

# **COUNCIL OF STATE DEBATES**

---

**WEDNESDAY, 29th SEPTEMBER, 1937**

**Vol. II—No. 8**

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## **OFFICIAL REPORT**



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**Control of Coastal Traffic of India Bill—Motion to refer to Select Committee, negatived**

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## COUNCIL OF STATE.

*Wednesday, 29th September, 1937.*

The Council met in the Council Chamber at Viceregal Lodge at Eleven of the Clock, the Honourable the President in the Chair.

### QUESTIONS AND ANSWERS.

**TOTAL NUMBER OF INTER-RAILWAY TRANSFERS OF LOCOMOTIVES DURING EACH OF THE YEARS 1931-32 TO 1936-37.**

197. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government state the number of locomotives sold by one Railway Administration to another Railway Administration each year from 1931 to 1936, giving the original price and the date of purchase, and the price realised?

**THE HONOURABLE MR. H. DOW:** With your permission, Sir, I will answer all questions on behalf of the Chief Commissioner for Railways.

A statement indicating the total number of inter-railway transfers of locomotives during each of the years 1931 to 1936 is laid on the table.

The collection of the information regarding original and transfer prices would involve time and labour wholly incommensurate with its value, but I may inform the Honourable Member that the transfer prices of locomotives in such cases are determined by the application of accepted formulæ in which original cost and age of engine and boiler at time of transfer are taken into account.

*Statement showing the total number of inter-railway transfers of locomotives during each of the years 1931-32 to 1936-37.*

1931-32	..	..	..	..	..	..	60
1932-33	..	..	..	..	..	..	52
1933-34	..	..	..	..	..	..	45
1934-35	..	..	..	..	..	..	5
1935-36	..	..	..	..	..	..	29
1936-37	..	..	..	..	..	..	27

**WORK ON, AND PERIOD FOR, WHICH MR. McELHINNY WAS EMPLOYED IN THE HOME DEPARTMENT.**

198. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government state on what special duty, and for what period Mr. McElhinny, I.C.S., was

serving in the Government of India Secretariat ? Did he submit any report ? If so, will the report be published ? If not, why not ? Will it be made available to Members for perusal ? If not, why not ?

**THE HONOURABLE MR. R. M. MAXWELL :** Mr. McElhinny was employed—

(i) as Additional Deputy Secretary from 31st October, 1934 to 29th October, 1936 and from 30th January, 1937 to 29th April, 1937, and

(ii) as Officiating Deputy Secretary from 30th October, 1936 to 29th January, 1937.

The post of Additional Deputy Secretary was created for the purpose of coping with the additional work thrown on the Home Department in connection with—

(i) the carrying out of the policy in regard to communal representation in the Services, and

(ii) the posting of personnel, both permanent and temporary, to the Secretariat and Attached Offices.

Mr. McElhinny did not submit any report but statements showing the communal composition of the I.C.S. and Central Services on 1st January, 1935 and the vacancies therein filled by direct recruitment in 1934, have been placed in the Library of the House. Similar annual statements will be placed in the Library as and when ready.

#### DEPRECIATION FUND ON STATE-MANAGED RAILWAYS.

199. **THE HONOURABLE MR. HOSSAIN IMAM :** Will Government state the names of State Railways that did not maintain Depreciation fund at the conventional rates fixed by the State-managed Railways from 1924-25 ? Have these Railways now started doing so and, if so, from what date ?

**THE HONOURABLE MR. H. DOW :** It is presumed that the Honourable Member refers to State-owned Railways. The answer to the first part of the question is nil. The second part therefore does not arise.

#### AMOUNT REALISED FROM SALE OF CONDEMNED ROLLING STOCK, ETC.

200. **THE HONOURABLE MR. HOSSAIN IMAM :** Will Government state the number of wagons, carriages and locomotives scrapped, their original prices, the price realised from the sale of scrap by each of the State-owned Railways during the year 1936 ?

**THE HONOURABLE MR. H. DOW :** Such information as is available to Railways is being collected and will be laid on the table of the House in due course.

#### COLLECTION AND PUBLICATION OF FIGURES SHOWING VACANCIES IN CENTRAL SERVICES FILLED BY MUSLIMS.

201. **THE HONOURABLE MR. HOSSAIN IMAM :** Will Government state whether they have collected any figures for the recruitment of Muslims

in the Central Services under the Hallett Circular? If so, will Government lay a statement on the table? If not, do Government propose to collect and publish the figures?

**THE HONOURABLE MR. R. M. MAXWELL:** I presume the Honourable Member refers to the Government of India, Home Department, Resolution of the 4th July, 1934, regarding communal representation in the Services. The annual returns prescribed in the Resolution have so far been prepared for the year 1934 only. Copies of these are available in the Library of the House. Government do not consider that the publication of the returns is necessary as copies will be available to Members of the Central Legislature in the Library, and Government will always be prepared to supply to Members of the Legislature a copy of the return relating to the Department about which the Member requires information.

#### LOSS DUE TO THE ABANDONMENT OF THE ABATTOIR PROJECT, LAHORE.

**202. THE HONOURABLE MR. HOSSAIN IMAM:** Will Government state in detail the particulars of the loss of Rs. 50 lakhs envisaged in the announcement of His Excellency the Viceroy about the abandonment of the Lahore Abattoir?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** Sir, there has been too little time since the abandonment of the Abattoir project in which to ascertain the salvage value of equipment purchased or on order, or to determine the extent of other commitments. I therefore regret I am as yet unable to give the details asked for by the Honourable Member.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Sir, on what account will loss be incurred by the Government? Have they purchased anything which they will have to sell now or have they entered into contracts which they will have to honour?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** The answer to that question, Sir, is a combination of both but I am not prepared to give further details until it is known what can be saved from the wreck. That is the situation at present.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Have Government entered into any contracts in connection with the Abattoir scheme?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** A contract was, of course, contemplated in the scheme, the details of which however remain to be finally settled.

#### COST OF THE ARMY REORGANISATION SCHEME.

**203. THE HONOURABLE MR. HOSSAIN IMAM:** With reference to His Excellency the Viceroy's speech, will Government state in detail the items and cost of the Army reorganisation scheme? Will Government also state the particulars of the representation to His Majesty's Government (financial aspect)?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** I regret, Sir, that in the public interest I can give the Honourable Member no more information



on this subject than that contained in the Address of His Excellency the Viceroy.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Has His Majesty's Government been asked for a non-recurring or a recurring contribution?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** I regret I cannot answer that question.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Can His Excellency tell us by what time negotiations are expected to be concluded?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** Not beyond saying that I hope that we shall get a final decision during the course of, say, two months. That is what I am hoping for.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Will an announcement be made after that?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** I cannot answer that question, but as soon as a decision has been arrived at we shall go full steam ahead with the scheme, and all will be cognisant of it.

#### CONCESSION TICKETS TO MUSSOORIE.

**204. THE HONOURABLE MR. HOSSAIN IMAM:** With reference to question No. 175, dated the 12th October, 1936 in the Council of State, do Government propose to extend the concession in railway fares for Mussoorie?

**THE HONOURABLE MR. H. DOW:** Sir, the question of introducing concession tickets is a matter primarily for the consideration of the Administrations concerned. I will, however, convey the Honourable Member's suggestion to the Agent, E.I.R., for consideration.

**THE HONOURABLE MR. HOSSAIN IMAM:** Will the Honourable Member lay on the table the reply that was received from the Agent?

**THE HONOURABLE MR. H. DOW:** I cannot promise to do that, Sir.

#### MUSLIM WAQFS IN THE CENTRALLY ADMINISTERED AREAS.

**205. THE HONOURABLE MR. HOSSAIN IMAM:** Will Government be pleased to lay on the table a complete list of Muslim Waqfs in the Centrally administered areas which are governed by the Religious Endowment Act (XX of 1863), with details of their management?

**THE HONOURABLE MR. R. M. MAXWELL:** Sir, I have called for the information and it will be laid on the table in due course.

#### NAMES, CONSTITUENCIES AND AMOUNT OF ELECTION EXPENSES OF CANDIDATES FOR ELECTION TO THE COUNCIL OF STATE AT THE GENERAL ELECTION, 1936.

**206. THE HONOURABLE MR. HOSSAIN IMAM:** Will Government lay on the table a statement showing names, constituencies and amount of election expenses of candidates for election to the Council of State at the last General Election, 1936?

**THE HONOURABLE MR. A. DEC. WILLIAMS:** The information is being collected and the statement will be laid on the table in due course.

**THE HONOURABLE RAO BAHADUR SIR A. P. PATRO :** Will the Honourable Member be pleased to include in the statement the names of Members who were returned by the aid of surplus votes, second and third votes left over from the successful candidates who have succeeded in the first instance.

**THE HONOURABLE MR. A. DEC. WILLIAMS :** I think it would be preferable, Sir, if the Honourable Member asked for that information on a fresh notice.

**THE HONOURABLE RAO BAHADUR SIR A. P. PATRO :** But if a statement is going to be prepared, I think it is preferable to have it included in the same statement.

**THE HONOURABLE MR. P. N. SAPRU :** Is there any system of proportional representation in regard to the Council of State in some provinces ?

**THE HONOURABLE MR. A. DEC. WILLIAMS :** I do not think, Sir, that arises out of the question.

**REBATE IN PREMIUMS GIVEN BY CERTAIN FOREIGN LIFE INSURANCE COMPANIES TO PERSONS WHO VISIT OR LIVE IN EUROPEAN COUNTRIES.**

**207. THE HONOURABLE MR. HOSSAIN IMAM :** (a) Are many foreign Life Insurance Companies allowing a certain amount of rebate in the premium from persons who are living in or visiting European countries ?

(b) If the answer to part (a) is in the affirmative, do Government propose to enact some legislation by which the Insurance Companies may charge less premium from persons who live at Indian hill stations ?

**THE HONOURABLE MR. H. DOW :** (a) Yes.

(b) No.

#### **CONTROL OF COASTAL TRAFFIC OF INDIA BILL—contd.**

**THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) :** Sir, I understand that the Honourable Mr. Dow is opposing, on behalf of Government, the reference of this Bill\* to a Select Committee. So, I hope you will permit me to make some observations ?

**THE HONOURABLE THE PRESIDENT :** Certainly. You can speak at any length you like.

**THE HONOURABLE MR. P. N. SAPRU :** Thank you, Sir. Sir, when we broke up on the 22nd, I wanted our British commercial friends to approach the questions raised by this Bill in a spirit of accommodation and goodwill. The importance of shipping as a national means of transport cannot be denied. All the great countries of the world recognise the shipping industry as an industry of great national importance. England, Germany, the United States of America, Denmark, Australia, to name only a few of the great maritime countries, have given all possible help to their shipping industry in their respective countries. We, Sir, in Asia, have seen how Japan has within the last 40 or 50 years built up a marine which compares favourably with that of the

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\*Vide page 322 of Debate of 22nd September, 1937.

[Mr. P. N. Sapat.]

United States of America. Let me give some figures in regard to the progress that the shipping industry has made in Japan. In 1895, Japan had only 339 ships with a tonnage of 279,668. In 1920, the number of ships in Japan had increased to 1,940 and the tonnage had increased to 2,999,878. In 1933, Japan had 2,190 ships with a total tonnage of 4,258,159. Sir, these figures show the rapid stride that the shipping industry has made in Japan. Japan has, however, been fortunate in possessing a national Government which looks at questions from a national point of view and which is not dominated by foreign vested interests. Here, our position in India has been different. Indian historians tell us that we were at one time a great maritime power and that our ships were the envy of the Western world. That, however, was before the age of steam power and machine. That was before the advent of British administration in this country. There are, Sir, chapters in the history of England and India on which those who are interested in the present and the future may not dwell, and I will therefore not go into the history of how the Indian shipping industry came to be crippled. I am more concerned with the present and the future than the past, and therefore I will refrain from going into the history of how the Indian shipping industry came to be what it is today. Let me also say this here, that I am not one of those who think that foreign capital has done no good to this country. I recognise that foreign capital has helped the development of this country, and we, on this side of the House, would be the last to be unfair to our British friends. But, Sir, speaking frankly, if we were to strike a balance-sheet of losses and gains, I am not sure that so far as this particular industry is concerned, our losses have not been greater than our gains. I will just illustrate what I mean by saying that our losses have been greater than our gains. The creation of powerful vested interests which, insisting as they do on protection in the shape of commercial discrimination clauses as a condition precedent to national self-government, is something which we cannot estimate in terms of pounds, shillings and pence. Sir, the commercial discrimination clauses are some of the worst features of the new constitution. They are very largely due to the insistence of powerful vested interests. I was digressing, Sir. What I wanted to say, Sir, is that during the last 35 or 40 years Indian shipping companies, whose subscribed capital amounted to over Rs. 20 crores, have had to close down mainly on account of the drastic and not always too fair competition of these foreign vested interests. Sir, nearly 22 companies have had to close down during this period on account of this severe and not too fair competition. Only about half a dozen companies have survived in this fierce competition. Sir, the House probably knows that the late Mr. Tata was responsible at one time for launching a company—

THE HONOURABLE MR. H. DOW: You mean he chartered Japanese ships.

THE HONOURABLE MR. R. H. PARKER: He never owned any ship. He only chartered.

THE HONOURABLE MR. H. DOW: He chartered Japanese ships.

