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ON

THE BILL FOR THE RESERVATION OF
THE COASTAL TRAFFIC OF INDIA

INTRODUCED IN

THE INDIAN LEGISLATIVE ASSEMBLY

BY

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~~~~~  
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## **" THE AMRITA BAZAR PATRIKA " (CALCUTTA.)**

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### **(1) A Modest Measure.**

Mr. Sarabhai Haji's Bill for the reservation of coastal trade in India for Indian mercantile marine is a modest measure which is based on still more modest recommendations of the Mercantile Marine Committee. And yet it has so much alarmed the vested interests that a cry of ' help, murder ' has been already raised from a number of Anglo-Indian quarters. The most notable of these alarmist howls has come from the Tuticorin Port Trust. The motive of these moves will be, however, plain to every one. We have little doubt the Assembly will pass this important bill by over-whelming majority in its next session. The measure has been long over due.

6-6-28.

### **(2) Revolt of Vested Interests.**

An ounce of fact they say is more valuable than tons of theories. There are some people who still believe that Indians and Europeans may combine in matters which concern the truly vital interests of India. They are under the impression that if Indians do not develop any extremist tendency but make reasonable demands, there is no reason why the sober and moderate section of Anglo-Indians in this country should refuse to join hands with them in trying to have them accepted by the Government. These people should deeply ponder over the attitude which British merchants and British ridden public bodies have assumed towards the small

Bill of Mr. Haji to reserve the coastal trade of India for Indian vessels.

The principle underlying the Bill is very simple. It was fully accepted by the Indian Mercantile Marine Committee which was presided over by a man like Mr. E. J. Headlam, Director, Royal Indian Marine and included amongst others, Sir John Biles, Consulting Naval Architect to the Indian Office, as its member; both being amongst the most competent non-Indian authorities on shipping. Nay, the proposed legislation is wholly based on the recommendations of that Committee. The coastal trade of a country is, moreover, regarded universally as a domestic trade in which foreign flags cannot engage as of right but only as an act of grace. Not only Great Britain and the British Dominions but even such countries as United States, France and Japan have at one stage or other in the growth of their mercantile marine given preference to the vessels of their own countries in the matter of their coastal trade. The demand formulated in the Bill is, therefore, as modest as could be. Indeed, the provisions of the Bill are so liberally drafted by Mr. Haji that even if British merchants so liked, they could also take advantage of them and contribute to the growth of an Indian marine. Thus, for instance, by registering companies in India and by allowing an Indian majority on the directorate, they can come and participate in the benefit which the Bill wants to secure for Indian shipping industry. There is absolutely no racial but only economic issue in the proposed legislation.

Such is, however, the fundamental divergence between Indian and British interests, that representatives

of the latter have already taken alarm and are trying in every way to secure the rejection of the Bill. We have already noticed how the European Chambers of Commerce in different parts of the country have severely condemned it. The latest report is that the Calcutta Port Trust which, though ostensibly a public institution run for the welfare of the people of the country, is really speaking concerned only with the welfare of non-Indian merchants and is practically wholly European in personnel, have also decided to join in this chorus.

The draft letter of the Chairman of the Trust to the Secretary to the Government of Bengal on the subject as also the reply of Babu Nalini Ranjan Sarkar, one of the Commissioners of the Port Trust, have been published. If any body with an unprejudiced mind carefully studies them and then goes through the report of the Indian Mercantile Marine Committee, he will have no doubt as to which side truth lies.

What are the arguments against the Bill? That either the requisite number of Indian vessels to carry on the trade in the busy season will not be forthcoming or if it is forthcoming, a part of it will find no occupation in the slack season. Mr. Sarkar has given a crushing reply to this objection. There is in the first instance absolutely no reason why tonnage predominantly Indian in character would not be available within next ten years. But even if it is not available, Indian companies will be easily able to cope with the situation by temporarily chartering foreign ships which the Bill would not preclude them from doing. Secondly, if the supply of tonnage in the slack season exceeds the demand that



need not also put Indian companies to loss. There will be nothing to prevent them from engaging in the ocean trade to Java and other places.

The second argument of the Chairman is also equally defective. It is certainly true that lack of competition can cause a rise in freights. But why make the gratuitous supposition that competition will be wanting? Rather the natural presumption ought to be that taking advantage of the situation different companies will be floated producing a rate-cutting war amongst them. Trust and combines may, of course, ultimately rise. But as Mr. Sarkar points out, such a danger is more or less germane to all modern industry and can be best met by the Government if and when it actually arises.

It is true that after all has been said and done, the Bill will be still vitiated by one fundamental defect, namely, that it will promote the growth of a national mercantile marine in India and thus become prejudicial to British shipping industry now engaged in the coastal trade. But the time is fast disappearing when revolt of vested interests had any chance of ultimate success.

15-6-28.

### (3) Indian Coastal Traffic.

It is Mr. Mahomed Ali's dolorous complaint that, however often you nail a lie to the counter, it has the disquieting knack of liberating itself and reappearing before you unashamed. We may wail with him at any rate so far as the arguments against Mr. S. N. Haji's Bill for the reservation of the Indian coastal traffic to Indian vessels are concerned. Like the alarm repeater

the antagonists to the measure are tirelessly re-stating their contentions against it. With our usual backwardness we pray so late in the day for a modest advance with consuming fervour. Mr. Haji's Bill proposes the gradual reservation of the coastal traffic to Indian vessels ; just that and no more. If this country had followed the example of the other lands of the globe, we should not at this late period in men's history be cringing for a halting progress towards the establishment of a national mercantile marine. We present a unique case. Everywhere else the predominating national interests have engaged the first attention ; so that in addition to the reservation of the coastal traffic, enormous aids in several forms have been given by the State to promote the mercantile marine. The very fact that by universal accord the coastal traffic of a country is admitted to be exclusive to its nationals shows that there can be no further quarrel on the subject. But Sir Charles Innes who, like Euclid, propounds axioms, does not think so ; the British vested interests very naturally do not think so.

We have seen both from the illustration of other countries and the international acceptance of the understanding that the coastal traffic of a country is, to use the technical term, its "domestic preserve." We might see if then India's quaint partnership in the British Empire precludes her from adopting a policy of world-wide prevalence. The terms of the British Merchant Shipping Act definitely specify the unclouded right of all Dominions and dependencies to reserve their own coastal traffic. A reference to the Law Officers of the Crown in England has secured the clear opinion

that enactment of such statute is *ultra vires* of the Indian Legislature. Besides, there is the instance of Australia which has entered so much into the current discussion about Indian reservation. That dominion has so regulated its law that non-nationals are shut out from the coasting trade. Thus legally there is no impediment in the way of India doing for her benefit what all others have done for their own. Morally speaking, it can only be viewed that India's behaviour has been so inimical to her interests as to constitute a crime. Of over fifty crores of annual shipping revenue, above ten crores are yielded by the coastal trade which at present is held in monopoly by British Shipping concerns. The theoretical freedom of our coasts for trade by any competitors is a colossal hoax. The Government and the railways have seen to that; they have joined hands with the British exploiters in delivering a "knock-out blow" to Indian rivals by such hideous tactics as rate war, deferred rebates, etc. Indeed, the monopolists have derived help to the point of being immune, until lately, from even the payment of income-tax on the huge profits they have made. Even now things are not very much better. It is stated that they pay only some income-tax while an Indian company operating on a comparatively minor scale is paying super-tax.

We may almost dismiss summarily the mendacious cry that reservation is equivalent to "expropriation." The fertile imagination of Sir Charles Innes supplied this utterly unworthy suggestion. The British Shipping Companies that are there on our coasts came in as interlopers and have remained to be the monarchs

of all they survey. They have earned immensely enough to pay themselves "many times over." Their tonnage when released from our coasts will have the utmost liberty to make as much more profits as possible in other waters. The right that they will lose is the right that is not theirs but one filched from Indians. The only relevant consideration, therefore, before us ought to be if it would be to the economic advantage of this country to reserve the coasts. Undoubtedly it would be the opinions of British business and its obedient servant, Sir Charles Innes, notwithstanding. The Mercantile Marine Committee did not make a pronouncement on this, but emphatically held that reservation ought to be tried and that Indians were quite as good as the present monopolists in evolving success out of the coastal trade. Precedent experience in all other countries demonstrates that reservation is a synonym for prosperity. Indian capital is waiting for investment in the business. Only the futility of unequal competition under the present conditions withholds it.

Alike from every point of view reservation is an imperative and immediate necessity. As to its national importance we have the authority of Sir Charles Innes himself who, speaking in the Assembly in 1926, admitted it. The solitary argument against it and of gruesome strength is that the beneficiaries of the present state of affairs holding, as they do, power in their hands, promise forcible prevention of reservation. From hints, suggestions and insinuations they have come to an unconcealed declaration of their intentions. "The brutal truth is" "Ditcher" has written in "*Capital*", "that on such an issue argument is subordinate

to Power." This is at once hoisting the white flag where decent contention is concerned and rattling the sabre to overawe a legitimate claim into speechless submission to injustice: Is the country going to tolerate it?

18-7-23.

### "THE BASUMATI" (CALCUTTA.)

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#### (1) Coastal Traffic.

A campaign of misrepresentation has been started against Mr. Haji's Bill for coastal traffic reservation. European vested interests declared war against it even before its introduction into the Assembly; and their anger knows no bounds now that it has been circulated for eliciting public opinion. Anger, jealousy, selfishness—these have a logic of their own,—and it was quite in the fitness of things that Mr. C. B. Chartres found in the Bill a proof of Indian politicians' anti-British tendencies. But even he could not go so far as to declare that the Bill was wrong in principle or unsupported by precedents. Mr. Chartres must be aware that most countries in the world, not excepting the self-governing Dominions, have found coastal reservation necessary for the development of national mercantile marines; and probably it was due to this knowledge that he thought that the only effective way of opposing the Bill was to draw the red herring of racial prejudice. The Tuticorin Port Trust does not seem, however, to have bothered itself about the history of the growth of mercantile marines in any country in the world. At any rate, it has had no hesitation in asserting that

Mr. Haji's Bill provides for a revolution in economic principles which would destroy the whole basis of international competition and create a monopoly which would ultimately ruin the trade of the country. This is misrepresentation of the worst sort and calls for prompt contradiction. We are glad Mr. Haji has lost no time in exposing the absurdity of this view. As he points out, the coastal trade of a country is a fraction of its entire maritime trade; and it is preposterous to hold that the reservation of this trade would result in the destruction of international competition and the creation of a monopoly. The resolution adopted by the Tuticorin Port Trust proves only this that the members of that body did not take the trouble to study the provisions of the Bill which is of an exceedingly modest character. Its object is not to exclude British ships from the coastal trade, but to compel them to gradually Indianise themselves. The Bill cannot be said to be of a revolutionary nature, for the British Merchant Shipping Act of 1894 confers upon the legislature of a British possession the power to regulate its coastal trade, provided that British ships are treated in exactly the same manner as ships of the British possession concerned. The Commonwealth of Australia has taken advantage of this Act to introduce a law which has had the effect of conferring on Australian ship-owners 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 licences 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, there is nothing in the Merchant Shipping Law which would prevent action of this kind being taken, provided the conditions enforced are applicable to British and Indian ships alike. But Mr. Haji's Bill seems to be much more moderate than the Australian measure. The Bill cannot be objected to by any reasonable section of people; and it is to be hoped that the Legislative Assembly will stand by it firmly undaunted by the frowns of foreign vested interests. India suffers an annual loss of Rs. 10 crores through the domination of coastal shipping by foreign interests. It is possible to avoid the loss, for the total capital required for building a national fleet which would cope with the entire demands of coastal navigation is no more than Rs. 10 crores.

31-5-28.

### (2) A Foolish Assumption.

The Port Trust of Calcutta has expressed itself against Mr. Haji's Bill for coastal reservation. That was anticipated. What is significant is that the Port Trust has absolutely failed to make a case against the Bill. The opposition of the Trust is based mainly on the assumption that the result of reservation would be shortage of tonnage. The assumption is absurdly

foolish. Firstly, the Bill is based on the principle that foreign shipping companies will be allowed to participate in the coastal traffic if they Indianise themselves in a fixed number of years. Secondly, there is no reason to suppose that there will be shortage of tonnage even if these companies decline to convert themselves into Indian companies. It requires but ten crores of rupees to build all the ships required for India's coastal traffic; and there is no doubt that this money would be forthcoming from Indian capitalists.

15-6-28.

### (3) Canards Exposed.

The European oppositionists to Mr. Haji's Coastal Traffic Bill have started canards with the ignoble object of stimulating racial prejudice and passion. They talk of expropriation and "annexation of earnings that rightly belong elsewhere." One wonders if they have at all cared to go through the provisions of the Bill. Will they accept the challenge thrown out by Mr. Haji and point out a single clause which aims at expropriation? What is the property which the Bill wants to confiscate? As we have again and again pointed out in these columns, all that the Bill seeks to do is to regulate, by means of licenses, the trading of ships along the coasts of India—that is to say, all that the shipping companies are required to do is to Indianise themselves in a certain number of years by taking a reasonable amount of Indian capital and a reasonable number of Indian Directors on their boards, and also make adequate arrangements for giving training to Indians. One might indeed think that the Bill errs on the side of moderation.

30-6-28.



**(4) Coastal Traffic**

“Ditcher” in “Capital” is the latest critic of Mr. Haji’s Coastal Traffic Bill, and briefly stated, his arguments against the Bill are as follows :—

(1) The Bill is calculated to raise bitter controversy.

(2) It is a measure of expropriation.

(3) The Indian Mercantile Marine Committee were themselves doubtful whether the proposal for reservation was likely to be beneficial to the country.

(4) Reservation would be a breach of international agreements.

(5) There would be either unrestricted competition or a shipping ring resulting in enhanced freights.

(6) There would be loss of foreign tonnage and

(7) It would be uneconomic as in the slack season 40 per cent. of the tonnage would be unemployed.

If the Bill gives rise to a bitter controversy, the fault will not be of Indians. That it is not a measure of expropriation will be realised by any one who cares to go through the Bill. As a matter of fact, the Bill is based on the provisions of an Australian Act, which fact proves conclusively that it does not go against international agreements. It is worth while to repeat that all that the Bill asks for is that shipping companies for the purpose of coastal navigation will have to take licenses in India, and they will be entitled to a license if they take Indian capital and have Indians on their

Boards. The provisions of the Bill are indeed too modest.

It is not true that the Mercantile Marine Committee were doubtful as regards the beneficial effects of coastal reservation. The Committee wrote that they would not make a forecast of the effect, for there were no data to arrive at a satisfactory conclusion. At the same time, the Committee remarked :—

“Although, as before stated, one witness with recent Australian experience has said that the Act (Australian Navigation 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.

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 is unfair to pronounce any adverse judgment as to the ability of India 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.

These extracts prove that the Committee favoured coastal reservation. As a matter of fact, Mr. Haji's Bill was drafted in 1922 and had the support of the Committee. The apprehension of unrestricted competition and a shipping ring is baseless. Unrestricted competition would not cause loss to the public. Thanks to the deferred rebates, a shipping ring has already been formed, and the Bill is necessary in order to break this ring which consists practically exclusively of foreigners. The licensing authorities will know the amount of tonnage needed for coastal traffic; and so the apprehension of loss of foreign tonnage is groundless. The suggestion that 40 per cent. of the tonnage would be unemployed in the slack season is due to the wrong assumption that ships engaged in coastal traffic would not be available for ocean traffic.

17-7-28.

#### (5) A False Cry.

Where and how the cry of expropriation now raised against the Coastal Reservation Bill originated? That is what Mr. Haji discusses in the course of an interview to the press. He points out that all the Indian commercial associations, examined by the Merchan-

tile Marine Committee were whole-heartedly in favour of the creation and development of a national mercantile marine owned, managed and ultimately manned by Indians. The Committee deputed Sir John Biles to Japan to study the system of counties and subsidies given by the Japanese Government for the development of national shipping. The Committee itself specifically invited opinions on the desirability of reservation.

The elaborate nature of the enquiry conducted by the Mercantile Marine Committee offered ample opportunity to the vested interests concerned to air their views on the question, but not a single European witness objected to the proposal on the ground that it would amount to expropriation. Even Sir Arthur Froom, the representative of foreign vested interests in the Committee, did not make any remark to that effect in his dissenting minute. According to Mr. Haji, the idea originated in the fertile imagination of Sir Charles Innes who not long ago was the Commerce Member of the Government of India. The present agitation is, therefore, a got up agitation in the truest sense of the term.

20-7-28.

**"THE BOMBAY CHRONICLE" (BOMBAY).**

**(1) Long Delayed Opportunity.**

The Legislative Assembly passed on Friday, the proposal to circulate Mr. Sarabhai Haji's Bill to restore the coastal traffic of India to Indian vessels. The debate on the proposal brought out the veiled hostility with which the Government of India regard the measure and

the open opposition to it of foreign vested interests which apprehend in it a possibility of their losing their practical monopoly of the coastal trade of India. Sir George Rainy while damning, with faint praise, Mr. Haji's legislative effort to secure to his countrymen the long delayed opportunity of enjoying at least a very limited Swadeshi in mercantile marine, feared that the measure would conflict with the International Reciprocity Agreement. Sir Walter Wilson, on behalf of foreign shipping companies, complained of spoliation of their interests. The measure can be amended to respect International agreements but if in the British House of Commons, an Englishman were to complain of the iniquity of a measure, because it put bread in the mouth of Englishmen and took in the process a very tiny slice of it out of the mouths of foreigners what would be his fate?

26-3-28.

## (2) National Issue.

It is evident from the Calcutta papers that the vested interests there are up in arms against Mr. Haji's Bill for coastal reservation. The Bengal Chamber of Commerce, which in this instance is only a mouthpiece of foreign shipping interests, as well as the European majority in the Port Trust, has taken the cue from Sir Charles Innes and Sir George Rainy and has raised all sorts of spacious objections against the measure. While the Bengal Chamber is frankly hostile, the Chairman of the Port Commissioners has to profess lip-sympathy for the ideal of an Indian Mercantile Marine though he is no less vehement in his opposition

to coastal reservation. We are glad to see, however, that the Indian Port Commissioners of Calcutta led by Mr. Nalini Ranjan Sarkar, the Swarajist leader, have offered a concerted and strong opposition to the European Commissioners and the Indian Press of Calcutta is earnestly taking up the cause of a national mercantile marine. For one thing this disposes of the mischievous suggestion made by Sir Charles Innes in the Assembly that since two-third of the coastal trade originates in Bengal and Burma and the only important shipping company is in Bombay, Bombay will gain at the expense of Bengal by reservation. This disingenuous and mean attempt to raise provincial jealousies has been trenchantly exposed in the special articles on coastal reservation which we have published. But the rally of the Press, politicians and businessmen of Bengal to the cause of national mercantile marine and their enthusiastic support of Mr. Haji's measure is a more eloquent reply to Sir Charles Innes' unworthy tactics than any argument. Bengal has a sad history in respect of the development of indigenous shipping. Both in coastal waters and in inland navigation, Bengalee ventures have been ruthlessly exterminated by the established monopolistic interests through unfair methods of competition. Reservation of coastal trade will provide fresh opportunities and larger scope for Bengal to re-write a new and bright chapter in the annals of national shipping. And Bengal shows both its accustomed patriotic instinct and a sure business foresight in lending its support to the endeavours that are being made for reserving the Indian coast to Indian vessels.

**(3) Brutal Truth.**

Mr. S. N. Haji's spirited refutation of the arguments of the foreign vested interests which have shown a bitter and determined hostility to his modest measure for reserving India's coastal trade to Swadeshi shipping concerns has evoked candid comments from "Ditcher" in "Capital." "The brutal truth is," he observes, "that on such an issue Argument is subordinate to Power." He continues: "The Legislative Assembly may pass Mr. Haji's Bill. The Council of State, almost certainly, will throw it out. Mr. Haji is a skilled and persistent propagandist but it is highly improbable that his Bill will reach the Statute Book unless and until India attains Dominion Status." The Council of State is expected by the exploiters of India to stultify itself because officialdom can control the majority of its votes. All the more reason, therefore, why Indian opinion must voice itself strongly and ceaselessly for the passage of Mr. Haji's Bill.

6-8-28.

**"THE CALCUTTA COMMERCIAL GAZETTE" (CALCUTTA.)****(1) The Coastal Traffic of India.**

Mr. S. N. Haji, who is a noted authority on the economics of shipping, introduced in February last, in the Legislative Assembly, his Bill to reserve the coastal traffic of India to Indian vessels, and the Bill has been circulated for the purpose of eliciting public opinion. The underlying idea of the Bill is the creation of an Indian Merchant Marine by the reservation, as a first step, of the coastal traffic of India to ships belonging

to the people of the country. Two broad questions are evidently involved in its discussion. One is, whether it is desirable to have an Indian merchant marine at all and the other is, whether, even if that is desirable, it will be to India's interest to begin with the reservation of the coastal traffic to ships owned and controlled by people of the country. The Indian Mercantile Marine Committee whose report was published more than four years ago, in 1924 generally supported both these propositions and as regards coastal traffic the Committee wrote :—

“ What we wish to provide for in our coastal trade regulations is that after a time the ownership and controlling interest 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 Joint-Stock (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 companies is predominantly in the hands of Indians.”

