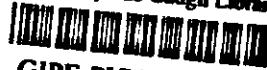

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Ghuznavi
Case for the con-
trol of Indian Co-
astal Traffic

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The Case for the Control of INDIAN COASTAL TRAFFIC

— with the —

Opinions of the Indian Press
and Indian Commercial
Bodies on the Bill
introduced in the
LEGISLATIVE
ASSEMBLY.

BY

SIR ABDUL HALIM GHUZZNAVI, Kt., M.L.A.,

AND IN THE
COUNCIL OF STATE

BY

THE HON'BLE MR. P. N. SAPRU

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CONTENTS

	Page.
1. Text of the Bill to control the Coastal Traffic of India with a statement of the Objects and Reasons (introduced by Sir A. H. Ghuznavi, Kt., M.L.A., in the Legislative Assembly and by the Hon'ble Mr. P. N. Saprú in the Council of State)	i to iii
2. Case for the Control of the Indian Coastal Traffic	v to xviii
3. Indian Press opinion in support of the Bill ...	1 to 105
4. Opinion of Indian commercial bodies in support of the Bill	106 to 116

A
BILL

TO

Control the Coastal Traffic of India.

Whereas it is expedient to encourage the development of an Indian Mercantile Marine;

And whereas for this purpose it is expedient to control unfair competition in the Coastal Traffic of India;

It is hereby enacted as follows:—

1. (a) This Act may be called the Control of Coastal Traffic of India Act, 193 .

Short title,
extent and
commence-
ment.

(b) It extends to the whole of the coastal traffic of British India and of the continent of India.

(c) It shall come into force on such date as the Governor-General-in-Council may, by notification in the *Gazette of India*, appoint.

2. When the Governor-General-in-Council is satisfied from a complaint, report or otherwise that unfair competition exists in the coastal traffic of British India or of the continent of India, by the lowering of the usual rates of fare or freight or by the grant of rebates or other concessions in any way whatsoever, it shall, subject to the provisions of the Government of India Act, be lawful for him to prescribe, from time to time, by rules published in the *Gazette of India*, the minimum rates of fare or freight between any ports in India or to prohibit by notification published in the said *Gazette* the grant of any rebate or concession which in his opinion amounts to unfair competition.

Measures to
check unfair
competition.

Penalties.

3. Any person who in the opinion of the Governor-General-in-Council contravenes any such rule or prohibition shall be punished with fine which may extend to Rs. 10,000, and shall also be liable to be debarred from taking any ship into any port in India under the control of the Government of India or of any Provincial Government for such period or under such conditions as the Governor-General-in-Council may direct.

Explanation.—A person shall include any company or association or body of individuals whether incorporated or not.

Power to
make rules.

4. The Governor-General-in-Council may, by notification, make rules for carrying out the purposes of this Act. In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :—

(a) for the procedure for complaint against or report about unfair competition ;

(b) for enquiry into such complaint or report ;

(c) for the imposition of the penalty of refusal of entry of any ship into any port and for the enforcement thereof.

STATEMENT OF OBJECT AND REASONS

This Bill is intended to remove a possible impediment to the growth and development of the Indian Mercantile Marine. There is no question of any discrimination between British and Indian shipping. Past experience, however, shows that a well established powerful Company engaged in coastal traffic can easily put a new venture out of action by unfair competition, e.g., rate-cutting, grant of rebates, etc. The fear of unfair competition deters

Indian capital being invested in coastal shipping. If the Governor-General-in-Council be given power to prevent such competition, the fear will be largely allayed and a new line of commercial activity may be opened out to Indians. By this Bill, power is given to the Governor-General-in-Council, when he is satisfied that unfair competition exists, to fix minimum rates of fare and freight or to prohibit the grant of rebates or other concessions which are calculated to reduce such minimum rates. Contravention of any rule prescribed by the Governor-General-in-Council or any direction given by him with regard to the grant of concessions is made punishable with fine or refusal of entry to an Indian port.