THE HONOURABLE MR. P. N. SAPRU: I will quote on this point the testimony of Sir Alfred Watson:

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

That would be my answer to the Honourable Mr. Dow. He will find that I am quoting this from the evidence of one who was not an Indian, who was the editor of a very prominent British newspaper which represents the commercial interests in this country. The Honourable Mr. Dow will perhaps admit that coastal reservation is a recognised method of maritime protection. Now, according to a report of the League of Nations, 27 out of 32 countries have resorted to some form or other of coastal reservation. Even in the British Commonwealth of Nations the right to have protective shipping policies is fully recognised by the British Shipping Act of 1894. I am referring to section 736 of that Act. It will be within the recollection of this House that there was a conference on the operation of Dominion legislation and maritime shipping legislation in London in 1929. India was also represented at that conference and in pursuance of this conference an agreement to which India was not a party was signed which is now known as the British Commonwealth Shipping Agreement, which empowers each part of the British Commonwealth to regulate its coastal trade. Sir, it is noteworthy, however, that the conference made a special reference to India in these words:

"The position of India in these matters has always been to all intents and purposes identical with the Dominions. It is not anticipated that there will be any serious difficulty in applying the principle of our recommendations to India and we suggest that the proper method of doing so should be considered by His Majesty's Government in the United Kingdom and the Government of India".

Now, the position is that, having regard to the Statute of Westminster which has amended certain parts of the Merchant Shipping Act of 1894 and the conference to which I have referred, the British Dominions enjoy full rights of regulating their policy in regard to their coastal trade. The Honourable Mr. Dow will recognise that they are following in respect of their coastal trade a policy which is distinctly nationalistic in character. I will only refer to the observations of Viscount Runciman in regard to this matter. He said, in February, 1935, that—

"The Dominions had their own shipping policy which is nationalistic in character and they have not been very ready to harmonise their views with our own".

Sir, I say this to show that complete coastal reservation—and I am not raising any question as to coastal reservation in this Bill which is not discriminatory in character—would not have been an unreasonable demand on the part of our nationalists, having regard to the fact that so many countries are following a protectionist policy in regard to their coastal trade, including the British Dominions, and having regard to the pledges of Dominion status for India. Sir, our commercial interests are, however, much more moderate, and they have been demanding what was in fact contemplated by the Indian Mercantile Marine Committee, namely, that there should be some reservation

[Mr. P. N. Saprú.]

for Indian tonnage, and for Indian shipping. The answer to those moderate demands of our Indian commercial bodies is the new Government of India Act with its very stringent provisions in regard to commercial discrimination and the shipping industry in particular. I am referring to section 115 of the Government of India Act. I need not quote that section as the terms must be familiar to this House. The commercial discrimination clauses proceed on the basis of reciprocity, but who has ever heard of reciprocity between a giant and a dwarf? The result of those clauses is that it will not be possible for us either to have coastal reservation or to follow a policy of subsidising our shipping in coastal waters. I confess that I do not recognise my Bill as offering a satisfactory solution of this complicated and difficult problem. If it were not for the Government of India Act Indian opinion would have boldly pressed for some form of coastal reservation, and speaking for myself, if I felt I had any chance with Government, I should have pressed for State ownership and State control of both the Indian and British part of the coastal trade. I know that I shall have no chance with Government if I were to press for coastal reservation or for State ownership and State control of the Indian and British parts of the coastal trade. And here let me say that personally I am not a great believer in our competitive system of industry and that my inclinations are always personally in favour of a gradual extension of State activity in the industrial and the economic sphere. However, we are not discussing the fundamentals of one's philosophy and as I know that my solutions have no chance either with Government or the shipping interests, I have to content myself with a Bill of a much more modest and moderate character. And here just let me explain very briefly the provisions of this Bill. In the preamble I state the object of the Bill, which is the encouragement and development of an Indian Mercantile Marine. Now, with this object, unless we take the line which was taken by the Madras Government, there can be no difference of opinion and in fact the Government have on many occasions stated through their accredited spokesman that that is their objective also. I believe that with this objective our British friends too cannot disagree.

Sir, I wish to emphasise the preamble to the Bill, because the object of the Bill is the encouragement of the Indian Mercantile Marine. There being no difference in regard to the objective, I would say that there is no difference in regard to the principle of this Bill between the Honourable Mr. Dow and myself. I have suggested some ways in which that object, namely, the encouragement of an Indian Mercantile Marine, can be furthered. He may think that the particular methods that I have suggested are not suitable, but so far as the principle of this Bill is concerned, I venture to think that he can have no disagreement with that principle. If he can have no disagreement with that principle, then I think the Bill should be given a chance of going to Select Committee where detailed consideration can be given to the various clauses of this Bill. In the second part of the preamble I say that it is expedient to control unfair competition in the coastal trade of India. I know, Sir, that the words "unfair competition" have given rise to much controversy. I am free to admit that it is always difficult to define what is

and what is not unfair competition in any particular trade. It has been said that rates fixed depend upon numerous factors, the weightage to be attached to each of which it is difficult to estimate and varies from time to time. All this may be perfectly true, but I think we can have a fairly clear picture of what we mean by unfair competition in our minds. When we say unfair competition we have uneconomic competition in mind. We have in mind a system which deliberately, being of a monopolistic character, throttles new ventures or prevents new ventures from competing with them on equal and fair terms. In section 1, Sir, I point out that the Bill extends to the whole coastal traffic of British India and of the Continent of India. I am free to recognise that the wording of this clause will need revision. We cannot obviously legislate for French and Portuguese Possessions, but we can enter into agreements with the French and Portuguese Governments in regard to these matters. Also I do not know whether we can legislate for ports in Indian States. Sir, the Continent of India would exclude Burma. Burma is a separate territory but we should like Burma also to be included within the scope of this Bill and that can be done by a separate arrangement with the Government of Burma. The Government of Burma can legislate after a separate arrangement with us and we can legislate here. So, Sir, I do not contemplate the exclusion of Burma from the scope of this Bill.

Clause 2 is the definition clause and it requires no particular explanation. "Persons" I have defined as including any company or association or body of individuals whether incorporated or not. Some question may be raised about the words "sailing vessel" and the Select Committee can go into the question whether it is necessary to include sailing vessels also within the scope of the Bill or not.

Clause 3 is an important clause. It requires the owner, that is to say, a non-British resident owner, to lodge with the Governor General in Council the name and address of a person with a general power of attorney in his favour. The clause, if you accept the principle of the Bill, is essential to the working of the Bill.

Then, Sir, I come to clause 4 which is also an important one. Clause 4 lays down that it will be obligatory on everyone who proposes to engage in the coastal traffic of British India to obtain a licence for that purpose from the Governor General in Council. That is to say, if anyone wants to engage in the coastal traffic of India he must obtain a licence from the Governor General in Council. That, Sir, is the purport and the object of this clause. He will have to obtain a previous licence before he can operate in Indian waters. Now, Sir, I wish to make it clear that in this clause I am raising no question of licensing or reservation of tonnage. As under this Bill the Governor General has been vested with certain powers in regard to the fixing of minimum and maximum freights and rates and he has been entrusted with what might be called certain *quasi-judicial* powers in respect of what may be called unfair competition, it is essential that he should know who are plying in Indian waters. It is for this purpose that I have introduced in my Bill the licensing clause. Unless the very object of this Bill is to be defeated, the clause would seem to be essential. Incidentally, I may say that this system of licensing would enable our Government to prevent foreign

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intruders from entering our coastal waters as they did in 1933 when our shipping companies sustained a loss of nearly Rs. 75 lakhs on account of the intrusion of these foreign ships.

Clause 5 is a penalty clause for carrying on business in coastal traffic in British India without having obtained a licence from the Governor General. If you accept the principle of licence, then it follows that you must have some penalty attached to operating in Indian waters without a proper licence from the Governor General in Council. Under this clause the person concerned can either be fined summarily by a magistrate of the first class or debarred from bringing in any ship or sailing vessel into British India, in which latter case he will have a right of appeal under section 10 to the High Court from the order of the Governor General in Council. Previous to the passing of the order the Governor General in Council is bound to give an opportunity to the person concerned of making any representations and the Governor General in Council must state the grounds on which the order is passed. Sir, this kind of appeal from an executive body to a judicial tribunal is recognised in certain parts of our jurisprudence. You know, Sir, that under the Press Act the Local Government can forfeit securities and the persons concerned have a right of appeal to the High Court. Therefore, Sir, I have not introduced in this section any new principle into our jurisprudence.

Clause 6 is a very important one. It makes it obligatory on the Governor General in Council to prescribe minimum freights and fares as also maximum freights and fares. Now, Sir, may I just say here that this clause is different from the clause as originally introduced by me at the February session of 1936. Under my old Bill it was not obligatory on the Governor General in Council to fix maximum and minimum rates. It was only on a complaint received that the Governor General in Council could move in the matter. Now, Sir, this clause makes it obligatory on the Governor General in Council to fix maximum and minimum freights and fares. This clause places a positive duty on the Governor General in Council to do something, that is to fix maximum and minimum freights and fares. To that extent, Sir, the Bill is different from the Bill as originally introduced by me in February, 1936.

Sir, it may be objected that by this clause we are imposing a burden on the Governor General in Council which he may not be able to discharge properly and that at all events this clause would interfere with that free enterprise and competitive spirit which are essential to the orderly development of industry in the modern State. Now, Sir, so far as the first criticism is concerned, the difficulty of finding out what rates are suitable can be got over by having an advisory shipping board on which all interests including the British shipping interests are adequately represented through accredited agents or representatives. Sir, I have made no provision for the establishment of such a board directly in my Bill, but a shipping board of this character can be established by executive order and I would say, Sir, that the establishment of such a board would not be inconsistent with either the object of this Bill or the scope of this Bill. The opinion of such a board, Sir, should carry great weight with the Governor General in Council. Such a board would give the

Governor General in Council valuable guidance and advice. Sir, a board of this character would also help in the development of a process of mutual adjustment in the industry. Sir, I have already said that one of the matters on which the Select Committee would be useful is in regard to the constitutional and formation of this board. It would be for the Select Committee to consider whether direct provision should or should not be made for the constitution of a shipping board.

Now, Sir, so far as the question of a minimum rate is concerned, what I would say is this. It is obvious that the minimum rate, if it is to be a workable rate at all, must be an economic rate, that is a rate which would enable all companies to work with reasonable profit. Now, Sir, so far as this principle of the minimum and the maximum rate is concerned, that was accepted by the Government in Mr. Neogy's Inland Steam Navigation Act of 1930. I do not want, Sir, to stress the comparison between this Bill and Mr. Neogy's Inland Steam Navigation Act of 1930 too far. I know, Sir, that there is a difference between coastal shipping and Indian inland navigation, as in inland navigation there is no competition with foreign steamers. But what I would say, Sir, is this, that the principle of minimum rate is not unworkable in the case of coastal trade. If the Government, Sir, has the power of fixing rates and there is an advisory board to assist them in arriving at what are fair rates and what are not, then the probability is that the shipping interests on the board would have an inducement to arrive at agreements in regard to economic rates acceptable to all and it is in this way, Sir, that I say that the Bill will facilitate that process of mutual adjustment between Indian and British shipping which, speaking for myself, Sir, I value and which has enabled one big company at all events to live and live fairly well. I am referring, Sir, to the Scindia Steam Navigation Co.

Sir, as regards the argument that all this would be interference with industry, I would say that we are constantly interfering with industry in the modern world and that we cannot be champions today of a policy of *laissez faire*. Are our trade pacts and sugar conventions not interference with industry? Is the fixing of a minimum price for sugar not interference with industry? Sir, where you have grave abuses you have to interfere and you cannot let the competitive system run its course without interference.

I come now to clause 7 which, Sir, prohibits the grant of rebates or commissions directly by the owner of a ship or a sailing vessel to or from any port in British India. It will be noticed, Sir, that there is a saving in favour of customary brokerage or commission. Now, Sir, I may at once say that I have particularly in mind the system of deferred rebates which compel the shipper to enter into an agreement that he shall not do business with any other company if he wants to have the benefit of any rebate. Now, Sir, by this method well-established concerns can divert the trade to their ships and thus put new ventures into difficulties. It will be said, Sir, that it is difficult to find out all about rebates, particularly secret rebates. But then, Sir, it is so difficult to find out all about incomes and yet we do not hesitate to have an Income-tax Act because of those difficulties. I am sure, Sir, that some of us evade the income-tax and yet, Sir, we have an income-tax and the income-tax authorities are often able to discover those evasions. Companies, Sir, on the coastal trade,



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must be keeping accounts, and from an examination of the yearly accounts including brokerage paid it should be possible to find out what the actual state of affairs in any particular company at any particular time is. Sir, our British merchants are fortunately famous for their integrity and commercial honesty, and I do not think that they would evade the law by dishonest methods. It has been the pride of British merchants that they have built up this vast trade by honest methods. They look upon this honesty and integrity as their greatest asset. I do not think that if we have a law making secret rebates illegal, they would try to get over that law by unfair or surreptitious or dishonest means.

THE HONOURABLE MR. R. H. PARKER: What about the accounts of sailing vessels? Have they accounts?

THE HONOURABLE MR. P. N. SAPRU: So far as sailing vessels are concerned, I have already said that one of the questions which I should like the Select Committee to consider is whether sailing vessels should be included within the scope of this Bill or not.

THE HONOURABLE MR. R. H. PARKER: Do they keep any accounts?

THE HONOURABLE MR. P. N. SAPRU: Money-lenders, we know, do not always keep accounts, and yet the Income-tax Department is able to find out what income a particular money-lender has been making. Probably, in their case too, it might be possible for us to make a shrewd estimate of what they are making.

Sir, clause 8 provides a penalty for breaches of the provisions of clauses 6 and 7. The penalty contemplated is suspension or the cancellation of the licence after an opportunity has been given to the person or persons concerned of stating his or their case. There is an appeal to the High Court from an order of the Governor General in Council passed under these clauses. I have already replied to a possible objection that it is undesirable to have an appeal from an executive authority to a judicial authority.

Clause 9 gives power to the Governor General in Council to prescribe terms and conditions on which he may grant licences, and it gives him the power of fixing the maximum and minimum rates. So far as the word "term" is concerned, I do not contemplate that the Governor General in Council will have the power of fixing tonnage. I want to make it clear that I have not in mind the fixing of tonnage at all. I recognise that having regard to the Government of India Act, it would not be open for the Governor General in Council to reserve tonnage.