The volume of Indian opinion has also been for a long time strongly claiming the creation of an Indian mercantile marine and insisting on the reservation, to start with, of the coastal traffic to Indian vessels. The question of an Indian mercantile marine has long been



under public discussion and during the whole course of it, we have not come across any Indian of any standing in the country or with knowledge of the subject who has not clearly been of opinion that an Indian merchant marine is an urgent national requirement and that it is the duty of the Government to do its best to help the creation and development of a marine which will be truly Indian. It is perfectly natural for the people of the country to demand the development of shipping, which possesses for India a lurid background in history. As Mr. S. N. Haji writes in his pioneer work, "Economics of Shipping," "it is worthy of notice that in the matter of shipping the glories of India can be traced not merely to a dim and distant past but its progressive growth can be traced right up to the end of the 18th century and unfortunately its progressive decay from the early years of the last century to the present year of grace 1923." These glories were only possible because the country enjoyed natural advantages which ought to point out to the authorities the feasibility and desirability of developing shipping under Indian control. The position of the country is very favourable. It is set like a pendant in a vast continent and there is a coast line of over 4,000 miles. The figures of its export trade are impressive and goods carried in and out of the country might easily support a vast and developing shipping industry. There is a large amount of loose talk about Indians being averse to a sea-faring life and there is no want of advice to the effect that Indians had better leave the onerous work of carrying trade and commerce on the seas in the hands of more adventurous people who have been used and accustomed

to this kind of work, but it may be pointed out that shipping, as noted above, is not a strange proposition for the country and that our people in earlier times moved in their own ships to distant parts of the world carrying trade and commerce and that their colonising activities bore testimony to their adventurous nature. They were quite at home on the sea and our people may still hope to prove to be as good sea-farers as their predecessors of old, if only they are given the necessary facilities.

But the argument for the creation of an Indian merchant marine does not rest on the geography of the country or the capacity of the people to take to a sea-life. There are other arguments which proceed from a consideration of the vital interests of the country and its people. It is pointed out by Mr. S. N. Haji in the work, referred to above, that, "it is worthy of remark that a very large proportion of the export and import trade of the country is in the hands of foreigners and an analysis of the business condition in this line will show that the foreign domination in this particular line is a result of the preferential treatment given to these houses by their national Steamship Companies." Another authority is reported to have stated that the present non-Indian steamship companies give preferential treatment to non-Indian exporting houses as against Indians engaged in that line. Indian commerce between the ports is said to be suffering because shipping is not in Indian hands and Indian industries are said to be experiencing great difficulties, because of disadvantages of transport. While on this

point, it is relevant to give the following extract from the report of the Indian Fiscal Commission :—

“ 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 of goods conveyed between Indian and foreign countries. Such disparities more than neutralised 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 June 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.”

From this it is clear that commercial and industrial development of India by Indians presupposes that a fairly good volume of carrying trade, coastal as well as on the high seas, should be in the hands of Indians. The demand for the establishment of an Indian merchant marine is no mere fancy of national sentimentalism. It proceeds from a realisation of the fact that there are natural advantages for such a development and that without this the commerce and industry of the country will continue to be adversely affected by the conduct as regards the rates, etc., of those who may be said to be enjoying at the present time what is for all practical purposes an effective monopoly of shipping, particularly in Indian waters. Moreover, the development of shipping in the hands of Indians will open out a very useful avenue of employment for our young men who have now to struggle hard against the hardship of unemployment. The Merchant Marine, which serves India now, is largely in the hands of non-Indians and it is a fact that is patent to all that they have not provided proper facilities which would enable people of the country to secure posts of responsibility under them. It is sometimes said that Indians with proper education have not ventured to take to sea-life beginning in a small way with the navigation and engineering of the small ships which require merely a coastal certificate. The cause of this is not aversion of Indians for life on the seas, but the lack of good prospects in the line. We have not yet found anybody disputing the fact that "the existing shipping interests in India, recruiting as they do, all their highly paid staff both for the office and ships from England, never have any vacancies and often no scope or prospects for men

belonging to the country". Shipping would naturally provide employment for Indian capital, enterprise and talent, but it may also make possible the establishment of ship-building industry in India. In fact, the arguments for the creation of an Indian Mercantile Marine are overwhelming. Of course, the existing interests cannot be expected to allow themselves to be convinced by those arguments, nay, we must be prepared for sustained opposition and resistance from them. Next week we would try to examine the arguments of the critics of the Indian demands particularly with reference to the claim for the reservation of the coastal traffic.

18-6-23.

### (2) The Coastal Traffic of India.

Some of the reasons that point out the necessity for the establishment of an Indian mercantile marine were examined in these columns last week and from them it cannot be doubted that the weight of arguments rests on the side of the Indian demand. No wonder that Indian opinion of all shades has long been strongly urging on the Government to take measures for the creation of a national marine but there are still to be found, and in this country, some people who are opposed to the very idea of an Indian mercantile marine. But whether their opposition proceeds from an anxiety to preserve their own interest or from a concern for the broader aspects of India's good is another matter. Here is a bit of relevant information which is set forth as follows in Mr. Haji's book—"Economics of Shipping":—

"The number of written statements received by this Committee from all parts of the country

amounted to 128 of which 72 were tested by the oral examination of their authors. Of the Indian witnesses' oral examination, 38 in number, including those representing 15 Indian commercial associations, were whole-heartedly in favour of the creation and development of a national mercantile marine owned, managed and ultimately manned by Indians. Of the 34 European witnesses most of the 19 who were either occupying independent positions or were in the service of the Government as port officers and ship surveyors seemed willing to give the Indians a chance to develop their own shipping, although some of them were not sure of the ultimate success of such attempts. However, the die-hard opposition even to the very idea of an Indian mercantile marine as embodied in the provision by Government of facilities for nautical training came from witnesses representing or connected with the British shipping companies in India and from the European Chambers of Commerce which in some cases were represented by the European ship-owners themselves."

This opposition is further intelligible from the fact that the immediate demand is for the reservation of India's Coastal Traffic for Indian vessels which would, when such reservation comes into effect, prejudicially affect the interest of foreign shipping companies who are making money from the Coastal Traffic. But we are not so much concerned with what kind and colour of people are in opposition as with the alleged grounds of their opposition. Of course, nobody appears to take

exception to an Indian mercantile marine if it can be evolved without special help from the Government. Evidently it is realised that such evolution is a practical impossibility, in view of the glaringly unfair methods of competition employed by foreign interests. One of the weapons used by the shipping monopoly which is largely in British hands and whose activities have a depressing effect on the growth of Indian shipping is the system of shipping rebates whereby certain percentage of the freight paid is returnable to the shipper at the end of 12 months provided no cargo is shipped on any outside line. The system of deferred rebates and discriminations and a rate war have been weapons of offence and defence employed by the British shipping monopoly and no wonder that attempts of Indians to develop shipping have in many cases come to grief, even though their object was to run the ships in Indian waters. No less than 20 shipping companies have been floated and attempted to be run at different Indian ports during the last 25 years, with an aggregate authorised capital of nearly 10 crores of rupees but few, very few, have survived the repressive measure employed by foreign shipping interest. In the words of Mr. Haji, "unaided by Government directly or indirectly, sometimes even positively hampered by various Government agencies, without the moral support of legislative enactments and in face of colossal opposition organised solely with a view to destroy, almost all of these Companies have met an untimely end and national resources are every year being drained away to foreign lands. The two rival companies that persist in running their steamers along

the Indian coast cannot even now be said to have a guaranteed feature."

So it is that it is desired to secure Government assistance for the purpose and to make a legitimate beginning by the reservation of the Coastal Traffic to Indian vessels. There can be no doubt that the Government in India has the right to reserve the coastal traffic but the question is whether it would be proper to India's interest. It is in some quarters held that the proceeding would be highly improper. The Bengal Chamber of Commerce, an organisation of Clive Street magnets in which there are very few Indians, refers in its memorandum on Mr. Haji's Bill to the speech of Sir Charles Innes, then member for commerce, in the Legislative Assembly on 19th March, 1926, in which he said, "once you admit on the statute book an Act which embodies the principle that it is right to squeeze out or depreciate the property of those who have built up trade or industry in order that others may succeed to it one does not know to what lengths that principle may be carried. .... Once you admit that principle, what I fear is that it will give rise to similar demands in respect of other industries like oil, coal or whatever it may be." The Chamber affects profound indignation against any proposal for legislation of this description. Undoubtedly it is the cry of vested interests which we would be fully prepared to respect if they did not come to clash with the real interest of the country, its people, their industries and their economic good. Can it be seriously maintained by any body that the so-called foreign pioneers were led on to try to exploit India's resources for the purpose of helping the people of the country and not for that of serving their own interests? It



would not be far wrong to say that what good has come to Indians from the employment of British capital and enterprise, has been more or less a sort of by-product of the endeavour of these pioneers to help themselves. We admire British enterprise in commerce and industry—it has conquered the world. We realise and are fully ready to admit our indebtedness to the merchant adventurers who came with British capital to work in India but our admiration should not persuade us to assume an attitude of idle and impotent wonder. The Bengal Chamber is a body of hard-headed businessmen who ought to be the first to realise that foreign shipping interests have worked for their own benefit irrespective of the interests of Indian commerce and industry. What India wants to-day is to take her legitimate share in commercial activity particularly in a line from which she has been effectively kept out, not by benevolent people working for her interest but by people who have been working for their own benefit. The Bengal Chamber represents it as an attempt at, “an appropriation of the earnings that rightly belong elsewhere” but this more or less is a gross misrepresentation. It has not been and could not be proposed to appropriate the earnings of the existing foreign shipping companies. What has been proposed is that India should do the coastal shipping herself and earn legitimate profits from her own enterprise. The objection raised by Sir Charles Innes which has also been taken up by the Bengal Chamber might also with minor modifications be adopted by foreign manufacturers who have been hard hit by the slowly developing tariff wall in India.

### (3) The Coastal Traffic of India.

Sir Charles Innes, then Commerce member of the Government of India, argued in 1923 that the reservation of the coastal traffic to Indian vessels would not be a profitable proposition. He went to the length of saying that the reservation would be detrimental to Indian commerce and industry. The Bengal Chamber of Commerce also appears, in its memorandum on Mr. Haji's resolution, to be strongly supporting the contention set up by Sir Charles Innes, and the European members of the Calcutta Port Trust seem also to be putting forth a similar objection to the proposal embodied in the resolution of Mr. Haji. Their argument is that there is a slack season and a busy season so far as demand for transport in Indian coastal waters is concerned. From which they come to argue that the tonnage required for the busy season would be greatly in excess of that required in slack seasons. So that during the latter period much of the tonnage would remain idle. Therefore, freights would have to be higher than would be the case if there were no idle tonnage at any time, or the Indian shipping companies would be working at a loss. The probability, according to them, is that the freights will have to be high or transport facilities inadequate for busy seasons—in either case things would be greatly prejudicial to the interests of Indian commerce and industry. This is a line of argument which seems to be taken up by all opponents of the proposal for the reservation of the Indian coastal traffic, but we are to point out that there are some inaccuracies in assumptions and that consequently the conclusion that the reservation of the coastal

shipping would be uneconomic and prejudicial to Indian interests is unsound. For one thing, the disparity between the demands for the slack and busy seasons is not as great as is ordinarily supposed to be and, therefore, the bogey of the idle tonnage need not be seriously considered. As a matter of fact, according to one authority, so far as coastal shipping is concerned there has never been any wide difference between the demand for shipping in one season and that in another; even if we suppose the existence of an appreciable disparity we must also provide for some ships undergoing repairs at docks—and this repairing might always be arranged to take place in the so-called slack seasons, so that there will be very little idle shipping. Moreover, all the ships required to carry the coastal trade in busy seasons need not be maintained throughout the year. Some minimum number might be provided always and occasional excess demands or seasonal excess demands might be made by chartering ships from foreign companies. The world tonnage is now in great excess of the world demand and it is reasonable to suppose that it will always be possible to arrange such chartering at reasonable charges. From this consideration it may be seen that freights need not be high if the coastal shipping is reserved. There is no reason to suppose that sufficient shipping will not be provided to carry the coastal trade. What is more, Indian commerce and industry will be freed from the disadvantages consequent on all shipping being in foreign hands. Artificial hindrances to the carriage of the products of Indian industry may be removed and commerce and trade in Indian hands may be given facilities which do not at present exist.

According to one authority about 50 lakhs of tons are annually carried by ships along the coast of India, India's share in this traffic being only 13 p. c. Thus there is a great scope for expansion of Indian shipping even if it is engaged only in India's coastal waters. It has been estimated that the employment of 100 steamers would be necessary to carry the whole trade and if the process of reservation is to be complete during five years, only 20 steamers need be purchased during each one of these years. What will that cost? According to calculations of Mr. Haji, a capital outlay of Rs. 16.50 crores would be necessary to reserve the passenger and cargo trade along the coast of India to vessels of Indian mercantile marine; that works out at approximately 1/10th the amount that has been provided by the Government of India for the development of Indian railways, namely Rs. 150 crores. This is not a big proposition, certainly, one which, given the proper facilities, might be left to be worked out by private enterprise. Moreover, if the programme is laid out for five years there need be an annual provision of only 1/5th of that amount. Compare with this the total shipping earnings on account of Indian trade and industry which have been estimated at Rs. 57 crores a year. Of this not less than Rs. 50 crores, perhaps more, represent the earnings of non-Indian companies; and of this again not less than Rs. 10 crores is made up from coastal traffic. Nor will the reservation mean any loss of fair competition, for the resolution of Mr. Haji does not seek to secure the establishment of one Indian company to handle the whole traffic. Several small companies may be set up as there are instances

even in Great Britain of companies working satisfactorily with only a couple of ships, in some cases, with only one ship. As a matter of fact there is more scope for honest and fair, though keen, competition when the shipping is put in Indian hands than there is at present with the shipping control led by a powerful ring. Even if there is a monopoly, of which there is little likelihood, it may be well to remember, "that water transport in modern times largely conditioned by the laws of joint cost and increasing returns is peculiarly amenable to a large scale production. To prevent such economic evolution is neither necessary, nor desirable. If, however, large scale production leads to a complex organisation 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."

Given proper facilities, and with the promise of earning about 10 crores of rupees a year from the coastal traffic, there will be no want of capital and enterprise. In fact, even under the existing disadvantages and in the face of an unfair competition of the influential ring of foreign shipping companies that dominate the Indian coast, there have been during the last 25 years at least 20 Indian shipping companies attempting to run at different Indian ports with a total authorised capital of Rs. 10 crores. Circumstances have forced most of them into liquidation and it is the Indian demand that Indian capital and enterprise should be allowed by the Government of India to work under

more favourable circumstances, circumstances over which the Government have complete control. The demand for an Indian mercantile marine is no idle aspiration of the unthinking multitude. It is a legitimate desire of the people of the country who have long been groaning under an unfair state of affairs, a desire which proceeds from a realisation of the sound economics of the development of national shipping which, apart from the prospects of the industry itself and of the scope in it for employment of the people of the country, can provide, as has been seen in an earlier issue, immense facilities for the growth and development of Indian commerce and industry. The unhappy experience of Australian shipping need not deter us, for blunders were committed there which may very well be avoided in India. When Mr. Haji's resolution comes to be considered in the Legislative Assembly we hope the members there will not allow themselves to be influenced by the spacious reasonings offered on behalf of the vested interests.

2-7-28.

### **"CAPITAL" (CALCUTTA).**

#### **(1) "Ditcher's" Diary.**

The Legislative Assembly, when it threw out the Indian Navy (Discipline) Bill was prompted to that decision by the conviction that the Indian Legislature should control the combatant forces. Dominion Status, when conceded, will include that privilege; meanwhile it is not practical politics at this stage to endeavour to prejudge that issue, nor does it appear to be in the interests of India to defer the establishment of the

nucleus of an Indian Navy until the remote period when the Government of India will, in all departments, be subordinate to the Indian Legislature. The Government of India, therefore, deems it expedient to proceed with the project for the inauguration of a Royal Indian Navy formulated by Captain Sir Edward Headlam and it is announced that Rear-Admiral Humphry Walwyn will be Flag Officer Commanding the new force which, as indicated by the British Official Wireless, will enable India to enter upon the first stage of naval development with a view ultimately to undertaking her own naval defence. The new organisation provides for the command of the forces being vested in a Flag Officer appointed from the Royal Navy for a period of three years. Eventually it is hoped that the commanding appointment will be held by an officer of the Royal Indian Navy, as the new force, subject to His Majesty's approval, is to be called. A novel feature in connexion with the personnel is that Indians are to be eligible for Commissions. In its first stage of development the fleet will include four sloops, two patrol vessels, four trawlers, two surveying vessels, and a depot ship. Rear-Admiral Walwyn is known both as a talented officer and a capable organiser, and has a special reputation as a gunnery expert. Despite the formal protests made in the Central Legislature, I do not believe any Indian politician will, in his heart of hearts, really regret that Government have decided to bring an Indian Navy into existence.

It is, however, perfectly legitimate for Indian critics to recall that the Committee over which Captain Sir Edward Headlam presided, in its report dealing with

the question of the Royal Indian Marine, declared: "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 it is to be feared that in the next few months the endeavour to force legislation through the Central Legislature reserving the coasting trade to Indian-owned vessels will occasion bitter controversy. In Mr. S. N. Haji's Bill, which he asserts is based on the recommendations of the Mercantile Marine Committee, and was introduced in the Assembly last March, it is laid down that "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 vested in British Indian subjects." There are also provisions in the Bill intended to secure that 75 per cent. of the personnel of the managing firms and directorates of coasting shipping companies as well as 75 per cent. of the capital, shall be British Indian without possibility of camouflage or mistake. Inevitably, the British Chambers of Commerce in India are as strongly and unanimously against such a measure of expropriation as the Indian Chambers are fervently and without exception in its favour.

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Further opportunities will arise of analysing the arguments *pro* and *con*, but, at the outset, objection



must be taken to Mr. Haji's assertion, reiterated this week, that his Bill seeks "to achieve the objective of the Indian Mercantile Marine Committee." As Mr. Haji was reminded by the Commerce Member when he put forward a similar claim in the Legislative Assembly, what the Mercantile Marine Committee said in effect was this: if the end in view is to promote the development of India's mercantile marine, an effective means of doing so is to reserve the coastal trade. But they did not go on to consider—indeed they believed it to be impossible to do so on the data in their possession—whether that proposal was likely to be beneficial to the country. What they said was this:—

"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."

Mr. Haji has chosen to ignore this important reservation, as he has also chosen to ignore Sir George Rainy's point that if passed in its present form, the Bill would "involve a breach of international agreements to which India is a party, and in particular to the convention and statute on the international regime of maritime ports which was concluded in 1923 and to which India is a signatory." When Mr. Haji has cleared these two fences he will find another series of hurdles awaiting him whose formidable character he will discover by studying the analysis of his Bill circulated by the Bengal Chamber of Commerce. Of particular import-

ance is the fact that, if the licensed vessels were sufficient in number to cope with the coastal trade in the busy months, 40 per cent. of these would, during the slack months, be without employment on the coast and unable to obtain employment elsewhere. The inevitable consequence would be that for the greater portion of the year the trade would have to pay an entirely artificial rate of freight, and the principal sufferer would be the consumer in this country. What does Mr. Haji say to this?

14-6-28.

(2) Mr. Haji's Reply to "Ditcher."

The Bill for the reservation of coastal traffic to Indian-owned ships, I am glad, has not failed to receive the attention of "Ditcher" in "Capital." Evident, as it is, that "Ditcher" has had before him only that side of the case which the Chambers of Commerce have put forward, I would not have undertaken to present the other side of the shield, but for his direct invitation to do so.

Briefly stated, according to "Ditcher" :—

- (1) The Bill is calculated to raise bitter controversy,
- (2) It is a measure of expropriation,
- (3) The Indian Mercantile Marine Committee were themselves doubtful whether the proposal of reservation was likely to be beneficial to the country,

- (4) Reservation would be breach of international agreements,
- (5) There would be either unrestricted competition or a shipping ring resulting in enhanced freights,
- (6) There would be loss of foreign tonnage, and
- (7) It would be uneconomic as, in the slack season, 40 per cent., of the tonnage would be unemployed.

To reply briefly :—

If the Bill gives occasion for bitter controversy the responsibility for it would solely rest on the Chambers of Commerce and those of their way of thinking, who have introduced in their opposition to the Bill, extraneous considerations, not really relevant to the issue and calculated to appeal to prejudices instead of to reason.

I may cite in this connection the argument that has been so freely used that the Bill is a measure of expropriation. I invite "Ditcher" to point out the provisions in the Bill which merit this description. I have searched in vain the memorandums of the different Chambers of Commerce that have opposed the Bill and the speech of the Hon'ble Sir Charles Innes, in all of which, the charge has been made, for a statement of reasons in its support.

To support the view that the Indian Mercantile Marine Committee were themselves doubtful about the

beneficial effects of the reservation of coastal shipping; quotation has been made of a passage which reads : —

“ 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.”

How unfairly the above quotation has been torn from its context would be clear from a citation of the full relevant text which I give below.

The Committee said :—

“ Although, as before stated, one witness with recent Australian experience has said that the Act (Australian Navigation 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.*

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.* (Italics mine.)

