

COMMITTEE OF PRIVILEGES

SEVENTH REPORT

(SECOND LOK SABHA)

(Laid on the Table on the 12th December, 1958)



LOK SABHA SECRETARIAT
NEW DELHI

December 1958

CONTENTS

	PAGES
1. Personnel of the Committee of Privileges	(ii)
2. Report	1—11
3. Speaker's Order's on the Report	12
4. Minutes	13—17
5. Evidence	18—26
6. Appendices	27—59



PERSONNEL OF THE COMMITTEE OF PRIVILEGES

1. Sardar Hukam Singh—*Chairman*.
 2. Shri Satya Narayan Sinha.
 3. Shri Asoke K. Sen.
 4. Pandit Munishwar Dutt Upadhyay.
 5. Dr. P. Subbarayan.
 6. Shri Nemi Chandra Kasliwal.
 7. Shrimati Jayaben Vajubhai Shah.
 8. Shri N. M. Wadiwa.
 9. Shri Sarangadhara Sinha.
 10. Shri Shivram Rango Rane.
 11. Shri Hirendra Nath Mukerjee.
 12. Shri Indulal Kanaiyalal Yajnik.
 13. Shri Bimal Comar Ghose.
 14. Shri Shraddhakar Supakar.
 15. Shri Hoover Hynniewta.
- } *Members*

SECRETARIAT

1. Shri S. L. Shakhder—*Joint Secretary*.
2. Shri Avtar Singh Rikhy—*Deputy Secretary*.

SEVENTH REPORT OF THE COMMITTEE OF PRIVILEGES

(SECOND LOK SABHA)

I—Introduction and Procedure

I, the Chairman of the Committee of Privileges, submit this report to the Speaker in the following cases which were referred to the Committee by the Speaker under rule 227 of the Rules of Procedure and Conduct of Business in Lok Sabha:—

(i) Rani Manjula Devi, M.P., in a notice* of question of privilege dated the 5th September, 1958, drew the attention of the Speaker to an article under the title "The March of Indian Shipping", published in the name of Dr. Nagendra Singh, I.C.S., Joint Secretary and Director General of Shipping, Government of India, in the Independence Day Supplement of the *Statesman*, New Delhi, dated the 15th August, 1958. The Member had invited particular attention to the following passages occurring in that article:

"Revision and consolidation which was taken up a few years ago has now been completed, and a new Merchant Shipping Bill which was introduced during the last Budget Session of Parliament is now under scrutiny by a Select Committee.

It has never been the intention of the Government to deviate from the 1947 Policy Resolution. In short, coastal shipping would continue to be reserved for vessels of companies having 75 per cent Indian capital."

The Member had contended that "The article ... is clear violation and involves a breach (of privilege) of the Committee.... The Joint Committee on Merchant Shipping Bill, 1958 considered the report only on August 18 and this report along with the minute of dissent was presented to this House on August 21 but the article under question, marked portion, gives clear indication about the trend and decisions of the Select Committee."

The above matter was referred to the Committee by the Speaker on the 5th September, 1958.

(ii) Shri S. A. Matin, M.P., in a notice† of question of privilege dated the 8th September, 1958, drew the attention of the Speaker to

* See Appendix I (pp. 27—29).

† See Appendix II (pp. 30—34).

an article under the title "Story of the Merchant Shipping Bill", from a Special Correspondent, published on page 4 of the *Hindusthan Standard* (Calcutta Edition), dated the 15th August, 1958. The Member had invited particular attention to the following passages occurring in that article:

- (a) "A fascinating inside story of how the battle was fought out before the Select Committee has recently come to light."
- (b) "With the help of a few Indian brokers and other stooges, they managed to get a Draft Indian Merchant Shipping Bill."
- (c) "When the Select Committee met on July 22, a compromise plan was pushed through whereby foreigners were permitted to own and control a third of the shares of an Indian ship."
- (d) "The Prime Minister had to personally intervene to curb the enthusiasm of those whose weakness has been the biggest factor in favour of British interests."
- (e) "The Select Committee met again on July 24 and foreign participation was reduced to the existing level, namely, to one-fourth of the Capital."
- (f) "And let us also watch the steps of the Directorate General of Shipping."

The Member had contended that the aforesaid article was a breach of privilege of the Lok Sabha, the Joint Committee and the Members of Lok Sabha, because in his opinion:

"Very sweeping allegations have been made against this sovereign body of the Indian Republic that different interests managed to get the Bill drafted in Lok Sabha, and various other allegations have been made."

The Member had also alleged that: "the Joint Committee on (Merchant) Shipping Bill considered the report on August 18 and this report along with the minute of dissent was presented to Lok Sabha on the 21st August, 1958. The article under question gives all the decisions of the Committee taken on July 22 and July, 24, 1958".

The above matter was referred to the Committee by the Speaker on the 8th September, 1958.

Subsequently, Rani Manjula Devi, M.P., also drew the attention of the Speaker to the above article *vide* her letter*, dated the 9th September, 1958 to the Speaker. The Speaker referred this letter to the Committee on the 14th September, 1958.

(iii) Shri Laxmi Narayan Bhanja Deo, M.P., in a notice† of question of privilege dated the 11th September, 1958, drew the attention of the Speaker to both the articles "The March of Indian Shipping" and the "Story of the Merchant Shipping Bill", published in the *Statesman*, New Delhi and the *Hindusthan Standard*, Calcutta, respectively, dated the 15th August, 1958. The Member had invited attention to the same passages to which Rani Manjula Devi and Shri S. A. Matin, respectively had referred in their earlier notices raising questions of breach of privilege. He also drew attention to the following observations made by Shri Harish Chandra Mathur, M.P., in his Minute of Dissent‡ to the Report of the Joint Committee on the Merchant Shipping Bill, 1958:—

"This Bill as it has emerged out from the Select Committee has completely changed its complexion and also its purpose. I feel that existing Private Shipping interests have had their way."

The above matter was referred to the Committee by the Speaker on the 14th September, 1958.

2. The Committee held four sittings.

3. At the first sitting held on the 11th September, 1958, the Committee considered the notice of question of privilege given by Rani Manjula Devi, M.P., regarding the publication of the article under the title "The March of Indian Shipping" and directed that Dr. Nagendra Singh might be requested to furnish factual information in respect of the matter of complaint.**

The Committee also considered the notice of question of privilege given by Shri S. A. Matin, M.P., regarding the publication of the article under the title "Story of the Merchant Shipping Bill" and directed that the Editor of the *Hindusthan Standard*, Calcutta, might be requested to state for their consideration such facts as he might possess about the publication of the aforesaid article.§

* See Appendix III (pp. 35—37).

† See Appendix IV (pp. 38—40).

‡ See page (xxix) of the report of the Joint Committee on the Merchant Shipping Bill, 1958.

** The letter sent to Dr. Nagendra Singh is reproduced at Appendix V (pp. 41-42).

§ The letter sent to the Editor of the *Hindusthan Standard*, Calcutta, is reproduced at Appendix VI (pp. 43-44).

4. At the second sitting held on the 25th September, 1958, the Committee considered the factual information furnished by Dr. Nagendra Singh in his letter*, dated the 19th September, 1958. The Committee also examined him in person and came to their conclusions.

The Committee thereafter considered the complaint of Shri Laxmi Narayan Bhanja Deo, M.P., regarding the observations made by Shri Harish Chandra Mathur, M.P., in the Minute of Dissent to the Report of the Joint Committee on the Merchant Shipping Bill, 1958 and came to their conclusions.

The Committee also perused the interim reply†, dated the 15th September, 1958 sent by the Joint Editor of the *Hindusthan Standard*.

5. At the third sitting held on the 19th November, 1958, the Committee considered the letter of apology‡ sent by the Editor of the *Hindusthan Standard*, Calcutta, and came to their conclusions.

6. At the fourth sitting held on the 25th November, 1958, the Committee deliberated on the draft report.

II—Findings of the Committee

(i) *Re: Publication of the article "The March of Indian Shipping" by Dr. Nagendra Singh, in the Statesman.*

7. Rani Manjula Devi, M.P., has alleged that the passage complained of by her from the article of Dr. Nagendra Singh, published in the *Statesman*, dated the 15th August, 1958, "gives clear indication about the trend and decisions of the Select Committee". Since the report of the said Committee was presented to Lok Sabha on a later date, that is, on the 21st August, 1958, she has contended that the publication of the said article involves a breach of privilege of the Committee.

8. The Committee considered the matter at their sitting held on the 11th September, 1958, and desired to have a clarification from Dr. Nagendra Singh as to how it could be said that "coastal shipping would continue to be reserved for vessels of companies having 75% Indian Capital" when the provisions of clauses 12 and 393 of The Merchant Shipping Bill, 1958 (as introduced in Lok Sabha) indicated the intention of the Government to deviate from the 1947 Policy

* See Appendix VII (pp. 45—52).

† See Appendix VIII (p. 53).

‡ See Appendix IX (p. 54).

Resolution* on Shipping, unless that statement was based on the proceedings of the sitting of the Joint Committee on the Merchant Shipping Bill, held on the 24th July, 1958, where Dr. Nagendra Singh was present as a representative of the Ministry of Transport and Communications.

9. Dr. Nagendra Singh submitted a written explanation† *vide* his letter dated the 19th September, 1958, which the Committee considered at their sitting held on the 25th September, 1958. In his letter, Dr. Nagendra Singh stated, *inter alia* as follows:

“... in my article entitled ‘The March of Indian Shipping’ published in the Supplement of the *Statesman* dated the 15th August, 1958, I made no observations relating, directly or indirectly, to the proceedings of the Joint Select Committee on the Merchant Shipping Bill ... I have divulged no information which I may have gathered during the discussions in the Joint Select Committee.

* * * *

..... The two paragraphs‡ quoted above may kindly be seen not in isolation, but in their proper context and place within the article taken as a whole. If that is done, it would be seen that in my article I have dealt with the various aspects of the problems of Indian shipping and different subjects are dealt with in different paragraphs.

* * * *

..... Clause 12 of the Bill laid down the law of registration and the 1947 Resolution contains the policy decision of Government in regard to special assistance to Shipping for its rapid development. It is submitted that according to clause 12 of the Bill as originally drafted and even according to the existing law, a company with 100% foreign capital is permitted to register its vessels as Indian Ships. However, despite this law of registration which still holds the ground, Government has throughout respected the 1947 Resolution and I would reiterate that it has never had the intention, whatsoever the registration law may be, to depart from its policy of coastal reservation, grant of loans and cargo facilities to companies with 75% Indian capital conforming to the 1947

* See Appendix X (pp. 55—58).

† See Appendix VII (pp. 45—52).

‡ See page 1 *ante*.

Resolution. I would submit that there is a clear distinction between the law of registration on the one hand which deals with the question of foreign participation as provided in clause 12 of the original Draft Bill or clause 21 of the Revised Bill and, on the other hand, the policy of promotion and development which is embodied in the 1947 Resolution rightly styled as 'The Policy Resolution'. Thus despite the existing registration law and the proposed clause 12 of the Bill it was never the intention of Government to deviate from the promotional and developmental policy which had been accepted in 1947.