Clause 10 provides an appeal to the High Court from penalties incurred under any of the other clauses. That removes an objection to which my original Bill was open. It now gives a right of appeal to the highest court. I do not know whether we can call the High Courts in India now the highest courts. But, in any case, having regard to the terms of the Government of

India Act, the Federal Court could not be made the tribunal for this purpose. Therefore, I have provided for an appeal to the High Court.

Now, Sir, what is the position? Government reject the method of coastal reservation. Government reject the method of subsidies and bounties, and for all practical purposes, having regard to the commercial discrimination clauses of the Government of India Act, subsidies and bounties are ruled out. Then, Sir, what is the concrete method? What is the alternative that they have got to suggest? The concrete method that the Government suggest is mutual adjustment between the haves and the have-nots. The merit that I claim for the Bill is that it would make Government intervention effective and therefore make mutual adjustment possible. Sir, I would like to ask this question. Is the Governor General in Council likely to be unfair to British interests? What has been our experience? Even the responsible Government of the future, with the Princes as our conservative friends would say as a stabilising factor, dare not be unfair to British interests. Then, what is the fear? Sir, the position is that small ventures are apprehensive of the future. They feel nervous about the future, and we desire to give them all the encouragement that we can. We cannot regulate tonnage or reserve tonnage for our ships. I shall assume that our present tonnage is sufficient for the purpose of coastal trade. The fact remains that the present tonnage is predominantly British and it was recognised by the Indian Mercantile Marine Committee that there must be gradual replacement of British tonnage by Indian tonnage. The position in our coastal trade is this. On the 9th April, 1936, there were 63 Indian steamers with a tonnage of 136,000 only. There were 87 British steamers with a tonnage of 414,000. That is to say, the Indian tonnage was less than 20 per cent. of the total tonnage engaged in Indian waters. The total quantity of cargo carried by Indian shipping companies was about 20 per cent. of the total cargo carried. We know that Indians have hardly any share in the overseas trade. The position in regard to our foreign trade is this. The share of British shipping companies is 64·2 per cent.; the share of foreign shipping companies, that is to say, non-British shipping companies, is 34·5 per cent.; the share of Indian companies is only 1·25 per cent. Sir, the increase in the share of Indian shipping during the last 10 years has been hardly 10 per cent.; that is to say, an increase of 1 per cent. per year. If, therefore, we want more Indian tonnage and more cargo carried by Indian steamers, then we must have more Indian ships and more cargo carried by Indian ships. The Bill, therefore, will facilitate the growth of Indian shipping and will encourage a competition between Indian and British ships. Increase of tonnage is necessary because we cannot control tonnage and because we cannot reserve tonnage for our ships. Further, our trade is expanding and it is not correct to say that the present tonnage is sufficient for the purpose of our trade. It was said by a gentleman who is interested in this Bill and who is sponsoring a Bill of a similar character in the other House that he had heard from the Chief Engineer of the Railway Board of the Government of India that all British India steamers were booked and that there were no steamers offering to carry coal till October. He also stated that the freight had gone up 100 per cent. He pointed out that the October freights for coal from Calcutta were—for Colombo Rs. 10, Cochin Rs. 12, Hongkong Rs. 15. Therefore, it will be seen that it cannot fairly and reasonably be argued that the

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present tonnage is sufficient for the purposes of our trade, and, in any case, even if that were so, the present tonnage is predominantly British and we want Indian tonnage also in these waters to have a chance.

I do not propose to go at length into the previous history of this difficult and complicated problem. First, there was Mr. Sheshagiri Iyer's Bill in

12 NOON. 1923. My Bill has certain similarities with that Bill. Then came

Sir Sivaswamy Aiyer's Resolution regarding the establishment of an Indian Mercantile Marine. Then the Indian Mercantile Marine Committee was appointed. It submitted an excellent report from our point of view, and when we found that the Government had not taken adequate action on that report a Bill, which is now known as Mr. Haji's Coastal Reservation Bill, was introduced in the other House.

THE HONOURABLE MR. H. DOW : You have left out Mr. Ayyangar's Bill.

THE HONOURABLE MR. P. N. SAPRU : Yes, and then came Mr. Haji's Bill. Then that Bill went to the Select Committee. I think Mr. Haji got defeated and the Bill could not be proceeded with. (*An Honourable Member* : "It was not defeated.") I did not say the Bill was defeated. There was a general election in which Mr. Haji was defeated and the Bill could not be proceeded with. Then came the Shipping Conference at which Lord Irwin presided which was held in 1930. It proved a fiasco, and now we have agreements between British and Indian lines and Indian companies are allowed to exist at the mercy of our British friends. Now, Sir, I know that between certain ports in the Western coast 85 per cent. of the cargo is carried by Indian ships, but the relevant question is between what port and what port and what is this 85 per cent. to the total coastal trade ? During all these years of controversy Government have expressed sympathy with the object, namely, the development of an Indian marine. Lord Irwin, Sir George Rainy, Sir. C. P. Ramaswami Iyer, Mr. Stewart and Mr. Dow have on various occasions expressed sympathy with this object. But what is the constructive policy of Government ? Have they any alternative to this Bill ? What is their alternative ? Do they propose to bring in any comprehensive measure dealing with this question ? If so, when ? I am proceeding on the assumption that there is no rate competition. Now, the regulation of rate competition was not ruled out by the Joint Select Committee, as will be evident from certain questions which were put by Mr. Jayakar and the Archbishop of Canterbury. Therefore, I would say this, the present Bill may have some very unsatisfactory features, but there is as far as I can see no constructive alternative to it. That is the point that I would like Mr. Dow to consider and to answer. I confess that I am not an enthusiast or fanatic in regard to this Bill. But my defence of this Bill is this, and I would like the House to consider it from this point of view. I can see no alternative to this Bill. The Government use that argument in regard to the Government of India Act which we say is unacceptable. When we said it did not satisfy us they did not drop that Bill. Therefore, it is no use saying that this Bill satisfies no one and therefore it should not be proceeded with. Sir, do Government only pass measures which fully satisfy Indian opinion ? Does the Lee ratio of 50 per cent. satisfy us ? I am proceeding on the assumption that Indian opinion is not satisfied with this measure completely. I am

one of those who are not satisfied with this Bill. But what I say is, do you always pass measures which completely satisfy Indians? (*An. Honourable Member*: "Never.") You do not. You pass measures which only very partially satisfy Indians. I would say that at all events this Bill has this merit, it will partially satisfy Indian commercial interests. There is a proverb, "Where there is a will there is a way". And I would say that in this particular case the will is lacking.

Then, Sir, there are certain other arguments which I would like to answer by way of anticipation. It will be said that this Bill will not benefit small ventures. Now, I find that it is the big ventures which are opposed to this Bill and when that argument is used I am rather suspicious. If this Bill is not going to help small ventures then why bother about it at all? Why have any fears in regard to it? I find that the opposition to this Bill comes from the big shipping concerns. Therefore, I am not prepared to accept that criticism at its face value.

Then there is another consideration that I would like to urge and it is this. It is easier for a big venture to enter into rate competition than a new venture. Big lines have business all over the world. If they lose in Indian waters they can make up for what they are losing in some other waters. So far as small ventures are concerned, they cannot afford therefore to indulge in rate competition. Also, Sir, the bigger ventures, British companies, have higher reserves and higher overhead charges and therefore it will not be to their advantage to encourage these new ventures.

Sir, I have endeavoured to state the case for this Bill as best as I could and I should like Government to approach this problem in a sympathetic spirit. There is a Bill which has gone to Select Committee in the other House. Why should a Motion for a Select Committee be opposed in this House? If we have this Bill also going to Select Committee, the whole problem can be thrashed out. Both the Bills will be before Government and it will be possible for Government in that case to make up their minds as to what to do. I do not claim perfection for my Bill. I am conscious of its many limitations. Most of those limitations are due to the fact that there is the Government of India Act on the Statute-book and I have had to frame this Bill keeping in mind the stringent provisions of that Act. Commercial discrimination being ruled out, subsidies being ruled out, I say that there is no alternative to this Bill.

With these words, Sir, I commend this Bill to the acceptance of the House. (Applause.)

THE HONOURABLE THE PRESIDENT (to the Honourable Mr. Hossain Imam): I understand that you do not wish to move your amendment?

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan): No, Sir.

THE HONOURABLE THE PRESIDENT: Debate will proceed on the Motion.

\*THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY (East Bengal: Non-Muhammadan): Sir, I rise to support the Motion moved by my Honourable friend Mr. Sapru. The Bill is a harmless one and provides

\*Not corrected by the Honourable Member.

[Mr. Kumarsankar Ray Chaudhury.]

amongst other objects for the licensing of ships and sailing vessels carrying on coastal trade, which includes also inland trade from ports. This would include, I submit, country boats which require consideration, for it is not practicable that these boats should obtain licence from the Governor General in Council. Though I support my Honourable friend in the modest manner in which he has introduced this measure, I do not agree with him that we have no right to reserve our coastal trade to Indian vessels. All the self-governing Dominions have done so—

THE HONOURABLE MR. P. N. SAPRU: On a point of personal explanation, Sir. May I say that I did not say we have no right. What I said was that under the Government of India Act we could not do it, which is very different.

THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY: I beg to submit that under the Government of India Act also we have that right.

THE HONOURABLE MR. P. N. SAPRU: That is a proposition which will not be accepted by any court of law.

THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY: I do not agree with my Honourable friend that we have no right to reserve our coastal trade to Indian vessels. All the self-governing Dominions have done so and when we violate their laws, what happens? It is not an African or an Australian but an officer of His Majesty who hauls us up before the law courts and it is one of His Majesty's judges who will punish us. So long as the British Empire subsists and all Governments within the Empire are carried on in the name of His Majesty—

THE HONOURABLE THE PRESIDENT: I must ask the Honourable Member not to refer to His Majesty in the course of his speech.

THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY—it does not lie in the mouth of anyone to say that discrimination is not allowed between one subject and another. When therefore the right of reciprocal treatment is granted to us under the Government of India Act, we have every right to discriminate between an Indian and a non-Indian vessel.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan): Sir, I rise to support the Motion. The Honourable Mr. Sapru has not left much for me to say, but I consider that the present Bill which he has introduced comes before the House now in a very diluted form and as there is no controversial matter in the Bill, I hope it will be accepted by the House. The Honourable Mover in his Statement of Objects and Reasons has dealt with a very important matter—of a rate war between a big British shipping company and an indigenous shipping company. We all remember how far that rate war was carried on, so much so that the British concern began to carry goods from Burma to Bombay free and gave a bonus to the shippers in addition. Those things have not been forgotten. The matter was ventilated in this House and in the other and the Government intervened and the result was that the Indian company was just saved in time from disaster by that intervention which led these two companies to come to a compromise, and as a

result of that compromise the Indian companies were not allowed to do any shipping business between India and foreign countries. This Government intervention or help came in too late and the Indian company concerned was practically on the verge of going into liquidation.

Sir, it is the sacred duty of the Government of India to encourage and promote Indian industries and make India self-dependent. As far as the shipping is concerned the progress has been very meagre and the reasons have been obvious. The Honourable Mover has put forward his measure so that the development of Indian shipping or the Indian Mercantile Marine may not be blocked or prevented from its natural growth. Sir, the original Bill which my Honourable friend moved in this House some time ago dealt with matters of racial discrimination in commercial matters and as that has been dropped now on account of the new Government of India Act, the Honourable Member has sought to dilute his former Bill so that it might meet the wishes of the Government. I therefore request this House to treat this matter as an urgent matter of national importance and support this Bill to remove a possible impediment in order that Indian shipping might develop and fastly progress on the right lines.

Recently, Sir, we have seen that foreign companies other than British have come to compete in the Indian coastal traffic. So much so that it was being keenly felt by the British companies that a Japanese company in particular was impeding the development of trade. Sir, now as foreigners have also come to compete with Indian companies in coastal shipping, and as it is an established practice all over the civilised world that all the coastal shipping traffic is always held by its nationals I hope, Sir, that this House will accede to this moderate request of the Honourable Mover, which has been put forward in the form of a Bill.

With these words, Sir, I support the Motion.

THE HONOURABLE MR. H. DOW (Commerce Secretary): Sir, I understood the Honourable Mr. Sapru, when he moved this Motion a few days ago, to say that he had improved his Bill by leaving out some of the unsatisfactory features of the old Bill and I think he was even good enough to attribute that partly to my criticisms.

THE HONOURABLE MR. P. N. SAPRU: That is so.

THE HONOURABLE MR. H. DOW: I feel, Sir, that there is rather a heavy responsibility upon you, Sir, for cutting me short in my remarks on the last occasion because I feel that, if I had been allowed to go on, he might perhaps have omitted some more—

THE HONOURABLE THE PRESIDENT: You are at liberty to go on today.

THE HONOURABLE MR. H. DOW—and my task today would have been easier.

I will start by referring to various statements which are made in the Statement of Objects and Reasons. The Honourable Mr. Sapru was quite right in saying that I should not join issue with him over what is the stated object

[Mr. H. Dow.]

of assisting the growth and development of the Indian Mercantile Marine. This is an object which Government can wholeheartedly accept and one which they have already done a great deal to foster. I may just recapitulate some of the things that they have done. They have been running the "Dufferin" Ship for the last ten years and they have recently begun also to train Indian engineering cadets on that ship. And although there has been some tendency of late years to exploit the "Dufferin" for semi-political objects, I think we shall probably, after the debates that we have had during the last week in another place, hear a little less of that. Then we have entirely Indianised the Bengal Pilot Service, which has hitherto been one of the most important European Services in the country. We have done a good deal to bring the claims of these young men who have been trained to the notice of Port Trusts and other semi-marine bodies and progress is being made on that line. But one of the most important things that Government has tried to do has been the promoting of goodwill and mutual agreement between British and Indian firms in the trade.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : On a point of order, Sir. Is not all this irrelevant to the issue before us ?