It will thus be seen that the sentence that has been so often quoted against the Bill is really a part of one of the most effective passages in the report of the Committee in support of coastal reservation.

Reservation, it has been further contended, will involve a breach of international agreements. Reliance has been placed in this connection on Sir George Rainy's speech in the Assembly that the Bill is contrary to the conventions and statute on the International Regime of Maritime Ports to which India is a signatory. The reply to this is, that firstly the convention has a reference merely to the access and use of the facilities provided by ports, and secondly, that even within its restricted scope, the convention to which Sir George Rainy

referred, provides two exceptions in the case of reciprocity and coastal reservation.

The two possibilities of reservation, it is also said, are either that there would be indiscriminate competition between Indian coastal lines or there would be a shipping ring, resulting in the enhancement of freights. If there is indiscriminate competition, the consumer would not suffer and, as to the shipping ring, "Ditcher" cannot be unaware that there is already to-day virtually a ring and an absence of effective competition. While, the possibility of a ring under coastal reservation is a mere contingency, it is, under the present conditions, a stern reality.

Reference is next made to the loss of foreign tonnage, as for example, when an English ship bound for Calcutta and touching at Madras is prohibited from loading for Calcutta,—the available space being thus lost to the consumer. If the implication of this argument is that the consumer would be put to inconvenience by the loss of this tonnage, it is misleading, as under the system of coastal reservation, licensed tonnage would be adequate to meet the demands of the coastal trade. If the argument is that some loss would be caused to foreign shipping, such loss, it need only be said, is inevitable, if India is, as she must, to regain her rightful place in her own waters.

It is also argued that the coastal reservation would result in uneconomic freights, as 40 per cent. of the tonnage engaged in the coastal trade would be rendered idle during the slack season. This is a contention which is not borne out by available statistics. It also

rests on a mistaken assumption that Indian shipping companies will be denied the remedy of transferring idle tonnage to ocean routes which, need it be said, are open equally to sea-going vessels of all countries.

Before I conclude, I would also correct one slight error. "Ditcher" refers to the Bill as "based on the recommendations of the Indian Mercantile Marine Committee." It would be really more correct if "Ditcher" said that the report of the Indian Mercantile Marine Committee supports the Bill,—a draft of which was made and published by me as early as 1922.

And now that I have cleared the fences and the hurdles, what next?

21-6-28.

### (3) "Ditcher's" Diary.

I was glad to find room for Mr. S. N. Haji's defence of his Coastal Shipping Reservation Bill last week though unfortunately his letter arrived too late for immediate analysis. I do not quite grasp why Mr. Haji objects to the application of the word "expropriation" to the provisions of his Bill, for expropriation, according to the Century Dictionary and Cyclopædia, means the "act of dispossessing the owner, either wholly or to a limited extent, of his property or proprietary rights" and if Mr. Haji's Bill did not "dispossess" the British shipping concerns engaged on the Indian coast of the profitable trade developing over a long period of years, it would fail to achieve its professed purpose. If expropriation, by the process of legislation, is permissible in relation to the shipping trade, there is no logical reason against introducing identical legislation, applicable to

jute, engineering, coal or any other industry; on the contrary, a much stronger case could be made out for legislation so applied in as much as these industries are based on local products, whereas, probably for some decades, in the absence of a fully developed shipbuilding industry ships suitable for the coasting trade will have to be imported. All the Scindia Co.'s boats, I believe, are British-built.

Mr. Haji's Bill, therefore, is in effect, a demand on behalf of a small group of Indian financiers, for the monopolistic utilisation of an imported product, which for an incalculable period, it will not be possible to manufacture in this country. In accordance with the same principle Mr. Haji might, with complete consistency, introduce legislation endowing other groups of traders with monopoly rights in respect of the importation and utilisation of motor lorries, electrical machinery, or any other staple articles of commerce. Certain other countries reserve the coasting trade, but chiefly as an item in their arrangements for naval defence. When a Bill was introduced recently in the Legislative Assembly to establish the nucleus of an Indian Navy the measure was rejected out of hand. In any event, India, for as long as can be foreseen, must rely on the British Navy to defend her coast and sea-borne commerce and it follows that, as a measure of naval defence, an Indian Mercantile Marine is not required.

Mr. Haji quotes the Mercantile Marine Committee to support the claim that Indians could run shipping companies successfully and efficiently. Probably they



could—especially if protected from external competition, British or foreign. The practical issue is whether that form of statutory monopoly would be in the general interests of the country. There may be something resembling a coastal shipping monopoly at present, but it is not a legislative monopoly nor is it impervious to assault. That is to say, if rates are forced to a level which to traders consider extortionate, the latter are free to resort to chartering and rates are always regulated with that possibility in mind. Under Mr. Haji's Bill, vessels now available for charter would be legally excluded; and consequently traders harassed by high freights would possess no remedy. Mr. Haji appears to assume that competition between Indian-owned vessels would suffice to maintain freights at reasonable levels, but that is rather a large assumption to make, and it seems more probable that an unrestricted monopoly would emerge, and that, with a close "Ring" in operation, fat rates would be imposed against which shippers would have no remedy. Alternatively as suggested in an earlier comment, as has been the experience of Japanese coastal shipping companies, profits would fall so low that shareholders would lose money, or be forced to rest content with a much lower average dividend than Indian investors would certainly look for, from ventures of this character.

In the passage from the Mercantile Marine Committee's Report quoted by Mr. Haji, reference is made to the Australian Navigation Act, and the Committee are quoted as saying: "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."

Between the provisions of the Australian Act, and those of Mr. Haji's Bill, the differences are fundamental, particularly as regards the vital aspects of capital and management. Mr. Haji's Bill, for example, practically excludes the non-Indian element, under both headings. The Australian Act, on the other hand, appears to have been framed, under Labour influence, to some extent as a naval measure, but primarily with the object of securing a certain standard of remuneration for seamen. Certainly the Australian Act does not ban British capital or management in as much as the Australasian United Steam Navigation Company, Limited, which maintains services on the Australian coast, for the conveyance of merchandise from and between the chief ports of Australia not only possesses a London Directorate under the Chairmanship of Lord Inchcape, but, according to Fairplay's "Annual Summary of British Shipping Finance" (1928) the whole of the share capital is held by British investors, the largest single investor being the British Indian Steam Navigation Company, Limited.

In the same informative volume, I note and I trust that the interjection will not be dismissed as wholly irrelevant—that in 1927 British cargo-boat companies, possessing an aggregate paid-up capital of £ 26,117,396 with debentures totalling £ 10,545,203, owning 488 steamers with a book-value of £ 42,629,951, paid an average dividend of 5·18 per cent. In an analysis headed "Twenty-four years of Cargo-Boat Earnings," it is shown that in the period of 1904-1927 the average dividend paid on 465 British Cargo-Boats was only 7·02 per cent and in the years 1924-27 only

4.08 per cent. Perhaps Mr. Haji will tell us according to his own experience how many Indian investors, if any, would be content with as moderate dividends.

As the terms of the Australian Navigation Act may not be familiar to all supporters of Mr. Haji's Bill, quote the principal provisions below. The Navigation Act 1912-19 (being the Navigation Act 1912 (No. 4 of 1913) as amended by the Navigation Act 1919 (No. 32 of 1919) which became operative on and from 2nd March, 1920, provides in Part VI—The Coasting Trade:—

234. This part of this Act shall, except where otherwise expressed, apply to all ships (whether British or foreign).
236. The Governor-General may, by order declare that the carrying of passengers between specified ports in Australia by British ships shall not be deemed engaged in the coasting trade.
237. 1. A ship shall not engage in the coasting trade which is receiving or which under any arrangement is to receive or which in the immediately preceding twelve months has been receiving directly or indirectly any subsidy or bonus from any Government other than that of a part of the British Dominions. Penalty (on masters, owners, or agents): Five hundred pounds.
2. Any payment for services *bona fide* rendered in the carriage of mails,

passengers or goods at rates based solely on the actual commercial value of these services, shall not be taken to be a subsidy within the meaning of this section.

288. 1. No ship shall engage in the Coasting Trade unless licensed to do so. Penalty (on masters, owners or agents): Five hundred pounds.
2. Licenses to ships to engage in the coasting trade shall be for such period not exceeding three years as is prescribed and may be granted as prescribed.
3. Every license shall be issued subject to compliance on the part of the ship, her master, owner and agent, during such time as she is engaged in the Coasting Trade with the following conditions :—
- (a) That the seamen employed on the ship shall be paid wages in accordance with this part of this Act, and
- (b) That, in the case of a foreign ship, she shall be provided with the same number of officers and seamen, and with the same accommodation for them, as would be required if she were a British ship registered in Australia or engaged in the Coasting Trade.

289. 1. Every seamen employed on a ship engaged in any part of the coasting Trade shall, subject to any lawful deductions, be entitled to and shall be paid, for the period during which the ship is so engaged, wages at the current rates ruling in Australia for seamen employed in that part of the Coasting Trade and may sue for and recover these wages.
2. Where the Governor-General is satisfied that the enforcement of any provision of this Act, in regard to ships of any country, would be inconsistent with the obligations of the Commonwealth under a treaty made between that country and the United Kingdom, he may by proclamation suspend the operations of that provision with regard to ships of that country so far as is necessary to enable the obligations of the Commonwealth under the treaty to be fulfilled.

Mr. Haji's Bill, as already indicated, is cast in a different mould. It is inspired by a spirit of racial exclusiveness, it is concerned solely with the interests of small groups of shareholders, it would not foster any Indian Industry, and, except ship owning, it would not benefit any Indian trade. Its immediate effect would be to establish a monopoly in the utilisation of imported ships captained and officered by imported men. As a matter of sentiment, there is everything to be said for Mr. Haji's Bill ; as a business proposition, very little.

## (4) Mr. Haji's Reply to "Ditcher".

"Ditcher" has done me and the Coastal Traffic Reservation Bill the honour of returning to the attack in your issue of the 19th instant. In availing myself of the hospitality of your columns to reply, I only seek to return "Ditcher's" courtesy.

I agree with "Ditcher" that the importance of the Bill for the reservation of coastal traffic cannot be minimised. But, I venture to assert that the lesson of history of shipping of countries other than India and the moral to be drawn from it are in support of and not in opposition to the principle of the Bill. Says also "Ditcher", as a matter of sentiment there is everything to be said for Mr. Haji's Bill; "as a business proposition very little." This summing up sounds convincing but will not bear analysis.

The truth is, as "Ditcher" knows only too well, that the Bill is a business proposition to the Indian nation, the Indian consumer and the Indian ship-owner, not to include Indian youth to whom it throws open more avenues of employment. The Bill, to that extent, involves a loss of vested British interests. In the discussion of the Bill, therefore, the main question that calls for an answer is: Is the Indian legislature entitled to take statutory action calculated to benefit the Indian people in selected departments of maritime activity? The answer is in the affirmative. The Indian Legislature is entitled to take statutory action warranted by international law and usage. Further, the action is defensible on grounds of equity and justice as it only seeks to restore to India what is legitimately her own.

The citation by "Ditcher" of the definition of "expropriation" does not prove what is necessary to establish in order to apply it to the Coastal Traffic Reservation Bill, namely, that the Bill does dispossess "property or proprietary rights" of the British shipping companies. By no stretch of language can "profitable trade developed over a long period of years" assume the sanctity of "property or proprietary rights." The word "property" according to the standard authority of the "New Oxford English Dictionary" means: "The condition of being owned by or belonging to some person or persons; hence the owning of a thing; the holding of something as one's own; the right (especially, the exclusive right) to the possession, use or disposal of anything (usually of a tangible material thing); ownership, proprietorship." That the British shipping companies have no exclusive right to the "possession, use or disposal" of the coastal trade is conceded by "Ditcher" when he refers to the remedy open to traders to resort to chartering against high freights. In the absence of any property or proprietary right in coastal trade, it follows that the British shipping companies have a title to their present supremacy in the coastal trade only as long as they retain it. Legislative action of the kind proposed in the Bill has always been inherent in the trade. Let us, therefore, have done with all talks of "expropriation" in this discussion unless the intention is to raise a "bogey."

Objection is also raised to the Bill on the ground that ships are an imported product, that the personnel of ships' officers are non-Indian and that India relies and will continue to rely on the British Navy for a long

time to come, for her naval defence. This is adding insult to injury. The development of the ship-building industry, Indianisation of the personnel and the building up of naval defence are not conditions not precedent to, but arising from the development of a national mercantile marine, which the Coastal Traffic Reservation Bill promotes in a moderate measure.

It is urged against the Bill that it seeks to establish a statutory monopoly. "Ditcher" admits, in making the charge, that there is already existing a coastal shipping monopoly, only he considers a statutory monopoly as the worse of the two evils. I do not, firstly, agree that the effect of the Bill will be to create a statutory monopoly. But, assuming it, for argument's sake, I would point out, in reply, that the evils of one form of monopoly cannot be greater than the evils of any other form of monopoly and that there are effective methods of combating all forms of monopoly. In the case of a statutory monopoly, assuming its existence, the obligation on the Legislature to take effective legislative action to prevent the operation of the evil effects of a monopoly established by statute would only be greater.

In regard to the Australian Navigation Act, the method by which the reservation of traffic is practically secured certainly differs from the method adopted in the Bill before the Assembly. But the effect of the Australian Navigation Act was certainly to secure reservation of traffic. Further, the Australian Navigation Act, is cited by the opponents of the Bill as proving the evils of reservation of traffic and it is only that charge which is met by the Indian Mercantile Marine Com-



mittee. The Committee do not cite the Australian Act, in support of their recommendations nor does the Bill now before the Assembly rely on it for its support. If "Ditcher" would exclude the citation of the Australian Act from the argument used in considering the Bill, I for one shall not raise any objection.

The profit of typical British shipping companies, argues "Ditcher," has been as low as 4.08 per cent. in the last three years and that it is not likely that many Indian investors would be content with those moderate dividends for the investments. The history of Indian shipping, however, tells a different tale. It is estimated that crores of rupees of Indian capital have been lost in attempts to develop national shipping owing to the unfair methods of competition resorted to by the present British monopolists. The readiness of Indian capital to invest in Indian shipping enterprises, notwithstanding past adverse experiences and the none too bright prospects of fat dividends is in itself a strong argument in favour of the Bill before the Assembly. This apart, the British shipping companies engaged in the Indian coastal trade, "Ditcher" cannot be unaware, have done extraordinarily well for themselves. The British India Steam Navigation Company have declared during the first twenty-five years of the present century an average annual dividend of 9 per cent. in addition to another 9 per cent. absorbed in various kinds of reserves to say nothing of over depreciation.

Says "Ditcher": The Bill is concerned solely with the interests of small groups of shareholders, it would not foster any Indian industry, and, except ship-owing,

it would not benefit any Indian trade. This is far from being the case. One effect of non-Indian domination in the carrying trade of India is that the freights are so regulated as to promote the export of raw materials and import of manufactured articles to the detriment of national industries. It follows, therefore, that one of the main urges behind the united Indian support accorded to the Bill is the hope that national shipping would contribute its quota to the development of national industries.

Let the critics of the Bill regard it from any point of view other than the self-interest of the small group of British shipping companies which have acquired and insist on retaining vested interests in the Coasting Trade of India and they cannot but recognise that the Reservation Bill is conceived in the national economic interests of India.

2-8-28.

#### (5) "Ditcher's" Diary.

Mr. S. N. Haji, M.L.A., whose Coastal Shipping Reservation Bill I recently analysed, returns to the charge this week, as confident as ever that his essay in legislation is equitable, businesslike, and would react advantageously on the economic interests of this country. Alluding to this proposal, the Chamber of Shipping of the United Kingdom remark in their annual report :—

"The formation of a purely Indian Federation of Chambers of Commerce would in itself be welcomed by British ship-owners if thereby co-operation with Indian elements in the economic

life of the country could be promoted. It is therefore unfortunate that the new organisation should have included in its programme the reservation of the coastal traffic which has had disastrous results in Australia, and the abolition of the Rebate system which has been declared by an impartial and imperial inquiry, on which India was represented, to be necessary in the interests of Indian merchants, especially of the smaller firms."

To all of which Mr. Haji and his associates will retort that India, like Australia, is the best judge of her own interests.

" Myself when young did eagerly frequent  
 Doctor and Saint, and heard great Argument  
 About it and about : but evermore  
 Came out by the same door wherein I went."

\* \* \* \* \*

The brutal truth is that, on such an issue, Argument is subordinate to Power. The Legislative Assembly may pass Mr. Haji's Bill. The Council of State, almost certainly, will throw it out. Mr. Haji is a skilful and persistent propagandist but it is highly improbable that his Bill will reach the Statute Book unless and until India attains Dominion Status.

2-8-28.

### "THE DAILY EXPRESS" (MADRAS).

#### (1) A Wrong Lead.

The opposition to Mr. S. N. Haji's Bill, for the reservation of the inland and coastal shipping trade

of India to Indian vessels, appears to be intensifying, as the time for the consideration of the Bill in the Legislative Assembly is drawing near. The *pros* and *cons* for such reservation have been sufficiently set forth in the Indian Press during the last few months, to make it unnecessary for us to go over the same ground again. But it would be useful to draw attention to a well reasoned contribution from the pen of a "Student" in the columns of the "Tribune," in which the case for the reservation of Indian coastal trade, on the lines recommended by the Mercantile Marine Committee, is presented. It is well-known that the present opposition is a good deal due entirely to the lead which Sir Charles Innes, as the Commerce Member of the Government of India, gave to foreign shipping interests when opposing the resolution moved by Sir P. S. Sivaswami Iyer in 1906. We have no wish to recapitulate the arguments advanced by Sir Sivaswami Iyer in a recent contribution to the press, but we would only point out that in the first place, the question of illegality on which Sir Charles Innes dilated during the discussion in the Assembly appears not to have been present to the minds of the framers of the British Merchant Shipping Act, or to the statesmen of Great Britain, when enacting the Navigation Laws thereby putting an end to the Dutch carrying trade in the latter half of the 19th century. Again, Sir Charles Innes, when he talked of such reservation as a piece of "expropriation" could not have been unaware that the commercial policies of the modern nations including Japan tend towards the reservation of their coastal trade to their own shipping. Now that Sir Charles Innes is at the head of Burma administration, it is to

be hoped that opportunities would not be wanting to convince him of the effect which foreign competition has had on the once flourishing indigenous water-borne trade that was being carried on in the pre-British period on the magnificent water-ways of that province.

13-8-23.

### **“THE FORWARD” (CALCUTTA).**

#### **(1) Our Coastal Traffic.**

The Indian coastal traffic has been and is still a profitable source of income and a potent means of exploitation to the foreign monopoly; and if Mr. S.N. Haji's Bill, now on the legislative anvil, can successfully resist opposition from interested parties and finds its way into the Statute Book that exploiting and mischievous monopoly is sure to break down and the country will have no cause to deplore the consequences. Not only is a national mercantile marine necessary for the country's industrial and economic development, but it is the fundamental part of a self-contained national unit as a line of defence in emergencies. And there is no important country in the world that has not provided for it. Canada is fast developing a mercantile marine of her own and Australia has by clear provisions of law sought to reserve her coastal trade for her own vessels. Even the British Merchant Shipping Act gives to every constituent part of the British Empire legislative freedom in regard to this matter. There is, therefore, no reason why India should still continue to deprive herself of a right, the full exercise of which is so essential to her political efficiency not less than to her economic development. These broader considerations apart, the Bill

under discussion, if passed into law, would confer certain other material advantage. By replacing the foreign ships on the coasts, a well developed national marine would mean a saving of considerable sums of money in the shape of coastal freights. And when things settle down with gates of competition open to all, the freights are bound to adjust themselves under competitive conditions unlike as now arbitrarily fixed by a foreign monopolistic combine. The price of articles carried by coasting vessels is in that view of the case likely to be reduced with appreciable relief to the consumer. Then further, it will provide employment for a large number of energetic and enthusiastic youths whose lives are being spoilt for want of proper occupation.

We are aware that certain objections have been raised to the scheme outlined in Mr. Haji's Bill and we are prepared to meet them. Speaking on behalf of Government, Sir Charles Innes expressed the view that it would enhance the freight and thus hit the consumer. Had the circumstances been normal we would have no alternative but to accept the late Commerce Member's contention. But nobody knows it more than Sir Charles himself and the Government he represented that the circumstances are anything but normal and that freights now charged are not fixed by the simple law of demand and supply but by a monopolistic foreign venture. Then again, even admitting, for argument's sake, Sir Charles' expression of views as absolutely true, we are afraid he does not lead as far. The first and inevitable effect of a protective tariff is enhancement of prices. But in the case of a scientific tariff the effect is only

temporary. The nation undertakes to pay more for the articles protected in order ultimately to have a still greater gain. That is one of the fundamentals of the economic science and nobody believes that the Government of India run by experts are yet innocent of it. No, the objection is preposterous and frivolous; and there is nothing in Mr. Haji's Bill to which reasonable objection can be taken. We trust Mr. Haji's efforts in such a good and great cause will enlist public sympathy and meet with the success they so richly deserve.