A. H. GHUZHNAVI.
P. BANERJEA.
LAKSHMI KANTA MAITRA.
BAIJNATH BAJORIA.
VASUDEVA RAJAH.
HAJI ABDOOLA HAROON.
GHULAM HUSSAIN HIDAYATALLAH.
S. MURTUZA.
M. A. AZIM.
N. C. CHUNDER.
NILAKANTHA DAS.
FAZL-HAQ PIRACHA.
N. B. BHUTTO.
MUHAMMAD YAKUB.
SAMI VENCATACHELAM CHETTY.
N. B. KHARE.
GOVIND DAS.
N. V. GADGEL.
C. N. MUTHURANGA MUDALIAR.
M. GHASUDDIN.
B. DAS.

K. NAGESWARA RAO.
ANUGRAH NARAYAN SINHA.
MOHD. AZHAR ALI.
GHULAM BHIK NAIRANG.
AMARENDRA NATH CHATTOPADHYAYA.
BHAJ PARMA NAND.
SATYA NARAYAN SINHA.
MANGAL SINGH.
SIDDIQUE ALI KHAN.
BASANTA KUMAR DAS.
KRISHNA KANT MALAVIYA.
S. K. HOSMANI.
LALCHAND NAVALRAL.
SAMUEL AARON.
BADI-UZ-ZAMAN.
N. C. BARDALOI.
SHEODASS DAGA.
ABDUL MATIN CHAUDHURY.
BHAGCHAND SONI.
T. S. S. RAJAN.
M. ANANTHASAYANAM AYYANGAR.

C A S E
FOR
THE CONTROL OF INDIAN COASTAL TRAFFIC

1. It is not necessary to go into the whole history of Indian navigation and maritime activities in order to realise that India has a remarkable tradition in the matter of shipping. I would refer for instance to "A History of Indian Shipping" by Dr. Radha Kumud Mukerji among other works for the traditions and achievements of Indian maritime activity from the earliest times. But even after the advent of British rule in India, Indian shipbuilding and navigation were in a flourishing condition and numerous authorities could be cited to show the skill of Indian shipbuilders and Indian sailors as well as the strength and beauty of Indian-built ships. I could cite British authorities to show how British shipbuilders and shipping interests viewed the existence and competition of Indian-built and Indian-owned ships and what steps were taken to prevent the employment of Indian-built ships in the trade between England and India. I am mentioning all this in order to show that Indian shipping and shipbuilding industry had made great progress in the past and Indian navigators and sailors were known all over the world for their skill and endurance.

2. Since Britain was the pioneer in the industrial field and shipping, British shipping came gradually to control not only the trade between India and England but even the coastal trade of India itself. I believe the P. & O. Co. secured the mail contract for India in 1842, *i.e.*, nearly 94 years ago and the B. I. S. N. Co. first received a subsidy for the carriage of mails between Calcutta and Rangoon in 1853 from the East India Company and has been receiving it from the Government of India since 1863, *i.e.*, for the last 73 years. I need not point out that this subsidy was in the initial stages and even subsequently of great assistance to such shipping companies to build up their service in India. British shipping consequently established itself in Indian waters

and consolidated its position through its technical equipment, financial resources and direct and indirect political advantages.

3. Indian merchants also turned their attention to the coastal trade and several Indian companies tried to participate in the coastal trade despite various serious handicaps. Authoritative statistics are not available but it has been calculated that during the last 35 or 40 years more than 20 or 25 Indian shipping companies, whose subscribed capital aggregated to more than Rs. 20 crores have been compelled to close down mainly owing to the drastic and at times even unfair competition of the powerful non-Indian vested interests. It is perhaps not very well known that Mr. Jamshedji Tata, the pioneer of Tatas' Steel Industry, had also gone into the shipping industry but was forced to go out owing to the competition of British shipping companies. Mr. Walchand Hirachand, the present Chairman of the Scindia Steam Navigation Co. Ltd., which is one of the few Indian shipping companies that have survived on the Indian coast, mentioned in his evidence before the Indian Fiscal Commission and the Indian Mercantile Marine Committee that when the Scindia Co. first made its appearance in the Indian coastal trade in 1919-20, the current rate of freight on rice from Rangoon to Bombay which was in the neighbourhood of Rs. 18/- per ton was brought down by the B. I. to Rs. 6/- per ton although this was not at all an economic proposition and was less than the cost of operation involving a loss of nearly 200 per cent. Such instances can be multiplied *ad infinitum*. The Bengal Steam Navigation Co. and similar efforts at Tuticorin met with the same fate. The rate-war between the Bengal Burma Steam Navigation Co., and the B. I. S. N. Co. for carriage of passengers between Chittagong and Rangoon is recent history and some of the methods employed therein were brought to the notice of Lord Irwin (now Viscount Halifax) when, as the Viceroy, he presided over the Shipping Conference of 1930. I do not deny that some of the Indian shipping companies might have gone into liquidation owing to inexperience or inferiority in technical skill and meagre financial resources, but since shipping was and is an infant industry as also a key industry, all the arguments which justify protection to national and indigenous industries are applicable here. I might in this connection cite the views of a person like Sir Alfred

