basis of this subsidy and you think that afterwards the rates will go up?

A. I understand the wish is to force the British lines off the coast and to keep the lines open for Indian owned and Indian managed vessels.

Q. Question No. 7 is hardly a coastal question. Does it not apply to all?

A. Yes, it does.

Q. If British ships are excluded from the coastal trade, do you think it would be necessary to give bounty to Indian ships?

A. This bounty would go partly to make up for inefficiency and partly to reduce the freight.

Q. You think inefficiency will be so great as that?

A. I think so.

Q. Why do you think inefficiency will be so great?

A. In many ports in this presidency, I had a great deal to do with sailing craft. I saw all of them very inefficiently managed and they were also very inefficiently navigated. I do not see how when they get steamers, they will manage them better than the sailing craft.

Q. I think you said that mail steamers ought to be compelled to take apprentices?

A. Yes. If an opportunity is to be offered to young Indians, I think that is the best way of bringing it about.

Q. Do you think it is fair for the Government to force companies to carry apprentices whether they liked them or not?

A. If they are to carry mails, they will get a subsidy.

Q. If they say they are not willing to carry apprentices, the alternative will be they will have to be deprived of the right to carry mails?

A. I should say so.

Q. If a shipyard in India is to be qualified to compete with an English shipyard, do you know what it will cost?

A. I have not studied that.

Q. Do you know what it will cost to lay out a shipyard in England?

A. Quite outside my experience.

Q. You have no idea of the relative cost of a ship built in Bombay dockyard as compared with a ship built at Home in a private dockyard?

A. No.

Q. Not even as compared with a ship built in India in a private dockyard?

A. Practically there are no steel ships built in India.

Q. Some have been built?

A. They come out in sections and they are put together.

Q. You don't think anybody will build ships?

A. It has not been done in India.

Q. Steel ships of 700 tons have been built in Calcutta, haven't they?

A. I remember Burn and Company putting them together some time ago, but I have not been in Calcutta for over 14 years.

Q. You do not know if ships have been built at Calcutta?

A. No.

Q. Do you think that Indians could be trained to build ships?

A. When I was at sea, I had occasions to go to dockyards and see the repair work carried on by Indian workmen. I have had new plates put in my ship by Indian rivettors, and I must say that their work was somewhat inefficient, and unconscientious. It was worth while to test rivets to see that they were not red-lead.

Q. Was that a very common practice?

A. Probably not very common, but it goes to show the want of conscientiousness of the workmen. The positions for holes in the new plate would be so badly marked than when placed in position on return from the punching machine, the first hole would be exactly opposite, the next one would not be quite opposite and the next and others less and less so on until at the end you could hardly see light through. Then a punch would be driven through and the result will be inefficient rivetting.

Q. Do you think that cannot be got over in India?

A. I won't say it cannot be got over, but there is a tendency in the Indian character to extreme inaccuracy.

Q. Have you had any experience in training Indians to be accurate?

A. Well, I have run Indian crews at sea and have had 14 years' experience on shore in this Presidency. During this time I have had a good deal to do with getting work done by Indians, especially at sea.

Q. What have you done to improve Indian accuracy?

A. Lascars do not come to a ship as boys but grown men. They served a limited period in my ship and had served in many before and therefore I could not be considered as responsible.

Q. Do you think they are not capable of being improved by training?

A. I cannot say what they might be in a dockyard, because I have not had much to do with them in dockyards.

Q. Do you know anything about deferred rebates?

A. Not very much. As far as I know it is an advantageous system. It enables a ship-owner to know that he will get a certain amount of cargo when he goes to a port and it therefore enables him to give a better service to the port and probably carry at cheaper rates of freight.

Q. Do you know of any ships being penalized by ship-owners for not keeping to the contract?

A. No. In the ports I am best acquainted with, the deferred rebate system is in force only to a very small extent.

Sir Arthur Froom.—Q. You are Port Officer at Calicut?

A. Yes.

Q. Are you Collector of Customs also there?

A. No.

Q. Have you been Port Officer at many other ports in the Madras Presidency?

A. Yes, I have been at Coconada, Pamban, Cuddalore, Mangalore, Tellicherry and Calicut.

Q. Had you been Collector of Customs at any of these ports?

A. No.

Q. You are against the payment of bounties to encourage Indian shipping?

A. That is so.

Q. You are also against the reservation of the coastal trade for an Indian Mercantile Marine?

A. Yes.

Q. You would prefer to keep the coastal trade open to all comers?

A. That is so.

Q. Do you come in contact with most of the Calicut shippers?

A. Yes.

Q. Is there a big coasting trade at Calicut?

A. Fairly big; I think Calicut does as large a Home trade through the Ellerman and other lines.

Q. But it also does a considerable coastal trade?

A. Yes, mostly in steamers and in native craft.

Q. Have you ever heard the Calicut shippers complaining of the conditions under which they have to ship their cargo or the service rendered them?

A. I have heard no complaints about the service; but I have heard complaints about high freights.

Q. Supposing the coastal trade were reserved for Indian-owned ships, do you think freights would go down?

A. I think they would not in the long run.

Q. We have heard a good deal of criticism in connection with competition on the coast. If other Companies come in to trade on the coast of India, do you think there would be any thing else but competition?

A. It is natural that any existing line would try and prevent a new company coming in. I suppose that is the case in all trades.

Q. You would have no quarrel with the existing companies if they try to protect themselves from a new-comer?

A. No; it is natural in business.

Q. The new-comer would put up a fight and more or less establish himself and probably they would come to terms.

A. That is generally the case with these Conference lines.

Q. Do you think that if an Indian company puts up a good fight and manages the shipping business properly, it would get on to the coast?

A. I think so, but I doubt if it could make large profits. The business is only sufficient for a certain number of ships and if a new company is able to fight its way, it diminishes the profits now earned by the existing companies and itself earn low profits. It is not a very paying proposition.

Q. I think it is generally recognized that shipping business is not a very paying proposition.

A. It certainly is not at present.

Q. In answer to Question 3 the Chamber of Commerce infer that Indian business minds have not devoted themselves to the shipping trade in the past.

A. Not the best intellects.

Q. Do you suggest that our Committee should deduce from that that shipping was not sufficiently attractive to them?

A. That is my opinion. Indians are not prepared to risk their capital for 8 per cent., because they get a higher percentage by following other lines of business, e.g., cotton mills.

Q. In order to make it sufficiently attractive, they want to reserve the coastal trade of India to Indian shipping?

A. I suppose that is the idea.

Q. They would then be able to have it their own way without open competition?

A. Yes, eventually.

Q. You do not think that reservation of the coastal trade for Indian-owned ships only would be good for the trade of the country?

A. No.

Q. And you would prefer to keep it open as is the case now.

A. Yes.

Q. If new ships come in, you would allow them to come in?

A. Certainly.

Q. At the same time they should expect to meet certain competition from the existing companies?

A. They must fight down the competition and find their own feet.

Q. Do you consider that, if Indians had entered the shipping business 60 or 70 years ago when the existing companies started, they would have been on the coast now?

A. I see no reason why they should not be. Before the advent of steamers, most of the coasting cargoes were carried by sailing vessels owned by Indians; consequently if they had moved with the time and taken to steamers, I do not see why they should not have prevented British companies from trading on the coast of India.

Q. Or at any rate they could have traded equally with them on the coast?

A. Quite.

Q. Since they did not do it, it might be considered quite unreasonable by some people that the path should be made clear now by Government.

A. I think it is unreasonable that they should look to Government to assist them to cut the throat of the existing companies.

Q. You think they should establish themselves by sheer hard work?

A. Yes, by efficient management.

Q. And by risking their money?

A. Yes.

Q. Do you think Indian Officers would be cheaper, because they would not have the same expense as British Officers?

A. The pay of Indian officers will be very much lower than that of Europeans.

Q. Why?

A. An Englishman brought from Home on a three or five-year contract would certainly want a higher salary.

Q. Do you mean to say that the net pay for the individuals will be the same?

A. The Indian will pay the Indian officers very much less than the European officers now gets.

Q. The Indian officer must be just as well off if he is paid, say, two-thirds of the Englishman's pay?

A. Yes.

Q. In effect it would be cheaper to the companies to engage Indian officers.

A. A certain amount of money paid to English officers must be looked upon as over-seas pay.

Q. Do you suggest that Indians should go to see as apprentices rather than be trained on a training ship?

A. Yes. I was not on a training ship myself; one gets better training by going direct to sea.

Q. As an apprentice in a sailing ship, I suppose you had to pay a premium?

A. Yes, I had to pay 60 guineas.

Q. Was that paid back to you in wages?

A. Nothing was paid back to me.

Q. Is it not the custom to pay apprentices?

A. In some of the Lines they pay a certain amount to apprentices as pocket money; they pay so much in the first year, so much more

in the second year, so much more in the third and the balance in the fourth. In the Line I was in, nothing was paid back.

Q. You are of opinion that if Indian lads wish to go to sea their parents should pay premia in the same way as British lads do.

A. Yes.

Q. I think it might generally be recognized that it is very difficult to find companies who would take Indian apprentices. Some companies do not take them at all; special arrangements would have to be made with the companies?

A. Yes; it might be possible to put aside, say, half a dozen ships to carry apprentices, but not to carry them in the same ships with English apprentices.

Q. Do you think it would be right to put in a clause on mail contracts that the steamers should carry a certain number of Indian apprentices?

A. I don't know if it would be right to do so, but I think it is the only practicable method.

Q. A mail subsidy is payment for certain services rendered, is it not so?

A. Quite.

Q. If there is no opening for Indian apprentices to go to sea and if Government receive a large number of applications from Indian lads of proper education wishing to have a sea training, have you any objection to start a school or training ship?

A. I think a school on shore is no good. A sea-training vessel is necessary, but it is an expensive proposition. I can't see any use in sending a boy to a sort of Nautical College before sending him to sea.

Q. Do you think he ought to go straight to sea so that he might get an idea of what a sealife is?

A. Yes, of the life he would have actually to lead when he really enters the profession.

Q. Would you have any objection to Government providing a training ship if a sufficient number of applications are received from Indian lads wishing to go to sea?

A. My objection is that Government would have to incur very heavy expenditure for a thing which might not last for more than 12 months. The Scindia are taking in apprentices; I don't know if many of them remain at sea.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. Except in one or two cases they do stick on.

A. Let us see how the experiment gets on and whether they complete 4 years' training. In 4 years on a sailing ship they learn very little navigation while in 3 weeks in a school they could learn all the navigation necessary to pass their examinations.

President.—*Q.* It is not a very good method.

A. But it serves our purpose.

Q. We don't want to recommend to Government a method by which they can learn navigation in three weeks.

A. Four years are necessary for training, before they can sit for any examination, and the students might begin to learn navigation only at the end of the third year. By that time they might have got tired of a sea life.

Q. There is a desire on the part of a number of young Indian lads to go to sea and learn and be trained as officers. What would you suggest should be done to meet this desire?

A. I have never met with the desire; all the agitation in the country appears to me to be conducted by people belonging to the legal profession.

President.—Thank you very much.

Witness No. 61.

Rao Bahadur V. GOVINDAN, Assistant Director of Fisheries (Coast), Calicut.

Written statement, dated the 29th March 1923.

Q. 1. Very unsatisfactory so far as Indians are concerned.

Q. 2. The people of this country for want of facilities in getting themselves trained in the modern methods of navigation, ship-building, etc., are at a disadvantage.

Q. 3. Most important means to encourage the people to develop the industry is by training suitable candidates, especially chosen from the sea-faring communities in modern methods of navigation. This will have to

be done by the State as these are no private bodies so far as I know who can undertake it at their own expense.

Q. 4. Yes.

Q. 5. (1) Opening of schools of Navigation for training young men in the modern methods of navigation (*vide* a scheme herewith enclosed).

(2) Admitting qualified apprentices into the Government dockyards and after ascertaining their aptitude for the work depute

them to foreign countries to study shipbuilding—such candidates being granted Government scholarships.

Q. 6. Legislative measures are necessary, but I am unable to suggest any at present except in the matter of rebate.

Q. 7. Yes.

Q. 8. No restriction seems to be necessary in the beginning.

Q. 9. No restriction seems to be necessary in the beginning.

Q. 10. I am unable to furnish information on this.

Q. 11. I am unable to furnish information on this.

Q. 12. Gradual reduction is necessary.

Q. 13. Even foreign built vessels owned by Indians should be given bounties if they are on the Indian register.

Q. 14. No.

Q. 15. Yes.

Q. 16. A percentage of non-Indians, whether British or Foreign will have to be employed in the beginning, but gradually when qualified Indians are available they will have to be replaced.

Q. 17. Yes.

Q. 18. Yes, I would prefer the reservation of coasting trade to the vessels owned by the Indians.

Q. 19. It will encourage Indian enterprise.

Q. 20. Yes.

Q. 21. Vessels of 800 tons capacity and more.

Q. 22. In the beginning it will be necessary to equip and develop the Government dockyards for this purpose.

Q. 23. Steel ships of moderate size are built on some of the European Engineering Firms and wooden ships up to 500 tons capacity are built by Indians.

Q. 24. The carrying trade is in the hands of non-Indians. Hence Indians are at a disadvantage.

Q. 25. Without State aid it would not be possible.

Q. 26. Yes.

Q. 27. State aid should be given for training Indian in shipbuilding and marine engineering by providing facilities and scholarships.

Q. 28. I am unable to say.

Q. 29. Yes.

Q. 30. In the beginning construction bounties should be granted even to wooden vessels provided they are more than 500 tons capacity and are engined with steamed motor or oil engined.

Q. 31. I am unable to say.

Q. 32. Yes.

Q. 33. In the beginning every facility should be given to use such materials made outside of India but not available in India.

Q. 34. It is desirable to give some customs concessions as are given to machinery, agricultural implements, etc.

Q. 35. Wooden shipbuilding revived during the war time but it is now going down.

Q. 37. Owing to foreign competition and want of proper training Indians are handicapped.

Q. 38. Without State aid it seems to be impossible.

Q. 39. Yes.

Q. 40. Same as indicated above.

Q. 41. I cannot say.

Q. 42. Yes, provided the vessels are not less than 500 tons capacity and are propelled by steam, motor or oil engines.

Q. 43. Indian built ships so long as they are manned by officers who do not hold the Board of Trade Certificate are not accepted by the Insurance Companies. Training of Indians in modern methods is the first step in this direction and also building vessels according to the standard requirements and specifications of the Board of Trade.

Q. 44. If facilities are given there will be sufficient number of candidates especially from the hereditary sea-faring communities who would be desirous of following the sea in the capacity of Officers.

Q. 45. (a) Government will have to take steps to provide for their training.

(b) Yes.

(c) It should not be left to private enterprise in India.

Q. 46. Yes, they must undergo a preliminary training in a school of navigation as stated in the enclosed scheme.

Q. 47. Yes. Training establishment should be provided by Government just like establishments for other technical subjects are provided for by Government, e.g., Agriculture—Engineering—Medicine—Forestry.

Q. 48. A system of scholarships should be established.

Q. 49. There should be at least 3 navigation training establishments one in each of the Presidencies of Bengal, Bombay and Madras and they should be maintained by Government.

Q. 50. There must be a nautical college or school on shore and a properly equipped training ship attached to it.

Q. 51. Yes. See my scheme.

Q. 52. Vessels granted bounties should necessarily admit apprentices. In the case of private vessels it will be necessary to pay some premium for such training.

Q. 53. Government should pay the whole.

Q. 54. It may be maintained in all these ways.

Q. 55. Yes, and also some pocket money in the case of poor apprentices. See my scheme.

Q. 56. Please see my scheme.

Q. 57. Please see my scheme.

Q. 59. There will be candidates.

Q. 60. Yes.

Q. 61. There must be an engineering branch attached to the nautical colleges wherein marine engineering should be taught, see my scheme.

Q. 62. I don't know.

Q. 63. No.

Q. 64. I have not gone into these details.

Q. 65. I have not gone into these details.

Q. 66. I have not gone into these details but in mail contracts it should be stipulated that the vessels engaged in carrying mails, apprentices should be accepted for training.

SUPPLEMENTARY STATEMENT I.

Scheme of opening a school of Navigation.

It is highly necessary to open an Institution to impart instruction and training in the modern methods of Navigation in some suitable locality on the coast, e.g., Cochin, Tuticorin, Madras to Coconada. The Madras Government have already sanctioned a temporary scheme for training Indian seamen in navigation and authorised the Port Officers at Calicut, Negapatam, etc., to make suitable arrangements for the same. But as these are not enough a properly organised institution should be established. The following is a rough scheme for organising such an institution:—

(1) *Equipment.*—(a) A suitable vessel of about 200 tons capacity is required as a training ship. In Madras the 'Lady Nicholson' belonging to the Fisheries Department will I believe be a suitable vessel for this purpose in the beginning.

(b) A suitable building located near the beach in full view of the sea to accommodate class rooms with a workshop attached and also a hostel. The workshop should be provided with a smithy, alathe, small steam boiler marine and motor engines as well as carpentry tools.

(2) *Staff.*—(a) Technical staff—A fully qualified European Officer to be

the head of the Institute. A vice-principal holding at least a mate's certificate. One or two Indian Assistants—experienced as Tindals and together with necessary crew.

(b) *School staff.*—Qualified teachers to impart literary education at least up to the Middle school standard.

(c) One Drill Instructor.

(3) *Workshop staff.*—A Carpenter, a Mechanic, a Boiler and a Motor man.

(4) *Hostel.*—Warden and other necessary staff.

II. Pupils will have to be drawn from the hereditary sea-faring communities among Hindus, Christians and Muhammadans. As hereditary plays an important part in matters relating to Indian Industries and professions, it is highly desirable to draw the pupils preferably from communities engaged in sea profession. But as our sea-faring fold are seldom interested in educating their children it will not be possible to secure a sufficient number of boys who have read up to the Middle school standard which should be the minimum educational qualifications required. Hence it is necessary to provide for their literary education also in the proposed training school. The syllabus of the literary education need not be burdened with many subjects as in the ordinary schools but should merely consist of lessons in English, Vernacular, Geography (Physical), Elementary Science and Mathematics, which have a direct bearing on their profession. This literary and general education will extend over six or seven years by which time the pupils will be about from 16 to 18 years of age. During this period in addition to the literary education they will also be given an elementary training in matters pertaining to seamen's profession by being made to work in the training ship for some hours every day. The training ship will be moored in the harbour opposite to the training school and the boys will be made to climb the mast, work the sails, aplice, rope, etc., so that they may master the names and uses of the various parts of the vessels and her fittings. They will also learn to swim, to dive, to row the ship boards, to signal and to familiarise themselves with the rules of the road, the use of the instruments and also devote a few hours every week in the workshop. Occasionally the training ship will take them for short coasting voyages in order that they may get accustomed to the sea. To get

practical experience and to acquire a taste for sea-faring profession it is necessary that the students should be sent out as often as possible to the sea where alone they can develop their faculty of intelligent observation. According to the existing practice Indian fishermen and sailors take with them their little sons when they go out to the sea and we will be following the same practice with the difference that our boys will be receiving simultaneously general education also. This period of training may be called the Elementary course and will cover a period of six to eight years. But in the case of boys who have already received a general literary education the period may be proportionately reduced and they may be made to pay more attention to the technical subjects. At the end of the elementary course, it is quite likely that some of the boys may be found for want of sufficient intelligence or on account of other defects unfit to go up for the next higher course. Such youths will then seek employments as seamen on board ocean-going vessels and later on when they gain experience may find employment as Tindals or Nakudas of native crafts engaged in coasting trade and they are certain to fill such situations with greater efficiency than did their uneducated fathers. Another set of boys may be inclined by natural taste to take up marine engineering as their profession, and in that case they may be sent to the workshop attached to the Training Institute where they will acquire a knowledge of the mechanism and working of the steam engine, boiler, motors, etc., and later on be employed as drivers and mechanics on board steamers according to their qualifications.

The remaining boys who are fit for the higher course will naturally be promoted into the next stage which may be called the Intermediate course and spread over a period of 4 years. The subjects they will have to study will be those appertaining to the duties of a Mate on an ocean-going merchantman such as navigation, signalling, knowledge of charts, the use of lead and log lines, mooring and un-mooring a vessel, manage a ship's oar in a heavy weather, etc., etc. In order to make their training more extensive, these youths should be sent out longer voyages as apprentices on trading vessels whose masters or owners may be paid a premium for training them when under their charge. In case private vessels refuse to take these youths as apprentices arrangements will have to be made for putting them on board Government vessels such as those of the Royal Indian Navy or the

vessels carrying His Majesty's Mails. At the end of this course each youth may be examined for Mate's certificate.

During the 3rd or final course of training those young men who have already served as apprentices and secured a Mate's certificate should actually serve as Mates on ocean-going vessels and after obtaining sufficient practical experience appear for the Board of Trade Examination for Master's certificate. This professional course may also extend over 4 or 5 years but the training school may not have much to do with them except in giving them any higher theoretical instructions and securing them employment.

Note.—(Being a layman, the details of the scheme above sketched may be imperfect, but this and the cost of working the scheme are matters which experts could easily draw up.)

The boys under training should be kept in a hostel specially provided for them where they will be fed, clothed and taken care of. This will prevent their acquiring bad habits and moreover better clothing, better lodging, better food and discipline will inculcate in them a sense of self respect without which they will not be able to fulfil the responsible duties of their profession.

As regards the extreme importance of imparting modern methods of scientific navigation to Indians, the following is the opinion of the Fasher Committee:—

“Further we consider that suitable Indians should be given opportunities for education with higher branches of the seamen'ship, Marine engineering, etc., with a view to qualify themselves for admission to the superior rank of the Marine service. It is only by methods such as described above that Indians can become efficient sailors and that a judgment can be formed as to how far they should ultimately rise in their profession.”

SUPPLEMENTARY STATEMENT II.

The training of Indians as Seamen and Navigators.

(A) Paper read at the Indian Industrial Conference, 1915, by Rao Bahadur V. Govindan, B.A., F.Z.S., Assistant Director, Madras Government Fisheries (Calicut).

This is a subject which has hardly received any adequate attention at the hands of the leaders of public opinion in this country. Unlike agriculture and other industries the seamen's occupation is from its very nature, comparatively unknown to and does not

form a subject even for academic discussion—our educated classes, but is it a wonder why our merchant classes have not taken an interest in it, considering the large volume of commodities imported and exported by them by sea. With the exception of the efforts made by Sir Muhamad Yusuf Ismail¹, who has been maintaining since last year a small training ship in the Bombay harbour for the benefit of the sons of our Indian seamen, no serious attempts have been made to give our sea-faring folk a scientific training in their hereditary profession according to modern requirements. Hence it is all the more creditable to Sir Mohd. Yusuf Ismail that he has undertaken at his own expense to organise a scheme which is "calculated to raise the status and accomplishment of our Indian Seamen," and to the Government of Bombay who have welcomed his proposal with the support and encouragement it deserves. It requires no elaborate statistics to prove the huge volume of trade, which India carries on with almost every corner of the world. The following statement shows the number and tonnage of vessels which entered from and cleared to all countries during the five years ending 1912-1913:—

	Number of vessels.	Total Tonnage
1908-09 . . .	8,001	12,910,823
1909-10 . . .	8,042	14,597,091
1910-11 . . .	8,435	14,984,528
1911-12 . . .	8,868	16,616,435
1912-13 . . .	8,737	17,451,985

The number of such ocean-going vessels for the same period are distributed under the following flags:—

	1908-09.	1909-10.	1910-11.	1911-12.	1912-13.
British . . .	4,238	4,723	4,751	5,117	5,129
German . . .	437	455	419	412	503
Austro-Hungarian	156	220	205	213	245
Japanese . . .	79	63	77	121	197
Norwegian . . .	108	95	104	134	131
Italian . . .	76	81	84	83	80
French . . .	55	53	53	53	47

This includes, no doubt, steamers belonging to the Indian Steam Navigation Companies, which are mostly coasting steamers, but their number is insignificant as compared with those foreign nations, whose number and tonnage, as can be seen from the above statement, have been steadily

increasing. It is therefore high time for India to step in and claim her due share of her oversea carrying trade. Attempts have been made from time to time to organise the so-called "Swadeshi" Steam Navigation Companies, which have ended mostly in such disastrous failures as to discourage our countrymen from venturing again into that business. And before further steps are taken in that direction the real causes of such failures should be found out. It has been said that they failed because of the keen competition from the existing steamship companies. It is no doubt a true statement, but it is not the whole truth and unfortunately most people draw wrong conclusions from it. Competition is the soul of modern industrial developments and every one who enters into an industry not only courts competition but also competes. Have not the humblest weavers, smiths and others artisans of India to compete with their modern rivals in various countries backed with enormous capital and scientific resources? They no doubt do not come across the operations of their powerful rivals and do not know who they are, but a steam navigation company has its rivals at its very doors and having to face them at close quarters is comparatively unnerved. But the real cause of such failures is due to the lack of necessary knowledge in the management and particularly to the want of Indians who are trained in the art of modern navigation and technical skill to take charge of their vessels. The organisers of such companies hitherto depended on Indian capital but that alone without Indian brains to run it and Indian seamen to navigate their vessels, was not enough to bring them success. The history of the development of the mercantile navy of Japan is a valuable example and indicates how India should develop here. The Japanese were not expert navigators a century ago, and depended upon Chinese bottoms to carry their commodities to distant lands, whereas India by technical skill and perfection which her sea-faring people attained in their calling from time immemorial occupied the proud position of "the queen of the eastern seas." India still possesses the descendants of those early navigators who made her a great maritime power, and they are still engaged in their hereditary calling, though without any modern scientific training. All along the Indian coast from Baluchistan to Chittagong there are various sea-faring communities who carry on the coasting trade in their almost primitive sailing crafts such as dhows, bungalows, kottias, pattimars,

dhonies, schooners, etc., some of them going so far south as Zanzibar and the East as far as Singapore, and as they are able to sail their vessels safe in these distant oceans depending as they do entirely on their instincts unaided by any modern scientific instruments and appliances, it may be safely presumed that with the necessary training in up-to-date scientific methods they could be made as capable navigators as any other people. We have decidedly the right sort of men and all that is required is to educate them and train them in the proper way. The first thing that Japan did when she began to organise her overland carrying trade was to train up her own men in modern methods of shipbuilding and navigation. For this purpose selected men after a preliminary training were sent to serve on foreign vessels till they acquired the necessary knowledge and experience to man and navigate their own steamers. Japan and other maritime nations have established institutions for the special training of their navigators and seamen. Take for instance the example of Belgium, that dear little country that has suffered so much in this terrible war. Almost every important seaport in Belgium maintains institutions for the training of fishermen and seamen known as Ecoles professionnelles de peche subsidees—*ara l'Etat* (professional fishery schools subsidised by the State) *l'Ecole de pupilles de la peche* as well as the higher navigation schools supported by the State at Antwerp and Ostend. The first of these are types of schools engaged in the professional education of young lads who may become fishermen, but as every fishermen ought to

have a knowledge of navigation the programme or study includes a knowledge of languages (French or Flemish), arithmetic, geography, hygiene and such technical subjects as elements of navigation including rules of the road, signalling with flags and lamps telegraphy (including wireless in advanced classes), making up ropes, nets, etc., structure and working of a steam boiler and engine. The lads are admitted into those institutions when they are about 10 years old and have already passed through the ordinary elementary schools and learnt to read and write. After being trained for about 6 years in these institutions they are sent out as apprentices in fishing vessels for further practical training and experience, and on the completion of their apprentice course are exempted by a Board appointed by Government who grant them certificates of competency to serve as regular hands on board fishing vessels. After serving as seamen or engine room hands for a few years more those who wish to undergo a further course of training join the higher schools of navigation and pass out as qualified navigators and marine engineers. It will be seen that general education is an important factor in imparting a thorough training and in India also the same should be done and the pupils taught English and the general subjects before their technical training commences, especially in the case of pupils who wish to undergo the higher courses in navigation and become masters of ocean-going vessels. Such institutions can be established in India without any serious difficulty and the sooner our public spirited men undertake it the better it will be.

Oral evidence, Madras, the 16th January 1924.

President.—I should like to assure you that we are merely seeking for information as to the best way of advising the Government to start an Indian mercantile marine. If we appear to criticise you in any way, I hope you will remember it is only with a view to get the best information that we can. I should like to thank you on behalf of the Committee for drafting a reply at such great length so as to be of help to us. If we ask you any questions which you do not care to answer I hope you will say so.

Q. I want to divide the question of the Indian mercantile marine into two parts, one is the personnel of the marine and the other is the ownership. You think there will be no shortage of suitable young officers with

proper education to man the Indian mercantile marine?

A. There are plenty of men.

Q. In your fisheries department do you employ a considerable number of Indians?

A. Yes. In the schooners we do.

Q. Is the schooner usually officered by Indians?

A. At present she is. When she goes out for inspection to the Laccadives, we get one or two Port officers to navigate her.

Q. Last year they borrowed two of my officers?

A. Quite so.

Q. That is because there are no Indians with proper certificates?

A. There are none with certificates. But the Tindals at Tuticorin are experienced enough to take care of the vessel when she goes out for local inspection.

Q. You think it is necessary to reserve the coastal trade to Indians?

A. Yes.

Q. Don't you think if educated and trained Indians come forward as officers, it would be possible to have an Indian mercantile marine without reservation?

A. At any rate not in the beginning.

Q. At the beginning there would necessarily be few officers and it would take some time to train them up?

A. Quite so.

Q. As far as education is concerned, you want the Government to give it in the same way as they give other technical education?

A. Yes. The students must be asked to pay only a very small percentage of the expenses incurred on the institution.

Q. How would you set about to get the right type of boys?

A. That I have explained in my scheme.

Q. You think that the sons of sailors would be the best suited?

A. There is a hereditary sea-faring class. Some of them are England, returned doctors, educated also. For instance we have got the *Barathars* community in Tuticorin. You will find some of them very highly educated. Some of them are England-returned doctors, lawyers and merchants.

Q. Apart from the hereditary sea-faring people you think that other classes of people would come forward?

A. A small proportion of the other classes also would come forward. This number will gradually increase. For instance in this presidency when the medical school was first started fifty years ago, the higher class people did not go in for it. Even the middle class people did not go in. Most of the early students belonged to the so-called backward communities with hardly any English education. But later on, the number increased and if you now take the census, you will find a majority of the students belonging to the Brahmin community.

Q. Probably they wanted to see how the scheme worked?

A. In the beginning they had their own prejudices and it took sometime to overcome them. Now some of the best doctors in Madras are Brahmins.

Q. You think that this mercantile marine will be a gradual process?

A. Yes. We have to take hold of 50 or 100 boys and give them even literary education. After going to a certain stage, we will select some that are most suited for higher

study. Those who are left behind will become the ordinary seamen.

Q. You will select those that show the greatest promise and then train them as officers?

A. Yes. Naturally such men will come to the top.

Q. You are in favour of a school with a training ship attached?

A. Yes.

Q. You want three navigation training establishments, one for each presidency?

A. Yes, I think each presidency should have at least one. So far as Madras presidency is concerned we have got the language difficulty. Properly speaking we ought to have separate establishments for each vernacular area.

Q. They must all learn English?

A. There must be only one high school where they can get the master's certificate. There must be a separate class for elementary training which involves the elimination of unsuitable boys.

Q. At what age should you recruit boys?

A. My scheme says that we must take hold of boys at the age of 8 or 9 so that they may breathe the sea atmosphere.

Q. Muhammad Yusuf has not got a training ship?

A. No. On the coast of Tuticorin you will get a better class of students. This *Baratha* community in Tuticorin at one of their communal conferences passed a resolution requesting the Government to help their community in technical education. The paper was referred to me for inquiry. I interviewed the leading members of the community and they all admitted that navigation school is the best kind of help that the Government can do for them.

Q. In Madras have you got compulsory education?

A. In some of the municipal areas, they have compulsory education.

Q. I quite agree with your curricula of studies. Supposing we have got the material, as far as the officers are concerned, when they first begin, it only takes a comparatively short space of time for a young man to pass the examination provided he is given proper facilities. It is generally the same in the British mercantile marine. Although a young man can pass the examination in a short space of time, you cannot put him as master of the ship just because he has got a master's certificate.

A. No, he must have a long experience before he can hope to be in independent charge of a vessel.

Q. Until they acquire that experience, others should continue as officers?

A. That is inevitable.

Q. Having got those officers—let us suppose it will be a success—you think it will still be necessary or advisable for the Government to encourage the ownership of ships by Indians?

A. Yes, in the beginning that is necessary.

Q. Do you think it necessary to remove the existing ships from the coast?

A. No, not all at once. We must encourage Indians gradually.

Q. You say gradually, have you thought out any scheme by which this can be effected?

A. We have got a few Indian steam-ship companies and perhaps more will come into existence.

Q. Would you subsidise them?

A. I do not know the exact way in which the Government should proceed. Of course certain legislative measures may be necessary.

Q. Would you be in favour of spending large sums of money which must inevitably fall on the general taxpayer?

A. I have no idea how much money would be required.

Q. You think that the failure of the previous Indian companies was entirely due to the competition from other people?

A. The failure was also due to defective management.

Q. We find that in most of the British companies it takes more than 15 to 20 years before a man is put in the responsible post of managing an agency or a head office. We have been told that Indians can do it in much shorter time. Do you agree with that?

A. There are very capable business men; perhaps they may be able to take up responsible posts as managers in much shorter time.

Q. Do you think that any one can assimilate business in a short space of time?

A. There are at present men engaged in business; they can take up this business also.

Q. Until they learn the business do you think there should be experts to manage that company?

A. I cannot say that.

Q. What is your definition of an Indian company?

A. An Indian company means a company having a rupee capital and managed by Indians.

Q. Would you exclude foreign capital?

A. There is no objection to foreign capital but all must be vested in India, that is it must be rupee capital.

Q. Would you have all the directors Indians?

A. If you can get a sufficient number of Indians as directors, I would prefer them.

Q. If you do that and if you reserve the coastal trade something has got to be done

for the existing British ships. Would you compensate them for taking away their trade?

A. I cannot say.

Q. You will want them to go out?

A. When the Indian companies grow strong enough, I think the British companies have necessarily to go out.

Q. Do you think there is a chance of Indian companies coming up if they are well managed?

A. Yes.

Q. Can they succeed without assistance from the Government?

A. That is a business proposition. I know nothing about it.

Q. Do you think there is a future for shipbuilding in India?

A. We had experience of shipbuilding but it died out. There was a revival of the shipbuilding industry during the war time. Now it has almost disappeared. Indians have got the capacity to build ships if necessity arises. As regards steel ships, Indians must necessarily depend on foreign experts for some time to come. We will build that up gradually.

Q. Have you had any Indian engineers?

A. Yes. We can get such men on the coast.

Q. You think that you can train engineers in the same way as deck officers.

A. Yes. According to my scheme engineering will be one part of the institution of the school of navigation. When we take a boy of 14 or 15 years, then specialisation will begin. Some boys may not care for the navigation side; others will prefer to go into the engine room. Those boys may be gradually trained to become engineers.

Q. Do you think it is sufficient if the Indian mercantile marine traded on the coast or do you think they must also have foreign trade?

A. Personally I think they must also have ocean traffic.

Q. You cannot reserve the overseas traffic for an Indian mercantile marine? Indian companies have to fight their way in?

A. Necessarily.

Q. Do you want the coastal trade to be entirely reserved?

A. We see in certain other departments Indians have been able to compete successfully with non-Indians. I am of the same opinion so far as this business is concerned. So far as the medical department is concerned, our medical men are able to compete successfully with non-Indians.

Sir John Biles.—Q. Have you any expert knowledge of shipping?

A. No, I am a layman in that respect.

Q. Or shipbuilding?

A. No, I am a layman in that respect.

Q. Then you do not know what is necessary for success in shipping?

A. I have compared notes with business men and the information that I have given is based on such comparison.

Q. You have no expert or personal knowledge?

A. No.

Q. I suppose you cannot help us to find out the real causes of Indians not having succeeded in shipping up till now?

A. The Indians are successful so far as the Indian crafts are concerned. They have had no facility to learn the modern methods of navigation. If they are given facilities they will learn the modern scientific methods and compete successfully.

Q. Do you think you know enough about the essential necessities of the shipping business to be able to decide whether the Indians had opportunities to learn or not?

A. So far as my enquiries go, the Indians did not have any opportunities to learn.

Q. You are advising this committee on a subject on which you admittedly know very little?

A. My knowledge is based on the information I got from people engaged in shipping business. It is also based on certain observations which I myself have made. I am a member of one of the sea-faring communities belonging to Calicut which is a very important shipping port and as such had very good opportunities of gathering first hand information on this subject.

Q. This information was supplied by Indians?

A. Yes.

Q. Do you believe in State aid for shipping?

A. Yes.

Q. You say it is impossible to create a shipbuilding industry without State aid?

A. It looks like that in the beginning. Of course things are gradually changing. Nearly a year has elapsed after I made these observations. During this interval I understand more enthusiasm and greater interest has been taken by Indians on this subject.

Q. Are you still prepared to stand by that expression of opinion that it is impossible to develop without State aid or do you wish to modify your opinion?

A. State aid is required perhaps not to that extent as I contemplated originally.

Q. Will you explain why State aid is required? Do you think no capital will be forthcoming for investing in shipbuilding?

A. The capital is shy.

Q. Is that from lack of confidence?

A. Some companies have already come to grief and therefore people are averse to invest their money in such concerns.

Q. If there were confidence, you think capital will come forward?

A. There is enough money in India; the only thing is they must create confidence in the investors by actual working.

Q. If confidence is not in the minds of the capitalists, do you think that confidence is likely to be in the minds of responsible members of the Government? Or do you want the Government to offer this aid to create confidence?

A. If Government has a hand in any industry, then people will have greater confidence in that industry and they will invest their money. Now in the co-operative credit societies, people are willing to deposit money because they know that it is controlled by Government and guided by Government officers.

Q. Is that a purely trading concern?

A. It is a banking concern.

Q. You think that to create confidence in the people the Government should put some money into shipbuilding?

A. The Government may lend money or help the industry in any other way.

Q. You think the Government ought also to assist in education?

A. Yes, that is the most important thing.

Q. As to State aid you cannot convince us that it is necessary, but as to education you are quite sure that it must come from Government?

A. Yes, it must.

Q. As regards the time required to learn business have you much experience of the work of Indian students in learning generally?

A. As regards literary education they learn much faster than Europeans.

Q. On an average?

A. On an average they are not in any way inferior.

Q. Are they superior?

A. They may be taken to be the same.

Q. It may be that the Indian has an advantage in the rate at which he learns. It may be that he can learn much more rapidly than a European?

A. He has also got disadvantages. Perhaps the boy's parents may not be literate. In the case of the English boy, his parents are educated people and they know what the boy has to learn and what he ought not.

Q. What is the net result of your observation as regards the rate at which an Indian student can learn, is it much faster than a European?

A. I have seen Indian boys master the subject much faster than the European boys.

Q. Do you think Indians can learn much more rapidly than Europeans?

A. We have had in this University boys of 17 or 18 taking a degree.

Q. Can't you give us a definite idea?

A. In fact the University has made it compulsory that students who enter the University must have completed their 15th year.

Q. You believe in bounties for steel ship-building and for wooden ship-building?

A. I think wooden ships also would be built for some time to come.

Q. Do you think that it is desirable from the national point of view to encourage the building of wooden ships subject to the limitation that the vessels are not less than 500 tons capacity?

A. So long as we have got the very best wood available in the country, there would be a tendency to make use of such material.

Q. From the economic point of view, have you considered as to what would be the result if money is invested in wood ships as compared to the money invested in steel ships?

A. Perhaps wood ships will not last long; that way it may not be economical.

Sir Arthur Froom.—Q. In answer to Question 1 you say that shipping trade is very unsatisfactory so far as Indians are concerned. Can you explain why it is unsatisfactory?

A. Because they depend on small sailing vessels without trained men.

Q. To cure that, you suggest, in answer to Question 6, the abolition of the rebate system. What would you like the Committee to understand by "except in the matter of rebate?"

A. I was told that rebate is an important factor which discourages Indian shippers to divert cargo to new lines.

Q. Is that merely what you have been told?

A. Yes.

Q. You have no practical experience of the rebate system as a business man?

A. No.

Q. We would like your personal opinion on such matters rather than your repeating to the Committee what you have been told. You are not a business man?

A. I have not been in the shipping business at all.

Q. In answer to Question 18 you say you would prefer the reservation of the coastal trade to vessels owned by Indians. What do you mean by the word 'prefer?' Have you any other suggestions in mind?

A. In the beginning we must have foreigners also on the coast; only gradually will the reservation to Indian companies take place.

Q. In reply to Question 19 you say 'it would encourage Indian enterprise.' Would you advocate State aid in addition to this?

A. Yes.

Q. Don't you think that if the Indian coast were reserved for Indian-owned ships State aid might be unnecessary?

A. I cannot say.

Q. Have you at the back of your mind that Indian-owned shipping companies might not altogether be efficient and therefore the efficiency would be made good by some financial assistance from Government?

A. There is a talk of State aid to industries and the Madras Government have passed an Act that State aid should be given to industries. I thought some aid might be given to shipping.

Q. Are you in sympathy with this idea on the part of certain Indians to start an Indian Mercantile Marine?

A. Yes.

Q. Can you tell me if that is the general wish of India as a whole or is it the wish of a few people only?

A. Those who have devoted their attention to shipping are all of the opinion that an Indian Mercantile Marine should be developed.

Q. Do you consider that the present needs of the coastal trade of India are adequately served?

A. I know that at times cargo is shut out.

Q. That happens in all trades.

A. We ship large quantities of fish fertilizers to Colombo; last season several consignments were shut out.

Q. Have you any practical knowledge of the stowage of ships; you know that the fish fertilizing material is very difficult to stow?

A. This is a particular kind of cargo called fish guano which the Fisheries Department have introduced. The old fish manure which contained a lot of fat was the dangerous stuff, but the present stuff does not contain more than 3 to 4 per cent. of fat and there is no possibility of spontaneous combustion.

Q. It is not a question of combustion; other cargoes are damaged?

A. Other cargoes would not be damaged; rice may go on the top of fish.

Q. There might be some reasons for cargo being shut out?

A. It is simply shut out for want of space.

Q. Is that continual?

A. No; another steamer comes in a fortnight hence or so and takes it away. During the monsoon months, the cargo has to be stored on the coast itself.

Q. Haven't you heard of goods being shut out by railways when demands come in a rush; the same thing happens with cargo?

A. If you have more companies, there will be more steamers and such possibilities might be reduced.

Q. But you cannot have an unlimited number of shipping companies to provide space for a sudden demand in one week and after that ships would go away empty during the remaining weeks.

A. I suppose they would adjust business.

Q. Supposing the coastal trade of India was reserved for Indian-owned shipping companies, do you think that trade would be as efficiently managed as it is to-day?

A. I can't say.

Q. Apart from this question of an outcry for an Indian Mercantile Marine, do you think that the substitution of an Indian Mercantile Marine for the present services on the coast would be an advantage to the trade of India?

A. I cannot say.

Q. Still it is reasonable to suppose that companies which have been in the business for 60 to 70 years and which have built up their business would be more efficient than new-comers?

A. But I think Indians can get the same experience as foreigners. It takes shorter time now-a-days to gain experience than it used to take before.

Q. I think you say in part of your written statement that Indians had shown want of enterprise in the shipping business in the past.

A. Yes.

Q. Supposing Indians had shown enterprise in shipping 50 or 60 years ago when the existing companies were starting in the trade, do you see any reason why they should not have been in the trade to-day side by side with the British companies?

A. I do not know what the state of affairs were 60 years ago.

Q. The coastal trade was built up and gradually developed by the existing companies and it is in its present state to-day. If Indians had then shown sufficient interest and enterprise in shipping matters, could not they have built up the trade equally with the British companies?

A. I don't know what the state of affairs were at that time, and what their difficulties were.

Q. The difficulties whatever they were, were overcome by the British companies; is there any reason why Indians should not have overcome them? They have shown great acumen in many enterprises, e.g., the mill industry in Bombay?

A. Probably Indians preferred business on land in those days.

Q. Do you think it is right that they should suddenly wake up and turn out the existing companies?

A. I do not think it is a sudden awakening. There has been a desire on the part of Indians

to start shipping companies for the last 20 years or more.

Q. Why did they fail?

A. On account of competition from the existing companies.

Q. Does not a new company create competition?

A. Yes; want of experience on the part of the new companies also contributed to their failure.

Q. In many trades that I know of, new-comers have fought their way in?

A. Yes.

Q. Is there any reason why Indians should not also fight their way in if they are prepared to put up sufficient capital and are prepared to learn the business, without any artificial aid from Government?

A. Without aid from Government, I do not think the public would have confidence in the business.

Q. Do you mean to say that the public do not want to take any risk?

A. That is what the people have come to think, rightly or wrongly.

Q. That is not a spirit of enterprise?

A. It looks like it, especially in this business.

Q. If you went into a new trade, you will have to take a certain amount of risk; you may lose to a certain extent at the beginning, but eventually you would gain?

A. The new companies die almost as soon as they are brought into existence on account of the severe competition of the existing companies.

Q. It is not only on account of competition. The companies are badly managed and badly advised and they haven't had proper ships for the trade?

A. There may be certain instances of that kind also.

Q. Still there is one company now in existence that has kept on in the trade after a fight?

A. Yes.

Q. If that company did succeed, why should not other companies also succeed?

A. The failure of the other companies must have assisted this company to make its way into the business.

Q. Still it shows that if Indians have a real desire to enter into the business and are prepared to risk money, they can succeed without financial aid from Government. Don't you think so?

A. I can't give an opinion.

Q. You also said that you weren't prepared to give an opinion whether the reservation of the coastal trade would be to the good of the trade of the country in general?

A. It must ultimately be for the good of the country.

Q. What happens to the trade in the intermediate stage?

A. The proposal is not to send away the foreign companies all of a sudden.

Q. Do you think the foreign companies would like to sit still and see themselves gradually removed? Would you, if you had a business?

A. When Indian companies come into existence, the business of the existing companies must necessarily be reduced.

Q. Don't you think that the existing companies should put up a fight?

A. If they fight, there will be no room for the new Indian companies to come in.

Q. Is it not natural for them to fight for a trade which they have built up?

A. Perhaps.

Q. Regarding training boys for a sea-faring life, the boys we are concerned with are those who are likely to become Officers. We have already got efficient Indian sea-men. You have in view boys to be trained as Officers?

A. The officers also would rise from the ranks as it were. It does not matter whether the boy belongs to a poor family or not. If he is given necessary education and proves his merit, he must become a Master or Captain.

Q. You think that some of the lascars class would become Officers?

A. I do not know what lascars are, but I am only referring to the sea-faring class. I have come across men who have never been to sea before they got into a steamer as lascars. The boys I have in view are sons of the sea-faring people who are not afraid of the sea; most of them are fisher folk.

Q. Given sufficient education and training, you consider they would become efficient Officers?

A. They would be as good as any other Eastern people.

Q. But do you think they would be able to keep discipline?

A. Yes; in our native crafts, we have Tindals who have 15 to 20 men under them and they keep discipline.

Q. We have been told by various witnesses that there are many thousands of boys who would come forward if given a chance?

A. I don't know of many thousands; I think many hundreds would come forward so far as the Madras coast is concerned.

Q. How would you suggest the Committee to test if boys from the southern side of India would come forward? Would you suggest Government opening a training school and then inviting candidates, or should Government first invite applications and wait for

candidates to come forward before opening the school?

A. From local enquiries I made in Tuticorin, I understood that if Government opened a training school there, 50 or 60 students were ready to come forward to begin with.

Q. Do you prefer a training school to a sea-going training ship?

A. A training ship must be attached to the school.

Q. A training hulk?

A. Yes.

Q. After the period of the boy's education, would you send him to sea?

A. Some of the Indian boys are not very strong and physically fit; given good food, good shelter, good surroundings, etc., we would get a good type of young men. My scheme begins with literary education; at the same time they would have vocational training in the training ship, i.e., now and again they would be taken out for boating, rowing and swimming. They would be brought up in a sea atmosphere.

Q. Your idea is that their physical training should be developed first?

A. Yes.

Q. At what age would you start training the boys?

A. Say 8 or 10.

Q. Would it be right to send them to sea at such a young age?

A. They would not be sent for long voyages at that age.

Q. Your idea is that the boys should be taken out to sea and be given a healthy life?

A. They should also learn things, on Board the ship itself, i.e., the names of the various parts of the ship, etc. By the time the boy is 15 years of age, he would be put on board a trading vessel and sent on long voyages. He may come back at about his 18th or 19th year and then sit for his Mate's examination.

Q. Is that not a long training?

A. I think there must be such a thing if the foundation is to be strong.

Q. That is your idea of the best way of handling this question of training?

A. Yes. If you obtain students from the more advanced communities, the period of training would be shorter. A boy who has passed, say, the Matriculation Examination, does not require the literary education that I suggest for beginners.

Q. One witness has suggested that Government should invite applications from Indian lads of good education, boys of, say, 14 or 15 years of age and send them straight-away to sea on a cruise in order to ascertain whether they will really take to a sea life, before anything more is done. What is your opinion about this?

A. I don't think there is any necessity for this. We have sea-faring people who are ready to take to sea and we need not try the experiment at all. I do not mean to say that the non-sea-faring community should be shut out; let them by all means also come in.

Q. Your idea is that Officers should be recruited for training from the sea-faring portion of the Indian community; that is so in all countries?

A. We cannot take a farmer from up-country and bring him to take to the sea profession, although he might have passed for the sea. There may be exceptions, e.g., the Anglo-Indian community who would readily take to sea. The majority should come from the sea-faring folk.

Mr. Jadu Nath Roy.—Q. In developing an Indian Mercantile Marine you attach first importance to the training of young boys?

A. Yes.

Q. You also want that Indian shipping companies should be formed; otherwise there would be no chance of employment for those who are trained?

A. Yes; both should go hand in hand.

Q. Do you think that competition of the existing companies stands in the way of the development of Indian companies?

A. That is so.

Q. What sort of protection do you suggest should be given to Indian companies?

A. Legislative measures should be passed against rate-cutting and doing away with the deferred rebate system.

Q. Also, you advocate the reservation of the coastal trade?

A. Yes; that also must ultimately be in the hands of Indians.

Q. If the coast is reserved and the deferred rebate system and rate-cutting are abolished, why do you want bounties as well?

A. I am not very keen on bounties; but I think most of our small ports are neglected. Big steamers do not call at the smaller ports and merchants at those ports are losing their business. In order to attract small ships to these ports, I think some encouragement should be given.

Q. You suggest then that bounties should be confined to small ports only?

A. Yes, that is the idea.

Q. In reply to Sir John Biles you said that capital in the country is shy. Is it due to the fact that people do not feel sufficient security in investing money owing to the failure of previous companies due to competition?

A. Yes.

Q. When people find that the coastal trade is reserved for Indian companies, you think Indian capital will come forward?

A. Yes.

Q. You think that several Indian companies will be formed and they will keep up the facilities?

A. Yes.

Q. You also advocate construction bounties for wooden vessels. Do you think it is necessary in these progressive days to give bounties to wooden shippings?

A. We have got beautiful timber available on our coast. They can be readily worked by our own Indian labour. I therefore think that wooden shipping may also be encouraged in the beginning.

Q. They will be suitable for small coasting trade?

A. Even at present, vessels of 200—300 tons and less ply between Alleppey and Karachi.

Q. If the coastal trade is reserved for Indian companies, don't you think that the existing British companies should be given some sort of compensation or that they should be given some sufficient time to leave the country?

A. Sufficient time must be given. The business will adjust itself by that time.

Q. What do you think of the proposal that the Indian companies should buy those ships at a fair price?

A. It is for the sellers and the buyers.

Q. In that case don't you think no compensation is necessary?

A. Yes; compensation may not be necessary if the ships are bought by the Indian companies.

Q. In reply to Question 41, you say that sufficient number of candidates especially from the sea-faring communities will come forward. Do you think that people from the educated classes will not come forward?

A. Perhaps in the beginning they may not come forward in large numbers but later on they may come.

Q. Is it on account of caste prejudice that they will not come?

A. In the medical college when it was first started the Brahmins did not go, but now the college is very popular among the Brahmins.

Q. The obstacles regarding diet have vanished?

A. Yes.

Q. You have suggested the starting of a training ship in each of the presidencies. If one is started and if it goes round for four months in each province will that not do?

A. That will not do. These must be permanent institutions just like the engineering or the medical or other technical colleges.

Q. Sir Arthur Froom asked you why when the present companies started in the coastal trade 70 years ago, the Indians did not start the trade? When wood was replaced by

steel in other countries, did not the Government of those countries encourage the development of steel ship industry?

A. I have never studied that question.

Hon'ble Mr. Lalubhai Samaldas.—Q. I understand that you want three kinds of institutions. Firstly you take boys at the age of 8 or 10 and give them both literary and technical education and thus make them acquainted with the different parts of engines and motors. Secondly you establish a higher school where after experience in a ship, they can get sufficient theoretical knowledge to enable them to pass up to the mate's or the home trade examination. Thirdly there would be a college where you give higher training and fit them up for captain's examination?

A. I do not want the first two stages separately. They may be in the same institution.

Q. You will also train students with higher education in your training school?

A. The first stage will be for those fisher boys who have got a liking for the sea. They will be up to 14 years. Then they would be actually sent on voyages.

Q. How do you fit in the boys who come from the middle classes after literary education from the existing educational institutions?

A. They must undergo six months or one year's course in the first stage.

Q. To enable them to pass the mate's examination, you will train them up in the same institution?

A. Yes.

Q. Will that institution enable them to go through the home trade examination?

A. It depends upon the curriculum you lay down.

Q. You require such institutions in this presidency?

A. On account of the financial stringency, you may have one higher institution for the whole of India.

Q. You want the education given there to be equal to the Board of Trade examination so that there may be no complaint as regards inefficiency?