* * * *

the provisions of clause 12 of the original Bill or indeed of clause 21 of the amended Bill cannot be taken to, and did not in fact, show or imply any departure on the part of Government from its shipping promotional and developmental policy as enunciated in its resolution of 1947 and as adhered to up-to-date ever since then.

.. When, therefore, I referred to the Resolution of 1947, I did so purely and exclusively in relation to the promotional policy of Government and emphasised a fact already well known that Government had steadfastly adhered to the aforesaid Resolution all along.

* * * *

.. the Policy Resolution of 1947 has been implemented not under any statutory provisions but by executive directions. Since its adoption in 1947, this Resolution has been consistently followed by Government up-to-date. There has been no decision whatsoever to make a departure and Government at the highest level had reaffirmed it in July, 1958 which fact the shipping companies were naturally eager to know.

* * * *

.. the article makes a declaration of Government's intention but by no means can it be said to make a declaration of Committee's intention, let alone its decisions. This is further substantiated by the fact that I have mentioned the consolidation of the Merchant Shipping law and referred to the Joint Select Committee in one separate and distinct para quite separate from the second para which talks of the 1947 Resolution and coastal reservation, etc.

* * * *

... Section 392 related to Indian ships or to ships chartered by Indian Companies and laid down that such ships could not proceed to sea or ply on the coast of India or indeed anywhere else in the world without obtaining a licence from the Director General of Shipping. Section 393 related to foreign ships and provided that no such ships could ply on the coast of India without a licence. These two Sections taken together, therefore, provided only for prior licensing in respect both of Indian Ships and foreign ships and not for coastal reservation for Indian Shipping. Similarly, Sections 406 and 407 of the Bill as amended by the Joint Select Committee lay down that both Indian and Foreign ships have to obtain licences before they can ply on the coast of India. Here again, there is no reference whatsoever to coastal reservations. This subject, I beg to emphasise, has been dealt with in the past by administrative and executive action and would in future also continue to be dealt with in the same manner. In other words neither the present law nor indeed the proposed law as originally introduced in Parliament nor even the Bill as it has emerged from the Joint Select Committee, provides for or refers to coastal reservation as such.

* * * *

When, therefore, I referred in my article to the question of coastal reservation, I was not referring and could not possibly have referred to the proceedings of the Joint Select Committee. I was referring to the manner in which the discretionary authority given to the Director General for regulating the coastal trade of India had been exercised under Government's instructions in the past and what the intentions of the Government were on this particular administrative matter in regard to the future.

* * * *

I would also like to assure the Speaker of the House and the Committee of Privileges that I never intended in any manner whatsoever to give out any information gathered by me in the course of the proceedings of the Joint Select Committee. It is indeed most unfortunate that any portion of my article should have given even the impression to the Member of Parliament that I was in some manner referring to the proceedings of the Joint Select Committee. However, if the wording of the article has given

any such impression, I express sincere regret at the inconvenience or embarrassment that may have been caused though I would in all respect and humility reiterate that in so far as I am concerned, I was referring only to the policy of Government in regard to matters which fall within the sphere of executive action."

10. The Committee decided that Dr. Nagendra Singh might be called in and examined by the Committee for further clarifications. The Committee accordingly examined him at length at their sitting held on the 25th September, 1958.

11. The Committee, after perusing the explanation of Dr. Nagendra Singh and examining him in person, are satisfied that he had not referred to the proceedings or decisions of the Joint Committee on the Merchant Shipping Bill, 1958, in his article in question. Moreover he has also expressed his sincere regret if the wording of his article has given any such impression.

(ii) *Re: Publication of the article "Story of the Merchant Shipping Bill", in the Hindusthan Standard.*

12. Shri S. A. Matin, M.P., has mainly made the following two allegations:—

- (i) "... very sweeping allegations have been made against this Sovereign Body of the Indian Republic that different interests managed to get the bill drafted in the Lok Sabha and various other allegations have been made"; and
- (ii) "The decisions of 22nd and 24th July (of the Joint Committee) have been made public by this article."

13. Under article 105(3) of the Constitution the powers, privileges and immunities of each House of Parliament and of the members and the Committees thereof have been equated, until defined by Parliament by law, to those of the House of Commons, U.K., its members and Committees, as on the 26th January, 1950. In the United Kingdom, speeches or writings reflecting on the House, its members or Committees are treated as a contempt of the House. As May has stated:

"In 1701 the House of Commons resolved that to print or publish any books or libels reflecting on the proceedings of the House is a high violation of the rights and privileges of the House, and indignities offered to their House by words spoken or writings published reflecting on its character or proceedings have been constantly punished

by both the Lords and the Commons upon the principle that such acts tend to obstruct the Houses in the performance of their functions by diminishing the respect due to them.

Reflections upon Members, the particular individuals not being named or otherwise indicated, are equivalent to reflections on the House."

(May's Parliamentary Practice, 16th Edition, p. 117).

The Committee have carefully considered the passages of the article "Story of the Merchant Shipping Bill", published in the *Hindusthan Standard* dated the 15th August, 1958, which are the subject matter of the complaint. The passages contain statements which, in the opinion of the Committee, are defamatory of Members of the House in their capacity as Members and cast reflections on the character and proceedings of the House and the Joint Committee on the Merchant Shipping Bill, 1958, and are therefore a breach of privilege.

14. The article also professes to disclose the proceedings of the Joint Committee when it says: "A fascinating inside story of how the battle was fought out before the Select Committee has recently come to light".

15. The Committee have gone through the Minutes* of the sittings of the Joint Committee on the Merchant Shipping Bill held on the 22nd and 24th July, 1958, and find that the following passage occurring in the article in question involves a premature disclosure of the proceedings of the Joint Committee on the Merchant Shipping Bill:—

"...when the Select Committee met on July 22, a compromise plan was pushed through whereby foreigners were permitted to own and control a third of the shares of an Indian ship. ... The Select Committee met again on July 24 and foreign participation was reduced to the existing level, namely, to one-fourth of the capital."

16. According to the practice obtaining in the United Kingdom, a premature publication of a Parliamentary Committee's proceedings or evidence constitutes a breach of privilege. As May has stated:—

"By the ancient custom of Parliament 'no act done at any Committee should be divulged before the same be

* These Minutes appear at pp. 256-57 and 268 of the Report of the Joint Committee on the Merchant Shipping Bill, 1958.

reported to the House'. Upon this principle the Commons, on 21 April, 1837, resolved, "That the evidence taken by any select committee of this House, and the documents presented to such committee, and which have not been reported to the House, ought not to be published by any member of such committee or by any other person'. Where the public are admitted this rule is usually not enforced. The publication of proceedings of committees conducted with closed doors or of draft reports of committees before they have been reported to the House will, however, constitute a breach of privilege."

(May's Parliamentary Practice, 16th Edition, p. 119)

May has further stated:

"It is a breach of privilege for any person to publish any portion of the evidence given before, or any document presented to, a select committee before such evidence or document has been reported to the House ...".

(May's Parliamentary Practice, 16th Edition, p. 627)

17. The Committee are, therefore, of the opinion that the publication of the article in question constitutes a breach of privilege in another respect also, inasmuch as it involves a premature disclosure of the proceedings of the Joint Committee on the Merchant Shipping Bill, 1958.

18. The Committee note that the Editor of the *Hindusthan Standard*, Calcutta, in his letter dated the 26th September, 1958, has offered his "unqualified and sincerest apologies" and has stated *inter alia* as under:

"I have myself re-read the article, and I must confess it contains a number of very very unfortunate improprieties. I, therefore, offer my unqualified and sincerest apologies for the publication of this article in the *Hindusthan Standard*. It is my hope that the Committee of Privileges will accept my apologies with which remains on record my assurance that greater caution will be exercised in the future in regard to this particular contributor's copy. The Committee will, I hope, believe me when I say that this newspaper has the highest esteem for the Lok Sabha and would never be guilty of any deliberate contempt of Parliament or breach of privilege of any member or members thereof."

19. As regards the observations of Shri Harish Chandra Mathur, M.P., in his Minute of Dissent to the Report of the Joint Committee on the Merchant Shipping Bill, 1958, the Committee feel that no notice need be taken of the matter.

III.—Recommendations of the Committee

20. The Committee are of the opinion that no breach of privilege is involved in the publication of the article under the title "The March of Indian Shipping" by Dr. Nagendra Singh, in the Independence Day Supplement of the *Statesman*, New Delhi.

21. The Committee are of the view that the publication of the article under the title "Story of the Merchant Shipping Bill", in the *Hindusthan Standard*, Calcutta Edition, dated the 15th August, 1958, constitutes a breach of privilege and contempt of the House. But having regard to the "unqualified and sincerest" apologies offered by the Editor of the *Hindusthan Standard*, Calcutta, the Committee recommend that no further action be taken in this case.

NEW DELHI;

Dated 25th November, 1958.

HUKAM SINGH,
Chairman,
Committee of Privileges.

SPEAKER'S ORDERS

Speaker's Orders on the Report of the Committee of Privileges

.Seen. The Report may be laid on the Table of the House.

Sd./- M. ANANTHASAYANAM AYYANGAR,

29th November, 1958

MINUTES

I

First Sitting

New Delhi, Thursday, the 11th September, 1958

The Committee met from 16-00 to 16-35 hours.

PRESENT

- | | | |
|--|---|----------------|
| 1. Sardar Hukam Singh— <i>Chairman</i> . | } | <i>Members</i> |
| 2. Dr. P. Subbarayan. | | |
| 3. Shri N. M. Wadiwa. | | |
| 4. Shri Shivram Rango Rane. | | |
| 5. Shri Hirendra Nath Mukerjee. | | |
| 6. Shri Bimal Comar Ghose. | | |

SECRETARIAT

Shri Avtar Singh Rikhy—*Deputy Secretary*.

2. The Committee considered the notice of a question of alleged breach of privilege, given by Rani Manjula Devi, M.P., regarding the publication of an article under the title "The March of Indian Shipping", by Dr. Nagendra Singh, Director General of Shipping, in the Independence Day Supplement of the *Statesman*, New Delhi, dated the 15th August, 1958.

The Committee directed that Dr. Nagendra Singh might be requested to furnish factual information in respect of the matter of complaint. The Committee particularly desired to have a clarification as to how it could be said that "coastal shipping would continue to be reserved for vessels of companies having 75 per cent. Indian capital", when clause 12 of the Merchant Shipping Bill, 1958, as introduced in Lok Sabha, indicated the intention of the Government to deviate from the 1947 Policy Resolution on Shipping, unless that passage was based on the proceedings of the sitting of the Joint Committee on the Merchant Shipping Bill, held on the 24th July, 1958, where Dr. Nagendra Singh was present as a representative of the Ministry of Transport and Communications.