Watson, late Editor of the *Calcutta Statesman* who in his evidence before the Joint Select Committee of Parliament observed as follows :—

“ I recognise that Indian Company after Indian Company which endeavoured to develop a coastal service has been financially shattered by the heavy combination of the British interests. I think those British interests have to realise in the future that they must be prepared for a real partnership and must admit Indians to a share, at least a share, in their coastal trade.”

I do not propose to go into all the details of the various methods employed by vested interests to oust and annihilate incipient Indian enterprises, but I might observe that only about half a dozen Indian companies have survived this competition and even they do not feel quite confident about their own future. As a result of a Resolution moved by Sir Sivaswamy Iyer in the Legislative Assembly, the Government of India appointed the Indian Mercantile Marine Committee to investigate the problem of development of Indian shipping and the Committee all but unanimously came to the conclusion that apart from provision for training facilities for Indian officers and engineers, the coastal trade of India should be reserved for shipping companies, the controlling interests in which are predominantly Indian. Since the Government were averse to act on this recommendation, non-officials introduced a bill to reserve the coastal trade of India to Indian-owned and Indian-managed shipping. This Bill passed its first reading by a large majority and was referred to the Select Committee. Before, however, it could reach its final stages, Government offered to bring about an amicable settlement of the various interests concerned through a Shipping Conference which was convened in January, 1930. I would mention here that the first item in the agenda of this Conference was increase of Indian tonnage operating on the coast of India and one of the methods to be considered for this was an agreement by which the Indian tonnage would increase gradually from year to year while simultaneously non-Indian tonnage was reduced. As this Conference proved abortive, the Government issued a communique on the 6th January, 1930, stating that “ the

responsibility will rest with the Government of India of deciding what action should now be taken " in regard to the development of an Indian mercantile marine. Since that time Government have not taken any legislative or administrative action for achieving that object. I might add that Government spokesmen have repeatedly declared on the floor of the legislature and outside that they are in full sympathy with the widespread desire of Indians that India should possess a merchant fleet of its own. For instance, Sir Charles Innes, a Commerce Member, stated on the 19th March, 1926, as follows :—

" We recognise that it is perfectly legitimate, perfectly natural, that the people of India should desire to have a mercantile marine of their own. We recognise also that the training of officers for the Indian mercantile marine is a very long process and that men who are trained for that career must have some reasonable prospect of an opening. We recognise further that Indian companies, as things are at present, have a difficulty in forcing their way into the coasting trade."

Similarly, Lord Irwin speaking at the annual session of the Associated Chambers of Commerce at Calcutta on 17th December, 1929, sympathised with the desire that " India should have its mercantile marine and that mercantile marine should be officered as well as manned by Indians." Sir George Rainey as Commerce Member also stated on the 23rd September, 1929, that the solution of the question of " an adequate participation of Indian shipping in the coastal and overseas trade of India " was the object of Government convening a conference of shipping interests. Sir C. P. Ramaswami Iyer in his speech in the Assembly on the 7th September, 1932, when he was officiating as Commerce Member made the following statement of Government policy :—

" That Government are particularly anxious to facilitate the growth and expansion of coastal trade of India in so far as that coastal trade is operated by Indian agencies and through the instrumentality of Indian capital."

Now what the public demand is that these declarations and statements of policy must be translated into tangible and concrete action.