THE HONOURABLE THE PRESIDENT : It is for the Chair to say. Will you please proceed.

THE HONOURABLE MR. H. DOW : I think the Honourable Member will find that this is very relevant if he will have a little patience. What I wanted to show you is that one of the most important features of the progress that Indian shipping companies have made has been very largely due to Government's efforts to promote a better feeling between Indian and European companies and I would remind you that this was done at a time when the political atmosphere, for reasons which we need not go into, was very high and at a time when the whole of Indian opinion was following the *ignis fatuus* or will-o'-the-wisp of coastal reservation, thinking that it was a pillar of fire or cloud which was going to lead them into the promised land. It was with the assistance of Government that Indian shipping made some of its greatest progress.

Now, I have noticed a tendency to refer to Indian shipping as if it was still an infant industry. I do not think Honourable Members opposite realise that they are using the language of 10 or 15 years ago and that it has very little application to the facts of today. A great deal of the introductory part of the Honourable Mr. Sapru's speech might very well have been made in 1923-24 when we were debating the Report of the Indian Mercantile Marine Committee.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Has there been no—

THE HONOURABLE MR. H. DOW : I can only say one thing at a time, if the Honourable Member will have patience. Now, the Indian Mercantile Marine in the last fifteen years has grown very fast. It has grown infinitely faster than the British Mercantile Marine did in the days when we began to foster our mercantile marine. I do not make much of that—it was a long time ago. But compare it with Japan. Its progress in the first 15 years has

been very much greater than the progress of Japan in the first 15 years. The Honourable Mr. Sapru quoted certain figures, but I noticed that he began first in 1895 and he told you of the progress that had been made by Japan between 1895 and 1920. But 1895 was not the beginning of the Japanese efforts to build their shipping. You would have to go back to the late Sixties when Price Ito with one or two other enthusiasts first took up shipping; and if he would take 15 years from that date, he would find that Indian shipping has made very much faster progress. And I do rather deprecate the way in which it is becoming customary to sing the glories of Indian shipping in ancient and medieval days. The more scanty the records of those days are, the more glorious Indian shipping seems to have been. But actually there is absolutely no need for India to take refuge in the comfortable darkness which lies beyond the fringes of recorded history in this matter. I believe—I am optimist enough to believe—that the great days of Indian shipping are not away back in the past, they are in the present and in the very near future. I say this not because I do not appreciate what was done in the past, but I do wish you would get into the habit of looking at what you are going to do with your shipping in the future, rather than singing of a glorious past which perhaps if you knew more about it you would find not to be so glorious.

I should like here to pay a tribute to Mr. Walchand Harichand for what he has done for Indian shipping and this tribute is none the less sincere because his methods are not perhaps such as I could have followed. His success in other fields of business have been so outstanding that perhaps the greatness of his achievement in this has not been fully realised. He had the shrewdness, at a very critical time, to turn what was then only a very difficult business proposition into a political issue and he gained a great deal from that. It is little more than 15 years ago since the "Loyalty" was started. Even 10 years ago I think the Scindia fleet was not much more than 20,000 tons. It is now well over 100,000 tons. You have read the other day that another ship has been launched and they have several more building. He contemplates going into the pilgrim traffic and I believe more than one department of Government is prepared to welcome a little competition coming into that trade. But if he were here, I would like to give him a little bit of advice, which I know he would not resent, and to which at any rate he would not attach exaggerated importance. I do not think that there is any possibility of further progress for Indian shipping upon the lines of discrimination, and I hope that he will drop it. I think it was Lord Salisbury who on one occasion said that the commonest error in politics is sticking to the carcass of dead policies. I do not see any progress for Indian shipping along these lines of discrimination. I think the shadow of that discrimination hangs over this Bill. From the Honourable Mr. Sapru's speech it seemed that he at any rate brought it forward because he could not go along on the old lines. Of course he could not. I think that is a poor reason. I would urge that there is a better way of progress for Indian shipping and that is, by exploring means of better relations between British and Indian shipping.

In the Statement of Objects and Reasons it is said that "Past experience shows that a well-established powerful company engaged in coastal traffic can easily put a new venture out of action by unfair competition". That is perfectly true. I will not deny that in the past this has been done. I think



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that the powerful British India Co. might perhaps be in a better position now if at certain times in the past it had been less ruthless.

But I should like to point out that this is not the only lesson from past experience. Rate wars have not always been used merely as a means of doing damage to Indian shipping. One of the earliest rate wars which I know of in India was in fact in the Eighties. It took place between the British India Co. and the Asiatic Co. They were both European companies. It is said that in the trade from Calcutta to Chittagong, the competition between these two British companies became so keen that the British India were accused of carrying passengers free and of giving a chicken to every passenger as he left the ship. The agent of the rival firm at Chittagong wired for instructions to the Head Office saying, "B. I. giving chicken; may I give turkey?" I believe that was turned down because it was too expensive! The last considerable rate war that we had in India was only in 1934. That again was not an attack on Indian shipping. It was a quarrel between two British companies again,—the same two companies, the British India and the Asiatic,—and far from doing harm to the Indian companies, it did them a great deal of good. The Indian Co. in the Conference was the Scindia Co., and their losses were made up to them by the British India Co., and for the first time for many years the Scindia Co. was able to pay a dividend. This was the practical result of a rate war between two British companies. That was three or four years ago. Let me bring you to the present day. At present the only competition that I know of, which in any way approximates to a rate war, is going on on the West Coast of India, and it is entirely between small Indian companies. These Indian companies, under the award which Sir Joseph Bore made a few years ago, were assured 85 per cent. of the trade on their particular routes. There is no quarrel between them and the Conference lines over the other 15 per cent., but they cannot agree amongst themselves. I myself have personally, on more than one occasion, gone down to Bombay and reasoned with these people. I have seen them, I have talked to them, and I have done everything that I can to get them to agree, but they are really cutting their own throats by this rate war. It is said in the Statement of Objects and Reasons "that past experience shows that a powerful company can easily put a smaller company out of action". If you look again at what is happening on the West Coast—not on these routes but on another route—I am referring now to the passenger routes which are run by the Bombay Steam Navigation Co.—you will find exactly the opposite of this going on. A small Indian company is being used there to put out of action and ruin a well established Company, the Bombay Steam Navigation Co. I rather regret that the Honourable Sir Phiroze Sethna, who is a director of this latter Company, is not here to explain exactly what is happening there. So the effect of a rate war is not necessarily, as I have shown you, to harm the Indian company. It is not necessarily a weapon which is only used by a powerful company, and certainly not a weapon that is only used by the British companies.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: May I ask how the last rate war between the Scindia Co. and the British India Steam Navigation Co. was in the interests of the Scindia Steam Navigation Co.?

**THE HONOURABLE THE PRESIDENT :** You should not interrupt when the Government Member is replying. There are other Honourable Members to follow. They can ask such a question.

**THE HONOURABLE MR. H. DOW :** You will allow me to make my speech in my own fashion. I will, later on, if there is time, endeavour to deal with points which are raised in the course of the debate. If the Honourable Member has points to make and he is unable to make them because he has already spoken, he can pass them on to other Honourable Members.

**THE HONOURABLE THE PRESIDENT :** There are other Honourable Members who will speak after him.

**THE HONOURABLE MR. H. DOW :** When it comes to dealing with outside competition, there is little difference between British companies and Indian companies—in a matter of this kind there is not a pin to choose say, between the British India Co. and the Scindia Co. when they are up against outside competition. Their technique, I admit, is rather different. In fact, I think that a good illustration of the attitude of the big companies towards the small companies will be found in a book called *Through the Looking Glass*, by Lewis Carroll, which is perhaps one of the best books on Indian politics that has yet been written. You probably know that Walrus and Carpenter took the oysters out for a walk and eventually disposed of the oysters! And the Walrus held a pocket handkerchief before its eyes and wept very bitterly, and Alice said she thought she liked the Walrus best because he seemed a little sorry for the oysters! But it was replied that after all he had eaten more than the Carpenter! I think that is an exact parallel with the attitude of the big steamship companies in British India and of the Scindia Co. in regard to the small steamship companies. Most of you are inclined to like the Walrus best because he seems a little sorry for the oysters. But I think those who stay till the end of the feast will find that Mr. Walrus Hira-bhand has eaten more of the small companies, Sir, than Sir George Campbell!

Now, I come to the question of licensing. I notice that the Bill gives no indication of what the conditions of this licence should be and the Honourable Mr. Sapru was very reticent on that subject. He disclaims any idea of discrimination between Indian and British shipping. Indeed, of course, that is ruled out by section 115 of the Government of India Act and also at present Act V of 1850 will prevent discrimination even against foreign shipping. I am bound therefore to assume that his only idea in prescribing a licence is that those licences should be given to all and sundry and that his only object is that they may subsequently be cancelled for breaches of the Act. Am I right in supposing that?

**THE HONOURABLE MR. P. N. SAPRU :** I will reply to it afterwards.

**THE HONOURABLE MR. H. DOW :** That is my inference from the Bill as he produces it, and from the fact that he has been very reticent on that subject. Now, how is that going to encourage new companies to start? You have to issue your licence to everybody who applies for the licence, and so far as helping Indian companies is concerned, it seems to me it is quite obvious that breaches of the Act are just as likely to be made by the Indian companies as by the British companies; and if you are going to push those companies out

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of action just for a breach of the Act by cancelling their licence, it is very difficult for me to see how this is going, as he says, to open out a new line of commercial activity to Indians. Now, experience shows that the first step in a reduction of fares is nearly always taken by the small company which is seeking to establish itself. It is really the only way a small company can get a start. Now, if you fix a minimum fare, these small companies are never even going to be able to start. During the three years that I have been in the Commerce Department there have been quite a number of these small ventures trying to start in competition along established routes. Now, the first step in this is usually for a few people who think they ought to be getting a little profit out of shipping to meet in a back street in Calcutta or Bombay, and they decide that they should start a company. Then they call in the typist and the durwan and tell them what a terrible thing it is that the B. I. are charging, say, Rs. 14 on this route; it ought to be reduced to Rs. 10. The next thing is to send telegrams to the Secretary in the Commerce Department and to various other people saying that a large well-attended public meeting has been held to protest against the high fares and there is a general demand for a reduction of fares. The next step is to charter a Japanese ship, fill it up with a Chinese crew, call the new company the All-India National Swadeshi Co-operative Co., and start off by reducing the fare to Rs. 10. Immediately the B. I. follow suit and come down to Rs. 10. Well, that is no good and the new company comes down to Rs. 8 and then the B. I. eventually gets down below the Indian company. Then immediately we are inundated with telegrams saying that a rate war has started. I think that is a fair synopsis of the history of these small companies that have started in the last three or four years. Now, whatever this minimum fare is going to do, it is obviously not going to help these small companies to start. These small companies usually cannot start if they have got to fix the same rates as the large powerful companies which are obviously in a position to offer better facilities.

I will now make a few remarks about the maximum and minimum fares. I am not really clear whether Mr. Sapru contemplates a day to day regulation of all rates and fares, or only the using of powers in an emergency. But from the general tenor of his remarks and his suggestion that an Advisory Shipping Board should be set up I gathered that he proposed to make this a regular part of Government's departmental activities. Well, I think that that is entirely impossible. Government has not the machinery for doing anything of this sort. It would be obviously expensive and in the present circumstances it is entirely unnecessary. There is no more justification for giving Government general powers of this wide description, than there is of giving them powers to fix prices and so on in other industries. Moreover, there is already on the anvil in another place a Bill which was introduced in this House; I refer to Sir A. H. Ghaznavi's Bill. It seems to me that we are at this stage making an entirely unwarranted enlargement of the scope of that Bill which is itself a very doubtful sort of measure, and I can really see no justification in the present circumstances of the industry for bringing forward a Bill of this wide scope.

Lastly, the remaining principle dealt with in the Bill is the matter of rebates. I notice the Honourable Mr. Sapru has entirely given up as a bad job the task of distinguishing between unfair rebates and other rebates, and so he proposes to make them illegal whether they are unfair or not. He is clearly aiming at the system of deferred rebates which is a recognised trade practice among shipping concerns all over the world. Now, there is a very long history to this subject of deferred rebates. It was dealt with by a Royal Commission on Shipping Rings which sat from 1906 to 1909, I think, and they went into the matter most exhaustively and came to the conclusion that legislation to prevent deferred rebates was not warranted. Undoubtedly a system of deferred rebates does make it more difficult for a new venture to butt into an established route, but at the same time it has a good many advantages which India cannot afford to be without. I would put first of all the maintenance of the regular services. That is a matter of the first importance to all trade, whether European or Indian. Secondly, there is the question of stability of freight rates; and thirdly, it is a system under which the big shipper and the small shipper are treated alike. Another thing, which I think in India is very important, is that it helps the development of small ports. The small ports of India, I think deserve to be very carefully considered in this matter. The services of some of these can hardly pay all the year round and yet it is not to the general interest of the country to leave them entirely unserved. The tendency of any new company is to cut into a small part of the coastal trade where the traffic appears to be large and regular and by making that section of the trade almost unprofitable by cut-throat competition withdrawal of the services of these minor ports is almost certain to result. There are really only two important ocean routes where this system of deferred rebates has not now established itself. One of those is the coastal trade of the United Kingdom and the reason why the deferred rebate system is unnecessary there is that competition between the railway and other forms of freight over this very well developed area is so keen that it is quite unnecessary for the shipping companies to introduce this system. The second is the trans-Atlantic trade, and there the whole thing is dominated by the importance of the passenger traffic. The cargo traffic going by these liners is comparatively small and there is therefore no necessity for introducing such a system to bind shippers to shipping companies. Now, after this Royal Commission, the matter was investigated after the war by the Imperial Shipping Committee. They also came to the definite conclusion that legislation to declare deferred rebates illegal would not be in the interests of trade. The Government of India have also considered this matter very carefully on a large number of occasions, at the time of the introduction of Mr. Seshagiri Iyer's Bill, of Mr. Ayyangar's Bill and Mr. Haji's Bill in 1927. They also have consistently come to the conclusion that the advantages of the system very much outweigh the disadvantages, and this conclusion is quite independent of the fact whether the coastal trade is served entirely by Indian vessels or partly by British and partly by Indian vessels.