3. The Committee then considered the notice of a question of alleged breach of privilege, given by Shri S. A. Matin, M.P., regarding the publication of an article under the title "Story of the Merchant Shipping Bill", from special correspondent, in the *Hindusthan Standard*, Calcutta Edition, dated the 15th August, 1958.

The Committee directed that the Editor of the *Hindusthan Standard*, Calcutta, might in the first instance be requested to state for their consideration, such facts as he might possess about the publication of the aforesaid article.

The Committee then adjourned.

II

Second Sitting

New Delhi, Thursday, the 25th September, 1958

The Committee met from 16-00 to 16-55 hours.

PRESENT

- | | | |
|--|---|----------------|
| 1. Sardar Hukam Singh— <i>Chairman</i> . | } | <i>Members</i> |
| 2. Shri Satya Narayan Sinha. | | |
| 3. Dr. P. Subbarayan. | | |
| 4. Shrimati Jayaben Vajubhai Shah. | | |
| 5. Shri Shivram Rango Rane. | | |
| 6. Shri Hirendra Nath Mukerjee. | | |

SECRETARIAT

Shri Avtar Singh Rikhy—*Deputy Secretary*.

2. The Committee considered the explanation submitted by Dr. Nagendra Singh, in compliance with the directions contained in paragraph 2 of the Minutes of the sitting of the Committee held on the 11th September, 1958.

3. The Committee decided that Dr. Nagendra Singh might be called in and examined by the Committee.

(Dr. Nagendra Singh was called in.)

4. Dr. Nagendra Singh was examined by the Committee.

(Dr. Nagendra Singh then withdrew.)

5. The Committee noted that Dr. Nagendra Singh, in the article in question, had not referred to the proceedings or decisions of the Joint Committee on the Merchant Shipping Bill, 1958.

6. The Committee decided to recommend that no breach of privilege was involved in the matter referred to them.

7. The Committee perused the interim reply sent by the Joint Editor of the *Hindusthan Standard*, Calcutta, and directed that a reminder might be issued to him to expedite the supply of the requisite information.

The Committee then adjourned.

III

Third Sitting

New Delhi, Wednesday, the 19th November, 1958

The Committee met from 15-30 to 16-00 hours.

PRESENT

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|--|---|----------------|
| 1. Sardar Hukam Singh— <i>Chairman</i> . | } | <i>Members</i> |
| 2. Shri Satya Narayan Sinha. | | |
| 3. Dr. P. Subbarayan. | | |
| 4. Shri Shivram Rango Rane. | | |
| 5. Shri Hirendra Nath Mukerjee. | | |
| 6. Shri Shraddhakar Supakar. | | |

SECRETARIAT

Shri Avtar Singh Rikhy—*Deputy Secretary*.

2. The Committee considered the letter, dated the 26th September, 1958 from the Editor of the *Hindusthan Standard*, Calcutta, and decided to recommend that in view of the "unqualified and sincerest" apologies offered by him for the publication of the article "Story of the Merchant Shipping Bill", from a Special Correspondent, in the *Hindusthan Standard*, Calcutta Edition, dated the 15th August, 1958, the matter might be closed.

3. The Committee decided to meet again at 16-00 hours on Tuesday, the 25th November, 1958 to consider the draft report.

The Committee then adjourned.

IV

Fourth Sitting

New Delhi, Tuesday, the 25th November, 1958

The Committee met from 16-00 to 16-15 hours.

PRESENT

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| 1. Sardar Hukam Singh— <i>Chairman</i> . | } | <i>Members</i> |
| 2. Dr. P. Subbarayan. | | |
| 3. Shri N. M. Wadiwa. | | |
| 4. Shri Sarangadhara Sinha. | | |
| 5. Shri Shivram Rango Rane. | | |
| 6. Shri Hirendra Nath Mukerjee. | | |
| 7. Shri Bimal Comar Ghose. | | |
| 8. Shri Hoover Hynniewta. | | |

SECRETARIAT

Shri Avtar Singh Rikhy—*Deputy Secretary*.

2. The Committee deliberated upon the draft report and adopted it.

3. The Committee authorised the Chairman to present the report on their behalf to the Speaker and to recommend that it may be laid on the Table of the House.

The Committee then adjourned.

MINUTES OF EVIDENCE TAKEN BEFORE THE COMMITTEE OF PRIVILEGES

Thursday, the 25th September, 1958

MEMBERS PRESENT

1. Sardar Hukam Singh—*Chairman*.
2. Shri Satya Narayan Sinha.
3. Dr. P. Subbarayan.
4. Shrimati Jayaben Vajubhai Shah.
5. Shri Shivram Rango Rane.
6. Shri Hirendra Nath Mukerjee.

SECRETARIAT

Shri Avtar Singh Rikhy—*Deputy Secretary*.

WITNESS

Dr. Nagendra Singh, I.C.S., *Joint Secretary and Director General of Shipping, Ministry of Transport and Communications, Government of India.*

(*The Committee met at 16-00 hours.*)

EVIDENCE OF DR. NAGENDRA SINGH

Mr. Chairman: We have seen your letter. Yet there are one or two points on which we would like to hear your views because we just wanted to satisfy ourselves on those points.

Dr. Nagendra Singh: Certainly, Sir, I would like to submit my views on those points.

Shri Satya Narayan Sinha: Suppose a question is asked in Parliament you will not be there to defend yourself. That is why we just wanted to hear your views to satisfy ourselves about our stand.

Mr. Chairman: Whatever stand we take, we should be clear in our minds. I think Mr. Mukerjee would like to ask you some questions.

Shri H. N. Mukerjee: I pointed out to our Chairman a difficulty which I felt myself. Now our difficulty relates to a confusion perhaps

in my own understanding of the law as it has been now passed by Parliament. At page 251 of this document, from line 8 onwards, it is stated as follows:

“It is submitted that according to clause 12 of the Bill as originally drafted and even according to the existing law, a Company with 100 per cent. foreign capital is permitted to register its vessels as Indian ships.”

Then it is stated as follows:—

“However, despite this law of registration which still holds the ground, Government has throughout respected the 1947 Resolution.”

Our impression in the Joint Select Committee as well as in the House was that no Company with 100 per cent. foreign capital would be permitted to register their vessels as Indian ships. I think the impression then was that if the vessels were owned by a company it ought to have at least 75 per cent. of Indian capital. That was the understanding we got. In your communication you say that a Company with 100 per cent. foreign capital is permitted to register.

Dr. Nagendra Singh: The 100 per cent. foreign capital comes under the old Bill's clause 12. I am referring to clause 12 of the old Bill as it was introduced in Lok Sabha originally and as it came before the Joint Select Committee. The old clause 12 reads as follows:

“A ship shall not be deemed to be an Indian ship unless:

- (a) or,
- (b) the ship is owned by a Company.”

The Company may have 100 per cent. foreign capital and it can register its ships as Indian ships. This is also the existing law. The existing law says that a company with 100 per cent. foreign, i.e., Commonwealth Countries' capital can register its vessels as Indian ships. The Moghul Line is a concrete example of a 100 per cent. foreign capital company and yet their ships are called Indian ships. But they are not granted cargo facilities and loans. They are not allowed to ply on the coast. This is done purely by the executive authority of the Government and the new Act not yet assented to by the President includes clauses 406 and 407 to the same effect. The Director General of Shipping has got the power to grant licences to ships for plying on the coast under the existing law also. And even today, in spite of the provision of 75/25 per cent., if the Minister of Transport or the Government wishes that there should be 100 per cent. Indian capital in respect of those ships that will ply on the coast, it can be

enforced. So, the coastal reservation can completely be at the discretion of the executive under existing law as well as under clauses 406 and 407 of the new Act before President. These clauses were not a subject of discussions or deliberations of the Joint Select Committee nor the subject of Parliamentary discussion which centred round clause 12 of old Bill and clause 21 of the new Bill. Of course, Parliament is sovereign and it can do whatever it likes; but it has not touched on that aspect. Coastal Reservation comes under clauses 406 and 407 of the proposed law. I will read clause 406 which says:

“No Indian ship and no other ship chartered by a citizen of India.....shall be taken to sea from a port or place within or outside India except under a licence granted by the Director-General under this Section.”

So, in respect of those ships that are plying on the coast, each one has to get a permit. I enforce that under the executive instructions of Government. Under the Government policy decision either it can be 75/25 or 100 per cent. Of course, you have excluded the registration of ships with 100 per cent. foreign capital. They don't come into the picture at all under the new law.

Shri H. N. Mukerjee: After the passage of the Merchant Shipping Act, can we have a ship registered as an Indian ship with 100 per cent. foreign capital?

Dr. Nagendra Singh: No sir, not after the new law is enacted.

Shri H. N. Mukerjee: You say that even according to the existing law.....

Dr. Nagendra Singh: The existing law is the law before the passing or the coming into force of the new Act. The new Act has not yet received the assent of the President. So the existing law is the law as enshrined in the old legislation which still holds the ground. Clause 12 of the original Bill was to the same effect.

Mr. Chairman: There is still confusion.

Dr. Nagendra Singh: I would like to clear it.

Mr. Chairman: According to Clause 12 of the Bill as originally drafted, a ship shall not be deemed to be an Indian ship unless 33 or more shares in the ship are owned by Indians.

Dr. Nagendra Singh: That refers to individual ownership. We don't have individual ownership. No ship is owned by an individual because a ship costs crores of rupees. It is usually a company that owns it.

Mr. Chairman: I was misguided by the word 'or'.

Dr. Nagendra Singh: Individual ownership is in that way; but the Company's ownership is in a different way.

Shri H. N. Mukerjee: Is it now clear to you?

Mr. Chairman: The ship is owned by a company. Nowhere is it laid down as to what percentage of the shares should be held by Indian citizens. Therefore, as he says, the whole of it, 100 per cent., could be foreign, because there are two conditions or alternatives. Either 33 or more shares in a ship are to be owned by citizens of India. They may not be a corporate company. They may be individuals holding shares and then, in that case, 33 shares must be owned by the citizens of India, but if it is a company then it could be foreign.

Shri H. N. Mukerjee: If Dr. Nagendra Singh means that that is the existing law since the new Merchant Shipping Act has not yet received the assent of the President and has not been put on the statute-book, then it is all right. Therefore this old thing is continued. That is all right.

Dr. Nagendra Singh: That is what I mean. That comes under the existing law which has not yet been replaced by the 1958 Bill.

Mr. Chairman: That is, the old law that exists. Unless it is substituted, the old law remains.

Dr. P. Subbarayan: He is referring to the law as it exists today. This has nothing to do with the Joint Select Committee report.

Shri H. N. Mukerjee: Another confusion arises. I would request you kindly to refer to page 252. You have referred to the Shipping Policy Resolution of 1947 and you say that there has been no deviation from the Policy Resolution. This Policy Resolution—which you have quoted at page 252—refers to several matters, several criteria by which a company could be considered to be an Indian shipping company. Then you go on to argue that criterion (a) can be separated from criteria (b), (c) and (d) which is something which I don't understand.