4. I am aware of the action taken by the Government in regard to development of an Indian mercantile marine as stated in their replies to interpellations and during debates on the subject in the Legislative Assembly and the Council of State from time to time. I realise and appreciate that a good start has been made with the Training Ship "Dufferin" but it is evident that already the supply of qualified officers is exceeding the demand and this will be the case in regard to engineers also after they are trained unless Indian shipping develops correspondingly to absorb them. In other words, while I hope and trust that British shipping companies plying on the Indian coast and receiving mail subsidies and other assistance, directly and indirectly, will try and take in Indian cadets as apprentices, officers and engineers, I believe no final solution of the problem of employment of these boys can be arrived at without an adequate development of the Indian mercantile marine in the coastal and overseas trade of India. I also know that the Bengal Pilot Service is being steadily Indianised and trust the "Dufferin" cadets will also find employment in the various Port Trusts and Pilot Services of India. As regards the larger question of development of Indian shipping itself, Government representatives always refer to some working arrangements that have been arrived at between Indian and British shipping interests through a Tripartite Agreement between the British India, the Asiatic and the Scindia Steam Navigation Companies as well as to an award regarding the small Steamship Companies on the West Coast of India, by which practically all the existing Indian shipping companies have been admitted into the Coastal Conference. I also recognise that two purely Indian shipping companies are engaged in passenger traffic in the Bay of Bengal and that one of them is carrying the Royal Mails on the Arracan coast. I do not desire in the least to depreciate or minimise the efforts of the Commerce Member of the Government of India in persuading and pressing the British shipping interests to come to some kind of agreement with Indian interests but until the public are taken into confidence in regard to the circumstances which led to these agreements or the exact terms and conditions of these agreements, I, on my part, cannot pronounce any considered opinion on them. It is possible that circumstances beyond their control have compelled the Indian

interests to arrive at certain arrangement for preserving their very existence. I doubt, however, whether it redounds to the prestige of a powerful Government like the Government of India that they should not rely on their own wide powers to protect and promote Indian shipping but should prefer to try to persuade and appeal to British shipping interests to come to some arrangement with Indian shipping interests. While I do not underrate the necessity and desirability of a policy of friendly negotiations and co-operation, I think Indian shipping, like other national industries, is entitled to exist and develop on its own inherent right and not be allowed to live through the favour and grace of its competing interests. I, therefore, consider that Government should possess adequate powers themselves to prevent the annihilation of Indian shipping enterprise and to secure for it economic conditions of employment on the Indian coast.

5. As regards the development of Indian shipping, I learn from a statement laid on the table of the Legislative Assembly on the 9th April, 1936, that the total number of Indian steamers employed on the Indian coast was 63 with 1,36,000 tons gross while the number of British steamers was 87 with a total of 4,14,000 tons gross. In other words, the Indian-owned tonnage forms less than 20 per cent. of the total tonnage engaged in the coastal trade. I understand from a Resolution moved in the Federation of Indian Chambers of Commerce at its 8th Annual Session on 30th March, 1935, that the total quantity of cargo carried by Indian shipping companies on the Indian coast is round about 20 per cent. On the other hand, the share of Indian shipping in the overseas trade of India is nil despite the large volume and value of its foreign trade. I understand that the increase in the share of Indian shipping during the last 10 years has been hardly about 10 per cent. which is a progress of about 1 per cent. per annum and cannot by any means be considered satisfactory.

6. Reservation of the coastal trade of a country to its own nationals is a legitimate and recognised method of maritime protection. Apart from examples of other countries outside the British Empire, I would like to point out that Section 736 of the British Merchant Shipping Act 1894, confers power upon the