Now, Sir, I have run through the main principles of the Bill. My submission is that there is nothing in the circumstances of Indian shipping today which justifies a measure of this kind. It is quite unnecessary, not merely because there is no rate war, but because the provisions of this Bill would do nothing to help the smaller companies. Nor I do not think they would do

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anything to help the bigger Indian companies. It would introduce a great deal of quite unnecessary complication into our trade machinery and there is really no justification for interference with the shipping trade on the scale that this Bill seems to envisage.

With these words, Sir, I oppose the Motion. (Applause.)

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO (Madras : Nominated Non-Official) : Mr. President, my attitude towards this Bill is not one of unqualified opposition but I hold that this Bill is unnecessary and undesirable. With regard to the development of Indian coastal shipping, no Indian could say anything against it or oppose its development on proper and reasonable lines. But the Bill as framed in the present form is not wanted by anyone in the country. Indian commercial interests consider that it does not go far enough, it is incomplete and the recommendations of the Mercantile Marine Committee have not been adopted. British Chambers of Commerce expressed the view that the Bill would create an uneconomic situation and interfere with existing rights and also is impracticable and unworkable. Coastal trade is now being carried on peaceful and economic lines and the Bill may facilitate the advent of a great many complications and troubles. Between the two conflicting views of Indian and British interests, the Bill attempts to sail through, but without any success. The Honourable the Mover has a very bad case and he wanted to make the best of it by mere platitudes and not impressing the House with any reasonable arguments in support of the Bill. The main question for this House is to consider whether the Honourable Mover has made out a *prima facie* case for the acceptance of the principles set forth in the Statement of Objects and Reasons and whether the provisions of the Bill would bring about the objective admitting that a readjustment of trade relations is desirable. I realise that the Legislative Assembly has referred a Bill to the Select Committee and that coastal shipping is a national problem. Bearing these two facts in mind, I approached the examination of the provisions of this Bill. There are more ways than one by which a solution is possible. Legislation is not the only way of securing the objective and this method may lead to undesirable consequences and ultimate failure in view of the provisions of section 115 of the Government of India Act. You cannot drive out competition by force of legislation. The other is the conference method, of cultivating goodwill and mutual trust, by negotiation and persuasion brought about by the Government of India, failing which, if it is repeated as was the case in 1930, the inevitable way for future activities would become more clear and the national cause would thereby be strengthened.

The Statement of Objects and Reasons refers to the removal of possible impediments to growth and development of Indian coastal shipping. These impediments are rate wars and unfair competition. It also refers to a system of licence applicable to all ships, Indian and non-Indian. The Government of India are called upon to frame regulations and conditions of the proposed licence, and also determine rates of freight and fares. What would constitute an unfair competition is not explained and it is difficult to explain. The Honourable the Mover said unfair competition is uneconomic competition. (The two are as vague as possible.) And what is uneconomic competition? It is

unfair competition. What is unfair competition is uneconomic competition. We are moving in a circle without knowing what is the basis of economic competition and what are the rules to guide us. On that the Bill is silent and it is not capable of definition. It depends on the individual conception of what unfair competition is. In coastal shipping along the Coromandel Coast at present there is absolutely no cause for anxiety or for any contention.

1 P. M. Along the coast, as was explained by the Honourable Mr. Dow, there arose a dispute or rate war between two British shipping companies, not between a British and an Indian company. The Asiatic Co. first cut rates, then the British India cut still lower rates. Following the dispute a settlement was effected between the two British and the Indian company and it will continue for two or three years more and trade is carried on peacefully on the Coromandel Coast to Rangoon. On the West coast, between Bombay and Alleppey, that is the Malabar Coast, under the award of Sir Joseph Bhore we find that small ships do carry on coastal trade to the extent of 80 per cent. There is no competition there between British shipping and Indian shipping. Similarly, we have got arrangements made between Bombay and Karachi. So that on the West Coast there is no need at all for any interference. This agreement or award will continue for a certain number of years. It may be said that it provides for future contingencies, as after these agreements expire trouble will begin and it is better to provide legislation for it. But it is not by legislation that we are going to encourage Indian shipping on the coast. If you apply conditions of shipping as they prevail in Australia, most of these smaller shipping agencies would go to the wall and only two or three shipping companies who have got larger resources would be able to succeed and not either the national enterprise or small shipping companies. Therefore, if you apply the principles of the Australian system you will be simply carrying on a destructive war against the small companies. Therefore, the licensing system is not beneficial.

Then, again, the difficulty in the Bill is, what is this licensing system? The Honourable Mover has very cleverly stated that he wants the licensing of ships and not of tonnage. How can tonnage be separated from the ship? The capacity of the tonnage must be estimated and licensed along with the ship. Therefore, when he says that in view of section 115 he cannot be accused of making any discrimination between British and Indian shipping and of depriving British shipping of any of their present tonnage, he forgets that indirectly it comes to section 115. He is bound to interfere to the extent that the licensing system must also apply to the tonnage. Therefore, there is no necessity for this legislation at all.

Then the chief aim of the Bill is to meet a situation which may not arise at all for two or three years or more. Most people would agree that Government would find it very difficult to fix minimum and maximum rates. The Honourable Mr. Dow explained how impossible it is to fix minimum and maximum rates. The rates along the coastal ports would vary from time to time and from port to port. Would you trust a Government agency to fix the rates? Would that satisfy the shipping agencies? Then the minimum and maximum rates have to be fixed with reference to the different routes along the different coasts and the different ports. It cannot be fixed as a general rule since conditions vary from port to port. Therefore, it is those people, the shipping agencies, who are

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in touch with the conditions of the port who are in the best position to fix the rates. It was suggested elsewhere that a shipping conference would be able to meet and fix these rates. I do not think that under the conditions prevailing in the coastal shipping a conference would be feasible. It would only be a conference between two or three companies. It is not like the United Kingdom where you have a system of fixing the maximum rates by a conference of shipowners. Here shipowners are limited and it is impossible for the Government to persuade or compel them to have a conference for each port. Hence a Government agency is least fitted to solve this problem. This could be done only by a conference of all the shipping interests with a standing committee to fix the rates, and this could be achieved by mutual agreement and not by legislation.

THE HONOURABLE THE PRESIDENT: Does not the Railway Board fix maximum and minimum rates?

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO: Not with regard to shipping. The conditions in regard to the Railways are different from those in coastal shipping. The whole thing is a monopoly of the State in the one. The State has got the control and the State manages State Railways. But shipping is under private agencies. Again, the terms and conditions of licensing cannot be arbitrarily fixed. You may license a ship to avoid discrimination, but the ship cannot be registered apart from tonnage. This will be useless to achieve the object unless you implement the recommendations of the Indian Mercantile Marine Committee that ships of 25 years old may not be licensed and there should be no renewals or new ships, so that in the course of 25 years Indian-owned bottoms may take up the entire coastal trade. What might have been possible when the Mercantile Marine Committee recommended in 1924 is not possible now in view of section 115 of the Act.

The Bill states no effective remedy against deferred rebates. Mr. Dow has referred at length to deferred rebates and the system in the United Kingdom. But all I can say is that in regard to deferred rebates the Bill provides for licensed brokers. If licensed brokers are to be introduced under the system, in the name of the licensed broker rebate may be given to the shippers and who will complain about this? Will the shipper who has been benefited by the rebate system complain or the company who gives the deferred rebate complain? Therefore, what is provided for against the rebate system is not at all effectual. The Bill does not therefore help us in the least with regard to that. Thus, briefly, the Bill which is now placed before the House is not complete nor is the proper solution for the difficulties under which the Indian merchant shipping is labouring. Another properly framed measure or other means must be adopted to secure the growth and development of Indian-owned coastal shipping. I realise that the "coasting trade of a country is regarded universally as a domestic trade in which foreign flags cannot engage as of right but to which they may be admitted as an act of grace". This is the recommendation of the Mercantile Marine Committee,—the observations made by them with a view to seeing that the coastal shipping should gradually pass into the hands of the Indian shipping. That was the recommendation made by them. This is not in any way opposed

to the interests of the British people. Even Sir Arthur Froome, who was a member of that Committee and who was conversant with all the shipping interests, said :

" No one refutes the right of India, or of any of the Dominions, to have a Mercantile Marine of their own but to seek to establish these by domestic legislation against the shipping of any other part of the British Empire is much to be deprecated ".

It is acknowledged even by the British shipping agencies that there is no objection whatever that an Indian Mercantile Marine should develop and grow on reasonable lines. But what the Bill purports to achieve is not at all clear. The struggle for an adequate share in the coastal shipping by Indian nationals is a legitimate desire which should receive support, provided there is sufficient financial backing, efficient business management and knowledge. There is no doubt that the Government of India expressed its sympathy and support, but nothing tangible came out of the Shipping Conference convened by the Viceroy in 1930. It is useless to refer in detail to the numerous declarations of policy by successive Members of Government. The position of Indian shipping at present is one of rapid growth and rapid development. The Honourable Member compared the position with what it was in Japan and said that Indian shipping has advanced more rapidly—

THE HONOURABLE THE PRESIDENT : I presume you will take some more time to finish your speech.

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO : Yes, Sir.

THE HONOURABLE THE PRESIDENT : I propose to adjourn the House at this stage, and after the adjournment you can resume your speech. I propose to adjourn now for this reason that there is a small ceremony taking place elsewhere for the presentation of a Coronation medal to one of our colleagues, and many Honourable Members have asked me to adjourn the House early. The House will now adjourn till 2-45 P.M.

The Council then adjourned for Lunch till a Quarter to Three of the Clock.

The Council re-assembled after Lunch at a Quarter to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO : Sir, I submitted to this House that this Bill is not complete and it is impracticable of application, that the provisions cannot be carried into practical effect, nor does the Bill afford any relief in the present situation of Indian shipping. The situation is that Indian shipping companies are in agreement with the British companies and the work is now being carried on on amicable terms. Legislation is not the only method by which an increased share of the coastal shipping could be obtained by Indian nationals. I have submitted already that legislation cannot eliminate competition. Therefore, Sir, it seems to me, considering all the provisions of this Bill, it is perfectly useless and does not help Indian nationals at all.

But the struggle for an adequate share in the coastal trade by Indian nationals is a legitimate enterprise which should receive support, provided that Indian shipping is backed up by capital, business efficiency and knowledge. There is no doubt that Government from time to time expressed sympathy



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with Indian coastal shipping. It is unfortunate that the conference that was called in 1930 by the then Viceroy proved a failure. I would suggest an alternative method to that of legislation, that by negotiation and conference the end in view could be achieved. Therefore, it is not to be understood because there was a failure then it will again be a failure now. Conditions have entirely changed in India from what they were in 1930; the outlook of both the British and Indian people is entirely changed. In view of this, it is not hopeless to imagine that the object can be achieved by the conference method, by negotiation and friendly exchange of views and not by force of legislation. Legislation has very many difficulties to contend with, not only the principle of discrimination but there is also the licensing system which is the biggest rock on which this Bill must founder.

Now, it is satisfactory to consider how within the last few years Indian shipping has made progress. Comparing it with the progress which Japan has made in the same period we should congratulate ourselves upon the vigilance and industry with which Indian capital and Indian business agencies have built up the coastal shipping business. Great credit is due to the Scindia Navigation Co. Through a series of failures and misadventures they have built up the coastal business in India. Unfortunately there are some obstacles in their way which have to be removed. It is also gratifying to note that the British companies from time to time have been adapting themselves to the requirements of Indian shipping.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** At what cost has Scindia established its business?

**THE HONOURABLE RAO BAHADUR SIR A. P. PATRO:** I would remind my Honourable friend, if he is a business man, of the constant endeavours which a business man has to make in order to build up his business. There are failures, pitfalls, losses, dangers—all these have to be overcome in establishing a business firmly. In building up his business he has to be prepared for losses and he cannot expect always to have gains. Therefore, he will easily understand that if Scindia has suffered losses, it is not entirely due to British competition. I may refer you to the very clear statement made in the Report of the Mercantile Marine Committee. They have explained the same reasons very definitely which I have given to you. They said:

"Other witnesses, on the other hand, assert that the failure of new ventures on the part of Indians has been made due not to competition from established lines, but to inexperience in the shipping trade and mismanagement on the part of the promoters. We find that as regards at least one company which has been launched in recent years the directors admitted in their report that their failure was due to bad business management on the part of the original promoters."

This is the finding of the Committee which is not biased in favour of any one party. Therefore the real position is—

**THE HONOURABLE MR. P. N. SAPRU:** May I ask one question, Sir?

**THE HONOURABLE THE PRESIDENT:** You will have an opportunity later on.

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO : Failures there must be. They are due not so much to British competition as to initial difficulties and the inherent difficulties under which these companies labour. By this I do not at all support any iniquity or injustice which the British companies may have adopted from time to time. In war there is nothing to choose. They will enter into fight sometimes with clean weapons and sometimes with unclean weapons. Therefore, I say it is not that I exculpate the British companies from any blame altogether, but I point out the finding of a very independent and very learned Committee which sat on this matter and their evidence I read out to you. In spite of these difficulties, I said it is very creditable that the Indian shipping has advanced very far and it has been noted already that within the last few years their fleet has increased to 63 ships in the coastal trade and with a tonnage of about 136,000. Corresponding to that we have 87 British ships on the coast with a tonnage of 414,000. Therefore, though the tonnage is less comparatively, still within the short period they have made very rapid progress and it should not be considered that they do not deserve any encouragement. All that should be done is both Government and the people should encourage Indian coastal shipping as much as possible. Therefore, additions to Indian shipping are very hesitant. Capital is not coming as freely as it should in this business. Therefore, certain readjustments are necessary not by legislation but by negotiation and conference method. That is my plea and that is how I stand with regard to this question. The failure of shipping in the past, as I said, is not due entirely to competition. British steamships in the coastal trade had a very long start and it has been referred to already. Act V of 1850, the Indian Coasting Trades Act, has been in force from 1850 and by an Act of Parliament the Governor General was empowered to pass the Act. It is lawful for the Governor General of India in Council to make any regulations authorising or permitting the conveyance of goods or passengers from one part to another other than the British ships subject to such restrictions and regulations as he may think necessary. Even foreign ships have been given free permission to enter into the coasting trade of India by Act V of 1850. If the British took advantage of this and they have invested capital and enterprise and for long years laboured to build up the present business it is not their fault. Therefore, coastal shipping, so far as we are concerned, is a national problem which must be carefully considered and helped and developed and not by this piece of legislation before the House.