### (2) Overdue Legislation.

Mr. S. N. Haji has done well in introducing a Bill in the Legislative Assembly for the reservation of the Indian Coastal Trade for the nationals of the country. Naturally the Bill has caused flutter among those foreign capitalists who are likely to be adversely affected by it. And the author has been the victim of a series of vile misrepresentation. There is nothing extraordinary in the step taken: on the contrary a measure, like the one proposed, has long been overdue. As Mr. Haji has himself observed, there is not a single important maritime country which has not protected its coastal trade by all possible and available means and there is no reason why India should still continue to suffer under a self-denying ordinance. And the Bill does not seek to create a monopoly and the provisions are so liberal that even foreign companies shall have no cause for fear provided they agree to satisfy certain conditions.

**(3) Critics Answerd.**

The latest opponent of Mr. Haji's Bill is the Chairman of the Calcutta Port Trust who in the course of his draft letter to the Government has adduced several reasons to champion the cause of the foreign vested interests. Sj. Nalini R. Sarkar, has, with characteristic thoroughness, smashed the Chairman's case which, judged in the light of facts and figures, has no legs to stand upon. To the first contention that there would be in busy seasons a shortage of shipping, Sj. Sarkar replies that, judged from the figures given by Mr. Narottam Morarjee relating to the principal ports for 1923-24 and 1924-25, there should not be any fear on that score. To the next contention put forward by the Chairman that there would be an enormous rise in freight due to lack of competition Sj Sarkar gives the rejoinder that even under this competitive system the rates can be artificially maintained above the competitive level by "deferred rebate system" and other devices. While self-governing countries like Britain, the United States, France and Japan have done all in their power for the growth of their coastal shipping, will India allow the foreigners to exploit her resources till eternity? Possibly what is sauce for the goose is not sauce for the gander!

15-6-23.

**(4) Interested Opposition.**

We are not surprised that the Bengal Chamber of Commerce and the European majority even on a quasi-public body like the Port Trust should have opposed a modest and praiseworthy measure like Mr. Haji's Bill to reserve the coastal traffic of India to



Indian vessels. It was a classic axiom of Lord Curzon that in India exploitation and administration go hand in hand. And it is at least significant that both these bodies should have repeated parrot-wise almost the precise arguments urged in the Legislative Assembly by Sir Charles Innes and Sir George Rainy against coastal reservation. Blood is thicker than water and the alien monopolistic interests are allied with and patronised by an alien bureaucracy. On this question, the Bengal Chamber of Commerce is merely a mouthpiece of the premier British Shipping concern and represents merely its interests and its view-point. After having hampered, thwarted and exterminated almost all indigenous shipping enterprises whether on the coast or inland navigation it is sheer impertinence to observe as the Chamber does in its representation on the Bill that "before an efficient organisation can be established on a successful basis, many years of creative pioneer work must be undertaken, many projects abandoned as unproductive and much capital hazarded." Despite the poverty of India and the limited chances of success of Indian enterprise more than 20 shipping companies, large and small, have been floated and attempted to be run at different Indian ports during the last 25 years, their authorised capital amounting to 10 crores of rupees. But most of them have been driven into liquidation owing to the unfair methods of competition, rate-cutting and stoppage of deferred rebate adopted by the alien interests who monopolise coasting trade while the Government as usual have watched with equanimity the killing of Indian ventures when they have not

directly and indirectly helped the established concerns. It should be emphasised, however, that with all their horror of reservation where Indian interests are likely to be benefited, the Bengal Chamber observed in their written memorandum to the Indian Mercantile Marine Committee that "*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 which do not differentiate on their own coasts against British subjects.*" Therefore what appears obnoxious to the Bengal Chamber is not reservation of coastal traffic but such reservation for Indian shipping.

As for the spacious objections raised by the Chairman of the Port Commissioners of Calcutta, it is only necessary to observe that they have been effectively met by the lucid and able reply of S. J. Nalini Ranjan Sarkar which we published on Thursday last. The plain fact is that none of the objections urged against the principle of coastal reservation is genuine as none of the difficulties suggested against the scheme of reservation is insuperable. A national government sincere in its intention of developing a national marine and keen to devise all the necessary measures for that purpose could easily overcome all the technical obstacles in the way. But because the vested interests would stand to lose by such a course, a government that is not national either in its personnel or in its policy loves to imagine and create difficulties—an example which is conscientiously followed by bodies like the Port Trust dominated by European interests and by European commercial opinion. The argument of the Bengal Chamber and the Chairman

of Port Commissioners about the seasonal character of India's coastal trade is only an echo of Sir Charles Innes' objection. It has been neatly disposed of by S. J. Sarkar who points out that the difference in coastal shipments between the busy and the slack seasons is slight and that the tramp tonnage plays a very small part in the coastal trade. Moreover, there is nothing to prevent Indian ships from plying outside Indian waters in slack seasons just as it is possible for Indian concerns to charter foreign vessels in order to meet any dearth of tonnage. It is preposterous to describe the present system of coastal shipping as "elastic", *pace* Sir Charles and the Bengal Chamber. An alien monopoly politically allied with the ruling race and thwarting the competition of indigenous enterprise by all means within its power does not surely connote elasticity. The existing system is emphatically an inelastic one in which foreign shipping because of its practical monopoly and its abnormally high and discriminate rates makes impossible any fair competition, impedes the commercial and industrial progress of the country and prevents the growth of minor ports. This system must go if a national merchant marine is to be established for building up an India that is economically strong and politically self-reliant. And Mr. Haji's Bill is one of the essential means by which we have to develop such a marine.

16-6-28.

#### (5) Sabotage and After.

Thanks to the cupidity of British shipping interests, the Bill, introduced at its last session in the Legislative Assembly by Mr. S. N. Haji, for the

reservation of the coastal traffic of India to Indian vessels has encountered vigorous opposition. The avarice of the companies which enjoy an unrestricted monopoly in the coasting trade to-day has grown by what it has fed on. And our Government is only too willing to help the British shipping companies engorge still further. The show of argument put up in defence of a totally indefensible conduct has been blown to smithereens ; but the infamous allies in this transaction are wilfully impervious both to reason and justice. Is it not extraordinary that the contentions disposed of by the Indian Mercantile Marine Committee itself continue to be repeated as though they have not been met? In fact, it was only when the Mercantile Marine Committee recommended the reservation of the traffic to Indian vessels that the exploiters began, taking the cue from Sir Charles Innes, to organise their opinion against Indian advance. A more heartless betrayal of India's cause than that of which Sir Charles Innes has been guilty it is not possible either to recall or imagine.

What are the reasons which the enemies of this country's advance ostensibly put forward? They say that Mr. Haji's proposal, which gives them full six years' more time to stay and gather the last spoils, is "revolutionary" in character. Considering that until now the outside shipping interests have gone on, with every conceivable encouragement from the Government and help from the railways, perpetrating the most scandalous and immoral war against the Indian shipping business, it is a mercy that Mr. Haji has not demanded their immediate elimination. The crores of losses that have been incurred by Indian shipping companies were

incurred because they had to combat not merely the operation of foreign rivals but the unsympathetic attitude of a Government which seems to have mortgaged itself to alien exploiters. In spite of all this, European business appears to be horrified at Mr. Haji's bid for a heavy-footed march.

We hear also that India would go down the chasm of ruin if the aliens were arrested in the process of sucking the life-blood of this country. The heavenly guardians of our prosperity are alarmed at the tragic prospect. Sir Charles Innes delivered himself of some dark hints and dire forebodings. His equanimity was upset to contemplate the "economic loss" that must accrue from the reservation of the coastal traffic to Indian vessels; for he held that the experiment, if tried, would be a ghastly failure. The evidence, however, that we have from the progress of affairs in other lands all over the globe forcibly points to the baselessness of the apprehension that our material well-being would be in danger. Regarding the possible failure of the experiment, the Report of the Indian Mercantile Marine Committee itself says that there are no premises to warrant such an unfortunate deduction and in any case it would not be just to indulge such frightful premonitions until a trial had been made. The generous gestures of self-denying zeal on the part of British ship-owners and the friendly warning of impending disaster on that of Sir Charles Innes are all but hollow pretexts to continue to cheat Indians out of their rightful heritage.

The last of the objections, believed to be the most formidable, is that reservation would amount to

“expropriation.” The comic feature of this protest would excite one to hilarity but the terrible inwardness of it moves one to disgust. As must be the way with pampered monopolists, foreign shipping companies, thus far aided and abetted in their doings by the Government and the railways, have come to regard the coasts of India as their inviolable patrimony and the attempt by Indian concerns to cut into them as a criminal infraction of its sanctity. The methods of rate-wars, deferred rebates and similar ones by which the usurpers have extinguished Indian competition have been pointedly condemned even by the Mercantile Marine Committee itself. But that has made no impression on them or the Government. As if to add insult to injury, Sir Charles Innes, on behalf of the Government which without the slightest nervousness docketed its Report, told the Committee that it had not got into contact with “the facts of the case.” “The facts of the case” are simply that the chagrin of the Government is unbounded at the conduct of two straight-forward men like Captain Sir E. J. Headlam and Sir John Biles signing a report which wants to end the buccaneering career of alien intruders and that the foreign business interests, not overscrupulous as to the means, want to stifle India’s progress. The property of the external shipping companies is not in jeopardy. Those concerns are at liberty to carry on their expeditions—which have been described as piratical—wherever else they get a chance. They are only asked to render unto India what is India’s and obligingly retire to look for profits in other directions. Where then does “expropriation” come in?

Even more difficulty than was expected confronts Indians who are out to secure for their nationals the right to trade along their own coast. The members of the Central Legislature have the duty forced upon them to enter on an unweakening fight to terminate this sad state of affairs.

13-2-28.

#### (6) A National Issue.

We make no apology for reverting to the remarkable speech delivered by the Hon'ble Mr. V. J. Patel at the Burma Indian Chamber of Commerce, exhorting the Indian Mercantile Community in Burma to patronise and assist national shipping. In view of the fact that the Indian merchants in Burma practically control the rice trade to the coast of India and Ceylon exceeding twenty crores of rupees, Mr. Patel's advice was not only patriotic but pertinent in the strict economic sense. For he asked the merchants to aid indigenous shipping both in order to develop an Indian Marine and to prevent the annual drain of nearly ten crores of rupees which go away to foreign shipping concerns. Casting aside once again the self-imposed vow of silence, the first elected Speaker boldly gave utterance to sentiments which coming from a non-official politician would be regarded as "wild and irresponsible" and from any one connected with the shipping industry as "interested and biased." The distinguished President has once more risen above the officialised atmosphere of his office and freely spoken out his mind on one of the most vital economic problems of contemporary India.

But the speech has even a wider significance. It is well-known that Mr. S. N. Haji's Bill for coastal

reservation is coming up before the Assembly in September and it is not difficult to realise in which direction the President's sympathies would lie if he were free to vote. We are glad to see in this connection the united and strong support which Mr. Haji's Bill is receiving not only from Indian commercial opinion but from nationalists and politicians of all schools and various provinces. Mahatma Gandhi has, in a recent issue of "Young India", blessed the measure and observed that Mr. Haji could have gone much further than he has. Sir Sivaswamy Iyer a confirmed moderate has lent his support to the principle of coastal reservation. Above all, Bengal has rallied to the cause of national shipping with an unanimity and an enthusiasm which have taken the Government and the vested interests completely by surprise. From the time S. Nalini Ranjan Sarkar offered stout opposition to the European majority in the local Port Trust who desired to veto the measure, public opinion in Bengal has welcomed Mr. Haji's efforts. Only last week S. Sen-Gupta speaking at Chittagong—where we note with pleasure that a new Indian Shipping enterprise is being established—supported the proposal to reserve Indian Coast for Indian Shipping. Sir P. C. Roy, S. Satyendra Chandra Mitra, Dr. Law and a number of other prominent men in the public life of Bengal have expressed their whole-hearted sympathy with a measure devised to develop national shipping. We welcome this widespread manifestation of support because for one thing it disposes of the mischievous suggestion made by Sir Charles Innes in the Assembly that since two-thirds of



the coastal trade originates in Bengal and Burma the only important Shipping Company is in Bombay which will gain at the expense of Bengal. We need not dilate on this disingenuous and mean attempt to raise provincial jealousies. But the rally of the Press and politicians, commercial organisations and businessmen of Bengal to the cause of national mercantile marine and their enthusiastic support of Mr. Haji's measure is a more eloquent and adequate reply to Sir Charles Innes' worthy tactics than any number of arguments. Bengal has a sad history in respect of the development of indigenous shipping. Both in coastal waters and in inland navigation, Bengalee ventures have been ruthlessly exterminated by the established monopolistic interests through unfair methods of competition. Reservation of coastal trade will provide fresh opportunities and larger scope for Bengal to re-write a new and bright chapter in the annals of national shipping. And Bengal shows both its accustomed patriotic instinct as well as a sure business foresight in lending its support to the endeavours that are being made for reserving the Indian coast to Indian vessels.

17-8-28.

### **"THE GUJARATI" (BOMBAY.)**

#### **(1) Reservation of Coastal Trade.**

The Indian Chamber of Commerce at Calcutta has sent a strong representation in support of the Bill for the reservation of Indian coastal trade to ships of Indian nationality, which Mr. Haji has introduced in the Legislative Assembly. The representation has made out a strong case for such reservation and met all the argu-

ments which officials have advanced against the acceptance of the recommendation of this subject made by the Indian Mercantile Marine Committee. To have an efficient mercantile marine is a natural and legitimate aspiration of every nation and reservation of coastal traffic is one of the universally recognised methods of building such a marine as is seen from the example of almost all the important maritime countries. The Bill itself, as introduced by Mr. Haji, is a modest measure, because it seeks to bring about reservation of coastal trade gradually through a system of control by means of licenses to be issued to steamers whose ownership and controlling interests are predominantly Indian. The representation has answered some of the objections which officials have raised against the acceptance of the principle of reservation of coastal trade. It is for instance said that the necessity felt by other countries for having a national mercantile marine is not felt in India. This suggestion is indeed ludicrous because "it is impossible to contemplate a self-governing India that is depending on some one else for her national defence." Another objection that Sir Charles Innes raised was that reservation introduced the principle of expropriation. The Chamber, however, points out that Mr. Haji's Bill does not contemplate immediate expropriation of foreign shipping but seeks to achieve its object by gradual degrees, so that the existing vested interests will get ample time to adjust themselves to changed conditions. Further, it is really strange that this bogey should be raised about this question, because measures of immediate expropriation are not uncommon in other countries particularly because coasting trade is

recognised to be the domestic preserve of every nation. Another argument which Sir Charles Innes often advanced against coastal trade reservation was that it admitted of the principle of flag discrimination. As regards this it has been rightly pointed out that the third International Shipping Conference, which was held in London in 1923, decided that the question of flag discrimination did not limit the control of any nation over its coastwise trade. Another objection against the reservation of coastal trade is that it would result in enhancement of freights. But this danger is due to the existence of various other factors which are quite independent of the policy of reservation. It will be remembered that when Mr. Haji moved the Legislative Assembly for the circulation of his Bill for eliciting public opinion, Sir George Rainy raised another difficulty. He said that reservation as contemplated by the Bill would involve a breach of international agreement and in particular of the convention of international regime of maritime coast to which India is a signatory, if the French and the Portuguese ports on the Indian coastline were included in such reservation. If, on the other hand, such ports were not included, it would necessarily lead to a diversion of trade to such foreign ports. The representation, however, has fully met this argument. It has rightly pointed out that the maritime ports' convention does not cover the question of coastal reservation which has been specifically left outside its purview. As regards the question of French and Portuguese ports, the difficulty can be easily solved provided negotiations are undertaken with the French and

Portuguse Governments. It will be thus seen that the difficulties which officials have raised on this subject are more or less imaginary than real and they can be got over provided Government are really anxious to do so. On the other hand the advantages that will accrue from a policy of coastal trade reservation will easily compensate any of the disadvantages that might result from that policy. India, as every one knows, has to pay for freight charges in connection with the trade that is crores of rupees carried on her coast. One of the advantages of reserving coastal trade would be that the country would save a large amount of money that is drained away annually in the shape of coastal freights by foreign shipping. The representation of the Indian Chamber of Commerce mentions also other advantages which might accrue if the Indian coastal trade were reserved exclusively for the benefit of Indian shipping. "It will result," says the representation, "in the rates of coastal freights being fixed under really competitive conditions instead of arbitrarily, as now, by a monopolistic combine and ring. This will reduce the cost of commodities, encourage trade between small ports, open up more terminal ports and new avenues of employment."

## (2) American Mercantile Marine.

The question of having a national mercantile marine has now come much to the forefront owing to the discussion that is being carried on in this country as regards Mr. Haji's Bill reserving Indian coastal trade for the benefit of Indian shipping. The apathetic attitude of Government has evoked severe criticism

and it has been said with justice that a truly national Government would not have acted in the way the present Government are doing. It is well-known that advanced countries in the West and elsewhere have taken measures to encourage their mercantile marine. In the United States of America for example the coastal trade is strictly restricted to American vessels and the law also requires that three-fourths of the crew on American ships should consist of Americans. A Bill has been also recently passed by the House of Representatives with the object of further encouraging the American mercantile marine. Its financial provisions briefly are that the Government would loan £ 50 millions instead of the present £ 25 millions for promoting the building of ships. As regards the rate of loans it is to vary with the fact as to whether the ships built are to be used for coastwise or overseas trade. In the case of ships to be built for coastal trade the loans would carry interest at  $5\frac{1}{4}$  %. If, on the other hand, it is intended to build ships to be used for carrying overseas trade then the interest would be on an average about 3 p. c. that is to say as low as the lowest yield from any Government security. This is how a truly national Government is looking after the interests of its shipping industry and this is in sharp contrast with the attitude of the Government of India, who have not yet seen their way to accept the recommendation of the Indian Mercantile Marine Committee in favour of the reservation of the coastal trade of India.

### (3) Frivolous Objections.

Mr. S. N. Haji has done well to give a prompt reply to the selfish cry raised by the British vested interests in India, represented by bodies like the Bengal Chamber of Commerce, the Bombay Chamber of Commerce, the Calcutta Port Trust and others, in opposition to his Bill for the reservation of coastal trade for the benefit of Indian shipping. The Bill naturally aims at the monopoly enjoyed by British shipping concerns so far as the carriage of India's coastal trade is concerned and it is, therefore, not difficult to imagine why such a hue and cry is being raised by these vested interests, though it is tried to be made out that what these Chambers are most concerned with is the loss and inconvenience that would be caused to the Indian consumers as a result of the proposed reservation. No one, however, can say that these bodies are very serious when they put forward this plea. Emphasis is also being laid on the alleged expropriatory character of the legislation, but Mr. S. N. Haji has rightly pointed out that not a single argument has been put forward in support of this charge. "I challenge any one," says Mr. Haji, "to point out a single clause which can be said to aim at expropriation. What is the property which the Bill is said to aim at confiscating? The Bill seeks to regulate by means of licenses, the trading of ships along the coasts of India. Where does forfeiture come in? It is absurd to raise any such objection." Another charge that is brought against the measure is that it aims at "annexation of earnings" that is to say to divert by arbitrary legislation profits which British companies have legitimately earned to Indian companies, which are

said to have no title to them. Mr. Haji has ably refuted this allegation also. The coastal trade of every country, he says, is regarded as that country's "domestic preserve" and hence it was that the International Conference on Shipping declared that reservation of coastal trade by a nation for the benefit of its national shipping was not inconsistent with the international obligations of maritime countries. That being so it is really strange that such frivolous objections as those of expropriation or annexation of earnings should be raised when India attempts to do what many of the other progressive maritime nations of the world have done years ago.

8-7-28.

#### (4) Benefits of Reservation of Coastal Trade.

In an interview with a representative of the *Free Press*, Mr. Narendranath Law, Joint Honorary Secretary, Bagal National Chamber of Commerce, gave his whole-hearted support to Mr. Haji's Bill for the reservation of Indian coastal trade to national shipping. It will be quite impossible for this country to develop a mercantile marine of her own, because of the ruinous competition which national shipping concerns have to face at the hands of well-established foreign shipping companies, who have monopolised the whole of the Indian overseas and the coastal trade and reaped immense profits for their shareholders. The competition becomes all the more formidable because these foreign concerns have recourse to such expedients as those of rate-cutting to put down any new competitor in the field. The example of other countries also is very instructive in this respect. Practically, no country in

the world, having a strong national mercantile marine, has been able to develop it without granting special facilities to the indigenous shipping companies at least in the first instance. It is often argued that if the coastal traffic is reserved exclusively for the benefit of Indian shipping, it will be at the expense of the interests of the consumers, who will suffer because of a rise in freight charges. For one thing, this argument takes it for granted that the level of freights charged at present by the foreign shippers is low. On the other hand, it has been proved beyond doubt that the present freight level, even under conditions of free competition, is not as low as it should have been. Further, there is every reason to hope that if a number of national shipping concerns grow up as a result of the proposed reservation, a healthy competition is bound to grow amongst them and this will be the safest check against any tendency for freights to rise. What is even more important is the possibility that rates might be fixed from the point of view of national interests, once the foreign element was eliminated. As Mr. Narendranath Law pointed out, "freights will be regulated more in sympathy with the requirements of trades in particular commodities that may be passing through periods of depression and greater facilities will be offered for the transport of cargo from one port to another in the country. This will operate as a stimulating factor in the growth of indigenous trades and industries." The present hostile attitude of foreign shippers towards the training of Indian apprentices must also be taken into consideration. The indigenous shipping concerns, as may be seen from the example of the Scindia Steam



Navigation Company, Limited, are likely to give greater and a more sympathetic latitude to Indian youths by giving them opportunities for training and by providing them proper employment on their ships. This will undoubtedly give an impetus to Indian youths to take to sea as a career. Unless a sufficient number of capable young Indians are willing to adopt sea as a profession and get proper training for that purpose there cannot be any bright prospect of the goal of Indianisation being reached so far as the Indian Navy is concerned when it comes into existence. Mr. Haji's Bill provides a five years time-limit within which it is proposed that the entire Indian coastal trade should pass into the hands of national shipping concerns. Mr. Narendranath Law suggests that this time-limit should be extended to ten years. This would not only enable foreign shipping companies to adjust themselves to changed conditions with sufficient ease, but will also enable the people of this country to mobilise their capital with a view to start fresh shipping companies and thus bring about healthy competition among them.