Legislature of a British Possession—and not only a Dominion—by any Act or Ordinance to regulate its coasting trade under certain stipulations. Full powers have, however, been given to the different units of the British Commonwealth to deal with their own shipping as a result of the Conference on the Operation of Dominion Legislation and Merchant Shipping Legislation held in London in 1929, at which India was also represented. In respect of India the Conference specifically made a mention of it in paragraph 124 and stated that “ as the position of India in these matters has always been to all intents and purposes identical with that of the Dominions, it is not anticipated that there would be any serious difficulty in applying the principle of our recommendations to India and we suggest that this question and the proper method of doing so should be considered by His Majesty’s Government in the United Kingdom and the Government of India.” It was in pursuance of this Conference, to which India was a party, that an agreement as to British Commonwealth Merchant Shipping (December 10, 1931) was signed empowering each part of the British Commonwealth to regulate its coastal trade. I might add, however, that India did not sign this Agreement although its name was originally included in the draft Agreement. I have to point out, further, that Australia, New Zealand, Canada and South Africa have all been paying subsidies to shipping companies in respect of mail services both ocean and coastal, while Australia also reserved its coastal trade to vessels on the Australian Register. Mr. Walter Runciman, President of the Board of Trade, stated during the debate on the British Shipping (Assistance) Bill on 1st February, 1935 that “ the Dominions have their own shipping policy which is nationalistic in character and they have not been very ready to harmonise their views with our own.” I submit that these examples and observations show that the Dominions look upon their own shipping as national enterprise distinct from British shipping and they have the right and power to pursue a shipping policy suitable to their own interests.

7. How far India is entitled to take a similar view of her own shipping and to claim a right and power similar to those taken and exercised by the Dominions is a matter which need not trouble and detain us at present inasmuch as the powers conceded

to the Dominions under the recommendations of the Imperial Conference cannot be invoked by the Government of India owing to the provision of Chapter III, Part V of the Government of India Act, 1935. So far as India is concerned, British and Indian shipping must for the present be deemed to stand on the same footing. I would point out, however, that under the existing Government of India Act the Coastal Traffic Reservation Bill was considered *intra vires* of the Indian legislature by the Law Officers of the Crown who were twice consulted on the subject by the Government of India and that the Government of Bombay did not object to the principle provided the reservation was effected within a period of 25 years. In any event I consider that whatever the constitutional restrictions imposed by the new Government of India Act, 1935, they should not prevent Government from taking whatever action they consider necessary for developing indigenous and national industries. I have no doubt Section XIV of the Instruments of Instruction to the Governor-General and Governors would be interpreted in such a manner as to enable the Federal Legislature to develop its own economic policy in regard to Indian shipping along with other indigenous industries. In this connection I would also like to refer to the discussion which took place in the Joint Parliamentary Committee on this very issue when during the cross-examination of the Secretary of State for India Mr. Jayakar contended and the Secretary of State acknowledged in reply to the Archbishop of Canterbury that the Indian Legislature should have freedom and power to deal with abuses like rate-wars, etc. with which the present Bill deals by measures which may even look like discrimination. So the present Bill cannot be viewed as within the mischief of the provision against commercial discrimination contained in the Government of India Act, 1935. The Government and the Legislature must, therefore, devise ways and means of developing Indian shipping which, while not being inconsistent with the provisions of the new Government of India Act, would at the same time achieve the fundamental object without delay. Government reject the method of coastal reservation as well as of subsidies and bounties but they have no constructive or positive methods to fall back upon and when pressed for the enunciation of such a positive policy, they only

suggest the method of mutual adjustment and negotiation which is not a legislative or administrative method at all but one of using the good offices of the representatives of the Government of India as a means of pressure and persuasion. I submit that the Government should not rest content with such a tardy and haphazard method but should possess adequate powers to deal with such a situation. The precarious and uncertain method of persuasion and agreement renders Indian capital shy for employment in the development of mercantile marine. It is necessary for the establishment of confidence that the impartial authority of Government should be available to protect bonafide enterprises.

8. As a result of my own unfortunate experience just after the War in the shipping line in connection with a shipping company called " The Eastern Peninsular Steam Navigation Company " to which I made detailed reference in my speech on the Indian Finance Bill in the Legislative Assembly on the 23rd March, 1935, I have always taken an interest in the question of development of Indian shipping. The attempts of one or two companies during 1935 to cut into the Calcutta-Rangoon service showed me again that some measure was necessary to protect shipping ventures from being ousted and exterminated by unfair competition through rate-wars, etc. I, therefore, gave notice of the Bill, which I introduced in the Assembly on the 17th April last. Forty-two elected members of the Legislative Assembly belonging to all parties including the Congress Party appended their signatures to the Bill as evidence of their approval of it and the Bill has since received the unanimous support of the Indian press and several Indian commercial bodies. The object of this Bill is to encourage the development of an Indian mercantile marine and the method proposed is to remove an impediment to its existence, growth and development by making it impossible to carry on rate-wars with impunity in the future as in the past. As the Bill is still to be considered by the Central Legislatures and is likely to be referred to a Select Committee, I shall content myself at the present stage by stating that I am prepared to agree to any reasonable modification or amendment in the measure which would help to attain the objective without being contrary to the underlying principle, namely, the development of an Indian mercantile marine. I feel,