Now, having said so far with regard to the Bill and its inutility for the purpose for which it has been brought forward, we must consider the position of the Indian coastal shipping. Since 1850 the Indian coastal shipping has been open to all nationals. If the British obtained predominance they are fully justified, but since the Great War, each nation is engaged in working out national economics. The principle of economic self-sufficiency has been ruling the administrations of all States. Responsible self-government is working in the provinces in our country. A readjustment of the relations between India and Great Britain has been effected and coastal shipping could not long remain without a thorough readjustment. The forces, political and economic, are too strong to ignore. Wisdom lies in recognising them. The opinion of an Englishman who has knowledge of India has already been quoted by the Honourable Mover, the evidence given by him before the Joint Parliamentary Committee. Apart

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from the evidence given by him, the real point is that India should be received as an equal partner. That Indian shipping should have a larger share in the coastal trade is acknowledged by everyone. The policy of the British Dominions—

(The Honourable Rai Bahadur Lala Ram Saran Das rose to interrupt.)

THE HONOURABLE THE PRESIDENT: Please do not take notice of his interruptions!

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO: If the Honourable Leader of the Opposition will restrain himself a little more and be a little more courteous—

THE HONOURABLE THE PRESIDENT: If you take no notice, he will restrain himself!

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO: Having said so far with regard to Indian shipping and its present position and the encouragement that it requires, I will consider the position of Indian shipping along with other Dominions. The policy of the British Dominions is determined by their local needs. Now, the Dominions have got their own navigation laws. In Australia the Navigation Act gives full power to them and they could have the whole of the coastal shipping for their own ships and they could also issue licence for other ships, British ships. When the Dominions enjoy such liberty and such privileges of having their domestic trade adjusted, and controlled by themselves, is it right that we in India should be denied that privilege? That is the question which is asked by every Indian patriot. What the Dominions enjoy in the matter of coastal shipping is supported by the speech of the President of the Board of Trade in February, 1935 when he asked the House of Commons for a subsidy of £2 millions for tramp shipping. He stated in the House of Commons that the Dominions—referring to Australia and other countries—that they have developed a nationalist policy of their own and they would not come into line with the policy suggested by the United Kingdom. Therefore, he says in order to support tramp shipping it is necessary that the subsidy of £2 million should be sanctioned by the House of Commons. That is the reason, namely, that the Dominions have developed a policy of nationalisation. Now, no doubt this result was arrived at by many negotiations and conferences. Already reference was made to the Conference on the operation of Dominion legislation and merchant shipping legislation held in 1929. The recommendations of this Conference were that every Dominion should have the right of legislating for their own coasts. So far as India is concerned the recommendation made in paragraph 124 of the Report of this Committee was:

“Subject to certain special provisions of the Merchant Shipping Acts, the legislative powers of the Indian Legislature are governed by the Government of India Act, and general statements regarding the position of the Dominions in matters of merchant shipping and Admiralty Court legislation may therefore not be entirely applicable in the case of India. At the same time”,—*this is very important*,—“as the position of India in these matters has always been to all intents and purposes identical with that of the Dominions, it is not anticipated that there would be any serious difficulty in applying the principles of our recommendations to India, and we suggest that the question of the proper method of so doing should be considered by His Majesty's Government in the United Kingdom and the Government of India”.

Therefore, the recommendation is that India should be treated in analogous terms with that of the Dominions and that in order to overcome any difficulty that may come in the way of carrying into effect the recommendations of this Committee, they suggest that His Majesty's Government and the Government of India should take the necessary steps. There was further an agreement among the members of the British Commonwealth. In that agreement also, in the draft submitted to the Imperial Conference in 1930 India had a place, but unfortunately when the agreement was finally accepted and power was given to the Dominions to make their own legislation and laws in 1931, India was omitted. She did not find a place in the final draft. As the point has been raised by the other side, I may mention that by 1931 there had been discussions with regard to trade discriminations, therefore India did not find a place in the final draft. Nevertheless, what has to be remembered is that India is regarded as a partner in the British Empire, a partner with Great Britain. That is a point which I should like to emphasise at this moment. I do not go into the other parts of the recommendations but what I do submit to the House is that India has to be treated as a partner in the trade relations or shipping relations of the country. And not only that but the Instrument of Instructions to the Governor General stated that India would be treated as a partner along with other parts of the British Commonwealth. That is to be found in clause 14 which relates to the responsibility of the Governor General in regard to discrimination, and concludes thus :

" At the same time in interpreting the special responsibility to which this paragraph relates, our Governor General shall bear always in mind the partnership between India and the United Kingdom within our Empire, which has so long subsisted and the mutual obligations which arise therefrom ".

This is very important to bear in mind, always to bear in mind the partnership between India and the United Kingdom within the Empire which has so long subsisted and the mutual obligations which arise therefrom. In unmistakable terms India has been acknowledged as a partner with the United Kingdom. Not only that but you find again in clause 31 of the Instrument of Instructions :

" And finally it is our will and pleasure that our Governor General should so exercise the trust which we have reposed in him that partnership between India and the United Kingdom within our Empire may be furthered, to the end that India may attain its due place among our Dominions ".

Therefore, Sir, I am advocating in view of the recommendations of the Committee of Imperial Shipping and the statements made in the Instrument of Instructions that in matters of trade India has to be treated as a partner along with Great Britain. Now, the whole question is, if India is to be a partner, " Is India not to have an adequate share in the coasting shipping of the country ? " If you recognise that India is a partner along with Great Britain, should not India have an adequate share in the coastal trade of the country ? Now, Sir, it is very well to rely on section 115 of the Act as a protection against discrimination but is it wise, is it business policy to rely on technical justice and let British trade in India rest only on state protection ? Britishers are entitled to equal justice with Indians. That justice should rest on the goodwill and friendship between Europeans and Indians ; reciprocity according to section 115 is moonshine. It is an unreal factor so far as Indian shipping is concerned. When Indian shipping is not able to carry on its domestic trade

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peacefully, when it could not have an adequate share in the coastal shipping, how could it go and compete with the British in the United Kingdom? It is most unreasonable to expect that Indian shipping would ever be able to compete with any British shipping in the coast of the United Kingdom. Therefore, the case for reciprocity cannot at all be upheld for a single minute. Now, therefore, a policy of "Live and let live" is the only working principle which ought to control British business men in India. Now, Sir, whenever India could help the British trade, as was the case in 1934, when foreign subsidised shipping came in to compete against British shipping and Empire shipping, then when there was a great need for the help of India, what happens? In 1934, the President of the Board of Trade appealed to India. Why? He saw that in order to counteract the influence of foreign subsidised shipping, where other Governments have been helping their shipping companies to compete against British shipping, then India's help was needed. In 1934, he appealed to India to assist British shipping. Since then there has been a change, they have been very friendly and they have been trying to co-operate with Indian shipping companies and help and assist them. Now, I am sure that in course of time, mutual friendship and mutual co-operation will develop and Indian shipping will have an adequate share in the coastal trade by means of this friendly conference and friendly discussions. Only mutual goodwill will ultimately safeguard the position of the British in this trade by treating India as a partner and Indian shipping backed by sound finance, better organisation and knowledge of shipping business may attain its object in course of time. On no account, Sir, should foreign ships, non-Indian and non-British, be allowed to encroach on the coastal trade of India. We have had regrettable incidents in regard to the competition between the P. and O. Co. and Tata's Shipping Co. The rate war that prevailed led to their cutting each other's throats. What is the position today? In the fight between the P. and O. Co. and Tatas, Tatas collapsed and Japan came in. Japan came in and what is the extent of Japanese trade today? In 1935-36 you will find the value of imports about Rs. 21 crores and the value of exports about Rs. 25 crores. All this trade which ought to belong to either the P. and O. or Tatas has now gone into the hands of Japan. I hope that history may not repeat itself. I am sure that both sides will realise that it is not by compulsion by legislation but by friendly negotiation and conference that mutual adjustment could be made and a proper share would be allotted to the British Indian shipping companies and their place in the coastal trade would be adequately recognised as partners in the trade.

**THE HONOURABLE MR. RAMADAS PANTULU** (Madras: Non-Muhammadan): Sir, I rise to support the Motion for referring the Bill to a Select Committee. I have listened very carefully to the two speeches made on behalf of Government. While I was listening to the Honourable Mr. Dow, my feeling was one of natural disappointment. While listening to my friend the Honourable Sir A. P. Patro, it was one of positive painfulness.

**THE HONOURABLE RAO BAHADUR SIR A. P. PATRO:** Take some medicine!

**THE HONOURABLE MR. RAMADAS PANTULU :** I have to, Sir, I shall first dispose of Sir A. P. Patro in a few words. The three most valuable contributions he made to the debate were these. First of all, he paraphrased Mr. Dow's speech, to the great disadvantage of the latter. Secondly, he has taught a prominent businessman, a successful businessman in this House, the Honourable Rai Bahadur Lala Ram Saran Das, how to conduct business. The third contribution he made is with regard to a principle underlying the Bill, namely, putting down rate war. He distinguished the railways from ships in regard to fixing minimum rates on the main ground that one runs on land and the other on water.

**THE HONOURABLE RAO BAHADUR SIR A. P. PATRO :** That is idiotic !

**THE HONOURABLE MR. RAMADAS PANTULU :** Yes, so is the rest of your reasoning !

**THE HONOURABLE MR. G. S. MOTILAL :** On a point of order, Sir. Is the expression "idiotic" that has been used Parliamentary ?

**THE HONOURABLE THE PRESIDENT :** He was talking so inaudibly that I could not hear him.

**THE HONOURABLE MR. RAMADAS PANTULU :** What I have said is endorsed by him. I have dealt with the idiocy of his argument !

**THE HONOURABLE THE PRESIDENT :** Please address the Chair and a little louder please.

**THE HONOURABLE MR. RAMADAS PANTULU :** Now, coming to the speech of the Honourable Mr. Dow, which really has got to be answered, I agree with him that Indians, in advancing their case, should not dwell too much on the past. I am entirely at one with him. But there are limits to that past. If the past is one which has no connection with British commercial and political domination in this country, I am in entire agreement with him. But, in the matter under discussion, we have got to see what the position of India was in regard to her shipping industry when her connection with the British began, and whether British commercial interests and the British Government were in any way responsible for the destruction of a very flourishing industry. So, I do not agree with him when he asks us not to go into past history, in so far as it has any connection with British commercial and political exploitation of this country. The position briefly is this. Between 1781 and 1830 we have got authentic records to show that as many as 300 ships were built on the Hooghly ; and again in 1802, we are aware that the British Admiralty placed an order with a Bombay ship-builder to build some men-o'-war. At that time it was suggested that a British ship-builder might be sent to Bombay to supervise the building of those ships, but the British Admiralty desisted from doing so on getting authentic information from their agents in India that the Indian ship-builder at Bombay was quite competent to execute his work without any assistance from the British ship-builders. Here is the record of that transaction from the pen of a French traveller, which was quoted in the other House by an Honourable Member. That French traveller says :

"When in 1802 the Admiralty ordered men-o'-war for the King's Navy to be constructed in the Bombay dockyard, they intended to send out a European builder, but the merits of Jamshedjee being made known to their Lordships, they ordered him to continue as master-builder".

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That was the position which India occupied with regard to the shipping industry when the East India Co. came to trade in this country. What is the position today? Figures have been given to us to show that with regard to overseas trade, our part is 1·5 per cent. and with regard to coastal trade it is 20 per cent. Sir, the picture can be more vividly described by what I have seen at an Industrial Exhibition held at Calcutta. The position of the shipping industry in India was there exhibited in the form of a pyramid. There were 27 pieces in the pyramid each representing a country, the bottom piece being constituted by the huge British shipping industry with its 19 million tonnage, India came as the 24th piece—India with its 1½ lakhs of tons, a negligible figure. There were then above us three pieces, Chile, Peru and Turkey with but very little less tonnage than India. They now occupy a lower place and I think India has gone up to 27. Since that Exhibition was held in Calcutta, Chile and Turkey have passed their Coastal Reservation Bills and the other country, Peru, has developed its own national mercantile marine. All the three have greater tonnage now than India. Therefore, in that pyramid of 27 countries, India now occupies the topmost place at the apex, with her 1½ lakhs of tons. She is the conical point of the pyramid today. That has vividly conveyed to me the position of the Indian shipping industry in this country.

Even if the British commercial interests and the British Government had no hand in bringing our shipping industry to this plight, certainly they cannot make that a reason for opposing this Bill. The real question is, are they or are they not responsible for this position? That is a relevant question. Sir, I think a dispassionate and an impartial reading of the economic history of India since the beginning of the Nineteenth Century, from the year 1800, will undoubtedly convince us that the attitude of the East India Co. and of the British commercial interests towards Indian shipping was by no means friendly. We have record of an incident as early as 1801 which will reveal to us the attitude of the British commercial interests towards Indian shipping. In 1801, three Indian ships laden with a cargo of Dacca muslins landed on the Thames. Then the East India Co. wrote to their agents in India a despatch in which these sentences occur :

“No British heart would wish that any of the brave men who have merited so much of their country should be without bread, whilst natives of the East brought the ships belonging to our own subjects into our own ports; and considered therefore in a physical, moral, commercial and political point of view, the apparent consequences of admitting these Indian sailors into our navigation form a strong and additional objection to the concession of the proposed privilege to any ships manned by them”.