A. Yes, that is my view.

Q. You referred about the Ostend training school. Can you give us further details about that?

A. It is an institution of which the King is the president. They own five or six steamers and all of them are engaged in shipping. They have got on land a training school. The little boys are taught swimming and diving, rowing, etc. Later on they are put on big steamers and then they actually go out in fishing vessels or on long voyage in ships carrying cargo. Then they sit for the

mate's certificate examination. After they pass that, they are actually employed as mates. After five or six years according to his capacity he goes and sits for the final examination and gets a master's certificate.

Q. You have actually seen this?

A. My scheme is based on this.

Q. Can you give us some more details of the communal conference which you said was held at Tuticorin?

A. I was asked to prepare a scheme which I did accordingly and submitted to my Director. I have got a copy of it which I can give to this committee. The marine department Port officers also were asked to organise a school. My Director told me that pending the result of the efforts made by the Port department, our scheme should be held in abeyance.

Q. Your scheme has nothing to do with the Masulipatam school?

A. None whatever.

Q. You said that the prejudices against joining the medical college have now died out. You are quite sure that the prejudices with regard to sea training will die out?

A. Here there is no prejudice at all. So far as the higher castes are concerned, I do not see any prejudice. But there is one thing and that is the farmer's son coming from the interior of the village will not go to sea.

Q. You restrict training to people having hereditary sea instincts?

A. Yes. They will take it up readily. Other suitable people may also be admitted.

Q. We were told by some witnesses that Parsis and Muhammadans will come forward?

A. I will not prevent them from coming.

Q. If you start one school, how can you get over the language difficulty?

A. We can get teachers who know all the three vernaculars. But if there is plenty of money I would recommend one school for each vernacular area.

Q. You want these schools under the provincial Government or the Imperial Government?

A. I would leave that to the committee's recommendation. The nautical college will be under the control of the Imperial Government.

Q. You say that small ports suffer much because big boats do not go there. We were told that one of the reasons why large boats do not go to small ports was that they are obliged to anchor at a distance?

A. That difficulty exists all over the west coast. The ships have sometimes to anchor about 1½ miles from the port. Another difficulty is, the big ships do not get enough cargo in the small ports.

Q. Have you any experience of wood boats with motors?

A. We had one at Cochin. I do not know its financial results.

Q. Experts have told us that wooden boats except as sailing boats can stand long. You agree with that?

A. I mentioned the construction of wooden boats simply because wood is readily available.

Q. As sailing boats or as boats with motors?

A. For coastal traffic, I think they can be fitted with motors.

Q. The old companies have died out on account of keen competition. Is it not so?

A. Also due to want of knowledge on the part of the management.

Q. Was the failure of the Tuticorin company due to cut throat competition?

A. There was keen competition. I have seen passengers being dragged by either party into their own steamers.

Q. Would you like to do away with such competition?

A. Yes.

Q. You want to do away with the deferred rebate system?

A. It works against the shipper and therefore it must be abolished.

Q. You want the Government to provide scholarships for students to go out?

A. Yes. If the Government can provide small workshops where the boys can be trained, it is much better.

Q. You want the Government to improve the dockyards for shipbuilding?

A. We have got two dockyards, one at Bombay and the other at Calcutta. They may be developed. Madras has too many disadvantages to think of having a dockyard.

Q. If the coastal trade is reserved, you think that the existing companies will not strike work and thus dislocate trade?

A. If there is business there will be no strike on the part of the existing companies.

Q. You are prepared to give them sufficient time to clear out of the coast?

A. Reservation can only be gradual.

Q. In your definition of 'Indian company' do you make room for expert European management?

A. If there is necessity, we can have expert non-Indian management.

Q. In reply to Sir John Biles, you said that co-operative credit societies do only banking business. Do you know there are certain co-operative societies which are doing manufacturing business?

A. In this presidency we have only a few such societies. They are weaver's societies.

Q. If the coastal trade is reserved, you do not see any reason why the Indians should not manage it as efficiently as the existing

A. None whatever.

Q. You refer to some cargo being shut out? Is it usual?

A. It happens every year. If the cargo cannot be shipped before April, there is no chance of its being sent away at all. -

Q. You refer to the staff and the building in your scheme. Have you got the figures?

A. I based my scheme on the fact that at the time I wrote it there was available in Tuticorin a qualified European officer, Captain Allan, who is unfortunately no more. We had a couple of motor boats and our office was situated just on the beach and the fishermen were connected with us in chank fishing and pearl fishing. I thought it would be very easy to start a school there with the minimum cost.

President.—Q. Supposing each presidency had its own elementary school on the lines you advanced. Then there would be more boys than we could require. How would you work out your scheme if we had only one training ship?

A. A competitive examination so far as the mate's certificate is concerned may be held. We can take 20 boys every year.

Q. What do you think of an Indian navy?

A. India must have her own navy.

Sir John Biles.—Q. Can you give me any idea as to the size of the school that you proposed at Tuticorin?

A. The preliminary course would be spread over five years. If we take 20 boys every year we may eliminate some and then retain about 10.

Hon'ble Mr. Lalubhai Samaldas.—Q. Where will the bifurcation begin?

A. About the 14th year. Some will go to the engine room; others might prefer to be ordinary seamen.

Sir John Biles.—Q. How many boys can be trained in the "Lady Nicholson"?

A. About 15 or 20 boys can be carried in that vessel.

Q. Your school would be turning out at the rate of 20 boys every year?

A. Yes.

Q. Is it to be a five years' course?

A. The preliminary course would be over in five years.

Q. Till what age would the boys be at school?

A. Say from 8 to 14 and after that they would be sent on long voyages.

Q. Not in the "Lady Nicholson"?

A. No.

Q. So your school would provide for a maximum of 100 students?

A. Yes.

Witness No. 62.

THE SOUTHERN INDIA SKIN and HIDE MERCHANTS' ASSOCIATION, Madras.

Written Statement, dated the 18th April 1923.

Q. 1 and 2. The present condition of the shipping industry in India is most deplorable. A few instances of shipping enterprises now in existence are rather in their infancy. The situation is absolutely unsatisfactory. The conditions at present which militate against the development of shipping enterprises in this country are (1) apathy of the Government, (2) organised competition of the vested interests of non-Indian shipping rings holding a monopoly, (3) system of deferred rebates and (4) rate wars.

Q. 3 and 4. Without drastic State Legislation as a preliminary to protecting the industry, it is impossible to mitigate existing difficulties.

State Aid is essential for the satisfactory development of shipping of this country as obtained in other leading maritime countries of the world.

Q. 5. Such State aid should take the following forms:—

Direct Aid.

Bounties—For Navigation and Fishing.
Subventions—Postal and Admiralty.

Indirect Aid.

Reservation of Coastal trade.
Preferential Railway Rates.
Reimbursement of Canal Dues.
Exemption from Port Dues and Taxation.

Q. 6. The legislative measures which ought to be taken by the State are—

- (1) Formation of a permanent Board of Shipping consisting of experts, a good majority of them being Indians, authorising such Board to make rules and regulations affecting the shipping trade of the country if conditions unfavourable to Indian shipping arise from foreign laws or from any competitive methods or practices employed by the foreign owners or their agents and if any necessity arises to recommend to Government to suspend, modify or annul rules and regulations relating to shipping so far as they affect the development of the merchant marine, authorising at the same time the

Board to fix the maximum and minimum freight charge,

- (2) Declaration of the deferred rebate system illegal,
- (3) Reservation of coastal trade to purely Indian shipping, gradually reducing the present non-Indian tonnage in the course of, say, about 5 years, and
- (4) Training of Indians in all branches of shipping in all ships licensed to ply in Indian waters.

Q. 7 and 8. Preference should be given in granting bounties to Indian-owned vessels as against vessels owned by foreign companies registered in India in Rupee capital. Such bounties should be given in respect of routes where there is competition, beginning with the coastal routes.

Q. 9 to 12. Bounties must vary proportionately according to the size and speed of the vessels above minimum average. They should also be proportionately reduced corresponding to the development of shipping within a specified number of years.

Q. 13. As no indigenous ships can come out at the present conditions of the ship-building industry of India, bounties should also be granted to ships built outside India, but owned and run by Indians.

Q. 15. It must be binding on all owners of ships receiving any kind of bounty to take on board a certain number of Indian apprentices to be trained in the navigation and engineering branches of shipping. This is the ultimate aim of all these efforts.

Q. 17. Navigation bounties should cease as soon as a particular vessel ceases to be on the Indian register and fails to satisfy any of the conditions of the Indian Mercantile Marine Act.

Q. 18. The Indian Coasting Trade Act V of 1850 which opened the coastal trade to all comers is to be considered as a history of the past. It cannot be reasonably applied at the present modernised conditions of India when she tries to become a self-contained unit in her commerce and industries. As clearly pointed out in the Supplementary Statement the coastal trade of India has fully been occupied by non-Indian shipping and has become a complete monopoly. Reservation of coastal trade to one's own national

shipping is simply a domestic concern, and supremely essential for the development of the merchant marine. This is a policy adopted by every other maritime country of the East and West; almost all of them drastically restricted the coastal trade to their nationals.

To achieve this end in view, the present tonnage of non-Indian shipping in respect of coastal trade should be reduced every year, so that, say, at the end of five years none but the Indian vessels should be able to completely undertake the coastal trade of India.

Q. 19. Apart from the development of Indian shipping, if reservation of the coasting trade is resorted to, it will facilitate the trade among the several Indian ports and thus improve in a way the economic condition of Indians in general.

Q. 20. If the coastal trade is reserved to indigenous concerns, such shipping concerns should be bound by law to give facilities for training certain number of Indian apprentices especially in navigation and engineering.

Q. 23 to 32. The question of shipbuilding has been dealt with in the Supplementary Statement and also the causes that led to the wiping out of this industry in India. To this country as a whole this industry is of vital importance to grow side by side with shipping. If this is to be revived and set in motion, State aid is absolutely necessary by way of—

Construction and Equipment bounties.
Cheap loans for construction and purchase of shipbuilding materials.

Exemption from Import duties on all such materials.

Q. 44 to 48. The Indian Mercantile Marine should be officered exclusively by Indians. With this end in view, the Government should take steps to train Indian youths in navigation, etc. Facilities for their employment after training and for study for qualifying for the Board of Trade certificates should also be afforded.

Q. 59 and 60. All that is said above about training of officers for the mercantile marine also applies equally to the training of marine engineers.

Q. 66 to 68. Mail contracts should be given on the basis of tenders called for in respect of this service from all steamship companies in India and preference should be given in the case of indigenous concerns. Mail contracts should be given on condition that such companies should take on board

their ships a certain number of Indian apprentices for training.

Q. 69. Apart from the direct and indirect State aids mentioned above, the following indirect aids should also be given to ships registered in India:—

- (1) Exemption from port dues in all Indian ports, and
- (2) Reimbursement of canal dues.

Q. 70. A surcharge of annas eight per ton for about 1.20 crores of tons of cargo shipped at present at a gross freight of about Rs. 30 crores annually, will in the opinion of my Committee meet with the requirements to raise funds by the State for this purpose without resorting to any other taxation.

SUPPLEMENTARY STATEMENT.

1. Shipping.

The Shipping Industry was once in a flourishing condition in India and the Indian ships used to sail far and wide on the distant seas of the world richly laden with merchandise. Historically speaking, the Indian shipping takes as far back to the palmy days of Indian History and Civilisation, when Indians moved to the distant parts of the world in search of trade and commerce. The colonising activities of those days are to-day to be found in the architecture of the ancient temples erected both in the East and the West. In the matter of shipping the glories of India could be traced not merely to a distant past, but its progressive growth could be safely traced right up to the end of the 18th century. The activities of the Indians in this line had been of such a monumental character that they could be viewed with feelings of pride and gratification.

Shipping forms the backbone of commerce and industry and this was proved in the mutual help shipping, commerce and industry gave to each other in those days. The causes that led to the decline of the vast trade and industry of this country and their consequent change of hands to foreigners also operated gradually in eliminating Indian shipping, not only from the foreign waters, but also from the Indian coasts. Foreign traders and manufacturers who came originally to India as mere traders and who were not then inspired with any vision of administration, being backed up by their home governments, used all means in their power to replace and even to wipe off slowly and steadily all her maritime enterprises, supplanting in their stead their own.

Thus was ultimately lost to India her most important national industry, the Indian

shipping, as a result of overpowering influence of foreign interests.

2. Shipbuilding.

Co-existent with the shipping enterprise of India there was side by side the shipbuilding industry. This industry flourished even in the days of the East India Company. Not only merchant ships, but also ships of war were built in India. Unfortunately, India was completely ignored and neglected by foreign vested interests as regards her own commerce and industry. As a consequence of the shipping being disturbed to its very life as referred to in paragraph 1 above, the shipbuilding industry also had to meet with the same fate and to be almost wiped out from the history of Industrial India, and to-day, what India can boast of is only a few small merchant ships and the old primitive craft, as against a huge tonnage of non-Indian ships plying in both foreign and

Indian waters enjoying at the same time a complete monopoly over carriage.

3. At a time when India should become a self-contained unit in the British Empire, and when the present Reformed Government is utilising all its resources for the development of industry and commerce of this country, the building up of an efficient Mercantile Marine for India has been recognised as a matter of great national importance. Not only is it necessary for the commercial and industrial development of a country, but also it serves as a great auxiliary to the naval defence in times of any national emergency. The appointment of the Indian Mercantile Marine Committee to explore the possibilities of setting up a merchant fleet for India is considered most opportune and it is hoped that their report will reflect in entirety the public opinion and their endeavours will result in re-establishing the shipping and shipbuilding industries of India on a sure and sound basis.

Oral evidence of Messrs. MOHD. ISMAIL SAHIB and M. A. ABDUR RAHIM SAHIB, Representing the Southern India Skin and Hide Merchants' Association, Madras, examined at Madras on the 16th January 1924. Mr. Mohd. ISMAIL SAHIB was the spokesman.

President.—I hope you will remember that if we ask any questions that you would rather not answer, you will not hesitate to say so. If we criticize any of your answers, will you please understand that it is only done with a view to seek information.

Q. Are you representing the Southern India Skin and Hide Merchants' Association?

A. Yes.

Q. Have you on that Association any one connected with shipping?

A. There are no ship-owners on the Association; all of them are shippers.

Q. Have either of you anything to do with shipping?

A. We are also shippers.

Q. You have written this reply to the Committee's questionnaire from a shipper's point of view?

A. Yes.

Q. In answer to question 5 you say you want Government to provide bounties for fishing. There is no competition in the fishing industry; would you explain why you want Government to help the fishing industry?

A. This industry is not in a flourishing state; if Government helped it, its condition would improve.

Q. This Committee has been formed to recommend to the Government of India how best to form an Indian Mercantile Marine;

I think it is a little outside our province to deal with the fishing industry.

A. We think that any help given to the fishing industry would indirectly help the Indian Mercantile Marine.

Q. How?

A. We can develop the spirit of maritime enterprise and we would have a lot of small ships.

Q. You say you want Admiralty as well as Postal subventions. What do you mean by Admiralty subventions?

A. The Admiralty should render help to the Mercantile Marine steamers and in return the Mercantile Marine would render help to the Admiralty in times of War or in times of any national emergency.

Q. India does not subscribe enough towards the British Navy as it is. Do you think it likely that the Admiralty would render financial help to an Indian Mercantile Marine?

A. Indian shipping is altogether on a different footing; it requires all the help that can be given to it.

Q. But do you think that the Admiralty are likely to be concerned with it?

A. We think it would be better if they could help; it is only a suggestion.

Q. You want reservation of the coastal trade to Indian ships?

A. Yes.

Q. Do you want reservation of the coastal trade as well as bounties and subventions?

A. Yes.

Q. If the Indian coastal trade is reserved for Indian shipping companies and these companies are efficiently managed with no competition from British companies, they would be able to make their way without bounties. Why do you want bounties as well?

A. In the initial stages bounties and subventions are considered necessary by my Association.

Q. You recommend the formation of a permanent Board of shipping consisting of experts, a good majority of them being Indians. Are there a large number of Indians at present who could be called shipping experts to sit on that Board?

A. We could make use of the available men.

Q. You suggest that this Board should fix maximum and minimum rates of freight?

A. Yes, that is very necessary.

Q. Would you mind telling us on what grounds you suggest this? Have you known of any particular instances where maximum and minimum rates have been tried? A good many witnesses have recommended this, but we have failed to find any instances where an experiment has actually been made.

A. We find that some Indian companies who started on the trade were kept out of it by competition. The fixation of maximum and minimum rates would render some help to the Indian merchant men.

Q. Do you know who managed these companies?

A. I know that tolerably good people managed them.

Q. Were they experts in shipping?

A. Not experts in the full sense of the word, but they could manage the companies efficiently.

Q. In answer to question 18 you point out that the coastal trade of India has become a complete monopoly; what do you mean by that?

A. I think that only about 10 per cent. of the coastal trade is in the hands of Indian companies.

Q. Therefore the monopoly is not complete.

A. To a great extent the trade is in the hands of foreign companies.

Q. Later on, in your statement you say that at the end of 5 years none but Indian vessels should be able to completely undertake the coastal trade of India. Do you suggest that Indian vessels should be officered by Indians?

A. Yes, ultimately.

Q. Can that be done in 5 years?

A. It is not necessary. I think, that at the end of five years all the steamers should be officered by Indians alone.

Q. Would you mind telling us how you would reserve the trade in 5 years? It seems to me to be a very short period.

A. First of all we can encourage Indian shipping indirectly by doing away with the deferred rebate system and by fixing maximum and minimum rates of freight. At some convenient time after one or two years, we can fix a minimum tonnage of foreign ships and license them to ply on the Indian coast. This method would eliminate a convenient number of foreign ships.

Q. But you can't definitely lay down that the coastal trade of the country is a certain tonnage. The volume of trade varies; sometimes there are more ships than at other periods?

A. It depends on particular circumstances. We have to go arbitrarily in the matter and we have got to eliminate a certain number of non-Indian ships; we suggest that a minimum might be fixed for non-Indian ships.

Mr. Jadu Nath Roy.—Q. In answer to Questions 3 and 4 you say that without drastic legislation as a preliminary to protecting the industry it is impossible to mitigate existing difficulties.

A. The deferred rebate system should be abolished at once; this can be done without Government incurring any expense.

Q. Do you also recommend legislation for the reservation of the coastal trade?

A. Yes, and also fixation of maximum and minimum rates of freight.

Q. If it is found that by reservation of the coastal trade Indian shipping could be developed, you won't advocate the payment of bounties, would you?

A. We consider that it would not be fully developed by reservation alone. The coastal trade is only about one-fifth of the whole Indian trade and to encourage ocean trade we think that some financial help by Government is also necessary.

Q. You say that reservation of the coastal trade to one's own national shipping is simply a domestic concern. Do you mean that as a matter of right Indians ought to have reservation?

A. Yes.

Q. By 'domestic concern' you mean something like the home trade?

A. I mean that the coastal trade should be reserved to India's sons.

Q. You also advocate some sort of aid for the training of Indians?

A. Yes.

Q. Do you advocate training ships or a training college?

A. We are not definite in that matter.

Sir John Biles.—Q. Do you know of any cases where shippers have been threatened by ship-owners?

A. I can't give any specific instance; but there is a feeling that they are being threatened if they encourage other ship-owners.

Q. Do you know of any cases where a shipper has been penalised by a ship-owner?

A. The deferred rebate system itself is a sort of penalising.

Q. Under the powers of the deferred rebate system, do you know of any cases in which a ship-owner has taken money away from a shipper?

A. Shippers do not dare to encourage other ship-owners and thereby forfeit their rebates.

Q. But do you know actually of any cases where a shipper has been penalised by a ship-owner?

A. I am not in possession of actual facts.

Q. What do you think would be the effect of making deferred rebates illegal?

A. It will encourage Indian shipping and many people would be helped to compete in a more general way than they do now.

Q. How?

A. At present many shippers are not able to patronize Indians, because if they did so, they would have to forfeit their rebates.

Q. How long does this rebate hold good?

A. Six months.

Q. Would they be in the same position if they did not forfeit the rebate?

A. They would be free to ship by any steamer they like.

Q. Can they not do so now?

A. They have to lose a certain portion of their money.

Q. Is that very much?

A. It is 10 per cent. Shippers are paying freight in thousands of rupees and the rebate also would amount to thousands.

Q. That would be the extent of their loss?

A. Yes.

Q. You say you do not know of any cases where the ship-owners have penalised them?

A. Not definitely.

Q. It is only the remote chance of being penalised that keeps them from encouraging other lines.

A. There is the feeling that they would be threatened by space not being allowed them.

Q. Will not the new companies find the space?

A. There are not sufficient Indian new lines just now to provide space at all times.

Q. Do you really think that doing away with deferred rebates would enable Indian

ship-owners to build or buy ships in opposition to the existing lines?

A. Yes, to some extent.

Q. Would the shippers as a whole or many of them support the new Indian lines?

A. Yes.

Q. Can you name any that would?

A. The members of our Association would do that, provided circumstances are not to their disadvantage; e.g., if sufficient space is available for their requirements.

Q. What are the conditions that you think would suit your requirements as shippers?

A. We regularly ship goods to foreign countries as well as from one port of India to another and we require space regularly too. If Indian shipping companies are not able to provide all the space required, we have to go to non-Indian companies. In that case if they are to threaten us with refusal of space, simply because we patronize Indian interests, we would be put to much loss and our business would not thrive.

Q. But you say that nobody is penalised now.

A. Shippers do not try the experiment of patronizing Indians.

Q. Do you get your requirements fulfilled now by the existing lines?

A. Yes.

Q. You gain nothing by the change, do you?

A. There is a great national gain.

Q. As merchants, what would you gain?

A. As shippers every individual may not gain, but the nation would gain a great deal.

Q. As shippers you don't expect to gain anything by the abolition of the deferred rebate?

A. There may be some healthy competition; thereby freights may be somewhat lowered; but we do not expect the lowering of freights to a great extent; say, there may be a reduction of 1 or 2 shillings per ton.

Q. Do you think the freight is so high now that it could be lowered very much?

A. Not so high; as I said, it is only a little high.

Q. That would not apply to the coastal trade?

A. It wouldn't matter much when we consider the greater gain to the country.

Q. Do you do much coastal trade?

A. No.

Q. The exclusion of the existing lines from the coastal trade would not affect you as shippers?

A. No.

Q. So that, really, you have no interests to serve in coming here and advocating an Indian Mercantile Marine?

A. At the beginning it would be a help if small Indian companies are allowed to take part in the coastal trade more freely than they do now. They would be catering for the needs of the smaller ports; thereby the coastal trade itself may increase in volume.

Q. Why can't you do that now?

A. There is no chance for small companies.

Q. Who does the work now in the smaller ports?

A. In some cases railways carry goods and in others the big companies themselves. The cargoes from the smaller ports are taken to bigger ports and they are from there taken to their destination.

Q. How could you use the ships that transfer from the smaller ports to the bigger ports for the smaller ports only?

A. I refer to the cargo being transferred to the greater ports and being taken from there.

Q. I understood you to say that you did it partly by railways and partly by ships?

A. I mean that there are certain ports where no ships go at present and from such ports cargo is taken by railways; also in certain cases part of the cargo may be taken by railways and part by ships.

Q. What do you propose in place of the existing arrangement?

A. If the coastal trade is reserved to Indians ultimately, there would be a lot of small companies catering for the needs of these smaller ports.

Q. Why don't they do it now?

A. There is no sufficient encouragement, they are afraid of the losses sustained by the previous companies.

Q. Can the existing companies go into the smaller ports?

A. If they are big steamers, they can't.

Q. And small steamers that could be or are in existence do not compete with the large steamers in collecting goods for the large ports, do they?

A. Even the small steamers now-a-days don't care much for the smaller ports. They think their business is served by catering for the larger ports.

Q. What prevents the small companies from doing the trade now?

A. There are not a sufficient number of ships owned by Indians and that is why they should be encouraged by Government.

Q. Why should Government encourage a trade which cannot create itself when there is no opposition to the trade? Perhaps it is a little out of your province to answer the question.

A. I think so.

Sir Arthur From.—Q. Are you the Chairman of the South Indian Skin and Hide Merchants' Association?

A. I am a member of the Managing Committee of the Association.

Q. You trade in hides and skins?

A. Yes.

Q. From what part in India?

A. We ship our goods from Madras, chiefly to London.

Q. Do you think that the deferred rebate system bears hardly on you?

A. Not exactly on ourselves; but it does on Indian shipping.

Q. Leave Indian shipping alone. You have not found it to bear hardly on your trade?

A. We feel that we are not able to freely patronize other companies.

Q. In return for that, you get regular service?

A. That regularity may be assured even allowing greater competition.

Q. Do you get steady freights?

A. I don't think the steadiness of freight would be affected by allowing more competition.

Q. If there is more competition, there would be different quotations of freight.

A. I think that competition is the order of the day; there wouldn't be so much fluctuation as to disturb the calculations of a merchant.

Q. This statement that you have drawn contains all your own ideas?

A. They are the ideas of the members of our Association.

Q. They are similar to other statements which this Committee has received and there is no new suggestion in it. Do you think that your Association read other papers and copy the views of others?

A. They were in touch with the whole question. Perhaps all are thinking in the same way.

Q. Was this statement suggested to your Association?

A. No; we have been following the course of thought in the country and also the evidence given before the Committee and at certain points we agree with many people. The grievance regarding the absence of Indian shipping is unanimously felt by the people.

Q. This question of the coastal trade does not directly affect your business?

A. But we export raw hides from Calcutta to Coconada and other coastal ports; at present we don't do this by steamers.

Q. Do you do it in small ships?

A. If we find it more favourable to transfer our goods by steamers, we shall do it; at present, however, we make use of railways.

Q. Your export trade in hides and skins is in a flourishing condition?

A. Yes.

Q. This question of the coastal trade does not affect your business very much?

A. No.

Q. Your business is chiefly export trade to London and through London to America?

A. We ship direct to America also.

Q. You have rebates there also?

A. In a certain cases we have.

Q. Still you get sufficient shipping facilities to London and America?

A. Yes.

Q. You are not penalised by the rebate system?

A. No, I am not; but the rebate system affects the development of the Indian Mercantile Marine.

Q. I am talking of your business. Is it affected by the absence of an Indian Mercantile Marine?

A. Not to a great extent.

President.—Thank you very much.

Witness No. 63.

Captain E. W. HUDDLESTON, C.I.E., C.B.E., A.D.C., R.I.M., Presidency Port Officer, Madras.
Written statement, dated the 23rd March 1923.

Q. 44. I am of opinion that it is extremely doubtful because I consider it essential that boys desirous of becoming officers in the Mercantile Marine must have a sound English education and that educated boys of this type do not as a rule show any real desire for the sea life.

Q. 45. (a) If my contention above is proved incorrect then I think there is no doubt that boys will not wish to go to sea unless Government aid is forthcoming nor do I think that as a general rule their parents will allow it, and though I deprecate Government aid in a matter which I consider is one entirely of the parent's responsibility, still if Government aid is forthcoming it should take the form of an educational allowance.

I consider (a) it is absolutely essential that prospective candidates should first of all be trained and taught and pass an examination in the English language, Geography and Mathematics and that they should have a thorough grounding in these as the principal subjects.

My reason for this is that on the coast where recruits are most likely to be obtained many dialects are spoken. In the Madras Presidency alone there are sailors who speak Hindustani, Tamil, Malayalam and Telugu.

If there are youths who desire to go to sea and become officers they will subsequently have to pass Board of Trade Examinations—it is of course most improbable that the Board of Trade will set papers or examine in any language except English indeed so far as I am aware (and I have advertised extensively and actually attempted to open a school at Musulipatam) there is not a single man capable of teaching boys navigation in their own language for the simple reason

that there is no vocabulary in the dialects, of the usual navigational terms—so that it is essential that if navigation is to be taught the youths must first understand English thoroughly.

(b) With regard to future employment I consider that Government should first ascertain whether there are any Shipping Companies that would (in the event of there being any youths desirous of following the sea as officers) employ them. If there are any such firms—I consider a system of scholarship might possibly be inaugurated to aid in paying the premium required for apprentices or for training in a training ship.

(c) Private enterprise possibly State aided.

Q. 46. As before stated they should be given a sound English education and then sent to a sea going training ship.

Q. 47. No thorough training could in my opinion be carried out in Indian waters alone. If a training ship is inaugurated in India, it should be a sea-going ship and not a stationary training ship and should visit all parts of the Empire so that the boys may be trained under all conditions of climate.

I do not recommend a stationary training ship because it gives the youth no thorough idea of the sea life and the expense is also a very real factor nor would I recommend a training establishment on shore until the boys have been at least 4 years at sea. If Indians are really desirous that their sons should follow the sea I consider the training ship should be provided by private enterprise with possible State aid—the boys to pay for their training aided by State scholarships.

Q. 48. All cadets trained in England should pay the fees demanded except in the case of those who are able to obtain State scholarships.

The scholarships should be granted for Mathematics and English and the boys should be specially selected for general intelligence and physical fitness, the boys should also be subject to a most rigorous medical examination equal to that of boys entering for the Royal Navy.

Q. 49. Please see reply to question 47. I think the charges should be met:—

- (a) partly by private enterprise.
- (b) partly by fees.
- (c) partly by the saving effected through the training ship being of such a character as to enable her to carry Government stores from one port to another I suggest that the training ship should make at least one trip to England round the cape and back by the same route annually.

Q. 50. Please see replies regarding training ship, and with regard to a Nautical College on shore I am of opinion that if after 2 years experience it is found that there are sufficient candidates remaining in the training ship the question of a State aided Nautical College may be considered.

Q. 51. As explained above, I do not believe in a stationary training ship and if the boys remain in a sea-going training ship for the 4 years required to enable them to appear for their Board of Trade Certificate there is no necessity for further training in the Mercantile Marine.

Q. 52. I cannot answer this query with any certainty and prefer to leave it to the shipowner.

Q. 53. Please see previous replies.

Q. 54. Please see reply to question 47.

Q. 55. No. I consider that the scholarship should cover in part cost of training and education but that parents should pay for food and uniform.

Q. 56. Should be based on that of cadets in the late training ships of Messrs. Devett and Moore and the Conway, Worcester and Pangbourne.

Q. 57. I consider any Nautical College on shore should be primarily for young officers who may pass a competitive examination and who are training for entrance into the Royal Indian Marine, but with a branch to assist officers of the Mercantile Marine in their Board of Trade Examination on payment of fees. Private enterprise will probably supply schools if there is any demand.

One Nautical Academy I think would be sufficient and it should be situated in a good cool climate—possibly a hill station open all the year round or if in a Port I suggest Karachi as being the most suitable climatically. The Academy should be partially

self-supporting by fees and partially aided by Government.

Q. 64. Yes, I consider the present arrangements for obtaining officers for the Royal Indian Marine satisfactory but I consider that all junior officers require further training on arrival in India.

Under no circumstances do I consider a combined Training ship in India for the Royal Indian Marine and proposed Indian Mercantile Marine desirable. The training and the life of the two officers will be entirely different—I do not agree to a stationary training ship for boys of the Mercantile Marine—where as I do for boys of the Royal Indian Marine for reasons hereafter given.

As I think that at present the arrangements for Europeans so far as they go are satisfactory, I now proceed to say what I think would be a fair training for Indian boys, who are intended for the Royal Indian Marine.

(a) Candidates should be selected by a Selection Committee with a view to their general knowledge and their physical fitness.

(b) A competitive examination should be held restricted to boys under 14 in the same subjects as are required for boys entering the R. N. and as nearly as possible on these lines.

(c) The successful candidates should then join either a State Nautical College or Stationary Training ship for 2 years. At the end of the 2 years they should be sent for Cruises to all parts of the Empire outside Indian waters—the Cruises to last 2 years.

(d) At the end of this period they should sit for examination as Sub-Lieutenant Royal Indian Marine and if successful should be admitted into the service.

I make these suggestions on the assumption that it is preferable that Indian boys for the Royal Indian Marine should be trained as much as possible up to a certain point in their career in India, but the suggestions do not apply to European boys. Indeed if it were possible I would prefer to see Indian boys sent at the age of 14 and after having passed the entrance examination to a training ship in England and thence to see as Midshipmen R. N. R., for two years in the Home Fleet and thence back to India to complete their training for their examination as Sub-Lieutenant Royal Indian Marine.

I do not agree to any aid by Government for boys for the Royal Indian Marine. The candidate selected should be the sons of parents who can well afford to pay the whole expenses of the boys' necessary education and training and who would guarantee an allowance to the boy up to the time he attains Sub-Lieutenant's rank.

Oral evidence Madras, the 17th January 1924.

The President.—I hope you will understand that we do not want you to answer any questions that are outside your province.

Q. I see that the Madras Government have stated that they generally agree with what you have stated?

A. Yes.

Q. You are here representing yourself?

A. The Madras Government asked me to write the views on their behalf. I do not think the Madras Government sent the views in exactly in the same form in which I wrote them. They asked me if I had any objection to give oral evidence before the committee. In submitting a memorandum setting forth the general views of the Madras Government on the points raised in the questionnaire, I informed the Madras Government that I had no objection to give oral evidence before the committee, on the lines indicated in that reply. What I mean to say is these are my views. They may or may not be the views of the Madras Government. I wrote those views and they are my views. I should like to explain to the committee that I had no time to prepare a detailed reply to the questionnaire. I did it all in a great hurry. I did not attempt to answer questions which were directly or indirectly not within my personal knowledge. I spoke of the training of officers, because I knew all about that. I did not speak of the deferred rebate system, or of the training of engineers or about shipbuilding because my knowledge on those subjects were not first hand. I have been an Honorary member of Chamber of Commerce and I am quite prepared to answer questions on the other subjects from my knowledge of what I have heard.

Q. We want to get from you some advice on a subject that you do know, that is about the training of officers?

A. I am quite prepared.

Q. There is a general desire amongst a large number of people in India to have a mercantile marine of their own. They have already got the seamen. It is only a question of officers. From your experience as Port officer, do you consider that a considerable number of educated young men will come forward to be trained as officers if facilities are given to them?

A. My experience has not been altogether happy on this coast. There are a good number of sailors but they are not well educated. If they are properly educated, they will quite possibly eventually make good officers. But at the present moment, they cannot become officers because they are not educated up to the standard required for this parti-

cular profession. I endeavoured to open a navigation school on behalf of the Government at Masulipatam. There I had young educated Indians and in my opinion they were extraordinarily well educated because they had a thorough knowledge of mathematics, English and so forth. Their whole idea was to pass the examination on shore. They wanted to be given command of a ship as soon as they passed the examination. That of course was impossible. You cannot become a sailor by merely looking at the sea. You must go to sea. At present Indians have little or no facilities to go to sea except in country craft. That is the difficulty. If they have a chance of being properly trained, they will make good officers. The sailor's profession is not a highly paid one and my only doubt is whether they will take to it as a career. When they have got a thorough knowledge of English, they would in my opinion prefer to become vakils or merchants or go in other more paying professions. There is a likelihood of the sons of sailors taking to the sea faring profession because their fathers are in that profession.

Q. They will come to this profession purely as a matter of living, for the other professions are overcrowded.

A. That is so.

Q. One witness told us that but for the fact the services of an excellent instructor were dispensed with, the institution would have been a success?

A. First of all I was asked by the Madras Government to open a school. My difficulty was to find an instructor who could talk five different languages and teach navigation as well. Hindustani, Tamil, Telugu, Malayalam and Kanarese are spoken on the coast here. The difficulty was to find an instructor with a master mariner's knowledge to teach them in the various languages. I got hold of an Indian officer with a master mariner's certificate. I said to him: Before you teach navigation, I should like to examine you in navigation myself. He did not turn up to be examined. Then I got hold of another instructor. He said he could teach navigation in Tamil. When I asked him to define in Tamil what the mean Sun's Right Ascension meant, he said there was no vocabulary in Tamil to define that. Therefore what happened was this. I fancy, that the instructor could not make the subject sufficiently interesting. These boys were taught well in other subjects, but this instructor in navigation could not keep the interest of the boys because he could not explain the subject properly and consequently in 3 months there were no pupils?

Q. Then it follows that the instruction should be necessarily in English?

A. The Board of Trade does not set examination papers in four different languages.

Q. If you want navigation to be taught only in certain languages, why should the other languages of India be neglected. The Government cannot possibly teach navigation in all the different languages of India?

A. You have got so many languages on this coast that it is really difficult to teach in all the different languages. Everybody has a right to learn but the difficulty is, you have not got a vocabulary in all the languages.

Q. One witness in Bengal suggested that the best way to find out whether young educated Indians are likely to make successful officers was to take a couple of hundred boys on a world wide cruise. After six months or one year, it can be easily found out what percentage of the boys have a real aptitude for the sea?

A. My opinion is somewhat similar. Stationary training for a merchant service is of no use, because it may turn out exactly as it turned out at Masulipatam. The boys cannot become sailors by merely looking at the sea. They will have to be imbued with the sea spirit. The person in charge of the training ship must deal with them tactfully, because they are not accustomed to this branch of learning, or the discipline of a sea life.

Q. What you mean is you must not make it too hard or too easy for the boys?

A. I think they ought to be taught under actual trade conditions if possible. And if possible trained in a training ship which carried Government stores. So that the boys might thus learn how to load and unload cargo.

Q. The Government of India have still got some prize boats running. It has been suggested that although the Government may not own state lines, because it will not be economical and good, yet for the purpose of training and giving suitable employment to young educated Indians, the Government may continue to run the ships with apprentices. Do you agree with this?

A. There are Indian owned vessels at present working on the coast. I do not see any reason why they should not carry Indian apprentices. They might be forced to take Indian apprentices. After being trained, then they can eventually be employed as officers.

Q. Besides Indian companies like the Scindia, you think that Government should also compel other companies to employ them as officers?

A. I see no reason why they should not.

Q. Would you consider British ships as foreign ships and would you reserve the whole coastal trade for ships owned by Indians?

A. You cannot possibly do that. You have not got Indian ships at present.

Q. In time?

A. That is a hypothetical question. I do not see how you can get a thoroughly efficient service if you reserve the coastal trade. The present British companies cannot be asked to go away.

Q. A great many witnesses merely suggested that the coastal trade should be reserved, but we have had no very clear constructive method as to how reservation can be effected?

A. I think it is absolutely impossible. You cannot have efficiency or sufficiency of service. You cannot build the coastal trade in a few months. It has taken a good many years for the British India ships to build up the coastal trade. There are also other lines operating on the coast. I do not see any reason why healthy competitions should be put an end to.

Q. It has also been suggested that the Indian officers would not be paid as much as European officers. They will not have such high salaries and they will not serve overseas. The European officer has got his wife and family at home and therefore his salary will be much more than that of an Indian officer. It has been suggested that Indian ships would compete better because their salary bill would be smaller. It has also been suggested that British ships could employ Indian officers from an economic point of view, provided they are efficient?

A. I do not think the officers' pay will make any difference. The officers' pay forms only a very small portion of the expenses of a ship. My own experience is that certain lines are frequently run without paying their way.

Q. A young man who has served his apprenticeship, if he is given proper facilities can get a master mariner's certificate within 2 years. Do you consider that he has sufficient experience to be put in command of a ship if he gets a master mariner's certificate?

A. No. I do not think a shipping company of any importance will take him.

Q. Qualifying examinations are misleading. Apart from the qualifying examinations, you agree that a man must have a considerable number of years of experience before he can be entrusted with an independent command of a ship?

A. He has to go through the course of the fourth, third, second and chief officer before

he is likely to be entrusted by any shipping company with independent command of a ship.

Mr. Jadu Nath Roy.—*Q.* Do you think that new Indian companies will be able to compete with well established British companies unless some sort of protection is given to them?

A. Of course not; they have to buy their experience.

Q. They have no experience. Do they not require some sort of protection to save them from the keen competition of the existing companies. Don't you think that the coastal trade can be reserved to them?

A. I do not think there is too much competition. The general public is benefitted by competition, because the rates are reduced and the consumer is not called upon to pay much for the goods.

Q. The Indian companies cannot stand the rate wars. I understand there was once very keen competition and rate cutting during the time when the Swadeshi company was started in Tuticorin. The contending company took passengers free?

A. British companies have frequently to run their ships at a dead loss. They cannot help it. That is a question of competition. If another British company came on the coast, it would have had to stand the keen competition from the existing companies in the same way as the Indian companies.

Q. The Indians feel that the coastal trade is their home trade. Don't you think it is natural for them to expect the coastal trade to be reserved so that they may get a chance for developing without competition?

A. I do not know how you are going to reserve the coastal trade. How can you reserve what you have not got. If you want to develop shipping industry you must have capital first and you must learn by experience how to manage shipping companies.

Q. Complete reservation will take effect after five years. In the meantime Indians can buy or build ships to carry on the trade?

A. If any Indian Company is determined to come on this coast and has sufficient capital to be able to take the risk, I do not see why they should not compete with any British company.

Q. They will have to loose a lot of their capital?

A. Take the Scindia company. They were not subsidised nor were they given any assistance by the Government. They seem to be very firmly established on the coast now.

Q. It is due to the agitation in the country that the British India have taken the Scindia into their trade?

A. I believe more in the British India business men. They found the competition to be a healthy one and came to an agreement on certain points with regard to rates, freight and so forth. They both get their share of profits now. The same thing would happen to any other company if it has sufficient capital.

Q. In other countries the coastal trade is reserved for the development of their shipping?

A. No, not in England.

Q. Because 99 per cent. of the coastal trade of Britain is in the hands of the English companies. In Australia, there are some regulations which prevent the English companies from trading profitably on the coast?

A. I am not for reservation; I believe in open competition.

Q. What is your opinion about the deferred rebate system?

A. I have no first hand knowledge about the rebate system.

Q. You agree that a chance should be given for the training of Indians?

A. I thoroughly agree.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. You want to provide education not only for the seamen class but also for the middle classes?

A. These are the men that I want to get at.

Q. We were told by some witnesses that the school at Masulipatam was intended for grown up men of the sailor class who were already in the service?

A. That is not true. I opened the school myself and I took a personal interest in the boys. I actually asked the boys certain questions to test their knowledge in mathematics. I found them intelligent and proficient. I suggested to the benefactor that these were the class of boys that would make very good sailors and that they should be sent to sea in the small trading craft which he was running between Rangoon and other ports. The benefactor agreed to my suggestion but none of the boys apparently turned up to be sent to sea.

Q. Was there any other branch of the school which was meant for the sailor class. We were told by one witness that all those who came to the school belonged to the sailor class aged between 18 and 31.

A. An advertisement was published in the papers calling upon such seamen as were willing, to join the school. Those who applied were taken into the school. I am much interested in the seamen class. Many come to me and ask me to teach them navigation. Unfortunately I have no time to

teach them but all the port officers of Madras have taken an interest and tried to teach applicants the rudiments of navigation.

Q. You do not advocate any class distinction, between the sailor class and the middle class?

A. Certainly not.

Q. You do not believe in any class distinction?

A. The Indian seamen are imbued with the sea spirit. I have never seen a finer class of seamen in the world than the Indian lascars. If an opportunity is given, I hope the sons of these seamen will become officers.

Q. You are not in favour of a stationary training ship?

A. No.

Q. You want the system followed in the Conway and Worcester?

A. Eighty per cent. of English boys at one time or other of their lives wish to become sailors. Whether they become doctors or barristers or something else in the end, it does not matter. They have all got the sea spirit in their youth. We have never found the sea spirit to such a great extent in India even among the sailor class and consequently none of them have become officers.

Q. It was said by one witness that there was a sea-faring community called the Varada community in Tuticorin. It was suggested that they should be given literary and technical education so that they may become efficient officers. Do you agree to that?

A. I am talking of the Indian Mercantile Marine. My idea is that Indian youths should serve under conditions similar to those they would have to serve when they join the Indian Mercantile Marine. If a boy is selected at the age of 14 to undergo the training we can find out whether he will eventually become an officer or not.

Q. If you select them at the age of 8 or 10 and give them physical, literary and technical education up to the age of 14, some of them may drop out and go to other lines. Some of them may take to marine engineering, some of them may take to navigation and so on. As soon as the bifurcation takes place they may be sent out?

A. I think that is the ideal to be aimed at. My idea is to give them general education up to the age of 14 and then send them out to sea in a sea going training ship.

Q. Are you in favour of the State granting scholarships to students?

A. Yes, up to a point. As boys show aptitude, they should be encouraged.

Q. You say that all cadets trained in England should pay the fees demanded; do you think it possible for Indian cadets to enter into a Nautical training ship at home? We have been told that there might be some difficulty in getting them admitted into it.

A. I think that if they pay fees they have a right to enter into a Nautical training ship at home.

President.—Q. The Conway and the Pangbourne have refused to take Indian students; only the Worcester has consented to take a certain number.

A. I have no first hand knowledge of that.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. If the training ships at home wouldn't take them, we would have to make some provision for their higher Nautical training?

A. They can have their instructors at sea as they have on shore if they are really desirous of going to sea.

Q. You said that boys should be trained in all parts of the Empire; do you think it is absolutely necessary to do so in the case of the home trade certificates?

A. The home trade certificates do not give them any knowledge of navigation; they get only a crude knowledge and they cannot take astronomical observations or anything of that sort.

Q. The home trade certificate allows them to go up to Singapore.

A. Yes. But I referred to Home Trade certificates for sailing ships of less than 1,000 tons as granted in Madras.

Q. So it is necessary for them to go to all parts of the Empire?

A. It is not; but that is no reason why there shouldn't be a training ship. They would not be allowed to command a steamer.

Q. You say that the training and the life of the two classes of officers, the Royal Indian Marine and the proposed Mercantile Marine, are different and that you would not recommend one training ship for both. As it is, are not some Royal Indian Marine Officers taken from the Mercantile Marine and trained?

A. Up to a point, yes; i.e., Naval training.

Q. Is it advisable in the earlier stages that a general education of the same kind may be given to those who go up for the Royal Indian Marine or the Mercantile Marine, or would you adopt the system of training given to cadets for the King's Commission?

A. My idea is that training for Royal Indian Marine Officers should be on the same lines as that given for the Officers of the Royal Navy at home.

Q. You said you were not afraid of healthy competition. We have been told that al-

though healthy competition would be of temporary benefit to the consumer, as soon as the competition is over, the existing lines would raise freights very high. Would you not, therefore, recommend maximum and minimum rates of freight being fixed?

A. That is a subject in which I have not specialized.

Q. It has been suggested that the coastal reservation should be done by stages. We realize that it cannot be done in a few years or even in 20 years. What objections have you to preference being given to Indian companies. By 'Indian companies' we mean companies with a rupee capital, registered under the Joint Stock Companies' Act in India with a large number of Indian shareholders and a majority of Indian Directors, but the management may be in the hands of either Indians or European companies.

A. That is a very big question; I can only think that there would be great difficulties in the way of the existing companies like the B. I. or the P. & O. being registered as Indian companies. I suppose they all have to pay British Income-tax. It is a very difficult problem.

Sir John Biles.—Q. You are anxious not to be treated as an authority on questions relating to deferred rebates?

A. Yes.

Q. We have had so many witnesses who are really in the same position and from whom we have had opinions; I do not think we ought to let you off without getting some expression of opinion.

Do you think that the abolition of the deferred rebate system would enable Indians to start shipping lines on the coast?

A. Certainly not; because if you haven't the deferred rebate system, you would have some sort of agreement. The deferred rebate system gives you absolute certainty of your ship and your market and it seems to me you would get a *quid pro quo*. I want to say that I am very diffident to give my opinion; this is what I have gleaned from talking to people. If you take my opinion for what it is worth, I think that the deferred rebate system is quite a good system as it enables the shipper to send his goods at certain definite dates and it enables him to sell his goods in the market.

Q. Supposing it was abolished by law, would it be easier for Indians or any other persons to start a new line on the coast?

A. I do not see how it would help them, because, if not the deferred rebate system, they would have some other form of agreement.

Q. You mean that it is impossible to do away with the deferred rebate system?

A. I think it is impossible to do away with some form of rebate.

Q. Do you think that a system of deferred rebates is capable of excluding new lines from entering into competition?

A. No; they would make their own agreements. Supposing a new shipping company is formed, it would go to a shipper and say: we would take your cargo and if you ship by us, we would give you so much per cent. off.

Q. Would not the shipper be bound by the existing line and lose money in that way and would not this deter him from going to the new shipper?

A. I don't think so. As a matter of fact from what I have gathered from people on the Madras coast (and there are some 39 ports on this coast), the system is in force here only to a very limited extent.

Q. Do you know any case of a shipper having been penalised by a ship-owner?

A. No; on the other hand, I think it is very good protection to the small shipper.

Q. Have you considered the question of the possibility of establishing a ship-yard in Madras?

A. Not in Madras; we have not even facilities for a dry dock here.

Q. Is there any reason why there should not be a dry dock here?

A. None whatever.

Q. If there was a dry dock, a shipbuilding yard might be established?

A. One thing that would militate against it is that Madras is not a terminal port; ships are not going to stay here; they go to Calcutta and Bombay.

Q. I am talking of shipbuilding and not repairing?

A. Nothing can be done until you can establish engineering firms who are interested in shipbuilding.

Q. You are assuming that it is necessary to have repair works before you can have a shipbuilding yard?

A. There is no demand for building ships here, because there are no actual companies which own ships or are likely to own ships at Madras. It is a different thing with Calcutta and Bombay where there are already shipbuilding yards.

Q. Then you consider that there is not much hope of building ships in Madras?

A. I don't think so.

Q. Is the engineering labour here better or worse than it is in Calcutta?

A. I have no knowledge. I can only tell you that when I wanted to build hopper

barges here, I found that I could get cheaper tenders from Calcutta and Bombay, because the workmen here are not accustomed to it. I have been trying to persuade firms here to do this sort of work, so that small craft could be built in the Madras Presidency.

Sir Arthur Froom.—*Q.* You mentioned that you consider the deferred rebate system a good protection to the small shipper?

A. Yes.

Q. Apart from any views that I may have on the subject, would you further explain that?

A. I think the small shipper depends on getting his stuff away at a certain time at a certain rate of freight and he would get rebate on that freight if he ships by a particular line of steamers. It helps him against the large shipper who would, if he could ship cheaper by some other line, do so. If there was no deferred rebate, he would ship by that particular line, because he would get a better percentage. It operates exactly the same for the big as well as the small shipper.

Q. The deferred rebate system is known to everybody and is open to big and small shippers alike at a fixed rate of freight?

A. Yes.

Q. Supposing the deferred rebate was abolished, do you foresee that a shipping company would make a private arrangement with a big shipper and not bother about the small shipper?

A. Yes.

Q. And the rebate to the large shipper would be more than that to the small shipper?

A. I think so.

Q. Is that exactly what would happen?

A. I don't know; I have not spoken to anybody on that except to the different small shippers.

Q. You have found from your enquiries that shippers on the coast where this deferred rebate system is in force have no objection to it?

A. I have found that one or two have objections, but at the same time they do not know what to do without it. They admit that there would be some other form of agreement in place of the deferred rebate system if the latter were abolished.

Q. As regards the coastal trade I think it was suggested that as Indians are not very experienced in the shipping business the coastal trade should be reserved for them. Do you consider that would be for the good of the trade of the country?

A. No.

Q. Although it might be good for the shipping company which wishes to start?

A. I do not know if it would be good even for the new shipping company. If they have no knowledge of the business, no capital and have got to learn by experience, I am afraid they would fail.

Q. You mentioned that the present companies had built up the trade of the coast in a number of years, say, 60 or 70 years. Do you consider that, if Indian companies had entered into the trade 60 or 70 years ago when the trade was in its infancy and had shown the same spirit of enterprise as they have in the milling industry in Bombay, they would have come into the trade by now?

A. Without a doubt. What surprises me is that the Indians employed in these big shipping companies have not started on their own and built up a shipping trade. They have some experience and know how the shipping business is run. I think there are some trained men in the British India Company's offices in Bombay and Calcutta; but they apparently have not utilized the knowledge they have gained in building up companies.

Q. You are of opinion that sons of lascars, if educated, might be trained to become Officers?

A. Yes.

Q. Do you think they would exercise sufficient discipline?

A. If petty officers can exercise discipline because they have been educated, I see no reason why these young men, if they are trained up, should not; it will no doubt take some time. I am a very great believer in the lascar seamen. I think there are no better seamen anywhere.

Q. You suggest that these Indian lads who already possess sufficient education should be put on a training ship at first?

A. Yes.

Q. After they have done 3 or 4 years in a training ship they should go to an establishment on shore to polish up the theoretical side of their education?

A. I would make their training at sea 2 years and they should be sent to the College on shore only if they stick to it. They should be sent to sea in fine weather so as to give them a real chance and if they really stick to the sea, they should be taught navigation until they attain, say, 16 years.

Q. You consider that a sea-going training ship is the first step?

A. I think so.

Q. How would you advise Government to proceed in the matter? We see some difficulty in recommending Government to buy a training ship straightaway. Would you

advise that enquiries should first be made to ascertain whether a sufficient number of boys would be coming forward to be trained?

A. You want to get sufficient applicants and you must also have some guarantee that these applicants are actually going to take to the sea before you ask Government to buy a training ship.

Q. Do you think that the Committee might recommend to Government that applications should be called for and that the students should be asked to give some guarantee (not necessarily monetary) that the application is real; if a sufficient number of applications are forthcoming, Government might set about purchasing a training ship?

A. That is my idea.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. I think you said that you called for tenders for hopper barges from Calcutta and Bombay and found that they were cheaper than tenders received from Madras?

A. Calcutta tenders were cheaper than Madras ones and those from Bombay were also cheaper.

Q. Didn't you ask for tenders from England?

A. I did not. You could get them cheaper in England, but you have to take into consideration the freight from England to India and the cost of reconstruction in India.

Q. Taking all these factors into consideration, you found it would be cheaper to get them from Calcutta?

A. Yes. It is not a big enough thing to be sent for from England. If it costs, say, £2,000 in India and supposing it costs £1,500 in England, you have the extra cost in freight and cost of reconstruction. I believe in encouraging a local article, if possible.

Q. If it is decided to recommend to Government the establishment of a shipbuilding yard in India, don't you think this work can be much better done here?