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MR. SAPRU'S COASTAL TRAFFIC BILL

According to a statement made in the House of Commons in mail week by the President of the Board of Trade, the principal countries in which the coasting trade is reserved to national vessels are France, Greece, Portugal, Russia, Spain, Turkey, Japan, and the United States of America; while Argentina, Brazil and Chile, whilst reserving their coasting trade to national vessels, permit foreign vessels to carry passengers from one port to another. If India to-day had a national government, there can be no doubt that she too would have followed the example of Japan, U. S. A. and the other countries mentioned above. How necessary in the interests of India such a policy was may be realized from the fact that it was the opinion of no less a body than the Mercantile Marine Committee which included among its members an ex-director of the Royal Indian Marine and a British naval architect, that for the development of an Indian merchant marine the establishment of a training ship was not enough, that what was wanted was the reservation of the coastal trade to Indian shipping. But our masters have ordained otherwise—as they have a knack of doing. Under the anti-India Act, which is supposed to hasten the advent of Swaraj, the Indian legislature cannot make any discrimination between ships owned by Indian companies and foreign companies, even in respect of the grant of subsidies, bounties, or any other form of state aid, to say nothing of excluding foreign ships from the coastal trade altogether.

Ever since the reformed councils came into existence, the Assembly has been urging the Government to come to the help of Indian shipping which requires immediate protection. We are on the eve of more 'reforms'. And yet, so far nothing substantial has been done. That is how the self-appointed trustees of India treat Indian wishes and Indian interests. Will the Government even now revise their policy? Here is an excellent opportunity for them to do a good turn to Indian shipping. In April last the

the Viceroy summed up succinctly the problem of Indian shipping in the following significant words :—

“ What is desired is to find, if possible, some measure which would effect an increase, a definite increase, in the number of Indian ships and a revision of conditions of their economic—if this is the right word—employment.”

The problem, therefore, is not only to develop Indian shipping by removing all possible impediments in its way but to see that such shipping is employed economically both in the interests of shipowners and shippers.

10. In conclusion, I would deal briefly with some of the objections against the Bill urged by British Commercial and Shipping interests. It has been argued that although the statement of Objects and Reasons makes it clear that “ there is no question of any discrimination between British and Indian shipping,” the Bill will, in fact, operate to the detriment of non-Indian shipping interests engaged in the coastal trade as shown by the fact that the primary object of the Bill is “ to remove a possible impediment to the growth and development of an Indian mercantile marine.” I submit that the Bill is not discriminatory either in form or in fact because it will apply equally whether a British or an Indian shipping company carries on unfair competition. On the other hand, it is true that Indian shipping in the coastal trade, if it is to pay, will have to replace British tonnage and not merely add to the total tonnage. I would in this connection refer to the examination of Sir Samuel Hoare, the late Secretary of State for India, by Mr. M. R. Jayakar in the Joint Committee on Indian Constitutional Reform, when Mr. Jayakar pointed out as follows :—

“ The most effective way for the Legislature would be by using some kind of discrimination to prevent this unfair competition. If we agreed that it is necessary that such unfair competition should be prevented, then the question is how to do it, and the easiest way would be to leave the Legislature freedom in the exceptional case to pass a measure which may look like discrimination. That is what I am suggesting to you, but what power is there to prevent such

unfair competition as I have submitted for your consideration?" (Vide question No. 15, 685).

The Archbishop of Canterbury also enquired in the same connection whether if the Legislature brought in some Bill to deal with this kind of abuses which Mr. Jayakar had mentioned, it would be open to the Governor-General to decide that that was not discrimination of the kind contemplated in these proposals and the Secretary of State agreed that that was so. I hold that since non-Indian shipping is engaged in the home waters of India, it would be virtually impossible to frame any legislation that would substantially protect and promote Indian shipping and not take into account the position of British shipping at all.