15-7-28.

### "THE HINDU" (MADRAS.)

#### (1) Reservation of Coastal Traffic.

We publish to-day in another column a special article which effectively deals with the arguments raised by vested interests against the Bill for the Reservation of the Coastal Traffic of India to Indian vessels introduced by Mr. S. N. HAJI in the Legislative Assembly at its last session. The main contentions so far heard against the Bill are three. Mr. HAJI's proposal is

stigmatised as "revolutionary"; as fraught with serious and deleterious economic consequences to the country : and as introducing an objectionable principle of "expropriation." The point sought to be made by SIR ARTHUR FROOM, in his dissenting note appended to the Mercantile Marine Committee's Report, that reservation would contravene the provisions of the British Merchant Shipping Act has really no force. Alike by the precedent set by Australia in making her coastal traffic exclusive to her nationals and the terms of the Merchant Shipping Act itself, SIR ARTHUR FROOM's fear is proved to be false. If that were not enough, the opinion of the Law Officers of the Crown in England which holds that legislation to reserve our coastal traffic to Indian vessels is not *ultra vires* of the Indian Legislature ought finally to set at rest all discussion on this aspect. Speaking on the motion to circulate Mr. HAJI's Bill, SIR GEORGE RAINY said that its definition that "the coasting trade of India means the carriage by water of goods or passengers between any ports in British India and any port or place in the Continent of India would be a breach of the International Agreements to which India is a party, particularly of the convention and statute on International Regime of International Ports which was concluded in 1923 and to which India was a signatory. This objection is grotesque. It has been convincingly met by the Indian Merchants' Chamber of Bombay which, in expressing its views on the Bill, says : "Now, as regards the Maritime Ports, Convention, it should be noted that it has reference merely to the access and use of the facilities provided by the ports, but it cannot be too strongly pointed out that this very

article of the Convention itself does make an exception in the case of the two principles of reciprocity and reservation. The proposed application of the Maritime Ports Convention is, therefore, unwarranted in the case of the Coastal Reservation Bill." The fact of there being a few French or Portuguese ports on the coast of India cannot affect the position and there is testimony to that effect in the legislation already enacted by the Government of India. To cite an illustration, the Indian Merchant Shipping Act of 1923 says that a

"Home-trade ship" means a ship employed in trading between any ports in British India or between any port in British India and any port or place on the continent of India or in the Straits Settlements or in the Island of Ceylon.

So the concern of the Government of India for the interests of foreign ports is proved to be groundless. Even if the foreign ports have a claim, they can only demand immunity from the scope of the Bill for the direct trade with those ports. And that trade is too negligible to be taken account of.

The contentions advanced against the Bill have thus no force in them at all. According to the terms of Mr. Haji's Bill the ultimate elimination of external ships in the trade would take a whole period of six years. The Bill, of course, seeks to achieve the end at a quicker pace than was envisaged by the Mercantile Marine Committee, but that does not mean it is in any sense "revolutionary." Far from it, we should consider that it is very regardful of the interests of British and other foreign shipping companies. As

for the danger to the prosperity of India against which a warning has been uttered, its genuineness can be fully grasped if one bears in mind that the Bengal Chamber of Commerce condemned the Bill as having for its object "the annexation of earnings that rightly belong elsewhere." The British shipping companies claim an inalienable proprietary right over the coasting trade of India which they have secured to themselves by questionable means. LALA HARKISHEN LAL, giving evidence before the Fiscal Commission, showed how the foreign shipping companies, by giving preferential treatment to foreign exporting houses as against the Indians engaged in that line, made it impossible for them to take part in a very profitable branch of business. Under the monopoly, the foreign shippers could do what they liked so that it has been complained that "the necessary services to ports near each other are not provided and until recently when one Indian company provided a direct service, bonemeal from Marmagoa could reach Colombo only after a voyage to Bombay and sometimes even to Karachi." While this state of affairs has persisted nothing was heard from any member of the Government about "economic interests" or the starvation of ports for want of suitable service all of which, however, are trotted out, now that there is an endeavour to recover for India her legitimate right! In talking as if the reservation of coastal traffic to Indian vessels would concentrate the trade in the hands of one individual or corporation, the opponents to the Bill deliberately ignore the certainty of their arising healthy competition between Indian firms.

## (2) Reservation of Coastal Traffic.

We examined the other day certain of the arguments used by vested interests against the reservation of coastal traffic to Indian vessels. One or two arguments remain to be dealt with. One is that of "expropriation." This charge is based on an unworthy misrepresentation of facts. The foreign shipping interests, if they do not conform to the provisions set forth in the Bill, are free to carry on their business elsewhere. It may be mentioned, moreover, that they have paid themselves many times the capital sunk in their business. There is not even a trace of injustice in the proposed reservation. So far, if there have been any sufferers at all, they have been the Indian companies started at various times only to be crushed by the unfair competition of vested interests. It is also noteworthy that almost every country in the world has reserved its coasting trade to its own nationals. Not only have those "economic considerations" which moved SIR CHARLES INNES to consternation not made any impression on any of them but all of them are supporting their Mercantile Marine with generous subsidies and subventions. Even now, when the Navigation Laws constitute a forgotten chapter, British shipping receives State-aid in numerous forms calculated in money value to amount to over a million pounds a year which includes contributions by the Indian Exchequer through Indian subventions. In specific subventions and general subsidies, France, whose coasting trade is reserved, pays about Rs. 40 to 50 lakhs annually. Japan increased her tonnage of 491,253 in 1906 to 1,397,813 in 1919 and commanded a tonnage of 4,033,304 gross tons in

1927-28 through construction bounties, Navigation bounties, special subventions and reservation of coastal trade. A similar policy is pursued in the United States of America, where too the coastal traffic is reserved.

SIR CHARLES INNES, who found these facts far too overpowering, had to wobble in opposing reservation of the Indian coastal trade. "Why, then," he asked, "hav eother countries, other nations, thought it necessary to reserve their coasting trade?" and answered: "It is because they thought that in the long run it would pay them to take their own course in the interests of their own safety. They had to take that course because in time of war they might want their own mercantile marine to feed their people and because they wanted that marine as a second line to their own navy." Here is a conclusive statement why every country must have its own mercantile marine. But SIR CHARLES felt that India should be content with what exists and proceeded "all I need say on that point is this, that India is fortunate in that that over-mastering necessity is not present in this country. India's shores are protected for her by the British Navy and in time of war, she can always rely on the British Navy, so long as the British Navy commands the seas, to protect her communications and her trade." Simply stated, this means that India's shores are protected by the British Navy and India's coast must be reserved for British merchant ships! Comment is superfluous. It was of a piece with the mentality laid bare in this utterance that the Government most unceremoniously shelved the Report of the Mercantile Marine Committee which recommended the reservation

of India's coastal trade. That recommendation was made by a Committee presided over by CAPTAIN E. J. HEADLAM and possessing for one of its members so distinguished a personage as SIR JOHN BILES who had been specially deputed to Japan to study the conditions there. These two honest men did the right thing which was too much for the Government and SIR CHARLES INNES, who, siding with SIR ARTHUR FROMM, would resist meeting even such a pressing national necessity for India as a national mercantile marine. In fact, SIR CHARLES INNES sardonically stated: "If that is the argument, (India's national importance) then we have to count the cost and we have to balance considerations of national sentiment on the one hand and economic considerations and interests on the other". We have already shown that national sentiment and "economic considerations and interests" in no way conflict with each other in this matter. They alike point to the urgency of the establishment of a national mercantile marine; and the sooner the Government of India adopt a more sympathetic policy towards this subject, the better will India's economic interests be served.

13-2-98.

### "THE INDIAN DAILY MAIL" (BOMBAY.)

#### (1) Reservation of Coastal Trade.

In explaining the attitude of the Government of India on the Bill introduced by Mr. Sarabhai N. Haji for the reservation of the coastal trade of India to Indian vessels, Sir George Rainy stated that the Government did not propose to oppose the motion. He agreed that it was an important matter and it was his opinion that the

circulation of the Bill for opinion would do no harm. The public are apparently expected to express their sense of gratitude for this small mercy. But his way of referring to the recommendations of the Mercantile Marine Committee is scarcely fair either to that body or to himself as the spokesman of the Government of India. Charged with the duty of examining what measures can be usefully taken for the development of an Indian Mercantile Marine and having given due weight to the representations made to them, the Committee observed: "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" and proceeded to outline their scheme by which the coastal trade of India should be gradually reserved to Indian shipping. Mr. Haji's Bill is closely modelled on the Committee's recommendations. The report of the Mercantile Marine Committee has been before the Government these four years and more but they have not been anxious to make even the smallest move in the matter beyond the meagre provision made in the training ship *Dufferin*. As a patriotic Indian, Mr. Haji introduces a Bill incorporating the very modest recommendations of the Committee but the Government decides that it should be circulated for opinion. The Bill, as introduced, can be said to have the unanimous support of the country because during these four years and more when the Government have been sitting tight over their own Committee's recommendations in this behalf, they have unequivocally expressed themselves in favour of the recommendations. It is not true to say, as Sir George seems to have implied, that the Com-



mittee just casually mentioned the reservation of the coastal trade to Indian bottoms. They have specifically made the recommendation and to that end have suggested that action should be taken to repeal the Indian Coasting Trade Act V of 1850 subject to certain exceptions.

Not only this. Sir George Rainy would apparently have us believe that the Mercantile Marine Committee did not consider in detail whether under the present circumstances it would be possible for India to reserve the coasting trade to her own vessels. He cleverly tacks it on to a small difficulty given expression to by the Committee, namely, whether the reservation would be beneficial to India at the moment on account of the absence of sufficiently qualified Indian seamen and managers of shipping concerns. Their meaning is clear. They say: "In any case it seems unfair to pronounce any adverse judgment as to the ability of Indians to run shipping concerns 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"; and it is in this connection that they deplored the absence of data. Their recommendations clearly indicate that they considered it possible to reserve the coastal trade to Indian bottoms and they had carefully drawn up a scheme of licensing towards that end. To use the reference about the absence of data to throw doubt on the value of the reservation suggested by them, is thus a piece of clever sophistry. To wait for the data before reserving the coastal trade of the country to its own shipping, would

be very much like waiting to get into water until one has learnt to swim. The other objections which Sir George put forward appear to be just as puerile as the sophistry he has chosen to indulge in. The definition of the term "coastal trade" is a matter which can be adjusted to meet the existence of ports like Pondicherry on the Indian seaboard if indeed there is any difficulty that way in the draft Bill. And it is not for Sir George to suggest implications of racial discrimination in the Bill.

No less strange is the argument of Sir Walter Wilson. To him the reservation would only signify the transfer of the vested interests from one set to another. He paid an implied tribute to the present set of vested interests by saying that they had done much to build up the coastal trade in the past. We have no desire to belittle their services but would take leave to point out that the major ports have been their almost whole concern while the minor ports have been steadily going into disuse. If within recent years some of the minor ports have been showing signs of life it is certainly due to the few Indian companies that have been attempting to develop their trade by touching regularly at those ports. Sir Walter's plea for equality of opportunities can be appreciated but for the way in which the foreign steamship companies have been steadily attempting by their rate-wars and other means to kill indigenous shipping enterprise. During the enquiry by the Mercantile Marine Committee some of them even refused to take in Indian apprentices on board their boats. It is only within very recent times that they have agreed to take a certain number of the *Dufferin*

cadets after their period of training. Mr. Haji's Bill is extremely modest in its outlook and there is absolutely no doubt that its circulation for opinion will be the occasion for a restatement of the unanimous opinion of educated India as to its utility and urgency.

29-3-1928.

### (2) French Merchant Shipping.

The Paris correspondent of the *Economist* gives in its current number a very concise account of the history of the French Merchant Shipping fleet, which will be read with considerable interest here. The fleet which immediately after the Peace Conference stood fourth in order after Great Britain, the United States and Japan has now been surpassed in tonnage by Italy and practically equalled by Germany. There is a fear that she may soon drop back to her seventh place, which she occupied prior to the war. The question of her shipping fleet is, therefore, naturally being closely considered at the present moment. That Italy and Germany are going ahead with their programme of ship construction to add to their merchant marine need occasion no surprise though we are being repeatedly told that the world's available tonnage is much in excess of requirements and that in consequence there is serious competition between shippers of different nationalities tending to bring down freight rates to a point lower than the economic level. The different countries which are adding to their national shipping are finding it hard to transport their manufactures to foreign markets in the absence of their own bottoms because of the shipping conference and similar handicaps. The bulk of the world's mercantile shipping being directly or indirectly

under the control of the British shipping interest, they exercise very great influence on the question of cheap transport. In connection with the Trade Mission that is just now studying the African markets for Indian textile goods, the correspondent who gave an account of its activities in the *Kenya Daily Mail* pointed out that freight rates from Liverpool to the Persian Gulf stood at 25 sh. per ton while the rates from India to the Gulf was as high as Rs. 35 per ton. We quote this just as an example to show that the powerful and organised shipping industry of Britain is able to effectively check the commerce of other countries by their sustained efforts. This is one of the main reasons why Italy and Germany are busy with their programmes for making substantial additions to their merchant marine. One other reason why they are intent on this question is that at fairly short notice these ships can be converted into war vessels of a sort. The day of universal peace is yet far off in spite of the efforts that are being put forth by America towards it. And the existence of a merchant marine also demands and is put forth as a justification for a corresponding addition to the strength of a nation's navy.

The French shipyards have been, we are told, busy with the construction of tank steamers for oil. The world total for vessels of this kind under construction on September 30th last was 775,632 tons as against 725,426 tons on June 30th last, and 251,993 on September 30th 1926. The world's tonnage under this head has tripled during twelve months. In this class France stands only second to Great Britain so far as the tonnage on the builders' slips during 1926

is concerned. The figures for the different countries are as follows :— Great Britain, 404,592 tons ; France 82,370 tons ; Sweden, 61,000 tons ; Holland 3,900 tons ; Germany 27,500 tons. The high ratio of French tankers under construction at present is stated to be largely due to the fact that American oil importing firms have placed orders for them to be built under an agreement either in French or American shipyards. The object of this remarkable addition to France's tanker tonnage is obviously a sort of preparation for possible wars in the future in which oil will play not an unimportant part. In the matter of motor propelled ships again, French shipyards are busy. The article in the *Economist* shows what part the French Government is playing in subsidising her shipping industry. Before the war, it allocated 35,000,000 gold francs a year for the bestowal of premiums for construction and other purposes. Though these premia have not been paid for some years now, it is plain that by way of mail carrying contracts and state guarantees and subsidies designed to meet part of the cost of running the lines the Government is materially helping its national shipping. An agreement between the Government and the Credit Foncier, the leading French mortgage bank has been signed in January last under which the latter has undertaken to advance 1,000,000,000 (£8,000,000) to ship-owners during the next five years by equal annual instalments for the purpose of financing construction.

Now all this activity abroad has its lesson for India. We have been badly handicapped in our seaborne trade by the absence of a national merchant marine. The public have been long demanding that something should

be done to help our foreign trade. But vested interests have always consistently opposed the idea. Even the reservation of our coastal trade at least to Indian bottoms is likewise taken objection to for reasons that will not stand a minute's scrutiny. Mr. Haji's Bill on the subject in the Assembly has been before the public for some time now and has so far received complete popular support. While every other country is doing its very best to promote, of its own accord, its shipping and ship-building industry, the Government of India has not thought it fit to do anything in the matter except in response to persistent agitation. What it has done so far is almost negligible. Mr. Haji's Bill does not ask for the moon, it is pitched in a very humble key. It is to be hoped that the Government would for once put themselves in the position of the Indian and help to pass the measure which will mark the beginning of a real Indian shipping industry and give an impetus to Indian coastal trade.

24-5-28.

### (3) The Lead of a Port Trust.

The attitude of the Tuticorin Port Trust in connection with the Bill that is now before the Assembly for the reservation of the coastal trade of this country to indigenous bottoms and the way in which it has set about to discredit the modest demand put forward on behalf of India, is symptomatic of the opposition that vested interests are certain to put forth against the measure. Mr. Haji, the mover of the Bill, has, therefore, done well in drawing prompt attention to the matter, by the press interview which we published in our columns a couple of days ago. The resolution adopted by the

Tuticorin Port Trust at their meeting held last month is as follows: "Resolved that the Trust is of opinion that the Bill provides for a revolution in economic principles, which if applied generally, would destroy the whole basis of international competition and create a monopoly which would ultimately ruin the trade of the country and that, therefore, the Trust is emphatically opposed to the provisions of the Bill." It is not a little surprising that among the several members of the Assembly, representing the foreign shipping and other interests, there was none with this clear-cut perception of the 'revolution in economic principles' which the Trustees of the port of Tuticorin have been able to buttress their resolution with. The creation of the new monopoly, which to the Trustees appears as a danger of great magnitude brings to light the smart manner in which they have sensed it. Sir Walter Wilson, talking in the Assembly, at the time of the introduction of the Bill was reported to have observed that the reservation signified to him only the transfer of vested interests from one set to another. So that under existing circumstances there is a monopoly enjoyed by one set of people and every one in this country knows who those people are. If the Tuticorin Trustees look upon monopolies with that aversion which they exhibit in their recent resolution, they necessarily condemn the present monopoly enjoyed by the foreigner in connection with India's sea-borne trade. It is only natural to conclude that they are at one with all of us in trying to break that monopoly. Mr. Haji's Bill is in effect an attempt at breaking that monopoly but the Trustees would not have anything to do with it. On the other

hand, they have stated that they are emphatically opposed to the provisions of the Bill.

It is not very difficult to explain how it came about that such a resolution was passed at the meeting. The Chairman of the Trust is a civilian. Mr. Griggs, another European, moved the resolution which was seconded by a third European, Mr. Osborne. The Indian members of the Trust are as usual in a minority and under no circumstances can have prevailed upon their European colleagues to vote on their side in any measure that threatened their vested interests. According to Mr. Haji, "Mr. Fernandes—probably the only Indian present at the meeting—was in favour of the Bill." The resolution which is thus said to represent the considered opinion of the Trustees, is the opinion of the European members that are in a majority on the Board. It will be interesting to know what exactly the framers of the resolution mean when they talk of 'a revolution in economic principles.' The scheme of licensing ships engaged in the coastal trade of the country proposed by the Mercantile Marine Committee allows the fullest freedom for existing foreign concerns under certain conditions to take part in the coastal trade of India. These conditions are calculated to give an impetus to the growth of a purely Indian Merchant Marine. The international competition which the economic wiseacres of Tuticorin have put up as a bogey is neither more nor less than the interests of a number of purely British companies which are monopolising the Indian trade, coastal and otherwise. The right to reserve the coastal shipping of our country to our own bottoms and to regulate it in the interests of our



nationals does not require to be elaborated. International law has recognised such a right in the case of various countries. It further recognises the right of countries to prevent, by legislation and otherwise, foreigners from fishing within their territorial limits. On the question of monopoly again, it is plain that the object of the Bill is to break the existing monopoly and leave it open so that more Indian capital can flow into our shipping industry. The foreign steamship lines who have fattened on the Indian trade so long have no reason to grumble that we claim to regulate our coastal trade in our own interests primarily.

The Mercantile Marine Committee's report has been all these years ornamenting the shelves of the Government of India. And when a private Bill is introduced, based on the modest recommendation of that Committee, opposition to the bill is sought to be engineered from a dilapidated little port in the south whose Trustees, ably supported by their civilian Chairman are setting themselves up as nestors of international economic wisdom. As Mr. Haji points out, the opposition from this quarter is a warning to public men and public bodies in this country. Opponents of the Bill in the Assembly have not been able to point to one sound reason against the measure. Their objections have been confined to details and to wrong interpretations of the recommendations of the Mercantile Marine Committee. Sir George Rainy's statement that the Government do not propose to oppose the measure seems to have upset the calculations of the opponents of the Bill and they have now set about manufacturing opinions from public bodies in connection with it. It

can be safely anticipated that a number of other similar bodies would adopt almost identical resolutions. But that popular opinion in the country is in support of the Bill admits of no doubt. It wants the Coastal Reservation Bill to be passed into law, and that likewise its sister Bill, that to do away with Deferred Rebates, which is being used as a powerful lever against Indian concerns, should be placed on the statute book without undue delay.