Dr. Nagendra Singh: It is like this. The Policy Resolution says that a vessel, in order to receive patronage from Government for cargo facilities, loans etc. must be a ship which is registered in India. They don't say under what law of registration it should be registered in India, whether that should be 75/25 or 0/100 or 100/0 but they merely say that it should be registered in India and owned by a company having 75 per cent. Indian capital and Indian managing agency, Indian directors etc. Registration is quite different

from the policy of patronage which is followed for giving cargo facilities and loans. The law of registration is for registration of ships. Out of those ships that are registered the Government can patronise X, Y and Z.

The question arises whether there is discrimination or not. For that we have gone to the Law Ministry and the Law Ministry has advised us that in a case which came before the Supreme Court it has been held that Government could discriminate in matters of grace. The point is, since the vessel is registered as an Indian ship it becomes, as it were, an Indian citizen. Of course, it is only a notional aspect but it takes an Indian nationality. It becomes an Indian national. How can you distinguish between an Indian national (ship) with 100 per cent. foreign capital registered under the existing law, which is and which would have been so under clause 12 but which will not now be so under clause 21 which has been revised, and another Indian national with 75 per cent. Indian and 25 per cent. foreign capital? The existing law is that a vessel with 100 per cent. foreign capital could be registered today as an Indian ship. But loans etc. which are questions of grace not of right can be given to those Indian ships which satisfy certain conditions and there is no discrimination in that. Those conditions are not statutory but given in the 1947 Policy Resolution.

Shri H. N. Mukerjee: It is only executive interpretation of the law which is not in conformity with the technical letter of the law.

Dr. Nagendra Singh: I would not say that it is not in conformity with the technical letter of the law. One is the law of registration which registers Indian ships. The Policy Resolution lays down which of those ships registered as Indian ships will receive patronage and be permitted to ply on the coast. The Government of India have come to the conclusion that those which satisfy the four criteria will be treated as Indian shipping companies for purposes of grant of loans and cargo facilities.

Shri H. N. Mukerjee: For treatment as Indian ships. They will be considered by law as Indian ships and they will be entitled to whatever privileges are admissible under the law to Indian shipping companies?

Dr. Nagendra Singh: The law in 1947 was the same as it is today. The Policy Resolution was passed in 1947. The Government of India could have amended the law straightway then and reduced this limit of 75 per cent. But they did not do it because they said, "We would allow registration to take place irrespective of our policy of patronage". Registration can be on a broad basis. Any

foreigner can register his vessel. But we will patronise only those ships which satisfy all the four conditions.

Shri H. N. Mukerjee: Before the proposal of clause 12 in the Merchant Shipping Bill, as first introduced in the Lok Sabha, there were many Merchant Shipping Bills, so to speak, a lot of piece-meal legislation. In those laws was there something very like this definition of an Indian ship as was first suggested?

Dr. Nagendra Singh: Exactly, it was the very same thing. In drafting clause 12 we took the principle in its entirety from the British Act.

Shri H. N. Mukerjee: Therefore, the Policy Resolution is rather confusing, I should say, because in law it has no validity.

Dr. Nagendra Singh: It is not law; it is a purely executive instruction.

Mr. Chairman: That Policy Resolution related to a different matter. The registration was a different thing and the other promotional and developmental facilities were different things. Therefore, even though it was not quite in consonance with the Act that existed, the Policy Resolution of 1947 was quite valid.

Shri H. N. Mukerjee: As I am trying to interpret it, it does not square with clause 12 as originally propounded. Then the Joint Select Committee made certain changes which meant a larger conformity with the Policy Resolution. Therefore, our feeling is that the Policy Resolution was very happily reverted to.

Mr. Chairman: We did not distinguish or discriminate between the two aspects. As he is now trying to explain to us, we could not appreciate it; we did not rather know that there could be two aspects. The one is of registration only and any company can get itself registered even if it is completely foreign. There was no bar, nothing of the sort. Any ship can get itself registered. The second thing is, which are the ships that will be encouraged for the development of coastal shipping?

Shri H. N. Mukerjee: The wording of the Policy Resolution gives rise to that confusion. For example, registration stands separately.

Dr. Nagendra Singh: It is not law. The Policy Resolution is not law; it is only a declaration of Government's intention in regard to the promotional aspect, not the law of registration. The law of registration continues to remain today as it was in 1947. It will alter now—with the new Act.

Shri H. N. Mukerjee: If Government chooses to issue a Policy Resolution which is *ultra vires* of the law of the land?

Dr. Nagendra Singh: The Policy Resolution is not ultra vires of the law of the land.

Shri H. N. Mukerjee: Please see the 2nd paragraph on p. 252. The Government of India refers to consideration by Government of special treatment claims by certain companies. You are linking up the two things that Indian shipping companies which claim special treatment have got to have 75 per cent. of the shares held by Indians in their own right. Now, I take the 1st paragraph including the 4 sub-paras (a), (b), (c) and (d) which are clear and which suggest to my mind that the four criteria have to be satisfied according to Government's then interpretation of the law, before a ship can be called an Indian ship. This raises the confusion.

Dr. Nagendra Singh: I just wish to clarify this thing. Indian Ship is defined by the law of registration. Sub-para (a) of the 1947 Policy Resolution leaves the whole thing blank. It merely says:

“(a) The steamers of the companies should be registered at a port or ports in British India; provided that where Government are satisfied that any company is prevented from complying with this condition by circumstances beyond its control, it may be modified suitably.”

And in appropriate cases even exemption may be given. As for registration it may be registered under any conditions because the law at that time in 1947 permitted registration of ships with even hundred per cent foreign capital.

Shri H. N. Mukerjee: Perhaps, the multiplicity of the law relating to Merchant Shipping causes this confusion.

Mr. Chairman: The law continued as it was during the British period. Now we had taken power into our own hands, and by the Policy Resolution we expressed our desires and our sentiments. Therefore, there was some conflict also.

Dr. P. Subbarayan: You said that the matter was taken to the Supreme Court about there being discrimination. What was their decision?

Dr. Nagendra Singh: I would like to convince the Hon'ble Member. There is a clear demarcation between the law of registration and the policy of patronage. The 1947 Policy Resolution was a policy of patronage which now has been embodied as the law of registration. But before embodying this, as it stood in 1947, a ship with hundred per cent. foreign capital could be registered and

could be called an Indian Ship. But according to the Policy Resolution, the Government was not going to treat it as an Indian Ship for purposes of qualifications relating to loans, coastal shipping, etc. which was not contrary to the law of the land.

Shri H. N. Mukerjee: In that case, in view of clause 12 as originally proposed, how can you suggest that Government had no intention to deviate from it, because you could gauge the intention only by the proposal put before Parliament.

Dr. Nagendra Singh: Clause 12 merely reiterated the existing law. Under the existing law, foreign companies have been allowed to register. Under the existing law, the 1947 Policy Resolution has been respected to the letter. We have not given any loan to a company which does not satisfy all the four conditions. The 1947 Policy Resolution does not really define the law of registration. The law of registration is embodied in the Act. Registration is not embodied by the Policy Resolution. Registration is the law of the land. It is statutory, but that (Policy Resolution) is not statutory.

Dr. P. Subbarayan: It now becomes statutory.

Dr. Nagendra Singh: Now, you have got the provisions of the 1947 Policy Resolution in the Act itself for registration purposes also. Let me make it more clear. The intention of the Government never was, in 1947, till today, and never will be in future, to deviate from the 1947 Policy Resolution, because in respect of cargo facilities and coastal reservation even though the law permitted us to give these facilities even to a ship with hundred per cent. foreign capital, we have not deviated from this Policy Resolution. The Minister of Shipping wanted to clear that doubt. He actually directed me to do so and it was under his instructions that I tried to clear the matter. In fact, I would suggest, why not ask him because he is fully conversant with this?

Dr. P. Subbarayan: No, no. What was the decision of the Supreme Court in the case that you referred to?

Dr. Nagendra Singh: If there are Indian ships, under the existing law today and under clause 12, if it had been allowed to remain, you would have, say, 2,000 ships out of which 1,000 ships would have been with 75 per cent. Indian capital and the rest would have been ships with 100 per cent. foreign capital. I would have given, according to the Policy Resolution in regard to promotional and development aspects, loans to 1,000 ships which are qualified under the 75 per cent. clause, and the other 1,000 would have gone to the Supreme Court and said, "Why have the Government discriminated against us?". On this the Law Ministry have clearly said that in

the case of Madhya Pradesh Vs. G. C. Manda War (1955) it was laid down that giving of loans or other facilities is an act of grace; it is not a matter of right. It is not statutory either. For example, export and import licences are issued. They are issued to newcomers and to those who are established in the trade. But the Government lays down that they will give preference to those who have five years' standing in the trade or with 75 per cent Indian capital and that they will not give to others. With regard to these import and export licences, they are both Indian nationals, but one gets the licence and the other does not. Now, these promotional rules are embodied in the Policy Resolution. It is not the law of registration. The Government had no intention to deviate from the Policy Resolution of 1947. If the Minister so wills and makes his promotional policy instead of 75 per cent., 100 per cent. Indian capital, then I could give loans and cargo facilities as first preference to those with 100 per cent. Indian capital and not to those with 75 per cent. Indian capital. I would only according to that Policy license them on the coast.

Mr. Chairman: Thank you.

(Dr. Nagendra Singh then withdrew.)

APPENDICES

APPENDIX I

[See para. 1(i) of Report]

IMMEDIATE/URGENT

From

Rani Manjula Devi,
92, South Avenue,
New Delhi.

To

The Secretary,
Lok Sabha Secretariat,
New Delhi.

Dated, Sept. 5, 1958.

Sir,

SUBJECT:—*Question of Privilege Motion.*

I wish to raise a question involving a breach of privilege of the House and of the Joint Committee on Merchant Shipping Bill *vide* Rule 222 of the Rules of Procedure & Conduct of Business in Lok Sabha. The document under question is attached herewith.* The following points are:—

1. The article in *Statesman*, dated 15th August, 1958 in Independence Day Supplement by Dr. Nagendra Singh, Director General of Shipping, Ministry of Transport and Communications, is clear violation and involves a breach of the Committee. The article is entitled "THE MARCH OF INDIAN SHIPPING".
2. The Joint Committee on Merchant Shipping Bill, 1958 considered the report only on August 18 and this report along with the minute of dissent was presented to this House on August 21 but the article under question, marked portion, gives clear indication about the trend and decisions of the Select Committee.

* The relevant extract from the article of Dr. Nagendra Singh, as published in the Independence Day Supplement of the *Statesman*, dated 15-8-1958, is at enclosure. (See page 29).

3. The original Bill presented to this House in the last Budget Session proposed even hundred per cent. capital. The marked portions say:—

“Revision and consolidation which was taken up a few years ago now have been completed and a new Merchant Shipping Bill which was introduced during the last Budget Session of Parliament is now under scrutiny by a Select Committee.