A. I do not say it can be done much better or even cheaper, but the construction of small craft should be encouraged here.

President.—Thank you very much.

Witness No. 64.

The Madras Piece Goods Merchants' Association, Madras.

Written Statement, dated the 25th September 1923.

Q. 1. The present condition of shipbuilding industry in India is very unsatisfactory. A province like the Presidency of Madras, which is equal in area if not greater than Belgium, Holland, England or Japan, has practically no ships of her own either for coastal traffic or foreign voyages. The people of this country have mostly no idea of the economic advantages of the shipbuilding industry.

Q. 2. There are several causes that contribute to the present unsatisfactory condition of the shipping enterprise in India. I shall enumerate a few of them.

(1) Want of education in the matter of navigation.

(2) Lack of enterprise in the people.

(3) Indifference on the part of the Government in the matter of stimulating the activities of the people.

(4) The combination of the foreign shipping companies to throttle the rising indigenous enterprise which is already shy.

(5) Natural disinclination of the people to take to anything new.

Q. 3. No. I do not think it possible in this country to improve this industry with-

out having recourse to State aid. State aid might not be necessary for this purpose in countries like England or Japan. But the conditions in India are quite different from those in England or Japan. The latter possess a peculiar geographical condition of their own which made them take to navigation as a matter of dire necessity in order to get themselves in touch with the continental countries. Without navigation, they would be completely isolated from the rest of the world, and would not at the present day get even a supply of their barest necessities. India on the other hand could be completely self sufficient in her requirements until her handicrafts have been almost overpowered by the superior methods of production in the West. So she had no necessity to construct her own ships for carrying on her commerce during recent periods. Her products were required by foreign countries for manufacturing purposes since a few decades past, and as the initiative for business in this line has been mostly from the foreign countries only, they themselves supplied her with all the shipping facilities to conduct the business. This has trans-

pired in the long run, in India having to depend entirely on foreign ships both for carrying her exports and imports. She is now in utter need of a mercantile marine to protect herself from the drain of her wealth in steamer freights. She has therefore to be roused from her lethargy and given a push into this industry which can only be accomplished through the interference of the State.

Q. 4. Yes. State aid is necessary to develop the shipping industry of this country.

Q. 5. I have mentioned the difficulties lying in the way of the development of the shipping industry in my answer to Question 2. I will here try to enumerate the remedies.

(1) It is an undisputable fact that there is no knowledge of this industry and its possibilities in the people of this country. Very few merchants have really felt that there is a large field open for business in this line. Even if some of them have realised the scope of profitably utilising their capital in this direction, brains are mostly wanting. There is not a single easily accessible person with whom they can consult. They do not know where to begin and how to begin. There are no experts with whom business men can associate and gain ideas that can give them an initiative into this business. It is therefore necessary to instruct the youths of this country in the technicalities of this industry. It may be argued that creation of experts in the absence of demand is a hardship to them. But are not hundreds of graduates coming out of the University and searching for places which require not a bit of their educational qualifications? The Universities are already manufacturing hundreds of people who are suffering from want of employment. Their only goal is generally either Government service or the bar both of which are too crowded to admit any more. If navigation schools are established, some of these university students may be diverted into them and after the completion of their training will, instead of unsuccessfully competing with each other for entry into existing departments, induce wealthy merchants to take up shipbuilding and thus develop this industry. I would therefore suggest the establishment of a few schools for the training in shipbuilding for the youths of this country.

(2) It is also a known fact that there is little of enterprise in the people of this country in industrial matters. This is due to the fact that mass production is entirely foreign to this country and the people in

general have little knowledge of how things progress in the West. Industries like shipbuilding are not small enough to be taken up by individual capitalists and they therefore require collection and organization of capital by forming companies of limited liabilities. In the mercantile community of this Presidency, there is little faith in the success of limited business organizations. It has so happened that unfortunately a few limited companies started here have been first done so by people more with political ideals than with business considerations, and therefore failed to realize the objects with which they were started. It is also highly regrettable that even the Government whenever occasions have arisen to consult the people on industrial and commercial matters, has been choosing non-commercialists and political leaders instead of sound business men. It is therefore necessary that provincial committees of influential merchants and responsible officers of the Government should be formed and proposals of developing the shipbuilding industry should be placed before them for suggestions and actions.

(3) The Government if it desires can stimulate the activities of the people in several ways. The provisions of State aid to Industries Act which has been recently passed by the Government of Madras can be fully applied to this industry in this province. Loans can be offered on the security of the property. Shares can be purchased by the Government. Profits can be guaranteed by the Government to the shareholders. Land, fuel and other facilities can be given free to the concerns and help can be rendered in many different ways as provided by the act mentioned above.

(4) The combination of the foreign shipping companies is a standing menace to the development of this industry in this country. There is a feeling among the few Indian shipping companies that the combination of the foreign companies is exceedingly harmful to their interests resulting in throttling the rising indigenous enterprise in this direction. A bill is introduced in the Imperial Legislative Assembly to provide protection for the Indian enterprises against foreign and some of its provisions will serve to help the existing conditions in this matter. The bill is probably based on the American Legislation upon this subject. It therefore contains some provisions which have to be modified to suit the Indian conditions. It proposes to put undue pressure and limitations not very reasonable upon the commercial liberties of people which require some modifications before being placed on the

statute book. However the bill possesses some salient features, the general principles of which have to be approved for the encouragement of the shipping industry of India.

(5) The people of this country are not naturally much inclined to take to sea faring. Though there is large sea coast in India it is mostly occupied by villages and rural areas where people on account of being entirely uneducated have neither imagination nor inclination to practice a life of sea faring which is considered to be somewhat adventurous. It is all a matter of time for a change in such ideas and if education in this direction once sets in, it can work wonders in no time and India can see a large number of their youths ready to serve on ships and ready to construct fresh ones.

Q. 6. There is at present only one measure that is necessary to be legislated for helping indigenous enterprise in shipping industry and that is proposed in the form of a bill by Mr. T. V. Seshagiri Iyer in the Legislative Assembly. I have discussed some of the features of this bill in my answer 5 (4) and I think a measure like that in a more moderate form will be enough for the present.

Q. 7. I am against all payments in the form of money. It creates several difficulties both for the giver and the receiver. There will always be the cry of deficit from the Finance Department and the tax payer would certainly resent actual cash being spent in the form of a gift to a person or body of persons with whom he has no connection.

Other facilities such as reduced Railway rates for coal and timber, etc., can be allowed to companies which require them in this country.

Q. 15. Yes. I would advocate that all vessels that receive State aid in some form or other must take on board a certain number of Indian apprentices for purposes of training.

Q. 16. No. Whenever it is found desirable to employ a non-British person in a ship for keeping up the efficiency of its management, I have no objection for any such employment.

Q. 17. The Government certainly need not help any ship which is disposed of to a non-Indian.

Q. 18. If all on a sudden, foreign ships are prohibited from working in our coasts, our coasting trade would be seriously disorganised for want of ships and result in serious consequences to the general trade of

the country. So I recommend reservation with certain limits. I would restrict the number of foreign ships competing our ships in our coastal trade for sometime to come and when we ourselves have sufficient number of ships to supply the demand, I would, entirely prohibit other ships coming in.

Q. 19. Gradual reservation as I have suggested in my answer to the previous question would stimulate Indian enterprise. But reservation all on a sudden would adversely affect the coasting trade of India.

Q. 20. Yes.

Q. 22. I do not advocate Government managing business concerns industrial or commercial. I would allow the complete management for private companies, the Government taking care to see that their finances are sound and that they do not launch into schemes which involve serious risks.

Q. 23 to 29. See reply to Question 1 to 7.

Q. 35. Whenever it is the intention of the Government to give certain concessions to an industry on the custom's duties of any article, payment of a rebate on the amount of their consumption of those articles is preferable to a lowering of duty on the goods. This would prevent the abuse of these concessions.

Q. 44. Certainly I do. The present is a time when educated youths are suffering to a large extent from want of employment. The services open for them at present under existing conditions are very unattractive. They would certainly prefer to avail themselves of any opportunity to get better jobs in Navigation and lead lives different from the monotonous drudgery of office routine.

Q. 45. (a) I think Government management of educational matters is preferable to leaving them to private enterprise as the former would make it more systematic and uniform throughout the country.

(b) Employment in the mercantile marine should be secured for them by legislation.

Q. 46. I would advise a thorough training to cadets in the theory and technics of the subject in a training establishment on shore before they are sent to the sea in a training ship.

Q. 47. Yes. It must be carried out in India. Both the training school on shore and the training ship must be supported and managed by Government. Private enterprise is not in a position in India to take up such a costly affair into their own management. I have already expressed my views in the earlier paragraphs that every step for sometime to come to promote the interests of the people in this industry has to be initiated by the Government and

managed by it until there sets in sufficient amount of popular enthusiasm to efficiently take up the management.

Q. 48. I would advise that Government assistance should be given in the form of scholarships to students that require training in England and for this purpose a selection examination should be held in India to select students who should be assisted by the Government. The number of the students that should be so assisted may be fixed annually at the budget time and they may be sent for training to England as students of I.C.S., and other services are done at present.

Q. 49. To begin with one such institution is enough to train students for the present and as students enlist themselves in large numbers more institutions may be established in due course. The charges for the maintenance of such establishments should be borne by the Government and nominal fees may be collected from the students.

Q. 51. Yes. I prefer for them apprenticeship in a training ship to that in the mercantile marine, as the former would possess

all the facilities for instructing students combined with expert supervision.

Q. 53. The question of premium arises only in case the course has to be undergone in ships of the mercantile marine. As training in such ships will not be efficient, I would suggest that apprenticeship course should be undergone in Government Training Ships only when the question of premium will not arise. If it so happens that resort has to be inevitably made to mercantile marine for the purpose, the Government may help the students by paying them whole of such premiums until such time as it is necessary to do so to attract students.

Q. 54. I am of opinion that the training ships can be maintained by carrying freight or Government stores as there is a large scope in this direction. However the Government should be prepared for a loss in case, the above sources of income do not meet the whole expenditure of the ship.

Q. 55. As I have already mentioned in my answer to Question 53, these things depend on the number of students that apply to take the course.

Oral evidence of Rao Sahib B. PAPAYYA CHETTY, representing the Madras Piece Goods Merchants' Association, examined at Madras on the 17th January 1924.

President.—I hope you will accept my assurance that we do not want you to answer any questions on which you have not got full knowledge. If we seem to criticise you in any way, it is simply because we want to sift the evidence and advise the Government in the best possible way.

Q. You are representing the Madras Piece Goods Merchants' Association?

A. Yes.

Q. Are the members of the association shipowners?

A. No.

Q. Are they shippers?

A. Some of them are direct importers.

Q. They are not in any way intimately connected with shipping except in getting cargo?

A. Some of the members do exporting business.

Q. Is your association entirely an Indian body?

A. Yes.

Q. Did they appoint a committee to answer our questionnaire?

A. They elected me to draft a reply to the questionnaire.

Q. What is the strength of your association?

A. About 150 members.

Q. I see that you are strongly in favour of the development of the mercantile marine?

A. Yes.

Q. You think that the absence of an Indian mercantile marine is due to want of education in the matter of navigation and to lack of enterprise in the people?

A. Yes.

Q. But for the lack of enterprise on the part of the people you think the mercantile marine would have been started long ago?

A. Yes.

Q. You think there has been a natural disinclination on the part of the people of India to take up new industries?

A. Yes.

Q. So you think Government ought to help the shipping industry?

A. Yes.

Q. You are of opinion that Government should stimulate the activity by providing education in the same way as they do for other professions and industries in India?

A. Yes.

Q. Do you want Government help just in the same way as other industries or do you want any special help?

A. I think shipping is one of the most important industries in which Government should take special interest.

Q. If Government help is forthcoming do you think that the spirit of enterprise would be fostered?

A. Yes.

Q. What are the methods by which Government can help the industry?

A. Loans on security of property can be given. Shares can be purchased by the Government, or profits can be guaranteed by the Government to the share holders.

Q. You think Government should guarantee profits whether there is profit or loss?

A. Guaranteeing of course means guaranteeing whether there is profit or loss.

Q. Supposing a shipping company is run inefficiently, you think the Government ought to make up for the loss by guaranteeing dividends to the shareholders?

A. Guarantee is required only in cases where profits are not expected by the public for some time to come.

Q. You say land, fuel and other facilities can be given free to the concerns. Do you mean to say that Government should supply free coal or oil to ships of the Indian mercantile marine?

A. Free fuel means fuel at cost price. Government can allow fuel without loss to them.

Q. I am afraid that may not be feasible. What would the coal people have to say?

A. The coal people have nothing to do with the Government allowing free fuel.

Q. You mean the Government will buy the fuel?

A. My point is that Government should give facilities in the matter of railway freight by prevailing on the railway companies to charge less for the transport of fuel.

Q. Do you want special concession for fuel only?

A. I also want that Government should supply free timber from the forests.

Q. Is that what you mean by fuel?

A. I do not mean coal. I mean timber.

Q. You refer to foreign shipping, by that you mean everything 'non-Indian'?

A. Yes.

Q. You think there are plenty of educated youths who will come forward to be trained as officers?

A. Yes.

Q. Are there any of your relations who are likely to become sailors?

A. I have got half a dozen graduates who are seeking service. They will be perfectly willing to take to the sea faring profession.

Q. You think if a training ship is provided, it is possible to maintain it by carrying Government stores?

A. Yes.

Q. Even if it did not pay its way, you think Government can bear part of the expenditure?

A. Yes.

Q. The carriage of Government stores would be a set off against expenditure to some extent?

A. Yes.

Sir Arthur Froom.—Q. What office do you hold in the Madras Piece Goods Merchants' Association?

A. I am the Secretary.

Q. Who wrote the reply to our Questionnaire?

A. I wrote it.

Q. Then is this your personal opinion?

A. The Association elected me to represent them and asked me to express my opinion on their behalf.

Q. So this is your personal opinion?

A. I have discussed the general outlines with the other members of the association and as a result of that discussion this reply was drafted.

Q. The statement is your own personal view?

A. I don't think the views of my association will be different from mine.

Q. From what sources did you obtain the information? Is it the result of your own careful study of the question?

A. We convened a meeting of the executive committee of the association and we discussed the matter.

Q. You think the reason why Indian shipping is not in a satisfactory condition is want of education in the matter of navigation and lack of enterprise in the people? Then do you suggest that this lack of enterprise should be made good by Government in some form of State aid?

A. Yes.

Q. What will be the net result of that on the country?

A. In this part of the country, Indian capital is very shy. If Government takes some measures to attract capital to concerns of this nature, that will be giving a push to the industry in the country.

Q. What I want to bring prominently before you is that shipping business differs very much from other industrial business

inasmuch as if you start an Indian mercantile marine, you are going to carry the trade of the country and you will be responsible to the country for carrying it on efficiently?

A. Quite so.

Q. Not only would the company be responsible to its shareholders but also they owe a certain duty to the country to see that the trade does not suffer. Do you think that if you start Indian owned shipping round the coast and exclude the present shipping companies which have built up their business for many years on the coast, it would be good for the trade of the country?

A. I advocate reservation of the coastal traffic only step by step. 25 per cent. for the first two years, another 25 per cent. for the next two years and so on until the whole coast is reserved for Indian shipping. If the coastal trade is reserved all on a sudden to Indian concerns, then there may be disorganisation of trade and there may not be a sufficient supply of Indian shipping to carry on the trade properly.

Q. Even supposing that 25 per cent. of the coastal trade is reserved for the new companies and that they get sufficient ships to run the 25 per cent. that does not necessarily mean that the 25 per cent. will be run efficiently?

A. Whether efficiently or not, Indians have to take up this industry. In course of time they will become efficient.

Q. You are really anxious to see that this industry is started?

A. Yes.

Q. In answer to the President, you said that Government should help new industries in this country?

A. Yes.

Q. If you ask the Government to help shipping round the coast, they are not helping a new industry. The shipping industry is there already?

A. At present it is mostly in the hands of non-Indians.

Q. You would place that on a par with Government helping a new industry that does not exist at all?

A. Yes.

Q. It is all right if you ask the Government to help a new industry like the steel industry. But you cannot ask the Government to help shipping industry round the coast, because it is nothing new. It has been on the coast for over 60 or 70 years?

A. My desire is that Indian concerns should take part in this industry with the help of Government.

Q. Why did they not start sixty or seventy years ago along with the British companies?

A. It was due to want of education and lack of enterprise.

Q. Do you think there is this enterprise now?

A. No.

Q. You think that Government should bolster up this enterprise?

A. It is not bolstering up. The Government should help this industry.

Q. That will cost money?

A. Yes, a good deal of money will be required.

Q. You refer in your written statement to a Bill introduced in the Legislative Assembly based on the American legislation. Do you know that the American legislation was thrown out in the Senate, and the people who threw it out were those who thought that Government should not pay for an industry which would benefit only a few concerns that were interested in shipping and not the people at large?

A. I do not know.

Q. You say that the people of this country are not naturally much inclined to take to sea faring? Are there not a large number of people living on the sea coast?

A. Only a few classes of people living on the coast have an inclination for the sea.

Q. Taking the country as a whole what percentage of the people have an inclination for the sea?

A. I cannot say exactly the percentage. Even many of the people living on the coast do not take to sea-faring life.

Q. Supposing the Government are convinced that a certain number of Indian lads would like to go to sea if opportunities were given to them, would you have any objection to Government helping them even if it cost a considerable sum of money?

A. I have no objection.

Q. In spite of your opinion that Indians generally including those on the coast have no liking for the sea, you think Government should spend considerable sums of money?

A. Though they have no liking, yet if they are educated in this line, more may come forward later on.

Q. Your idea is that it gives another opening whereby the Indian youth can earn a living?

A. I think so.

Q. Will he make a good sailor if he has no liking for the sea? You think even if he does not become a good sailor, it will at least give him an occupation?

A. They have no liking for the sea because the sea is not useful to them now. They can only fish in the sea now. If they are trained in a sea-going ship, then surely they would come to like the sea.

Q. Of course you understand that the sea profession is not a highly paid one?

A. Not that the sea profession is a highly paid one, but that the Indian youths are now willing to offer their services on any pay.

Q. In what capacity do they offer their services?

A. As clerks, they are prepared to work on Rs. 15 a month to begin with.

Q. Why don't you treat your clerks better and pay them more liberally?

A. It all depends upon the profits of the capitalists. The supply of clerks is more than the demand. In big concerns where they make more profits the assistants are paid decently; but in small concerns where much profits are not earned, the assistants are paid comparatively less.

Q. In Calcutta we were told that Indian youths could be had for Rs. 30 a month?

A. All this is largely due to unemployment in the country.

Q. The standard wage paid by Indians to their employees is very low?

A. Yes.

Q. Why should they complain against the Government instead of against their employers?

A. The supply of servants is greater than the demand and the employer takes the cheapest man.

Sir John Biles.—Q. You say in reply to Question 4: India is now in utter need of a mercantile marine to protect herself from the drain of her wealth in steamer freights. Do you know how much that drain of wealth is?

A. I have not looked into the figures.

Q. Supposing it amounts to a very small figure, even then you think that India is in utter need of a mercantile marine?

A. I think the drain will certainly amount to a large figure taking the whole export and import trade of the country into consideration.

Q. Have you examined the amount accurately?

A. My impression is there is a large amount of drain.

Q. Have you considered the items that go to make up the drain?

A. The freight will be part of the drain that is being had from this country.

Q. How much of the freight goes out of the country?

A. I have not examined the figures.

Q. What proportion of the freight goes out of the country?

Q. Supposing it was shown that most of the freight did not go out of the country but was retained in the country, would you desire for a mercantile marine to fade away?

A. Even then my plea for the establishment of a mercantile marine does not go away because the establishment of a mercantile marine is essential for the opening up of new services.

Q. Do you think the present service of mercantile marine is not a good one?

A. The establishment of an Indian mercantile marine will be useful to the country in many ways.

Q. Do you want to establish a mercantile marine simply to save a small sum of money which you consider is being drained by way of freight?

A. Whether the drain is small or great my opinion is that Indian goods should be carried in Indian ships and that will save the money that now goes to non-Indian hands.

Q. Would they be carried more cheaply in Indian ships?

A. If the freight is earned by Indian concerns, then it will be distributed throughout the country?

Q. Supposing it is shown that the money is very largely distributed throughout the country now, would you even then think it necessary to create a mercantile marine?

A. My point is that the money should not go to non-Indian firms.

Q. Supposing it is distributed throughout the country, would you consider it necessary to create an Indian mercantile marine?

A. My point is only to stop the payment of Indian money by way of freights to non-Indian firms.

Q. You don't want the freights to be paid to Europeans; but you want them to be paid to Indians.

A. That is what I meant by the drain of wealth.

Q. Is that not racial; it is not economic anyway?

A. It is not racial. It is national. I would certainly take a European who has settled in this country as an Indian.

Q. Would you call Sir Arthur Froom, for instance, an Indian? He is part of the organization of the B.I. and he has lived in India for a long time.

A. Is he not likely to go back to England?

Q. As long as he works here, he would not.

A. What would happen afterwards?

A. I cannot say if I could treat him as an Indian if he goes back to England.

Q. As far as the effect of carrying goods is concerned, he is doing as much as if he were an Indian.

A. I only refer to Europeans whose interests are identical with those of Indians. If Sir Arthur Froom is likely to remain in India for ever, I have no objection to taking him for an Indian.

Q. It is a very important point and one in which there has been a great difference of opinion amongst witnesses. You are rather in a minority among Indian witnesses who would allow Europeans to be considered as Indians for the purpose of running ships on the coast. I want to understand whether you do really mean that, if all the persons interested in the B.I. would live in India, you would call the B.I. an Indian concern?

A. If they are not likely to go back to England and if their earnings are not likely to be remitted to England, I should certainly class them as Indians.

Q. Would you prohibit them from sending money to England?

A. I would not prohibit them but if they would like to be classed as Indians, they should make Indian their home and should not remit their earnings to England.

Q. They would cease to be employed in running ships on the coast if they remitted any money to England?

A. What I mean is that Europeans who have settled in India and who are not likely to remit their earnings to England can be considered as Indians, because their interests are identical with those of Indians.

Q. You think that an Indian mercantile marine would give employment to University graduates who at present find difficulty in getting employment?

A. Yes.

Q. Do you know how many people would be given employment in that way, or, do you know how many persons in a ship running to India or on the coast of India are Indians now?

A. I don't know.

Q. We have been told that 90 per cent. of the people who are employed by ship-owners on ships that trade in or to India are already Indians and the remaining 10 per cent. are Europeans.

A. All the 90 per cent. are in the lower ranks.

Q. No; I refer to 90 per cent. of the whole service; for instance, 90 per cent. of the total people employed in the B.I. are Indians. The officers, who are Europeans,

from the remaining 10 per cent. and you want to displace this 10 per cent. by Indians. Is that not your object? So you could only add 10 per cent. to the total number of Indians employed.

A. Yes; 10 per cent. in the officers ranks is not a small thing when we consider the unemployed among the educated classes of India.

Q. Do you think it a sufficiently large number to make it worth your while to create a mercantile marine to employ them?

A. That is not the only ground upon which I could create an Indian mercantile marine.

Q. You think that it is one of the grounds which is sufficiently important to create a mercantile marine?

A. I only mentioned that in connection with the question whether there would be a sufficient number of people who would take service in this line. I did not put it up as a ground upon which an Indian mercantile marine should be created.

Q. The other ground you mentioned was that you would save a lot of money in freight?

A. Yes.

Q. Everybody does not agree with you on this point; so the other point is that it would give employment for University graduates. Do you think that the number of Indians who would replace Europeans is sufficiently great to make it an inducement for starting a mercantile marine?

A. As I have already said, I did not put it as a ground on which a mercantile marine should be created. I only mentioned it to say that a sufficient number would take to the marine service.

Q. You think that "hundreds of graduates coming out of the University are searching for places which require not a bit of their educational qualifications."

A. Yes.

Q. Some of these University students may be diverted into navigation schools instead of their unsuccessfully competing with each other for entry into existing Departments?

A. I mentioned this to show what would happen as a benefit of the creation of an Indian mercantile marine.

Q. You do not intend to create a mercantile marine in order to employ them?

A. No. That is not my soul aim.

Q. You do not think that any subsidies should be given?

A. I am not for subsidies in the shape of money.

Q. You consider that land, fuel, etc., should be given free?

A. I do.

Q. You make no attempt to formulate a scheme to show how you would do these things?

A. I have no expert knowledge on the subject.

Q. Do you know anything about shipping?

A. No.

Q. Do you know anything about ship-building?

A. No.

Q. Do you know anything about deferred rebates?

A. Yes.

Q. Is your Association in favour of the abolition of the deferred rebate system?

A. They are.

Q. Why?

A. The Committee of our Association have even passed a Resolution supporting the main principles of the Bill introduced by Mr. T. V. Seshagiri Iyer on the subject last year.

Q. Why are they in favour of the abolition of the deferred rebate system?

A. The Association is of opinion that the deferred rebate system is an obstacle in the way of Indian shipping companies' development.

Q. Do you consider that, if the deferred rebate system were abolished, Indian shipping companies could be formed?

A. They would get more business than they do under the existing circumstances.

Q. There are practically no Indian companies now on the coast (except one or two) and you want to replace the existing lines by Indian lines?

A. Yes.

Q. Do you think that the abolition of the deferred rebate system would cause the creation of a large number of Indian shipping companies?

A. We think so.

Q. What would the Indian ship-owners gain by the abolition of this system?

A. At present shippers are bound more or less to carry on business with one particular shipping company; if they carry on trade with any other company, they lose their rebates.

Q. How long are they bound?

A. For six months.

Q. Supposing a new line was created or proposed to be created and the shipper wants to ship his goods by the new line, all that he has to do is to give six months' notice to the existing ship-owner and tell him that he would not continue to ship his goods by his steamers at the end of six months.

A. He would lose the six months' rebate.

Q. Not if he gave six months' notice?

A. The payment of the rebate is deferred and my impression is that if the shipper transacts any business with another ship-owner he would lose his rebate for six months.

Q. He would lose his rebate only if he ships his goods by another shipper during the period of his agreement; if at the end of his notice time he ships his goods by an Indian company, I do not think he would lose his rebate?

A. I do not know if that is so. If at the end of six months he ships his goods by a new line, is he entitled to a rebate upon the business for the previous six months?

Q. If he has certainly fulfilled his contract and if he has not gone to another during the period of the contract?

A. If that is so, I don't think that the deferred rebate system is bad.

Q. What would be the object of de-legalizing deferred rebates if the Indian coastal trade was reserved for Indian shipping companies?

A. If the coastal trade is reserved for Indian shipping, there is no necessity for de-legalizing the deferred rebate system.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You said just now that if the coastal trade was reserved for Indian companies, there would be no necessity for doing away with the deferred rebate system. You have recommended that the reservation of the coastal trade should be done by stages. I take it you mean that until the whole of the coastal trade is reserved the deferred rebate system should be de-legalized.

A. Yes.

Q. Regarding the drain to the country, witnesses have told us that the drain would be something like 20 to 70 crores of rupees per annum and one witness told us it would be 30 crores in freight. Do you consider it a small or a big drain to the country?

A. That is a very large drain.

Q. Even if some portion of the money that is spent does remain in India, the remainder is sufficiently high to induce you to go in for a mercantile marine of your own?

A. Yes.

Q. It is not on racial, but purely on economic grounds, that you want an Indian mercantile marine?

A. That is so.

Q. You also consider that the creation of an Indian mercantile marine would give openings for our young men. Government or the Education Department are responsible for providing literary education and if the

Universities turn out so many graduates, is it not the duty of Government to provide some openings for them?

A. Yes.

Q. In reply to Question 3 you say that this country cannot, like England or Japan, do without State aid. If you read the appendices to the questionnaire which was sent to you, you would have noted that Japan had State aid for developing her mercantile marine. Perhaps you have put in Japan by mistake? England is the only country which at present is not giving State aid to her shipping industry although in the earlier stages she too had to give that aid?

A. Yes.

Q. In your answer to Question 5 (4), you state that the combination of the foreign shipping companies is a standing menace to the development of this industry in this country. Can you give us some details as to how it is a menace?

A. I understand that it is so from papers that I have read.

Q. You have no personal experience?

A. No.

Q. You told us that some of your men were shippers; are they shippers for the coastal trade or foreign trade?

A. Coastal trade; a few of them also export to foreign countries.

Q. You don't know how far the foreign combination is a menace.

A. No.

Q. What do you mean by 'foreign'?

A. I mean "non-Indians."

Q. Sir Arthur Froom told you that the American Senate has thrown out the Bill you refer to in your reply 5 (4). We are not quite sure what has been done, but I take it you are prepared to leave the matter

entirely in the hands of the Indian Legislature. Are you prepared to abide by the decision of the Legislature?

A. Yes.

Q. Sir John Biles told you that 90 per cent. are Indians in the B.I. and 10 per cent. are Europeans who are officials. If the total salary of the 10 per cent. is practically equal to or little less than the salary of the 90 per cent. don't you think it an economical proposition and that the appointment of Indians to some of these posts would be to the good of the country?

A. Yes.

Mr. Jadu Nath Roy.—Q. You said you would not object to the deferred rebate system if the coastal trade was reserved for Indian shipping companies?

A. Yes.

Q. Would not the deferred rebate system give equal monopoly to Indian companies when there is competition amongst these Indian companies themselves?

A. The whole point is that Indian shipping should prosper and be on an equal footing with that of the non-Indians.

Q. With the reservation of the coastal trade for Indians, there would be no non-Indian shipping here. Indian shipping can grow if there are no non-Indian companies; won't you in that case wish for the abolition of the deferred rebate system?

A. In case the coastal trade is reserved for Indians only, my attitude towards the deferred rebate system is rather neutral.

Q. It would give the Indian companies a monopoly; they will have healthy competition only when the system is abolished?

A. I am not very keen about that.

President.—Thank you very much.

Witness No. 65.

Mr. S. D. KRISHNA IYENGER, B.A., B.L., Madura.

Written statement, dated the 26th August 1923.

Q. 1. The present condition of the shipping industry in India is highly deplorable and unsatisfactory: and

Q. 2. The conditions that, at present, militate against the development of shipping enterprise by the people of this country are the unfair competition which the indigenous shipping industry, with absolutely no protection from the alien Indian Government, has to face against the shipping enterprises of other countries which are more advanced

in such respect and are also fed by bounties and protected in other ways by their national Governments.

Q. 3. In the very low condition to which shipping enterprises here have now fallen and the competition of highly developed systems of other countries which are in possession of every available field, nothing but State aid and protection can encourage the people to embark on shipping enterprises; and

Q. 4. Such State aid is, in no way, undesirable.

Q. 5. Deservation of certain specified routes for indigenous enterprise, training at Government cost of proper officers, engineers and men for marine service, feeding certain lines by bounties and various forms of protection which are needed to resuscitate an industry which, primitive even as it existed, has been ruthlessly killed by the encouragement given by an unsympathetic alien Government to shipping companies in which the alien nation, and sometimes the highest officers of the Indian Government, had a vested interest, are now indispensable if the shipping industry is at all to be revived.

Q. 6. Every one of the methods of protection indicated above will require the enactment of suitable legislative measures.

Q. 7. (a) Coastal shipping trade between Indian ports may well be reserved for vessels owned by Indian people and on the Indian register; while such vessels (b) between India and the ports abroad, and (c) between ports outside India, incidentally to (2), may have to be supported by navigation bounties.

Q. 8. The shipping trade between India and other countries should entirely lie in the hands of vessels owned by the people of this country and registered in India. In the case of such vessels carrying exports to countries which also import from other countries navigation bounties should be granted, for some time at least, to enable them to withstand the competition. The particulars of routes to be selected will have to be determined, among others, by considerations of the nature of the exports, etc. For some time to come, passenger steamers to and from India, can stand only on the strength of such bounties.

Q. 9. In the present state of the industry in India, it will be wrong to impose any limits mentioned here. But such conditions as may be considered necessary for safe voyage and sea-worthiness, etc., may be insisted upon.

Q. 10. The rates and limits of bounty must be such that, they must be distinctly favourable for the starting of as many shipping companies as the interest of trade may require, and will also conduce to the efficient development of trade, so that, in course of time, the bounties may be reduced and eventually abolished. Such rates and limits will naturally have to vary from time to time, as the shipping industry which is now at its lowest ebb, develops. These and answers to Questions 11 and 12 are matters of detail which can very well be left to a committee who will fix the provisions, having regard

to the stage of development of the industry and the minimum necessities for a healthy development of the trade.

Q. 12. Bounty granted should be gradually reduced: but it may be difficult to specify a term for its reduction though a maximum and a gradation may be attempted.

Q. 13. In the present state of the shipbuilding industry in India it may be hard to insist on the condition that, for, the granting of bounty, the vessels built outside of India should have been on the Indian register for a specified number of years. But, as the industry develops and as soon as the minimum number of vessels consistent with the requirements of trade have been placed on the Indian register, restrictions of the sort mentioned in the question should commence.

Q. 14. The aim, should, of course, be as is mentioned here. But it will be idle to now specify the period when the bounty should cease.

Q. 15. Yes.

Q. 16. British shipping is sufficiently advanced that non-British subjects on vessels receiving a navigation bounty may well be excluded, except on occasions mentioned in the question. But Indians, whether British or non-British wherever found, should not be excluded, though in the case of non-British subjects, some safeguards may be necessary, while entertaining them. The power to make exclusion should be in the hands of a committee of the Indian legislature that may have to be appointed for supervising the proper working of such provisions.

Q. 17. Yes.

Q. 18. The Indian coasting trade must entirely be reserved for the development of the Indian Mercantile Marine.

Q. 19. The coastal trade will not suffer at all. In course of time as shipping industry improves, it will also be benefited.

Q. 20. Yes.

Q. 21. The size and description of vessels required for the marine will depend on the requirements of the particular service on which the vessel is put. The varieties of Indian coastal traffic will find use for many varieties of vessels.

Q. 22. Private shipyards alone will not be enough. Government dockyards will have to be established and developed. But these must be so worked that the usual extravagance in the working of Government departments should be avoided. This can be arranged only under the strict supervision of a non-official Indian Committee.

Q. 23. The shipbuilding and marine engine construction industry in India seems to be almost nil.

Q. 24. The complete crushing of the indigenous shipping trade by the interested free trade policy of the Indian Government and the consequent utter absence of facilities have brought the industry to the lowest ebb.

Q. 25. Without recourse to State aid, it is almost impossible to encourage the people of this country to start such industries themselves.

Q. 26. State aid in the matter is not only necessary but highly desirable for the satisfactory development of these industries, until at least they are placed on a very substantial basis and can be left to take care of themselves.

Q. 27. Government itself should start and work such industries, until they are able to stand on their own legs, when the question of transferring such institutions to non-official control may be considered.

Q. 28. No legislative measures may be necessary for the purpose. Liberal budget grants will serve the purpose.

Q. 29. In places where efficient Indian shipyards exist for building vessels suited for particular purposes the system of construction bounties may first be tried. It may be extended later to suitable places, if available.

Q. 30. Indian shipping needs are such that encouragement should not be confined to vessels built of steel only.

Q. 31 to 33. People with experience of shipbuilding or marine engine construction can easily fix the scales of bounty in these cases.

Q. 34. For some time, some parts may have to be imported, though with the increasing trade in iron and steel, this should cease as soon as possible; and in such cases, there must be suitable customs concessions. In the beginning, such as cannot be absolutely made here, with safety, will have to be exempted from customs.

Q. 35. With close watch and detailed rules for the purpose, the contemplated abuse can be prevented.

Q. 36. The wooden shipbuilding industry which seems to have been once flourishing in India, is in a very unsatisfactory state now. But it is not yet dead beyond revival.

Q. 37. Unrestricted free competition of steamers against these vessels is the cause of its present low condition, and its removal will naturally bring it to life and vigour.

Q. 38. In this case too, the industry is sunk so low that State aid will be necessary to start it with vigour. But, in this case such aid need only for a short while and healthy restrictions.

Q. 39. There is nothing undesirable in such State aid.

Q. 40. The restriction of specified suitable lines of service for these ships will very soon make them self-supporting.

Q. 41. And such legislative measures as may be necessary to secure it will have to be taken.

Q. 42. Until a sufficient number of ships required for the services which may be reserved for wooden ships are secured, small construction bounties may be granted to such ships built in Indian shipyards.

Q. 43. If there be a sufficient number of Indian built wooden ships plying to make it worthwhile for an Indian Insurance Company to take up their insurance such a company will soon be formed.

Q. 44. Yes.

Q. 45. Government should take active steps to provide as mentioned here.

Q. 46. Cadets chosen from some classes that still are found easily taking to sea, can straight proceed to sea as apprentices: but classes, with no such special aptitudes, may more advantageously have a preliminary course of instruction as mentioned.

Q. 47. Preliminary training in a training ship or establishment should be carried out in India. And they should be maintained or supported by Government, to start with.

Q. 48. Promising cadets while under training in India, may be selected every year and must be encouraged to go to England, where apprenticeship facilities quite similar, and even superior, to those granted to high class English youth, should be secured for them. Bright prospects should be promised in case of their return after qualifying themselves. In the case of those unable to pay their way, scholarships may be granted under stipulations of service on easy terms on return. But this should be only for a few years, not more than a decade, when the system should automatically cease.

Q. 49. India is so wide that certainly more than one training establishment must exist, if people are expected to avail themselves of it. Such institutions should not be made to depend on levy of fees, which at least in the beginning should only be nominal. The maintenance charges should be met from the general exchequer on which such a vital industry has one of the largest claims.

Q. 50. A training ship and a nautical college can successfully combine for work.

Q. 51. Apprenticeship in steamers of Mercantile Marine will be enough after training. No sea-going training ship need be maintained.

Q. 52. For some time, shipowners will receive State aid: and maintenance of a few apprentices may be made a condition for

grant of such aid. In my scheme, there is no room for foreign shipowners' vessels running on Indian seas, and Indian shipowners objecting to receive Indian apprentices in the present condition of their industry do not deserve any sympathy.

Q. 53. Apprentices in Mercantile Marine will be recommended only in the case of those who are selected for it after preliminary training; and, if premiums for apprenticeship be considered indispensable the amounts may be advanced to the apprentices as loan.

Q. 54. No.

Q. 55. If a sea training ship for apprenticeship decided on free food and uniform or clothing allowance must be given.

Q. 56. The curricula need not be uniform but may vary for service in various vessels, like wooden ships, coasting steamers, ocean liners, etc. The details can be worked by a Committee.

Q. 57. India should have a self-contained nautical academy where the highest courses and honours in navigation will be available to the apprentices after they enter service.

Q. 58. One academy, with branches in important sea ports, should be established.

Q. 59. Yes.

Q. 60. Yes. This should not be left for private enterprise.

Q. 61. In every institution which may receive any sort of aid or encouragement from Indian Government, or with which the Indian Government may have dealings, all possible facilities for further study and experience should be secured for selected Indian students, before such aid is granted or dealings had.

Q. 62. There are a few foreign engineering and shipbuilding firms in where some practical training to intending Marine Engineers can be given: and it is likely that some more may be established in the near future. Before necessary licenses are issued for these institutions, grant of these facilities should be insisted upon and I believe the Government too will open a few model institutions in a few suitable places.

Q. 63. I do not know of any such school or college.

Q. 64. The Royal Indian Marine should be organised so as to engage the highest number of Indian apprentices. In the beginning it will naturally be small. But there is nothing to prevent its being almost fully manned by Indians, if only proper selection with no racial or political prejudice intervening, be made.

Q. 65. Under the circumstances, the Government should give, to start with, all possible facilities for sending as many youths

as possible as candidates for commissions in the Engineering Branch of the Royal Indian Marine to be trained in Great Britain.

Q. 66. The ultimate aid should be to have all mail contracts in the hands of Indian shipowners. There are a few contracts like that between India and Colombo and Burma and the Straits Settlements which can once be left in Indian hands. As the industry develops the sphere may be widened.

Q. 67. Securing maximum economy in carrying mails should not be guiding consideration in choosing steamer services. The indigenous nature of the shipowning companies should be the main consideration even at some loss, Indian managed companies should be preferred. It will only be another form of bounty feeding accepted above. So when there is a pretty regular Indian shipping service between two ports, it should be given mail contract. Even perfect regularity should not be insisted upon, as it will come, as a consequence of the grant of the contract.

Q. 68. It is impossible to raise further taxes for the purpose of meeting the State aid advocated: nor can the Government in the initial stages think of establishing any reasonable proportion between the money wanted and the fees that can be levied from the intending candidates. This will simply defeat the whole purpose of the scheme. When the industry has become sufficiently developed, it can be even made self-supporting. But, now, the whole cost must be met only from grants made from the general funds. A portion of the military expenditure of the Government of India will be enough for the purpose. The great advance that will be made by the country in its trade, commerce and industries consequent on the establishment of the Indian Mercantile Marine on the lines indicated above, will more than pay the expense that will now have to be boldly faced by the Indian Government.

SUPPLEMENTARY STATEMENT.

I desire to make only this supplementary statement.

In considering the claims of various ports where national schools can be established and training ships kept or shipyards can be opened, the claims of the Island of Rameswaram with a channel broad enough to allow ocean-going steamers deserve the Committee's consideration. In any scheme of self-contained Indian Mercantile Marine with a steady coasting service along Burma and the Straits Settlements, the superiority of a big new port on the Rameswaram Island

with a big channel cutting through it in its narrow part is a *sine qua non* of permanent success: and the sooner this is realised and taken on hand, the better. I would, there-

fore earnestly appeal to the Indian Mercantile Marine Committee to include a trip to Rameswaram in their tour, so as to see and judge the proposal for themselves.

Oral evidence, Madras, dated the 17th January 1924.

President.—I hope you will accept my assurance that we do not want you to answer any questions which you consider objectionable. If we appear to criticise you, you will please understand that we are only searching for information and we want to give the best advice to the Government.

Q. Are you intimately connected with shipping?

A. I was the Secretary of the Swadeshi Steam Navigation Company at Tuticorin from 1907 to the end of 1909.

Q. Before you became the Secretary of that company, did you have any experience of ship management?

A. No.

Q. You began your shipping experience as Secretary of the Steam Ship Company?

A. I was a lawyer and then I was appointed as Secretary. The Board of Directors consisted of businessmen.

Q. Were they all businessmen experienced in ship management?

A. They were shippers, but they had no experience of ship management.

Q. Did they have on their Board any expert in ship management?

A. I do not think they had.

Q. Was it good for the company not to have an expert in ship management?

A. The shippers knew as much of the business as was necessary.

Q. They did not understand how to manage ships?

A. That was, of course, a new thing. Anyhow it had to be tackled newly under the circumstances.

Q. You are in favour of reserving the coastal trade of India for Indian-owned ships?

A. Yes.

Q. How would you describe an Indian-owned ships?

A. Those that are on the Indian register, the owners being Indians. With regard to the shareholders the minimum required to be taken by Indians may be fixed.

Q. Supposing the reservation of the coastal trade is effected, do you think it would be wise to start Indian companies again with inexperienced management?

A. I do not understand what inexperienced management mean.

Q. We have been told that it takes as a rule between 15 and 20 years' continuous training in a shipping office from the time a person joins before he can be entrusted with independent management of a shipping company?

A. I think three years' training is quite enough to run a shipping office.

Q. If you are managing a shipping company, you have got to manage the office as well as get cargo for your ships?

A. In the office business, I include all that.

Q. How do you account for the fact that it takes a much longer time in the British Mercantile Marine?

A. I have no experience of the British Mercantile Marine. I was in charge of the office for over 2½ years and I am bold enough to think that I can run a shipping office if I am asked to do so now.

Q. Would you be able to take on the management of a line of considerable size including mail steamers?

A. I am talking only of the coasting steamers. My experience is confined to coastal trade. Our company aspired to nothing more than that.

Q. You had European officers?

A. Yes.

Q. Did you have Indian apprentices?

A. I believe we had four apprentices.

Q. You say in your written statement that you want reservation of the coastal trade as well as bounties?

A. I want reservation in certain cases and bounties in others.

Q. You do not want both in the same case?

A. Not at all.

Q. If a young man serves his apprenticeship and qualifies himself for a second mate, it is possible for him to qualify himself as Master Mariner in two or three years. Would you say that he would be capable of handing a ship immediately because he had passed the examination?

A. There are rules which prohibit his being placed in command. He must have a good deal of experience before he can be put in independent command of a ship.

Q. You think very short experience is required to manage a shipping office but much

longer experience is required to take the command of a ship?

A. To know business in office is different from handling a ship.

Q. If you are to manage a shipping concern well, you must know a good deal about ships, how to run them economically and all about the cost of repair?

A. I had all that knowledge. I was attending to everything personally. If a man is earnest about it, he can learn everything in about three years.

Q. I do not think any British Company would succeed if it employs such a manager.

A. Necessity is the mother of invention; when we are to face a situation, we naturally have a tendency to look close into the matter and we learn much more than what other people would learn under ordinary circumstances.

Q. In your answers, you recommend reservation of the coastal traffic. So far, we have received no absolutely workable scheme to commence reservation. Supposing you are asked to pass a new Bill giving effect to reservation, what would be your first step?

A. The details and nature of the whole of the coastal service should be studied first and a big company should be started.

Q. Would it be a State-owned company?

A. If possible, they will be Indian companies; otherwise, the Government start it. With reference to Indian companies, we may start in two or three places. That will, of course, depend upon the amount of capital available. We may study the nature of service required between particular places and then purchase steamers, or charter them. In this way it is possible to concentrate the whole coastal traffic in the hands of one or two big companies.

Q. You want the Government to guarantee that the coastal trade would be reserved for those companies?

A. It is only on that guarantee that a company can be formed.

Q. You would not object to employing European officers to begin with?

A. Certainly, I would not object.

Q. You would not have any expert European managers?

A. I would like to have it to begin with; but Indians should pick up management in course of time. I would like the Indians to take the sole management at the earliest possible moment.

Q. We have been told that the Swadeshi Steam Navigation Company at Tuticorin failed on account of rate cutting. Even if all were Indian companies, don't you think they will have rate wars just as they have in other industries?

A. I think shipping industry is of such a novel nature that unless the companies are strongly supported, they will find it difficult to stand the competition from well established British companies. That is not the case with other industries.

Q. Would not the Indian companies have rate wars amongst themselves?

A. You can easily meet that by restricting the spheres of particular companies. There is no question of competition amongst Indians; it will be enough if we can find sufficient number of Indian companies to trade on the coast.

Q. Do not the Indian firms compete amongst themselves?

A. We are now in a deplorably bad condition. I do not think there is any chance of competition amongst Indian companies. We will be hard put to it, if we are able to find enough ships.

Q. You think there can be competition later on?

A. Reservation may be withdrawn after some time. Protection is only for infant industries. When the Indian companies are sufficiently developed, able enough to withstand competition, then the restriction as regards coastal trade may be removed.

Mr. Jadu Nath Roy.—Q. You think Indian companies cannot stand the competition of the existing companies?

A. When we have to compete with long standing British companies, it is impossible to run any concern successfully.

Q. You think that Government should give some encouragement for the development of the shipping industry?

A. It is the duty of the Government to encourage Indian shipping industry.

Q. What became of the Swadeshi Steam Navigation Company of which you were the Secretary?

A. That was liquidated.

Q. How and why?

A. It was unable to stand the competition of the B. I. Therefore we had to wind up our business.

Q. What sort of competition?

A. It was rate cutting. I do not call any other competition unfair.

Q. Why do you call it unfair?

A. The B. I. took passengers free, and on a particular day they gave clothes free to the passengers as presents. When a company of such splendid resources had recourse to such unfair means, our company found it absolutely impossible to stand the strain. We were losing heavily, without the least chance of that competition being removed.

President.—Q. Were your ships modern ones?

A. They were quite fit for the service for which they were intended.

Mr. Jadu Nath Roy.—Q. Your company did not go into liquidation for want of capital?

A. We had enough of capital. It was only on account of unfair competition that our company failed.

Q. Were your vessels very old?

A. One of them was new; the other was about 10 years old: but it was quite fit for the service.

Q. You had businessmen in your company?

A. All our Directors were business men.

Q. They had no experience about shipping?

A. They were shippers, but they had no experience of managing a shipping office.

Q. You think that if Indians are to go in for shipping business, only businessmen without any actual experience of running a shipping office can be had?

A. They must learn experience at some cost.

Q. Was your company started with political ends or with business ends?

A. I know it was the interest of our rival company to characterise the starting of our company as a political move.

Q. It was purely a business proposition?

A. Yes. The moment any officer in our company took part in politics, we tried to keep him out of our office. I was the Secretary of that company: and as long as I continued in that office, I had no hand in politics.

Q. In the case of new Indian companies, you have no objection to have expert help from non-Indians.

A. I would have their help for some time.

Q. Did you have any Europeans in your company?

A. I had European Officers, European Engineers. I had to purchase coal with the help of these officers. I had to work only with them and through their help.

Q. You advocate the reservation of the coastal trade for Indians completely?

A. Yes, because my impression is that the coastal business will develop, if it is reserved for Indian-owned ships. I have got my own experience in the matter. The non-Indian shipping companies enter into rather unholy combination with the railway authorities. They were practically instrumental in closing certain ports on the east coast of the Madras Presidency. My opinion is that if we had an Indian Mercantile Marine run by Indian-owned ships, the result would be the development of ports and the development of our coastal trade.

President.—Q. Can you say what port had been closed?

A. The port of Tirumalavasa near Shiyali in Tanjore district. It was a port wherefrom a lot of traffic was going often to Colombo and other places. For a long time even sailing vessels were taking cargo from this port. I believe the B. I. also was taking cargo for sometime from this port. Later on the B. I. entered into a contract with the S. I. Railway, whereby all the cargo had to be sent from Shiyali to Tuticorin by the railway, enabling the railway company to earn railway freight. The B. I. got its share of the bargain by taking the cargo from Tuticorin to Colombo in their vessels. On account of mail subsidies, the B. I. had to run practically every day between Tuticorin and Colombo, and this was additional income for them. So, they arranged to close that port of Tirumalavasa. When our company was started, we opened that port for traffic: and we were able to take a lot of cargo from that port.

Q. Do you mean to say that the railway companies helped in the closing of that port?

A. Yes.

Q. The President asked you whether in case the coastal trade is reserved, there would not be rate cutting among the Indian companies. Don't you think this can be met with by the fixing of the maximum and the minimum?

A. It is a question to be thought of, later on, when the coastal trade is completely in the hands of Indian ships. When we are able to stand on our own legs, it is time enough to consider whether we can fix maximum and minimum rates or leave the trade for open competition.

Q. You advocate the training of Indians as officers?

A. Yes.

Q. The Government should supply training ships?

A. My idea is you must have a college on shore and a vessel at sea where you can pick up actual experience. I have no experience to decide whether apprentices should serve in coastal vessels or in ocean-going vessels. I will leave that to be decided by the committee.

The Hon'ble Mr. Lalubhai Samaldas.—Q. In reply to Question 5 in your written reply, in the latter part, you say: "An industry which, primitive even as it existed, has been ruthlessly killed by the encouragement given by an unsympathetic alien Government to shipping companies in which the alien nation, and sometimes the highest officers of the Indian Government, had a vested in-

terest, are now indispensable if the shipping industry is at all to be revived." This is a very strong statement. Can you substantiate it?

A. It is rather an unhappy statement. I would very much like to have that statement removed. (At the request of the witness the above statement was expunged from his written statement.)

Q. Your experience is confined to coasting steamers only?

A. My experience was confined to both passenger and cargo boats on the coast.

Q. Was the competition from the B. I. confined to passenger traffic or cargo traffic or to both?

A. We had a monopoly of cargo traffic, of course, with some exception. It was only in the matter of passenger traffic that the B. I. competed with us.

Q. You were able to get much cargo?

A. Yes.

Q. That was not enough to keep you going?

A. Without passenger traffic, it was not possible to maintain ourselves.

Q. One witness told us yesterday that your company was started with political motives. He also told us that there were riots in Tuticorin after your company was floated. Can you throw some light on those statements?

A. They are absolutely incorrect. The circumstances under which our company was started, were purely of a business character. The shippers were complaining to the B. I. about the claims due to them on account of shortage in particular matters; and they were not being respectfully treated by the B. I. The shippers did not receive a sympathetic reply from the B. I.; and therefore they were contemplating to charter a steamer or to own some steamers, especially because the sphere of their operation was very limited. The merchants were sending their cargo only from Tuticorin to Colombo. As their business was very limited they thought they could successfully run a line. They came to certain English-educated gentlemen regarding legal advice. Except giving legal advice, the educated people took no part in the affair. The whole thing was done purely as a business proposition.

Q. Were there any riots?

A. There were absolutely no riots.

Q. You did not have expert management on the board, but you had expert officers in the boats?

A. Yes.

Q. Were you controlling the captains of your vessels?

A. I was myself living in the ship for several days. I used to stay in Colombo for

some days in the month to attend to the shipping matters.

Q. Can it not be that part of the loss was due to want of expert knowledge on your part?

A. A part may be due to that. Wherever we found we were losing, we were able to trace it out and close the loophole. We found that the competition from the B. I. was primarily responsible for the killing of our company.

Q. If a capable man is put as manager of the head office, he will be able to control the vessels as well as the office in a short time?

A. I think he can pick up experience within two or three years.

Q. During the transition period would you have any objection to the employment of experts?

A. I have no objection to the employment of non-Indian experts. My sincere conviction in the matter is: the sooner the Indians learn all the trickeries, the better.

Q. I do not want them to learn any trickeries.

A. I do not use the word "trickeries" in any bad sense. What I meant was, the Indians should *find out* the tricks employed by officers and they should be able to check the malpractices of the subordinate officials, in the matter of the purchase of coal, provisions, etc.

Q. Would you call the Bombay Steam Navigation Company which is registered in India with a majority of Indian shareholders out which is managed by a European firm—Messrs. Killick, Nixon & Co.—an Indian company?

A. I want the Indians to learn the whole business. They must learn office management as well as running the trade. That is my primary object.