That shows what great care they had taken to see that Indian ships did not carry any Indian goods to British shores.

Sir, I do not wish to detain this House by relating other similar incidents recorded in our economic history. Reference has been made by Mr. Dow to Act V of 1850 by which the coastal trade of India was thrown open to all-comers, whether British or foreigners. The reason was apparent. Britain at that time was the most powerful maritime country and they feared no competition from anybody else. They knew that in the absence of such an Act there might have been some claim by India that her coastal trade was her

domestic preserve under International law. India was not then under the Crown. That legislation was perhaps necessary to legalise the British intrusion into the coastal trade in India. And they have not allowed matters to rest there. Just before the war there was a demand by British commercial interests to repeal that Act in favour of Britain and prohibit all but British shipping from entering the coastal trade of India. But after the war, as the chance of competition from other countries was minimised, that demand was dropped. Again, before the Mercantile Marine Committee a very definite demand for the repeal of Act V of 1850 in favour of British commercial interests was made, and a very definite recommendation was made by the Indian Mercantile Marine Committee advocating the repeal of that Act, because there was a chance of the revival of competition and there was some surplus tonnage in the British ports which was a source of economic loss to Britain. Again, in 1916-17, there was a conference of British shipping interests the report of which was published in 1918. In a paragraph of that report also there was a definite demand for the repeal of Act V of 1850 in the British shipping interests. Therefore, there has been no want of strenuous effort on the part of British mercantile interests to keep out other people from the coastal trade of India. Therefore, at this late hour, in the face of all this unimpeachable history, for the British interests to argue we are not responsible for the monopoly of British shipping on Indian coasts and there is nothing we have done to shut out Indian ships, and there is no responsibility on our shoulders, to restore her coastal trade to India, is, to say the least, disingenuous. I think the economic history of India clearly and unmistakably demonstrate that the destruction of Indian shipping is due to both the commercial and political exploitation of India by Britain. That is the reason why we want them to undo the wrong.

The opposition comes from both the Government as well as the British commercial interests. Mr. Dow has very plainly and very bluntly told us that any attempt at progress by India by means of discrimination is hereafter unthinkable. I agree with him. So long as the Government of India Act stands on the Statute-book and so long as the British Government is dominated by British commercial interests and the Service to which my friend belongs, we agree with him that any attempt to make progress by discrimination in favour of India and against Britain is impossible. That is a proposition with which few can quarrel, because it is an irrefutable proposition in the existing circumstances. But I would tell my friend that if they take up that attitude and do not recognise the justice of India's claims then the present position will not last very long. What has been snatched away from us by discrimination and what has been retained in their hands by discrimination will have to be regained and re-snatched away by the practice of discrimination on our part after doing away with the Government of India Act.

Then, Sir, there is another ground on which our claims are opposed. Both the Government and commercial interests admit that coastal trade is a domestic trade preserve in other countries and therefore it ought to be preserved for the nationals of the country concerned. But the British argument is that India is not an independent country. India and England fly the same flag and therefore you cannot discriminate between the ships flying the same flag. Therefore, they must be treated as Indian nationals for the purpose of the coastal trade. They have put forward this theory in answer to our demands on



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various occasions. Now, they have legalised it by putting it into section 115 of the Government of India Act. The effect of that section is that even if Indian legislation in future should say that the coastal trade of India is to be preserved for certain companies which are Indian managed, with Indian capital, etc., all those provisions will automatically apply to British companies, whether they fulfil those conditions or not ; for the purpose of such legislation all British shipping companies will be considered as Indian companies. Again, if a subsidy is paid to Indian shipping concerns, the same subsidy has to be paid to the British concerns. Though we are technically able to have a Bill for the reservation of the coastal traffic to Indian nationals, as my friend Mr. Kumarsankar Ray has said, the effect will be to give all the privileges to British shipping companies as well. So, therefore, while technically we can bring such legislation, practically it is useless, because this new theory that British and Indian shipping concerns are both Indian nationals for the purpose of the coastal trade has been incorporated in the Government of India Act. That is the position they now occupy.

Then, Sir, the third objection that they raise against our demand is that it amounts to expropriation. They say, we have built up this industry with great labour and at great cost and it would not do for you to snatch it away from our hands. Their spokesman in the other House has put it this way. It is the British commercial interests that have fostered the growth of this orange tree in this country. Now, the orange tree has borne fruit, it will not do for the Indians who have taken no part in growing that tree to ask for a few pips of the orange. The orange is ours and we shall have it and you have no right to demand any portion of it. That is the attitude taken up by Sir Leslie Hudson speaking on behalf of the European Group in the other House. And our answer to this is very simple. Your possession of India according to yourselves is as trustees for us. It may be that the trustee has taken a great deal of trouble and spent labour and time and money. In that case he may require adequate compensation for all that he has done to improve the estate of his ward, but privileges attaching to the estate as such cannot be snatched away by the trustee. The ward must make good the trustee's losses, but the trustee cannot keep the orange tree nor the fruit, though he may recover the cost of growing that tree. Therefore, we say let us know what compensation you want for the so-called expropriation, if any, which any such measure may involve? We are perfectly willing to be just and honourable in our dealings with people who have sunk money in this country either in ships or in railways or in other national concerns. We want to take them back. We shall not take them away from you without compensation, legal, adequate and just. That is the position we take up.

There are other objections to which I shall briefly refer. The Bengal Chamber of Commerce has taken the attitude that it will be an economic waste to divert capital into Indian shipping. It has tendered very disinterested advice to Indian businessmen in this country by asking them to divert capital into ventures in which external capital has not been put ; develop your urban industries, make agriculture a more paying concern ; and that way lies the economic prosperity of the country ; it is not by putting your finger into the

pie where external capital has been sunk and so much has been done by British commercial interests. That is an advice which we cannot accept, because the Indian shipping industry is a matter of a national concern, as I shall very shortly show. We have met these objections on various occasions and explained the position which India takes up in this matter and I do not wish to repeat those arguments. The nature of our demand is also clear.

The history of the coastal shipping legislation has been traced both by Mr. Dow and Mr. Sapru. Without going into the history, our main demands in the past may be stated to be these ; give us facilities for nautical training, give us facilities for reserving our coastal trade. These were the demands made by Sir P. S. Sivaswami Aiyer in 1922. And Sir Vithaldas Thackersey stressed on two other aspects, get rid of deferred rebates and do something effective to prevent rate war. These were his two demands. There were other demands made since then. Give us other concessions like exemption of materials, which are shipped to India, from import duties if they are intended to build Indian ships, give us favourable rates on railways for the transport of materials for building ships, and other aids, like subvention to carry mails, and so on. These have been there for a long time and not one of them has been satisfactorily and adequately met except perhaps the training of cadets through the " Dufferin. " So much has been heard about the " Dufferin " venture in this House and a part of question time almost every day is taken up with some question or other in that connection that I need hardly say any more on that. The people of India are frankly dissatisfied with the way in which the training ship " Dufferin " has been utilised for giving training to Indians and also with the unemployment that prevails among the few that have been trained in that ship.

With regard to our demand for revival of our coastal trade they say that the Indian shipping industry has suffered a setback for some reason or other and it is not possible for us to do much to revive it at this stage. Sir Charles Innes in the debate on Sir Sivaswami Aiyer's Resolution said that what impressed him most was the complete absence in India not only of trained ship-builders, but of the means of training ship-builders. That was the reason, he said, why they could not do much to encourage the Indian shipping industry in this country. I will read one more sentence from what he said on that occasion. He said :

" In England wherever there is a ship-building port, it has its school or schools in which a full technical education can be obtained. There are three universities, in each of which a chair of naval architecture and engineering is established, where a full scientific education in the subject can be got ; the result is that ship-designing is done by men of high scientific and technical attainments and shipyards are continually recruiting young men who are technically trained to take up positions as draftsmen, foremen and managers ". He says India must make up these deficiencies before aspiring for the ownership of a mercantile marine. The joke is a very cruel one and when the Government of which he was the Commerce Member did not even start any school for education in maritime engineering or nautical training, how and when the deficiency can be made up cannot be understood by people like me. He did not also probably realise that his own statement was a very sad commentary upon the way in which his countrymen have administered this country

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for over 160 years. A more recent explanation for the destruction of the Indian shipping industry and the impossibility of reviving ship-building in India came from the spokesman of the European Group in the other House, Sir Leslie Hudson. He said that it was not the apathy of the Government or the unfair competition of British commercial interests, but the introduction of vessels propelled by steam that put India in the background. India could not build steamships with iron. She was accustomed to build her ships with wood. He was right, when he said that the Tata Iron and Steel Co. did not exist 100 years ago. But that was not the real answer. There was no Government in India of the people and for the people who could have utilised the resources of India for developing the iron industry or ship-building industry. If India had self-government like other countries, Indian resources, both in coal and in iron, would have been explored and the Indian ship-building industry would have been encouraged by that Government. The reason is not that India could not build iron ships or could not establish maritime engineering schools or schools for nautical training, but India had no Government which would establish those institutions. That is the simple answer to those allegations.

Sir, I now come to this Bill.

THE HONOURABLE THE PRESIDENT: I do not want to interrupt you. There are other speakers. Please bear that in mind.

THE HONOURABLE MR. RAMADAS PANTULU: Yes, Sir, I shall be brief. I may at once state that we are as fully alive to the many defects in the Bill which Mr. Dow has pointed out. As a lawyer I can see that every section is liable to a certain possible technical objection or other. That is a matter which may be dealt with in the Select Committee and if the Bill is incapable of improvement in any way and if the sections are unworkable, the time for dropping it would be then and not now. We only ask at this stage for the examination of the Bill by a competent Select Committee on the merits, it is said that it will not help new companies. It is a matter on which some investigation will be necessary.

THE HONOURABLE THE PRESIDENT: New small companies?

THE HONOURABLE MR. RAMADAS PANTULU: New small companies. We need not presume that all new companies will be small. There is enough enterprise and capital in this country. People may be willing to come forward with a few crores to start a big company if the provisions of the Bill are put into effect, if something is done to prevent rate wars and deferred rebates. With regard to deferred rebates I entirely differ from the view taken by the Honourable Mr. Dow—it is a most immoral piece of business. Even small companies may possibly gain by this Bill, but that is a matter on which investigation is necessary. At present, the combination of the British India Steam Navigation Co. and the Scindia Co. has hit labourers in my province. They have put up the passenger fares to Burma by 75 to 80 per cent, and now these labourers pay 75 to 80 per cent. more than they used to hitherto. That is a matter in which my province is vitally interested. Therefore, Sir, let us

not pronounce final opinions upon matters which require investigation, they are questions of fact. I am not prepared to take the Honourable Mr. Dow's statement that new small companies will be hit, nor am I prepared to assume that all companies started after this Bill will be small companies and that big companies may not be started.

We now know that there is a combination between the British India Co. and the Scindia Steam Navigation Co. and they may try to make out that the existing tonnage is quite enough to carry all the coastal trade, and that if the Bill results in new tonnage coming into the coastal trade it will be a question of sharing and therefore it will not be an economic employment of available tonnage. The same volume of business will have to be done by a larger amount of tonnage by the influx of new tonnage. There again, whether the existing tonnage is enough to satisfy all the requirements of our coastal trade is a matter on which I am not prepared to accept an interested statement without fuller investigation. The Honourable Mr. Sapru has stated that with regard to goods and also with regard to passengers there has not been sufficient accommodation and that coal transport has been held up. Moreover, the coastal trade of India is growing and therefore it is again a question of fact whether the existing tonnage is sufficient or not. I quite agree that what we really want at present is a reduction in the non-Indian tonnage in the existing coastal trade and an increase of the Indian tonnage. That is what we really want immediately. Whether this Bill will effect it or not I am not in a position to say. The Federation of Indian Chambers in 1935, when it dealt with this question of non-Indian tonnage and Indian tonnage being settled by conference method requested the Government to take steps to increase the share of Indian tonnage to 50 : 50 and *pro tanto* decrease British tonnage. But to be asked, as the Honourable Mr. Dow has asked us, to depend for all time on the goodwill of the British companies with whom our interests come in conflict and not to take any measures of a positive character is a position to which Indians cannot reconcile themselves. I do not think it can happen in any country in the world, that the nationals of the country should be asked to depend entirely on the goodwill of the competing foreigners. Therefore, this measure is to be commended as it attempts to some extent to set right the position.

Sir, one word more. Mr. Dow has said that the system of deferred rebates is a recognised method of doing business. It may be so in other countries. In my opinion it is a most immoral method. Deferred rebate is a portion of the freight money which a shipping company returns to the customers at the end of a period, usually a year, if a shipper is loyal and continues to be loyal throughout the year by giving all his shipments to the same company. If an Indian shipper sends his goods only through a British company all the 12 months and if he does not lapse in a fit of patriotism, and give some business to an Indian ship, then he will get the whole rebate. But if he commits one lapse he will lose a very large amount for that single lapse and it is a kind of pressure which is in my opinion highly pernicious and immoral and indefensible. And it is by that method of deferred rebates that the British shipping industry has been able to kill practically the Indian shipping industry. Therefore, I take exception to that method of business and in spite

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of its being said to be a legitimate form of business in other countries I think it does not suit India. If the Indian coastal trade has got to be promoted I think we should not have this system of deferred rebates. Therefore, with the fixing of minimum and maximum rates and putting down the evil of deferred rebates there will be some relief. I think if this measure can be worked in some practical manner that these two provisions in the Bill will give some relief to Indian shipping. Therefore, Sir, I think that this request to the House to refer the Bill to a Select Committee need not be turned down. Sir, the public are looking forward to the decision of this House with some anxiety. In the other House as the Honourable Mr. Dow has said, a similar though slightly more defective Bill has been referred to Select Committee and they are looking forward to see what the decision of the Council of State will be. Sir, when Mr. Haji's Bill was on the anvil, public speculation was as to what the Council of State would do, and I noticed *The Capital* at the time gave the following warning :

"The Legislative Assembly may pass Mr. Haji's Bill but the Council of State will almost entirely throw it out".