It has never been the intention of the Government to deviate from the 1947 Policy Resolution. In short, coastal shipping would continue to be reserved for vessels of companies having 75 per cent. Indian capital.”

The matter is of great importance and it is requested that the Hon'ble Speaker should give his consent under Rule 222 and many other startling points will be brought to the notice of the Committee of Privileges.

It is further respectfully requested that the Speaker may give his consent even under Rule 225 as the matter is of great importance.

Yours faithfully,

Sd/- (RANI MANJULA DEVI),

Division No. 122.

Enclosure to Appendix I

EXTRACT FROM THE ARTICLE OF DR. NAGENDRA SINGH, PUBLISHED IN THE INDEPENDENCE DAY SUPPLEMENT OF THE STATESMAN, DATED THE 15TH AUGUST, 1958.

Shipping Law

I should like to mention here the progress made in the revision and consolidation of our Merchant Shipping Law. The existing law relating to Merchant Shipping in India which is contained mainly in the IMS Act, 1923, and a few other minor enactments is limited in its application in that it does not deal with important matters like registration of ships, limitation of shipowners' liability, collisions, etc. In respect of these matters, the Merchant Shipping Acts of the U.K. are still applicable in this country. As a natural corollary to the advent of Independence, it became necessary to revise and consolidate our law so as to bring it into conformity with the requirements of modern practice and conditions. Revision and consolidation which was taken up a few years ago has now been completed, and a new Merchant Shipping Bill which was introduced during the last Budget Session of Parliament is now under scrutiny by a Select Committee.

It has never been the intention of Government to deviate from the 1947 Policy Resolution. In short, coastal shipping would continue to be reserved for vessels of companies having 75 per cent. Indian capital, and loans and other facilities would also be provided to companies that would meet the requirements specified in the 1947 Resolution.

To sum up, the year under review will go down in history as laying the foundations of the Indian Merchant Navy on a sure and firm basis. With the appointment of a Minister of Shipping for the first time in the constitutional history of our country, and the introduction of new legislation on merchant shipping and the establishment of new organs of State to deal with this vital industry whose expansion is so essential to the developing economy of India, we may rightly look forward to a renaissance of Indian shipping.

APPENDIX II

[See para 1(ii) of Report]

16, South Avenue,
New Delhi, September 8, 1958.

From

Qazi S. A. Matin,
Member of
The Lok Sabha.

To

Hon'ble Shri Ananthasayanam Ayyangar,
Speaker,
Lok Sabha.

Sir,

I am sending herewith a Privilege Motion under Rule 222 about the Merchant Shipping Bill. As the matter is of very urgent nature affecting the Lok Sabha, so I want to raise this matter in the Lok Sabha. This Bill is being presented today or tomorrow and hence the urgency of this motion.

Yours faithfully,
Sd/- S. A. MATIN,
Division No. 429.

IMMEDIATE/URGENT

From

Qazi S. A. Matin, M.P.,
16, South Avenue,
New Delhi.

To

The Secretary,
Lok Sabha Secretariat,
New Delhi.

Dated the 8th September, 1958.

Dear Sir,

SUBJECT.—*Privilege Motion under Rule 222 of the Rules of Procedure and Conduct of Business in Lok Sabha, about Merchant Shipping Bill.*

I wish to raise an important and urgent question involving a breach of the Privilege of the House and of the Joint Committee on

Merchant Shipping Bill, 1958 under Rule 222. The matter is very urgent as the Merchant Shipping Bill is likely to be considered by the Lok Sabha today or tomorrow. The document under question is attached herewith.* The important points are:—

1. The article in *Hindusthan Standard*, Calcutta, in its issue of August 15, 1958 on page 4, facing leading article under the heading 'STORY OF THE MERCHANT SHIPPING BILL' from a Special Correspondent is a clear violation and involves a breach of the Committee and Lok Sabha.
2. The Joint Committee on the Shipping Bill considered the report on August 18 and this report, along with the minute of dissent was presented to Lok Sabha on August 21. The article under question gives all the decisions of the Committee taken on July 22 and July 24, 1958.
3. Some of the objectionable portions published in the article are as follows:—
 - (a) "A fascinating inside story of how the *battle was fought* out before the Select Committee has recently come to light".
 - (b) "With the help of a few Indian brokers and other *stooges*, they *managed to get* a Draft Indian Merchant Shipping Bill".
 - (c) "When the Select Committee met on July 22, a compromise plan was *pushed through* whereby foreigners were permitted to own and control a third of the share of an Indian ship."
 - (d) "The Prime Minister had to personally *intervene* to curb the enthusiasm of those whose *weakness* has been the biggest factor in favour of British interests."
 - (e) "The Select Committee met again on *July 24* and foreign participation was reduced to the existing level namely, to one-fourth of the Capital."
 - (f) "And let us also watch the steps of the Directorate General of Shipping."

I was a member of the Joint Committee on Merchant Shipping Bill and personally feel that this article under question is a clear breach of Privileges of this House, Joint Committee and Members of Lok Sabha.

* The relevant extract from the article appearing in the *Hindusthan Standard* (Calcutta Edition), dated the 15th August, 1958 is at enclosure (See pages 33-34).

This is an urgent matter and must be discussed at the floor of the House and I want to exercise my right as a Member of the Lok Sabha under Rule 225(1) because very sweeping allegations had been made against this Sovereign Body of the Indian Republic that different interests managed to get the Bill drafted in the Lok Sabha and various other allegations had been made.

The decisions of 22nd and 24th July had been made public by this article. This House must know who is the writer of this article and which interest got this article published in order to damage the reputation of the Members of the Lok Sabha. Even the name of our Prime Minister has been involved in it.

Since this Bill is to be discussed by the Lok Sabha in a day or so, it is respectfully requested that this motion, which is of a very urgent nature involving the entire House, must be discussed and I want to exercise my right as M.P. about this motion of Privilege.

Yours faithfully,
Sd/- S. A. MATIN,
Division No. 429.

Enclosure to Appendix II

EXTRACT FROM THE ARTICLE APPEARING IN THE HINDUSTHAN STANDARD
(CALCUTTA EDITION), DATED THE 15TH AUGUST, 1958.

Bombay.

Story of the Merchant Shipping Bill

The Indian Merchant Shipping Bill, which is now before the Lok Sabha, was ostensibly designed to bring together all the important legislative enactments relating to shipping; but unfortunately through it foreign, particularly British, interests wanted to cripple Indian shipping and to reassert their dominance in the Indian Ocean area. A fascinating inside story of how the battle was fought out before the Select Committee has recently come to light.

First the background: Under the 1947 Policy Resolution on Shipping, which is still in force, a ship was not deemed to be an Indian ship unless 75 per cent of the capital was held by Indians in their own right and unless the management of the shipping company was completely Indian. With the help of the constructional subsidy granted to the Vizag shipbuilding yard and the low-interest loans made available to Indian companies for buying ships, shipping made steady progress during the last decade.

Every addition to the Indian fleet resulted in a diminution of British trade and influence, particularly in the waters surrounding India. British shipowners have been, at the same time, under severe pressure from other directions also. West Germany and Japan have re-captured their position in the shipping world. The USA has a law on its statute book, which requires 50 per cent of Government aid cargo to be carried in American bottoms. Bilateral agreements, with suitable clauses providing for equal participation by shipping interests of both parties, have been too numerous recently. Lastly, there was a steep fall in the freight market last year, immobilising a large part of the British merchant fleet.

Harassed and on the retreat, British interests which had ruled over the waves for centuries, fell back on diplomacy and intrigue. With the help of a few Indian brokers and other stooges, they managed to get a Draft Indian Merchant Shipping Bill which would have

thrown open the door for full foreign participation in our shipping. This was stoutly resisted by indigenous interests and ultimately when the Select Committee met on July 22, a compromise plan was pushed through whereby foreigners were permitted to own and control a third of the shares of an Indian ship. The Union Cabinet studied and discussed the plan and the Prime Minister had to personally intervene to curb the enthusiasm of those whose weakness has been the biggest factor in favour of British interests. The Select Committee met again on July 24 and foreign participation was reduced to the existing level, namely, to one-fourth of the capital.

However, scheming foreign interests made useful dents at three different points: First, now they can have their nominees on the Board of Directors to the extent of one-fourth of its total strength. At present although they are allowed to subscribe one-fourth of the capital the management has to be cent per cent Indian. They have now got a share in the management. Second, the clause "in their own right" has been eliminated so that foreigners can now own *benami* shares to a much larger extent than merely a fourth provided they can record these shares in subservient, and may be bogus too, Indian names. Third, by a special proviso the ships of the Mogul line have been recognised as Indian ships. The Mogul line—it is associated with the P. & O., the biggest shipping monopoly in the world—can now ask for loans from the Government of India and ply its ships in our coastal waters.

Perhaps, Parliament will find it necessary to repair these breaches in order to ensure that Indian shipping remains Indian, loyal to the nation and useful as an arm of defence in an emergency. Now, one may hope that our Minister for Shipping, Mr. Raj Bahadur, may not go down to history as the Minister for the Destruction of Indian Shipping. And let us also watch the steps of the Directorate-General of Shipping.

APPENDIX III
[See para 1(ii) of Report]

JK House, Haridwar, September 9, 1958.

From

Rani Manjula Devi,
Member of the Lok Sabha.

To

Hon'ble the Speaker,
Lok Sabha,
New Delhi.

Sir,

I am sending herewith further communication about my motion under Rule 222 given to you on September 5, 1958.

Yours faithfully,
Sd./- RANI MANJULA DEVI,
Division No. 122.

*Camp: Haridwar,
September 9, 1958.*

From

Rani Manjula Devi, M.P.,
92-D, South Avenue,
New Delhi.

To

Hon'ble Speaker,
Lok Sabha,
New Delhi.

Sir,

Re: MY MOTION UNDER RULE 222 OF THE RULES OF PROCEDURE AND CONDUCT OF BUSINESS IN LOK SABHA ABOUT MERCHANT SHIPPING BILL, DATED 5TH SEPTEMBER, 1958.

You were very kind in withholding your order with regard to my motion of privilege under Rules 222 and 225. I had with me on that day a very damaging article of an extremely delicate nature which I did not want to incorporate in my motion as I did not want this to be made a point of open discussion in the House.

Hence the urgency and importance of the question prompted me to move this motion of privilege on the 5th September, 1958 requesting you to grant leave for moving this motion on that very day. My personal convenience or inconvenience is of no consequence at all for urging you to grant leave to move the motion. *This damaging article* is reproduced and forwarded for your kind consideration.

We as members of Parliament cannot allow such damaging reports of the Press to be published in such a callous manner before the report of the Joint Committee is presented to this House. I leave this to your entire discretion, whether this article should be placed before the Privilege Committee or not.

My only intention is that this matter should be thoroughly investigated to put an end to any loophole that may arise out of the decision of the Joint Committee on Merchant Shipping Bill, 1958.