2-6-28.

#### (4) Reservation of Coastal Traffic.

The Bill for the reservation of Indian coastal trade to vessels owned and controlled by Indians, which was introduced by Mr. S. N. Haji, during the last session of the Legislative Assembly, will again come up for consideration at the ensuing session. The proposal has received the united support of all Indian Chambers of Commerce, other public bodies and distinguished Indian leaders of every school. In an equal degree it has evoked the strongest opposition from European commercial bodies, Port Trusts and other vested interests. In addition to this European opposition we witness in this country a spectacle, which cannot be seen in any country with a national Government, *viz.*, the Government of India, ranging themselves on the side of the oppositionists. Mr. Haji, therefore, has to fight against immense odds in getting his Bill through the legislature, but his one consolation will be that he has the unstinted support of the entire country with him. Only the other day, speaking at the party given in his honour by the Burma Indian Chamber of Commerce, the Hon. Mr. V. J. Patel exhorted the merchants of that province to

see that their enormous rice trade, valued at several crores, is confined to Indian bottoms. He appealed to them not to yield to any temptations by way of concessions shown by foreign shipping companies. The main provisions of the Bill and the several objections raised to them must by now be familiar to the public especially as we have been publishing during the last few months the opinions of the various commercial and public bodies on the Bill. There is, therefore, no need to refer to them here. Suffice it to say that the attempt to save to the country an annual drain of about ten crores and to revive an industry in which India led the world in the past deserve the widest support.

The greatest opposition to the Bill comes, as may be expected, from Government. Speaking in the March session of the Legislative Assembly on Sir Sivaswami Iyer's resolution to implement the Indian Mercantile Marine Committee's report, Sir Charles Innes made observations which, besides being entirely irrelevant to the debate, betrayed his anxiety for British shipping companies. Sir Charles characterised the reservation of coastal trade to Indian owned vessels as an act of "expropriation," a term which has absolutely no significance in that context. A perusal of Mr. Haji's Bill will show that he has chalked out a cautious programme of gradual reservation of the coastal trade which will take place in stages in a few years. Almost every country in the world, not excluding the Dominions of the British Empire, built up their mercantile marine by the reservation of their coastal trade to their own vessels. It is, therefore, unreasonable to oppose the Indian demand for a like measure. Sir P. S. Sivaswami Iyer,

in a recent press interview on the subject, referred to one objection to the Bill, *viz.*, that, when the foreign shipping is driven out by the proposed measure, Indian capital may not flow insufficiently to build Indian vessels so as to fill up the gap, thus proving a great hindrance to Indian commerce. This is not a serious difficulty and it may be met by, if necessary, lengthening the period during which the reservation could be completed. This point can be given full consideration in the Select Committee to which, it is hoped, the Bill will be referred in the forthcoming session. Government will do well not to throw any obstacles in the way of a Bill which embodies a national demand. Mr. Haji, the sponsor of the Bill, must have certainly considered all aspects of the question, being himself the manager of the premier Indian shipping company. In this connection, we may mention that the public is aware that two of the directors of that company, Messrs Walchand Hirachand and H. P. Mody, recently left for England in connection with some affairs concerning it and the managing director, Mr. Narottam Morarji, who went to Europe as a delegate to the International Labour Conference, is still staying there. It would have been better, if they had taken the public into their confidence as to the purpose of their visit to England. As it is, the latter are left to guess that it is in order to conduct negotiations with a rival British company. It is hoped that their mission would be successful, but we make reference to it here, just to express the hope that the success of their negotiations will not lean to the dropping of Mr. Haji's Bill in any way. The Bill is meant for promoting the entire shipping industry of

India and other Indian companies, which are now existing or which may come into existence in future, and require protection to an equal extent.

9-8-28.

## **“THE INDIAN FINANCE” (CALCUTTA.)**

### **(I) Coastal Reservation.**

Mr. S. N. Haji's Bill for coastal reservation is now the subject of an acute controversy in the commercial and industrial world of Calcutta. The Indian commercial bodies and the Indian press welcome the measure and support it whole-heartedly while the Bengal Chamber of Commerce as well as the European majority on the local Port Trust are opposing it and suggest several difficulties and objections against its passage. This division of opinion on racial lines may be regrettable but it is inevitable in the present political conditions of the country which makes impossible any dispassionate and scientific consideration of economic issues. With all the desire in the world to avoid any political bias in considering this question, we cannot overlook the fact that the political argument for the establishment of a national marine is overwhelming in itself. As the special articles we have published in our previous numbers sought to emphasise, the question of a national mercantile marine is intimately bound up with the wider and more fundamental issue of national defence. A mercantile marine can serve as a feeder to a real Indian Navy and as a second line of defence in times of emergency. But even apart, altogether from this political argument, coastal reservation is likely to have economic reactions on the development of Indian

trade and industry and on the economic well-being and strength of the country which are incalculable. As in the case of railways, so in that of coastal shipping, there is the same complaint about discriminate and unfair rates of freight hampering the transmission of Indian goods in comparison with foreign goods and offsetting in many instances the possible benefit to be derived from protective tariff to an indigenous product or manufacture. We do not suggest that all these complaints are reasonable or well-founded, but we do feel, that without a national merchant marine it is not possible to have a comprehensive and well-considered policy of rate-making devised in the national interest. It is undeniable that in many instances coastal rates are higher than rates to and from foreign ports. It is equally impossible to deny that this result is mainly, if not solely, due to shipping on the Indian coast having been a virtual monopoly. Surely no self-governing nation would have permitted its coast to be monopolised by foreign shipping and seen almost all national enterprises being wiped out by foreign interests. One thing, therefore, is clear. Reservation of the coast to national shipping far from creating a monopoly is likely, on the contrary, to diminish the present conditions of monopoly and re-introduce some elements of free competition.

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As our contributor of the special articles has already dealt with the principal aspects of the measure and the main lines of argument in favour or against it, we shall only dwell on one or two points involved in the question. The seasonal character of coastal trade

is repeatedly cited to show that coastal reservation will lead to considerable tonnage being laid up in slack seasons. This argument was adequately dealt with in the speech of Mr. Narottam Morarjee at the annual general meeting of the Scindia Steam Navigation Company in 1926. That was, however, in relation to the entire coastal shipments of India and with reference to years 1924 and 1925. But it is interesting to examine the figures of coastal shipments from Calcutta for the last two years. In 1926 the total shipments from Calcutta to Indian and Ceylon coast ports excluding coal but including coastal cargo carried by foreign lines calling at coastal ports was approximately 120,152 tons. The average monthly shipment would, therefore, come to about 10,000 tons. But on examination of the figures for each of the months we find that while shipments during what are usually called busy months fall below this average, shipments during the so-called slack months exceed in many cases this average monthly shipment. Precisely similar is the case of shipments during 1927 which totalled nearly 120,956 tons. Thus not only is the variation between busy and slack months slight, but in so far as the port of Calcutta is concerned, it is difficult, in fact, to determine precisely what are the busy and the slack seasons.

Only one other misapprehension remains to be cleared up. Mr. Nalini Ranjan Sarker, in his well-thought-out note in reply to the memorandum of the Chairman of the Port Commissioners, observed that as the average requirements of the Indian Coastal trade demand about 100 vessels of 6,000 tons dead-weight capacity and as this would necessitate a capital outlay of

Rs. 16½ crores, a programme of ten years would be more suitable since it would require new capital of only 1.65 crores per year. Frankly, we attach more importance to the principle of reservation for national shipping than to the period of transition. Whether it should be five years as Mr. Haji wants or 10 years as Mr. Nalini Ranjan Sarker contends or 25 years as the Indian Mercantile Marine Committee recommended, the vital point is to get the Government committed to the principle of reservation. But, there is one consideration qualifying Mr. Sarker's argument for a programme of 10 years which we must point out. Mr. Haji, in his *Economics of Shipping*, calculated the total cost of new Indian-owned vessels as Rs. 16½ crores but he pointed out that this cost will be substantially reduced if cargo tonnage not more than five years old is purchased to meet the coastal requirements of the country. The cost of Rs. 16½ is based on the assumption that all the vessels are brand new. But the present cost of ships in coastal trade including passenger steamers cannot possibly exceed 8 to 10 crores. This amount can, on Mr. Sarker's own showing, be raised in five years. It must be emphasised that no country's merchant marine consists either of brand new ships or of ships five or ten years old. This will be evident from the fact that of the steam and motor vessels in England, only 29.3 per cent. of the total tonnage over 8,000 gross tons and above is under 5 years while the balance 70.7 per cent. is over 5 years. Similarly, of the world's tonnage of 8,000 tons gross and above, only 35.2 per cent. is under five years while the remaining 64.8 per cent. is over five years. It is clearly wrong, therefore, to insist on the whole merchant fleet of India being entirely new when,



in fact, only a small percentage of the world's tonnage is under five years and the argument against five years' programme based on such a promise is not valid. Ships of Indian Mercantile Marine like other merchant ships will vary in age from one to twenty-five years and the cost of the merchant marine will, therefore, be less than what Mr. Sarker contemplates. Under these circumstances, Mr. Haji's clause of five years does not appear as impracticable as many people want at first sight to imagine.

30-6-23.

## (2) More About Shipping Bill.

If proof were needed to demonstrate that our friends in the western capital are adepts in propaganda we may invite attention to the manner in which Mr. S. N. Haji's Bill on Reservation of Coastal Traffic has been copiously commented on by the public bodies and the public Press. Doubtless there is a sharp conflict of opinion; and it is significant that the cleavage is more markedly "Indian versus European" than on any other economic issue. We have given a fairly exhaustive analysis of the different aspects of the problem in earlier issues of the "Indian Finance" and we have no hesitation in according our support to the principles of the Bill. At the same time we have examined the arguments of the critics and endeavoured to refute them. The Memorandum submitted by the Bengal National Chamber of Commerce, whose Honorary Secretary has large and intimate experience of Coastal Shipping in India, is of great significance as a suitable answer to the criticism which the Bill has encountered both as to its general principles and particular provisions.

It has been contended by Sir George Rainy that by including the French and Portuguese ports in the Indian Coast line the proposed measure would involve a breach of the International Convention of Maritime Ports to which India is a signatory and that in the alternative their exclusion from the Act would lead to a diversion of Trade to such foreign ports. The Bengal National Chamber declare that they refuse to impale themselves on either horn of the dilemma. In the first place the maritime ports' convention does not apply to the question tackled by the Bill. Even if it be otherwise, the French and the Portuguese have no rival interests to be affected by the passage of the Bill. They have themselves reserved their coastal trade for their own vessels and it should not be difficult for the Government on the above grounds to come to a working arrangement with them. If, however, they prove to be recalcitrant, it is open to the Government of India to retaliate with a land customs cordon raised round their possessions in British India. Even if we are obliged to drop the French and the Portuguese Ports out of the scope of the Bill, the diversion of trade is only an imaginary danger as there is no reason to apprehend that reservation would lead to monopoly and such rise in freights as to make it more than profitable to send goods through these ports.

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As for the contention that there might be a possibility of shortage of shipping and rise in freights, it is pointed out that there is nothing in the Bill to blunt the keenness of the competition among the vessels existing at every given period. The existing foreign

vessels are disqualified only by slow degrees and the condition of security which the Bill ensures are sufficient to attract the required amount of tonnage into the trade. This change will be easily worked out as the shipping industry, alone of modern industries, affords, scope for the application of comparatively small capital. Companies with only one or two vessels can be expected to be formed in large numbers, alongside big Corporations which might provide tens of ships at the very start. It is also open to Indian companies to charter foreign ships which, judging by the figures of shipping and tonnage during recent years, appear to be available on easy terms. The Chamber, therefore, conclude that "far from active as a restrictive measure the Bill would bring about conditions under which the freights would be fixed by competition rather than be subjected as they are, to the vagaries of monopolistic rings and combines."

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Mr. S. N. Haji, M.L.A., writes :—"In your first article reference is made to the Annual Freight Bill in the Indian Coastal Trade being about three crores of rupees. As this figure is almost 1/4th and certainly little less than 1/3rd of the figure arrived at by scientific calculations, I shall thank you to see your way to rectify the error that has evidently crept in through an oversight. It is because the annual gross earnings of Coastal shipping amount to more than 10 crores that a very strong case is made out for its Indianisation, but if the figure is reduced to three crores as stated in your article my conviction is that the strength of the case is reduced proportionately."

### (3) The British Chamber on Coastal Reservation.

It is clear that the foreign interests affected by the reservation of coastal traffic for Indian shipping are busy mobilising opinion against Mr. Haji's Bill. Our readers are already familiar with the arguments that have been advanced by the European Chambers of Commerce and other bodies against the principle embodied in that measure. Our own Commerce Members, Sir Charles Innes and Sir George Rainy, far from lending additional support to Indian aspirations in this line, have allowed themselves to become the mouthpiece of the British interests. The latest is the annual report of the Chamber of Shipping of the United Kingdom which, as may be expected, pronounces itself strongly against the new proposal. "The formation of a purely Indian Federation of Chambers of Commerce would in itself be welcomed by British ship-owners if thereby co-operation with Indian elements in the economic life of the country could be promoted. It is, therefore, unfortunate that the new organisation should have included in its programme the reservation of the coastal traffic which has had disastrous results in Australia, and the abolition of the Rebate system which has been declared by an impartial and Imperial inquiry, on which India was represented, to be necessary in the interests of Indian merchants, especially of the smaller firms."

It is urged that Australia's coastal restrictions are foreign to the spirit of the Empire and damaging to Australian interests. Those who are acquainted with the recent economist history of the British Empire will not regard anything so characteristic of recent developments as the anxiety of each of the Dominions to con-

serve its economic resources for its own inhabitants. It is significant that though the annual report speaks of the growing volume of opinion against coastal restrictions, nothing definite can be said to have been done towards the repeal of such measures. The memorandum submitted by the Indian Merchants' Chamber of Bombay to the Provincial Government on this subject is remarkable for the thoroughness with which it has answered all the objections, valid and frivolous, against the enactment of Mr. Haji's Bill. The case of Australia, however, has come in for special treatment. "To understand the Australian position properly, it is necessary to remember that there are two aspects of the Australian shipping policy: (1) referring to Coastal tonnage, and (2) Overseas tonnage. In 1921 effect was given to an earlier Act, which by the special character of its clauses was intended to practically reserve the coastal trade of Australia to Australian ships. Simultaneously with this means of developing national shipping was adopted a policy of State ownership of ships in order to facilitate participation of Australian ships in the overseas trade of the country. The latter half of the scheme may be said to have been definitely abandoned after the recent sale of the Australian Government ships, but so far as the coastal Navigation Law is concerned, with which we are at the moment concerned, it still continues on the Australian Statute Book and there is nothing to show that it is to be scrapped or even to be modified to any remarkable degree."

The memorandum then proceeds to examine whether the Australian system has failed. "In order to get

an answer to this question we cannot follow a better guide than the Report of the Australian Commission on Navigation. The Report is signed by all the seven Commissioners. Two of them are definitely hostile to the continuance of the coastal provisions. As against these two, three of the Commissioners recommend that whatever may have happened, the coastal clauses of the Act should be retained. This finding is supported by the remaining two Commissioners who opine that the provisions of the Navigation Act should be retained with modifications. Thus, 5 out of 7 Commissioners are in favour of the policy of Reservation, the slight difference in opinion between them merely referring to certain modifications of the coastal clauses."

Sir Charles Innes went farther than the non-official opponents and quoted the cases of Chile, Algeria, and one or two other countries; and the memorandum of the Indian Merchants' Chamber has effectively answered these contentions.

The annual report of the Chamber of Shipping of the United Kingdom assumes a wider perspective and makes pointed reference to the fact that tariffs and trade barriers are generally responsible for the diminution in the world's freight and the consequent depression in the shipping trade. In regard to the retention of tariffs and trade barriers, we have expressed the opinion that free trade, like Disarmament, will enjoy innumerable votaries offering no more than mere lip service. There is much progress to be achieved in the industrial life of many countries before free trade can be the

unmixed blessing that the nations of the West would have us believe it is. But the Chamber, in our opinion, on more uncertain ground when it says that the reservation of coastal traffic to national shipping in each country is, so far as international trade is concerned, on a par with high tariffs. We find it hard to shirk to the conclusion that in pronouncing itself so strongly against Mr. Haji's measure, the Chamber is putting the interests of British shipping above the dictates of justice and Indian national well-being.

28-7-28.

**"THE INDIAN NATIONAL HERALD" (BOMBAY).**

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**(1) Justice for Indian Shipping.**

Thanks to the legal bump in the editorial head, the "Statesman" has averred that Mr. Haji's Coastal Traffic Reservation Bill is "*ultra vires*" the Indian Legislature. It is true that "Jimmy says so and he must be right" but there is a slight hitch. Law Officers of the Crown in England are not equally ready as the Government of India to abdicate their judgment in face of the superior faculty of the Calcutta Oracle. They have definitely ruled that this Bill does not contravene the relative Section of the British Merchant Shipping Act and therefore is not "*ultra vires*" the Indian Legislature." Since, as it happens, they are the highest legal authorities in the Empire we fancy we might allow their opinion to prevail though it differs from the interpretation of the law by, say, such an eminent personage as Sir Arthur Froom, who, in his dissenting note to the Mercantile Marine Committee's Report, took a contrary view.

It does not quite suit the cards of the vested interests that this should be so, but "if wishes were horses beggars would ride".

On the point of law as well as on the grounds of rational argument the present monopolists have no substantial case against the proposed reservation. So they have been smitten with generosity. We have been told that the coastal trade holds no attractions from the point of view of flourishing business and that it would be madness for Indian capital to be sunk in it. Undoubtedly British shipping interests continue to hug the treacherous coasts because of their well-known benevolence which impels them to stand between Indian investment and disaster! The naked truth of the matter is that they have so long pocketed other people's profits and it now terrifies them to contemplate the prospect of an end to that pleasant occupation. Here they have come out with all sorts of fantastic contentions and their sponsor, Sir Charles Innes, made an announcement in the Legislative Assembly of imminent catastrophe. When they utter a soulful prayer to leave intact the sanctity of established business, it takes little to trace the springs of their fine moral enthusiasm. Until now there was not even a nodding acquaintance between them and morality. Without compunction they wiped out Indian competition by disreputable means. It is they who now appear before us in the cloak of rectitude. And the Government and the Anglo-Indian press applaud their high purpose! India has suffered enough. She cannot any more afford to tolerate the cut-throat tactic of exploiters.



We would like to know whether the Government of India is going to stand by justice to this country or continue to be the bond-slave of vested interests. The present Commerce Member, Sir George Rainy, seems to be less of a henchman of established business than was his predecessor who invented false reasons for his attitude. Dispassionate judges, like Captain Sir E. J. Headlam and Sir John Biles, have recommended reservation. If in these circumstances the Government throws its strength on the side of the opposition to the measure it will be betraying its trust and surrendering its honour. In that event serious consequences must ensure for which the Government will be solely responsible. There is not a soul in India but has accorded his heartiest support to the proposal of reservation. The baseless fears conjured up of a new monopoly displacing the old one have been dispelled by Indian business organisations all over the country, which have said that if many Indian shipping companies do not come into the present competition it is because they are frightened by the placard on the coasts, "Abandon all hope, who enter here!" If the coasts are freed from the talons of alien monopolists there is not the slightest doubt that a healthy rivalry between Indian companies will be developed. The duty devolves on the Government to respect the findings of the Mercantile Marine Committee appointed by itself and so to help Mr. Haji's Bill to reach the Statute Book.

**“THE JAM-E-JAMSHED” (BOMBAY.)****(1) Coastal Traffic Reservation.**

The hostile attitude of the Government of India towards many of India's economic problems has from time to time evoked not unjust criticism of their policy at the hands of the several Indian Chambers of Commerce. The subject of the reservation of coastal traffic has long been discussed by the public threadbare but still the Government of India do not see their way to afford to Mr. Haji's Bill, shortly to be discussed in the Assembly, their official support. It is not unnatural therefore, that the Calcutta Indian Chamber of Commerce has sent in a spirited letter of protest against the wavering policy of the Government of India, exposing the fallacy involved in the arguments of officials who for some reason or other display anxious concern to preserve the benefits of coastal traffic to Shipping Companies with predominantly British control and interest. As we said yesterday, Mr. Sarabhai himself is apprehensive that concerted and systematic propaganda is carried on against the natural and legitimate desire of India to possess a Merchant Marine of her own and to continue to keep for the foreign shipping firms the benefits arising from coastal traffic. We, therefore, consider that this subject should receive as wide a publicity as its importance warrants and that systematic agitation should be carried on till India is permitted to regulate her own coastal traffic much along the lines that not only other European countries do but also as various Dominions are permitted to.