Q. Is it not better to have expert management whether Indian or non-Indian?

A. Individual employees may be Indians or non-Indians; but when it comes to the question of handing over management of the company, it can only be entrusted to Indian hands. If the management is entrusted to Europeans, the Indians learn nothing.

Q. How long was your company alive?

A. For a little over three years.

Q. How did you take your apprentices?

A. I do not think it was by advertisement. I may say at once that the apprentices were there when I took charge of the secretaryship, so that I do not know exactly how they came to be there.

Q. Did they possess any academical qualification?

A. None of them were graduates. I believe one of them was an under-graduate and the others were matriculates.

Q. Did any of them possess engineering or technical knowledge?

A. One of them came from an engineering college in Calcutta.

Q. Were they trained as navigating officers or as Marine Engineers?

A. One of them was in the engine department; another was an officer in charge of the ship. Two of the apprentices were Bengalis; and one of them came with a knowledge of engineering. The third and the fourth apprentices were local people. One of them was a Brahmin and he was doing his work very well. His master used to speak very highly of him and he entrusted him with very important work. He was for some time making a pretence of taking his food separate: but after some time he abandoned all scruples and took his food in the ship.

Q. You think that the prejudice has now died out to a great extent?

A. Yes.

Q. Do you want reservation and bounties?

A. I want reservation only for the coastal traffic.

Q. Some witnesses said that in addition to reservation there should be bounties also in the beginning. What is your opinion in the matter?

A. If you are convinced that it is impossible for the companies that are started on the coastal business even with reservation to work without loss, then bounties may be given.

Q. You told us in reply to the President that capital would come forward if the coastal trade was reserved for Indian companies?

A. My experience is certainly very limited; it is confined to Tuticorin and Colombo. We were able to raise about 10 lakhs of rupees. If we have the same spirit everywhere as we have in Tuticorin, there would not be any difficulty.

Q. Would you reserve the coastal traffic only for cargo, or would you have it for passengers also?

A. I do not think there is very much of passenger service on the coastal service especially after the Railway service has begun; probably you are thinking of the service between Madras and Rangoon.

Q. I am thinking of the service between Bombay and Karachi and between Calcutta and Rangoon.

A. The reservation must apply to both, passenger and cargo.

Q. You require big boats for passenger traffic and it would not be possible to find money at once for the passenger boats. I want you to consider whether you would restrict the service for cargo only?

A. I would have it for passengers also.

Q. You said that the B. I. entered into a contract with the S. I. Railway and practically shut out a post. Can it not be they did not get sufficient cargo or earn enough freight to enable them to call there. Can it not have been a purely business proposition than combination which you call holy or unholy?

A. It very much depends on the sympathy with which you view it. It may be that some ports are not paying, but those ports have to be developed. If properly developed, those very ports which are not a paying proposition will turn out to be paying propositions. If we have an Indian-managed company where Indians would have a voice, they would be able to develop very many ports which lie undeveloped now.

Q. No company, Indian or English, would try to develop a port unless it has an assurance that, after spending some money in the initial stages, it would get some profit at least in the long run?

A. I would rather view it from a national spirit; we should not be guided by considerations of rupees, annas and pies only.

Q. You owe a duty to your shareholders?

A. That is true; but if you lose in some ports you will gain in others.

Q. You are in favour of developing small ports as far as possible?

A. Yes.

Q. You think that by reserving the coastal traffic and allowing Indian shipping companies to be created, the coastal traffic will improve and not suffer?

A. Yes.

President.—Q. Were you connected with the Swadeshi Steam Navigation Company in 1908-09?

A. Yes.

Q. Had you anything to do with the Director's Report?

A. I may have signed it.

Q. An extract from the Report states that "the S.S. Ipswich of the Shah Line Company, chartered by our company, turned out to be a virtually unseaworthy vessel and a very considerable proportion of our loss is due to the charter of this vessel for six months. It was impossible for the managing body to rescind the contract after they came to know that the vessel was not seaworthy. The S.S. Gallia has continued to be a dead investment, and for want of working capital the S.S. Lawoe has also had to be laid up

for the most part of the latter half of the year under report." That does not look as if the management was very expert when you started with vessels of that sort?

A. They were wrong to character such vessels.

Q. The Director's Report goes on to say: "The original promoters of this company purchased steamers without capital on hand for paying the purchase money and started business without working capital. They were allured by the modern facility of making purchases by prepayment of a fractional share of the purchase money. The flow of capital subsequently, though not very bad in the aggregate, was never in time to enable punctual payments of the subsequent instalments. Loans had to be contracted in the interim, from time to time, to make due payments of the instalments, with the general result that the financial position of the company was throughout one of unpreparedness. We would, therefore, say to intending promoters of new business concerns: 'Do not purchase, do not start business, without collecting beforehand enough capital to pay up purchase money in full and to afford working capital for the first few years of competition.'" That does not look as if the company was a failure on account of the rate-cutting war; it points to lack of experience in shipping matters?

A. It is not so. If you would allow me to explain for a few minutes, I would show that it was not due to lack of experience in shipping matters, you may take the Director's Report as a correct one.

Q. It seems to me that there was a good deal of mismanagement.

A. It is not a case of mismanagement.

Q. I had to charter vessels for Government and if I chartered ships that were unseaworthy, I would lose my job.

A. There was a loss in that particular year; I admit they committed a mistake in chartering a vessel which was unseaworthy; we often commit mistakes. Business people naturally think that it is necessary to own vessels, and also to have sufficient money and capital ready on hand for working expenses before starting a business. We are great believers in that. We may have started this company in an inopportune moment because there was not enough of capital on hand; but if we waited for capital, the company would never have been started. We had to purchase steamers only on debt, we had to work without capital and we went on like that for some time. But we were slowly getting over this difficulty, and my own idea is that, if only this competition was not there, we would

have fully got over all these difficulties in course of time.

Sir John Biles.—Q. In your reply to Question 22 you say "Private shipyards alone will not be enough. Government dockyards will have to be established and developed. But these must be so worked that the usual extravagance in the working of Government departments should be avoided. This can be arranged only under the strict supervision of a non-official Indian Committee." That is your scheme for shipbuilding?

A. Yes.

Q. Do you believe in having some private ship-yards?

A. There are a few already existing; they may be availed of.

Q. They will not be enough to develop the shipping industry and so you want Government to establish ship-yards for developing an Indian Mercantile Marine.

A. For some time, in the beginning, I would like it.

Q. You want to control them by a non-official Indian Committee?

A. Yes.

Q. What would be the nature of the Committee controlling an expert establishment like that?

A. It must be a Committee consisting of experts.

Q. Are Indians sufficiently experienced to control shipbuilding?

A. I believe there are a few Indians who might be able to do it.

Q. Do you know of any?

A. My experience is very limited; my own impression is that at Bombay or Calcutta, some merchants may be able to do it. I was able to dry-dock a ship in Calcutta in an Indian yard.

Q. You don't know of any expert Indians, it is only an impression you have?

A. I do believe that some capable Indians can be found to whom the work can be entrusted.

Q. Do you think they are competent to control a Government dockyard so as to avoid extravagance?

A. Controlling the offices and controlling the expenses of a Government dockyard, can be done by any business man with some experience.

Q. Do you know that extravagance is usual in the working of Government departments?

A. It is not a matter of personal knowledge to me, but that is what is being said with regard to State management. Private English companies say often that the State manages concerns at very great expense, but they would be able to do it more cheaply.

That is the claim put forward generally by private owners. If this complaint is going to be levelled against Government, we shall not open Dockyards at all; let it be controlled by some people who would be able to do it more cheaply.

Q. You don't know much about the control of Government Dockyards yourself?

A. I have no idea; there must be people who would be able to do it.

Q. In reply to Question 30 you say that Indian shipping needs are such that encouragement should not be confined to vessels built of steel only. Do you believe in the encouragement of wooden ships?

A. Yes, sailing vessels.

Q. Do you mean by that, only wooden sailing ships?

A. Only sailing ships.

Q. Would you build wood steamers?

A. I was not referring to them; but only to wooden sailing vessels.

Q. In your answer to Question 37 you refer to unrestricted free competition of steamers against these wooden sailing vessels, and you want to remove this competition?

A. Yes.

Q. If the competition is removed, do you think you can carry more cheaply in the wooden sailing ships than in steamers?

A. It is possible to find out particular places between which the service may be done by sailing ships, *e.g.*, between small places on the East coast of India and certain places on the coast of Ceylon. It is even now possible that sailing ships can carry on business between these small ports, that is my experience. I have seen a number of sailing vessels taking cargo from certain petty ports on the East coast to certain particular places, *e.g.*, Jaffna. If certain services like that can be found, sailing vessels can certainly be used there, without that industry being crushed.

Q. First you want to prove that the trade can be created and then you would encourage the building of wooden ships?

A. Before the advent of these steamers, sailing vessels had the monopoly of trade. Now that the steamers have come in places where the sailing vessels did their business, the latter have been crippled. We can now reserve certain particular places for sailing vessels to trade; they need not go to big ports where steamers can go, as they cannot stand the competition of steel vessels.

Q. The net result of this must be, you think, to the benefit to the consumer?

A. I do not think it necessarily follows that steamers are always cheaper than sailing vessels. Sailing vessels might be cheaper

in *particular* places than steamers. It is not possible to do the whole business with steel vessels only.

Q. If that is so, wooden ships would be able to exist?

A. They may be able to.

Q. Why don't they go on, in the business now if they can exist?

A. Some are in the business. Probably if you reserve the coastal service for Indian steamers even the few who are now in the service may disappear. I therefore want that some petty ports should definitely be reserved for these sailing vessels.

Q. In your answer to Question 40 you say that "the restriction of specified suitable lines of service for these ships will very soon make them self-supporting."

A. My idea is that particular lines must be reserved for these wooden sailing ships and if this is done, they would be able to be self-supporting.

Q. You want to shut out steamers from these particular lines?

A. I do not know whether steamers would be able to touch every petty port you can think of. If you confine the wood ships to particular places, they would be able to make a decent living: and they need not die.

Sir Arthur Froom.—Q. You are a barrister by profession?

A. I am a Vakil.

Q. Have you been to England at all?

A. No.

Q. You are Bachelor of Laws of the Madras University?

A. Yes, (that is) B.L.

Q. Did you practise as a barrister for long?

A. I have been in the profession from 1899, now about 25 years. I am not in it now for the last three years.

Q. Why did you leave the paying profession of the law?

A. I thought I would do some work for the country.

Q. Were you Secretary to the Swadeshi Steam Navigation Company when it was formed?

A. I came a year after the Company was formed.

Q. Ships were running before you were Secretary?

A. Yes.

Q. The capital of 10 lakhs was all lost, is not that so?

A. Yes.

Q. And the shareholders lost all their money?

A. Yes.

Q. Inasmuch as you did not start the company, you do not feel any responsibility in the matter?

A. It was a limited company: and I have no personal responsibility.

Q. I am talking of moral responsibility?

A. My conscience tells me that I was not responsible for a pie.

Q. It seems to me that the Company must have been started without a good appreciation of the state of affairs?

A. As I told you, the appreciation differs from different angles of view. Business people would think of starting business only when they have a good capital; we sometimes are anxious to start business first, without any capital and we believe we can do it.

Q. It is not a very practicable belief?

A. We found in the first two years that it was quite practicable, though very difficult. We were able to collect money, not only capital but also sell shares enough to keep us going. If you go to anybody for money without starting the company, they ask: "where are the steamers and where is the guarantee that you would have them?"

Q. That is your view of business; others have their own view. You said that the company had two ships, one of which was new?

A. One was a pretty new ship, between 3 and 4 years' old. It was the *Gallia*.

Q. What was her tonnage?

A. A little less than 1,000.

Q. She was a small ship then?

A. Yes.

Q. The second ship *Lawoe* was bigger?

A. Yes, it was about 1,800 or 2,000 tons.

Q. Have you any idea when the second ship was built?

A. I don't remember it. It served us beautifully well.

Q. In answer to one of the questions put to you, I think you said that there was nothing political about starting your company?

A. Yes, I am sure about it.

Q. You went on to say it was merely a business proposition?

A. Yes.

Q. As a business man, if you try to cut into the trade of another man, you would expect opposition, wouldn't you?

A. Yes.

Q. And you found it?

A. We did.

Q. You have no complaint on that score?

A. We have no complaint against the B. I. S. N. We only complain against the Government for not having supported us. One of the functions of Government is to

support infant national industries.

Q. Have not other businesses succeeded without Government help?

A. This business can't succeed, so long as this unfair competition exists.

Q. The Scindia Company, for example, have succeeded.....

A. I do not want to speak with any authority on this matter; I have my own view about it.

Q. But the Scindia Company put up a hard fight and they exist to-day; they have made an agreement with the B. I. There have been these Conferences and deferred rebates and in spite of them and without any assistance from Government new companies have started with sufficient capital and experience in shipping and they have fought their way into the Conferences. It seems to me that under these conditions, there is no reason why a new company should not fight its way into a business. It is unreasonable to expect that any established business would open its arms and welcome a new-comer that is going to take its business away; but if there is a fight and if the new company proves its worth, history repeats itself; and the new company would be taken in. Is that not so?

A. I know nothing about the history of other shipping companies; and I knew nothing about the internal working of the Scindia, and the terms on which it has entered into arrangements with others. I do not think my position will in any way be shaken by the state of affairs you have represented to me. I am not, therefore, in a position to appreciate them.

Q. I was not referring to the Scindia Company, I was telling you of other trades. There is a trade from India to China; other companies went into that trade and now they are working amicably after competition.

A. It is the old, old history of Free Trade versus Protection, that you are arguing. Yet, we know the Governments of very many nations, industrially highly advanced, protecting their infant national industries in their competition with Foreign Companies.

Q. Supposing the coastal trade is reserved and the present companies were stopped, you think that the coastal trade would be as efficient as it is now?

A. Yes, it would be.

Q. In reply to Question 8, you say: "The shipping trade between India and other countries should entirely lie in the hands of vessels owned by the people of this country and registered in India." That is a stupendous statement?

A. The idea that I had in view was this. In course of time, and finally, the trade between India and other countries should if possible be in Indian hands. That is my ultimate goal. It may be visionary, after all.

Q. What about the other countries? Supposing the other countries say that the trade between these respective countries and other countries should be in their own hands, what would you say?

A. This question has already been solved in the world. The Japanese goods are being carried by Japanese vessels. I think each nation may arrange that their goods should be carried by their own vessels.

Q. British ships do go to Japan.

A. My impression is that much of the trade between Japan and other countries is carried on in Japanese vessels.

Q. Your impression is wrong?

A. May be so.

Q. You like Indian lads to be trained as officers?

A. Yes.

Q. Do you want a college on shore?

A. Yes. But the boys may be given some experience at sea, also.

Q. One witness said that he was very strongly of opinion that a boy should go to sea first so that it can be ascertained whether he has a liking for the sea or not. This may give the boy an idea as to what his profession would be like?

A. It is perfectly unnecessary to decide which should be the first, training in a training college in shore or in a training ship at sea. A boy must have both theoretical and practical knowledge. I am not very specific about the particular order in which these should be acquired.

Q. You do not advocate the system to test whether an Indian lad would like to continue in the sea or not before spending large sums of money?

A. You can put him up for both courses and very easily find out whether he is fit or not.

President.—Thank you very much.

A. Yes.

Witness No. 66.

Mr. A. V. NARAYANASWAMY NAIDU, Vizagapatam.

Written Statement.

Q. 1. The shipping industry in India which was once a great national industry and whose splendid history for over 2,000 years unrivalled by any other country in the world, began to decline after 1840 when the construction of large ships were not undertaken and practically became insignificant after April 1863 when the Indian navy was abolished after the assumption of Government of India by the Crown.

Q. 2. It is needless to add that the situation is thoroughly unsatisfactory. If I were to be frank I must say that the apathy and indifference of the Government on several occasions and positive discouragement on the remaining occasions and absence of facilities for training and utter neglect of affording opportunities to Indians and utter absence of aid of the State to India Shipping enterprise and official disfavour and destructive policy adopted by the existing British monopolistic organisation prevent the development of Shipping enterprises by Indians.

Q. 3. I would suggest in addition to the observations made in reply to questions 4 and 5, the measures to be adopted are (1) the Government should change their apathetic attitude to the sympathetic attitude; (2) the

Government should take necessary legislative measures to prevent unfair competition on the part of foreign shipping agencies to destroy indigenous enterprises; (3) all facilities which the existing Royal Indian Marine can afford to Indian Mercantile Marine should be given; (4) the sympathetic and helping hand given to foreign agencies by giving contracts of postal Mail and transshipments of Government goods should be given to Indigenous Shipping Agency; (5) the nautical schools and colleges to be opened to train men for construction and management of ships; (6) the Imperial Bank should be made to render financial aid to the shipping industry when proper security is offered; (7) import duty on articles imported from abroad for shipbuilding purposes should be either abolished or reduced; (8) deferred rebate should be penalised; (9) rate bar should be prevented by fixing the maximum and minimum rates for freight and passenger fares; (10) preference to be given to indigenous agency invariably; (11) coastal trade of foreign shipping should be prohibited as soon as indigenous agency can undertake the work; (12) Government should fairly and impartially appoint only Indians in the Royal Indian Marine when qualified men are avail-

able to give the needed training; (13) strict instructions to be given to all the officials concerned to help the shipping industries in all possible ways without offering obstacles directly or indirectly; (14) the timber that is available in the Government forests should be made available at fair price and facility for transport afforded; (15) necessary enactment should be passed to prevent unfair competition, cutting rates, intimidation, organizing illegal hindrances for shipper's free dealing.

Q. 4. The State aid is absolutely necessary to promote the satisfactory developments.

Q. 5. I advocate the following modes of State aid, namely, (1) the present Shipping Companies should be made to contribute 2 per cent. of their net profits for affording navigation and construction bounties for Indian Mercantile Marine. (2) Income-tax on profits should be exempted on Indian Shipping Companies when their profits do not exceed 10 per cent. of the capital outlay. (3) To assist and encourage maritime undertakings, loans on proper security to be given by the Government on fair rate of interest. (4) All Government contracts should be entered into with Indian Shipping Companies even at small sacrifice. (5) If the indigenous agencies are not immediately available, Government should give guarantee to the Indian agency of interests for a fixed period. (6) The Government should provide subsidies from general revenues for maritime postal and commercial services. (7) Special import and export duties to be fixed for those who ship on Indian-owned ships. (8) If insurance companies for any reason refuse to insure either ships or goods transported on Indian ships Government should offer fair insurance facilities. (9) The Government should enact laws reserving coasting trade in the first instance to vessels owned by Indian shipping agency. (10) Law should be passed penalising "Deferred rebates" to shipping lines in any shape whatsoever. (11) Preferential Railway rates should be granted only to goods transported by Indian ships. (12) Income-tax relief as suggested above should be given either wholly or partially. (13) The army transport service as well as Government goods transport service should be given to indigenous agency whenever available. (14) If customs duty relief cannot be given 10 per cent. of customs revenue should be earmarked to help the Indian shipping agencies.

Q. 6. Legislative measures indicated above are necessary.

Q. 7. I favour grant of navigation bounties to vessels owned by Indians on all classes (a) and (b) and (c).

Q. 8. I prefer the navigation bounties on all routes settled by the Government of India

more specially to Europe and America and the Pacific ocean.

Q. 9. I limit for some years to come to the gross tonnage not exceeding 18,000 tons and speed 18 knots per hour in the increased rate according to the tonnage and speed. I do not limit the age so long the ships are seaworthy and serviceable.

Q. 10. The rates and limits of bounty I leave to the experts to fix them to avoid unnecessary burden while giving sufficient encouragement to revive the decayed industry.

Q. 11 and 12. No reply.

Q. 13. In the first instance I do not limit bounties to vessels built in India alone as it would take time to have shipping yards able to build all vessels in India but to give encouragement I would suggest preferential bounties to those built in India.

Q. 14. I do not suggest abolition of bounties at any fixed period but power of withholding the bounties would be left to the legislature after ten years.

Q. 15. Certainly, it should be condition precedent.

Q. 16. Government should have power of exemption where it is impossible to secure qualified Indians to fill the posts.

Q. 17. Certainly, otherwise the Indians would be used by Foreign firms to their advantage.

Q. 18. I advocate gradual abolition of coasting trade in the hands of non-Indian trading agencies.

Q. 19. In course of time reservation would help Indian shipping as it was the case in Foreign countries. To avoid undue profits provision should be made to impose income-tax on profits over 10 per cent. on the capital outlay and also fixation of maximum and minimum rates subject to revision every five years emergencies excepted for which Government should have the power of changing rates on the occasion of war and famine.

Q. 20. Certainly.

Q. 21. I leave it to experts.

Q. 22. I advocate Government dockyard development for a period of 25 years.

Q. 23. I have not got accurate information.

Q. 24. Reply to this is given in question 2.

Q. 25. I have suggested the measures already.

Q. 26. Wooden shipbuilding is equally unsatisfactory.

Q. 27. During the period of the war every encouragement is given to build wooden ships and some were constructed at Cocanada and other places by private individuals. All sorts of objections are raised when they are used to transport timber and rice from Burma, namely their sailings would cause damage to steamships while Indians feel that they were

discouraged after the war is over to help British Companies who monopolize this trade.

Q. 45. Government should take earnest and energetic steps to provide for the training and future employment and facilities for further study and should not be left to private enterprise only for a long time to come.

Q. 46. Training should be given in India as far as possible.

Q. 47. Government should provide the training ship.

Q. 48. Scholarships to be given to large numbers of promising youths to meet the necessary cost of students.

Q. 50. Besides the nautical college there should be training ship as well for practical training.

Q. 59. I am confident if they are assured of appointment large numbers would join.

Q. 60. Yes.

Q. 65. Yes.

Q. 66. I do not accept the view mentioned in 65. The contracts should be entered into with Indian Shipping agencies whenever available even at some sacrifice of money or time to afford facilities for Indian Shipping development.

Q. 70. To afford State aid for the aforesaid objects duty of 2 per cent. on Shipping dues of foreign sailing vessels would bring in a crore of rupees as I believe that the freight charges and passenger fees would not be less than sixty crores.

After all when we are spending large amounts on Railways without adequate return we should be prepared to spend some amount to resuscitate the shipping Industry in India without depending on foreign vessels for trade purposes and thus draining the wealth of our country without helping the growth of trade in Indian hands. If Indian interests alone are to be looked to there could be no alternative but what I suggested.

Oral evidence, Madras, dated the 17th January 1924.

President.—I hope you will remember that we are only searching for information and if we ask you any questions which you consider objectionable, you are not bound to answer them.

Q. You come from Vizagapatam?

A. Yes.

Q. Vizagapatam is going to develop into a big port?

A. Yes.

Q. You have got a big trade there?

A. Yes.

Q. Have you got a considerable number of young men who would like to go to sea?

A. Not at present. There are a certain class of people who are hereditarily inclined to go to sea. If you give the youths of that class proper training, they will prove very efficient officers.

Q. Are you interested in shipping?

A. My grandfather and my father had considerable business in wooden ships.

Q. Do you build any vessels at Vizagapatam?

A. No. In Cocanada a relation of mine was building.

Q. Do you think the whole coastal trade should be reserved for Indians?

A. Till the Indians can successfully compete with European companies, they require the reservation of the coastal trade.

Q. Once they are well established, you would allow the trade to be free?

A. Yes.

Q. One method you suggest is that the Imperial Bank should render financial aid by lending money at cheap rates of interest?

A. Yes, if proper security is given.

Q. Would you exempt them from income-tax?

A. In the beginning when their profits do not exceed 10 per cent. they should be exempted from income-tax.

Q. Don't you think that other people in India would kick up a row?

A. The shipping industry is now dead. When the profits do not exceed 10 per cent., then they should be exempted from income-tax just for developing the industry.

Q. Do you want navigation bounties in addition to the reservation of the coastal trade?

A. I want bounties to the extent of 25 per cent. on securities.

Sir Arthur Froom.—Q. You are interested in shipping?

A. Yes.

Q. You owned some wooden ships?

A. Yes.

Q. Are you in business now?

A. I import and sell timber.

Q. You import timber from Burma?

A. Yes. I was supplying timber to the East Coast Railway.

Q. Timber business is very good?

A. Certainly; it is next to gold.

Q. Your business is in Vizagapatam?

A. Yes.

Q. Is there rebate system in force in connection with your trade in Vizagapatam?

A. No. Once a Japanese line came and competed with the B. I. The passenger fare between Rangoon and Calcutta was reduced considerably. This rate cutting went on for some time. Finally the Japanese had to give up their trade.

Q. The Japanese came on to the trade and that was practically a fight between two companies?

A. I think the Japanese finally gave up the trade.

Q. The rate cutting did not harm your trade in Vizagapatam. The people for a time got cheap passages?

A. No, only the shippers were benefited.

Q. You have no grievance personally against the deferred rebate system?

A. No personal grievance.

Q. You can ship your timber by any vessel that comes along?

A. Yes.

Q. You suggest that a law should be passed penalising the deferred rebate system. That opinion is not the outcome of your own experience but what you have heard from others?

A. What I say is if Indians are to be encouraged in shipping business they should not be called upon to face the rebate system. If the rates are cut by rival British companies, the Indian companies cannot stand the competition and they have necessarily to close their trade. If a newly started line loses much money on account of rate cutting it soon becomes insolvent.

Q. That is natural in business?

A. If you wish to revive the fallen trade of India, then you must abolish the rebate system and prevent rate cutting.

Q. At any rate you personally suffered no hardship from the rebate system?

A. Personally none.

Q. In answer to question 1, you say: the national shipping industry of India began to decline after 1840, it further became insignificant after 1863. That was about the date of the advent of the steamships?

A. Yes.

Q. The Indians up to that time had taken interest in shipping matters?

A. Yes.

Q. But when steamships came into being they did not pursue their enterprise and go on with steamships?

A. They were not able to compete with steamships?

Q. Why not?

A. The rates were cut.

Q. The steamship companies were new. How could they be cutting rates?

A. After 1863, Indian ships were abolished.

Q. You mean steamships cut out wooden ships?

A. Yes.

Q. I have never been able to understand why Indian merchants of enterprise did not go in for the steamship business?

A. Want of combination among Indians and also want of State aid.

Q. Why should they have State aid?

A. Without State aid they could not compete.

Q. In olden days they were running the coastal trade?

A. In those days the cost of a steamer was not much. One steamer now costs about 15 lakhs. For this amount 15 wooden ships could be had in the old days.

Q. Probably they did not like to risk their money?

A. Not risk the money, but they were not rich enough to buy ships.

Q. They are rich enough to buy mills and earn a profit of 300 per cent. sometimes?

A. They were not able to compete with European vessels.

Q. When it was started it was quite new. No doubt they cannot compete advantageously now because they let go the opportunity. Why did they not start side by side with the British ships. If they had done so, they would have been on the coast now in as flourishing a condition as the British ships.

A. Want of enterprise and absence of Government help were the sole causes for the Indians not taking to the shipping industry long ago.

Q. The British shipping was not protected?

A. The British shipping had every encouragement from the Government. The Government are giving them postal contracts.

Q. That is for services rendered?

A. The Indians did not know how to build ships?

Q. But they could have bought ships?

A. The merchants were not so far educated. We were in a backward state fifty years ago.

Q. You advocate the gradual abolition of the coasting trade in the hands of non-Indian trading agencies?

A. Yes. But only gradually. Eventually if Indians are able to carry on the whole trade, then the entire coast may be reserved.

Q. Do you think the Indian companies will be run as efficiently as the British companies?

A. Not at present.

Q. In the meantime trade would suffer or some money will have to be put up by Government?

A. Trade will not suffer when the Indians are able to take up the trade completely in their hands.

Q. My point is that you have at present a very efficient agency established on the coast that serves the needs of India. You want Government to do away with that efficient service and substitute for it something untried. Don't you think that might be a very dangerous experiment for the country?

A. I do not mean to do it all at once.

Q. What are the British ships going to do? Are they going to stand by and allow themselves to be maimed, their arms cut off first, then their legs and so on?

A. It will take some years before the Indian companies can come to such a state of efficiency.

Q. At any rate you would like an Indian shipping industry irrespective of the fact whether it is good for India or not.

A. It is good for any country to have her trade in her own hands.

Q. Every country does not specialise in every trade. With Britain, shipping is a speciality.

A. In the beginning foreign ships were not allowed.

Q. That was several hundreds of years ago.

A. Yes.

Q. How would you train Indians to become officers?

A. By having nautical colleges.

Q. You want this committee to recommend that the boys should be sent away to sea in a training ship first of all?

A. Yes.

Q. Then they will know whether they have a taste for the sea?

A. Quite so.

Q. With 3 or 4 years' training at sea, they get practical training and then they come to shore and learn the theory of navigation?

A. Yes.

Q. Which would you prefer first?

A. The boys must first get a practical training.

Sir John Biles.—Q. Is there any chance of Vizagapatam being a shipbuilding centre?

A. It has every chance.

Q. Have they started a shipbuilding yard?

A. We have got our old shipyards covered up. We have no shipyards to build English ships. After the harbour scheme is completed, we may get a shipyard also.

Q. So you expect a shipyard after the construction of the harbour is complete?

A. Yes.

Q. How far away is your place from Tatas?

A. About 800 miles.

Q. You recommend the establishment of training colleges one at each presidency centre?

A. Yes.

Q. You think that the coastal trade should not be reserved to Indians until such time as they are able to take it over?

A. No, it should not be restricted till that time.

Q. How do you propose to develop the Indian mercantile marine?

A. By starting shipbuilding companies.

Q. Where?

A. In those places in England where they can build well. If it is possible to build in India, then such companies may be formed here.

Q. You propose that English shipbuilders should come out here and lay out the yards?

A. Yes.

Q. How do you propose to create these shipyards?

A. The Government has to support them for some time.

Q. Where do you think the Government ought to do it?

A. In ports like Bombay, Calcutta and Madras.

Q. How do you suggest the shipping to be created?

A. By lending money at cheap rates of interest.

Q. In the same way as the Imperial Government lends money to suitable enterprises abroad?

A. Yes.

Q. Do you want the Indian Government to do the same in India?

A. Yes. A portion of the Indian capital and a portion of the English capital should assist the formation at the start.

Q. Then you would make it a condition that there should not be competition for Indian-owned ships?

A. Yes, for ships built in India or in England with Indian capital.

Q. How would you propose to tide over the difficulty?

A. Government would have to pass certain laws.

Q. We have got to recommend to Government a method of doing this; what would you suggest?

A. Reservation of the coastal trade for Indian shipping, exemption of Income-tax on profits earned by Indian shipping companies and exemption from duty of materials imported for the purpose of building ships in India.

Q. Also free competition?

A. Without free competition, they cannot go on. In the beginning, when new companies are started, if the old-established companies compete with them, they cannot succeed.

Q. How are you going to prevent the old-established companies from competing with the new ones?

A. Government have to pass certain laws.

Q. How are you going to do this? You cannot pass a law to prevent competition.

A. I have not thought that out.

Q. Do you suggest that the existing companies are to pay 2 per cent. of their net profits as bounties for the Indian Mercantile Marine?

A. Yes, if Government cannot afford to assist the Indian companies out of their funds.

Q. That would be in addition to the present Income-tax.

A. I don't mean that. If you impose a duty of 8 annas per ton on foreign shipping, that would bring in a large sum of money, about 60 lakhs annually, which can be used for bounties for shipping and shipbuilding.

Q. You mean that the old companies have to pay for the new companies being formed?

A. A tonnage of 8 annas on foreign shipping is not much to ask the foreign companies to contribute.

Q. We are just trying to ascertain the possibilities of Vizagapatam as a shipbuilding centre in view of its being so near to Tata's works. It is much nearer to Tatas than Bombay and Madras.

A. The present harbour is about 25 square miles and it has natural facilities for shipbuilding. We have already spent about 40 lakhs of rupees in the acquisition of land and gardens. We are waiting for more money.

President.—Q. Are you going to get it from Government?

A. The B. N. Railway are willing to assist us, but they want a guarantee of interest.

President.—Thank you very much.

Witness No. 67.

Mr. L. B. CLARKE, Port Officer, Cochin.

Written statement, dated the 9th April 1923.

Q. 44. I consider it to be very unlikely that a considerable number of youths of a class suitable to be officers in the Indian Mercantile Marine will be desirous of following the sea as a profession.

Q. 45. (a) Should a considerable number of suitable youths be desirous of becoming officers, I consider that Government should take active steps to provide for their preliminary training to enable them to appear for their 2nd Mate's Certificates.

(b) No.

(c) Should be left entirely to private enterprise.

Q. 46. Cadets for training should first undergo a preliminary course of training in a Shore Establishment in India, after passing out of this by examination, they should go to sea either as apprentices or in sea-going training ship.

Q. 47. The preliminary training in the Shore Establishment should be carried out in India, but the 2nd training as apprentices or cadets in a training ship should not be confined to Indian waters.

The shore establishment and training ships should be supported by Government but not provided.

Q. 48. Yes; only cadets from the Indian Shore Establishment should receive assistance from Government by the establishing of a

system of scholarships to boys of exceptional ability and who pass the necessary examinations. Such scholarships to take the form of meeting a portion of the cost of premiums required by firms or fees in sea-going training ships.

No more than 2 such scholarships should be awarded in 1 year.

Q. 49. To commence with only one Shore Establishment. If this proved to be a success more could be established. The maintenance charges to be met partially by the levy of fees and partly by voluntary subscriptions till such time as it proved to be a complete success, after which they should be met wholly by the fees levied.

Q. 50. Yes, both.

Q. 51. Yes. If in the Mercantile Marine Apprenticeship should be served in steamers trading outside of Indian or Asiatic Waters.

Q. 52. Most present day British Shipowners already accept British Apprentices for training, generally more than sufficient for the future supply of officers. It can only be presumed therefore, that Indian boys will also be accepted if they care to apply.

Q. 53. Only a portion of the premiums of such boys who obtain scholarships from the preliminary Shore Trading Establishment.

Q. 54. A sea-going training ship for apprentices should be supplied but not wholly by Government. I consider that to ensure

public interest and to let her stand a better chance of success, she should be supplied principally by voluntary subscriptions, say $\frac{1}{2}$ of the initial cost being met by Government and $\frac{1}{2}$ by subscriptions. She should be wholly under the control of Government. As for her maintenance, an attempt should be made to meet the entire cost of this by the levy of premiums and by carrying freight and Government stores. Should this not be sufficient Government should meet the remaining cost to the extent of not more than $\frac{1}{3}$. Her Head Quarters should be in India, but she should trade to all parts of the world, including voyages round the Cape of Good Hope, Cape Horn, also voyages to Northern European, North American, Australian and New Zealand Ports. If an Indian Mercantile Marine manned entirely by the Indians, is to be a success, the apprentices who are in the future to be the masters and executive officers of the vessels comprising this Marine must undergo experience in all conditions of weather and climates. It is only by giving them training in all parts of the world that such conditions can be experienced.

In order that apprentices in this training ship should turn out to be sound and resourceable seamen, I consider that she should be a Square-rigged Vessel with auxiliary steam or Motor Power. In my opinion the men who have had experience in Square-rigged Vessels, make more trustworthy and reliable masters and Officers than those trained entirely in Steam Vessels.

Q. 55. They should be given free food but no uniform or clothing allowance.

Q. 56. Cadets or apprentices should study English, Mathematics in all branches general knowledge, Navigation and Seamanship. No boy should be allowed to go to sea as a cadet or apprentice who has not a thorough knowledge of English.

Q. 57. I consider that Nautical Academies are a necessity, but the supply should be left entirely to private enterprise.

Q. 58. Being left to private enterprise, they will adjust themselves as to number and will be located in the Ports where examinations are held. Government should neither provide nor maintain such Academies either wholly or partially.

Oral evidence, Madras, the 18th January 1924.

President.—I would like to assure you that if we ask any questions that you would rather leave alone or which you don't desire to answer you are at liberty to do so.

Q. You are Port Officer at Cochin?

A. Yes.

Q. Have you had a long service in India?

A. I first came out to India in 1887 and have been here on and off ever since.

Q. Have you been in the Madras Presidency for a long time?

A. I am here from 1906.

Q. With all that experience, as far as your knowledge goes, you don't think that young educated Indians are likely to come forward to become Officers in the Mercantile Marine?

A. I do not think so.

Q. Have you had many people in Cochin asking you about prospects for their sons or relations of going to sea?

A. No, not of the class who, I consider, would be suitable to be Mercantile Marine Officers.

Q. There has been a great demand from people and you agree, I suppose, that young Indians should be given facilities for going to sea?

A. Quite. If they want to go to sea, we should give them what facilities we can.

Q. It has been suggested that we should have a training ship on the lines of, say, the Conway or Worcester or Pangbourne; would you agree to that?

A. Yes.

Q. It has also been suggested that, in order to ascertain whether these young men have got the aptitude and desire to become Mercantile Marine Officers, they should be sent on a sort of world-wide tour. Would you agree to that?

A. I have suggested a similar method in my statement.

Q. Do you think that would be a good and practical method of ascertaining whether the men would stick to the sea?

A. I think so; but I do not think that Government ought to incur the whole cost of training.

Q. Nearly all educational establishments in India like the Engineer colleges, Arts colleges, etc., are run by Government, the buildings and instructional staff being provided by them. The students pay only 5 per cent. of the total expenses of maintaining the institutions in the form of fees. Do you consider it would be fair to do the same for the sea profession?

A. It is too big a risk of Government money.

Q. You think students ought to pay more?

A. I consider that part of the initial cost of a training ship should be borne by subscription, and the upkeep by fees and freight.

Q. Do you think we would get subscriptions?

A. We can test the willingness of the people.

Q. Do you agree that teaching can only be done in the English language?

A. Certainly; as far as I know, Navigation cannot be properly taught in any vernacular.

Q. Is there a sea-going population in Cochín?

A. Of a sort.

Q. Supposing we get boys trained in a training ship and they do well, have you any idea as to how they would get employment? It is no use training them if they are not likely to get employment?

A. They should take their chances with the rest of the people.

Q. It has been suggested to us that Government might reserve the coastal trade of India for Indian shipping companies; would you approve of that?

A. I have left that alone in my statement.

Mr. *Jadu Nath Roy*.—Q. You say that educated classes are not likely to come forward for training to become Mercantile Marine Officers?

A. Yes, as far as my experience goes.

Q. Have you made any enquiries?

A. I have not made any special enquiries about it; I state that from my own experience.

Q. What experience have you about the educated classes; do you come into contact with them?

A. I do come into contact with a fair number of them. I have met several Indians in my life on shore and at sea.

Q. We have been told by some witnesses that educated classes of Indians have not come forward, because there are no facilities for their training?

A. I can't say.

Q. The British Companies do not take Indian apprentices?

A. I don't see why they should not.

Q. It is a fact that they do not take them at present.

A. As a matter of fact, as far as the British Mercantile Marine is concerned, there are far too many apprentices for the market. There are so many of them trained to become Mercantile Marine Officers that only about a quarter of them could ever find a living.

Q. You mean British apprentices?

A. Yes.

Q. And so, they do not want to take Indian apprentices?

A. I can't say; I am not a shipping firm.

Q. You said that the cost of a training ship should be met by subscriptions. Who would pay the subscriptions? Do you mean to say that those who would be benefited by training should subscribe?

A. Those people who are really interested in the Mercantile Marine should pay; it would be a very sound way of showing their interest.

The Hon'ble Mr. *Lalubhai Samaldas*.—Q. You said in reply to a question put to you that the class of men who ought to become Officers in the Mercantile Marine won't come forward to get this education?

A. I did not say quite that.

Q. You said you did not make definite enquiries. Do you think that the class of people who would take to the sea, say the sailor class, if they are taken in for training at the age of 8 or 10 and given proper education, would rise to become good Officers? Are they intelligent enough to do that?

A. I think some of them are very intelligent.

Q. If the sailor class of people, the sons of the existing sailors, etc., are willing to come and work up to the required standard, would you prevent them from joining the Mercantile Marine?

A. Certainly not.

Q. You do not think that intelligence is the monopoly of the richer classes?

A. Decidedly not.

Q. In reply to Mr. Roy you said that people who are interested in this industry should come forward to subscribe for it; who, do you consider, are interested in this industry?

A. It is impossible for me to say who would come forward.

Q. If the Central Legislature, which is representative of the people, approved of it, it means that the country is interested in it and the country can pay. Government after all are the trustees of the country.

A. I think you are getting on to politics.

Q. You have given your opinion and so I have to draw the answer from you; if the country as a whole feels interested, can the country pay?

A. I don't think so.

Q. Then you ought not to make the statement that those who are interested should pay.

A. You can put it this way; those who are most interested should subscribe.

Q. How are you to find it out?

A. By propaganda; send round a subscription list.

Q. In that case, those who pay should be considered as interested and it is not the case that those who are interested pay.

A. They need not pay unless they like.

Q. Your idea is that part of the cost of the training ship should be met by Government and part by private subscription?

A. Yes.

Q. The President drew your attention to the fact that Engineering and other Technical Colleges are maintained by Government?

A. Yes.

Q. Shipping is also a branch of Technical education; is there any special reason why Government should not provide a training ship?

A. I think it is too big a risk.

Q. To the taxpayer?

A. If you build a large Government College on shore, you can be practically certain that that College would stand there for years and years. You can take the life of a ship at the most to be 30 years, while there is also the possibility that she may not live for more than 2 or 3 months.

Q. But the country would be developed and a larger number of people would come forward to find the money?

A. We hope so.

Q. Don't you think that the first ship should be provided by Government as an experimental measure?

A. Personally I am against it.

Q. In reply to Mr. Roy, you said that the companies that have made money out of freights have not been approached with such a request; do you think they would pay part of the expenses?

A. Try them; my idea is that they should subscribe.

Q. Regarding employment, you said that young men should take their chance with others; that would mean employment in English, foreign or Indian ships?

A. Yes.

Q. There are very few Indian shipping companies and unless English shipping companies would take them, they would practically be stranded and we would have discontented Navigation officers and discontented Marine Engineers.

A. We have thousands and thousands of unemployed master mariners in England.

Q. If no provision is made, these men will probably become discontented and money would have been uselessly spent. Is it advisable that we should make it a condition for coastal traffic that some men should be taken

up, if they have sufficient training and are quite fit, by the shipping companies?

A. I do not see how it could possibly be managed. I think you are getting a little bit beyond my province.

Sir John Biles.—Q. Have you got a ship-building yard at Cochin?

A. No. A ship was built there some while ago of about 300 tons; she is a wooden vessel.

Q. Was she a wooden teak-built steamer with motor engine?

A. Yes.

Q. Have you seen her?

A. Yes, she is lying in Cochin still unfinished.

Q. Do you think she is a good ship?

A. She looks to me to be a well-built ship.

Q. She was built by the local carpenters?

A. Yes, under the supervision of Europeans.

Q. Are there many of them in Cochin?

A. There must be some of them.

Q. Do you think sailors can turn their hands to carpentry?

A. A good sailor man can turn his hand to anything. The men who built the steamer are not sailor men.

Q. They are people who live by shipbuilding?

A. I don't think they do in Cochin. You get more of the ship-building men on the East coast. This ship was built by a firm called George Brunton and Sons. In years gone by, there used to be a lot of ship-building in Cochin; tradition has it that some were wooden men-of-war.

Q. How long ago was that?

A. In the days of old wooden ships; about 60 or 70 years ago.

Q. Do you think that Cochin may be developed into a ship-building centre?

A. It might.

Q. Do you think it is a good port?

A. It is an excellent port, if you can get through the bar.

Q. Is much trade done in Cochin?

A. Yes, a fair amount.

Q. Does it come from steamers?

A. Yes.

Q. Is much done by small wood sailing ships?

A. Yes; they come from Bombay, Karachi, Colombo, etc., some come from Zanzibar and the Nicobars.

Q. Does it come from the Persian Gulf?

A. Occasionally, yes.

Q. Do you think that the wood shipbuilding industry is in need of State aid?

A. I have left that alone in my statement.

Q. You do not want to answer the question?

A. I will answer it if you want me to; I do not think it is in need of State aid.

Q. Do you see any new wood ship-building?

A. Not now.

Q. Are there more wood ships than the trade requires?

A. Apparently; when I was in Cocanada I found quite a large number of wood ships laid up doing nothing.

Q. You do not think that the present condition is such that State aid is necessary?

A. Unless they go in for building wooden ships with motor engines, the ordinary wooden built sailing vessels cannot compete with steamers.

Q. Do you think a wood-built steamer can compete against a steel-built steamer?

A. I do not see why she should not.

The Hon'ble Mr. Lalubhai Samaldas.—Q. Either with steam engines or with auxiliary engines?

A. With any of these.

Sir John Biles.—Q. I think the wood-ship is heavier than the steel-ship and therefore could not carry as much. What is the nature of the cargo that wood-ships generally carry on coastal traffic. Is it dead weight cargo?

A. I should call it a sort of medium between dead and light.

Q. If it is light enough, the dead weight wouldn't matter. In other cases wood ships might compete with steel.

A. Yes; they last longer as a rule; wood ships which are 60 or 70 years old are still sailing to-day.

Q. You mean those built out here?

A. Some of them were built out here. I know of one sailing ship in Cocanada which must be 50 years old; she is still going strong.

Q. You are rather in favour of encouraging wood shipbuilding on the coastal trade as an economic measure?

A. I think so; small crafts of 300 to 500 tons or even up to 800 tons might be encouraged.

Q. You think there is a future for small crafts?

A. Yes, provided they are power-driven.

Q. You suggest that voluntary subscriptions or aids should be given for teaching Colleges?

A. Yes.

Q. Supposing in the appeal for voluntary aid, there was not an adequate response, would you advise Government to find the money?

A. I have stated in my statement that one-third of the initial cost should be met by Government, and two-thirds by subscription. To ensure the success of the scheme, it is advisable that at least two-thirds of the initial cost should be met by voluntary subscription, and when this is done, the remaining one-third might be met by Government.

Sir John Biles.—Q. Supposing you failed to get $\frac{2}{3}$, is it up to the Government to supply the rest if they think it a sound idea?

A. I will adhere to the proportion of $\frac{1}{3}$ and $\frac{2}{3}$. Though I consider that if we cannot get more by subscription, I would not mind Government going up to even half if necessary.

Q. You think most of the money ought to be found?

A. Yes.

Sir Arthur Froom.—Q. How many years were you at sea?

A. For about 20 years.

Q. As an officer, were you in charge of lascars?

A. Yes. I was in charge of lascars both as an officer and in command.

Q. Given facilities for education, do you consider the younger lascars might be trained to become officers?

A. By the time the lascars come to sea, they are rather too old to learn anything. You must get them at an earlier age. They do not go to sea as a rule until they are about 16 or 17. We occasionally get boys of 10 or 12 years of age on board a ship. The boys are very smart indeed.

Q. Did you find the lascars satisfactory as seamen or as crews of a ship?

A. I found nothing to complain of at all.

Q. About training, you are of opinion that Government ought not to risk their money even as an experiment until it proves successful?

A. Yes.

Q. Supposing Government announces that they will provide a training ship if a sufficient number of applications are forthcoming with some sort of guarantee that they are not mere idle applications, do you think the Government would be justified in doing so?

A. I think it would be risky even if there are enough applications. My reason is this. Several people think that they would like the

sea. They try for a year or six months and then they get tired of it. The original intention of every boy is to go to sea and stay there all his life but after they have had some experience they change their minds. The sea is a monotonous profession. I am quite certain that when I had been at sea for 6 months if I had been given a decent job on shore, I would have accepted it rather than stay at sea.

Q. We have been told in other parts of India that given facilities a great number of Indian lads will come forward to be trained as officers. The difficulty of this committee is to test the accuracy of that statement, whether it would really come to pass?

A. The Government should not throw away the money in supplying a training ship until they know for certain that these applicants who come forward are really willing to become sailors. To become a sailor they have got to endure tremendous hardships.

Q. To make this test, you do not think Government ought to pay?

A. It ought to be met principally by voluntary subscription. After all it is a matter of charity.

Q. In reply to Sir John Biles, you advocated encouraging the building of small wooden ships?

A. There, as I already pointed out, I was speaking on a thing which I did not know much about. I do not know much about the coastal trade.

Q. Don't you think that the bigger steel ships have great advantages over small ships?

A. They have got several advantages decidedly.

Q. Don't you think it a more economical proposition for one ship to get away with 3 or 4 thousand tons of cargo than to have ten ships carrying 300 tons of cargo each.

A. Yes, it is. My idea in advocating small craft was that they should trade with the coast ports where the larger steamers cannot go in exactly the same way as small wooden vessels go to little ports and take cargo to other ports. That can be done by small vessels, no matter whether they are wooden or steel. These small vessels are very handy.

Q. You do not think small vessels have to charge higher freights to make them pay?

A. I suppose they would demand higher freights. But the small power driven vessels can make up the freight because they expect to give more frequent service.

Q. Would you like the committee to form the opinion from your statement that you recognise that it is not the desire on the part of Indians to go to sea but that they should be given a trial?

A. Yes.

Q. It is only a question of means. Most witnesses want the Government to pay—

A. I do not agree with them.

The Hon'ble Mr. Lalubhai Samaldas.—Q. You said a boat was being built at Cochin. What is its size?

A. The gross register will be about 300 tons and its carrying capacity would probably be about 600 tons.

Q. Who built it and who are the owners?

A. The vessel was built by Messrs. George Brunton and Sons.

Q. Is that the same boat as was purchased by the India and the Colonial company?

A. That is the same boat.

Q. You think for small ports wooden boats with propelling power may be a cheaper proposition than larger boats?

A. That is a proposition that can be considered with advantage.

Q. Can you give us any idea as to the comparative cost of a small wooden boat and a small steel boat?

A. I am afraid I cannot give you that information.

Q. You think this proposal is a feasible one and can be considered in the interests of the small ports?

A. Most decidedly it can be considered. In fact there is a company, whose name I forget, which is now running from Bombay down to the coast ports as far as Alleppey and sometimes to Cochin harbour.

Sir John Biles.—Q. What Sir Arthur Froom said was a well accepted proposition, namely that a larger ship is more economical in carrying than the smaller ship. But the fundamental assumption in that is that you can get a sufficient amount of cargo to fill the larger ship. If you run it half full, obviously it cannot be so economical. The question that I want to ask you is this. The ports that you have in your mind, are they of such a nature that they could not supply enough cargo for ships larger than 200 or 300 tons?

A. That is the idea.

Q. Because they cannot find more cargo they cannot employ larger ships?

A. Yes, that was what I had in my mind.

*President.—*Thank you very much.

Witness No. 68.

DIWAN of Travancore State.

Written statement, dated the 22nd September 1923.

Adverting to your letter Ref. on C. No. P. 522, dated the 22nd March 1923, enclosing 14 copies of the questionnaire issued by the Indian Mercantile Marine Committee, for written replies, if any, and wishing to have the views of my Government on the general questions involved, I have the honour to enclose written replies of my Chief Engineer and of my Principal Port Officer to the questionnaire and to state that in view of the absence of indigenous shipping enterprise in Travancore, at present, my Government is unable to offer any detailed suggestions based on actual experience. All that it can offer is very brief expression of its views on the general aspects of the matter.

2. Shipping and shipbuilding industries are in great need of encouragement in India and under existing conditions State aid appears to be absolutely necessary to promote the satisfactory development of both these industries in this country. The supersession by steam vessels of the old wooden ships (in the navigation of which Indians were once greatly famous), the comparative poverty of the Indian people and the policy of non-interference hitherto pursued by the Indian Government in the matter of tariff as well as trade competition explain the almost complete extinction of both these industries in the land. Without State aid and State encouragement it would be impossible to restore to this country the position she once held among the seafaring nations of the world.

3. Our first attempt should be the bringing into existence of an Indian Mercantile Marine manned by Indians and trading between Indian ports and between India and ports abroad. In view of the paucity in India of steel and the abundance of India's forest resources, Government subsidies and bounties may be directed to the encouragement of building ships mainly composed of

wood. Such ships are, it is believed, not unsuitable for coastal traffic or for carrying goods from Indian ports to foreign ports not removed by great distances.

State help and initiative are again necessary for giving the Indian youth the training and the equipment necessary for occupying not merely the lower positions but also the higher appointments of direction and engineering in the Indian Marine. This would mean the granting of bounties and subsidies to vessels to be built by the people of this country and other direct and indirect help to the Indian Mercantile Marine and the establishment of one or more Governmental Dockyards and nautical colleges at important ports and the maintenance of one or more training ships for the proper training of the Indian youth for a sea-faring life.

5. All this work has necessarily to be done by the Government in the first instance and time alone can show when and how far the burden of such work could be transferred to private shoulders. When a powerful Indian Mercantile Marine springs up, it will be time to consider whether navigation bounties should be reduced gradually in an increasing measure or should cease altogether. A certain percentage, however small, of a main source of central revenue, preferably customs, will have to be earmarked, as in the United States, for the express purpose of encouraging Indian shipbuilding and shipping industries.

6. Legislation will have to be called into requisition for regulating bounties and subsidies and for preventing unscrupulous competition and unfair rate cutting with a view to kill nascent indigenous shipping enterprise. The latter object is sought to be achieved by the Bill recently introduced in the Legislative Assembly by Mr. T. V. Seshagiri Aiyar.

Witness No. 69.

The Chief Engineer, Travancore State.

Written statement, dated the 22nd September 1923.

Q. 1. There is no shipping industry in Travancore or India worth the name. There are apparently several obstacles that have to be overcome. The present condition of

the industry is therefore unsatisfactory and deplorable and the matter deserves to be set right.

Q. 2. The foreign trade is in the hands of the enterprising and dominant European merchants. The export and import agencies are also almost foreign. Indian shipping Companies if formed will not be able to overcome the foreign competition unless subsidised by Government.

Q. 3. Without State aid nothing can under the present conditions remove or mitigate the existing obstacles.

Q. 4. State aid not merely monetary such as subsidies, but also encouragement by way of getting a portion of the State imports carried by Indian Companies, is absolutely necessary if any portion of the carrying trade is to pass into Indian hands.