I am sorry that I was misunderstood in the House the other day by you. But for the urgency of the question I will be the last person to interfere with the Business of the House.

Objectionable Portion of the Article

Though I have attached the full text of the Article published in Hindusthan Standard, Calcutta, in their Independence Day Supplement, dated August 15, 1958, I am reproducing some of the objectionable portions only for the consideration of the Committee of Privileges for necessary action:

- (1) How the battle was fought before the Select Committee has recently come to light.
- (2) British interests fell back on diplomacy and intrigues. With the help of a few Indian brokers and other stooges they managed to get a draft Indian Merchant Bill.
- (3) On July 22, a compromise plan was pushed through.
- (4) The Prime Minister had to personally intervene to curb the enthusiasm of those whose weakness has been the biggest factor in favour of British interests.
- (5) The Select Committee met again on July 24, and foreign participation was reduced to the existing level.
- (6) Our Minister for Shipping Mr. Raj Bahadur may not go down to history as the Minister for the *destruction of Indian Shipping*.
- (7) Let us also watch the steps of the Directorate-General of Shipping."

I have marked these portions and the full text of the article is also sent for the consideration of the Privileges Committee so that I may be allowed to exercise my right under Rule 225 of the Rules of Procedure and Conduct of Business in Lok Sabha.

Yours faithfully,
Sd./- RANI MANJULA DEVI,
Division No. 122.

Copy to the Secretary, Lok Sabha Secretariat.

APPENDIX IV

[See para 1(iii) of Report]

From

Laxmi Narayan Bhanja Deo, M.P.,
11-Windsor Place,
New Delhi.

To

The Secretary,
Lok Sabha Secretariat,
New Delhi.

Dated the 11th September, 1958.

Dear Sir,

Re: MOTION UNDER RULE 222 OF THE RULES OF PROCEDURE AND
CONDUCT OF BUSINESS IN LOK SABHA ABOUT MERCHANT SHIPPING
BILL AND ARTICLES IN NEWSPAPERS.

Being an Independent Member of the House, I am interested to uphold the dignity of the House. I have come across some articles appearing in Statesman, Calcutta and Hindusthan Standard and both these articles are clear breach of the Privilege of the House and so I am moving this motion under Rule 222 so that the matter be discussed on the floor of the House.

I wish to draw the attention of Hon'ble the Speaker to the observations made by Shri Harish Chandra Mathur, M.P., in his note of dissent on page (xxix) of the Report of the Joint Committee, dated 26th August, presented to Lok Sabha on 21st August and these are:—

“This Bill as it has emerged out from the Select Committee has completely changed its complexion and also its purpose. I feel that existing Private Shipping interests have had their way.”

Article in Statesman

The Article in Statesman, Calcutta, dated the 15th August, 1958 by the Director General of Shipping, Government of India is clear violation because he has disclosed the decisions and trends of the

Select Committee of the Bill. The objectionable portions of the article are:—

“Revision and consolidation which was taken up a few years ago has now been completed and a new Merchant Shipping Bill which was introduced during the last Budget Session of Parliament is now under scrutiny by a Select Committee.

It has never been the intention of the Government to deviate from the 1947 policy Resolution. In short, coastal shipping would continue to be reserved for vessels of companies having 75% Indian Capital.”

Serious allegations in Hindusthan Standard

Very serious allegations mentioning even bribes had been published in Hindusthan Standard, Calcutta in its Independence Day Issue, dated the 15th August, 1958. The original is attached herewith. This article is from Bombay from a special Correspondent. After reading the article one comes to the conclusion that this is an inspired article written by some Shipping Companies.

The Committee should find out who is the author of the article and from where the material came to Hindusthan Standard. Some of the objectionable portions of the Article are marked and brief notes are given below:—

- (a) “A fascinating inside story of how the battle was fought out before the Select Committee has recently come to light.”
- (b) “With the help of a few Indian brokers and other stooges, they managed to get a Draft Indian Merchant Shipping Bill.”
- (c) “When the Select Committee met on July 22, a compromise plan was pushed through whereby foreigners were permitted to own and control a third of the share of an Indian ship.”
- (d) “The Prime Minister had to personally intervene to curb the enthusiasm of those whose weakness has been the biggest factor in favour of British interests.”
- (e) “The Select Committee met again on July 24th and foreign participation was reduced to the existing level namely, to one-fourth of the Capital.”
- (f) “And let us also watch the steps of the Directorate-General of Shipping.”

I was not a member of the Joint Committee but after going through the Report of the Joint Committee presented to Lok Sabha on 21st August, I find that this article in Hindusthan Standard, Calcutta had already disclosed on 15th August, when the matter had not even been discussed by the Lok Sabha.

I am an Independent Member who is interested in the dignity of the Sovereign Body and this matter should not be treated in the lighter way.

It is respectfully requested that this matter be thoroughly debated and discussed by the Committee of Privileges.

Yours faithfully,

Sd./- LAXMI NARAYAN BHANJA DEO,
Division No. 421.

Copy to Hon'ble Speaker, Lok Sabha.

APPENDIX V

CONFIDENTIAL
MOST IMMEDIATE

(See para 3 of Report)

No. 797-CI/58-XII.

September 13, 1958.

From

Shri Avtar Singh Rikhy,
Deputy Secretary.

To

Dr. Nagendra Singh, I.C.S.,
Joint Secretary and Director-General of Shipping,
Ministry of Transport & Communications,
Government of India,
New Delhi.

Sir,

I am directed to state that a Member of Parliament has drawn the attention of the Speaker, Lok Sabha, to the article under the title "The March of Indian Shipping" published in your name on page VIII of the Independence Day Supplement of the *Statesman*, New Delhi, dated the 15th August, 1958. The Member has invited particular attention to the following passages occurring in that article:—

"Revision and consolidation which was taken up a few years ago has now been completed, and a new Merchant Shipping Bill which was introduced during the last Budget Session of Parliament is now under scrutiny by a Select Committee.

It has never been the intention of the Government to deviate from the 1947 Policy Resolution. In short, coastal shipping would continue to be reserved for vessels of companies having 75% Indian capital."

2. The Member has contended that "The article..... is clear violation and involves a breach (of privilege) of the Committee..... The Joint Committee on Merchant Shipping Bill, 1958 considered the report only on August 18 and this Report along with the minute of dissent was presented to this House on August 21 but the article under question marked portion gives clear indication about the trend and decisions of the Select Committee."

3. The Speaker, Lok Sabha, has referred the matter to the Committee of Privileges, under rule 227 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifth Edition).

4. The Committee of Privileges considered the matter on the 11th September, 1958 and have directed the undersigned to request you kindly to furnish the factual information in respect of the above for their consideration. The Committee particularly desire a clarification as to how it could be said that "coastal shipping would continue to be reserved for vessels of companies having 75% Indian Capital", when clause 12 of the Merchant Shipping Bill, 1958, as introduced in Lok Sabha, indicated the intention of the Government to deviate from the 1947 Policy Resolution on Shipping, unless this statement was based on the proceedings of the Joint Committee on the Merchant Shipping Bill, held on the 24th July, 1958, where you were present as a representative of the Ministry of Transport and Communications.

5. In this connection, your attention may be invited to the following:—

- (i) *Rule 266 of the Rules of Procedure and Conduct of Business in Lok Sabha.*—

"The sitting of a Committee shall be held in private."

- (ii) *May's Parliamentary Practice.*—

"By the ancient custom of Parliament 'no act done at any committee should be divulged before the same be reported to the House'. Upon this principle the Commons, on 21st April, 1837, resolved, 'That the evidence taken by any select committee of this House, and the documents presented to such committee, and which have not been reported to the House, ought not to be published by any member of such committee or by any other person'. Where the public are admitted this rule is usually not enforced. The publication of proceedings of committees conducted with closed doors or of draft reports of committees before they have been reported to the House will, however, constitute a breach of privilege."

—(May's Parliamentary Practice,
16th Edition, p. 119)

6. It is requested that the requisite information may kindly be sent so as to reach this Secretariat before the 20th September, 1958.

Yours faithfully,

Sd./- AVTAR SINGH RIKHY,
Deputy Secretary.

APPENDIX VI

BY AIR MAIL
By Registered A.D.
CONFIDENTIAL
MOST IMMEDIATE

(See para. 3 of Report)

F. No. 797-CI/58-XII

Dated, the 11th September, 1958.

From

Shri Avtar Singh Rikhy,
Deputy Secretary.

To

The Editor,
Hindusthan Standard,
6, Sooterkin Street,
Calcutta—1.

Sir,

I am directed to state that a Member of Parliament has drawn the attention of the Speaker, Lok Sabha, to the article under the title "Story of the Merchant Shipping Bill", from a special correspondent, published on page 4 of the Hindusthan Standard (Calcutta Edition), dated the 15th August, 1958. He has invited particular attention to the following passages occurring in that article:

- (a) "A fascinating inside story of how the battle was fought out before the Select Committee has recently come to light".
- (b) "With the help of a few Indian brokers and other stooges, they managed to get a Draft Indian Merchant Shipping Bill".
- (c) "When the Select Committee met on July 22, a compromise plan was pushed through whereby foreigners were permitted to own and control a third of the shares of an Indian ship".
- (d) "The Prime Minister had to personally intervene to curb the enthusiasm of those whose weakness has been the biggest factor in favour of British interests".

- (e) "The Select Committee met again on July 24 and foreign participation was reduced to the existing level, namely, to one-fourth of the Capital".
- (f) "And let us also watch the steps of the Directorate-General of Shipping".

2. The Member has complained that the aforesaid article is a breach of privilege of the Lok Sabha, the Joint Committee and the Members of Lok Sabha, because in his opinion:

"Very sweeping allegations have been made against this sovereign body of the Indian Republic that different interests managed to get the Bill drafted in Lok Sabha, and various other allegations have been made".

The Member has also mentioned that: "the Joint¹ Committee on (Merchant) Shipping Bill considered the report on August 18 and this report along with the minute of dissent was presented to Lok Sabha on the 21st August, 1958. The article under question gives all the decisions of the Committee taken on July 22 and July 24, 1958."

3. The Speaker, Lok Sabha, has referred the matter to the Committee of Privileges, under rule 227 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifth Edition).

4. The Committee of Privileges considered the matter on the 11th September, 1958, and have asked the undersigned to request you kindly to state for the information of the Committee such facts as you may possess about the publication of the aforesaid article in the Hindusthan Standard (Calcutta Edition) of the 15th August, 1958.

5. It is requested that the requisite information may kindly be sent so as to reach this Secretariat preferably before the 20th September, 1958.

Yours faithfully,

Sd./-AVTAR SINGH RIKHY,
Deputy Secretary.

APPENDIX VII

(See paras 4 and 9 of Report)

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND COMMUNICATIONS

Department of Transport

(Transport Wing)

New Delhi, September 19, 1958.