The second point that is attempted to be made out is that Indian shipping has developed remarkably during the last 13 years through a spirit of mutual trust and understanding and that legislation at this stage will interfere with the normal progress and is, therefore, undesirable. I have already dealt with the actual development of Indian shipping in recent years and I contend that it is hardly satisfactory in view of the fact that the coastal trade of India is admittedly its domestic preserve by every canon of international law, maritime practice and Imperial Shipping Legislation and Convention. Moreover, there is nothing to guarantee the advance of Indian shipping in the future especially in view of the rigid and stringent commercial safeguards which might prevent any effective action for its development. I contend as I have already stated that Government should not stoop down to methods of negotiations and even get rebuff in the process when they can wield and exercise authority and power for the protection of indigenous industries and implement their own declarations of policy.

It is next argued that the fixing of minimum rates is not a simple matter and may in practice be easily evaded. I recognise that it is so. I also recognise that the fixing of minimum rates is a complex matter and acknowledge that if shipping is to be paying, the minimum rate must be an economic rate and that it must depend on various factors and conditions which might

even fluctuate from time to time. I have no hesitation in stating that for the purpose of investigating and determining such rates suitable machinery will have to be set up and the shipping interests will have to be fully represented therein. As regards the argument about the evasion of law, no legislature could contemplate and no executive could permit a persistent evasion and breach of law and if any such wholesale evasion takes place, necessary steps could be taken to prevent any loopholes and ensure compliance with the provisions of the measure.

As regards the cutting of rates against opposition, it may be necessary to do so at present owing to the fact that the coastal trade of India is open to all incomers and that tramp tonnage and occasional charters interfere with the regular lines. If, however, a fair and economic rate of freight is guaranteed to the shipping companies through prevention of such outside and stray tonnage by issuing license as suggested above, I do not see why shipping should resort to rate-wars which are at times as harmful to shippers as to shipowners. I realise that shipping, especially during the present trade depression, is a precarious business and the resources of Indian shipping are more meagre than those of British shipping which can also make up their losses on the coastal trade through their earnings elsewhere. I would, therefore, make it clear that the lines which desire to participate in the coastal trade must be *bonafide* and they must have adequate capital and requisite technical experience. If new enterprises with inadequate resources are started merely with a view to harass or blackmail the existing regular lines which provide service, I am not in favour of encouraging them. It is only when and if the existing lines charge exorbitantly high rates or unduly low rates with a view to oust really *bonafide* competition or are unable to cater for a particular service or a particular port that Government should step in with a view to protect public interest and safeguard an indigenous industry.

This reply also meets another similar objection of the British commercial interests that the principle of minimum rate would deprive the British lines of the only recognised means of defending their business interests from the attack of all and sundry.

It is also contended by those who are acquainted with the conditions of coastal trade that the existing lines adequately meet the requirements of trade or would with a little addition to the existing tonnage be able to supply the requisite tonnage and that the advent of greater tonnage would be detrimental to the interests of existing lines. I am certainly not in favour of unlimited expansion of tonnage which might be particularly detrimental to Indian shipping interests and I have already suggested ways and means to check it by a system of licensing. I do not want to build up new, inefficient struggling shipping enterprises which will unduly affect the existing ones and not help the cause I have at heart. I would prefer that there should be a few strong and efficient shipping interests with healthy rivalry amongst them which will aid and assist shipping in these days of stress, strain and dwindling business rather than a number of them struggling inefficiently for their existence. What I do really want is the introduction into the coastal shipping enterprises of new blood in the shape of bonafide, financially strong Indian Companies with adequate experience and expert knowledge behind them which through resourcefulness, vigour, efficiency of management and reduction of unduly high overhead charges will be able to bring down their rates to a lower economic level so as to attract more business without at the same time seriously impairing their margin of profit.

I trust I have met fairly all the objections urged on behalf of the vested shipping interests engaged in the coastal trade of India and have made out a strong case in support of the Bill introduced in the Legislative Assembly by me.

A. H. GHUZZAVI.