Q. 5. This has been answered in Question 4.

Q. 6. Such legislation as may be necessary to obtain power to make bounties would of course be necessary. The legislation should however be liberal and not have the effect of hampering enterprises of the kind by laying down elaborate conditions and limitations. What is wanted is a sympathetic, hearty, sincere and liberal treatment at the hands of the powers that be.

Q. 7. Yes.

Q. 13. No. As there is practically no shipbuilding industry now in India, I would grant the bounty from the date the ship or vessel is entered on the Indian Register. This rule should be reconsidered after three years.

Q. 14. Yes—after 5 to 10 years.

Q. 15. Yes.

Q. 16. No—not until Indian apprentices are trained and are able to man the vessel.

Q. 17. Yes.

Q. 18. I would favour a reservation policy. Care should be taken to see that vessels belonging to countries advanced in shipping industry which are already engaged on coastal service do not lower their freight below a certain minimum which minimum should be fixed such that the young Indian shipping industry may have a chance of thriving. Foreign new-comers should not be encouraged or allowed. Foreign vessels in the coasting trade should be required to employ a certain percentage of Indians in each of the various branches of the ship when qualified Indians are available for service.

Q. 19. The above policy would benefit the Indian shipping industry.

Q. 20. Quite so.

Q. 22. Both, but Government dockyards must be established and developed till a reasonable number of private shipyards come into existence.

Q. 23. My information is that there is practically no Indian shipbuilding and Marine Engine construction industry in India now except on a very small scale for small steam or motor launches that ply in rivers and backwaters.

Q. 24. This is due to the unsatisfactory condition of the Indian shipping industry.

Q. 25. I cannot conceive of any except State aid and encouragement.

Q. 26. Yes.

Q. 27. Construction bounties, supply of raw materials on favourable terms, concession in the matter of import of articles which are at present not available in India are some of the facilities that may be given.

Q. 28. Legislation in so far as may be necessary to take power to give effect to the above facilities will be required.

Q. 29. Yes.

Q. 30. No.

Q. 31. The system adopted in Japan may be followed.

Q. 32. The Japan system is suggested for adoption.

Q. 33. The object being to develop in India, shipbuilding and articles, parts or machinery required therefor, I would simply say that suitable articles available in India should of course be exclusively used. In regard to the rest, articles of foreign manufacture may be obtained with the sanction of Government who should take steps to see that these latter are also produced in India soon.

Q. 34. I would recommend special concession in tariff in regard to all machinery imported to India and which are not made in India.

Q. 36. The situation is not so bad as in the case of the steel vessels but still not quite satisfactory.

Q. 37. Same as answer to No. 24.

Q. 38 to 42. Same as answer to 25 to 29.

Q. 44. Yes.

Q. 45. (a) Yes. (b) Yes. (c) Yes, the former.

Q. 47. It should be carried out in India and the training ship or establishment should be provided by Government.

Q. 48. Whatever be the method it should be attractive and must induce intelligent young men of high class to join for such training.

Q. 57. Yes.

Q. 58. Four: Karachi, Bombay, Madras and Calcutta. They must be maintained by Government supplemented by fees.

Q. 59. Yes.

Q. 60. (a) Yes. (b) Yes. (c) Yes; former.

Q. 64. The present arrangement is quite inadequate. I would propose two training ships of the combined type.

Q. 65. Yes, till facilities exist in India. But it is of great importance that the provision of facilities is not delayed any further. The want of facilities in India has been one of the important reasons why a larger number of youths have not been going in for training.

Q. 66. I would not propose any change at present, except saying that, when all things are equal, steamers owned by Indians should be preferred for the mail contracts.

Q. 67. A certain number of Indian officers and men must be employed in the ships carrying the Indian mails.

Q. 68. Consideration of fairness and economy.

Q. 69. The course adopted by the United States may be adopted, making such changes in it as the conditions of India require.

Witness No. 70.

Principal Port Officer, Travancore State.

Written statement, dated the 22nd September 1923.

Q. 1. Unsatisfactory.

Q. 2. Want of interest by the people, generally, in shipping enterprise.

Q. 3. Prevention of company promoters, of a certain class, from floating shipping companies. Indian steamship companies such as the Bombay Persian Steam Navigation Co., Shepherds Steamship Co., and Hajee Kassims have done very well in the past and should continue to do so in future.

Q. 4. Yes.

Q. 5. Construction bounty for vessels built under proper survey.

Q. 6. Vide 3.

Q. 7. (a) Yes. (b) (c) No.

Q. 8. Yes. To routes requiring vessels to call with the object of stimulating trade, or to unprofitable routes which would guarantee vessels against monetary loss by calling at particular ports.

Q. 9. Yes. Tonnage limit to be decided by experts.

Q. 10. Must be considered by experts.

Q. 11. Yes, must be considered with reference to class of ships with reference to 7 (a).

Q. 12. After 15 years.

Q. 13. No.

Q. 14. No.

Q. 15. No. Except Indian Registered vessels.

Q. 16. (a) Yes, (b) No.

Q. 17. No. Except to foreigners.

Q. 18. Coasting trade should be reserved to British and Indian registered vessels.

Q. 19. It would have the effect of preventing foreign owned vessels benefiting as against British and Indian owned vessels.

Q. 20. Indian registered vessels should carry Indian apprentices.

Q. 21. Depends upon the particular trade for which the vessels are required.

Q. 22. Should be built entirely in private yards.

Q. 23 to 25. No opinion to offer.

Q. 26. Unsatisfactory.

Q. 27. Unsatisfactory methods of construction, and limited demand for wooden ships.

Q. 28. Vessels above certain tonnage to be built according to standard plans and under survey to obtain registry.

Q. 29. State aid desirable.

Q. 30. Standard plans to be provided free of charge.

Q. 31. No.

Q. 32. Yes. To vessels built under standard or approval plans and under survey.

Q. 33. Yes. Vessels built according to approved plans under survey, as required by "Lloyds."

Q. 34. No. A fair number from certain parts of India such as Kathiawar and Cutch and the S. E. of India might wish to follow a seafaring career.

Q. 35. Should undergo a preliminary course of instruction in a training ship or training establishment on shore.

Q. 36. Should be carried out in India and the training ship or establishment provided by Government.

Q. 37. Government should assist by establishing a system of scholarships. Payment of training ship fees.

Q. 38. One would be sufficient. Maintenance charges should be met by Government.

Q. 39. Training ship.

Q. 40. Preferably sea-going training ship, also as apprenticeship in steamers of the Mercantile Marine.

Q. 41. They would not object to the right sort, i.e., boys not above work.

- Q. 53. No portion of it.
 Q. 54. Do not recommend it.
 Q. 55. Free food. Supply their own clothing.
 Q. 56. None beyond the "Conway" or "Worcester" course.
 Q. 57. Yes.
 Q. 58. One probably in Bombay. Should be provided by and partially maintained by Government.
 Q. 59. Yes.

- Q. 60. No. Desirable men can always find employment as junior Engineers and work their way up.
 Q. 61. None.
 Q. 62. Yes.
 Q. 63. There are none to my knowledge.
 Q. 64 and 65. No opinion to offer.
 Q. 66. Yes.
 Q. 68. None.
 Q. 69. None.
 Q. 70. No opinion to offer.

Oral evidence of Mr. C. V. CHANDRASEKHARA, M.A. (Oxon.), representing the Travancore State, examined at Mairas on the 21st January 1924.

President.—I should like to assure you that we do not want you to answer any questions which you consider objectionable or about matters which you do not understand.

Q. You are representing the Diwan of Travancore?

A. Yes.

Q. Have you anything to do with shipping yourself?

A. No. I am a professor of History and Economics in the Trivandrum college. I know something about the general economics of shipping.

Q. You have made a study of the subject?

A. I have made a particular study of it in connection with this committee. The Government sent me the necessary papers and asked me to study the question which I did accordingly.

Q. You consider State aid is necessary as an economic solution?

A. The Travancore Government feels that the reservation of the coastal trade is the most important thing.

Q. How can the coastal trade be reserved?

A. Some kind of legislation was necessary so that the coastal trade could be completely reserved for Indian owned ships within ten years.

Q. Is Trivandrum the most important port in your state?

A. No. Alleppey is the most important port.

Q. Do you think that young educated Indians in the Travancore state will come forward to be trained as officers?

A. In the whole of South India we find the best materials in Travancore. The Nairs and the Christians will be forthcoming in large numbers.

Q. You have not thought out any scheme for the reservation of the coastal trade?

A. The Travancore Government was aware of the Bill introduced by Mr. Seshagiri

Ayyar in the Legislative Assembly, and they thought that five years were too short a period for complete reservation. The Travancore Government think it would take about ten years to effect the complete reservation of the coastal trade.

Mr. Jadu Nath Roy.—Q. In reply to question 3, the Principal Port Officer, Travancore, states: Prevention of company promoters, of a certain class from floating shipping companies. What does he mean by that?

A. That is the port officer's reply. He meant that certain companies started by lawyers who knew nothing about shipping and who entered into it as a speculative enterprise burnt their fingers badly. Some companies started in South India broke down mainly because the initiators were men who knew nothing about shipping.

Q. Further on in reply to the same question, the Port Officer says: Indian steamship companies such as the Bombay Persian Steam Navigation Co., Sheppards Steamship Co., and Haje Kassims have done very well in the past and should continue to do so in future. Is your state of the same opinion?

A. That is the opinion of the Port Officer?

Q. Does your Port Officer hold views different from that of the Government?

A. The Port Officer is a European, Captain Leverett by name. His views differ from that of the Travancore Government.

Q. You say that the coastal trade should be reserved to British and Indian registered vessels. Is this the opinion of your Government?

A. The opinion of the Travancore Government is that the coastal trade should be reserved to Indian vessels. My Government want to make an important point of that, because they feel that bounties and subsidies will not do unless the coastal trade also is reserved.

Q. Until the Indian companies are protected from competition of the existing well established British companies, they cannot succeed?

A. Yes, that is the idea.

Q. About training, the Port Officer says: No. Is that also the opinion of your Government?

A. That is not the view of the Travancore Government. The questionnaire was sent to a number of heads of departments in the State. The Chief Engineer and the Port officer submitted separate replies. The Travancore Government after considering all the replies sent their views in a separate memorandum.

Q. You think that Indian youths will come forward for training if facilities are given?

A. In Travancore, during the war, the recruiting figures were striking. Nairs and Christians who are not bound by caste traditions will be more readily forthcoming. Specially, the Nairs who are an adventurous class.

Q. Is your Government prepared to contribute its share to any proposal for giving bounties and subsidies?

A. If all the Native States as a whole are approached and if any arrangement is proposed, then my Government will gladly fall into line with other Native States in the matter.

Q. You think that the deferred rebate system should be abolished?

A. Yes. Our Government feel that the essential preliminaries for the development of an Indian mercantile marine are: reservation of the coastal trade, legislation against the deferred rebate system and fixing of maximum and minimum rates.

The Hon'ble Mr. Lalubhai Samaldas.—

Q. You represent the views of the Travancore State?

A. Yes.

Q. May I know your status in the State?

A. I am a Professor of History and Economics in the Maharaja's college, Trivandrum.

Q. As a Professor of Economics, do you hold views different from that of your Government?

A. To some extent.

Q. You just now stated in reply to Mr. Roy, that the Indian States may contribute towards the expenses of a training ship and for the development of the Indian mercantile marine? You meant only those states that have a coastal line?

A. It is only those states that stand to gain by this arrangement that would have to contribute.

Q. Are they likely to claim any portion of the customs?

A. I am afraid I cannot tell you about this. I have no instructions in the matter.

Q. In reply to the President, you said, your State was in favour of the reservation of the coastal trade. Does your Government realise the difficulties involved in the reservation?

A. I think these difficulties have to be faced.

Q. Can you give us any definite scheme about the reservation of the coastal trade?

A. I am afraid I have no independent scheme of my own.

Q. You would leave it to the experts?

A. Yes. With regard to the development of the minor ports, I find from the Fiscal Commission's report that there is a great deal of disparity between rates charged for shipping goods from one Indian port to another in comparison with the rates charged for goods shipped to foreign ports.

Q. Can you prove that? We have merely heard vague statements that the rates from one Indian port to another is proportionately much more than to continental ports?

A. I felt the difficulty myself and therefore I took some trouble to collect some figures. The transport charges for cotton from Madras to Liverpool is Rs. 9 per bale of 400 lbs., whereas the charges from Madras to Ahmedabad *via* Bombay are Rs. 11-8-0.

Q. That includes the railway freight from Bombay to Ahmedabad?

A. Yes.

Q. The charge was also laid against railways that they were giving more facilities to imports than to local industries. Can you prove that charge against shipping? We have been told by some representatives of the existing shipping companies that they will render all the assistance necessary for the country and that there is no necessity for a separate mercantile marine. If you can prove that they are penalising at the expense of the foreign trade, then it will be something worth having?

A. The figures that I have worked out show that the freight between Indian ports is much more than that between Indian ports and foreign ports.

Q. Your State is in favour of both construction bounty and navigation bounty?

A. Yes.

Q. It was suggested that when the deferred rebate system was declared illegal, when the coastal trade was reserved and when the rates were fixed, there would be no necessity

for navigation or construction bounties. Have you any views on the subject?

A. That we can decide as we go along. But in the beginning at least navigation bounties would be necessary.

Q. Even with these three legislative measures that you recommend?

A. I think so.

Q. You think these bounties can be done away with as soon as possible?

A. Yes.

Q. Have you got any wooden shipping at Aleppey?

A. Not to a large extent. The Travancore State encouraged wooden shipping during the war by giving concessions in timber. Two ships were actually built when there was a boom in freight. But soon the armistice was concluded and so there was not much chance for the wooden ships.

Q. Did you construct any ships with propelling machinery?

A. No.

Q. Is Aleppey a big port?

A. A fairly big port.

Q. Have you any direct trade?

A. The Clan Line and the Ellerman Line steamers call there and there are several big firms, like the Harrison and Crossfields.

Q. You said that there is disparity of freight between Indian ports and Foreign ports, is that disparity found in your coastal ports?

A. I went to Aleppey and Quilon. I had a talk with a good number of shippers there, one of the English companies complained that the agents for the steamers were themselves shippers and that they discriminated against other English shippers in the matter of space.

Q. It is not a racial question at all?

A. It is only a question of rival economic interest. The agent for the Scindia steam navigation company told me that the European shippers discriminated against their steamers. He gave me as an instance that a particular European company had 1,517 bundles of coir ready for shipment. Though the Scindia offered to take it immediately, yet the European company waited for the arrival of the B. I. steamer in order to send the goods by their steamers.

Q. You say that the Nairs and the Christians will come forward to be trained as officers? We have been told that even high class Hindus will come forward?

A. The Nairs are not orthodox in these matters. The Nairs are the high class Hindus in the State and the Brahmans form a small minority.

Q. Your experience is confined to the local population?

A. Yes.

Q. Have you any Engineering College in Travancore?

A. No.

Q. Have you any idea of starting a University at Travancore on the lines of the Mysore University with an Engineering College?

A. We have appointed a Committee on the subject, which is drafting a Report.

Q. If a University is started, would they consider having a class for Marine Engineering?

A. Yes.

Sir John Biles.—Q. Do you know of any wood ships of considerable size which have been built in India in recent years?

A. I have heard of wood ships built in India, but I do not know any details about them.

Q. Do you recommend the building of wood ships for India?

A. Yes.

Q. Do you know where they can be built? Are there any wood ship-builders in India?

A. Government wanted to encourage wooden ship-building even while it does not exist at present; but they were not aware that wooden ships cannot compete under modern conditions successfully with steel ships.

Q. You say that they were not aware that they could not compete?

A. They were not aware of the fact when they furnished the reply to this Committee. If it is an established fact that wooden ships cannot compete with steel ships, they would go in for steel ship-building and construction bounties for steel ship-building.

Q. You cannot help us in the matter of saying whether wood ships can be built or whether they would be economical for India?

A. As a matter of fact my information on wooden ships is based on an Article which appeared in the Journal of Indian Industries and Labour, a Government of India publication, in which Lieutenant-Commander Williams put forward certain suggestions with regard to wood ships. Indians continue to build wood ships, especially where timber is largely available and if proper directions are given by Government, wooden ships might still be able to compete.

Q. You do not know any more than what the writer of that Article says?

A. I don't know much about wood ships.

Q. Are there any ports that you know of on the West coast that are not supplied with shipping now, where small wooden ships would be able to earn a living?

A. There are a number of ports which used to be historically important on the West coast; they have now gone out of use. These ports are situated between Trivandrum and Quilon and Quilon and Aleppey.

Q. Are they not inside ports, backwaters?

A. The steamers call at Quilon and Aleppey.

Q. What are the ports where steamers do not call which you think could profitably be employed by wood ships?

A. I couldn't tell you the names.

Q. Are there any?

A. There are some.

Q. Can you send us a list of the names?

A. Yes.

Q. Did you write the statement you have presented to the Committee yourself?

A. No. I supplied some of the points on which the reply was based; the Government had the Port Officer's and the Chief Engineer's reply and other information before them.

Q. In paragraph 6 of your statement you say that "legislation will have to be called into requisition for regulating bounties and subsidies and for preventing unscrupulous competition and unfair rate-cutting with a view to kill nascent indigenous shipping enterprise." Do you know of any cases where unscrupulous competition and unfair rate-cutting have killed nascent indigenous shipping enterprise?

A. Yes; the Swadeshi Steam Navigation Company which was started some years ago is an instance.

Q. Was it unscrupulous competition that killed this company?

A. They said the worst about it; it was said that the B. I. at one period of its competition with this company carried passengers free.

Q. You think that is unscrupulous competition and unfair rate-cutting?

A. Yes.

Q. Or, is it merely a figure of speech?

A. No.

Sir Arthur From.—Q. Who is the Principal Port Officer, Travancore?

A. Captain Leverett.

Q. Is he an Englishman?

A. Yes.

Q. Who is the Chief Engineer, Travancore?

A. One Mr. K. V. Natesa Iyer, a Madrassi.

Q. The statements of these two gentlemen do not agree?

A. They do not agree.

Q. What conclusion has your State drawn from these statements?

A. They have accepted some, rejected some and modified others. Their reply represents the final views of the Travancore State.

Q. The Port Officer recognizes that the coasting trade may be reserved for British and Indian registered vessels, while the Chief Engineer favours the reservation policy to Indian-owned ships only?

A. Yes.

Q. Whose opinion carries more weight with your State?

A. Government considers, I suppose, that the Chief Engineer's opinion is more weighty.

Q. The Chief Engineer is not a shipping man?

A. It is not merely a question of shipping; general economic issues are involved in the matter.

Q. Is your State of opinion that it would be economical to start an Indian Mercantile Marine with subsidies in place of the existing companies without subsidies?

A. Yes.

Q. Do you think that is economy? Where does the economy come in?

A. It is not merely a question of economy.

Q. But you said economical issues are involved in it?

A. In the long run, it would be economical.

Q. Do you think the trade of India would benefit if we do away with the service that has proved its efficiency and substitute for it a service that has got to prove its efficiency?

A. I am afraid that the present organization of the coastal trade cannot be called efficient in the full sense of the word, taking all issues and all questions of national importance. Shipping influences the direction of foreign trade to a very great extent and we feel that it is necessary to have an Indian Mercantile Marine both from the national and the Imperial point of view.

Q. So it is more a national measure, not necessarily an economical one?

A. It is economic in so far as it tends to give a better orientation to the foreign trade of India, to assist her industrial development and to develop minor ports.

Q. In support of your views you quoted that the freight for a bale of cotton of 400 lbs. from Madras to Liverpool was Rs. 9 and then you said that the freight from

Madras to Ahmedabad was Rs. 11-8-0. Also, that the steamer freight from Madras to Bombay was Rs. 2. How does the comparison with the railway freight help you; what has that to do with the Committee?

A. It is not entirely to the interests of the persons concerned to develop the coastal trade and we feel that if an Indian Mercantile Marine is created the whole of the coastal trade could be re-organized in the best industrial and commercial interests of the country.

Q. That is only an opinion. Do you think that Indian-owned companies would present a more efficient service than companies which have been in the trade for 50 or 60 years?

A. At least they would have the Indian interests predominantly in view.

Q. Do you consider that a number of lads of education would come forward from Travancore to take up training to become Officers?

A. Yes.

Q. And you consider that they should go to sea first of all in a training ship?

A. I have no opinion about it.

Q. Do you consider that if they see an attractive profession open to them they would come forward?

A. Yes.

Q. Do you consider a life at sea as an attractive profession?

A. It is a more attractive profession for young men than becoming B. Ls. and taking to clerking. That is not the fault of the shipping companies; that is the fault of the economic conditions of India that the clerks are poorly paid. It does not help us to establish an Indian Mercantile Marine.

President.—Q. I take it that the Travancore State would contribute towards the cost of bounties and subsidies if it is decided to establish an Indian Mercantile Marine.

A. I have no definite instructions in the matter; but if there is an arrangement to give subsidies and bounties and if the Indian States are allowed to participate in return, the Travancore State would gladly cooperate with other States in the matter.

President.—Thank you very much.

Witness No. 71.

The Burmese Chamber of Commerce, Rangoon.

Written statement, dated the 9th January 1924.

Q. 1. Indian shipping occupies a very insignificant position in her home waters, i.e., on the coast and on the rivers. In International shipping she has no status. Some efforts were made in Burma as in India to start the shipping industry; but they were killed off by powerful non-Indian companies; before they could reach the stage of robust infancy. It can therefore be hardly said that Indian Shipping exists.

Q. 2. Government's Fiscal Policy and the monopoly of non-Indian shipping companies. The financial policy dictated from Whitehall and the antipathic attitude of the Government and the unfair competition of old established non-Indian shipping companies which by means of deferred rebates strangle the new Indian companies are responsible for the present condition of the Indian Shipping.

Q. 3. If the consideration of monetary State aid be excluded, the only practical methods of encouraging the people of this country to embark on by shipping enterprises are by reserving the coasting trade of India and Burma to Indian shipping and

enacting laws declaring the deferred rebate system as illegal and preventing the waging of rate wars.

Q. 4. State aid is absolutely indispensable for the development of the shipping industry in India. In seeking State aid India is following in the footsteps of the great maritime countries of the world including Great Britain, Japan and France.

Q. 5. Cheap loans, construction and navigation bounties, postal subsidies, trade subventions, preferential railway rates, reimbursement of canal dues, discrimination in port and dock dues and custom duties and special subsidies for opening special routes are the methods which may be employed, though not necessarily all at the same time.

Q. 6. Yes. Reservation of the coasting and riverine transport of India and Burma to Indian shipping, the declaration of the deferred rebate system as illegal and the prevention of rate wars by fixing the minimum and maximum freight rates are the subjects which require legislation urgently.

Q. 7. (a) Yes. (b) Yes. (c) It does not seem to this chamber to be necessary.

Q. 8. As far as the coasting trade is concerned there should be no restriction between India and outside ports. Navigation bounties should be restricted in the first instance to routes comprised in India and United Kingdom continent. The reasons are economy and the large volume of trade carried on these routes.

Q. 9 to 11. These are matters for experts. So far the sons of the soil have not had opportunities or received any encouragement to embark on modern shipping industries. This Chamber is therefore not in a position to answer these questions.

Q. 12. At present it is premature to fix a definite period after which bounties should be reduced or stopped. They should, however, be reduced as soon as the enterprises can stand on their own feet.

Q. 13. For some years to come India will have to go on with foreign built ships. Therefore it should be sufficient for vessels to be owned or chartered by Indians and be on the Indian Register to become entitled to receive navigation bounties.

Q. 14. See answer to 12.

Q. 15. Yes, most emphatically.

Q. 16. No, not on grounds of racial distinctions.

Q. 17. Yes.

Q. 18. See answer to No. 3. If Indian Mercantile Marine is to be developed it is essential that the coasting trade of India should be reserved to Indian shipping.

Q. 19. Harsh and high-handed treatment which Indian shippers are receiving at the hands of foreign shipowners at present will vanish. Rates of freight will be more equitably fixed. There will be no more conspiracy between ship-owners and railway authorities to smash Indian Shipping and help European traders. Coastal trade and ports themselves will improve. New industries will thrive on account of favourable rates of freight. Last but not least the wealth of the country will increase as crores of rupees of freight will remain in this country and new careers will be opened up for the youth of the country.

Q. 20. Yes.

Q. 21. These would depend on the kind of trade, the distance to be run and the nature of the cargo to be carried.

Q. 22. On principle it is desirable that vessels for the Indian Mercantile Marine should be built in private shipyards. As no such shipyards exist at present Government should build them at present and hand them over to private owners after a certain period, say 10 or 15 years, or encourage private enterprise to establish such yards with liberal concessions for a term of years.

Q. 23. No such industry worth mentioning is known to exist at present in Burma.

Q. 24. As far as Burma is concerned her shipbuilding industry was killed by the advent of iron and steel steamships. This combined with the lack of encouragement from the Government is chiefly responsible for the death of this industry.

Q. 25. See answer to No. 3.

Q. 26. State aid is absolutely necessary.

Q. 27. Favourable loans, liberal construction bounties, preferential railway rates, exemption from customs duties of shipbuilding materials and encouragement of iron and steel industries in India and Burma.

Q. 28. See 25 and 27.

Q. 29. Yes.

Q. 30. Yes. This should be fixed after due enquiry made by a special sub-committee.

Q. 31. At least 30 per cent. of the cost of the vessel should be met out of the construction bounties.

Q. 32. See 31.

Q. 33. Until India can produce shipbuilding materials of the required quality in sufficient quantities for which she should be encouraged, there is no objection to imported materials being used.

Q. 34. See answer to No. 27.

Q. 35. Proper supervision under definite rules will prevent the abuse of these concessions.

Q. 36 to 43. As the industry has been done to death by steel ships, information regarding the wooden ship industry is not available.

Q. 44. Yes. The coastal population of Burma has been accustomed to sea-faring life from time immemorial. Even now sea fishermen think nothing of going to sea in frail boats. Burmans are quite fit and ready for a sea-faring life if due encouragement is given.

Q. 45. Government should take every step for (a), (b) and (c).

Q. 46. Though a preliminary training is desirable, it is under the present circumstances advisable to start training cadets as apprentices on ships going out to sea. It is, however, a matter for experts.

Q. 47. It should be done in India with the support of the Government, until India is provided with facilities.

Q. 48. The Government should assist by establishing scholarships in the form of full stipends to selected students to be sent to England for this purpose.

Q. 49. Training ships and Nautical colleges should be provided at Bombay, Calcutta, Madras and Rangoon. Partially from fees and partially by the Government, but the fees must be moderate.

Q. 50. Yes. It will provide a good grounding for a higher qualification.

Q. 51 and 52. After preliminary training the cadet should serve an apprenticeship in a steamer. Foreign Steamship Companies may object on racial grounds and on principle. None, except persuading them and appealing to their good sense. Failing that the Government should provide sea-going training ships.

Q. 53. Ships on the Indian Register should be made to take a certain number of apprentices without premium. In the case of other ships the amount should be borne by the Government for about five years or less according to the period of training required to encourage cadets.

Q. 54. The guiding principle should be economy and efficiency without burden on the poor cadets.

Q. 55. Yes.

Q. 56. None.

Q. 57. Yes. Very desirable.

Q. 58. At Bombay, Calcutta, Madras, and Rangoon. They should be maintained by the Government for about 5 years. There should be room for duly qualified Indian Officers in higher offices of the Port Trusts.

Q. 59. Yes.

Q. 60. Yes.

Q. 61. The Government can provide facilities by instituting scholarships to suitable candidates, reserving higher posts in the

Royal Indian Marine and by insisting on the ships on Indian Register to reserve some of their posts for them.

Q. 62. Existing facilities in India and Burma should be made use of as much as possible.

Q. 63. None at present as far as we know.

Q. 64. Combined training ship will do.

Q. 65. Yes, by giving scholarships to suitable candidates tenable at a recognised Engineering Firm or Dockyard in England to enable them to qualify themselves for the post of Engineer Officers.

Q. 66. Mail contracts should be fixed by open tenders, publicly advertised and not by private negotiations.

Q. 67. It should be a condition for postal subsidies on Shipping Companies to take in Indians as apprentices for the post of Deck Officers and Engineers and reserve some posts to qualified Indians.

Q. 68. We would refer to answer to No. 46.

Q. 69. See answer to No. 5.

Q. 70. It is incumbent on the Government to find the ways and means to raise the necessary funds, as the public have no control over the financial policy of the Government. Burma has had little or no experience in modern shipping and shipbuilding industries. Proper information as regards figures is not available.

Oral evidence of Maung Tok Kyi, M. L. A., representing the Burmese Chamber of Commerce, Rangoon, examined at Delhi on the 20th February 1924.

President.—Q. Are you appearing before this Committee in your individual capacity or are you representing the Burmese Chamber of Commerce?

A. I represent the Burmese Chamber of Commerce.

Q. Can you tell me why they did not send in a statement to the Committee at the beginning, when the Questionnaire was sent to them about a year ago?

A. I understand the written statement was submitted to you during your visit to Rangoon; they were not prepared to submit it earlier.

Q. Is the Chamber composed entirely of Burmans?

A. Practically all are Burmans.

Q. Do you think that Burmese young gentlemen would come along to go to sea if they are given a good training?

A. Yes.

Q. You say in your statement that you are keen on having a training ship to train the young gentlemen?

A. Yes.

Q. I see that you want the reservation of the coasting and river transport of India and Burma and that you also advocate the grant of bounties?

A. Yes.

Q. If you reserve the coast, why do you want to give bounties as well?

A. At the beginning, until Burmese shipping can stand on its own legs, every sort of aid should be given.

Q. You do not think that the Burmans are not capable of managing at once themselves?

A. No.

Q. Do you think there would be any difficulty to get Burma to subscribe in the way of money?

A. If Burmans are convinced that the State is willing to give aid to encourage the industry, they would be willing to share the burden.

Q. Are you in favour of building ships in India?

A. Yes.

Q. Do you think you could build them in Rangoon?

A. In old days, sailing ships were built in Rangoon, but the industry was killed owing to the entry of iron and steel into the trade; even now, ships are being built in Moulmein.

Sir John Biles.—Q. They are all wood ships?

A. Yes.

President.—Q. You said that you want the coastal trade reserved for Indian and Burmese ships; how would you do it? You can train officers and employ Indian and Burmese officers, but how are you going to establish Indian and Burmese shipping companies in the face of the present situation?

A. In the beginning we have to get the help of the Englishmen and other foreigners.

Q. Do you call an Englishman a "foreigner?"

A. Yes, but now-a-days no country can be economically independent, we must depend on one another.

Q. Have you had anything to do with shipping yourself?

A. No.

Q. How was it that you allowed the Chinese to get in to Burma and run the shipping trade? Mr. Ching Song is doing the trade?

A. His company was tottering; only for a few years could he run the shipping trade. I believe the company is now no longer in existence.

Q. Have any Burmese companies ever been ship-owners?

A. There was a Burmese shipping company in Moulmein, but it came to grief on account of the rate war.

Q. Where was it run?

A. On the river, at Moulmein.

Mr. Jadu Nath Roy.—Q. The company you just now spoke about was inland steam service?

A. Yes.

Q. What sort of competition had you with the non-Indian companies, say with the Irrawadi Flotilla Company?

A. The Irrawadi Flotilla Company reduced its fares to an enormous extent and the Burmese company could not compete with them.

Q. And so they had to wind it up?

A. Yes.

Q. How many companies were formed?

A. There was only one Burmese company on the river on which Moulmein is situated. Another company, called the River Transport Company, was formed too; the steamer's of this company were running on the Irrawadi River itself, but the Company came to an end about 8 years ago.

Q. And in order to protect these companies from the competition of the non-Indian com-

panies, you advocate reservation of the coasting and riverain transport of India and Burma to Indian shipping.

A. Yes; it is quite necessary.

Q. If this is done, do you think you would be able to develop Indian companies?

A. Certainly.

Q. Is not sufficient protection afforded to Indian companies by the reservation of the coastal trade? Why do you want all the bounties and other subsidies you refer to in your answer to question 5?

A. The more, the better.

Q. But that would cost money to the State?

A. The State would get a return in due course.

Q. You favour shipbuilding in India?

A. Yes.

Q. In reply to question 31 you advocate that 80 per cent. of the cost of the vessel should be met out of the construction bounties?

A. Yes.

Q. Your idea is that you must have the difference in cost of shipbuilding in this country and in other countries, say, England?

A. Yes; in the beginning we cannot build ships cheaply out here.

Q. In reply to question 44 you consider that several Burmese gentlemen would come forward to be trained for a sea life?

A. If there are good prospects, they would come forward.

Q. There is no difficulty as regards caste, food arrangements, etc.?

A. No; we Burmans are quite free in that respect.

Q. You also advocate a training ship in Indian waters?

A. Yes.

Q. A statement has been made that "no demand has yet arisen among the Burmans for the creation of a Mercantile Marine, manned and officered by natives of the country." Do you consider that your people would not take advantage of any scheme that may be evolved out of the deliberations of this Committee for the development of an Indian Mercantile Marine?

A. They will take advantage if a proper Mercantile Marine is established.

Q. It is also said "Burmans will not take to a sea-faring life so long as there are no opportunities of learning the work on ships owned by Burmans. The close association which life on ship board entails combined with the Burmese dislike of working in subordination to, or in company with, Indians renders it probable that Burmans will take no advantage of facilities which are afforded by Government for the encouragement of an

Indian Mercantile Marine." Do you hold this view?

A. No, Sir, I hold quite a contrary view. I do not think that statement has been made by a Burman.

Sir John Biles.—Q. You said just now that if Government gives you a subsidy for shipping the money would come back to the country.

A. Yes, in due course.

Q. Have you any idea as to how long it will take to do so?

A. About one or two decades.

Q. Does it not come back now by the present shipping?

A. At present the benefit is reaped mostly by the foreigners and not by the natives of this country.

Q. Do you mean Chinamen?

A. The proportion of Chinamen in the industry is quite negligible.

Q. What do you mean by 'foreigners'?

A. Non-Indians.

Q. Do you call anybody who is not a Burman a foreigner?

A. Anybody who lives outside the Indian Empire.

President.—Q. You are talking of 'Indian' in the sense that it includes 'Burman' as Burma is a province of India?

A. Yes.

Sir John Biles.—Q. Anybody who is not an Indian or a Burman is a foreigner?

A. Yes.

Q. You say that the money goes to the foreigner now and not to the Burmans?

A. Yes.

Q. You say that the Burmans would be able to manage more efficiently than the foreigner and so the money would come back to the country?

A. I do not say that we Burmans or Indians, would be able to manage things more efficiently than foreigners; but after due training and after due experience, we would be able to look after the industry just as efficiently.

Q. Then, would any more money come back to the country if the efficiency was not increased?

A. If we get any profit from this industry, the money will not go out of the country, and thereby our country will become enriched.

Q. The profit you make, if you work as efficiently, will come to Burmans and not to foreigners?

A. That is so.

Q. 30 per cent. is the figure you put on for subsidy for shipbuilding?

A. Yes.

Q. Do you know what is the relative cost of building ships in Burma and building them in England?

A. At present we cannot say, because the industry has been killed in Burma.

Q. Steel shipbuilding never existed, did it?

A. Not steel, I am speaking of wooden shipbuilding.

Q. Then the steel industry has not been killed?

A. It has not been started in Burma.

Q. Therefore, it has not been killed?

A. No.

President.—Q. Have you found any iron in Burma?

A. Not that I know of.

Sir John Biles.—Q. So, as the industry has not been started there, you do not know what it would cost?

A. No.

Q. Mr. Horne of the Irrawadi Flotilla Company told us that steel shipbuilding can be done more cheaply in Burma than in England; therefore, the 30 per cent. subsidy is a pure guess on your part?

A. Not a pure guess. What we think is that, unless some sort of construction bounty is given to the intending shipbuilder, the industry cannot prosper.

Q. You are not very strong on this 30 per cent. It may be even 20 or 10?

A. It should not be less than 30 per cent.

Q. But you do not know why it should not be less, could you give us any reason?

A. I told you that, as far as we knew, there was no shipbuilding at present.

Q. Then you can't say what the relative cost is?

A. We can't say what the relative cost is, but at least we can say this much, that the cost of building must be far higher than elsewhere, say, in England.

Q. That is your opinion?

A. Yes.

Q. But you have no basis of figures or facts?

A. We have no figures, but we have facts; the facts are that we have no iron in Burma and we have no coal.

President.—Q. I thought the coal found was not very good?

A. Yes, not very good, in small quarters.

Sir John Biles.—Q. So, then, the basis of your 30 per cent. is that you have to import coal and that you have to import steel?

A. Yes.

Q. Do you think the labour would be cheap?

A. I doubt very much whether skilled labour would be available, we would have to import labour.

President.—Q. Would the Burmans like to take to work in a shipyard?

A. They would. In the Burma Oil Company at Yenangyaung, most of the workers are Burmans. I am told that some American driller has passed the opinion that Burmans can do the drilling work as efficiently as themselves, and yet they are not educated. We expect much from educated Burmans.

Sir John Biles.—Q. In your reply to question 19 you say that "harsh and high-handed treatment which Indian shippers are receiving at the hands of foreign ship-owners at present will vanish." Can you give us any instances of this harsh and high-handed treatment?

A. Only one or two years ago Government appointed a Committee to enquire into the treatment which third class passengers received at the hands of the shipping officers and ship-owners.

Q. That has nothing to do with shippers?

A. They too had to meet with a great deal of trouble in getting their goods loaded.

Q. Could you give us some instances?

A. At present I cannot give any particular instance.

Q. Then again you say: "Rates of freight will be more equitably fixed." What do you mean by that?

A. Of course it is quite natural.

Q. Are rates very inequitably fixed now?

A. I won't go so far as to say that; but if an Indian Mercantile Marine is developed, we hope things would improve.

Q. Then again you say: "There will be no more conspiracy between ship-owners

and railway authorities to smash Indian shipping and help European traders." Can you give us any instance of this happening?

A. In answer to Mr. Roy, I said that two companies had already been killed on account of this competition.

Q. By Railway authorities?

A. We cannot say for certain, but we suspect that.

Q. Without any evidence?

A. People would not believe things unless they have evidence in some form or another.

Q. You think that when there is no foreign shipping the Indian ship-owners will be a free and happy family and will charge low freights and will get along much better with the ship-owners than the foreigners do?

A. What I say is that new industries will thrive on account of favourable rates of freight and that the wealth of the country will increase as crores of rupees will remain in this country and new careers will be opened up for the youth of the country. The Indian ship-owners will be much happier than they are at present.

Q. And the freights will be much lower?

A. We expect so.

Q. Will it be due to competition?

A. There would be healthy competition.

Q. You still retain healthy competition, don't you?

A. Yes, not at present, there is no competition at all, there is only monopoly.

Q. The healthy competition that you would introduce would lower freights?

A. Yes.

President.—Thank you very much.

Witness No. 72

Oral evidence of Commander H. Digby-Beste, O.B.E., R.I.M.

1. Q. What experience have you had in connection with the coastal shipping trade of India?

A. During and after the war. I served on the staff of the Director, Royal Indian Marine and Principal, Naval Transport Officer, East Indies, as Divisional Naval Transport Officer, Central Headquarters and Bombay. In this appointment, I had experience with—

(a) Coal trade from Calcutta to Rangoon, Bombay, Karachi and Aden.

(b) Rice trade from Rangoon.

(c) Persian Gulf,

(d) Salt from Aden.

(a) this experience was gained:

(i) as shipper by shipping parcels of coal in other vessels on that trade,

(ii) as shipper shipping coal to Bombay by the whole ship-load,

(iii) by employing ships on time charter,

(b) by carriage of rice from Rangoon to India in hired transports and also by close co-operation with the Shipping Controller and the leading shipping firms, engaged on this trade.

(c) by carriage of military stores in hired transports and through being in close touch with this trade for five years,

(d) by carriage of salt, in colliers from Aden to India.

Indian Mercantile Marine." Do you hold this view?

A. No, Sir, I hold quite a contrary view. I do not think that statement has been made by a Burman.

Sir John Biles.—Q. You said just now that if Government gives you a subsidy for shipping the money would come back to the country.

A. Yes, in due course.

Q. Have you any idea as to how long it will take to do so?

A. About one or two decades.

Q. Does it not come back now by the present shipping?

A. At present the benefit is reaped mostly by the foreigners and not by the natives of this country.

Q. Do you mean Chinamen?

A. The proportion of Chinamen in the industry is quite negligible.

Q. What do you mean by 'foreigners'?

A. Non-Indians.

Q. Do you call anybody who is not a Burman a foreigner?

A. Anybody who lives outside the Indian Empire.

President.—Q. You are talking of 'Indian' in the sense that it includes 'Burman' as Burma is a province of India?

A. Yes.

Sir John Biles.—Q. Anybody who is not an Indian or a Burman is a foreigner?

A. Yes.

Q. You say that the money goes to the foreigner now and not to the Burmans?

A. Yes.

Q. You say that the Burmans would be able to manage more efficiently than the foreigner and so the money would come back to the country?

A. I do not say that we Burmans or Indians, would be able to manage things more efficiently than foreigners; but after due training and after due experience, we would be able to look after the industry just as efficiently.

Q. Then, would any more money come back to the country if the efficiency was not increased?

A. If we get any profit from this industry, the money will not go out of the country, and thereby our country will become enriched.

Q. The profit you make, if you work as efficiently, will come to Burmans and not to foreigners?

A. That is so.

Q. 30 per cent. is the figure you put on for subsidy for shipbuilding?

A. Yes.

Q. Do you know what is the relative cost of building ships in Burma and building them in England?

A. At present we cannot say, because the industry has been killed in Burma.

Q. Steel shipbuilding never existed, did it?

A. Not steel, I am speaking of wooden shipbuilding.

Q. Then the steel industry has not been killed?

A. It has not been started in Burma.

Q. Therefore, it has not been killed?

A. No.

President.—Q. Have you found any iron in Burma?

A. Not that I know of.

Sir John Biles.—Q. So, as the industry has not been started there, you do not know what it would cost?

A. No.

Q. Mr. Horne of the Irrawadi Flotilla Company told us that steel shipbuilding can be done more cheaply in Burma than in England; therefore, the 30 per cent. subsidy is a pure guess on your part?

A. Not a pure guess. What we think is that, unless some sort of construction bounty is given to the intending shipbuilder, the industry cannot prosper.

Q. You are not very strong on this 30 per cent. It may be even 20 or 10?

A. It should not be less than 30 per cent.

Q. But you do not know why it should not be less, could you give us any reason?

A. I told you that, as far as we knew, there was no shipbuilding at present.

Q. Then you can't say what the relative cost is?

A. We can't say what the relative cost is, but at least we can say this much, that the cost of building must be far higher than elsewhere, say, in England.

Q. That is your opinion?

A. Yes.

Q. But you have no basis of figures or facts?

A. We have no figures, but we have facts; the facts are that we have no iron in Burma and we have no coal.

President.—Q. I thought the coal found was not very good?

A. Yes, not very good, in small quarters.

Sir John Biles.—Q. So, then, the basis of your 30 per cent. is that you have to import coal and that you have to import steel?

A. Yes.

Q. Do you think the labour would be cheap?

A. I doubt very much whether skilled labour would be available, we would have to import labour.

President.—*Q.* Would the Burmans like to take to work in a shipyard?

A. They would. In the Burma Oil Company at Yenangaung, most of the workers are Burmans. I am told that some American driller has passed the opinion that Burmans can do the drilling work as efficiently as themselves, and yet they are not educated. We expect much from educated Burmans.

Sir John Biles.—*Q.* In your reply to question 19 you say that "harsh and high-handed treatment which Indian shippers are receiving at the hands of foreign ship-owners at present will vanish." Can you give us any instances of this harsh and high-handed treatment?

A. Only one or two years ago Government appointed a Committee to enquire into the treatment which third class passengers received at the hands of the shipping officers and ship-owners.

Q. That has nothing to do with shippers?

A. They too had to meet with a great deal of trouble in getting their goods loaded.

Q. Could you give us some instances?

A. At present I cannot give any particular instance.

Q. Then again you say: "Rates of freight will be more equitably fixed." What do you mean by that?

A. Of course it is quite natural.

Q. Are rates very inequitably fixed now?

A. I won't go so far as to say that; but if an Indian Mercantile Marine is developed, we hope things would improve.

Q. Then again you say: "There will be no more conspiracy between ship-owners

and railway authorities to smash Indian shipping and help European traders." Can you give us any instance of this happening?

A. In answer to Mr. Roy, I said that two companies had already been killed on account of this competition.

Q. By Railway authorities?

A. We cannot say for certain, but we suspect that.

Q. Without any evidence?

A. People would not believe things unless they have evidence in some form or another.

Q. You think that when there is no foreign shipping the Indian ship-owners will be a free and happy family and will charge low freights and will get along much better with the ship-owners than the foreigners do?

A. What I say is that new industries will thrive on account of favourable rates of freight and that the wealth of the country will increase as crores of rupees will remain in this country and new careers will be opened up for the youth of the country. The Indian ship-owners will be much happier than they are at present.

Q. And the freights will be much lower?

A. We expect so.

Q. Will it be due to competition?

A. There would be healthy competition.

Q. You still retain healthy competition, don't you?

A. Yes, not at present, there is no competition at all, there is only monopoly.

Q. The healthy competition that you would introduce would lower freights?

A. Yes.

President.—Thank you very much.

Witness No. 72.

Oral evidence of Commander H. Digby-Beste, O.B.E., R.I.M.

1. *Q.* What experience have you had in connection with the coastal shipping trade of India?

A. During and after the war. I served on the staff of the Director, Royal Indian Marine and Principal, Naval Transport Officer, East Indies, as Divisional Naval Transport Officer, Central Headquarters and Bombay. In this appointment, I had experience with—

(a) Coal trade from Calcutta to Rangoon, Bombay, Karachi and Aden.

(b) Rice trade from Rangoon.

(c) Persian Gulf,

(d) Salt from Aden.

(a) this experience was gained:

(i) as shipper by shipping parcels of coal in other vessels on that trade,

(ii) as shipper shipping coal to Bombay by the whole ship-load,

(iii) by employing ships on time charter,

(b) by carriage of rice from Rangoon to India in hired transports and also by close co-operation with the Shipping Controller and the leading shipping firms, engaged on this trade.

(c) by carriage of military stores in hired transports and through being in close touch with this trade for five years,

(d) by carriage of salt, in colliers from Aden to India.

2. Q. In this connection please say if you think the coastal trade is more or less difficult than the ocean trade?

A. Decidedly more difficult. One 'coastal' voyage requires as much work and experience as an ocean voyage and is accomplished in far less time.

From the shipowner's point of view the arrangements for obtaining cargo have to be continuous, cargo must be ready in small parcels. In organising such a service it is generally necessary to call at ports for such small parcels or few passengers, that the expenses of the call may be a dead loss to the voyage, nevertheless the ship must carry out her scheduled programme. All this must be taken into account in organising and running coastal trade.

From the stevedoring point of view.—Stowing cargo for coastal trade is generally more difficult than for ocean trade. In addition to having to take into consideration the quality and weights of cargo, stability and trim of the vessel, etc., the cargo must be stowed so that it can be off-loaded at the ports in proper sequence, utilizing more than one hold; the authorities loading the ships must be ready to predict what cargo will be ready to load at the various ports of call—thus experience is essential.

From the seaman's point of view.—Not only must the work be more arduous through constant entering and leaving port but in my opinion coastal navigation calls for more seamanship, skill, experience and judgment than longer voyages.

3. Q. Have you studied the coastal trade in connection with small ships, wood or steel?

A. I have not studied the coastal trade from the point of view of the shipping requirements at the smaller ports which cannot be served by the steamers now employed on the coast. During the war, it was found necessary, however, to utilise all tonnage available and to this end when I was Divisional Naval Transport Officer, Bombay, I investigated as far as possible the small wooden ship problem. An officer, Commander Douglas, C.I.F., R.I.M., was selected by the Director, Royal Indian Marine, with the consent of the Government of India to tour all the smaller ports, chiefly Burma, to ascertain how the wooden shipping and shipbuilding industries stood. This officer's report is, as far as I know, now filed in the old records of the office of the Director, Royal Indian Marine, 1917-1918. The result of his tour, coupled with the advice received in Bombay, was entirely against the

revival of this class of ship. Attempts were also made to ship non-perishable goods by Buglas or native craft—this however proved a failure as there was no guarantee that the cargo would arrive at its destination *in toto*. Further in spite of endeavours made to call for native craft, they did not come forward. One great drawback was that it was practically impossible to insure goods by native craft nor would the Nakhodas give any receipts or assume any responsibility. This alone would have caused the unemployment of their vessels for trade.

Wooden motor vessel.—One schooner with an auxiliary motor was employed up the Gulf but she was not a success. It was impossible to ship perishable goods in her as she was not taut.

Call for tonnage.—During the years 1919-20 every ship-owner was anxious to obtain the release of their ships, freights were high and trade appeared to be booming. Requests for tonnage were received in my office from all quarters but as far as my memory serves me no demand (except one, tiles from Cochin) for small shipping was made by the lesser ports. I mention this because in my opinion, had there been cargo lying in small unfrequented ports, I believe that their requirements and demand for help would have in some form or other reached the Director, Royal Indian Marine's office.

4. Q. Would you recommend that steps should be taken to develop the small ship coastal trade? If so, what steps?

A. In my opinion I do not think there is sufficient necessity for this, *vide* my reply to question 3. If however I am wrong, and it be found that there are many small ports whose requirements are not met with by the present coastal fleets of steamers nor by the railways, the case assumes another aspect. But even then I do not recommend any particular steps being taken as granted the above proviso there would appear to be an opening with no competition, wanting for any enterprising shipping firm. Again it follows logically:—

- (a) either that the shipping firms are not enterprising enough to seize their opportunities or
- (b) that there is at present insufficient inducement to develop the coastal trade.

5. Q. Do you consider the Indian sailor men with whom you have served are good sailors?

A. Yes, excellent sailors both in peace and war.

6. Q. Have you any views as to the development of Indians to become officers in the mercantile marine?

A. The class of seamen of whom I have chiefly had experience, is that usually employed in the Royal Indian Marine. I consider that amongst them there is the necessary raw material from which efficient mercantile marine officers could be trained.

There is also the Anglo-Indian and domiciled European lad to be considered as a suitable aspirant to a sea career. The development of the raw material into efficient officers or even into efficient apprentices or embryo officers, presents a difficult problem. The reason I used the term "apprentices" or "embryo officers" is because in my opinion it would be necessary to specially train and educate the Indian boy to the same standard as the class of school boy from whom the ship-owner recruits his apprentices in the United Kingdom. It is impossible to expect any shipowner to accept an untrained Indian boy, even if educated, as an apprentice, as he has no guarantee that the boy will eventually become an officer. It must be remembered that the hardships of sea life are innumerable more especially for a "boy" and even in the United Kingdom it is only the inherited spirit and the pride of sea life which enables a youngster to stick his years of training. In short the present system of training at home may be almost summed up as "survival of the fittest." Again it must be borne in mind that the mercantile marine officer must hold his own against world-wide competition. He must be fit and ready to follow his profession not only in home waters but in all the seas of the world, under varying climatic conditions, with crews drawn from and composed of, all the various races and nations in the world. No shipowner can afford to choose the officers to man his ship for sentimental reasons only. His officers must be able to hold their own against strong competition. For example, Japanese ships are now officered by Japanese where a few years ago they employed British Officers. The Japanese officer has not ousted his British *confrère* because of his nationality only but because he has proved that he can do his work equally well.

Similarly lascar crews are engaged by many British Lines not because as so many people are fond of saying, it is cheap labour, but because the lascar seamen has proved his worth.

If the above reflects the correct view it follows that the essential training of the Indian who wishes to follow the sea career as an officer and who has not up to date had

the necessary education or tradition must be long, arduous and thorough. To learn to command, he must learn to obey. He must learn not only self-reliance based on knowledge and experience, but to be broad minded. It is with this end in view that I consider the initial education should be carried out away from his village or home surroundings. The scheme of training suggested is based on the training which the generality of British officers of the mercantile marine receive.

The training of a British officer in the merchant service can be divided as follows:—

- I. His education as given to him by his parents till the age of 15. The average of this education may be said to be up to the standard required for Junior Local Oxford and Cambridge examinations.
- II. Two years' service in a home training ship.
- III. Three years' apprenticeship.

In India, for the reasons given above, I would recommend:—

- I. That the equivalent of this training plus the elementary knowledge of the sea be given in a non-sea-going training ship—time about 6 years. Ages 8 to 14; in the case of certain educated Indians this could be reduced to as little as 2 years.
- II. In a sea-going training ship two years, 14 to 16.
- III. As apprentices in any British Lines—3 years, 16 to 19. I consider that British shipowners whose interests are in India would consider the entry of apprentices provided they had had the initial training and furthermore those companies serving on the coast might be fairly asked to accept apprentices and later, officers who had been properly educated and trained in their initial stages though they can hardly be expected to look to India for recruits under existing circumstances. Indian shipowners would of course also offer employment.

7. Q. Would you give us your experiences regarding Indian apprentices (a) in Prize ships, (b) in Scindia Steam Navigation Company, (c) in any other lines?

A. *Indian apprentices.*—For some four years I managed three, then 2 "Prize steamers" on behalf of the Director, Royal Indian Marine. These ships were utilised

for the carriage of troops, stores, commercial cargo. This section had previously over a dozen ships but had just been reduced when I took charge; so my duties were two-fold: (a) in clearing up the business connected with the prize steamers which had previously been under the Director, Royal Indian Marine, (b) in managing the 3 then 2 remaining ships. I had frequent applications from parents of boys belonging to the Anglo-Indian and domiciled community to engage their boys and give them a start for the sea career. I had no applications from any other section of Indian communities (except for posts of junior engineers) though it was well known locally that these applications would have been considered.