From

Dr. Nagendra Singh, I.C.S.,
Joint Secretary to the Govt. of India

To

Shri Avtar Singh Rikhy,
Deputy Secretary,
Lok Sabha Secretariat,
New Delhi.

Sir,

With reference to your confidential letter No. 797-CI/58-XII, dated the 13th September, 1958, I respectfully submit to the Speaker of the Lok Sabha and to the Committee of Privileges as also to the Member of Parliament who has drawn attention to this matter, that in my article entitled "THE MARCH OF INDIAN SHIPPING" published in the Supplement of the Statesman, dated the 15th August, 1958, I made no observations relating, directly or indirectly, to the proceedings of the Joint Select Committee on the Merchant Shipping Bill. I would, therefore, plead for the consideration of the Committee of Privileges that I have not committed any breach of privilege, for, as I would presently show, I have divulged no information which I may have gathered during the discussions in the Joint Select Committee. In support of my contention, I make the following submissions:—

Objection has been taken to the following passages which have been extracted from my article:

"Revision and consolidation which was taken up a few years ago has now been completed and a new Merchant Shipping Bill which was introduced during the last Budget Session of Parliament is now under scrutiny by a Select Committee.

It has never been the intention of the Government to deviate from the 1947 Policy Resolution. In short, coastal shipping would continue to be reserved for vessels of companies having 75 per cent. Indian capital.....”

The remaining portion of the sentence, to which, however, no objection is taken but is relevant in the context, is given below :

“.....and loans and other facilities would also be provided to companies that would meet the requirements specified in the 1947 Resolution.”

The first point I would like to urge is that the two paragraphs quoted above may kindly be seen not in isolation, but in their proper context and place within the article taken as a whole. If that is done, it would be seen that in my article I have dealt with the various aspects of the problems of Indian Shipping and different subjects are dealt with in different paragraphs.

Of the two paragraphs which have been quoted in your letter, the *FIRST* refers very briefly to the revision and consolidation of Merchant Shipping Law and the *SECOND* to quite a different matter, viz., the Shipping Policy Resolution of 1947 and the policy of coastal reservation.

(A) In regard to the *FIRST*, I have merely mentioned that “a new Merchant Shipping Bill which was introduced during the last Budget Session of Parliament, is now under scrutiny by a Select Committee.” I have said nothing further in regard to the merits of the Bill or to the deliberations of the Joint Select Committee or, indeed, to any of the evidence tendered there. I would submit in this connection that the introduction of the Merchant Shipping Bill in the Parliament was a fact already well known throughout India. In mentioning this matter, however, I took the fullest possible precaution and, as stated earlier, after referring to the fact of the introduction of the Bill, have said no more than that the Bill was under the scrutiny of the Joint Select Committee which was no secret. It is important to bring out that I maintained complete silence in regard to the matters which had been debated at length in the Committee particularly in regard to the legal definition of an “Indian Ship” which was the subject-matter of a heated controversy inside the Committee as well as outside and also in the Press, and which had been dealt with in section 12 of the original Bill and which has now been dealt with in section 21 of the revised Bill.

(B) I would now deal with the other paragraph quoted in your letter. This refers to two specific matters—

- (1) The Shipping Policy Resolution of 1947; and
 - (2) the policy of coastal reservation for Indian Shipping.
- (1) Policy Resolution of 1947.

In para 4 of the Lok Sabha Secretariat letter under reference, it has been mentioned that "clause 12 of the Merchant Shipping Bill, 1958 as introduced in Lok Sabha, indicated the intention of the Government to deviate from the 1947 Resolution on Shipping". It is on this basic premise that a breach of privilege is being alleged. Clearly, the assumption seems to be that the subject-matter of clause 12 of the Bill was the same as that of the 1947 Resolution. Actually, however, the two relate to entirely different subjects: clause 12 of the Bill laid down the law of registration and the 1947 Resolution contains the policy decision of Government in regard to special assistance to Shipping for its rapid development. It is submitted that according to clause 12 of the Bill as originally drafted and even according to the existing law, a company with 100% foreign capital is permitted to register its vessels as Indian Ships. However, despite this law of registration which still holds the ground, Government has throughout respected the 1947 Resolution and I would reiterate that it has never had the intention, whatsoever the registration law may be, to depart from its policy of coastal reservation, grant of loans and cargo facilities to companies with 75% Indian capital conforming to the 1947 Resolution. I would submit that there is a clear distinction between the law of registration on the one hand which deals with the question of foreign participation as provided in clause 12 of the original Draft Bill or clause 21 of the Revised Bill and, on the other hand, the policy of promotion and development which is embodied in the 1947 Resolution rightly styled as "The Policy Resolution". Thus despite the existing registration law and the proposed clause 12 of the Bill it was never the intention of Government to deviate from the promotional and developmental policy which had been accepted in 1947.

The fact that the promotional and developmental policy has nothing to do with the law of registration can be further substantiated by a careful study of the Policy Resolution of 1947. The relevant extract of the Resolution is reproduced below:—

"The Government of India have accordingly come to the conclusion that in present conditions the criteria to be satisfied by companies to qualify themselves for treatment as 'Indian Shipping Companies' should be as follows:—

- (a) *The steamers of the companies should be registered at a port or ports in British India; provided that where*

Government are satisfied that any company is prevented from complying with this condition by circumstances beyond its control, it may be modified suitably.

- (b) At least 75 per cent of the shares and debentures of the companies should be held by Indians in their own rights.
- (c) All the Directors should be Indians.
- (d) The Managing Agents, if any, should be Indians.

The Government of India wish to add that any company, which finds it difficult to comply with any of the conditions (a) to (d) above, may apply for Government's specific approval to its being treated as an Indian Shipping Company. Such applications will be considered by Government in the light of the reasons for which the Company asks for special treatment and the circumstances which prevent it from complying with all the four conditions."

It will be seen that out of the four conditions enumerated by the Resolution for a Company to be eligible for special assistance from Government, one is that the vessel in question should be registered at an Indian Port. [See (a) above of the Resolution]. *It does not lay down that no ship shall be registered in India unless 75% of its capital is Indian. It merely requires registration to be Indian which would be regulated by the Registration Law which, in turn, may prescribe that a company with either 51% foreign capital or 100% or even 0% foreign capital could register Indian ships. In fact the underlined portion of the 1947 Resolution quoted above would give Government the authority to disregard the law of registration in certain cases in order to assist the company concerned with loans, etc., by allowing it to be qualified for the promotional and development purposes as 'Indian Shipping' provided that (b), (c) and (d) were satisfied. In short, it was immaterial from the view-point of the Policy Resolution of 1947 how and in what proportion of foreign participation the vessel was registered in an Indian Port. The Policy Resolution demands that a vessel registered in India (under any definition of registration which may be prescribed) will not be entitled to claim the benefits associated to 'Indian Shipping' unless 75% of the Company's capital was in Indian hands and the management, etc., were also Indian. I would, therefore, submit that the provisions of clause 12 of the original Bill or indeed of clause 21 of the amended Bill cannot be taken to, and did not in fact, show or imply any departure on the part of Government from its shipping promotional and developmental policy as enunciated in its resolution of 1947 and as adhered to upto-date ever since then.*

Moreover, it is clear from the extract quoted above that the Policy Resolution of 1947 did not make any reference, direct or indirect, to the conditions which were to be satisfied before a Ship could be registered in India. In other words, it did not concern itself at all with those questions which were subsequently dealt with in section 12 of the new Bill. When, therefore, I referred to the Resolution of 1947, I did so purely and exclusively in relation to the promotional policy of Government and emphasised a fact already well known that Government had steadfastly adhered to the aforesaid Resolution all along.

The next point I would submit for the consideration of the Committee is that *the Policy Resolution of 1947 has been implemented not under any statutory provisions but by executive directions. Since its adoption in 1947, this Resolution has been consistently followed by Government up to date. There has been no decision whatsoever to make a departure and Government at the highest level had reaffirmed it in July, 1958 which fact the Shipping Companies were naturally eager to know.* In other words, whatever the law relating to the registration of ships in India, the decision of Government up to date is to confine its special assistance programme only to those ships which satisfied the criteria of the Policy Resolution of 1947.

It is far from me to suggest that the Joint Select Committee or the Parliament which is the supreme body could not have given directions to the contrary. All that I submit is that factually it is entirely correct and is also well known that Government have upto-date never intended to depart from the Policy Resolution of 1947.

Finally, may I submit that *the article makes a declaration of Government's intention but by no means can it be said to make a declaration of Committee's intention, let alone its decisions.* This is further substantiated by the fact that I have mentioned the consolidation of the Merchant Shipping law and referred to the Joint Select Committee in one separate and distinct para quite separate from the second para which talks of the 1947 Resolution and coastal reservation, etc.

(2) Coastal Reservation

The other matter referred to by me in the paragraph to which objection seems to have been taken, relates to the policy of coastal reservation. On this point, I have mentioned that coastal shipping would continue to be reserved for vessels of companies having 75% Indian capital. Here again, I would submit that this statement is based on the well known policy decision of Government in regard

to this vital matter and not on the deliberations of the Joint Select Committee. In fact, the Merchant Shipping law, as it stands today, does not provide directly for coastal reservation and the policy of coastal reservation has so far been implemented in exercise of the powers conferred on the executive authority to regulate the coastal trade of India by licensing. The law does not provide that licences can be issued only to Indian ships. What it does is to lay down *vide* clause 392 of the original draft and section 406 of the revised draft that no ships, *whether Indian or foreign*, can ply on the coast of India without licence and it is only in pursuance of a policy decision that the issue of such licences has been restricted as a rule only to such ships as satisfied the criteria laid down in the Policy Resolution of 1947. What I said in my article was only this that the aforesaid policy would continue to be followed. This is factually correct and follows from an administrative decision of Government reaffirmed at the highest level in July, 1958 and not from the proceedings of the Joint Select Committee. Indeed, I would presently show that such a remark *cannot* follow from the deliberations of this Committee. I deal with this point in the following paragraphs.

The question of the coastal trade of India was dealt with in *Sections 392 and 393 of the Merchant Shipping Bill as originally introduced in the Parliament*. Section 392 related to Indian ships or to ships chartered by Indian Companies and laid down that such ships could not proceed to sea or ply on the coast of India or indeed anywhere else in the world without obtaining a licence from the Director-General of Shipping. Section 393 related to foreign ships and provided that no such ships could ply on the coast of India without a licence. *These two Sections taken together, therefore, provided only for prior licensing in respect both of Indian ships and foreign ships and not for coastal reservation for Indian Shipping*. Similarly, *Sections 406 and 407 of the Bill as amended by the Joint Select Committee lay down that both Indian and Foreign ships have to obtain licences before they can ply on the coast of India*. Here again, *there is no reference whatsoever to coastal reservations*. *This subject, I beg to emphasize, has been dealt with in the past by administrative and executive action and would in future also continue to be dealt with in the same manner*. *In other words, neither the present law nor indeed the proposed law as originally introduced in Parliament nor even the Bill as it has emerged from the Joint Select Committee, provides for or refers to coastal reservation as such*. Sections 392 and 393 clearly vested powers in the Director-General of Shipping to regulate the coastal trade of India by the grant of licences. Substantially, the legal position in the amending Bill was the same as previously. *When, therefore, I referred in*

my article to the question of coastal reservation, I was not referring and could not possibly have referred to the proceedings of the Joint Select Committee. I was referring to the manner in which the discretionary authority given to the Director-General for regulating the coastal trade of India had been exercised under Government's instructions in the past and what the intentions of the Government were on this particular administrative matter in regard to the future.