There is no doubt that the Government would delay the progress towards a complete reservation of the coastal traffic for indigenous Shipping Companies; from time to time their official pronouncements have been far from encouraging. However, any impartial critic will be in a position to judge that the demand by the Indians for the reservation of coastal trade is not only natural and legitimate but also indispensable to the economic and industrial development of this country. As the Committee of the Calcutta Indian Chamber of Commerce put it, 'reservation of coastal trade is one of the universally recognised methods of building up a merchant marine, as evinced by the example of all important maritime countries. Hitherto, except for the establishment of a 'Training Ship,' the Government have done nothing to promote the objective of the creation of a mercantile marine. The reservation of coastal traffic to indigenous concerns will contribute a step of great importance to secure that object. As the Indian Mercantile Marine Committee have observed, the mere provision for training Indian officers and engineers alone will not be sufficient and added that "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 interest of which are predominantly Indian." One does not see why the considered opinion of a Committee constituted specially to inquire into this problem is not being acted upon. However, there are various official objections both untenable and unfounded with which the officials in the Assembly confront all those who put forward a demand for reservation of coastal

traffic. We may pass over the argument advanced by Sir Charles Innes that in India the need for a national mercantile marine is not felt as an argument which one need not condescend to refute. Amongst other arguments are that reservation of such traffic would amount to an expropriation of foreign shipping concerns, that it would amount to the introduction of a principle of 'flag discrimination,' that it would result in enhancement of freights, and that it would constitute a breach of International Agreement to which India is a signatory. All these arguments have been ably answered by the Committee of the Calcutta Indian Chamber of Commerce and from time to time have been refuted in these columns also. In the first place judging by the gradual process leading to ultimate reservation, adopted by the Bill, the Calcutta Indian Chamber rightly points out that no question of immediate expropriation arises as the foreign shipping concerns will have sufficient time to adjust themselves to the changing environments. However, we feel that even if the reservation savoured of expropriation the larger and more important end of the creation of an Indian mercantile marine would justify the means adopted to achieve the end. Regarding the argument of flag discrimination, in 1926 the third International Shipping Conference decided that this principle is not applicable to the coast-wise trade of a country. As the Indian Mercantile Marine Committee put it, 'the coastal trade of a country is regarded universally' (except perhaps in India) '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.'

We also do not think that the reservation of coastal traffic would necessarily result in the creation of monopolistic conditions or necessarily lead to enhancement of freights. It is an idle presumption, only put forth with a view to delay giving to India what rightly belongs to her. We agree with the Committee in that so far as International Agreement is concerned surely negotiations can be carried on with the French and Portuguese Governments whose few ports might be effected and in case of their refusal to come to an agreement such means as customs barrier may be devised to prevent the diversion of trade, if any such diversion results for some reason or other. It will be seen thus, that untenable arguments are advanced to create opinion against Mr. Sarabhai's Bill which will shortly come up for discussion. However, we think that public interests are too vitally affected to their being easily deceived and we trust that various other commercial bodies will send letters approving of the principles involved in Mr. Haji's Bill and urging upon the Government the advisability of taking action long overdue.

7-6-28.

## (2) Coastal Traffic Reservation.

It is satisfactory to note that public opinion is fast rallying in favour of Mr. Haji's Bill providing for the reservation of coastal traffic for Indians. The Tuticorin Chamber of Commerce has passed resolutions supporting the principle involved in the Bill and deprecating the apprehensions of the Tuticorin Port Trust, discussed by us in these columns on a prior occasion. The resolutions distinctly affirm that international law does

not stand in the way of such reservation and that the Bill 'neither creates a monopoly for any individual or corporation nor does it undermine the basis of international competition. The Chamber makes an appeal to commercial organisations to support this Bill. We think that judging by the unfavourable reception at the hands of the officials, it is the duty of every commercial body to accord their unstinted support to a measure of such far-reaching consequences. Hitherto foreign shipping companies have kept down all indigenous enterprise so far as Indian shipping is concerned. The reservation is one form of protection and encouragement to indigenous shipping and we do not see any reason why these should be denied to what would, a subsequent date, be a basic industry of India'.

16-6-28.

### **"THE JUSTICE" (MADRAS.)**

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#### **(1) Mr. Haji's Bill.**

It is almost a truism to say that the industrial and economic progress of all civilised countries in the world has been built on the foundation of a well-developed merchant marine. Even in India, in ancient days, a good deal of the prosperity and trade which our people enjoyed was due to the fact that they had vessels of their own to carry their goods across the seas to foreign countries. But with the advent of British rule, our shipping industry suffered a serious set-back due to a variety of reasons. Not only were the new rulers positively averse to according any encouragement and assistance, but, what was worse, they actively helped

the shipping interests of their own country to capture and dominate the field. Naturally the glories of India in the matter of shipping became a painful memory of the past, and a once great national industry ruined and rooted out of its foundations by the arm of political injustice. With the growth of national self-consciousness of late, however, there has arisen a wide-spread feeling that efforts should be made as speedily as possible to revive and resuscitate the industry, so that we may not have to depend for ever on foreign shipping enterprise for the carrying on of our export and import trade. It is this feeling that is at the back of the Bill introduced in the Legislative Assembly during the last session by Mr. S. N. Haji for reserving the coastal traffic of India to Indian vessels.

It is a pity that, instead of frankly recognising the legitimacy of this demand for reservation, the various European Chambers of Commerce in this country should be opposing it. These Chambers could not be unaware of the great part that a merchant marine plays in the life of a maritime nation, and it must also be within their knowledge that in all countries that have achieved industrial eminence and commercial greatness the coastal traffic has been unhesitatingly reserved for indigenous shipping as a first aid to the creation of a mercantile marine. Further, from a political point of view also, the need for an Indian mercantile marine cannot be denied by any honest person interested in the welfare and advancement of the country. For the defence of the nation a navy is as necessary as an army, and already a beginning has been made by the authorities in the direction of forming a naval

force for India ; is not a mercantile marine an essential auxiliary to the navy and the army in time of war or national emergency ? Then, again, are these European opponents of Mr. Haji's Bill unaware of the unanimous recommendation made by the Mercantile Marine Committee presided by no less a person than Captain E. J. Headlam, Director of the Royal Indian Marine, in favour of reserving the coastal trade of the country to Indian vessels in the interests of developing an efficient mercantile marine at an early date ? Surely, what countries like America, Japan, France, Holland, Germany and even England have done in respect of their coastal traffic cannot be ruinous or suicidal from the point of view of Indian interests !

We are really amused, in this connection, to note some of the queer and curious arguments advanced by these European Chambers. It is argued by them that the reservation of coastal traffic to Indian vessels involves the principle of flag discrimination, contravenes imperial laws, particularly the British Merchant Shipping Act of 1894, is likely to impair the efficiency of the shipping service, and so on and so forth. All these arguments are as puerile as they are absurd, and they are born of self-interest and self-interest alone. In fact, the real reason for the opposition is the fear of pecuniary loss. Hitherto these people have practically been enjoying a monopoly in respect of the coastal traffic—a monopoly that they have not been slow to take the maximum advantage of. If reservation is enforced, there will be others competing in the field—in other words, there will be one opportunity less for merciless exploitation of a vital interest of the nation hitherto under their iron



grip. Apart from this, there is no valid ground for resting a case against the Bill.

As regards the principle of "flag discrimination" of which so much is said, the fact that many a western nation before the war and many another after it has accepted it as its avowed object of national policy to do whatever may be necessary to develop and encourage the maintenance of such a mercantile marine as would ultimately be owned and operated by its citizens and be sufficient to carry the greater portion of its commerce and serve as a naval and military auxiliary in time of war and national emergency effectively belies the point. If the coasting trade can be, and indeed has been, closed by other countries of the world to foreign and non-national flags without any breach of international comity, how the taking of a similar step by India will amount to an act of flag discrimination passes comprehension. So also is the fear expressed of the reservation resulting in inefficiency of the service altogether baseless. This point has been discussed by the Mercantile Marine Committee itself, and this is the conclusion it has set down in its report. "In any case it seems unfair to pronounce 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."

It will be seen thus that there is no substance at all in the contentions of these interested critics of the Bill. By trotting them out they are merely giving additional proof of their innate spirit of reaction-aryism and hostility to Indian interests. We hope, in the circumstances, that the Government of India will not be misled, by the frothy effusions of these self-seeking individuals, into an attitude of opposition when the Bill comes up for discussion. Sir Charles Innes, speaking in the Assembly two years ago, admitted that "it is perfectly legitimate, perfectly natural, that the people of India should desire to have a mercantile marine of their own"; if there is any sincerity in this pronouncement of the then Commerce Member, the Government should not take the cue from the European Chambers of Commerce, but must actively co-operate with the members of the Assembly in carrying Mr. Haji's Bill on to the Statute Book. Let us wait and see what happens when the Bill is discussed in the Assembly.

6-7-28.

### "THE LEADER" (ALLAHABAD).

#### (1) American Example.

A new Bill has passed the United States' House of Representatives, the object of which is further to encourage the American mercantile marine. The Government fund to be loaned for the aid of building ships is increased by the Bill from the present £25 millions to £50 millions. If the vessels to be built are intended for coastwise trade, which is already restricted to American vessels, the loans would bear interest at  $5\frac{1}{4}$  per cent. If the loans are used to build ships

for overseas trade the interest is to be as low as the lowest yield from any Government security, that is, an average of about 3 per cent. This is how a national government helps in the building up of a mercantile marine in America. It may be mentioned that the U. S. A. law requires three-fourths of a crew to consist of Americans. In India the Government has done nothing to encourage the building of an Indian mercantile marine. The recommendation of the Mercantile Marine Committee to reserve coastal trade to Indian shipping has not been given effect to in spite of the strong public demand for its being carried out. Mr. Haji has introduced a Bill in the Assembly with the object of securing by law the reservation of coastal traffic to Indian ships and it is to be seen what attitude the Government adopt towards it.

10-6-23.

### (2) Civilian Opposition.

We drew attention yesterday to a Bill passed by the United States' House of Representatives the object of which is further to strengthen the American mercantile marine. We also stated how the Government of this country has neglected the development of an Indian mercantile marine, and mentioned that Mr. S. N. Haji has introduced a Bill in the Assembly to secure by law the reservation of coastal traffic to Indian shipping. What attitude the Government will take remains to be seen, but the Tuticorin Port Trust, at a meeting presided over by its Chairman, Mr. D. H. Boulton, I. C. S., passed a resolution expressing the opinion that the Bill 'would create a monopoly which would ultimately ruin the trade of the country' and that 'therefore the Trust is emphatically opposed to the provisions of the

Bill'. We are not at all surprised at the lead given by the Port Trust. When one bears in mind the composition of the Port Trust and the further fact that an officer of the 'Steel Frame' controlled its proceedings, one can quite understand the attitude of the Tuticorin Port Trust. Indeed, we learn from a newspaper report that the resolution was both moved and seconded by European members and that the only dissenting vote was cast by an Indian member—probably the only Indian on the Trust. Surely, the Trust would concede that Indian shipping companies or members of the Assembly or other Indian public men would not like to see the trade of the country ruined. It is sometimes alleged by the opponents of Indian aspirations that Indian politicians and other members of the educated class neglect the interests of the masses. But are these selfish people such fools that they would ruin the trade of the country? And then the principle underlying the Bill has the full support of the mercantile marine committee appointed by the Government of India and presided over by the Director of Royal Indian Marine. There is no question of creating a monopoly. The Committee recommended that the Indian coastal trade should be reserved for shipping, the ownership and controlling interests of which should be predominantly Indian and suggested that licensed ships should alone be allowed to engage in the coastal trade of India. Consequently the present Bill provides that 'no common carrier by water shall engage in the coasting trade of India unless licensed to do so, licenses being given only to such tonnage as has the controlling interest therein vested in British Indian subjects'. That a country like India

with such a big sea-board and such an enormous sea-borne and freight bill should have no merchant marine of its own, shows how India's interests are safe in the hands of the 'trustees.'

11-6-28.

### **"THE MUSLIM OUTLOOK" (LAHORE).**

#### **(1) India's Coastal Trade.**

Mr. S. N. Haji's Bill for the reservation of coastal traffic is to come up before the Legislative Assembly at Simla next month, when he will move for its reference to a Select Committee. The Bill which was circulated towards the close of the winter session has evoked a considerable volume of opinion, both for and against it. Replying to a criticism of the Bill by "Ditcher" in a recent issue of "Capital," Mr. Haji points out that the Bill is a business proposition to the Indian nation, the Indian consumer and the Indian ship-owner,—not to mention Indian youth to whom it throws open more avenues of employment. The Bill to that extent, involves a loss of vested British interests. [In the discussion of the Bill, the main question that calls for an answer is : Is the Indian legislature entitled to take statutory action calculated to benefit the Indian people in selected departments of maritime activity? The answer is in the affirmative. The Indian Legislature is entitled to take statutory action warranted by international law and usage. Further, the action is defensible on grounds of equity and justice as it only seeks to restore to India what is legitimately her own.]

10-8-28.

**"NEW INDIA" (MADRAS).**

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**(1) Indian Trade for Indian Ships.**

There would be nothing unnatural or strange in a country demanding that its trade should be reserved for its own shipping. Every nation with a mercantile marine of its own has paid special attention to the shipping industry, which is the backbone of both foreign trade and naval development. Mr. Haji's Bill proposes to leave ocean-borne trade out of account, but confines itself to the coastal trade of the country, which is only a small proportion of the total volume. And even this modest demand has proved too much for the mental equilibrium of the Bengal Chamber of Commerce which declares, in a vehement protest, published to-day, that it can never reconcile itself to such an outrageous measure.

13-6-28.

**(2) Mr. Haji's Bill.**

Mr. Nalini Ranjan Sarker, who is a member of the Calcutta Port Trust, has given a crushing reply to the criticisms of the Bill by the European Port Commissioners. He has shown that there is no ground for the fear that if the coastal traffic is reserved for Indian vessels, there would be a shortage of shipping, or lack of competition, engendering rise of freights, or waste of foreign tonnage. One cannot help feeling that such objections are manufactured purely with the motive of assuring to the vested interests concerned the continued enjoyment of their present preserves. All sorts of imaginary bogeys were pro-

claimed to lie in wait for the introduction of the policy of protective tariffs and of State management of Railways; yet when the step was taken, they failed to troop in. The system of rupee tenders in the purchase of stores, which Indian opinion has insisted on, is another instance of the way being beset with obstructions and difficulties because of the absence of the will. Mr. Haji has made a generous provision of five years for the necessary adaptation to the new conditions; hence no sudden catastrophe of an irretrievable nature can follow the enactment of his Bill.

20-6-23.

### (3) The Coastal Traffic Bill.

It is obvious that commercial opinion with regard to this Bill is dividing itself on racial lines. The Indian Chambers of Commerce are as strongly for the reservation of the coastal traffic for Indian vessels as the European merchants are against. We have no doubt, whatever, considering the arguments so far adduced, that the Assembly will pass the Bill by a very large majority. If the Government persists in its opposition to the proposed reform, the motive underlying that attitude can only be the desire to protect the foreign interests that now have the monopoly of the coastal trade. The Bill is fully in accordance with the policy of protecting Indian enterprise which it has formally adopted. Its determination to create an "Indian" Navy is an additional reason for taking steps to foster the growth of a national marine.

21-6-23.

#### (4) Reservation of Coastal Traffic.

Since Mr. S. N. Haji introduced in the Legislative Assembly, at its last session, his Bill for the reservation of coastal traffic for Indian vessels, a vigorous controversy has raged on the subject. His proposal has been severely criticised by British shipping interests. But they have found no argument other than those trotted out by Sir Charles Innes when he was Member for Commerce in the Government of India. Every one of these contentions has been satisfactorily met by Mr. Haji himself and Indian business organisations. Still we hear the same old cry. It is, therefore, obvious that the elements hostile to Mr. Haji's Bill have nothing particularly convincing to offer; they merely repeat what they once said, with an almost pathetic faith in the virtue of reiteration.

The British monopoly, which prevails now in the Indian coastal trade, was achieved by unfair means. Indian competition was killed, as Mr. Haji well points out, "by means of rate wars, deferred rebates and other devices so well-known to monopolists." This country has, as a result, "lost large amounts of Indian capital calculated to be adequate enough for purchasing all ships necessary in the coasting trade of India." In bringing about this state of affairs, British shipping interests have derived help from the Government and the Railways. Thus has Indian business been removed from trading on coasts which are universally held to be the "domestic preserve" of a country. Such an anomaly cannot interminably exist. Towards its removal the Mercantile Marine Committee recommended the eventual reservation of the coasts to Indian vessels.



For this impertinence the Report was consigned to the scrap-heap by the Government. And the Government, not satisfied with this affront to the Committee and injustice to the country, actually argued through Sir Charles Innes that the prosperity of India would suffer by reservation. Do we not know very well that the Government and alien business interests are jealous guardians of our national welfare? So they would let British business appropriate all the coasting trade and its profits to itself!

Really this and like contentions are a mere blind. The fact, is that, just or unjust, both the Government and the exploiters are determined to see that the Indian coasts are free for their operations. If they honestly depended upon valid arguments for making up their minds, they would, like Capt. Sir E. J. Headlam and Sir John Biles, Chairman and member respectively of the Indian Mercantile Marine Committee, side with the advocates of reservation after there has been provided an "Alps of testimony beneath which the boldest scepticism would be crushed and beaten flat." A writer in a Calcutta Anglo-Indian journal has grappled with the "brutal truth," and stated that "the brutal truth is that on such an issue argument is subordinate to power." Power is not going to be shed without a fight. The fight on the Coastal Reservation Bill, though in a minor way, represents the fight for Swaraj. We earnestly hope that the country, which is solidly behind Mr. Haji's modest Bill, will be truly represented by the members of the Central Legislature and that they will not give up the battle until it is won.

**"THE PEOPLE" (LAHORE.)****(1) Mr. Haji's Bill.**

The attitude of the Government and of the European mercantile community is a significant comment on this supreme anxiety to confer "Naval Swaraj" on India. The Indian Mercantile Marine Committee presided over by the European Director of the Royal Indian Marine made certain modest proposals for bringing into existence an Indian Mercantile Marine. These proposals in no way constituted a departure from the practice in self-governing countries like France, Japan, and the U. S. A. Dominions like South Africa have also now enacted legislation to help their Mercantile Marine. India cannot rise commercially and industrially until she has a Mercantile Marine of her own. Nor can she have the ghost of a "Naval Swaraj" without it. A National Mercantile Marine is a *sine qua non* of naval power. But curiously enough those anxious to confer "Naval Swaraj" on India refuse to pay any heed to the recommendations of the Mercantile Marine Committee. This Committee's report was published nearly half a dozen years ago and yet no action has been taken on it so far; the Report has been quietly shelved as an inconvenient document. The Committee outlined a Mercantile Marine programme, but since the practical realisation of that would require time, it recommended that "in coastal trading . . . after a time the ownership and controlling interests . . . shall be predominantly Indian." To give practical shape to the principle of this recommendation, Mr. S. N. Haji has introduced a bill for the reservation of coastal traffic. If we cannot be permitted

to Indianise even our coastal traffic, it is absurd to talk of "Fiscal Swaraj" and "Naval Swaraj" and the host of other kinds of Swaraj supposed to have been conferred on us. But such reservation cannot be welcome to European vested interests that at present hold the virtual monopoly of India's coastal traffic much to her commercial and industrial detriment. Both official and mercantile Europeans are, therefore, agitating against Mr. Haji's Bill. We suppose that will be yet another reason for the Assembly to give the Bill its whole-hearted support.

14-6-28.

### "THE SIND OBSERVER" (KARACHI).

#### (1) President Patel on Indian Shipping.

In his remarkable reply to the address presented to him by the Indian Merchants' Chamber, Burma, the Hon. Mr. Patel reiterated his views expressed by him on the occasion of his launching the s. s. *Jalabala* in Glasgow. He exhorted the Burma rice merchants to realise that being the most important section of the Indian shipping world it lay with them to see that India was relieved of the huge annual drain of Rs. 10 crores by way of freight paid to non-Indian shipping companies trading on the coast of India. He frankly expressed his fears that unless the people themselves were roused to the seriousness of the problem, the country's economic loss would never be stemmed. Coming as it does from a person of high status and wide experience, this warning should have some effect on the merchants not only of Burma but of all the maritime ports of the

country, including Karachi. The solitary example of a certain Bombay company, which is fighting against the tremendous odds referred to by President Patel, has been a warning and not an inspiration to further Indian enterprise in this direction. It is sad then to reflect that the non-Indian companies should yet find it easy to throttle their Indian competitors with the assistance of the Government of India, and, what is worse, of a section of the Indian merchants themselves.

The Government of India is trying to oppose the moves on the part of the nationalist members of the Assembly to give effect to the implied recommendations of the Industrial and Fiscal Commission and the definite findings and recommendations of the Indian Mercantile Marine Committee. The speech of Sir Charles Innes on the 19th March 1926 when he proved himself an uncompromising opponent of what he himself described as the "perfectly legitimate" and "perfectly natural desire" of the Indians, the institution of a national Indian merchant marine, leaves no doubt in the minds of the Indians that the Government, instead of acting in the interests of the country they govern, have been acting as voluntary advocates of the vested interests in the country. A further proof, if that was at all needed, of the Government's callousness in this matter, was given by Sir George Rainy who not only expressed his full concurrence with the untenable arguments of his predecessor, but further drifted into an international disquisition and opposed the principle underlying Mr. Haji's Coastal Reservation Bill on the plea that India could not have such a measure because the foreign ports of Goa and Pondicherry were included in the coastal

line of the country. It is strange, however, that both Portugal and France have reserved their coastal trade to their own national vessels.