- (a) *In prize ships*.—Each ship had 2 cadets (Anglo-Indians) about 6 to 8. passed through my hands I think, one did well, another badly, the rest were mediocre, but undoubtedly the raw material was worth training.
- (b) No knowledge of any apprentices in this firm.
- (c) The "Moghul Line" managed by Messrs. Turner Morrison & Co., had the same class of cadets. I cannot say whether they were a success or not.
- (a) *Junior Engineers*.—Each prize ship had from 4 to 5 junior engineers, local men chiefly Anglo-Indians and Parsees—these men had had their training in the Indian dockyards and railway workshops. They were always reported on, as good and efficient men but did not rise to hold the more responsible positions as they did not hold Board of Trade certificates and did not show any particular inclination to do so.
- (b) No knowledge.
- (c) When in command of the "Patrick Stewart" the Chief Engineer who was an Anglo-Indian had his early training in the Government dockyard and then proceeded to England and served his junior years in a tramp steamer. He held a Board of Trade certificate and was an excellent Chief Engineer.

I was able to recommend many Anglo-Indians and Parsees to small transports during the war as junior engineers. They were all well reported on.

8. Q. Had you any experiences when in Bombay of Indian-owned or managed ships employed by Government?

A. Yes, five Companies who were owned and managed entirely by Indians.

- (i) Scindia Steam Navigation Co.
 (ii) India and Peninsular Steam Navigation Co.
 (iii) Persian Gulf Steam Navigation Co.
 (iv) A Muhammadan gentleman who owned the "Tayabi" and later one other.
 (v) Cowasjee Dinshaw of Aden.

I had very little to do with the first named company when managed entirely by Indians except handing over the "Loyalty" to them.

With the next two I was in constant touch as all their ships were on charter to the Government. I found them extremely difficult to deal with—their ships having been requisitioned, the owners seemed to take no further trouble about them except to protest against every thing we did. The officers who were British were a scratch lot and the ships (except one) old and always breaking down. The only way of getting repairs carried out was to put the ships "off hire" and then watch them closely to see them repaired. In dealing with them at their home port I found the most practical way was to deal direct with their masters leaving the Agents severely alone. This was the reverse method to that usually employed with other companies. In many cases I had to find officers and in one case I actually had to buy the necessary messing equipment and food for the passengers and deduct it from the hire money.

In my opinion the "obstructionist" attitude assumed by these two companies was to a great extent due to the ignorance and inexperience of shipping conditions which conditions were not mitigated by the class of ship they owned. When shipping was released they were the only companies who would not agree to the blue book rate of hire and insisted on arbitration. Their original claim was so outrageous that the President of the Arbitration Board practically refused to entertain it. The judgment given by the Arbitration Court was in favour of Government though they were awarded about Re. 1 a ton more than the Blue Book rate, this was chiefly due to the heavy expenses incurred by them on repairs. I forget the exact details now but in round figures their original claim was 53 lakhs. Government's offer was about 6 lakhs and they received 7 lakhs and had to pay costs.

"*Tayabi case.*"—This was a case of a Muhammadan gentleman buying without any experience a very old ship hoping to make money out of the high freights. He was badly advised as of course the vessel was commandeered. I do not consider this case a fair one as he did his best and never had a chance. The "*Tayabi*" was sunk almost

immediately after heavy repairs in England and so he gambled and lost.

Cowasjee Dinshaw of Aden.—My only dealings with this firm were from the business point of view as their ships did not proceed to Bombay. They were as might be expected from an old established line, reasonable and business like to deal with.

INFORMATION OBTAINED BY SIR JOHN BILES ON THE JAPANESE MERCANTILE MARINE.*

QUESTIONNAIRE.

Development of Shipping Industries.

NOTE.—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 enterprise by the people of this country?

3. Were any measures suggested to remove or mitigate these difficulties or disabilities without having 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 afore-

said 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 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?

* Sir John Biles visited Japan at the request of the Committee. He reached Japan soon after the great earthquake and anticipating difficulty in getting information he prepared the above questionnaire which is on similar lines to that of the Committee.

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 instruction 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 seagoing 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 seagoing 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 seagoing 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 certificate 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 vessels 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 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.

Answers to the foregoing questions were received from—

Asano and Company, Limited, Tokyo.
 Uruga Dock Company, Limited, Tokyo.
 K. Yamakawa, Kobe.
 Ministry of Communication (Japan.)
 Mitsubishi Zosen Kaisha, Kobe.
 Kawasaki Dockyard, Kobe.
 Nippon Yusen Kaisha, Tokyo.

REPLY OF RYORO ASANO OF ASANO AND COMPANY, LTD., TOKYO.

Development of Shipping Industries.

1. In 1894 Chino-Japanese War was declared. Although all available Japanese ships were requisitioned, still tonnage was short and the Government bought 14 ships (40,000 tons) from abroad and entrusted their operation to N.Y.K., who also supplemented its fleet by buying 23 ships (65,000 tons) for transport purposes and also by chartering foreign ships. Thus Japanese shipping increased in number and tonnage considerably (680 ships of 110,000 tons in 1893 to 827 ships of 213,000 tons in 1895). The war gave a sudden impetus to Japanese shipping industry which had been still in its infancy.

2. The long continued monopoly of shipping by the Mitsubishi interests and the subsequent destructive competition between the said interests and their rising rivals before 1885 certainly proved suicidal to the combatants and retarded the healthy development of Japanese shipping. But the two companies were amalgamated in 1885 (the present N. Y. K.), the present O. S. K. established in 1884, and Asano Shipping Office (the present T. K. K.) in 1886. There were enterprising individual ship owners such as Aya, Hiromi,

Baba, Hamanaka, etc. All pointed to the rise of Japanese shipping but generally speaking, shipping was still in its infancy. The war proved to be stimulating to it.

3. Nothing we know of except State aid and competition.

4. Yes.

5. The Government promised 8 per cent. dividend for the amalgamated capital (Yen 11,000,000) of N. Y. K. for 15 years from 1885. The annual improvement bounty of Yen 50,000 given to O. S. K. for 21 years from 1888, and also the mail subsidy of Yen 20,000. The Government aid given during the Chino-Japanese war was dealt with in (1). In 1896 the Laws relative of Navigation Bounties were enacted, amended in 1909, and radically revised in 1917. As regards aids given to navigation Japan now adopts the same policy as England or France, only a mail subsidy being granted. The regular subsidy system is being maintained only for T. K. K. lines (North and South American West Coast) and O. S. K. line for the East Coast of South America.

6. Yes.

7. (a) Subsidized Lines (under Subsidy Law)—

San Francisco Line	Tons 12,500-13,500	18-20 knots
South America E. Coast Line	„ 5,000-7,500	14-16 „
„ „ W. Coast Line	„ 6,000-9,700	13-15 „

(b) Mail Subsidy Lines (N. Y. K. only)—

London Line	Tons 5,500 or more	15 knots or more.
Seattle Line	„ 5,500	„ 14 „ „
Melbourne Line	„ 5,000	„ 15 „ „

(c) Coastal and near Sea Lines (under Subsidy Contract)—

Java Line	Tons 3,000 or more	11 knots or more.
Java Bankok Line	„ 1,300	9 „ „
Batavia Line	„ 3,000	10 „ „
Singapore Line	„ 2,000	10 „ „
Yalut Line	„	„
Menado Line	„	„
Nagasaki Shanghai Line	Tons 5,000 or more	17 knots or more.
Kobe Shanghai Line	„ 3,000	14 „ „
Yokohama Shanghai Line	„ 2,000	14 „ „
Tientsin Line	„ 1,500	12 „ „
Kobe Newchwang Line	„ „	„ „
Yokohama Line	„	„
Dairen Line	Tons 2,000 or more	14 knots or more.
Five Yangtze Kiang Lines	Various limits according to Lines.	
South China Coast Line	Tons 1,800 or more	11 knots or more.
Karafuto Line	„ 700	10 „ „
Vladivostok Line	„ 2,000	14 „ „
Otaou Vladivostok Line	„ 1,400	11 „ „
Seishin Line	„ 1,000	10 „ „
Nikolaevsk Line	„ 900	9 „ „
Petrovablovsk Line	„	„
Korea West Coast Line	Tons 1,000 or more	9 knots or more.
Nine Formosan Lines	„ 6,000 or 1,000	10 or 12 knots or more.

All routes are main mail and trade routes.

8. *Subsidy Law*.—Over 3,000 tons gross, over 12 knots, less than 15 years old. But these limits vary in application to each line.

Mail Lines and Coastal and Near Sea Lines, see the preceding answer for tonnage and speed.

9, 10 and 11. *Subsidy Law*.—50 sen or less per gross ton for 1,000 n. miles run for ships of 12 knots. *Plus* less than 10 per cent. per knot for ships over 12 knots. *Minus* 5 per cent. per year for ships more than 5 years old.

1. *Plus*, if necessary, 25 per cent. or less for ships built as directed by the competent minister or for newly opened lines (for 5 years after opening).

For mail lines, mail subsidy is paid.

For Coastal and Near Sea Lines, certain amounts are appropriated to different lines for each year.

12. Not as a rule. But half the amount for Japan-built ships may be given to foreign-built ships on Japan register and of less than

5 years old at registration, when the competent minister specifically approves of their employment under subsidy law.

13. The same ruling as Japan-built ships.

14. Yes.

15. Yes. Exceptions may be made when approved by the competent minister.

16. Subsidized ships cannot be sold, chartered, or mortgaged for three years after the expiration of subsidy unless the subsidy given has been refunded, such ships are not seaworthy, or such transactions have been approved by the competent minister.

17. No particular effect, because Japanese Coastal Services are short and insignificant in volume.

18. Yes. On subsidized Coastal Lines at ship-owners' expense.

19. Law relating to vessels:—(1) Steam-vessels; (2) Sailing vessels.

(A) Kind.—Steamers with more than 50 berths or with more than one berth per 100 tons gross or fraction thereof.

	Classification.	Steamers.	Sailing vessels.	For steamers only.
(B) Kind.	First Class	500 tons and 8 knots and up.	50 tons and up .	(For Oversea Service.)
	Second Class	100 tons and 8 knots and up.	20 „ „ „ .	(For Near Sea Service.)
	Third Class	20 tons and 6 knots and up.	No limits . . .	(For Coastal Service.)
	Fourth Class	No limits . . .	„	(For River and Lake Service.)

Tons=Under deck.

This classification is considered unsatisfactory in view of the changing conditions.

Development of Shipbuilding.

20. Yes.

21. Shipbuilding subsidy was suspended during the World War and the law itself was repealed in 1919. The present protection is indirect and in the shape of lower tariff for materials to be imported and also of subsidy to home-made materials. All shipyards are suffering from the after-war reaction and have been obliged either severely to curtail the scope of their work or temporarily or even permanently to suspend it.

22. Yes.

23. Shipbuilding Bounties. The Shipbuilding Subsidy Law was promulgated in 1896 and after repeated revision, suspended in 1917.

24. Steel ships of over 1,000 tons gross only (at the beginning, iron and steel ships of over 700 tons gross).

25. Yen 11—20 per ton gross for hull.

26. Yen 5 per actual h. p.

27. The Law was repealed but under which we admitted certain specified materials only. Exceptions are:—

(1) Fox Frames, Stern Frames, Rudder and Rudder Post and Trunk, Twin Screw Supports for ships of over 3,000 tons gross. (2) Tripple Screw Supports. (3) Various Axles of over 7 inches in diameter. (4) Springs. (5) Furnaces of certain types. (6) Turbine wheels, spindles, blades, and buckets.

(1) Hemp and Manila Cords (2) Canvas. (3) Anchor Hoists for ships of less than 5,000 tons gross. (4) Loading Apparatus. (5) Steering Apparatuses for ships of less than 5,000 tons gross. (6) Mooring Apparatuses. (7) Pumps of certain types. (8) Hand Water Pumps. (9) Fire Extinguishing Pumps. (10) Various Supports, such as boat supports. (11) Boats and Life-saving Apparatuses. (12) Portholes. (13) Ventilators. (14) Electrical Apparatuses. (15) Steam Coolers. (16) Steam Pumps. (17) Ash Hoists. (18) Electric Convertors. (19) Valves and Cocks.

28. Not under Shipbuilding Subsidy Law.

At present customs duties may be exempted for shipbuilding materials, equipments, and machinery under special rulings.

29. The concessions are entirely controlled by the authorities and no abuse is possible.

Construction of Wooden Ships.

30. During the period of shortage of steamers wooden ships were built in considerable numbers but these wooden ships are small (mostly less than 300 tons and sailing vessels) and their building is at present entirely ceasing.

31. Not necessary.

34. No.

Officers for the Mercantile Marine.

35. Yes, but it seems since the war the number of such youths is decreasing, probably because wages are better on land, especially considering dangers and hardships to which seamen are exposed.

36. There are two Government colleges, ten public schools, and some institutes established by seamen's relief societies or the principal shipping companies to take care of their training and employment.

37. Preliminary course is being undergone.

38. Japanese training ship and various establishments are supported either by the Government or some public corporations, as referred to in (36).

39. In early years we employed foreign officers on board our big steamers under whose guidance Japanese officers worked, but no such system of sending our students abroad for preliminary training.

40. No levy of fees and the Government supports the schools. Some local schools are supported by prefectural bodies or local public corporations or by donations.

41. There are many, but the more, the better.

42. Both are being done.

43. No objection on the part of the ship-owners.

45. Yes, maintained by the Government. Not that we know of such instance.

46. Yes.

47. All theoretical and practical technical studies and their application.

48. Tokyo and Kobe M. M. Colleges qualify graduates for certificates but graduates of other local M. M. schools must pass the examination.

49. The two M. M. colleges are supported by the Government.

Engineer.

50—53. Our answers 35—49 cover engineers, too.

Postal Subventions.

54. Yes, we agree.
 55. Theoretically yes, but some companies who are particularly strong for certain routes are naturally given first consideration for such routes.
 56. Yes.
 57. Already answered at the beginning.
 58. Indirect aids are various. The Government loaned purchasing funds for Kokusai S. S. Co., through a bank. Construction funds are expected to be loaned for better ships. Shipbuilding materials are cheaper on account of free passage and subsidy to home manufacture. Training of seamen is mostly supported by the Government. Various harbour facilities are mostly done by the Government or local public corporations.
 59. Subsidies:—

	Yen.
N. Y. K., 1921-22 . . .	2,406,000
O. S. K., 1921-22 . . .	2,252,000
T. K. K., 1921-22 . . .	1,432,000
South Seas, 1922 . . .	370,000
South China, 1922 . . .	150,000
Korea West Coast, 1922 . . .	100,000
Dairen, 1922 . . .	100,000
Japan Sea, 1922 . . .	251,500
Kagoshima-Nawa, 1922 . . .	60,000
China (Yangtze Kiang), 1922 . . .	437,000
Hokkaido, 1922 . . .	207,134
Shanghai, 1922 . . .	350,000
North China, 1922 . . .	117,000
Main Land-Hokkaido, 1922 . . .	50,000
Vladivostock, 1922 . . .	40,000
Bonnin Island, 1922 . . .	100,000

Funds are obtained from taxation and Government revenue.

Shipbuilding and Engineering.

Asano S. B. Co.

60. Chiefly steel.
 62. 8,250 ton type.
 63. No.
 65. Yes.
 66. 1,500 H. P. Pressure 200 lbs. L. 14' 3".
 Diameter 11' 6".
 67. 160,382 tsubo=130 acres.
 68. 10.
 69. 625 feet.
 70. About 15.
 71. All. See question 63.
 73. Materials are dearer but labour is cheaper. On the whole not much difference.
 74. }
 75. } No statistics available.
 76. }

REPLIES OF THE PRESIDENT OF THE URAGA DOCK CO., LD., TOKYO.

1. The shipping industry in Japan in 1894 was in a state of infancy. The services were confined mostly to home coasting trade only with the exceptions that the Osaka Shosen Kaisha had Korean service and the Nippon Yusen Kaisha had services to Shanghai, Vladivostock, Chemulpo, Tien-tsin, Manila and Bombay which last was the first Ocean service started by the people of Japan.

However, in July of the same year political troubles arose in Korea, which plunged Japan and China into war, and nearly all the vessels were requisitioned. During the war which lasted a year and a half the Government purchased foreign second-hand vessels aggregating 144,000 tons gross and the N. Y. K. purchased 23 foreign second-hand vessels aggregating 65,000 tons gross, at the same time chartering many foreign vessels for home coasting services. Owing to scarcity of warships, passenger boats were converted to auxiliary cruisers.

2. The situation of Japan's shipping then was far from being satisfactory. There was no general bounty or subsidy given to owners, the only companies receiving subsidy being the N. Y. K. and the O. S. K. by special contracts.

In 1892-93 with the development of foreign trade there was a cry for encouragement of our shipping industry, and a bill for the purpose was presented to the Imperial Diet; however, on account of party politics the Diet was dissolved and the scheme was not accomplished, which fact greatly militated against the development of shipping enterprises by the people of this country, for unless so aided, owners could hardly realize profits then.

3. No measures other than State aid were then suggested to encourage the people of Japan to embark on shipping enterprises.

4. The public opinion was that State aid was not only desirable but necessary for the promotion of the satisfactory development of shipping industry by the people of Japan.

5. The Sino-Japanese war awoke the people of Japan to the imminent need of the promotion of Japan's shipping industry, for the furtherance of which the Government decided to give aid to Japan's mercantile marine, and in 1896 Japan adopted a policy of granting general navigation subsidy. It was, however, found that vessels navigating with ballast only received such subsidy, and further that even tramp steamers could receive same, there being no regular lines designated by the Government for same. In view of the above the Government granted special subventions to particular lines, thus

doing away with such abuses or defects as were found then.

Later in 1910 Japan granted a navigation subsidy for Ocean services to take the place of the general navigation subsidy in 1896.

In 1921 Japan adopted a policy of granting postal subventions and some of the lines by the N. Y. K. receive same in place of the subsidy in 1910.

Hence there are now three ways of giving State aid to Japanese owners.

- (1) Subventions to particular lines (1896).
- (2) Navigation subsidy to Ocean services (1910).
- (3) Postal subventions (1921).

6. Subsidies are now granted to vessels owned by Japanese and operated under the Japanese flag:—

- (a) Between Japanese Ports—under Subventions to particular lines.
- (b) Between Japan and Ports abroad—under Navigation subsidy to Ocean services.
- (c) Between Ports outside Japan—None.

At present no subsidy or bounty is given in the case of (c), however, from the fact that Japan's shipping has become more and more international with the advance of world trade, and further that shipping is now considered as important industry in this country, I am of opinion that subsidy should also be given to vessels operated between ports outside Japan.

7. The navigation subsidy under 1896 law did not place any limit to any specified routes, but the navigation subsidy to Ocean services in 1910 restricts a grant of subsidy to the following routes:—

- European route.
- North American route.
- South American route.
- Australian route.

And some lines are selected for same in each of the above. The reasons for such restriction and for selecting such lines are partly from the trade conditions between Japan and such countries as are included therein, and partly because the Treasury does not permit more money to be given that would be required for other lines, for instance, Japan-Brazil line is now a free service, but considering from its importance in its relation to Japanese emigrants, it is most desirable that the line should also be so aided, which, however, is more than the Treasury can afford. Again the granting of special subventions to particular lines is chiefly from the consideration that though

some of the lines do not pay if the vessels required by the Government be used, the destinations of such lines being within Japanese territory State aid is considered necessary to cover the loss sustained.

8. Vessels for which are given subsidy under 1910 law are steel vessels built in accordance with the Government Shipbuilding Rules, of 3,000 tons gross and above, with an average speed of more than 12 knots per hour and less than 15 years old.

As for special subventions to particular lines, tonnage, etc., are dealt with in each case.

Under postal subventions law, the limits are:—

Yokohama-London Line—

Steel vessels of 5,500 tons gross, 15 knots per hour.

Kobe-Seattle Line—

Steel vessels of 5,500 tons gross, 12 knots per hour.

Kobe-Hongkong Line—

Steel vessels of 5,500 tons gross, 14 knots per hour.

Yokohama-Melbourne Line—

Steel vessels of 5,000 tons gross, 15 knots per hour.

9. 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.

10. Under navigation subsidy to ocean services law the subsidy increases at a rate of 10 per cent. for each additional knot per hour.

11. Under navigation subsidy to ocean services law the subsidy is paid in full for five years for each vessel after which period the payments are reduced by 5 per cent. each year.

12. Under the same law foreign built vessels receive half the sum of what is given to Japanese built vessels.

13. No distinction is made between Japanese built vessels and foreign built vessels in respect of the period of subsidy given.

14. Vessels receiving navigation subsidy take on board a certain number of apprentices for purposes of training.

15. Non-Japanese subjects may be employed if they have Japanese Government certificates, otherwise we exclude their employment on vessels receiving a navigation subsidy. When vacancies, which it is impossible to fill, occur at foreign ports, non-Japanese subjects may be employed with permission of the authorities.

There were many foreigners having Japanese Government certificates, but such are now on the decrease.

16. In the case of vessels receiving navigation subsidy being sold, chartered, or mortgaged to foreigners, the bounty ceases; besides it is provided that such vessels cannot be sold, chartered or mortgaged to foreigners unless three years have passed since the cessation of the period so subsidized or their last voyage.

17. There has been little or no effect of the policy of reservation on our coasting trade. The public opinion is that Japan may at any time discontinue the reservation, if other nations take the same policy.

18. Whether subsidized or not and whether it be coasting service or not owners are fully prepared to take on board a certain number of apprentices at the request of the Nautical College.

19. Japanese vessels as of June 1922.

(1) According to hull—

Gross tons.	Vessels.	Tons.
20—100	1,400	58,564
100—1000	945	392,726
1000—3000	442	809,523
3000—6000	311	1,410,450
6000—10000	92	666,394
10000 and over	10	117,350

(b) According to age—

	Vessels.	Tons.
Less than 15 years old	493	1,960,866
15—25 years old	117	390,531
More than 25 year old	218	565,320

(c) According to speed—

	Vessels.	Tons.
12—15 knots	104	496,824
15—17 knots	18	115,076
More than 17 knots	5	53,432

20. Vessels required for Japanese Mercantile Marine were built entirely in private shipyards.

21. On account of severe depression being felt in shipping, our shipbuilding industry is now facing a most difficult situation and there is little or no demand for construction

of ordinary type of vessels, and the work is mostly confined to construction of vessels to be used for special routes, or special type of vessels with special purposes, and nowhere in Japan can we find any stock boats under construction.

Such being the existing conditions the building capacity is not used to the full, but leading builders are now using half their capacity for construction of warships.

22. State aid was not only desirable but necessary to promote the satisfactory development of shipbuilding industry by the people of Japan.

23. Japan adopted a policy of granting shipbuilding subsidy in 1896. Besides this direct aid, the Government, in its navigation subsidy in 1896 which was replaced by navigation subsidy to ocean services, granted twice as much subsidy to Japanese built vessels as that given to foreign built vessels, which, together with the policy of laying import duty of Yen 15 per ton on vessels less than 10 years old and Yen 10 per ton on vessels more than 10 years old, led to the promotion of shipbuilding industry in Japan, the owners finding it more profitable to build vessels though the initial cost was rather high, as they can receive for 15 years double the subsidy of that given to foreign built vessels under navigation subsidy law or special subventions.

However, the shipbuilding subsidy ceased in 1917 and in its place the Government adopted a policy of allowing our builders to import free of duty material and equipment used for ship construction, which has aided in a measure the promotion of shipbuilding industry in Japan.

In my opinion there should be given more indirect State aid, such as restricting the vessels used for subsidized lines to Japanese built vessels and the raising of import duties, etc.

24. Vessels eligible for subsidy were steel vessels built in Japan, the minimum gross tonnage being 1,000 tons (formerly 700 tons).

25. The rates of shipbuilding, subsidy were from Yen 11 to 22 per ton gross for hull according to ship's class.

26. A subsidy of Yen 5 for indicated horse power was also given to those vessels whose machinery was made in Japan.

(S. H. P. for turbines is to be converted into I. H. P.)

27. Material and equipment obtained outside Japan could not be used for construction of hull and machinery other than those specified by the Minister of Communications, such as, hull material, auxiliary machinery, steel castings, boiler furnaces, and others that cannot be made in Japan, etc.

28. There were no customs concessions.

29. None.

30. During the war boom on account of scarcity of steel, wood vessels as big as 2,000 tons gross were built, but the desired wood material being unobtainable, American wood material was used. Such vessels proved a failure, for American wood material was too mild for vessels above 1,500 tons.

At present wooden shipbuilding is confined to that of small vessels and junks, which latter are considered quite necessary for small coasting trade and now amount to a great number. One of the reasons for junks so prevailing in small coasting trade is that in carrying coals junks are very convenient as they serve also as warehouses after their arrival in harbours—a bad habit and yet it still remains to exist.

31. I am of opinion that State aid is not necessary or desirable to promote the further development of this line of industry by the people of Japan.

32. None.

33. No.

34. On account of the material for Japanese built wood vessels being bad, there are comparatively more wrecks, for which reason higher premiums are required, and it happens that in some cases insurance cannot be effected.

35 and 50. There are considerable number of youths desirous of becoming officers or engineers.

36 and 51. (a) There are two nautical colleges for their training, one in Tokyo and the other in Kobe, both being Government schools. Both colleges have each two departments, navigation department and engineering department.

Besides these two schools of higher grade, there are altogether 10 prefectural nautical schools throughout Japan.

(b) The rapid development of Japan's shipping led to an increasing demand for officers or engineers, and the graduates of nautical colleges or schools have found no difficulty in obtaining their employment; but

after the war, consequent upon the slump in shipping it was feared that there would be an over supply of them, for which adjustment was made by decreasing the number of students entering colleges or schools, at the same time old men being dismissed.

(c) None.

37. Our cadets receive provisional diplomas at their graduation and after a period of navigation as apprentices in a training ship they receive diplomas.

38. Formerly there being no training ship some of the cadets were trained in foreign vessels, but now they are trained in a training ship of the nautical college.

The training ship is provided and maintained by the Government.

39. Such cadets as were trained in Europe paid their full fees themselves.

40. The training ship is provided and maintained by the Government.

41. There are two nautical colleges on shore each with a training ship.

42. In Japan cadets study on shore and after their graduation they are trained in a ship and they are granted either Chief Mates certificate or First Engineer's certificate. After having sea experiences they receive Captain's certificate or Chief Engineer's certificate.

43. Our shipowners accept apprentices for training and there are no objections in having shipowners accept them in their ships. But in case there should arise any objections, I suggest that the best way out is the enforcement by law of their acceptance in subsidized vessels.

44. Apprentices are not required to pay premiums.

45. The sea-going training ship is entirely provided and maintained by the Government. Formerly the training ship carried freight, but since the training ship sank, the practice has been given up.

46. Our apprentices in a sea-going training ship are given free food, uniform, room and even a small fee.

47. The curriculum of study in the Nautical College is as follows:—

Navigation Department.	}	Navigation.
		Seamanship.
		Hydrography.
		Sea Meteorology.
		Commerce.
		Commercial Geography.
		Maritime Law.
		Electrical engineering.
		Shipbuilding.
		Engineering.
		Hygiene.
		Physical Education.

Physics.
Chemistry.
Mathematics.
Dynamics.
Military Practice.
Geography.

Engineering Department {
 Engine.
 Boiler.
 Electrical engineering.
 Drawing.
 Engineering.
 Shipbuilding.
 Hygiene.
 English.

Physics.
 Chemistry.
 Mathematics.
 Dynamics.
 Military Practice.

The curriculum of study as an apprentice is chiefly practical training.

48. We have no nautical academies, for in our nautical colleges, the cadets first study on shore and then they are trained in a training ship.

49. None.

50. See No. 35.

51. See No 36.

52. Engineering and shipbuilding firms in Japan give sufficient practical training to apprentices to enable them to become efficient marine engineers.

53. See No. 48.

54. Steamers granted special subventions or navigation subsidy are to have a mail room of some capacity and carry mails gratis.

The Government adopted a policy of granting postal subventions to some services. For this latter the rates are fixed chiefly from the quantity of mails actually carried.

55. Postal subventions are practically granted to a few lines having mail steamers.

56. There are some mail contracts with non-Japanese steamship lines as well.

57. There are some conditions for postal subventions as to tonnage, speed, navigation, etc.

58. None.

59. None.

Note.—In Japan there has been no free gift by the Government, for in any of the subsidy laws, either for shipping or shipbuilding, some obligations have been put, either as regards construction of ships, accommodations of plant, naval architects or engineers employed, etc.

60. We build steel vessels.

61. We do not build wood ships.

62. The largest ships built in our yard are:—

Cruiser of 550' and Steamship of 12,000 tons D.W.

63. Yes, we build engines.

64. The largest engine we have built is of 26" x 43½" x 72", 48 strokes.

65. Yes, we build boilers.

66. The largest boiler we have built is that of 14' 6" x 11' 9", 200 lbs.

67. The area of our shipyard is about 45 acres.

68. We have six building berths.

69. We can build and launch vessels of 600.

70. With our present plant we can build 12 vessels of 10,000 tons D. W. or 6,000 tons D. W.

71. We can build engines and boilers to be used for vessels stated above.

72. If we could not make all or part of the propelling machinery and boilers we could get it supplied quickly enough to secure the output of vessels per annum stated above.

73. The approximate relative cost of vessels and machinery built in Japan is

Yen 150 per D. W. ton for vessels
 3,000 tons D. W.

Yen 140 per D. W. ton for vessels
 6,000 tons D. W.

Yen 135 per D. W. ton for vessels
 8,000—10,000 tons D. W.

(By ordinary tramp steamer specifications).

74. The collective wages per week or six days are about Yen 15, that is, about half as much as that in England.

75. The average cost of shipbuilding steel material in Japan is Yen 18 per ton higher free of duty than that in England.

76. The average number of men we have employed is

- (1) Before 1914 1,700
- (2) During the war 5,800
- (3) After the war 4,000

The number of men now employed is as follows:—

Mechanics	780
Copper Smiths	200
Moulders	54
Electricians	112
	<hr/>
	1,146
	<hr/>
Smiths	85
Founders	223
Machine drivers	65
Boiler makers	380
	<hr/>
	753
	<hr/>

Loftmen	63
Shipwrights	128
Platers	264
Equipment makers	300
Riveters	168
Drillers	82
Caulkers	89
Bending slabmen	37
Angle Smiths	54
Mechanics	127

1,312

Galvanizers	13
Tool men	78
Testers	32
Transporters	120
Carpenters	90
Joiners	76
Wood working mechanics	37
Riggers	44
Painters and dock workers, etc.	63

553

TOTAL 3,764

REPLIES OF K. YAMAKAWA OF THE KAWASAKI SHIPBUILDING AND ENGINEERING CO., LD., KOBE.

October 10th, 1923.

6. Thinks they can do without in all the cases enumerated. If the Government wants greater speeds than tend to economic running of ships, then it should pay a subsidy. Recommends a subsidy for ships running at a greater speed than 16 knots—the subsidy to be proportioned according to the speed. Large cargo vessels are not economical in Japan at present, owing to the difficulty of obtaining full cargoes.

Subsidy for Shipbuilders.—It was given to approved ships until 8 years ago. During the war so many ships were built in Japan, and the shipbuilders made such profits that the subsidy was withdrawn. Now the slump has come the subsidy is again necessary. Shipping can do without a subsidy. The condition of trade in the shipping industry never varies in such a large degree as in the shipbuilding industry.

17. There should be competition in coastal trade. Thirty years ago the effect of reservation of coastal trade was good. To-day the Japanese can hold their own in competition for the coastal trade.

19. *Size and description of vessels.*—385×51×28=5,600 tons gross. The Kawasaki yard is limited to this size by the size of its dry dock. Thinks that about 7,500 tons gross is ideal. Kawasaki has built about 50 of the 385×51×28 type. Believes in the simple cargo boat.

20. Yes.

21. Present conditions are bad—materials are costly to import. There are plenty of good second-hand vessels selling at a low figure. Steel is high in Japan. Kawasaki has its own steel mills—Mitsubishi smaller mills. Labour costs are high. There has been no reduction since the war. The average wage in Kawasaki yard 2.37 yen per day of 8 hour—48 hour week. In 1918 wages were half of what they are now, but there were bonuses—70 per cent. of the total earnings. These bonuses remain now as wages.

22. Yes.

26. No bounties for engine works not connected with shipbuilding. Such works have other sources of employment.

27. There is a duty on imported material which is cancelled if it be used in vessels built for foreign owners (*i.e.*, non-Japanese owners).

50. Night schools for tracers and young draughtsmen. For more advanced studies there are the universities.

51. Government encourage the universities. The shipbuilders draw on the universities for men. Kawasaki encourages university graduates, gives them jobs after they serve two years' apprenticeship. Working classes are encouraged to go night schools. An increase of wages 4—8 sen per day is given to successful student-workmen at night schools. These schools are run by private enterprise. Kawasaki yard subsidies a night school and buys books, etc., for its own workers. Such schools also educate non-ship yard workers.

(a) No—for mercantile marine only.

(b) No—except to give a chance to enter the navy. There is an Engineering Naval-College. University graduates can go to the Navy as Engineers.

(c) No—except university graduates who can go back to the university to obtain these certificates.

52. Yes—five years' apprenticeship is sufficient. The five years' system of training

came into operation about 1917. Twenty-five years ago good sized engines were being

built and apprentices could learn to be mercantile engineers.

Answers by the Ministry of Communications, Japan.

I.

Development of Shipping Industries.

1. The number of steamships in this country at that time amounted to about 680, registering only 110,000 tons. The shipping routes were for the most part confined to home coastal waters, and though there were ships which occasionally undertook foreign voyages, yet as a general rule they did not, at that time, leave the zone of Far Eastern waters.

2. It is impossible to regard the situation at that time as satisfactory.

At a time when finance, industry, etc., were in every respect in their infancy, so to speak, it was only to be expected that shipping enterprise should have undergone no particular development.

3. It is thought that there was no alternative but to rely on State aid.

4. Yes. It goes without saying that the method, degree, etc., of the aid must vary according to the state of development reached by the shipping industry.

5. In some cases Government-owned vessels were hired out to civilians engaged in the shipping trade, or disposed of without monetary consideration. Or again, in other cases, bounties or subsidies were granted.

6. Yes. With reference to the routes between Japan and ports abroad, a law for the encouragement of shipping was established in 1896 in accordance with which bounties were granted, but in 1910 this system was abolished, and subsidies were granted thereafter, in the case of specified lines only, under the Foreign Shipping Routes Subsidy Law, or by means of special departmental Subsidy Ordinances distinct from the above Law.

7. The San Francisco line on the North American route, also the South American routes, have been granted a fixed subsidy under the terms of the Foreign Shipping Routes Subsidy Law. But the European route, the Seattle line on the North American route, and the Australian route are each granted a mail subsidy under special departmental ordinances.

The selection of the above routes was chiefly influenced by considerations relating to the transport of mails and passengers, and by trade conditions.

8. The qualifications required in vessels under the Foreign Shipping Routes Subsidy Law are as follows:—

	Gross Tonnage.	Speed.	Age.
N. American Route	above 12,500 tons	above 18 knots	Up to 15 years.
San Francisco Line	below 13,500 "	below 20 "	" "
S. American Route	above 5,000 "	above 14 "	" "
East Coast Line	below 7,500 "	below 16 "	" "
S. American Route	above 6,000 "	above 13 "	" "
West Coast Line	below 9,700 "	below 15 "	" "

9. The subsidy rate granted under the Foreign Shipping Routes Subsidy Law is as follows:—

In respect of each ton (gross) over a distance of 1,000 knots a subsidy of not more than 50 Sen for vessels having a speed of 12 knots.

10. For each knot per hour increase in speed, an increase of 10 per cent. is allowed on the standard rate given in the preceding paragraph.

In the case of vessels designed under special authorization from the competent Minister, or of vessels employed on a route within the first five years from the initiation of regular sailings thereon, an increase of up to 25 per cent. is allowed on the amounts granted under (9) and the first paragraph of the present section.

11. After a vessel is more than five years old, a deduction of 5 per cent. is made every year on the amounts granted under (9) and paragraph 1 of (10).

One half of the grants payable under (9), paragraph 1 of (10), and the preceding paragraph of the present section are paid in the case of ships constructed abroad.

12. Under the provisions of the Foreign Shipping Routes Subsidy Law, vessels constructed abroad may only be used provided they were not more than five years old when inscribed on the Japanese Register, and when the sanction of the competent Minister has been obtained.

13. Once sanction for their use has been obtained, as described in the preceding section, the age-limit for employment on subsidized routes is the same in the case of foreign-built vessels as in the case of those of Japanese construction.

14. Under the Foreign Shipping Routes Subsidy Law, vessels navigating under subsidy

are obliged to carry nautical apprentices according to the following scale :—

Vessels above 3,000 and under 5,000 tons gross 4.

Vessels above 5,000 and under 8,000 tons gross 5.

Vessels above 8,000 tons, gross 6.

15. Persons engaged upon navigation which is subsidized under the Foreign Shipping Routes Subsidy Law may not appoint foreigners to posts on the personnel of main or branch officers, or among the personnel of vessels in active use, unless special authorization has been obtained from the competent Minister. Provided that in cases where vacancies in the ship's company have occurred abroad, it is necessary that confirmation or appointments be obtained.

16. Vessels navigating on subsidized routes under the terms of the Foreign Shipping Routes Subsidy Law may not for a period of three years (reckoned from the last day of the final voyage of the period during which they were in receipt of navigation subsidies) be sold, chartered or mortgaged to a foreigner. But if the amount of the subsidy paid in respect of a vessel be returned; or if the vessel is not able to sail as a result of some natural calamity or Act of God; or if the sanction of the competent Minister has been obtained, the above provision does not apply.

17. Since a policy of reservation is undesirable according to the fundamental principles of unrestricted commerce, it is thought that each country should be opened upon a reciprocal treatment basis.

18. No.

19. There are no fixed standards for vessels used in the Japanese Mercantile Marine.

Questions relating to Shipbuilding.

20. No. Except for a period during the recent Great War, the demand for merchant ships in Japanese shipping circles has so far never been entirely met by shipbuilding carried out in Japan. In former times, probably the larger proportion of sea-going ships were habitually bought from foreign countries, especially from England, and even at the present time purchases are still made from foreign countries.

21. This country cannot supply itself with the raw materials of shipbuilding, nor have we firms of the first rank engaged in the manufacture of shipping equipment. These points have proved a great drawback to the shipbuilding industry in Japan which is consequently carried on under difficulties.

22. Yes. The condition of the shipbuilding industry in Japan being as stated in the preceding section, State aid on the lines

adopted by other countries is necessary in order to maintain it.

23. For financial reasons it has been impossible, in practice, to grant in adequate measure the State aid required to maintain the shipbuilding industry in Japan. A law for the encouragement of shipbuilding was first enacted in 1896. In accordance with this law, a bounty became payable in respect of the construction of steel ships above a certain gross tonnage (For details see a later section). But this law was suspended in the year 1917, and its enforcement period expired at the end of 1919, whereupon it automatically lapsed. Subsequently, in the year 1921, the Customs Tariff Law was amended, and raw materials of steel required for the construction or repair of ships, ships' equipment and parts thereof, and ships' engines and parts thereof, were specified by Ordinance, and were exempted from import duty under the terms of the said Ordinance.

24. Bounties were granted in respect of steel vessels only. The minimum gross tonnage of ships eligible for the construction bounty was one thousand tons.

25. Construction bounty for the hull was paid on ships over 1,000 tons gross at the rate of 11 to 22 Yen per ton (gross), varying according to the pattern and qualifications of the vessel.

26. The construction bounty in respect of machinery was five Yen per indicated horse power. In the case of turbine machinery this is the deduced indicated horse power, calculated by dividing the measured shaft horse power by 0.95.

27. As already stated, shipbuilding materials were not available in sufficient quantities in Japan, and the usual procedure was rather to employ materials of foreign manufacture. Thus while there was no restriction with regard to the import of steel (rolled) for construction purposes, the use of articles of wrought and cast steel pertaining to the equipment or appurtenances of ships was subject to certain restrictions if of foreign manufacture.

28 and 29. There were no special customs concessions, and consequently no measures whatever existed to prevent their infringement.

Construction of Wooden Ships.

30. The construction of wooden ships is confined to vessels of small dimensions up to about 300 tons gross, the building of large size wooden vessels being extremely rare. Of course during the Great War a large number of wooden ships of from 1,000 to 1,500

gross tonnage were built, but the bulk of these were afterwards taken to pieces or broken up, and there is no intention of again building large type wooden vessels of this kind.

31. It is not considered necessary to grant State aid as an inducement in connection with the construction of wooden ships.

32 and 33. In view of the above, we have no opinions to advance with regard to a system of granting bounties to encourage the construction of wooden ships.

34. A certain amount of difficulty was experienced in effecting insurance in the case of large-type wooden vessels carelessly constructed during the Great War. There being no vessels of this kind at the present time, however, these insurance difficulties have consequently now ceased to exist.

35. A fair number of applicants are forthcoming. In the Government Mercantile Marine Academies, in particular, the number of applicants for entry into these Academies each year is several times greater than the number to be recruited.

36. (a) At the Government Mercantile Marine Academies, sailing vessels for training purposes are attached. In addition to this, practical training is carried out continuously on steamships of private shipping companies.

(b) With regard to employment, the school authorities afford assistance.

(c) The Government takes no special steps.

37. Cadets first of all receive necessary instruction on shore, after which they become apprentices and are given training afloat.

38. Although practical training was carried out in Japan, there were at first a certain number of students of the science of navigation who were sent to Europe and underwent a course of training there.

The training ships in Japan are owned by the Government or by the local authorities. The land establishments are supported by the Government in the case of the Government Academies, and by the various local authorities in the case of those locally established.

39. In the case of cadets who did a course of training in Europe, all expenses were paid by the Government.

40. In the Government Mercantile Marine Academies no fees are collected from cadets. In some locally founded Mercantile Marine Academies, small tuition fees are charged.

41. It is thought that provision for training ashore should be maintained in conjunction with training-ship facilities.

42. When cadets have completed their indoor course, it is considered advantageous to subject them to an immediate and thorough period of training at sea on a sea-

going training ship, and afterwards to give them practical instruction on ordinary merchant vessels.

43. There are practically no ship-owners in Japan who refuse to accept apprentices.

44. Apprentices have never been required to pay a premium.

45. Those training ships attached to Government Nautical Academies are maintained by the Government; those pertaining to the Local Government are maintained by the local authorities.

46. Apprentices on training ships attached to Government Mercantile Marine Academies are provided by the Government with food and uniforms while on board.

47. The curriculum at a Government Nautical Academy is as follows:—

1. Provided on shore.

The art of navigation, seamanship, hydrographical surveying, marine meteorology, commercial knowledge, commercial geography, mercantile law, practical seamanship, shipbuilding, engineering, electricity, hygiene, English, physics, chemistry, arithmetic, dynamics, study of military affairs.

2. During apprenticeship.

Seamanship, the art of navigation, engineering, foreign languages, sea-borne commerce, medicine, duties of the watch, all allotments or service on board ship.

48. Two kinds of academies exist in Japan for the training of masters and mates of foreign-going ships, *viz.*, Government Academies, of which there are two, and Public Academies, of which there are eleven.

49. The academies are located as follows:—

Government Academies.—Tokyo, Kobe.

Public Academies.—Hakodate, Toyama, Toba, Hiroshima, Awashima (Kagawa-Ken), Yuge (Ehime-Ken), Oshima (Yamaguchi-Ken), Okayama, Shimane, Saga, Kagoshima.

In the Public Academies fees are collected which are used partially to defray the expenses of upkeep.

Engineers for the Mercantile Marine.

50. They are available in fair numbers.

51. (a) Engineer apprentices receive practical training in the various naval arsenals, in private shipbuilding yards approved by the Minister of Communications, and also on approved steamship companies' steamers.

(b) See No. 36 (b) and (c).

52. Engineer apprentices are as a rule given a course of practical training of about

one year and a half at a naval arsenal or private shipbuilding yard.

53. Engineer training schools and their locations are as follows:—

Government Schools.—Tokyo, Kobe.

Public Schools.—Hakodate, Toba, Awashima (Kagawa-Ken), Oshima (Yamaguchi-Ken), Okayama, Saga.

54. Views similar to those expressed by you are held, generally speaking, with regard to the employment of steamers for the

carrying of mails and with regard to the terms of subsidy payments for the transport of postal matter.

55. Yes. But as a general rule, when concluding contracts for the transport of mails, comparatively representative steamship companies are selected.

56 and 57. Yes. The foreign steamship companies with which this Department has contracts at the present time for the carriage of mails are as follows:—

<i>Name of Company.</i>	<i>Route.</i>	<i>Conditions.</i>
Canadian Pacific S. S. Co.	Yokohama—Vancouver .	} Rate of 2 Yen for each cubic foot of mail matter loaded.
	Yokohama—Hongkong .	
Admiral Oriental Line .	Yokohama—Seattle . .	} As above.
	Yokohama—Manila . .	
Pacific Mail S. S. Co. . .	Yokohama—San Francisco .	Rate of Yen 300 per voyage.
	Yokohama—Hongkong . .	Rate of Yen 30 per voyage.
Ocean S. S. Co., and China Mutual Steam Navigation Co.	Yokohama—Seattle . .	Letters and postcards 2 sen each. Printed matter one sen each. 20 sen per kilogr. for parcels to America or Canada. 10 sen per kilogr. for parcels to Hongkong.
Eastern and Australia S. S. Co.	Yokohama—Melbourne . .	2 sen each for letters or postcards. Printed matter one sen each. 20 sen for each parcel for Australia or Philippines. 10 sen for parcels to Hongkong.
Peninsular and Oriental Steamship Company.	Yokohama—Hongkong . .	Rate of Yen 50 per voyage.
British India Steam Navigation Company.	Kobe—Calcutta	Rate of Yen 100 per voyage.

58. With regard to the development of marine transport, so long as the mail contracts have been in existence nothing whatever has been done, either directly or indirectly, in the way of granting (other) subsidies to steamship companies.

59. Under the terms of the Departmental Ordinances subsidizing mail transport, the subsidies granted to the Japan Mail Steamship Company (N. Y. K.) on the routes mentioned in the concluding lines of Section 7, paragraph 1, are as follows:—

Yokohama—London Line. 26 voyages per year, Yen 1,450,000.

Kobe—Seattle Line. 34 voyages per year, Yen 1,450,000.

Kobe—Hongkong Line. 17 voyages per year, Yen 1,450,000.

Yokohama—Melbourne Line. 13 voyages per year, Yen 1,450,000.

Shipbuilding and Engineering.

60. In this country both wooden and steel vessels are built. Coastal steamers, tugs, small sailing vessels, junks, lighters, etc., are generally constructed of wood, these proving both economical and excellent.

61. In the early days of Meiji (1883) a wooden steamship of about 1,500 tons gross was built. Subsequently no plans were made for the construction of wooden ships of so large a type, but during the recent Great War, owing to the urgent demand for ships and the scarcity of steel for shipbuilding purposes, the construction of large type wooden ships was begun, varying from 1,000 to 1,500 tons gross.

The largest wooden vessels built during the Great War, the Shirō Maru and the Gorō Maru, were each steamers of 1,445 tons gross.

62. The largest steel vessels built in this country are the following:—

Name of vessel.	Gross Tonnage.	
	Tons.	
Tenyo Maru	13,454	
Chiyo Maru	13,426	
Shinyo Maru	13,377	

63. Yes.

64. The largest triple expansion engines built in this country were those of the Nikko Maru, a vessel of 5,538 tons gross. Size and indicated horse power were as follows:—

High Pressure	31 inch diameter.
Middle Pressure	51 " "
Low Pressure	85 " "
Stroke	54 inch.
Indicated Horse Power.	6,780.

The largest turbine engine manufactured in Japan was the three shaft Parsons Turbine of the Shinyo Maru, a vessel of 13,377 tons

which, at the time of its trials, developed a horse power of 20,052 shaft horse power.

65. Yes.

66. The largest cylindrical boilers which have been made in Japan were those fitted in the Chiyo Maru and the Shinyo Maru. Diameter 15' 9". Length 11' 8". Maximum pressure per square inch 180 lbs.

The largest double-ended cylindrical boilers made in this country were those fitted in the Nikko Maru. Diameter 15' 6". Length 18'. Maximum pressure per square inch 185 lbs.

67. The total area of an important shipyard would amount to about 1,100 acres.

68. The number of building berths in this country at the present time capable of producing vessels of over 1,000 tons (gross) is about 90.

69. In the largest building berth a ship of about 750 feet in length can be constructed and launched.

70. Including cargo ships of from 1,000 to 10,000 tons (gross), the amount of shipping that can be built in Japan in one year would total about 600,000 tons (gross).

71. We can make in this country all the propelling machinery required for the ships mentioned in the preceding section.

72. (No reply.)

73. These are matters which we should very much like to know, but we have as yet been unable to obtain information on these points.

74. No data available.

75. We have no data wherewith to furnish a reply to this question.

MINISTRY OF COMMUNICATIONS.

II.

Development of Shipbuilding.

(20) No. Although in early age of Meiji some of merchant vessels had been built in Government shipyards, at present all merchant vessels built in our country are all built in private shipyards. But it may generally be said that the vessels required for Japanese Mercantile Marine have not been built entirely in our country, except some years during the great war. Formerly the most of ocean-going vessels were purchased from abroad, especially from Britain. Even now-a-days, we are getting many tonnages, new and old, from abroad.

(21) Very bad. There is no prospect of new order. Moreover, in recent years, we are encountering with labour questions. We cannot get ship's steel sufficiently enough in our country. There are few excellent auxiliary makers. These are great handicaps to our shipbuilding and this industry in our country is very difficult at all.

(22) Yes. Otherwise shipbuilding industry in our country could not exist.

(23) It was very difficult to realize necessary State aid, because the financial difficulty prevented from doing so. The Shipbuilding Encouragement Law was firstly published in 1897. By this Law construction bounties were given to iron and steel vessels above a certain tonnage. (Details will be shown

later on.) But this Law was suspended in 1917 and the term of enforcement of this Law expired at the end of 1919.

In 1921 the Custom Tariff Law was revised and steel materials and fittings for hull and machinery were exempted from custom dues, subjected to the approval of the Minister of Communications.

(24) Construction bounties were given to iron and steel vessels only. The minimum gross registered tonnage was 700 tons at first, and afterwards it was raised to 1,000 tons in 1909.

(25) Construction bounties for hull was at first Yen 12 per gross tonnage for vessels between 700 tons and 1,000 tons, and Yen 20 per gross tonnage for vessels above 1,000 tons. They were altered in 1909 to Yen 11 to Yen 22 per gross tonnage for vessels above 1,000 tons gross according to the kinds and classes but regardless of the size of vessels.

(26) Construction bounties for propelling machinery was Yen 5 for I. H. P. without regard to the kind of engines.

For turbine engine, the estimated I. H. P. is to be calculated by dividing the measured S. H. P. by 0.95.

(27) As already mentioned above, we could not get sufficient ship's steel in our country. It was rather usual to use materials made outside Japan and therefore the rates of construction bounties were assumed to compensate the freight and import duty of the materials. Thus there was no restriction about the importation of ship's steel, but some forgings and castings as well as some fittings and auxiliaries for the vessels which are to receive shipbuilding bounties were prohibited from getting abroad.

Articles 13 and 14 of the detailed regulations of Shipbuilding Encouragement Law are as follows:—

Article 13.—Foreign made articles for hull and machinery, except the articles mentioned below, are not to be used for the vessels which are to receive shipbuilding bounties:—

1. Steams, stern frames, rudders, rudder tillers, rudder frames and shaft brackets for twin screws, which are intended for vessels of 3,000 tons gross and above.
2. Shaft brackets for triple screws.
3. Shafts with diameters of 7 inches and above.
4. Springs.
5. Corrugated and ribbed furnaces.
6. Wheels, spindles, blades and buckets of Turbine Engines. Patented articles and articles of utility;

models (probably this means patterns or specimens) manufactured in foreign countries can be used for hull and machinery of vessels which are to receive shipbuilding bounties, subjected to the approval of the minister of communications.

Article 14.—The fittings mentioned below, manufactured in foreign countries are not to be supplied for the vessels which are to receive shipbuilding bounties:—

1. Hemp ropes and manila ropes.
2. Sails and canvases.
3. Windlasses for vessels below 5,000 tons gross.
4. Winches.
5. Steering apparatus for vessels below 5,000 tons gross.
6. Capstans.
7. Fly wheel pumps.
8. Hand bilge pumps.
9. Fire pumps.
10. Boat davits and other davits.
11. Boats, life buoys and life preservers.
12. Side scut les and cabin windows.
13. Ventilators.
14. Electrical Apparatus.
15. Auxiliary condensers.
16. Steam pumps.
17. Ash hoisting engines.
18. Electric generators.
19. Valves and cocks.

In cases where it is desirous to use patented articles and articles of utility models, or in the cases of special circumstances, the foreign made fittings can be used for vessels which are to receive shipbuilding bounties, subjected to the approval of the minister of communications.

(28) and (29) There was no customs concessions, and therefore there was no measure.

Construction of Wooden Ships.

(30) Construction of wooden ships are only limited to small one say up to 300 tons gross, and it was very rare to build larger wooden ships.

However during great war we built many wooden vessels of 1,000 to 1,500 tons gross, but since then most of them are broken up and there is no attempt to build again such large wooden vessels.

(31) No State aid was necessary nor desirable to promote the further development of wooden shipbuilding.

(32) and (33) Therefore there is no advocacy nor construction bounties about the wooden shipbuilding.

(34) War-made wooden vessels of relatively large sizes had experienced some difficulty in effecting the insurance, but at present there are no such vessels and all the difficulty seems to have passed over.

Shipbuilding and Engineering.

(60) We build both wood and steel vessels.

Coasting steamers, tug boats, small schooners, junks and barges are most economically and efficiently built of wood.

(61) In the early age of Meiji (1883) a steamer "Kosuge Maru," about 1,500 ton gross was built of wood, but since then there was no attempt to build such a large wooden vessels until the great war, when the pressing demand for vessels and scarcity of steel compelled our people to build 1,000—1,500 ton gross wooden vessels. The largest wooden vessel built during the war is "Shiro Maru" and "Goro Maru" of 1,445 ton gross.