This I had done in order to allay unfounded fears in certain quarters that Government's policy in regard to coastal reservation may not continue to be as it had been in the past. *I had done so under the instructions of the Minister of Shipping who was anxious to ensure that no wrong impressions persisted in regard to the policy of Government on the vital question of coastal reservation.*

Conclusion

I have endeavoured to explain above, and I hope I have been able to do so to the satisfaction of the Committee, that in respect of both the points touched upon by me in the paragraphs to which an Honourable Member of Parliament has drawn attention, I was referring *only to the policy and intentions of Government purely in the executive field and not in any manner whatsoever to the deliberations of the Joint Select Committee which were in the legislative field.*

Moreover, you have quoted in your above-mentioned letter May's Parliamentary Practice which brings out the fact that for breach of privilege either evidence taken by any Select Committee or the documents presented to such Committee should have been published by any Member of the Committee or by any other person. I would submit that I have disclosed no evidence which was given before the Committee nor have I published any document which was presented to the Committee. I could not have conveyed the decision of the Committee on the 15th August because the Committee had not decided anything finally till the 18th August. Nor have I conveyed either the trend of discussions of the Committee or its intentions in the article. All that I have unequivocally and specifically conveyed is Government's intention.

I would also like to assure the Speaker of the House and the Committee of Privileges that I never intended in any manner whatsoever to give out any information gathered by me in the course of the proceedings of the Joint Select Committee. It is indeed most unfortunate that any portion of my article should have given even the impression to the Member of Parliament that I was in some manner referring to the proceedings of the Joint Select Committee. However, if the wording of the article has given any such impression,

I express sincere regret at the inconvenience or embarrassment that may have been caused though I would in all respect and humility reiterate that in so far as I am concerned, I was referring only to the policy of Government in regard to matters which fall within the sphere of executive action.

In conclusion, I may be permitted to express the hope that my explanation would be found satisfactory. In case, however, any further explanation is required, I would request that I may be given an opportunity to present my case personally to the Committee.

Yours faithfully,

Sd./-

(NAGENDRA SINGH).

APPENDIX VIII

(See para 4 of Report)

HINDUSTHAN STANDARD

A Nationalist English Daily

6, Sooterkin Street,
Calcutta-1,

September 15, 1958.

To

The Deputy Secretary,
Lok Sabha Secretariat,
Parliament House,
New Delhi-1.

Dear Sir,

I thank you for your letter No. F. No. 797-CI/58-XII, dated 11th September, received today. I have immediately written off to the special correspondent concerned and expect to be able to write to you at an early date giving any additional information that I may be provided with. As, however, the correspondent may be out of town at the moment, it may not be possible to send you the requisite information by September 20 which circumstance, entirely beyond my control, the Committee of Privileges will no doubt be good enough to appreciate.

Yours faithfully,
Sd./- N. MAJUMDAR,
Joint Editor.

APPENDIX IX

(See para 5 of Report)

Ref. he/sb/1004.

FROM

Ananda Bazar House,
6, Sooterkin Street,
Calcutta-1,
Post Box No. 2535 G.P.O., CAL.

September 26, 1958.

To

The Deputy Secretary,
Lok Sabha Secretariat,
Parliament House,
New Delhi-1.

Dear Sir,

May I refer to my Joint Editor's letter of September 15 in reply to your letter No. F. No. 797-CI/58-XII, dated September 11. I have now heard from the contributor in Bombay who wrote the despatch in question. He has not, I am afraid, produced any facts additional to those published in the article. I have myself re-read the article, and I must confess it contains a number of very very unfortunate improprieties. I, therefore, offer my unqualified and sincerest apologies for the publication of this article in the Hindusthan Standard. It is my hope that the Committee of Privileges will accept my apologies with which remains on record my assurance that greater caution will be exercised in the future in regard to this particular contributor's copy. The Committee will, I hope, believe me when I say that this newspaper has the highest esteem for the Lok Sabha and would never be guilty of any deliberate contempt of Parliament or breach of privilege of any member or members thereof.

Yours faithfully,

Sd./- S. BASU,
Editor.

APPENDIX X

(See para 8 of Report)

DEPARTMENT OF COMMERCE

RESOLUTION

MERCANTILE MARINE

New Delhi, the 12th July, 1947.

No. 172-M.I.(25)/47.—The Reconstruction Policy Committee on Shipping at its meeting held on the 26th October, 1945, appointed a Sub-Committee with the following terms of reference: "To consider the Departmental Statement on Post-War Shipping Policy, and in the light of that statement and all relevant considerations, to recommend—

- (1) What would be a suitable tonnage target for Indian Shipping, to be attained within a period of five or ten years;
- (2) what percentage shares of the maritime trade of India and other trades in which India is interested both coastal and overseas cargo and passenger should be secured for Indian Shipping; and
- (3) what measures should be taken—
 - (a) to regulate the Shipping Industry with a view (i) to preventing the formation or establishment of combines or monopolies or excessively large units within the industry and (ii) to ensuring that the number of Shipping Companies is no larger than economically adequate;
 - (b) to ensure a fair and equitable distribution, among existing companies and those yet to be established of trades which may hereafter be secured for Indian Shipping.

The Sub-Committee will be competent to make such other recommendations as seem germane to the subject."

The Members of the Sub-Committee were as follows:--

Sir C. P. Ramaswamy Aiyar, K.C.S.I., K.C.I.E., Lt.D. (Chairman).

Mr. K. C. Neogy, M.L.A.

Mr. M. A. Master.

Sir Abdul Halim Ghuznavi.

Mr. W. L. A. Radcliffe.

The Sub-Committee held several meetings in New Delhi and Bombay and submitted its report in March, 1947, which has already been published. The report, which is a unanimous one, except for two dissenting minutes in regard to the question of definition of "Indian Shipping", was considered by the Policy Committee at a meeting held on 22nd March, 1947 and was approved.

2. The Government of India fully endorse the view of the Committee that India like other important maritime countries must adopt a dynamic policy with regard to her shipping and take this opportunity of reaffirming the Departmental statement on Post-War Shipping Policy which was published as part of the Second report on reconstruction Planning and which has been reproduced on page 24 of the printed report. The statement, however, needs to be further amplified in the light of the developments that have taken place since, and the concrete suggestions and recommendations made by the Committee. The Government of India have, therefore, given careful consideration to the report and their conclusions on the more important recommendations are summarised in the succeeding paragraphs.

3. The Government of India agree that the definition of 'Indian Shipping' as shipping *owned, controlled, and managed* by Indian nationals, as recommended by the majority of the members of the Committee, would be the ideal one and should be the ultimate objective. A rigid application of this definition would, however, exclude some of the most important shipping companies in India simply because an insignificant proportion of their shares is held by non-Indians. Account has also to be taken of the fact that in the present stage of its development the industry may, in the interests of efficiency, have to enlist non-Indians managerial or technical assistance. The Government of India have accordingly come to the conclusion that in present conditions the criteria to be satisfied by companies

to qualify them for treatment as 'Indian Shipping' Companies should be as follows:—

- (a) The steamers of the companies should be registered at a port or ports in British India; provided that where Government are satisfied that any company is prevented from complying with this condition by circumstances beyond its control, it may be modified suitably;
- (b) At least 75 per cent of the shares and debentures of the companies should be held by Indians in their own rights;
- (c) All the Directors should be Indians;
- (d) The Managing Agents, if any, should be Indians.

The Government of India wish to add that any company which finds it difficult to comply with any of the conditions (a) to (d) above, may apply for Government's specific approval to its being treated as an Indian Shipping Company. Such applications will be considered by Government in the light of the reasons for which the Company asks for special treatment and the circumstances which prevent it from complying with all the four conditions.

4. With regard to the shares to be secured for Indian Shipping in the various trades, the committee have recommended that the targets to be reached during the next five to seven years should be 100 per cent of the purely coastal trade of India, 75 per cent of India's trade with Burma and Ceylon and with the geographically adjacent countries, 50 per cent of India's distant trades and 30 per cent of the trades formerly carried in Axis vessels in the Orient, and it is the intention of the Government of India to assist Indian Shipping as far as possible in this direction.

5. The Government of India accepts the Committee's view that the development of Indian mercantile marine would be facilitated if an understanding on the subject could be reached with His Majesty's Government and British Shipping interests. In recent correspondence on the subject with the Government of India His Majesty's Government themselves suggested that the two Governments should bring about discussions between representative groups of Indian and British shipowners to consider how Indian aspiration could best be met. The Government of India agreed to the proposal in consultation with Indian Shipping Companies and the discussions are about to commence.

6. The Government of India accept in principle the recommendation of the Committee that a Shipping Board should be set up and agree generally with the proposal regarding its functions.

7. The recommendations of the Committee relating to the transfer of the administration of the subject 'Ports and Pilotage' to the Commerce Department, the question of developing Shipbuilding facilities in India and the improvement of the existing system of compilation and publication of shipping statistics are under separate consideration of Government. Of the remaining recommendations the course of action suggested in most of them has already been adopted by Government for some time past. For instance Government are actively assisting Indian Companies in acquiring additional tonnage from overseas countries either by purchase or by new building, and steps have already been taken in the case of new ships acquired in foreign countries to secure cargoes of foodgrains whenever they were available. A system of licensing and control, although of limited duration and scope, has also been introduced in the coastal trade and the Government of India consider that these arrangements could ultimately lead up to the more comprehensive system recommended by the Committee.

8. The Government of India wish to express their appreciation of the services rendered by the Chairman and members of the Committee in preparing a valuable report.

ORDER

ORDERED that this Resolution be communicated to all Maritime Provincial Governments, the several Departments of the Government of India, the Political Department, the Private and Military Secretaries to His Excellency the Viceroy, the High Commissioner for India in London, the High Commissioner for United Kingdom in India, the Indian Trade Commissioner, London the Indian Trade Commissioners at New York, Buenos Aires, Toronto, Alexandra, Mombasa, Tehran and Sydney, His Majesty's Trade Commissioner in India, *Charge d' Affairs*, Embassy of the U.S.A. to India, the Australian Trade Commissioner in India, All

the Principal Officers, the Controller of Indian Shipping, all the Indian Shipping, Companies.

ORDERED also that the resolution be published in the *Gazette of India*, Indian Shipping Companies.

SD./- Y. N. SUKTHANKAR,
Secretary.