But of this more anon. Meantime we recommend the advice of President Patel to all Indian merchants interested in the progress of their national merchant marine. No country has yet won Swaraj without having its own navy and its own army, and no navy has been built up without generations of traditions of merchant marine. The example of post-war Germany may well be noted in this connection. After the Treaty of Versailles, which left them a small fleet of 6 lacs of tons, the joint endeavours of the German ship-owners and the German Government saw this fleet grow in five years to the considerable figure of 32 lacs of tons. It is but obvious that it is not in the interests of the British Imperialists to see India growing likewise, and hence the appeal of President Patel, not to the Government, but to the people of India.

10-3-28.

### **“SWARAJYA” (MADRAS).**

#### **(1) A Barren Tradition.**

The Bill presented by Mr. Sarabhai N. Haji to the Assembly attempts to build up a national mercantile marine by the only straight and feasible method of reserving the coastal trade to steamers owned and controlled by Indians. But the manner in which the Bill has been received by the Government is an interesting study in itself. There has been no lack of academic official sympathy. In declarations of concern for the future welfare of the Indian Mercan-

tile Marine, Sir Charles Innes was never sparing throughout his regime. He readily recognised the right of a people to have a mercantile marine of their own, and was ever prompt in protestations of warm interest in furthering the right. But beyond this his sympathy rarely went. When there was any question of rendering the professed official good-will into some form of helpful practical demonstration, Sir Charles had always some excuse or argument ready to advance. For instance, in one of the debates of the Assembly, he raised the extraordinary point that owing to Great Britain's benevolent charge of Indian national defence, the necessity felt by other countries for having a mercantile marine was not felt in India. As to reserving coastal trade for the Indian Mercantile Marine he dismissed the suggestion with the objection that it would introduce the principle of expropriation besides creating a risk of enhanced freights. These arguments of Sir Charles Innes betray the peculiar nature of Government's policy in regard to this vital subject. They are vitiated by an essential unreality which creates the impression that the arguments are there as an after-thought, made to order as it were, to subserve a policy already decided upon. This fact is fully borne of by the contents of a letter just addressed to the Government of Bengal by the Indian Chamber of Commerce in support of Mr. Haji's Bill. In the course of this communication the Committee of the Chamber deal with everyone of the objections raised by Sir Charles and it must be confessed by any unbiassed reader of the correspondence that it reveals Sir Charles in the light of a very questionable friend of India. As pointed out

by the Committee, the very conception of a self-governing India postulates capacity for national defence, and for efficient national defence the value of a second line reserve of trained sailors is one which cannot be lightly regarded by any national Government. Sir Charles Innes' remarks on the Mercantile Marine thus amount to a denial, by implication, of the Indians' right to self-Government. This is not a matter of simple accident. The truth is, the entire policy of the Government in regard to the Indian Mercantile Marine, its sluggish interest in the creation of facilities for training Indians for a seafaring profession, and its refusal to reserve coastal trade to Indian-owned and Indian-controlled ships, are all so many eloquent revelations of the close and fundamental relation between the political reactionariness of the Government and its equivocal dealings in industrial and economic matters. Sir Charles Innes has not been the only sinner in this respect. His successor Sir George Rainy has been keeping up the tradition of profuse academic sympathy coupled with actual administrative barrenness with unswerving consistency. The logical basis of Sir George's position is even more staggering. According to him the reservation of coastal trade to Indian shipping would be a breach of international agreement! This no doubt is a convenient way of disposing of the business, but unfortunately for Sir George Rainy, it transpires, as the Committee of the Indian Chamber aptly object, the Maritime Ports Convention, to which Sir George apparently referred, does not cover the question of coastal reservation which was expressly excluded from its purview. It is a great pity that successive Commerce Members of the Government

of India should have thus dallied with a subject of this nature which is bound up with the future of a national industry of enormous potency. The reservation of coastal trade, far from being open to the objections raised by Sir Charles Innes and Sir George Rainy, would automatically lead the way to a sequence of valuable advantage. It would throw open a new avenue of employment to Indian youth languishing for want of suitable opportunities for the cultivation of latent capacity. It would reduce the drain of wealth abroad in the shape of the perennial annual revenue now bestowed on foreign shipping concerns, and indirectly enrich the country. Above all, it would promote internal trade and add to national power and self-respect. The failure of the Government to realise these obvious truths is inexplicable except as evidence of its lack of real genuine interest in the welfare of Indian industry and enterprise.

5-6-28.

## (2) Reservation of Coastal Trade.

The Bengal Chamber of Commerce imports direct motives into Mr. Haji's Mercantile Marine Bill. A memorandum just issued by the Chamber declares that whatever might be the avowed object of the Bill, its real and concealed purpose was nothing short of confiscating or expropriating trade out of the hands in which it largely lies at present. Against this supposed iniquity the Chamber raises its protest with an air of virtuous wrath. There is nothing surprising in a vehement protest of this kind emanating from a European commercial organisation. In one sense it only sums up the profoundly tragic plight of the Indian shipping



industry. At the present moment the industry is a monopoly of foreign capitalists who are so securely organised and so powerful in finance that as against them Indian enterprise has no chance by open competition. Mr. Haji's Bill leaves ocean-going trade altogether out of account and aims at setting up the indigenous shipping industry on its feet by the expedient of reserving to it all coastal trade in future. Expropriation implies the dispossession of a vested interest actually in operation. As Mr. Haji's Bill leaves existing vested interests alone, and purports not to destroy them forthwith but only to refuse to renew them when they expire, it involves no question of expropriation. What is attempted is only a more careful husbanding of the assets of the country for the benefit of indigenous industry as soon as present commitments involving foreign vested interests, terminate. It is an eminently modest aim. Any opposition offered to it by European commercial interests can only be regarded as an indication of their resolve to usurp the dominant position in the Indian market in perpetuity. Indian enterprise, if it aspires for anything great, should inevitably come into clash with this kind of depredatory commercial exploitation on the part of foreign capitalists. The very extremism and selfishness of the views of the Bengal Chamber of Commerce constitute their condemnation.

14-6-28.

### (3) Mr. Haji's Bill.

The devastating refutation by Mr. Haji in several press interviews of the arguments put forward by

European shipping interests against his Bill for the reservation of Indian coastal traffic to Indian vessels, has availed to drag the issue out of the mire of insincere discussion. After a faint show of reason, "Ditcher" has thus summed up the position in "Capital":

'The brutal truth is that on such an issue Argument is subordinate to Power.'

It is an unprevaricating rendering of the amazing statement made by Sir Charles Innes, as Commerce Member, in the Assembly in 1926 that "economic considerations and interests" (postulating, undoubtedly, that the elimination of British monopoly must mean disaster) should be balanced against even the "national importance" of reservation. The fact, therefore, is simply that British vested interests stoutly decline to release their strangle-hold on the coasts of India. If the policy of the "mailed fist" enunciated herein is not given up by the Government, which seems solely to be guided by the interests of British shipping concerns, a strenuous fight is bound to result. The pessimistic writer in "Capital" has categorically averred that there is no probability of Mr. Haji's Bill reaching the Statute Book until and unless India attains Dominion Status. This double denial of the possibility of our political advance and economic growth is a call for bitterness to spread. It is an unspeakable travesty of decent governance that united public opinion should be lightly flouted, simply because those that have freely despoiled the country till now stand to suffer. By their attitude, India's opponents have openly admitted defeat in the controversy on the merits of the case. Sir. P. S. Sivaswami Iyer, who played

an important part in securing the appointment of the Mercantile Marine Committee and now accords his hearty support to Mr. Haji's Bill, is, however, disturbed by the pleas urged by Sir Charles Innes in the Assembly against reservation. However, it is gratifying that, as he says, his nervousness is born of his not having maintained contact with the current discussions on the subject for a considerable time. He may rest assured that a complete and convincing answer has been given to all the objections raised. In fact, the Mercantile Marine Committee itself had anticipated and met almost all the points. For the rest, the Indian Merchants' Chamber of Bombay has adduced cogent arguments, not to speak, as we have already pointed out, of the replies vouchsafed by the mover of the Bill himself. The main trouble is far removed from all the petty and false arguments that have been raised. Mr. Patel, the President of the Assembly, replying to the address presented to him by the Burma Chamber of Commerce only the other day, touched the crux of the problem. "You are no doubt aware," he said, "that the annual total freight bill in the coastal trade exceeds ten crores of rupees, and you are paying the largest part of that bill, a substantial portion of which goes out of this country year after year." The Government aiding the monopolists wants to perpetuate this drain. So the conflict that wages is distressingly unreal. A contributor, whose article on coastal reservation we publish elsewhere, calls attention to a significant fact which is well worth noticing in this connection. All the witnesses that appeared before the Mercantile Marine Committee emphatically favoured the reservation of the Indian

coastal traffic. The protests against it began to be made only when it was discovered that the end of foreign exploitation of the coasts was not far off. The self-righteous pose of the objectors is thus newfound. Practical or statutory monopoly, everything that tends to benefit, is welcome if the advantage is to accrue to British shipping interests. But if their improper profits are even to be remotely assailed, then all conscionable and unconscionable contentions are to be pressed into service to subvert justice to India. There is nothing surprising about the present outcry; it is "the same old tale told in the same old way." In order to perpetrate the horror of thwarting India's advancement, the Council of State, that masquerading theatre of officialdom in parliamentary vesture, is said to be ready to reverse the verdict of the Assembly which must indubitably be in favour of the Coastal Reservation Bill. Therefore, it is the imperative duty of public opinion to organise itself and be heard ceaselessly until the blight on the Indian coasts is removed.

11-8-28.

#### (4) Reservation of Coastal Traffic.

It would appear that Mr. Haji's Bill for the reservation of coastal traffic for Indian vessels has been the signal for a singularly complete mobilisation of European opinion in opposition to the measure. When opinion divides itself thus on racial lines there is little chance of the actual content of a proposition, the *pros* and *cons* that go to decide its character and merits, receiving their due share of consideration. But it is not surprising that the representatives of

European opinion in India should refuse to look at Mr. Haji's Bill on its merits. What the Bill specifically aims is to help Indian enterprise and Indian industry to secure for themselves that legitimate share in the coastal, shipping trade of their own home country which the people of other countries have in theirs. And as the coastal traffic of India is at the present moment almost exclusively in European hands, some sort of displacement unpalatable to European sentiment is bound to follow if the Bill is to fulfil its purpose. Of course the author of the Bill has been at particular pains to render this displacement as gentle as possible and to reconcile it in every reasonable way with the natural claims of European vested interests. But the latter are apparently in no mood to be reconciled. They cry out in horrified accents against the iniquity of 'expropriation.' Unluckily this moral indignation fits in very queerly with the historical background of foreign coastal shipping in India. Let it be remembered that the Indian shipping industry, like the Indian textile trade, was not always in the woeful condition in which we find it to-day. Once, and not so very long ago, it enjoyed a halcyon dominance all the world over. In those days the ships built by Indians were the wonder, just as the skill of Indian sailors was the admiration, of at least the people of three continents. What accounts for the pathetic falling off of Indian maritime prosperity from these glories of barely a century ago? Has there not been expropriation with a vengeance here? That European shipping interests whose prosperity in Indian coastal trade is bound up with the successful suppression of Indian enterprise, should resolutely

set their face against any aid from the State to rehabilitate the latter, is intelligible enough. But why should local Governments fight Mr. Haji's Bill tooth and nail? In particular the attitude of the Madras Government, and worse still, of certain judges of the local High Court, puzzles us exceedingly. We are told that they have condemned the Bill in the roundest terms. If so the Government's policy requires a little elucidation. That the Governor and his European colleagues in the Executive Council should find it hard to extricate their sense of responsibility from the inroads of racialism and racial prejudice is not unnatural, and is indeed one of the worst evils of alien Government and the best argument for self-Government. But what about the Indian members of the Council? Above all, what is the Ministers' position? Are they on the side of the opponents of Mr. Haji's Bill? If so, they have gravely abused their trust. But if not, why do they remain silent without publicly dissociating themselves from the declared official view? And what, we wonder, has the High Court to do with the Bill? On the legal aspects of any contemplated legislative measure of importance, the opinions of the Judges of the High Court may well be invited, and when offered, they are entitled to weight and respect. But it would appear that both the Chief Justice and another European colleague of his, took advantage of the reference of the Bill for their views to condemn it on extralegal grounds although the Advocate-General and the other Judges are understood to have said that they had no remarks to offer. This is obviously an unwarranted intrusion into a matter which does not concern the High Court in the least.

The personal prejudice of Judges ought not to be allowed to interfere with measures urged for the protection of the Indian shipping industry. It were better if the Judges of the High Court refrain from offering personal remarks on controversial subjects vitally affecting national interests when they are not directly related to the administration of law.

16-8-28.

### **"THE TRIBUNE" (LAHORE.)**

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#### **(1) Reservation of Coastal Traffic Bill.**

After going through the two statements which have been made by Mr. Sarabhai N. Haji regarding the above Bill few will differ from him that what is sought in the Bill is a modest and meagre advance on the present conditions and that the Indian Legislature would be perfectly justified in going a long way further. Mr. Haji makes it perfectly clear that every country worth the name has taken steps to reserve its coastal traffic for its own children, and that most countries, including Great Britain, the United States, France and Japan, have done a great deal more than what is attempted in the proposed Bill. We have no doubt that the Bill will be dispassionately considered by the country and that it will not allow itself to be misled by any hasty or interested expression of adverse opinion.

15-6-28.

#### **(2) Stifling India's Progress.**

An issue of the gravest importance is involved in the Bill, introduced by Mr. S. N. Haji in the Legislative Assembly at its last session, to reserve the

Indian coastal traffic to Indian vessels. Indian opinion is singularly unanimous in favour of the proposed measure. In natural consequence, as it were, European vested interests are solidly arrayed against it. The Government itself would seem to support the reactionary influences. This is certainly strange because the Government not long ago appeared convinced of the necessity for an Indian Mercantile Marine. Sir Charles Innes, as Commerce Member of the Government of India, said he recognised that it was "a perfectly natural desire" on the part of Indians to possess their own Mercantile Marine, so that the Indian Mercantile Marine Committee which, in pursuance of a resolution moved in the Legislative Assembly in 1922 by Sir P. S. Sivaswami Aiyar, had been appointed in 1922, wrote in its report :—"The Hon'ble 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.*" (Italics ours.) This honest recommendation appears to have



fallen as a bombshell upon the Government which, without any qualms of conscience, shelved the report. In addition to this, Sir Charles Innes, speaking in the Assembly on 19th March 1926, on Sir P. S. Sivaswami Aiyar's resolution to give effect to the Mercantile Marine Committee's recommendations, made an unseemly, unconvincing and indefensible speech, opposing the recommendation to reserve the coastal trade of India to Indian vessels. All the witnesses that had appeared before the Mercantile Marine Committee had asked for reservation. This is what the report says: "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." From this, it is apparent that the European interests object not to the reservation of the coastal traffic but to its reservation to Indian vessels. The whole structure of Sir Charles Innes' arguments stands demolished by the facts implicit in the statement of the Mercantile Marine Committee, quoted above.

Mr. Haji's Bill which adopts lines analogous to the recommendations of the Mercantile Marine Committee, has roused the European business interests to a pitch of fury. Finding no new contentions, they have repeated Sir Charles Innes' weary twaddle; they have set themselves up as the trustees of India's national prosperity; they protest against the "revolutionary" character of the proposal; they urge that the Bill aims at "expropriation." All of these statements are false. We know, of course, what profound regard our friends have for the well-being of this country. Apart from

that, the instances of other countries have proved that it is economic ruin to permit external interests freedom of trade equivalent to monopoly when indigenous enterprise cannot get a foothold. Mr. Haji's Bill proposes a very gradual elimination of vested interests. The cry of "expropriation" is clever but mendacious. All the trouble we witness has arisen because British shipping companies have come to regard the coasting trade of India as a sort of property of their own and in this they have been all along encouraged by the Government. A grim struggle lies before the country before it can achieve its rightful place in the shipping trade.

11-8-28.

### "YOUNG INDIA" (AHMEDABAD.)

#### (1) Indian Shipping.

The tragic history of the ruin of the national village industry of cotton manufacture in India is also the history of the ruin of Indian shipping. The rise of Lancashire on the ruin of the chief industry of India almost required the destruction of Indian shipping.

It will be remembered that in 1923 the Indian Mercantile Marine Committee was appointed in order to explore among other things the means of encouraging indigenous shipping "by a system of bounties, subsidies, etc." Its timid and overcautious recommendations provide for the reservation of the coastal traffic for Indian shipping. S. J. Sarabhai Haji now seeks through two Bills to secure legislative effect for the recommendations of the Committee. One Bill aims

at the abrogation of unhealthy monopolies and the other aims in five years at the passing of all the tonnage of the coastal traffic into the hands predominantly of Indians. Both the Bills are necessary and both should pass without delay or difficulty. I am an out and out protectionist. I hold that every country, especially a poor country like India, has every right and is indeed bound to protect its interest, when it is threatened, by all lawful protective measures and to regain by such measures what has been wrongfully taken away from it. I have my doubts about anything substantial being done under the existing system through legislative effort. But I take up the same position that I have always maintained regarding organised industries such as mills. I should welcome and support all action that would protect them against foreign aggression or free them from foreign competition especially when the latter is grossly unfair as it is in the case of foreign shipping and foreign piece-goods. I, therefore, wish S. J. Sarabhai every success in his very moderate effort. He might quite justly have gone further than he has. (Mahatma Gandhi).

2-8-28.

A  
BILL

TO

*Reserve the Coastal Traffic of India to Indian  
Vessels.*

WHEREAS it is expedient to provide for the rapid development of an Indian Merchant Marine ;

And whereas for this purpose it is expedient to reserve the Coastal Traffic of India to Indian vessels ;  
It is hereby enacted as follows :—

1. (1) This Act may be called the Reservation of  
Short title, extent the Coastal Traffic of India Act,  
and commencement. 192 .

(2) It extends to the whole of the coastal traffic of British India and of the Continent of India.

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

2. In this Act, unless there is anything repugnant  
Definitions. 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 subject" means a person and includes a Joint-Stock company, corporation, partnership or association existing under or authorised by the laws of British India.
- (3) "Controlling interest" means—
- (a) that the title to not less than 75 per cent. of the stock is vested in British Indian subjects free from any trust or fiduciary obligation in favour of any person other than a British Indian subject,
  - (b) and that in the 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 Directors of the Board are British Indian subject,
  - (c) and that not less than 75 per cent. of the voting power is vested in British Indian subject,
  - (d) and that through any contract or understanding it is not 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,
  - (e) and that by any other means whatsoever control of any interest in excess of 25 per

cent. is not conferred upon or permitted to be exercised by any person who is not a British Indian subject.

(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.

3. No common carrier by water shall engage in  
Licence for Coasting Trade. the coasting trade of India unless licensed to do so.

4. The licence for engaging in the coasting trade  
Issue of Licence. 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.

5. Before granting a licence, the Governor-General-  
Security for Licence. 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 conditions of the licence.

6. The amount of security required under section 5  
Amount of Security. shall not exceed Rs. 50,000.

7. Every such licence shall be for the duration of  
Duration of Licence. three years only.

8. Every such licence shall on its expiry be  
 Renewal of Licence. renewable on application to the  
 Governor-General-in-Council.

9. A proportion of not less than 20 per cent. of the  
 Proportion of Tonnage. 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 vested in British Indian  
 subjects.

10. The penalty for the contravention of this Act  
 shall be a fine not exceeding  
 Penalty. Rs. 10,000, or simple imprison-  
 ment for a period not exceeding six months, or both.

11. In addition to or in lieu of any penalty  
 Cancellation of Licence. otherwise provided, the Governor-  
 General-in-Council may cancel  
 any licence for engaging in the coasting trade of India  
 if he is satisfied that a breach of any of the conditions  
 of the licence, as may from time to time be prescribed by  
 the Governor-General-in-Council, has been committed.

12. No licence for engaging in the coasting trade  
 of India shall be cancelled, unless  
 Opportunity to Show Cause. an opportunity has been given to  
 the master, owner, charterer or  
 agent of the vessel to show cause against such  
 cancellation.

**STATEMENT OF OBJECTS AND REASONS.**

The object of this Bill is to provide for the employment of Indian tonnage in the coastal traffic of British India and of the Continent of India. This Bill is intended to 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 India.

**SARABHAI N. HAJI.**

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# INDIAN SHIPPING SERIES.

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## PAMPHLETS :

- No. 1. State Aid to National Shipping.
- No. 2. Evidence submitted to the Indian Fiscal Commission by the Scindia Steam Navigation Co., Ltd. of Bombay.
- No. 3. The Deferred Rebate System.
  - o. 4. Indian Mercantile Marine.
- No. 5. Written Statement submitted to the Indian Mercantile Marine Committee by the Scindia Steam Navigation Co., Ltd. of Bombay.
- No. 6. Memorandum on the Deferred Rebate System submitted to the Imperial Economic Conference by the Scindia Steam Navigation Co., Ltd. of Bombay.
- No. 7. Written Statement and Oral Evidence of Mr. S. N. Haji before the Indian Mercantile Marine Committee.
- No. 8. A Critique of the Report of the Indian Mercantile Marine Committee.
- No. 9. Indian Commercial Opinions on the Bill for the Reservation of the Coastal Traffic of India.