(62) The largest steel vessels ever built in our country are as follows:—

For instances:—

Name.	Gross Tonnage.
	Ton.
"Tenyo Maru"	13,454
"Chiyo Maru"	13,426
"Shinyo Maru"	13,377

(63) Yes.

(64) The largest triple expansion engines we have built are the engines of "Nikko Maru" 5,538 ton gross.

Dimensions are $\frac{31'' \times 51'' \times 88''}{64''}$ developing 6,780 I. H. P.

The largest steam turbine engines we have built are Parsons' three shaft turbines of "Shinyo Maru" 13,377 ton gross, which developed 20,052 S. H. P. on trial.

(65) Yes.

(66) The largest single ended cylindrical boilers ever built in our country are those of "Chiyo Maru" and "Shinyo Maru" and of 15'-9" in diameter and 11'-8" in length, the working pressure being 180 pounds per square inch.

The largest double ended cylindrical boilers ever built in our country are those of "Nikko Maru" and of 15'-6" in diameter and 18'-0" in length, the working pressure being 185 pounds per square inch.

(67) The total ground area of the principal shipyards is about 1,100 acres.

(68) In our country there are at present about 90 building berths capable of building vessels above 1,000 ton gross.

(69) In the largest building berths it will be capable of building and launching vessels of about 750 feet.

(70) It will be capable to build about 600,000 ton gross cargo boats aggregated, 1,000 to 10,000 ton gross in sizes.

During the great war we turned out the above tonnage.

(71) We can build propelling machinery for above mentioned tonnage.

(73) This is one of the subjects which we are anxious to know, but we could not even get any exact data available. As a general idea, it may be said that the cost of ordinary ocean going cargo boats will be about 20 per cent. higher than that of vessels built in England.

With regards to passenger steamers and special boats the discrepancy will be more but there is no data at all.

(74) There is no data available.

(75) We can not give an answer for this question. But it might interest you to inform you that the price of ship's steel or the price of steel materials in this country generally correspond to the sum of the price of steel in steel producing countries, freight and import duty.

(76) Total number of men employed in the private shipyards which are capable of building vessels above 1,000 ton gross in various years are as follows:—

Date.	Number of men employed.
December 1913	26,139
October 1918	95,197
June 1921	72,893
June 1922	55,374
At present (before the earthquake)	About 50,000

No detailed information about the heading of staff nor trades.

KOBE WORKS, MITSUBISHI ZOSEN KAISHA, LTD., OCTOBER 12TH, 1923.

60. Both wood and steel.

61. G. T. 33 ton steam tug boat, 60'-0" x 12'-6" x 7'-3".

62. G. T. 5,800 ton, D. W. 8,400 ton cargo steamer.

400'-0" x 54'-0" x 30'-0".

12,000 ton Floating Dock, 505'-0" x 100'-0" x 49'-7".

63. Yes.

64. Reciprocating Engine:—

I. H. P.	4,300.
Cylinders	26½" x 43" x 72".
Stroke	48".

Turbine Engine:—

I. H. P. (S. H. P.+10 per cent.) 5,000.
Parsons' geared turbines.

65. Yes.

66. Scotch Boiler:—

Diameter. 15'—0".
Length 12'—0".
Working Pressure . . . 200 lbs. per sq. in.

Water Tube Boiler:—

Heating Surface . . . 8,854 sq. ft.
Working Pressure . . . 260 lbs. per sq. in.

- 67. About 53 acres.
- 68. Four.
- 69. 420 ft.
- 70. Four vessels up to 420 ft. cargo boats.
- 71. All propelling machineries for the above our vessels.
- 72. Yes.
- 73. Unable to give.
- 74. " "
- 75. " "
- 76. Staff:—

	Average.	Maximum.
1914	313	317
1916	399	427
1919	817	893
1923	677	687

At the end of September 1923. 677.

Workmen:—

1914.

	Engine Department.	Ship Department.	Repair Department.	TOTAL.
Average	782	584	940	2,306
Maximum	823	590	1,009	2,422

1916.

Average	1,795	981	617	3,393
Maximum	1,873	1,094	641	3,608

1919.

	Engine Department.	Ship Department.	Repair Department.	Electrical Department.	Internal Combustion Engine Department.	TOTAL.
Average	3,502	2,982	1,240	1,266	662	9,652
Maximum	4,043	3,305	1,700	1,809	...	10,857

1923. (Up to end of September).

	Engine Department.	Ship Department.	Repair Department.	TOTAL.
At the end of September	2,336	1,798	1,154	5,288
Average	2,404	1,668	1,129	5,401
Maximum	2,423	1,955	1,137	5,515

N.B.—Above mentioned Electric Department and Internal Combustion Engine Department separated from us in 1919

KAWASAKI DOCKYARD—KOBE.

Answers (only refined on merchant vessels).

60. Steel.
 61-62. 11,000 gross tonnage vessel.
 63. Yes.
 64. Twin $\frac{28", 47", 79"}{51"}$. I. H. P. 11,000.
 65. Yes.
 66. 15'—6" x 12'—0". Working pressure 200 lbs.
 67. 54 Acres.
 68. Six.
 69. 1,000 feet.
 70. 18 vessels.

Merchant ships launched in—

Steamers.	Tons.
1916 . . 5 Total gross tonnage	32,263
1917 . . 20 „	114,802
1918 . . 18 „	93,490
1919 . . 19 „	106,000
1920 . . 12 „	69,713
1921 . . . 7 „	45,335
—	—
In 6 years 81 „	461,608
—	—

The building of war vessel dovetailed during the time.

We completed a battle ship in the later part of 1917.

We had two Destroyers to complete in the year of 1917.

Later we had to start again to work for the construction of two destroyers in the

early part of 1920 and in the summer of the same year, we laid down the keel of a battle ship.

We were rather slack for the building of merchant ship concerned in 1915-1916. During these years, our engineers had time for preparation and building the machinery and the boilers for Mr. Matsuka's great plan for the building steamers on stock. We again met with a slack period from the end of 1917 to September 1918 owing to the difficulty to collect the materials for the construction of hull.

The number of merchant ship built in 1920-21 was reduced in great deal on comparison to the former years, but the works compensated with jobs for war vessels.

The above is the rough sketch of the productive capacity of the company, which has been actually shown during the war. As the case like that, the condition of work was naturally strained with heavy load, and it was carried out with some extent of through-night-work and with some degree of pecuniary encouragement, which grew more and more to increase in amount and finally the conditions have reached to the melting point, which obliged us to reorganize the standard of the wages.

71. We cast our own casting of any size for the construction of merchant ship as well as war vessels.

(i) Cast iron and bronze in the foundry of engine department.

(ii) Steel casting and bronze in our Hiogo Works.

We forge our own forgings—propeller shaft, crank shaft, rudder stock, etc., in our Hiogo Works. For smaller kind of forgings, it is done in the forge in our engine department.

We make all parts of engines and boilers ourselves. For Cylindrical boilers, we have to order the corrugated furnace abroad.

We buy pipes and tubes from outside maker, but we already started a plant to produce tubes in our Fukiai Works.

As you know, we are the approved maker of steel bars and plates by Lloyds and our Board of Trade. The bars are rolled in our Hiogo Works, and the plates in our Fukiai mills.

72. We make all part of the propelling machinery and boilers. In the past six years

before mentioned in (70), we made all those engines and boilers for the vessels in the list, and installed them ourselves. The making of them was carried out pretty fairly not being retarded as shipbuilding, and the supplies were not much in delay.

73. The cost of vessels in this country, speaking generally, is relatively very high for which the reason is the high price of steel material.

REPLIES BY MR. Y. ITO OF THE NIPPON YUSEN KAISHA, TOKYO.

Development of Japanese Shipping Industry.

1-2. The Japanese Government, profiting by the experience gained from the oversea transportation carried out during the Formosan Campaign in 1874, and acting on the recommendations made by Okubo Toshimitsu, the then Minister of Home Affairs, decided on the policy for the Japanese Mercantile Marine that the seaborne trade should be entirely entrusted to private concerns and also that a State aid should be granted to foster it. The following year an agreement was concluded between the Government and the Mitsu Bishi Co. providing that the former would grant a postal subvention of Yen 250,000 annually for the Shanghai and coastwise services operated by the latter Company and the annual subsidy of Yen 15,000 for the training of seamen. This marked the origin of the modern Japanese shipping policy.

During the next few years the Mitsu Bishi Co. devoted its energy to the adjustment and betterment of its foreign and domestic services, with the result that remarkable progress and prosperity were attained. But complaints began gradually to be raised against the Company for its monopoly of Japan's shipping trade and its arbitrary actions, until the Government resolved to aid the establishment of another company, styled "Kyodo Unyu," a semi-official concern, the organization of which was effected in 1882. Shortly afterwards, however, competition arose between the Mitsu Bishi Company and the newly organized company, and it became so keen that at last arrangements were made for the amalgamation of the two rival concerns in 1885, this resulting in the formation of the present N. Y. K. Thereafter the shipping industry of Japan made a gradual advancement, keeping pace with the progress of foreign trade, but the sphere of its activity was confined merely to the Far Eastern waters and near seas, such as to Shanghai, Vladivostok, Jinsen (Chemulpo) and Tientsin. It was with the inauguration

of the Japan-Bombay Service by the N. Y. K. in 1893 that the first Japanese steamship line direct with a far oversea country was established. Such were the conditions of the Japanese shipping before the Sino-Japanese War (1894-1895). The vessels possessed by the Japanese Mercantile Marine at that time aggregated no more than 110,000 gross tons. But the war gave a remarkable impetus to the shipping industry, and after its termination a period of rapid development and expansion ensued.

3-4. The Japanese nation, taught by the bitter experience of the war, felt more keenly than ever before the urgent necessity of further developing the merchant marine and that, in order to cope with international competition, the Government should extend protection and encouragement to the shipping industry. This popular opinion gave rise to the representation to the Imperial Diet and the Government's proposal of concrete plans.

5. In March, 1896, the Navigation Bounty Law and the Shipbuilding Bounty Law were promulgated, and put into force in October of the same year, together with the provisions for Mail Contracts for Special Services.

In March, 1909, the Navigation Bounty Law was abolished, and in its place, the Ocean Navigation Subsidy Law was promulgated and has been in force since then.

The Shipbuilding Bounty Law was annulled on the expiration of the term in December, 1919, and thenceforward a system of indirect aid has been adopted for the shipbuilding industry, namely, the exemption from import duties of foreign construction materials for shipbuilding.

17. The prohibition of foreign shipping from engaging in the coastal trade proved effective in protecting the Japanese Mercantile Marine in the early stages of its development, but the present conditions do not seem to warrant the continuance of such a protective measure. Therefore, the reciprocal opening of the coastal trade to foreign shipping

is now generally desired by the Japanese ship-owners.

18. No condition that facilities should be given for the training of Japanese apprentices has ever been imposed on ships in connection with the reservation of the coastal trade.

19. Various sizes and descriptions of vessels are used in the Japanese Mercantile Marine, 13,500 gross ton class steamers being the largest.

6-16. It is desirable that bounties should be granted as a general encouragement, only when shipping industry is in its infancy.

In Japan, the Navigation Bounty Law came into effect in October, 1896, and remained in force until March, 1909, when it was repealed and replaced by the Ocean Navigation Subsidy Law.

Some essential points provided by the Navigation Bounty Law of 1896 and a brief summary of the present Subsidy System are given below for your information:—

The Navigation Bounty Law of 1896.

(a) Navigation bounty is granted to vessels owned by Japanese subjects, and on the Japanese registered and trading (I) between Japan and ports abroad and (II) between ports outside Japan.

(b) Vessels eligible for the bounty should be of over 1,000 tons gross, under 15 years old, with a maximum speed of over 10 miles an hour, and constructed of steel or iron stipulated in the Shipbuilding Regulations provided by the Minister of the Department of Communications.

(c) The bounty for vessels of 1,000 tons gross, with a maximum speed of over 10 miles an hour, is fixed at a certain prescribed rate per gross ton and for 1,000 miles of the distance covered. The rate is increased by 10 per cent. for every additional 500 gross tons, and by 20 per cent. for every extra mile.

For vessels of over 6,500 tons or those developing a speed of over 18 miles an hour, the rate of the bounty shall be in the same proportion as those of 6,000 tons gross or those developing a speed of 17 miles an hour.

(d) The full amount of bounty is granted to vessels under 5 years old. For vessels of 5 years old and over, the bounty is to be reduced by 5 per cent. every year in a downward sliding scale, up to 15 years old, when the grant will cease.

(e) Foreign-built vessels are not eligible for the navigation bounty, except those entered on the Japanese register within 5 years after construction. (By an alteration of the law in 1899, foreign-built vessels entered on the Japanese register on and after October

1, 1899, are allowed half the amount of the bounty granted to home-built ones.)

(f) Vessels receiving the navigation bounty shall take on board a certain number of apprentices for training, the number varying according to the tonnage of the vessels.

(g) Non-Japanese subjects are not allowed to be employed as officers on board vessels receiving the navigation bounty, except under permission given by the Minister of the Department of Communications, or except when it is impossible to fill at foreign ports vacancies occasioned by death or other unavoidable circumstances.

(h) Vessels receiving the navigation bounty must not be sold, chartered, exchanged, donated, or mortgaged to other than Japanese subjects within the terms during which the bounty is granted, or within three years after the date of expiration of such terms. This provision, however, shall not apply in case of the bounty already received having been redeemed, or in the event of the voyage being prevented by an "act of God" or other irresistible compulsion, or when permission is granted by the Minister of the Department of Communications.

The Present Subsidy System in Japan.

The present subsidy system in Japan may be divided into three categories as follows:—

I. Ocean Navigation Subsidy System as is now in force under the existing law on the San Francisco and the South American (East and West Coast) Lines.

II. Postal Subvention System as mail contracts on the European, the North American (Seattle) and the Australian Lines.

III. Near-Sea Navigation Subsidy System, as on the Coastal and Near-Sea Services.

Some essential points as to the Ocean Navigation Subsidy Law of 1909 are given below:—

(a) Vessels eligible for this subsidy should be owned by Japanese subjects and be on the Japanese register, of over 3,000 tons gross, under 15 years old, with a speed of over 12 miles an hour, and constructed of steel as stipulated in the Shipbuilding Regulations.

(b) The subsidy for vessels having a speed of 12 miles an hour is fixed at a certain prescribed rate per gross ton and for 1,000 miles of the distance covered. The rate is increased by 10 per cent. for every

additional mile. For vessels of five years and over, the subsidy is to be reduced by 5 per cent. every year in a downward sliding scale.

- (c) Foreign-built vessels must not be operated on the subsidised lines, except those entered on the Japanese register within a period of five years after construction and those approved by the Minister of the Department of Communications. The amount of the subsidy for the foreign-built vessels is half that granted to home-built ones.
- (d) The conditions mentioned in (f), (g) and (h) in the preceding paragraphs under the Navigation Bounty Law of 1896 are included also in the present Subsidy Law.

Officers for the Mercantile Marine.

35. There were a considerable number of youths desiring to become officers of the Mercantile Marine during the European War, but the number has decreased of late.

36. (a) There are two nautical colleges at Tokyo and Kobe under the control of the Central Government.

(b) There are ten mercantile marine schools under the control of the Local Governments.

As there is no difficulty for the graduates of the above colleges and schools to find employment, no special provisions are made by the Government in this connection.

(c) No special institution is established for further studies after the Government certificate is obtained.

37. Cadets must serve as apprentices on board merchant vessels for a certain period as a regular course of study and training but there are some officers who are awarded the certificate on examination, without having to pass through school.

38-39. Formerly those students who graduated from school with honours were sent to Europe at Government expense for further training, but this system is not in force at present.

The two nautical colleges mentioned in (a) of paragraph 36 maintain a special sailing boat with auxiliary engines as a training ship.

40. The maintenance charges of the above-mentioned colleges and schools are borne respectively by the Central and Local Governments, but in certain schools fees are required from the students.

41. It is difficult to give an answer of general application, on account of the differ-

ences in geographical conditions, but the establishment of a nautical college on shore with a stationary training boat is recommended.

42. In the nautical colleges of Japan, the regular course of study and training requires the cadets to serve as apprentice for one year on merchant steamers, and also to serve as apprentices on board the training ship belonging to the colleges.

43. Japanese ship-owners do not object to accepting apprentices, especially on those vessels running under the Mail Contract or the Ocean Navigation Subsidy, which vessels are subject to certain conditions with regard to the acceptance of apprentices for training.

44. Apprentices are not required to pay any premium, as they help the service on board. Food and allowances are to be borne by the ship-owners.

45. The nautical colleges have their own training ship maintained at Government expense, and this ship customarily carries some merchandise on the ocean-going voyage with apprentices on board.

46. All expenses during the training of the apprentices are borne by the Government.

47. The curriculum of study in the Tokyo Nautical Colleges is as follows:—

The Art of Navigation, Seamanship, Marine, Meteorology, Hydrographical Surveying, Commerce, Commercial Geography, Maritime Law, Naval Architecture, Mechanical Engineering, Electrical Engineering, Hygienics, English, Physics, Chemistry, Mathematics, Dynamics, Study of Military Affairs, etc. The students receive instructions on the above subjects during a period of two years, and then before finishing their course they must serve as apprentices for a period of two and a half years, of which half a year is spent at the Gunnery School, one year on board the merchant steamers and another one year on board the training ship.

48. In Japan, the graduates of the above-mentioned two nautical colleges are given the certificates of Second Officer, First Grade, without their taking an examination, whereas those of the local mercantile marine schools have to undergo an examination for the same.

Besides the above-mentioned schools, there are a few other private institutions giving the necessary studies for the examination of ship's masters or officers.

49. In Japan, there are no such academies as mentioned in your question, excepting the above-mentioned Nautical Colleges at Tokyo and Kobe and those local Mercantile Marine Schools of lower grade.

Engineers for the Mercantile Marine.

50. Please refer to 35.

51. Please refer to 36.

52. The term of practical training given to apprentices at the Engineering and Shipbuilding Firms is one year. Besides, cadets must serve as apprentices on the training vessel of the nautical college for one year.

53. Please refer to 49.

Postal Subvention.

54. As already stated in paragraph 6, the Postal Subvention System has been in operation in Japan since 1909, and there is no denying the fact that this system is one of the most effective measures for promoting foreign trade and shipping industry, not only in Japan but in any maritime country. However, it is hoped that with a further development of the Japanese Mercantile Marine the mail contract will be so far improved that it will merely require compensation for the actual service rendered.

55. As a general principle, all Japanese steamship companies maintaining regular services are given an equal chance of competing for the mail contracts, but practically the contract for certain specified services is made between the Government and the steamship company concerned by mutual agreement, and no bidding is taken.

56. No mail contracts are made with non-Japanese steamship companies.

57. Some conditions are imposed on the steamship companies for the contracts of

carrying mails, as to the route, ports of call, number, tonnage and speed of the vessels employed, number of voyage, accommodation for mails carried, number of apprentices taken on board for training, equipment and facilities on shore, employees in both steamers and offices, requisition of the vessels, etc.

58. The principal indirect aids which contributed towards establishing the Japanese Mercantile Marine were:—

- (a) Reservation of coastal trading to Japanese vessels.
- (b) Grant of drawbacks on construction materials for vessels not entitled to the Shipbuilding Bounty.

Since the abolition of the above-mentioned drawbacks in consequence of the cancellation of the Shipbuilding Bounty in 1919, however, the following measures have been adopted in Japan as indirect aid:—

- (a) Reservation of coastal trading to Japanese vessels.
- (b) Exemption from import duty of construction materials for vessels.
- (d) Financial assistance for shipping given by the Industrial Bank of Japan.

59. The funds for both direct and indirect aids are appropriated from the national treasury with the consent of the Imperial Diet. The appropriation from the beginning up to the present has amounted to approximately Yen 180,000,000.

**MEMORANDUM ON THE TRAINING OF OFFICERS AND ENGINEERS FOR
THE JAPANESE MERCANTILE MARINE BY SIR JOHN BILES.**

There were two Government Training Colleges in Japan for the education of officers and engineers for the Japanese Mercantile Marine, one at Tokyo and one at Kobe. The former was destroyed during the recent earthquake and no particulars could be obtained of the number of the boys there or of the nature of their training. The following information relating to the Kobe Higher Mercantile Marine College was obtained.

The College is Government owned and controlled. It was founded in 1917 as a private institution with a private endowment, and was handed over to the Japanese Government in 1920. At present there is no training ship belonging to the College, but one with accommodation for 120 boys is being constructed in Kobe. There is accommodation in the College for 480 boys but there are at present only 300 training. Admission is

between the ages of 17-21 at the time of entrance. Entrance to the College is by competitive examination. The Government pays Yen 25 per head per month for one half of the number of students—the remainder pay fees. Uniform is provided by the Government.

The College course covers two years of four terms both for navigators and engineers. The curriculum is as follows:—

Navigation Course.

Morals.
Navigation.
Seaman Ship.
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 Calculus.
 Industrial Chemistry.
 English.
 Gymnastics.
 Workshop and Seaman's Training.

At the conclusion of the College course the following training takes place:—

Navigators.

Six months' Gunnery Course.
 All Mercantile Marine Officers are also
 officers in the Japanese Naval Reserve.
 One year in a Training Ship.
 Six months as an apprentice on a ship.

Engineers.

Eighteen months in Engineering Workshops.
 One year in a Training Ship.
 Having completed his training the student
 returns to College and sits his final examina-

tions. Having passed these he is considered to be completely trained and can proceed to sea. After one year at sea as a junior his Chief Officer's or Chief Engineer's certificate is automatically granted.

As soon as the training is completed, Government responsibility ceases and the question of future employment is entirely in the hands of the individual.

The annual cost of maintaining such a College as the one at Kobe for 300 students is Yen 400,000. The cost of the training ship now building in Kobe will be Yen 1,000,000 and its annual cost of maintenance will be Yen 180,000.

In addition to these Government training schools, there are in Japan ten other schools that provide training for the mercantile marine. The schools are of a lower grade, and students from them must pass all the Board of Trade Examinations before receiving their Chief Officer's or Chief Engineer's certificate.

Graduates of Japanese Universities desiring to qualify as Engineers in the Navy may return to their University and be trained there.

Graduates of Universities are encouraged by Shipbuilders and Engineers who train them for two years and employ them on the staff if they are suitable.

In the same way manual workers are encouraged—there are evening classes for young tracers and draughtsmen and for apprentices in all the trades. Successful students are given small increases in wages.

These evening classes are either private institutions or are supported by local Government Boards. Both receive subsidies from shipbuilders and shipowners who also provide their own student workers with free books for their studies.

There never was in Japan any Government scheme for sending students abroad for training, but in the early days of the mercantile marine foreign (non-Japanese) officers were employed on large vessels and Japanese officers worked under their guidance.

**MEMORANDUM ON THE HISTORY OF SHIPPING AND SHIPBUILDING IN
 MODERN JAPAN UP TO 1907 BY SIR JOHN BILES.**

(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 purchase the Government vessels. At the conclusion of the Formosan expedition, in 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 its subsidies as follows:—

Yen 250,000 for navigation.

Yen 11,000 for a Marine School and Crew's Dépôt.

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. & 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. & O. again attempted to establish themselves in Japanese waters. The most powerful rival of the Mitsu Bishi Company was the Kiodo 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 Kiodo 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 53 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 conjunc-

tion with Messrs. Tata and Company. At the end of 1893 the Company had reduced the number of its steamers from 58 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 Sino-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 Sino-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 Sino-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 setback 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 Sino-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 55 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 1896 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. 35 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 Yangtze 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 Kisen Kaisha.—This Company was formed originally in 1887 and was established as the T. K. K. in 1896. 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 1885, 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 Sino-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 6,000.	G. T. Over 7,000.
1883	..	1,416 (1)	..	..	..	..	..	..
1884	..	..	..	..	..	..	..	..
1885	..	..	..	..	..	..	..	..
1886	..	..	..	..	..	..	..	..
1887	..	..	..	..	..	..	..	..
1888	..	..	..	..	..	..	..	..
1889	..	..	..	..	..	..	..	..
1890	..	..	..	..	..	..	..	..
1891	708 (1)	..	..	..	..	..	..	..
1892	..	..	..	..	..	..	..	..
1893	..	..	..	..	..	..	..	..
1894	..	..	..	..	..	..	..	..
1895	..	1 503 (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)	2,186 (1)	..	..	5,539 (1)	6,444	..
1904	5,416 (7)	2,834 (2)	2,039 (1)	..	..	5,068 (1)	..	..
1905	2,501 (3)	9,580 (6)	..	..	..	..	..	7,463 (1)
1906	4,096 (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.

EXTRACT FROM NAVAL ATTACHÉ'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	1,321	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	344,918	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	459,405
6,000—7,000 "	46	298,651	193,700
7,000—8,000 "	32	234,549	148,823
8,000—9,000 "	3	24,884	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.	2,949	Gross tons.	3,151,202	Registered tons.	1,982,187
Number over 1,000 tons.	773	Gross tons.	2,714,166	Registered tons.	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.

Number and tonnage of ships laid up (including sailing vessels).

	Number.	Tonnage.
1921—		
December	364	124,000
1922—		
January	?	?
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 a 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.

Tables supplied by Sir Westcote Abell, K.B.E.,
Chief Surveyor of the 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 Lloyd's Registry).

Year.	Number.	Tons.
1890	165	138,431
1891	255	151,595
1892	250	142,492
1893	272	151,773
1894	288	174,466
1895	339	279,668
1896	373	334,592
1897	434	404,475
1898	462	454,163
1899	477	473,704
1900	484	488,187
1901	503	524,125
1902	535	555,230
1903	544	585,542
1904	591	668,360
1905	691	870,839
1906	775	996,553
1907	829	1,068,747
1908	865	1,140,177
1909	861	1,150,858
1910	846	1,146,977
1911	861	1,200,975

Year.	Number.	Tons.
1912	960	1,344,991
1913	1,037	1,500,014
1914	1,103	1,708,386
1915	1,155	1,826,068
1916	1,151	1,847,453
1919	1,418	2,325,266
1920	1,940	2,995,878
1921	2,033	3,354,806
1922	2,026	3,586,918
1923	2,003	3,604,147

Number and Gross Tonnage of Ships of 100 tons
and upwards LAUNCHED in Japan during
each year from 1892 onwards.

(From Lloyd's Registry).

Year.	Number.	Tons.
1892	..	..
1893	3	1,132
1894	Year of	
	Sino-Japanese	
	War	14
1895		3
1896		26
1897		22
1898		9
1899		3
1900		3
1901		94
1902		53
1903		62
1904	Russo-	
	Japanese War	67
1905		81
1906		107
1907		78
1908		73
1909		75
1910		70
1911		109
1912		168
1913		152
1914		32
1915		26
1916	G r e a t W a r .	55
1917		104
1918		198
1919		133
1920		140
1921		43
1922		49

THE JAPANESE MERCANTILE MARINE BY MR. YONEJIRO ITO, PRESIDENT OF
THE NIPPON YUSEN KAISHA.

(Translated from the Japanese.)

The march of events in the world, did not permit our people to lead a dormant and self-contained life, secluded from the outside world. In 1792, or the 4th year of Kansei, a Russian man-of-war approached the coast of Nemuro in the Hokkaido, and, in 1804, or the 1st year of Bunkwa, Russia dispatched Lezanoff to Japan as envoy plenipotentiary and demanded of the Shogunate to open ports for trade between the two countries. This was followed by the frequent visits of British and American warships to our coast, urging the authorities to throw open the country to foreign intercourse and commerce. Further, the King of Holland sent a special envoy here and advised the Tokugawa Government of the state of things in the outside world and drew attention to the impossibility for Japan of further maintaining seclusion and isolation from intercourse with other nations. Therefore, shortly after the visits of an American squadron under Commodore Perry to Uraga, the Tokugawa Shogunate repealed the prohibition on the construction of large-sized ships by a proclamation to be translated substantially as follows:—

“Hitherto, the building of large-sized ships has been prohibited by law, but the present situation demands their construction; so that the lords of various clans are hereby permitted to build large-sized vessels.”

Era of Large Ships.

This took place in September, 1853, or the 6th year of Kayei, some 220 years after the promulgation of the law prohibiting from cruising in distant waters by large ships in the era of Kwanyei. With the abolition of the law, the shipping trade of Japan, which had been under forced inactivity and inaction for more than two centuries, was given an opportunity for untrammelled growth and development. Simultaneously with the issue of the proclamation lifting the ban on the construction of large-sized ships, the creation of an efficient merchant marine was advocated enthusiastically in the country. In 1854, or the 1st year of Ansei, the sun-flag was decided upon as the flag of our merchant ships. On the other hand, the Tokugawa Shogunate concluded treaties of amity with Great Britain, the United States and Russia. In the same year, the Howo of the Shogunate, the Shohei of the Satsuma clan and

the Asahi of the Mito clan,—all three-masted foreign style sailing ships, were built in the country. The Dutch and the British Governments each presented the Shogunate with a steamship and which they were named as the Kanko and the Banryu. The Shogunate also placed an order for the building of two steamships, the Kanrin and the Choyo, with a certain Dutch shipbuilding-yard. Large clans, too, also constructed a number of foreign-style one or two masted sailing ships. In 1859, or the 5th year of Ansei, the Tokugawa Government concluded provisional commercial treaties with the United States, Great Britain, Russia, France and Holland. In 1861, or the 1st year of Bunkyo, the construction of ships was encouraged in a wider scope and permission was granted to the people at large not only for the building of large-sized vessels or for the purchase of ships from abroad, but also for free navigation along the coast and in the adjacent seas. Moreover, the authorities concerned supplied those who were inexperienced in marine navigation with experienced sailors and pilots.

Cruising Law Repealed.

In the year following, the prohibition on making cruises to foreign countries was repealed, which signified the complete abolition of the law for closing the country to foreign intercourse promulgated in the era of Kwanyei. As a consequence of this new departure in the marine policy of the Tokugawa Government, lords of clans and enterprising merchants built or purchased from abroad ships of different sizes and, in 1867, foreign-style steamships and sailing ships owned by the Shogunate and those by various clans numbered 44 and 194 respectively. Of these, one steamship and 20 sailing-ships were constructed at home. In short, the encouragement given to the construction of large vessels by the Shogunate in its last days was derived from a necessity for national defence, but it is indubitable that, by so doing, the Tokugawa Government called into existence an embryonic fleet of ships which has since grown to the present great merchant marine of Japan.

Subsequent to the Restoration of Meiji, the new Government which made the progress of the country in every field of activity its prime policy did not neglect the developing of our merchant ships. In February,

1868, the Bureau of Domestic Affairs was established in the Office of the Dajokan, the Supreme Council, for the control of land and sea communications and traffic, post-stations and harbour-entrances. This was the first office for the administration of the mercantile marine ever instituted by the Meiji Government. In August of that year, the imposition of a tax on all ships in Japan was decided upon, and any and every ship had to be marked by a Government brand for the purpose of taxation, ships without the brand not being permitted to operate. In 1869, a proclamation was issued to the people at large, encouraging the purchase of foreign ships. In January of the following year, the Government publicly announced its intention of extending sufficient protection to the owners of foreign-style vessels. At the same time, the authorities concerned published the merchant marine regulations and, subsequently, the regulations concerning the transportation of rice paid in annual taxation. It seems that the Meiji Government did a great deal for the protection and development of our mercantile marine.

New Ship Company.

In January, 1870, a steamship company styled the Kaiso Kaisha was brought into being under the Government supervision. This was a semi-official concern, whose fleet consisted of ships owned by the Government, and of those entrusted to it by large clans, and was engaged in a regular steamship service between Tokyo and Osaka, its ships sailing from both cities three times a month. However, owing to heavy losses incurred in the operation of its business, the company was dissolved after maintaining its existence for only about a year. In January, 1871, the Government inaugurated a new shipping company named the Kaiso Torihikijo to take over all the ships as well as the business of the defunct concern. In August of the same year, the company was renamed the Teikoku Yubin Jokikisen (Imperial Mail Steamship Company) and it was engaged in a regular service between Tokyo and Osaka and an irregular service between Hakodate and Ishinomaki with steamships purchased from the Government. The ships were those which had belonged to various clans, but were transferred to the Government through the abolition of the clans and the establishment of prefectures. Their value was fixed at Yen 250,000, which was to be paid by the company in annual instalments spreading over many years. Besides, the company was working their ships on the Okinawa line,

receiving an annual subsidy of Yen 6,000 from the Government to say nothing of the transportation of rice paid as annual tax under contract with the Government. As, however, the business results of the company were very unsatisfactory, the authorities ordered the company to be dissolved in June, 1877, and the 18 ships then owned by it were transferred to the Mitsubishi Kaisha.

Passenger Transport.

In 1871, Mr. Yataro Iwasaki organized the Tsukumo Shokai and carried on the transportation of passengers and cargo between Tokyo, Osaka and Kochi with three ships chartered from the Tosa clan. Shortly afterwards, he wound up the firm and established the Mikawa Shokai in its place. On the abolition of the clans and the establishment of prefectures, he bought steamships from the Tosa clan and restyled his concern the Mitsubishi Shokai. When the Saga rebellion broke out in February, 1874, the company's ships carried troops and munitions to Kyushu and rendered meritorious services to the Government. During the Formosan campaign which was started in April of the same year it again did great service to the country by facilitating the transportation of troops and military necessities to the island with its ships. Thus, the company speedily won the recognition of the authorities. With the conclusion of a mail contract with the Government, the company's name was altered to the Yubin Kisen Mitsubishi Kaisha and under the ample protection of the Government as stated in the next section, monopolized the carrying trade of our country, thereby laying a solid basis for the Japanese mercantile marine of to-day—a fact most noteworthy in the annals of the shipping trade of modern times.

During the Formosan campaign, the Government purchased 13 ships from abroad for the transportation of the expeditionary forces and munitions and entrusted their operation to the Mitsubishi Kaisha which was barely able to meet the exigencies of war. After the termination of the campaign, the authorities who gained much experience from the transportation of the expedition to and from Formosa set about devising a plan for the future development of our shipping trade. Just at this time, Okubo Toshimitsu, the then Minister for Home Affairs, made representations to the State Council with reference to our mercantile marine. Therefore, the Government decided that the carrying trade be entrusted to a private shipping concern and also that a Government subsidy be granted thereto.

In August, 1875, the Government transferred to the possession of the Mitsubishi Kaisha the 13 ships purchased from abroad, the operation of which had been entrusted to it, free of charge. The Government also bought the 18 ships that belonged to the Yubin Jokisen Kaisha on its dissolution and gave them to the Mitsubishi Kaisha for nothing. Further, it was decided that the company would be granted a navigation subsidy of Yen 250,000, and a subsidy for the training of seamen of Yen 15,000 annually, for fifteen years beginning from 1875. Thanks to this Government assistance, the foundation of the Mitsubishi Kaisha grew stronger and more stable, thus ushering in a new epoch in the history of our merchant marine.

Americans had Monopoly.

Previous to this, the Pacific Mail Steamship Company with its headquarters in San Francisco actively operated its ships on the Eastern seas and our coasting trade was virtually in its hands. When the Formosan campaign was about to be started, the American Company requested the Government to allow it to carry the expeditionary army to Formosa single-handed which our authorities and people bitterly resented. On the conclusion of a mail contract with the Government under the latter's subsidization, the Mitsubishi Kaisha opened a line from Yokohama to Shanghai and, after a vehement competition, outvalled the American concern. Then it petitioned and made the Government purchase the Pacific Mail Steamship Company's three ships and its warehouses in Yokohama and Shanghai and hand them over to it. In 1876, however, the Pacific and Oriental Steam Navigation Company of Great Britain started its Yokonama-Shanghai service and the Mitsubishi Kaisha was once more called upon to compete with a foreign concern. In this struggle, too, the Japanese company was the victor and drove the British company from the service. Shortly afterwards, the Saigo Rebellion broke out, and the company was again ordered to carry out the transportation of troops and military supplies and served the Government from February to September, 1877. During the interval, the company obtained \$700,000 from the Government on account of the scarcity of available bottoms and purchased from foreign shipowners 10 vessels at \$1,080,000, making up the balance of \$380,000 from its own treasury. Needless to say, the addition of these 10 ships to its fleet increased the carrying power and efficiency of the company considerably.

Betterment of Service.

During the following few years, the company devoted its whole energy to the adjustment and betterment of its foreign and domestic services. In 1880, it inaugurated its Kobe-Vladivostok service. Indeed, the company practically monopolized the shipping trade of Japan and gradually it began to act in a very arbitrary fashion, calling forth the increasingly severe criticism of the general public. In July, 1883, the Government caused the Kyodo Unyu to be established with a view to curbing the wanton wilfulness and tyranny of the Mitsubishi Kaisha. The new shipping company was brought into existence by the combination of the Tokyo Fuhansen Kaisha (Tokyo Sailing-Ship Company), the Hokkaido Unyu Kaisha (Hokkaido Marine Transportation Company) and the Etchujima Fuhan Kaisha (Etchujima Sailing-Ship Company) which were being promoted at the time and Yen 2,600,000 out of its total capital of Yen 6,000,000, was to be subscribed by the Government. Immediately after the starting of its business in April of the following year, intense competition ensued between the new company and the Mitsubishi Kaisha. In those days, the friction of the two political parties, the Kaishinto and Jiyuto, was at its height, and the latter regarded the former as in the pay of the Mitsubishi Kaisha and attacked the party and the company tooth and nail. Thus the competition of the two companies was all the more intensified by the conduct of the two political parties, but the Mitsubishi Kaisha dauntlessly kept on fighting. It was in the latter half of 1884 that the competition reached its climax. At that time, the two companies competed most fiercely in the services between Tokyo and Kobe, and Tokyo and Yokkaichi, and how violently supremacy was contested therein may be understood from a story that the ships of the two rival companies were often seen to reach their destination with their funnels glowing red from the excessive burning of coal due to a reckless competition in speed. As a result the two companies sustained an enormous loss, and it was obvious to outsiders that, if left as they were, both of them would break down from sheer exhaustion sooner or later. The Government repeatedly admonished them to put a stop to such unreasonable competition, but in vain. Eventually, in July, 1885, the authorities issued instructions to the companies concerned to enter into negotiations with the object of effecting an amalgamation of their business, promising at the same time that, for the next 15 years, the Government

would guarantee the payment of interest at 8 per cent. per annum on the capital tendered by each party, namely, Yen 5,000,000 by the Mitsubishi Kaisha and Yen 6,000,000 by the Kyodo Unyu Kaisha. Thereupon, the directors of the two companies sat in conference and soon an agreement was signed for the merging of their business. In September of that year, the new company obtained its charter and started business on October 1st. This is the origin of the present Nippon Yusen Kaisha. At its inception, the company was capitalized at Yen 11,000,000 and owned 58 steamships of 68,700 tons and 11 sailing-ships of 4,700 tons, valued at Yen 7,726,200.

In May, 1884, when the competition of the Kyodo Unyu Kaisha with the Mitsubishi Kaisha grew most intense, the small ship-owners in the Kwansai districts combined their business into a company, the prototype of the present Osaka Shosen Kaisha, with a capital of Yen 1,200,000 and a tonnage of more than 10,000 in ships. The Government granted this company a subsidy of Yen 50,000 and another of Yen 20,000 for the carrying of mail-matter annually for eight years beginning from 1888.

In April, 1884, the shipping department of the Asano Company, the nucleus of the Tokyo Kisen Kaisha, commenced its business. Subsequently, there appeared such individual shipowners as Messrs. Shichihei, Oya, Nisaburo Hiromi, Michihisa Baba and Hachisaburo Hamanaka, but their activity was largely limited to adjacent waters. The Nippon Yusen Kaisha alone was engaged in the services to Shanghai, Vladivostok and Chemulpo from the beginning of its existence. In February, 1886, it started the Tientsin service and, in 1893, began the Manila and the Bombay services. In the same year, the Osaka Shosen Kaisha opened a line to Chemulpo; this was the first time that the company undertook a foreign route. The opening of the Bombay service by the Nippon Yusen Kaisha marked the beginning of the ocean service by Japanese shipping. It was conducted jointly by the Nippon Yusen Kaisha with the Tata Company of India, but, in 1895, the last named firm withdrew from the enterprise and left the line exclusively to the Japanese company. Then came the war with China, and, after its termination, our shipping trade entered a period of rapid development and expansion.

In July, 1894, the war with China broke out. As a matter of fact, the fortune of the nation was at stake then. The Government, besides requisitioning all the ships available in the country, purchased 14 ships

of 'upwards of 40,000 tons from abroad and had them operated by the Nippon Yusen Kaisha. On the other hand, the company itself bought 23 ships of 65,000 tons from foreign shipowners to meet the needs of war-time. It admirably fulfilled its duty of carrying troops, military supplies, etc., on the one hand and, on the other, exerted itself to the best of its ability to keep up the coastal service by chartering foreign vessels. The war lasted for one year and a half and the result of the endeavours made by the authorities and the people in replenishing our shipping during the war was evidenced by the fact that, whereas the steamships owned by Japanese companies at the end of 1893, or the year immediately preceding the outbreak of the war numbered 680 aggregating 110,000 tons, they were increased to 827 with a total tonnage of 213,000 tons at the end of 1895. During the war, our ships carried more than 520,000 men, some 40,000 head of horses and 320,000 tons of cargo.

The speedy growth of our merchant marine brought on the opening of various lines to foreign countries as its natural outcome, and this was aided a great deal by the elevation of our national prestige in the world after the successful conclusion of the war. The Nippon Yusen Kaisha was the first Japanese shipping company to open its European line, and the Tosa Maru, the first ship placed on that line, left Yokohama for London in March, 1896.

In order to keep pace with the progress of the times the Government drafted and published the navigation and shipbuilding subsidy law in March 1896, and put it into force in October of that year. It also carried into execution measures for opening and maintaining special services abroad. In addition to its European line, the Nippon Yusen Kaisha opened a North-American line in August, and an Australian line in October of that year. In July of the same year, the already established shipping department of the Asano Company was altered into the Poyo Kisen Kaisha and it commenced its San Francisco service in accordance with the provisions of the said navigation and shipbuilding subsidy law. In short, two North-American lines, a European and an Australian line were newly opened not to mention the Bombay line, the operation of which was resumed at the close of the Sino-Japanese war.

By the Shimonoseki Treaty, Japan acquired the possession of Formosa, and the right of navigation on the Yangtze river. As the Nippon Yusen Kaisha carried troops and munitions during the war, it started its Kobe-Keelung service in March, 1896. The

Osaka Shosen Kaisha also began its Formosan service in the following month under a mail contract with the Government-General of Formosa, and, in April, 1900, it started a line between Formosa and South China ports also under a mail contract with the Government of the Island. Further, the company open a Shanghai-Hankow line in January, 1898, and a Hankow-Ichang line in January 1899, under the Government subsidization. The Daito Kisen Kaisha also opened a subsidized line between Shanghai and Soochow and Shanghai and Hangchow in September, 1898. In June, 1903, the Nippon Yusen Kaisha purchased the firm and a Shanghai-Hankow line owned and conducted by Mr. George McBane, an Englishman, and, in May, of the following year, the Hunan Kisen Kaisha was established which started a steamship service on the upper reaches of the Yangtze, namely, between Hankow and Changteh and Hankow and Siangtan.

In September, 1900, on the expiration of the period of the subsidization contract with the Nippon Yusen Kaisha which it granted to the company at the inception of the latter's business, the Government, with a view to effecting a re-adjustment of near-sea services, concluded a mail contract with the company in connection with the Shanghai, North China, Vladivostok, Chosen and a few other lines, granting a fresh subsidy to the company.

In May of that year, the Boxer Rising threw North China into a state of chaos and turmoil and Japan immediately dispatched a detachment of troops to China and it saved the foreigners residents in various concessions from imminent danger in concert with the troops of Britain and France. The scope of military operations was limited and the disturbance was quelled and peace and order restored in the neighbouring country in a short space of time, involving the requisitioning of only a small number of vessels for the transportation of men and munitions on the part of the authorities. However, it afforded a good opportunity for Japan to make manifest her humane policy and the many laudable characteristics of her fighting men to the whole world.

Briefly, the period under review was one in which the Japanese merchant marine, whose sphere of activity had been confined to adjacent seas, extended its scope in every direction and began to claim an honourable position in international shipping circles. Its rapid development may be observed from a comparison of the ships operated before and after the Sino-Japanese War. Up to the outbreak of the war the Saikyo Maru, Kobe

Maru, Omi Maru, and the Yamashiro Maru, vessels of the 2,000-ton class, represented our merchant fleet, but, during the period under review, the Nippon Yusen Kaisha constructed the Kanagawa Maru and 12 other ships of 6,000 tons each for the European service, two ships of the same class for the Seattle service, and the Kasuga Maru and two other ships of 3,000 tons of fast speed for the Australian service; while the Toyo Kisen Kaisha built and placed three 6,000-ton ships of the America Maru type on its North-American line. With respect to the total tonnage of steamships in the country, it exceeded 500,000 tons in 1900 and reached 660,000 tons in 1903, the year preceding the outbreak of the Russo-Japanese War. It need scarcely be said that the expansion of our mercantile marine not only contributed to the advancement of our foreign trade to a considerable extent but conferred incalculable advantage on the nation in the coming conflict with Russia.

During and after The Russo-Japanese War.

When the war with Russia broke out in February, 1904, all the merchant ships in the country were brought under the control of the navy and the army to be used for naval and military purposes. Furthermore, it was very hazardous to keep the near-sea and ocean routes open, so that almost all the shipping companies were forced to suspend business entirely for a time at least, only a few leading companies barely continuing their services by purchasing or chartering many vessels from foreign shipowners. The rise and fall of the national fortune depended upon the issue of the struggle and hostilities were engaged in on a far larger scale than in the case of the war with China ten years before. Although the Portsmouth Peace Treaty was signed in September, 1905, the transportation of our army corps to and from the front continued for more than two full years after the declaration of war. During these years, the Government accomplished the transportation of 1,270,000, men, 124,000 head of horses and 1,540,000 tons of cargo with some 300 ships of 650,000 tons, which were divided into 119 of 400,000 tons of the Nippon Yusen Kaisha and 72 of 79,000 tons of the Osaka Shosen Kaisha. During the blockade of Port Arthur, 17 ships were sunk by explosion, and quite a number of vessels were shipwrecked in various circumstances during the war. But our merchant marine was augmented by the addition of about 50 ships of 140,000 tons which were either newly built purchased from abroad, or taken from the enemy while the war was in

progress, and the number of ships in Japan at the end of 1906 stood at 1,492 of 1,034,456 tons, which shows a gain of approximately 380,600 tons as compared with 1,088 of 657,269 tons at the corresponding period of 1903.

Having been taught by the bitter experience of the war with China, the Government encouraged the development of our mercantile marine by promulgating the navigation and special service subsidization laws; therefore, Japan had at her disposal some fifteen 6,000-ton ships when the war with Russia broke out. Thus equipped with a large carrying power, she could prosecute warlike operations both on land and sea without any hitch.

Colonel Okubo, who was in charge of the transportation of troops by sea at the time, said, "It was mainly due to the possession of 6,000-ton ships that our country land the right number of men at the right points at the right time and forestall the enemy's movements in the initial stage of the war." Indeed, our merchant ships each played a glorious rôle in the war. Above all, the story that, in the Battle of the Japan Sea, ever memorable in that the fate of the Empire hung in the balance and that it had very far-reaching consequences, the *Shinano Maru*, while on patrol duty as an auxiliary cruiser was the first of all our warships to come in touch with the Baltic Fleet and warned our combined fleet of the approach of the enemy which greatly facilitated our tactical operations and eventually resulted in a great victory in the annals of naval warfare, will be remembered by our people for ever.

Although the adjacent sea and ocean services which had been conducted under mail contracts with the Government had to be suspended on the rupture of diplomatic relations between Russia and Japan, the Government made our shipping companies maintain them by chartering ships from foreign shipowners as an emergency measure, with the gradual extension of our supremacy at sea, the condition therein returned to normalcy.

The ships which had been on the American, European and Bombay runs were all requisitioned by the Government as transports or auxiliary cruisers, but the companies were able to keep up their services abroad through the kindness and goodwill of shipowners of neutral countries who had special relation with them.

The termination of the Russo-Japanese War with complete victory to Japan brought in its train a further remarkable expansion of our national power, and great strides in

our foreign trade, attended by repeated extensions of old routes and additional opening of new ones by our shipping companies. Below is given a general survey of the development of the foreign services of various companies.

1. *Ocean services.*—The Toyo Kisen Kaisha opened a line to the west coast of South America in December, 1905; the Osaka Shosen Kaisha, a Tacoma line in April 1909, and a Bombay line in January, 1913; and the Nippon Yusen Kaisha, a Calcutta line in October, 1911.

2. *Near sea services.*—By the Portsmouth Peace Treaty, the Kwantung province was turned into our leased territory; Korea was made our protectorate; on the southern half of Karafuto was ceded to our country. As a result, there arose a necessity of opening regular steamship services between these regions and Japan Proper. Therefore, the Osaka Shosen Kaisha started its Dairen and Aungtunhsien services in April, 1905, and the Nippon Yusen Kaisha its Karafuto service in April of the following year. Both of these lines have been operated under mail contract with the Government since 1906.

In April, 1912, the Chosen Yusen Kaisha (Chosen Mail Steamship Company) was established, commenced its services along the coast of the Peninsula under mail contract with the Government-General of Chosen.

In March, 1914, the Kita Nippon Kisen Kaisha (North Japan Steamship Company) was brought into being and took over the Karafuto line and a few other lines with the Hokkaido as their centre which the Osaka Shosen Kaisha opened in April, 1909, and extended them.

The Nippon Yusen Kaisha started its service between Hongkong and Bangkok with a view to accelerating the opening up of the resources of the countries in Southern Asia in May, 1906, but, after intense competition with the North German Lloyd, concluded an agreement with it and closed the service in January, 1908.

Due to violent competition with Chinese, British and German steamship companies, our shipping companies could not realize satisfactory business results in the Yangtze service, and a combination of the Japanese shipowners operating their vessels in that quarter was proposed. In March, 1907, the present Nisshin Kisen Kaisha was established by merging the services of the Huhan Kisen Kaisha, Daito Kisen Kaisha, Nippon Yusen Kaisha and the Osaka Shosen Kaisha in the river.

The Osaka Shosen Kaisha began its Osaka-Vladivostok service shortly after the termination of the Russo-Japanese War, but, in April, 1908, it took over the lines in the Japan Sea which were being carried on by the Oya Shosen Kaisha under mail contract with the Government, and started the direct Tsuruga-Vladivostok and the Otaru-Vladivostok services anew.

3. *South sea service.*—In October, 1912, the Nanyo Yusen Gumi, which was renamed the Nanyo Yusen Kaisha (South Sea Mail Steamship Company) in 1914, was established and started its Java-Japan service.

In this manner, the services of our shipping companies, irrespective of whether they were conducted as their own undertakings or under mail contract with the Government, were more and more extended both in adjacent and distant seas with every passing year, thanks to the steady development of our national power. In March, 1909, the Government abolished the navigation subsidy law hitherto in force, and published the ocean navigation subsidy law in its place for the purpose of making a re-adjustment in the method of its subsidization of our shipping companies and, at the same time, introduced some alterations in the shipbuilding subsidy law.

During the period under review, the size of our vessels markedly increased. The Nippon Yusen Kaisha newly constructed six 8,000-ton ships of the Kamo Maru type from 1906 to 1908 and five ships of the 10,000-ton class, *viz.*, the Katori Maru, the Kashima Maru, the Suwa Maru, the Yasaka Maru and the Fushimi Maru in 1912 and 1913. The Toyo Kisen Kaisha also built the Tenyo Maru and the Chiyo Maru fast passenger-ships of 13,000 tons displacement each, in 1907, and their sister ship the Shinyo Maru as well as the Kiyō Maru and the Anyo Maru, tank-steamers of 9,000 tons each, in 1911 or thereabouts.

In these circumstances, the tonnage of the representative vessels of our merchant fleet rose from 6,000 tons to 8,000 tons and then to 10,000 tons during the period under review. In 1906, the total tonnage of steamships in Japan already exceeded 1,000,000 tons and, in 1913, or the year just preceding the outbreak of the European War, it reached the 1,500,000 level.

During The European War.

1. Ships requisitioned by the Government for war purposes and those which were victimized by German commerce raiders and submarines.

In August, 1914, the European War broke out. On the 23rd of the same month, Japan declared war on Germany, and subsequently attacked and captured Tsingtao, the German base of operations in the Orient. The Japanese Navy operated in conjunction with the British Navy and cleared the Pacific and the Indian ocean of German cruisers. It not only preserved the sea-power of the Allies intact, and guaranteed the safe passage of merchant ships in those waters, but sent a number of its warships as far as the Mediterranean Sea, and assisted the guarding of the convoys of the Allies in that quarter. This is still fresh in the memory of people both at home and abroad. During the war, some 90 ships of 320,000 tons were requisitioned by the Government at the time of the Tsingtao campaign, and 36 ships of about 110,000 tons when the Siberian expedition was dispatched in and after August, 1918.

As her fleet was bottled up in the North Sea by the superior forces of the British Navy Germany had recourse to making raids upon the sea-borne commerce of the enemy countries by sending out fast cruisers and preying upon defenceless merchantmen, as a consequence of which the merchant ships of the Entente Powers that were sunk or captured in the seas from the Atlantic to the Indian Ocean numbered some 150. Among other things, it was a source of profound regret to us that the German cruiser Emden appeared in different parts of the Indian Ocean to the constant menace of our ships engaged in the Indian and the European services for the two months of September and October, 1914, and that the German auxiliary cruiser Wolf captured and sank the Hitachi Maru of the Nippon Yusen Kaisha in the Indian Ocean on September 4th, 1917. Germany also adopted the submarine warfare with the object of cutting off communications between Allied countries by sea and declared the indiscriminate sinking of all vessels, either those of the belligerent countries or of neutrals, in the danger zone. In December, 1915, the Yasaka Maru of the Nippon Yusen Kaisha fell a prey to a German U-boat off the Egyptian coast in the Mediterranean Sea. From February, 1916, Germany carried into practice the so-called unrestricted submarine warfare and went so far as to sink ships of the neutral countries as well as of the belligerent in any part of the world. Therefore, the merchantmen that were sent to the bottom by German submarines amounted to from 300,000 tons to 1,000,000 tons a month. This caused a speedy dwindling of the world's shipping and it not only largely interfered with the

transportation of troops and munitions but gave rise to a serious diminution of daily necessities in various European countries and hunger and starvation stared the people in the face there. This fact conveys a most significant lesson to our people in that, even if we possess a superior naval strength and have the command of the sea, we shall be unable to win the final victory in war unless and until our merchant fleet is large, capable, and efficient. Due to the rampancy of German commerce destroyers and submarines as well as floating and submarine mines, the world's shipping sustained a loss of 12,500,000 tons. British alone lost ships of some 7,900,000 tons. Japan's loss totalled 31 ships of 128,000 tons, of which five ships of 40,350 tons belonged to the Nippon Yusen Kaisha.

Since Japan, situated as she is in the Far East, was widely separated from the theatres of war, she was affected by the direct disastrous effects of the war in a comparatively small degree. However, the Government, while without losing sight of its great duty of prosecuting the war conjointly with the Allied nations, strove to maintain a harmonious working of industry, foreign trade, transportation and communications. Our people also used their best endeavours in keeping up steamship services abroad, supplying cargo space to shippers, and for the carrying of foodstuffs to distant lands for the purpose of rendering help and assistance to the Allied peoples from the outset of the war. The measures adopted by our Government and people in order to meet the exigencies of the war were as follows.

(1) *War Insurance.*

Soon after the outbreak of the war, the Japanese Government, in line with the Governments of the friendly Powers, adopted a policy of bearing the risks for our shipping and the cargoes it carried in view of the necessity of stabilising our sea-borne commerce and shipping trade against the menace and attack of the enemy warships. In September, 1914, our authorities enacted the war marine insurance compensation law which provided that, in case a Japanese insurance company or a foreign marine insurance underwriter in Japan bears war risks for Japanese ships or the cargo carried by them or for general cargo either carried to and from Japan at an insurance rate lower than that specified by the Japanese Government, a compensation corresponding to 80 per cent. of the loss would be paid to the company or the underwriter by the Government without

consideration in the event of an untoward accident happening, and that the special insurance rate for a sea-route would be decided upon according to the degree of risks liable to be met with in it by a committee composed of members selected and appointed from among the officers and officials of the Navy, the Finance, the Agriculture and Commerce, and the Communications Departments. Later, as the sphere and degree of risks extended and increased along with the progress of the war, which inflated the outlay from the national treasury, the Government abolished the said war marine insurance compensation law and published the war re-insurance law, providing that the Government would re-insure against risks borne by a Japanese insurance company for a Japanese ship or cargo at 95 per cent. of the specified rate respectively, and against those borne by a foreign marine insurance underwriter at 85 per cent. By this means, the Government was able not only to lessen the burden of the national treasury but also to do away with the baneful practice then current in our marine insurance circles which originated from the fact that, being equipped with comparatively meagre financial resources, the Japanese insurance companies had been accustomed to apply to foreign marine insurance underwriters for re-insurance. This law was kept in force till March, 1920, and it appears that it was attended with good results on the whole.

(2) *Control of ships.*

In Europe and America the belligerent and the neutral countries alike carried into practice the control of ships from the outset of the war, with a view to stabilising the demand and supply of cargo space. As a means therefore, the governments of these countries not only requisitioned ships and shipbuilding-yards, but prohibited the sale of ships to foreigners, placed restrictions on steamship lines and cargo, and enforced a new scale for freight and charterage. Further, they put the vessels of their own countries at their disposal by the so-called emergency measures to use them with as much efficiency as possible and also to prevent a limitless soaring of freight rates on account of the paucity of cargo space. In Japan, too, in view of the unsettled condition in the international freight market, the war-time shipping control act was published in the form of an urgency Imperial ordinance in September, 1917, and it was put into operation on and after October 1st. What it was aimed at may be understood from the perusal of a part of the text of the Imperial

rescript then issued which is to be translated as follows.

"We recognise the prime necessity of controlling our shipping so as to facilitate the carrying on of the war in co-operation with the friendly Powers externally and to effect a harmony of industry and transportation internally, along with the developments of the war situation."

The shipping control act provided the prohibition of the export of Japanese ships, the restriction of lines and navigation, the limitation of freight and charter rates, the requisitioning of ships and shipbuilding-yards, the protection of seamen, etc., and embodied almost all the measures that the Western Powers put into effect subsequent to the outbreak of the war. It is indubitable that it was serviceable, in an appreciable degree, in expediting joint operations with the Allies and in preventing national economies from being seriously affected by the war.

(3) *Maintenance and Extension.*

Taking advantage of a boom in shipping circles brought about by the war, our shipowners, whether they were engaged in regular or occasional services, vied with one another in extending their services in all parts of the world during the European war. It is worthy of mention here that the Nippon Yusen Kaisha, under the state subsidy contract, maintained its European line at comparatively low freight rates, braving great dangers and undergoing no small sacrifices, thereby preventing the suspension of trade between Europe and the Orient and contributing materially to the Allied cause, and that the Japanese shipowners others than the Nippon Yusen Kaisha, the Osaka Shosen Kaisha and the Toyo Kisen Kaisha, placed their ships at the disposal of the governments of Allied nations and stoutly held on in their services to our friendly peoples, who were at war with Germany, in the face of constant danger and peril.

During the war, the Government's contracts with the different shipping companies on state subsidies for their European, Australian, North American and South American lines expired and, notwithstanding the unwillingness for their renewal on the latter's part since it would divest them of freedom in fixing and would be profitable to them, the authorities concerned resolutely ordered the shipping companies to renew their contracts with the Government, stating that, in case the restrictions on freight rates were removed, giving the shipowners a free hand in the operation of their ocean

services, our industry and foreign trade would sustain a serious blow and it would conduce to their deflation and depression. Consequently, the renewal of the contracts for state subsidies for foreign services was effected between the Government and the shipping companies concerned in January, 1918.

The Government also prohibited the export of special articles and exempted certain articles from the imposition of import duty during the war for the purpose of establishing a harmonious adjustment between industry and foreign trade. To give a minute account of the Government's action in this direction, in September, 1914, the authorities concerned published the war-time industrial material export regulations which prohibited the export of phosphate, soda, dye-stuff, etc., with a proviso that, in case one intends to export these specified articles, one should apply to the Minister of Agriculture and Commerce for a permit for their export, accompanied by a statement of the name, quantity and destination of the articles to be exported. Later, the items of prohibited articles were increased by adding rubber, tin, lead molybdate, paper material, fertilizer, iron plates, etc., thereto. In September, 1917, the Finance Office issued a departmental ordinance providing that the export of gold coins and gold bullion was not permissible unless with a special license from the Finance Minister. On the other hand, the Government carried out its policy of exempting the articles of daily necessity from import duty in order to make good the deficiency in supply and to obviate the chance of an abnormal rise in prices. In October, 1918, the remission of import duty on rice and bran for a fixed period was publicly announced by an urgency Imperial ordinance, and, in November of the following year, beans, fresh beef, eggs, cotton yarns and cotton tissues were declared as free from import duty.

(5) *Protection of Shipbuilding.*

Being favourably affected by the war, our shipbuilding industry was in an unprecedentedly prosperous condition, marking a new epoch in its history. Therefore, in July 1917, the Government decided upon temporarily discarding the law encouraging shipbuilding, which had been in force for more than twenty years since the closing of the Sino-Japanese War, and in December, 1919, the law was nullified on the expiration of the term of the subsidization contracts concluded by the Government with various ship-

builders. However, the authorities concerned adopted a measure for according indirect help to the industry and, in June, 1920, declared to the remission of the import duty on steel materials for the construction of ships or for the repair thereof as well as ship's appurtenances.

When British placed an embargo on the export of steel materials in April, 1916, the Government organized a committee for investigating matters relating to the steel industry and, in July, 1917, the law encouraging the production of steel. Stimulated by this law, the establishment, or the extension of the business, of the Toyo Steel Manufacturing Company and a few other steel works took place. Shortly afterwards, however, the United States likewise put a ban on the export of steel materials and, close upon the heels of the ban came the armistice. It may well be supposed that this development of the situation delivered a heavy blow to our steel industry, throwing it into a very parlous state. The Government, therefore, submitted a plan for the relief of the steel producers to the economic and financial affairs investigation committee together with the problem of extending indirect help to the shipbuilders after the war came to an end, in consequence of which the import duty on iron and steel materials was raised to a certain extent and the law encouraging the production of steel was also partially modified in April, 1920, and it was decided that a subsidy was to be granted for shipbuilding steel materials produced by domestic steel works from July of the same year.

(6) *Accommodation of Funds.*

In spite of the fact that the accommodation of funds on the security of ships or shipbuilding materials was a prime necessity to those who were engaged in marine transportation business, this means for obtaining monetary accommodation was not feasible in Japan due to the prevailing idea of overestimating the dangers at sea. But, when the phenomenal boom experienced by our shipping circles subsequent to the outbreak of the European War caused great animation and prosperity to our shipbuilding industry, the shipowners in Osaka and Kobe petitioned the Government for establishing a marine bank and also for granting a state subsidy to it in January, 1917. Approving the proposition set forth in the petition, the Government specifically submitted it to the consideration of the economic and financial affairs investigation committee, and, finding it proper to entrust the Industrial

Bank of Japan with the management of the bank as an additional business, laid the matter before the Imperial Diet. Having obtained the sanction of the Legislature, the Industrial Bank increased its capital and opened the new bank as one of its collateral undertakings.

(7) *Supply of hulls to America and exchange of ships for steel between America and Japan.*

It is a noteworthy event in the history of Japan's shipping trade that this country supplied the United States with 150,000 tons of bottoms between 1918 and 1919 when the European War was drawing to its end. At that time, 23 ships of some 150,000 tons deadweight were placed at the disposal of the United States, the duration of the service of these ships being 81 days in the case of the shortest and 423 days in that of the longest amounting to 6,718 days in all. They were engaged in the transportation of men and munitions for the American army, and two of them were shipwrecked. It may appear to some people that the service of our ships offered to the United States was cut short in its midst and failed miserably in the attainment of its objects by the advent of the armistice in July, 1918, and, after all the help of the Japanese shipowners to America was to be described as "going up like a rocket and coming down like a stick." However, in the neighbourhood of February, 1918, when the negotiations between America and Japan for the supply of hulls by the latter came to a head, the war was at its height, and the dearth of bottoms was more and more keenly felt every day so that a ship of any kind, was of inestimable value to shippers. Therefore, it may be readily understood with what sincere intentions our authorities mediated between the American authorities and our shipowners, and also how the latter were animated by patriotism in having acceded to the wish of the Government to furnish the United States with so large a tonnage, notwithstanding the great sacrifices involved.

With reference to the exchange of hulls for steel between Japan and the United States, it arose from the following circumstances. At the declaration of prohibition of the export of steel made by the United States shortly after British put a ban on the export of the metal, our shipbuilding industry suffered an almost fatal blow and it was on the brink of ruin and dislocation. Such being the situation, our authorities and people jointly negotiated with the Washington Government through

the American ambassador in Tokyo and, in April and May, 1918, the first and the second contracts for exchanging ships for steel were signed by the parties concerned. It was agreed under the first contract that Japan would supply the United States with 12 ships of about 100,000 tons at the rate of one ton deadweight of hull for one ton of steel supplied by the United States, and under the second contract that Japan would supply the United States with 30 ships of approximately 246,000 tons at the rate of two tons deadweight of hull for one ton of steel supplied by the United States. Further, it was agreed that three ships of 27,000 tons then in course of construction would be handed over to the United States according to the provisions of the first contract. Also, the price of steel was fixed at some \$100 per ton for that coming under the first contract, and at some \$70 per ton for that coming under the second contract; and the price of hulls at \$265 to \$225 per ton deadweight for that coming under the first contract, and at \$175 per ton deadweight for that coming under the second contract. In short, the contracts were conducive to the mutual interests of the parties concerned in that, through this exchange, Japan was able to obtain the requisite steel to construct new ships for the United States, which the latter was badly in need of, while she could build more ships for her merchant fleet with the steel left over after the construction of the vessels for the United States. Japan could deliver to the United States 45 ships of about 370,000 tons, the "Eastern Sword" which was launched at the Uraga Dockyard in May, 1920, being the last of them, and it is a cause for felicitation to our shipbuilding industry that these Japan-made ships, being very superior from a technical point of view, were favourably received in the United States. It was mooted to build ships of some 380,000 tons deadweight from the balance of steel supplied by America, but, as the armistice was soon followed by the restoration of peace in the world and the shipping circles quickly became considerably depressed, and attended by a marked decrease in the demand for bottoms, the new construction of vessels was abandoned.

It calls for especial notice that our shipbuilding industry was affected by the war in great measure.

Previous to the outbreak of the war, the tonnage of ships constructed in this country was very insignificant, being between 40,000 and 50,000 tons a year, and exceedingly small amount compared with the annual average tonnage of the world during the

three years before the war.

After the commencement of hostilities, all the shipbuilding-yards in England and other belligerent countries were requisitioned for the construction of warships and for the manufacture of arms and munitions. Besides, these countries prohibited shipowners from selling ships to foreign buyers.

In these circumstances, the world-wide demand for vessels increased more and more with the passage of time. This gave a great impetus to our shipbuilding circles and afforded the industry a unique opportunity for its rise and development.

Year after year, the number of shipbuilding-yards increased in Japan, and they were hard put to it to execute the orders coming in from abroad in a continual stream. Under such prosperous conditions, the volume of ships turned out by our shipbuilders, recorded an ever increasing gain every year during the war, and 1919 saw a record set in the Japanese shipbuilding world by the launching of 134 ships of 1,000 tons and upwards, the aggregate tonnage being 618,000 tons, although it is granted that the construction of ships in consequence of the conclusion of an agreement for the exchange of steel for ships between Japan and the United States was partly responsible for it.

At that time, the capital invested in the shipbuilding industry amounted to some Yen 150,000,000, and the industry became almost as important as the cotton spinning industry which ranks first among all the industries in Japan.

Hereunder the number and tonnage of ships of 1,000 tons gross and upwards built in this country during the war.

Year.	Number.	Tonnage.	Percentage.
1914	. 16	78,000	100
1915	. 8	49,000	63
1916	. 39	140,000	180
1917	. 70	307,000	394
1918	. 199	520,000	667
1919	. 134	618,000	792

The fact must not be lost sight of, however, that, side by side with the augmentation of our shipbuilding capacity, ships of the same types were constructed in large numbers during the war; that the Government designed and published the standard types of vessels both for the time of peace wheels, pumps of different kinds, anchor and for that of war by specifically appointing a committee for that purpose; and that the manufacture of ship's gear and fittings such as cranes, anchor-winchcs, rudder-

chains, cordages and cables, navigating apparatus of all kinds, life-preservers, etc., which constituted a side business of the shipbuilding industry was made an independent industry.

Prior to the war, the cost of ship-construction was higher in Japan than in England, Germany and other countries, and also it took more time in constructing a ship here than in the Occidental countries.

This was chiefly attributable to the fact that the types of newly ordered ships were diversified, and that much difficulty was experienced in separating the above-mentioned work from the shipbuilding industry and make it an independent industry apart from an insufficiency in the supply of shipbuilding materials, and inconvenience in obtaining the accommodation of capital on the part of shipbuilders in general.

In the 4th and succeeding sections of the preceding chapter, we have minutely dealt with how our shipping trade has made surprisingly long strides in the last half-century and elevated the position of Japan to third among the maritime nations in the world.

The reason why Japan's shipping trade has effected such great progress and outstepped many of advanced nations in the West is, in our opinion, to be principally attributed to the fact that, although it must also be taken into account that the people engaged in the trade have contributed in no small measure thereto, the Government has been tireless in its exertions for developing our merchant marine by laying down its marine policy and according generous state subsidies to our shipping concerns from its none too plentiful financial resources since as early as 1875.

It is therefore, most interesting and necessary for the student of our shipping trade to examine the measures that have been adopted by the Government for the execution of its marine policy and their effects upon our merchant marine.

However, in the order of our argument, we would, before proceeding in our statement regarding the history of the operation of our marine policy as well as its effects upon our carrying trade, give general remarks on the proper functions of the merchant marine and their relation to the State, in order to make clear the cause of the adoption of the merchant marine subsidization policy on the part of the powers-that-be by citing the examples in various Occidental countries.

In these days when the national economics of different countries is being fused into universal economics, connecting all countries

by a bond of economical relations, any and every nation must form a component part of the world-wide organization, engaging in industries peculiar to it and producing special articles so as to receive what it requires from others and, at the same time, to supply the wants of others under a huge system of division of labor.

Consequently, it is usual that an article has to pass through the hands of several countries before it is conveyed from a producer to a consumer; and it is essential that it may be allowed to be transported between various countries for times without number in the form of raw material or as a half-finished or a finished product.

This is the fundamental principle of international commerce and the fact that the complex and ramified commercial relations between them bind the nations in a tie of friendship and become the guarantee of the world peace is not only known to scholars and statesmen but is understood by people generally. And what constitutes the basis of international trade and the deterrent of the conflict and discord among the nations, bringing them into closer relationships politically as well as economically, in a major degree, and serves as the prime factor in the solution of questions bearing on commerce, communications and the supply of foodstuffs is none other than the ship that sails freely on the seas that occupy the two-thirds of the surface of the earth.

Taking into account the conditions of the foreign trade of the Powers, it is quite natural that, for geographical reasons, an insular country like Japan and England should have to rely upon its merchant marine for the carrying on of its foreign trade.

But, a continental country must also look to its merchant marine for the prosecution of the major part of its trade with the countries beyond the seas. It is a case in point that France conducted 70 per cent. of her foreign trade in the pre-war year and the 90 per cent. of the same in the post-war year by sea.

In the United States, too, her sea-borne trade corresponded to 80 per cent. of the whole of her foreign trade before the war and to some 90 per cent. after the war.

The extreme deflation of trade by land in Europe is mainly due to the collapse of industries in the continent as a result of the war and to the entire suspension of trade with Russia and Austria, but it is already generally recognized that as much as four-fifths of the shipments of the world's trade are being carried by ships.

The importance of the carrying-trade with reference to the world's economics is incalculable. Now, for what each country must carry on commerce and trade and transport passengers and mail by its own ships, or, in other words, why is the government of each country bent upon maintaining and extending its lines and its rights of navigation by granting vast subsidies to the shipowners of its own country? Because the shipping trade, besides being a money-making undertaking just the same as other undertakings, it must bear incomparably heavy responsibilities and duties of vital import as a public organ of communications and traffic.

In time of peace, it is called upon to carry out the following functions.

1. To facilitate the transportation of passengers and cargo and to accompany or lead the advancement of foreign trade.

2. To act as a means for the carrying of mail.

3. To act as a medium of emigration and colonization.

4. To serve as an organ for the training of seamen.

In time of war, it ought to fulfil the following obligations:—

To transport foodstuffs and other articles of daily necessity for the purpose of maintaining popular existence, besides giving assistance and help to the navy and army for the perfection of national defence.

In order further to make manifest the relations between the merchant marine and the State we will deal with every aspect of its functions in detail.

- (1) The merchant marine accompanies and leads the transportation of passengers and cargo and the expansion of foreign trade.

It is self-evident that the ship is a medium for the carrying of passengers and cargo and we need hardly expatiate upon it.

But the reason why the foreign trade of a country should be carried on by its own shipping is that shipping trade which possesses international characteristics is accompanied by keen competition all the time the same as foreign trade, and, since it is customary that the shipowners and merchants engaged in foreign trade in every country enter into special relations with each other for the purpose of furthering mutual benefits, in case a country is not in possession of such marine transportation capacity as is sufficient to carry passengers and goods to its shores and is dependent upon the foreign shipping for having these needs filled to any satisfactory extent, it

will be unable to get rid of the menace and pressure of other countries always and it is not improbable that it will suffer from a delay, in or refusal of, the transportation of goods or from a discriminative treatment in reference to freight rates.

Nor is it unlikely that people going to and coming from other countries as passengers by foreign ships may be accorded accommodations inferior to those extended to the people of other countries who are given precedence to them, to say nothing of the inconveniences they may be subjected to from the difference in language, customs and manners. It may easily be supposed that exporters, importers, and tourists will undergo manifold disadvantages and inconveniences in that event.

It is generally thought that the ship is, so to speak, a companion of foreign trade and its necessity arises only when there are passengers and goods to be carried by it; but the idea is not necessarily correct.

For when we examine the process of the development of shipping trade in the past, we find that not only is the said conception inapplicable to all cases, but also there are many instances that the opening of new lines has given birth to trade with an entirely new quarter followed by its steady development.

For instance, when the Nippon Yusen Kaisha started its Calcutta line, the shipments carried therein were limited to several kinds, but gradually pig iron and many other kinds of cargo began to be transported by that line contrary to expectations entertained in the initial state of the service, resulting in the present prosperous state of the Japan-India trade.

Other examples may be observed in other lines.

When the New York line was opened, the import of rails and machinery to Japan increased considerably and, since the line *via* South African ports was started, wool, which was hitherto imported to Japan from Australia alone, has begun to be sent here from South Africa, while timber, green peas, canned salmon, etc., have been exported there from the Hokkaido by ships operating on the European line. Also, pine timber is being imported from the western coast of North America to Japan by the newly opened Seattle line. In short, it is true that the merchant marine is the forerunner of foreign trade.

- (2) The merchant marine is a medium for the transmission of mails. As a rule, organs of communications are nationalized in every country. Therefore, it is right and

proper that the carrying of mail matter to foreign countries should be conducted by the organs of communications owned by the Government.

For this reason, Britain was accustomed to use ships owned by the government for the transportation to and from countries beyond the seas up to the beginning of the 19th century, but it was not economical to make use of them simply for the carrying of mails with rapidity and punctuality.

Later, along with the development of sea-borne trade, the merchant ships of various countries were improved by degrees dispensing with anxiety and misgiving on the part of shippers in general. In these circumstances, the British Government decided to kill two birds with one stone by making the merchant ships under its control carry passengers and encouragement to them.

It is stated that the mail contract concluded by the British Government with the Peninsular Steamship Company, the prototype of the present Peninsular and Oriental Steam Navigation Company, 1838, followed by another with the Cunard Line in 1840, was the first government contract of the kind in the world.

The governments of different countries considered it humiliating to entrust foreign shipping companies with the carrying of their mails and, accordingly they entered into mail contracts with shipowners of their own countries and defined steamship services and obligated them to maintain regular operation of their ships in those services, with the result that the mail carriers of to-day have eventually been brought into being.

Previous to the war the United States alone remained nonchalant so far as her marine policy was concerned, and so she was constrained to pay a considerable sum of money annually, to foreign ships for the transportation of her mails.

However, it must not be disregarded that, granting that the State subsidies and encouragements have had lost favourable effects upon the merchant marines of different countries, the shipping companies both at home and abroad, ever mindful of their duties and obligations and moved by deep patriotic sentiments, have been and are engaged in the carrying of mails rapidly and punctually for the interests of the State, sometimes bearing much inconvenience in the operation of their business.

(2) The merchant marine is also a medium of emigration and colonization. It goes without saying that, viewed from the angle of national welfare, it is specially necessary to transplant the superfluous population

which is increasing in numbers year after year to foreign lands, and thereby develop communication and trade between those lands and the mother country. And it is not to be wondered at that the emigrants wish to make their passage to distant lands safely and free from any care and annoyance on the ships of their own country, and under the protection of their own country's flag rather than on those of other countries whose people differ from them in customs and manners.

Even after they reached their destinations and settled down to live there, they hope to exchange communications with their kith and kin in the mother country and satisfy their longing for their native land in a major or minor degree. They will be able to realize these hopes and also to call their parents, brothers, sisters and other relatives to their homes in far-off lands if the ships of their own country ply between there and the country of their birth.

We must not forget that the great success attained by Britain in her colonization of oversea countries is solely traceable to the fact that her merchant constantly sailed between there and the homeland, giving the emigrants and colonials comforts and encouragements, and also carrying there a large number of men and women voyage after voyage, thus increasing the population and augmenting the power and influence of her countymen in those lands.

In the North Atlantic lines, which may be justly called the home of the world's shipping trade, many European emigrants have been conveyed from Europe to the United States during the past century...

In pre-war years, the number of emigrants that went back and forth between Europe and the United States averaged 2,000,000 a year. It may be said in passing that, although the English and Germans predominated up to the end of the 19th century, the Italians, Austrians and Russians head the lists of emigrants from the beginning of this century.

In view of the fact that the passenger service in the Atlantic has been developed through the transportation of emigrants from Europe to the United States it may be clearly understood that the merchant marine constitutes the most important medium of emigration and colonization.

Considered from the actual working of the emigration policy which offers our country a key for the solution of the superabundant population, we cannot but feel the necessity of opening lines specifically for the regular runs of Japanese ships.

As stated in the preceding, our Government and people carried into effect different plans and measures during the Great War.

While hostilities lasted, Japan was able to clear much profit in commerce and trade as she was placed in a specially advantageous position geographically. With the progress of the war, German submarines became more and more active.

On the other hand, the demand for hulls increased apace for reasons of warlike operations and for the maintenance of national existence in various countries in Europe and America.

Accordingly, the belligerent nations requisitioned most of their own ships and even the ships of neutral countries by every available means in order to meet the exigencies of the day. Needless to say, Britain, France and the other Powers did their utmost for replenishing their ships.

Situation Worse.

After the United States participated in the war on side of the Allies in April, 1917, she laid down a colossal plan for the construction of vessels, but, as the construction work did not make satisfactory headway contrary to a pre-arranged schedule, the equilibrium between the supply and demand of bottoms became worse, and this told upon the freight market causing freight and charter rates as well as the price of ships to mount to higher levels with astonishing rapidity.

At that time, our shipowners, whether they were engaged in regular or occasional services abroad, spared no pains for the construction of additional ships and the opening or extension of their lines with the result that the flag of the Rising Sun was seen almost on all the seas of the world. Moreover, Japanese ships that were sold or chartered to foreign governments amounted to no small number.

Indeed, the six months or so between May and the advent of the armistice in November, 1918, an unprecedented boom in the history of the Japanese shipping was witnessed. During the war, our foreign trade made phenomenal strides in parallel with the aggrandisement of our shipping every year.

Specie Increases.

Our specie holding also increased from Yen 350,000,000 in the pre-war year to Yen 2,000,000,000 in the post-bellum days; while the gains of the Japanese shipowners from freight and charterage during the five years of war and those from ships exported abroad are estimated at Yen 2,200,000,000 and Yen 200,000,000 in round figures respectively. This fact is a concrete and ample proof that the growth of our shipping trade accelerated the development of our foreign trade and that it contributed a great deal to the augmentation of our national wealth.

Below is given a table showing the increase of our steamships of 1,000 tons and upwards as well the development of our foreign trade during the war.

Year.	Number of ships.	Tonnage (1,000 tons).	Percentage.	Amount of foreign trade (Y. 1,000).	Percentage of increase.
1914	491	1,563	100	1,186,837	100
1915	494	1,575	101	1,240,756	105
1916	517	1,654	106	1,883,896	159
1917	532	1,708	109	2,638,816	222
1918	702	2,097	134	3,620,244	306
1919	764	2,476	158	4,272,433	460

As is shown in the foregoing table, the development of our merchant marine kept pace with that of our foreign trade. At the same time, the volume of the cargo carried by Japanese ships increased considerably.

Whereas the quantity of the cargo conveyed by Japanese ships and that by foreign ships was nearly equally balanced up to the outbreak of the war, the ratio between the two became 88 to 12 in 1918. Also, an examination of the foreign ships of different

nationalities that entered and cleared from Japanese ports in the pre-war years shows that the said ratio was almost equally maintained between the volume of cargo transported by Japanese ships and that by foreign ships then, but it underwent a change after the war broke out and, in 1918, the cargo by the former stood at 81 to 19 by the latter. These figures established new records for our marine transportation business.

Shipping Trade Development.

In consequence of such a prosperous condition in our shipping circles, our shipowners and shipbuilders alike extended the scope of their business, and there were many new concerns that entered these lines of business. They opened new lines to different parts of the world, and enjoyed great prosperity therein, and it is a well-known fact that a new phrase, *Funanarikin*, or newly rich shipowners, was coined and used by the people to speak of their sudden rise to affluence.

At the time when the war broke out, the tonnage of the Japanese and foreign ships that were engaged in ocean services, including those to South Sea countries, with Japanese ports as their starting-points or their principal ports of call, was registered at approximately 1,600,000 tons, one-third of which was represented by Japanese ships operated either regularly or occasionally therein, the rest being ships of other nationalities, which were worked regularly.

	July, 1914, or the beginning of the war.	November, 1918, or at the declaration of the armistice.	October, 1919, or after the res- toration of peace.
	tons.	tons.	tons.
Japanese ships (regular liners and tramp steamers)	516,000	1,227,000	1,584,000
Foreign ships (regular liners only)	1,078,000	150,000	784,000
Total	1,594,000	1,377,000	2,368,000

Thus, our shipping companies, one and all, could net enormous receipts from freight and charterage and declare extraordinarily high dividends, repeatedly increasing their capital.

Withdraw Ships.

With the development of the war situation, however, foreign ships were withdrawn from those services one after another, leaving them entirely in the hands of Japanese shipowners.

Therefore, when the armistice was declared, only 150,000 tons out of some 1,380,000 tons of shipping engaged in the services represented foreign ships, the rest being Japanese. In October, 1919, or one year after the restoration of peace, the total tonnage of ships that were placed on those runs was apportioned at two-thirds for Japanese ships and one-third for foreign vessels, just the reverse of the ratio obtaining before the war.

The following table shows the disposition of Japanese and foreign ships in the ocean services with Japanese ports as their starting-points or principal ports of call:

Below the new lines opened by principal shipping companies during the war are tabulated:

The Nippon Yusen Kaisha.

Line.	Time of opening.	Remarks.
Round the world	January, 1915	Closed after the war.
Panama-Japan	June, 1916	Being maintained.
New Zealand-Japan	August, 1916	Closed after the war.
Japan-South America	April, 1917	Being maintained.
Japan-Liverpool	May, 1917	Being maintained.
Suez-Japan	August, 1917	Closed after the war.
Japan-Java-Calcutta	March, 1918	Being maintained.
Calcutta-New-York	June, 1918	Being maintained.
Calcutta-Seattle	August, 1918	Temporarily suspended
Calcutta-South America	November, 1918	Occasional.

The Osaka Shosen Kaisha.

Line.	Time of opening.	Remarks.
Kobe-San Francisco	August, 1915 .	Closed in 1917.
Yokohama-Australia	October, 1916 .	Being maintained.
South America (east coast)-Japan	January, 1917 .	Being maintained.
Southern Europe-Japan	April, 1918 .	Suspended after the war.
Hamburg-Japan	December, 1918 .	Being maintained.
New Orleans-Japan	June, 1919 .	Being maintained.

The Taiyo Kaiun Kisen Kaisha.

North America-Japan	July, 1917 .	Occasional.
Australia-Japan	May, 1918 .	Suspended.

The Yamashita Kisen Kaisha.

India-Australia-North America with India as center .	During the war partially continued.	
--	-------------------------------------	--

The merchant marine is an organ for the training of seamen. A mere teaching of theories on navigation is, of course, quite insufficient for their training. In all the countries of the world, therefore, young men have to spend a certain length of time on board training-ships so as to enable them to be fully acquainted with the practical side of navigation.

In Japan, this method of training is adopted, and students at government and private mercantile marine schools receive practical instruction on board training-ships besides talking lessons on the theories of navigation at schools on land. This subject will be exhaustively dealt with in the fourth section of Chapter II.

The merchant marine gives help and assistance to the navy and army as one of their auxiliary institutions in times of emergency. As we have stated in connection with the history of the development of the Nippon Yusen Kaisha and the Osaka Shosen Kaisha in the preceding chapter, the Japanese merchant marine has rendered most valuable services to the country in every war in the past.

It is fully proven by past experiences that, although our merchant marine was called upon to bear very onerous and important duties during the wars with China, Russia and Germany, it absolved itself from the task splendidly and honorably.

In modern times, war does not break out so often, nor on so slight an incentive as was the case in olden times. But, if it once breaks out, it is conducted on a gigantic scale, and the theatres of war cover a very extensive tract of land and sea; so that every belligerent country must be determined

to fight the enemy to the last man and to the last cent of her money.

In that event, many merchant ships are required to assist the active operation of the fleet of fighting ships which must needs stand on the forefront of national defence.

Further, sufficient bottoms are needed for the transportation of troops, horses, arms, munitions, provisions, etc., to help maintain the efficiency of the army or increase its strength in land warfare. In a modern war, the belligerent countries each carries into effect a nation-wide industrial mobilization from the necessity of keeping up fighting power and efficiency for a long time, by altering the major part of their domestic industries into organs for the production of arms, munitions and other war necessities, in consequence of which the volume of production of articles needed for the daily life of the people becomes smaller with the progress of the war, thus giving rise to the necessity of abundant tonnage for carrying these articles from neutral countries to their own territories.

During the late European War, Mr. Lloyd George who was the Prime Minister of Great Britain at that time, perceiving that the Allies were being brought face to face with a crisis arising out of a shortage of bottoms along with the development of the war situation, appealed to the British people to build and contribute as many ships as possible to the merchant marine operating for her navy and army under the slogan, "We need more ships."

Admiral Jellicoe, Commander-in-Chief of the Grand Fleet during the last war, is stated to have said that, had Britain not had her merchant fleet, her navy, nay,

Britain itself could never have been able to exist in those days of titanic struggle. We cannot but shudder at the thought that the British people were once reduced to such extremely difficult circumstances as to cry, "We must suffer from hunger and starvation unless we have more ships," whenever we reflect upon the late European cataclysm.

In fine, the merchant marine is not only endowed with the great mission of contributing to the development of national fortunes in time of peace, but it must render its very best services for enabling its country to win a victory over the enemy in time of war.

It need hardly be added that it ought always to do its best in elevating the prestige of the country to which it belongs, wherever its flag flies. Also the fact that it is a source of national wealth and the supporter of national economics, absorbing other countries, wealth in the form of freight as an independent and special business institution is described under the heading, "Internationalization of shipping trade," in Section I, Chapter IV.

These are the reasons why the Powers vie with one another for a better maintenance and expansion of their shipping trade and merchant marines, and why they have adopted and are adopting various shipping subsidization policies. It may be putting the case too strongly to say that, for a small sea-girt country with limited resources like Japan, the growth or decline of her shipping means life or death to her. We are adamant in our belief that, viewed from the standpoint of our high foreign policies, profound attention should be paid to this subject by our people always.

Method of Subsidization.

We have stated in the foregoing Sub-section how much a country is dependent upon its merchant marine, and also why it maintains and subsidizes its shipping trade as a means for the attainment of its high foreign policies externally and for the solution of different economic problems internally.

We will now consider the shipping trade as an undertaking and, besides inquiring into the reason that makes its subsidization necessary and what methods are best adapted for it, will deal with the actual conditions of the State subsidization of the merchant marine in England, France, Italy, Germany, the United States, Holland and Norway.

Anyone who makes an inquiry into the necessity of granting a State subsidy to the shipping trade must bear in mind the follow-

ing three points, considered from the characteristics inherent in it:—

- (a) The shipping trade is an undertaking wherein capital is liable to be locked up.
- (b) As it is always in a position of competing with that in other countries, it ought to be prepared to bear considerable losses at times.
- (c) In order to safely establish the right of navigation, it is called upon to keep up regular services in which ships should be operated punctually according to schedules previously laid down, irrespective of the number of passengers and the quality of cargo to be carried by them.

If considered as a profit-taking enterprise, the shipping trade does not return large enough profits to meet its expenses except when the movement of cargo is brisk, and the supply and demand of bottoms is well balanced. Further, the shipping trade, being a public organ of communications, cannot stop or suspend its services according to its convenience. This is especially the case with its regular services. Therefore, it is but right for the State to subsidize it in some degree.

In his report on the methods of subsidization of the shipping trade in different countries prepared in 1918, Mr. Grosvenor M. Jones, Commercial Agent of the United States, pointed out the following facts as reasons that make the State grant subsidies to shipping concerns engaged in regular services by way of extending protection to them.

(A) Ships operated in subsidized services are, for the most part, called upon to navigate at an uneconomically high speed.

(B) As their arrivals and departures are strictly made to conform to schedules in the lines specified by the Government, ships operating therein cannot have an opportunity of taking a capacity shipment. Moreover, they are deprived of the convenience of altering their services in accordance with the conditions of foreign trade.

(C) The majority of mail carriers are so constructed as to adapt themselves to naval and military necessities in time of war, and are in duty bound to respond to the call of the naval and military authorities at any time.

The methods of subsidizing shipping adopted by the governments of various countries differ more or less according to the state of their domestic affairs or to the time of their adoption. However, they may

be roughly classified into direct and indirect protection, and may be further subdivided and explained as follows:—

(1) Direct protection signifies the granting of monetary help to shipowners and it can be classified into "bounty" and "subsidy."

A. Bounty.

1. Shipbuilding bounty, or monetary help for the repair of ships.
2. Navigation bounty, or monetary help for fitting up the ships.
3. Speed bounty.

The last named bounty was once granted by the French Government to French ships carrying mails on the Atlantic lines, but it has now been abolished.

B. Subsidy.

1. Navigation service subsidy, or monetary help for the carrying of mails.
2. Naval subvention.
3. Subvention for carrying mails.

In short, a bounty means a favour given to shipping companies by the State, even if they are not in a state of rendering any special services thereto; while a subsidy or a subvention means a favour extended to shipping companies by the State in return for their special services.

In indirect protection, monetary help is not given direct to shipowners, but the shipping trade is usually protected by the Government in the following methods:—

1. To prohibit foreign ships to engage in coasting trade.
2. To exempt its country's ships from tonnage-duty, harbour-dues and other duties and dues.
3. To reimburse canal-dues paid by its country's ships.
4. To impose a specially favourable railway freight rate on the goods to be carried by its country's ships.
5. To remiss import duties on ships and shipbuilding materials.
6. To accommodate shipowners with funds for the construction of ships at a low rate or free of interest.
7. To adopt a "Free-ship policy," or to permit the import and registration of foreign-made ships.
8. To allow a monopolistic transportation of Government-owned goods, troops or emigrants to shipowners of its country.
9. To facilitate the accommodation of capital to shipowners of its country by establishing ship mortgage banks.

10. To regulate marine insurance premiums by making marine insurance business a Government undertaking, and insuring against risks at sea in a compulsory manner.

During the late European War, all the countries, either belligerents or neutrals, turned their marine insurance business into a Government undertaking; but, since peace was restored, it has been reverted to private enterprise.

Of late, however, a new bill was introduced in the Norwegian Parliament to cause shipowners to insure part of the value of their ships with a view to lowering marine insurance premiums.

The foregoing are the methods employed by the State for subsidizing the merchant marine and shipping trade. Of them, what should be employed and what should be discarded by the State for carrying out its object most effectively are to be determined in accordance with the state of affairs in its territory, the time of their adoption and the marine policies enforced by a country or countries which stand in a position of competitor to it.

Before we describe the methods of subsidization of the merchant marine resorted to by the Japanese Government, we feel it necessary to make a brief statement of the policies of subsidizing the merchant marine adopted by the governments of the Powers.

Britain's Merchant Marine Subsidization Policies.

An inquiry into the merchant marine subsidization policies of Britain, the greatest maritime nation in the world, necessarily leads us back to the regulations on navigation legislated and made public in 1651 by Cromwell which provided that the goods imported to Britain from countries in Asia, Africa and North and South America should be carried by English ships or ships of the places of origin.

This had in view the monopolization of trade between Britain and her colonies in order to sweep away the merchant fleet of Holland, which constituted a very strong rival of the British merchant marine in those days.

The policy adhered to by Britain at that time was unique so far as its exclusive nature was concerned.

In succeeding periods, multifarious laws and measures for the subsidization of her shipping trade were employed and a great merchant fleet was born to Britain during some 200 years in consequence.

In 1854, she abolished the navigation regulations and has since thrown open her coasting trade to ships of all countries.

The reason therefor is, it is said, that there existed no rival for the British merchant marine by that time and also it was in the best interest of Britain that she should prefer free trade to protective trade viewed from the angle of her industrial policies.

Therefore, except for the accommodation of funds for the construction of auxiliary cruisers to the Cunard Line, no indirect protection is accorded her shipping by the British Government.

That the import of ships and shipbuilding materials is free from import duty in that country reflects her free trade principle.

However, it must not be ignored that even Britain is expending a fairly large sum of money annually by way of granting direct protection to her shipping. It can be classified as (a) mail subsidies, (b) naval subventions and (c) colonial subsidies.

The mail subsidy is granted to steamship companies that engage in the transportation of mails on specified routes under mail contract with the Government.

The mail contract system was concluded in Great Britain first of all other countries in the world.

It originated when the British Government entered into a contract with the Peninsular Steamship Company with respect to the carrying of mails between Britain, Spain and Portugal in 1838.

At the present time, the British Government entrusts the carrying of mails with the Peninsular and Oriental Steam Navigation Company, the Cunard Line, the Royal Mail Steamship Company and some ten other steamship companies under mail contracts with them.

Previous to the war, or in the fiscal year 1912-13, the Government subsidies granted to the various shipping companies amounted to £580,000.

The naval subvention means a subsidy of £150,000 a year that was granted to the Cunard Line, in addition to £2,600,000 object of requisitioning its two 25-knot clippers, the *Mauretania* and the *Lusitania*, before the war.

It is said that after the sinking of the last named ship, the subvention was cut down to £90,000 a year.

The shipbuilding funds referred to above were accommodated by the British Government to the Cunard Line at 2.75 per cent. interest per annum, to be paid back in annual instalments spreading over 20 years,

in 1903, when the two superb ships were laid down.

The colonial subsidy is a subsidy granted to steamship companies that are operating their ships in the services to the West Indies. Between 1907 and 1917, it did not exceed £25,000 annually.

Of £759,000, or some Yen 7,500,000, the total of the Government subsidies and subvention mentioned above, Yen 1,500,000 was borne by the British Government and the rest by the Governments of British overseas dominions such as Canada, Australia and India.

Besides, these dominion governments were spending Yen 9,500,000 as subsidies for shipping companies independently of the home government in the fiscal year 1912-13.

Therefore, it may be seen that the subsidies granted to shipowners by the home and dominion Governments of the British Empire must have totalled more than Yen 17,000,000 prior to the war.

What I have stated above is an outline of the marine policy adopted by Britain.

Most of her shipping companies do not receive protection from the Government and it is a matter for admiration that they have elevated themselves to a position that they can shoulder the burdens of the British merchant marine without official assistance and help.

However, it is problematical whether they will be able to maintain their independence and self-reliance in the future as in the past.

For, taking into consideration the attitude assumed by the British authorities and people toward the merchant marine of their country during the late war, they will by no means stickle for their traditional principle of independence and liberty so far as the protection of their shipping trade goes.

Even before the war when the rise of the merchant marine of Germany menaced the carrying trade of Britain, Lord Griffin, President of the Board of Trade, advocated that the coasting trade of the British Empire, name, steamship services between the homeland and overseas possessions, should be restricted to some extent.

To-day, Canada, Australia, New Zealand and other British dominions and colonies do not, it appears, permit foreign ships to engage in the services along their coasts and, moreover, they allow special and favourable treatment to British ships in pursuance of the principle of restriction of the coasting trade, comprising the services between all the dominions and colonies of the British Empire, once propounded by Lord Griffin.

This tendency of protecting its own shipping on the part of Britain has gained more

strength and become more conspicuous since the war and there are numerous indications pointing to the possibility of the traditional free trade principle being abandoned by the authorities and people of Britain in the near future.

The adoption of a special customs tariff between the home country and her colonies and the discriminative treatment of articles imported from abroad incidental thereto, the legislation of foreign trade regulations for the encouragement of export trade, and the enforcement of measures for protecting domestic industries all bespeak that new departures are about to be made in the industrial and commercial policies of Great Britain. On the other hand, it is a fact that Britain is leaving no stone unturned in rehabilitating her merchant marine, which was adversely affected by the war more or less, to its pre-war status.

Above all, she is paying the closest attention to the ultranovel and extremely drastic shipping subsidy law enacted by the United States and a plan is being canvassed in order to combine all the shipping of the British Empire into a compact body to checkmate America's new maritime policy. Under these circumstances, it cannot be supposed that the traditional principle of independence and self-reliance will be loyally observed in the administration of her merchant marine by Britain in the days to come.

(2) Merchant Marine Subsidization Policy of France.

In the days of Napoleon, the merchant marine of France was nearly as great as that of Britain. It was considerably enlarged in parallel with the putting into practice of a grand colonization policy by the French Government.

In spite of the fact that France is not disadvantageously placed geographically as a maritime nation, her shipping trade gradually declined from the middle of the 19th century, when sailing-ships were discarded in favour of steamships as the medium of sea-borne trade, and the commerce of Europe began to be concentrated in the large cities and commercial ports of the continent.

The scarcity of iron and coal in that country and the deficiency in the production of articles which were requisite for the development of her shipping trade in her interior were responsible for the sliding back of France to a second class maritime nation.

However, it is almost unparalleled in the history of the world's merchant marine that the succeeding administrations of France, attaching a supreme importance to the subsidization of her merchant marine by the

State, have used their very best endeavours, directly and indirectly for the growth and advancement of her shipping trade.

Aside from the actual results of their exertions, the strenuous efforts made by the French authorities in developing the carrying trade of their country for several decades in the past deserve a most careful study by the student of the marine policies of different Occidental nations.

Direct Protection.

Direct protection given by the French Government to its country's ships consists in (1) subsidized mail contracts and (2) the general steamship service encouragement law.

The subsidized mail contracts have been in force since as early as 1851. At the present time, the French Government is related to the principal steamship companies in France with respect to the transportation of mail matter under these contracts.

According to investigations made in 1913, or the year preceding the outbreak of the late war, the French Government was granting annual subsidies, amounting to upwards of Yen 10,000,000 to the Messageries Maritimes, the General Trans-Atlantic Steamship Company and six other steamship companies which were engaged in the New York, the West Indies, the Central American, the South American, the East and West African, the Far Eastern, the Australian, the East Mediterranean, the Algerian, and the Dover Straits services, etc.

The general steamship service encouragement law was put in operation for the first time in January, 1881.

The State protection accorded the French merchant marine under this law was at first divided into two bounties, viz., shipbuilding bounty and steamship service bounty.

Later, however, the law was revised more than once and, in April, 1902, it was so modified as to classify the steamship service bounty into "Prime a Navigation," or the bounty for ships built in foreign countries.

In April, 1906, it was again modified into the existing law which classifies the said State bounty into (1) shipbuilding bounty and (2) steamship service bounty.

The latter is expressed as "Compensation d'armement" in French and "Equipment bounty" in English, and it is given to ocean-going ships of 100 gross tons and up and not older than 12 years which are engaged in ocean services, regardless of whether they are constructed in France or in foreign countries, provided that, in the latter case, they are

registered in France within two years of their completion.

The granting of the steamship service bounty purposes to help the French merchant marine in the defrayal of the costs of operation and maintenance which are generally higher than those in other countries, especially, Britain.

In 1913, more than Yen 10,000,000 was spent in the form of this bounty by the French Government.

Indirect Protection.

Indirect protection is being extended to the French merchant marine in the following forms:—

(1) The prohibition of coast-wise trade. By the navigation regulations promulgated in September, 1793, foreign ships were prohibited from engaging in the coastwise trade of France. Later, the services between the homeland and Algeria were also brought under these regulations.

(2) The extenuation of import duty on ships and shipbuilding materials. Prior to the enforcement of the shipbuilding bounty law in 1881, all the materials for the construction of ships were exempted from customs tax, but an import duty of a very low rate has since been levied on ships and shipbuilding materials imported from abroad.

(3) The granting of special railway freight rates for goods carried by French ships. In France, railway freight rates are classified as general domestic, export, and special freight rates.

The last mentioned rates are a little lower than the first-named, and are fixed by contracts concluded between the steamship and railway companies, as may be seen from the fact that the Messageries Maritimes and the General Trans-Atlantic Steamship Company are making use of the privilege of through freight rates in the Far Eastern line and the New York line respectively.

(4) The accommodation of funds for the purchase and construction of ships by the Government.

In 1916, the French Government enacted a law providing that funds not exceeding 100,000,000 francs might be accommodated to shipowners in France at low interest for the purpose and construction of ships for the purpose of increasing the number of bottoms.

It goes without saying that the law was enacted as a means for meeting the exigencies of the late war, and was to be repealed within one year after the restoration of peace.

In spite of its temporary nature, the legislation of the law was attended by fairly satisfactory results.

(5) The reimbursement of canal-dues paid by French ships. The mail contract entered into by the French Government with the Messagerie Maritimes whose ships ply between France and Australian and Far Eastern ports carrying mails, under date of December 30, 1911, provides that the dues paid by the company's ships for the passage of the Suez Canal will be reimbursed.

(6) The right of precedence given to French ships for the carrying of goods owned by the French Government.

When the ships which were constructed under the shipping nationalization system during the late war were sold to private shipowners the French Government decided to invest these ships with the privilege under notice.

As a matter of fact, the measures adopted by the French Government for the subsidization of its country's shipping seem to be perfect.

Furthermore, the subsidies and bounties given to the French merchant marine by it exceed Yen 20,000,000 a year which is the largest in the world.

Notwithstanding this, the shipping trade of France does not show any marked development and progress, which is, perhaps, due to the causes stated before and also that, the rules pertaining to State subsidization, being too exacting and rigid, cause trouble to shipowners and that, naturally unsuited for colonizers, the French have repeatedly failed in the execution of their colonization policies in the past.

The Japanese people ought to take a great lesson from the fact that, howsoever perfect the measures for subsidizing a merchant marine may be, the development of the shipping trade of a country cannot be achieved unless its people are rich in self-consciousness and painstaking for realizing it.

Italy is well qualified to be a first-class maritime nation in that she has long coastlines and a large population, a considerable number of which are found in countries beyond the seas as emigrants and colonizers, that she can easily have at her disposal many superior seamen and that wages are comparatively lower in Italy than in other countries, but her shipping trade in a modern sense has not been sufficiently developed to be such owing to her weak points such as the scarcity of iron and coal produced in her territory just the same as in the case of France and the dwarfed state of her shipbuilding industry, for which the imposition of heavy taxes is mainly responsible and, consequently, she is still constrained to remain as a second-class maritime power in the world.

However, the merchant marine policy adopted by the Italian Government is very elaborate and comprehensive in its design. Since it allowed a reduction of 10 per cent. in customs tariff for goods exported and imported by Italian bottoms and, moreover, granted a subsidy of about Yen 20 per ton to ships constructed at her shipbuilding-yards and lockyards by a law promulgated in 1816, it has enacted and carried into force many laws and measures for the protection of her merchant marine.

Direct Protection.

(A) Taking after France, the Italian Government created the merchant ship bounty system and has since published new and revised laws governing the system.

Of them, the laws promulgated in July, 1911 and June, 1913, are in force to-day. They provide the granting of the following bounties:—

(a) Shipbuilding bounty. This comprises (1) "Compensi di costruzione," (2) "Compensi daziario," purposing to help shipowners and shipbuilders in the payment of customs duties on ships and shipbuilding materials imported from abroad, and (3) repair bounty.

(b) Steamship service bounty.

(c) Cargo-ship bounty. This is a new bounty created in accordance with the provisions of the law of June, 1913, and represents an annual allowance of 2.5 per cent. of its value granted for ten years to every high-class cargo-ship of 1,000 tons gross and up and not older than 20 years, provided it engages in services for 160 days a year at least, and, in case the period of its annual services is shorter than that specified above, the bounty to be bestowed upon it shall be decreased to a certain extent.

Investigations made in 1910 show that the Italian Government paid Yen 1,010,000 as the shipbuilding bounty, Yen 80,000 as the subvention for the repair of ships, and for the defrayal of customs duties by shipowners, and Yen 1,310,000 as the steamship service bounty, the total being Yen 2,400,000. The cargo-ship bounty is fixed at approximately Yen 888,000 a year.

(B) Mail subsidy. The granting of this subsidy was first carried into practice in 1877. The law of June, 1913, in force at the present time provides that the three Italian steamship companies which are operating several ocean and near-sea services are the recipients of annual subsidies of about Yen 5,430,000.

Previous to the late war, or in September, 1912, to be exact, the principal steamship companies in Italy concluded a contract with the Brazilian Government for the operation of fortnightly services for the transportation of emigrants from Italy to Brazil for five years, receiving an annual subsidy of some Yen 255,000 in return.

According to latest advices, the amount of subsidies granted to shipping companies for their foreign services as well as the plan for subsidizing the construction of ships contemplated by the Italian Government are as follows:

The foreign service subsidies stood at 20,000,000 lira in 1914, but they increased to 240,000,000 lira in 1922, and are estimated at 300,000,000 lira for the fiscal year 1923. 100,000,000 lira out of 240,000,000 lira defrayed as such in 1922 and 140,000,000 lira out of 300,000,000 lira to be laid out under the item as above in 1923 represent subsidies granted or to be granted to the Lloyd Triestino Steamship Company and the Austrian Steamship Company, which were transferred to the possession of Italy after the late war.

With the object of encouraging the construction of passenger and cargo-ships, relieving the difficulties experienced by shipbuilding-yards in the working of their business and lessening unemployment in the shipbuilding industry, the Italian Government is said to introduce a bill authorizing it to disburse shipbuilding subsidies, amounting to 325,000,000 lira, for four years in the manner given below into the next session of the Italian Parliament:

	lira.
1922-23	80,000,000
1923-24	90,000,000
1924-25	100,000,000
1925-26	5,500,000



REPORT
OF THE
External Capital
Committee
1925

SIMLA
VERNMENT OF INDIA PRESS
1925