THE HONOURABLE THE PRESIDENT: I would advise you not to read an extract from *The Capital*.

THE HONOURABLE MR. RAMADAS PANTULU: Therefore, I hope that the Council of State will not refuse to act as the Assembly has already done. It is not committing itself to anything except the principle of the Bill and therefore it should allow this Motion to be passed.

In conclusion, I wish to say that the shipping industry question is a national one. Firstly, our coastal trade gives Rs. 10 crores to foreigners and our overseas trade gives Rs. 50 crores to foreigners. We do not say the services are not adequate for the money but they should be in the hands of Indians. Secondly, Sir, it gives us an opportunity for a maritime career for our young men, and the destruction of the shipping industry has destroyed our national individuality and led to the concentration of our overseas trade in foreign shipping companies' hands. Railway and shipping companies join to maintain routes from ports to foreign countries and by their combination Indian trade, industry and commerce have been seriously damaged.

Finally, Sir, the Indian demand is unanswerable. I quite see, Sir, that after a century of British shipping development in this country both the Government and the commercial interests have come to look upon it as the legitimate business of British concerns. I do not for a moment say they are not sincere. Wherever one does a wrong and persists in the wrong for a number of years, he will come to believe in it in the end as something for which he need not make amends. Therefore, Sir, I hope that Members on the other side will support the Motion and see that the Bill is allowed to go before a Select Committee.

Sir, with these words, I beg to support the Motion.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce): Sir, there are one or two points that I did not mean to mention today but they have been adverted to by the Honourable Mr. Pantulu and I think

I should refer to them. In the first place, he talked for a considerable time about expropriation and adequate compensation. In my opinion they do not arise from the Bill before us, but I would like to say this, that I know that behind this suggestion is a group of Indian commercial magnates who look forward with pleasure to the day when, the Government of India having bought these shipping interests and other interests, and having managed them unsuccessfully, as they believe Government would do, they will be able to buy them cheaply and they will make a fortune out of that. That is a fact.

Then again, originally education in England was in the main financed from private sources. It was supported by private benefactions, and that is one reason why in India education has not gone as far as it ought to go.

There was in my lifetime an American named Selfridge who came to London and started a very big store. He is, I believe, a millionaire now. I was there and I did not do it: this was my fault. There were some Britishers who came to India and ran shipping lines. It was always open to Indians to run shipping lines: it is not the Britishers' fault.

I entirely agree that coastal trade is a matter of importance but there is nothing urgent about it. You have got all the shipping you need, and I say Indian capital has had just as good a chance as British capital. I think the point about Tatas has already been made plain. What Mr. Tata did was to charter boats: he never owned the boats at all. He chartered them and eventually handed them over to the Japanese because it paid him to do so: in other words, he helped non-Indian as opposed to Empire shipping.

Then there is some misapprehension about the share of Indian shipping in the coastal traffic. According to the latest steamer movement returns, there is now 97,000 tons of Indian tonnage operating on the coast. That compares with 60,000 tons 10 years ago—an increase of 60 per cent. in 10 years, not what the Honourable Mr. Sapru said, 1 per cent. per annum.

THE HONOURABLE MR. P. N. SAPRU: What was the tonnage 10 years ago?

THE HONOURABLE MR. R. H. PARKER: The figures are 97,000 tons and 60,000 tons 10 years ago.

THE HONOURABLE MR. P. N. SAPRU: What was the British tonnage?

THE HONOURABLE MR. R. H. PARKER: I have not got the figures here: I can get them. The point is the increase of 60 per cent.

The whole outline of this Bill is, I must admit, one that I would have expected to be introduced in Rome or Berlin, not in this House! It surprises me that the Honourable Mr. Sapru, who is an advocate of liberty, should sponsor a Bill of this kind to dragoon people as to what they should do. I certainly agree myself with the view adopted for many years now by the International Chamber of Commerce as the sound one. What we want to do is to remove restrictions wherever possible, and to avoid imposing them wherever possible.

[Mr. R. H. Parker.]

As to the State taking a financial interest in shipping, I must admit that I regard the State as already much too deeply interested in allied things like Railways. The objects of the Bill were read out by the Honourable Member. I must submit that the results would be very different from his objects. I think the result would be the encouragement of Indians to lose their money in un-wanted and un-needed ships. I do not know who is going to gain out of that? It seems to be the direct and obvious result. In fact, the result will be the exact opposite of what the Honourable Mr. Sapru says he wants. The result will be uneconomic competition and that is a thing which we cannot regard as desirable in any way. I am very sorry for the Governor General in Council. He is always getting all sorts of jobs thrown on to him! Why he should be made General Manager of all the shipping companies in India, I really do not understand! (Laughter.)

Then I do wish to point out that if a maximum rate or a minimum rate is right for a fleet which is adequate—and that is the position today—then it could not be right for a bigger fleet. You could not possibly make the bigger fleet pay, and that is unsound economy. Supposing you succeed in what you are aiming at and you get, say, 500 Indian ships coming in added to the fleet and they are going to fight their battle with the existing interests, the Scindia will be in the same boat as the B. I. They will not be on the side of the new interests. These new comers cannot get on without the help of the expert knowledge and experience of the existing people, and they will have to bear the greatest loss.

Then, the question of sailing boats has not really received adequate consideration. I was given a figure which showed that approximately 50 per cent. of the coastal traffic was carried by sailing vessels. I rather doubt the accuracy of that, but it is very substantial, and if you could not adequately control the sailing boats, then I do think the whole scheme must necessarily fail. What we want, I think, is to encourage investment in enterprises which have really a good chance and not investment in an enterprise of this kind, which is superfluous and bad in every shape and form.

A suggestion which I do not think has been very seriously received is that the amount of tonnage available was not adequate. There was a reference to some Chief Engineer, Mr. Harrison, having complained to that effect. I happen to have a letter from Mr. Harrison in which he says:

"Freights were pretty well booked up until October and were double what they were a year ago.....I agree that the British India have never failed to give us a spot steamer when asked for at short notice. I can assure you that both the Railways and myself appreciate the help of the shipping companies".

They never had to wait for a ship at all. That is exactly the opposite of the statement made here. At the present moment there is a small rate war going on in Bombay. I have heard a good deal about it. That is a case where individual small companies are coming in and cutting the rates, and if they were not allowed to cut the rates, they would have no chance of coming in at all. Obviously, the higher freights which are now obtaining are attracting new capital into shipping, as happens in every business.

THE HONOURABLE SAIYED MOHAMED PADSHAH SANIB BAHADUR (Madras : Muhammadan) : Sir, the Honourable Member who has just resumed his seat took objection to the Bill on the ground, that it savoured of expropriation. I wonder, Sir, how my Honourable friend Mr. Parker has been able to see this demon of expropriation in the provisions of this Bill? If the object of this Bill is to break the monopoly which has been enjoyed for nearly a century by foreign companies and if the effect of this Bill is to help Indians to come into their own by getting a reasonable share of the coastal trade, I do not see how this can ever be characterised as an attempt at expropriation. If the foreign companies which have been enjoying this monopoly are made to lose a part of their trade and some of the markets which are now open to them, I do not think this could be characterised as an act of expropriation. Again, Sir, another Honourable friend of mine, the Honourable Sir A. P. Patro, also took objection to this Bill. It is always painful to me to differ from my Honourable friend Sir A. P. Patro, for whom I have got the greatest regard. But I feel, Sir, that after all I do not have to differ from him at all. The reason is this. Although he spoke long and vehemently, in opposition to the Bill, he made certain admissions in his speech the effect of which is to make his speech on the whole one in support of the Motion before us. First of all, he took objection to the attempt to put down rate wars. He was of opinion that these rate wars had very little to do with the collapse of many of the Indian ventures in maritime activity. In support of his argument he cited the opinion of the Indian Mercantile Marine Committee. But, Sir, having discounted the seriousness of rate wars, he ended by citing an incident and showing how serious the rate wars were and what a disastrous effect they have had on the companies indulging in them. He cited the disastrous effect which these rate wars had on the P. and O. Co. and the Tata Co., which resulted in the introduction into Indian waters of an outsider, a Japanese shipping company. So, it is patent that even though my Honourable friend tried to discount the seriousness of the rate wars, he has ultimately admitted that these rate wars have proved extremely injurious to the prosperity and progress of Indian enterprise.

Again, my Honourable friend Sir A. P. Patro also admitted the right of Indians to a proper share in the coastal trade. He admitted

4-5 P.M. that all maritime countries in the world had either practically reserved the coastal trade to their own nationals or given to their nationals a preponderating share. He also made an admission to the effect that the reciprocity clause in the Government of India Act which permitted Indian shipping companies to compete on equal terms with British companies in British waters was all moonshine. Therefore, he made out a very strong case for the suggestion that my Honourable friend Mr. Sapru is making that every attempt has got to be made to see that Indians are encouraged in their maritime activities in their own home waters.

Now, my Honourable friend Mr. Dow appears to think that the provisions of the Bill are more calculated to defeat the object for which they are intended than to promote it. He seems to think the purpose of the Honourable Member would be better served by the endeavours now being made to promote goodwill and mutual agreement between the European and Indian shipping interests.



[Saiyed Mohamed Padschah Sahib Bahadur.]

No one on this side of the House of course questions the necessity and value of these good relations. We are all anxious to promote these good relations. We are all anxious also to see that every impediment that at present exists in the way of the growth and promotion of those good relations is effectively removed, and it is for this purpose that this measure has been proposed by the Honourable Mr. Sapru. What does the Bill after all seek to do? It seeks to discourage and put an end to rate wars and by doing so it is quite obvious that the effect of the Bill would be to minimise all chances of friction between the different shipping interests in the country. The greater the possibility of rate wars, the easier it is to indulge in them and such like unfair competition, the greater is the risk of different shipping interests coming into conflict with each other. Therefore, it is obvious that the effect of the Bill would be to help and encourage these good relations and not to hamper them. Again, while it is all very well to have these good relations, is it advisable, is it fair that the Indian shipping interests should be made to live merely on sufferance and depend solely upon this precarious source of sustenance? Is it right that that protection which has been given to so many other industries in the country, steel, textiles, sugar, and so forth, should not be extended to our mercantile marine. It is not only inadvisable but I think it is disgraceful if we allow this industry of ours to live only through the goodwill, grace and favour of other and rival interests. It is very good to promote good relations, but we should not be made to depend entirely upon another's goodwill.

Now, Sir, much has been said about these rate wars and other things and I will not dilate upon them, but I would just say one word about the observation made by the Honourable Mr. Dow about rate wars. He was of opinion that it would be easier for the smaller companies to indulge in rate wars than for the bigger ones.

THE HONOURABLE MR. H. DOW : I did not say that, Sir.

THE HONOURABLE SAIYED MOHAMED PASDHAH SAHIB BAHADUR : But at least you said that it is the small companies which would be hit harder on account of this restriction against rate wars than the bigger companies.

THE HONOURABLE MR. H. DOW : That is an entirely different statement to the one you made before.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : Very well. Taking your position to be the one which I have just stated, I would say that even though it might appear to be very attractive to the smaller companies to indulge in rate wars, after all these rate wars would not help the smaller companies in the long run, because the smaller companies would not be in a position to carry on these rate wars for a long time and the party coming out successful in these rate wars would be the company with invariably larger resources and which is able to make good losses in one part with gains in some other of its activities. In the long run therefore these rate wars help the bigger and long established companies much more than the smaller companies. The smaller companies would realise the position and naturally refrain from rate wars. Therefore, this restriction on rate wars is one which is bound to help the small

Indian company. At the same time, I feel that you do not discriminate against any foreign company if you discourage this unfair competition and make it penal for everybody equally to indulge in it. It is the same for everybody.

Then, as regards this deferred rebate system, as my Honourable friend Mr. Pantulu has said, it is a most vicious system which has been responsible for ruining most of the Indian ventures that were started to compete with the foreign shipping interests in the country. Sir, not only is it a bait for merchants to have dealings with foreign companies, but, Sir, the rebate system makes it impossible for Indian merchants to have any dealings with Indian companies, because merchants are afraid that they would lose their right of rebate from foreign companies which allow this rebate to Indian companies only on condition that the Indian merchants transact business with them continually for a period of one year and if within this period of one year they cease to have transactions with the foreign company and deal with Indian companies, they lose their right of rebate. For this fear, the Indian merchants are not at all willing to help Indian concerns. Therefore, I feel that this is a most pernicious system which needs to be put down at once. Again, Sir, just a word about the help that is to be given to the Indian concerns. We see that even long established concerns like the P. and O. Co. do not regard themselves quite safe and whenever occasion arises they call upon their Government, the British Government and the Dominion Governments, to come to their rescue and save them from the competition of Indians. Even recently the Chairman of the P. and O. Co. in his presidential address to the Institute of Maritime Engineers put forward a powerful plea for strong action on the part of the Dominion Governments to save British shipping from the consequences of unfair foreign competition. And when a Company like the P. and O. deems it necessary to apply for help from their own Government; we could very easily conceive how indispensable it is that we should try to encourage Indian industry. Again, as my Honourable friend Mr. Sapru has said, it is a modest piece of legislation. He is perfectly right in saying that even if the demand had not been—

THE HONOURABLE THE PRESIDENT : I cannot hear you at all.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : The Honourable Mr. Sapru is perfectly right in saying that even if our demand had not been made only for these trivial concessions, if, on the other hand, it had been pitched even much higher and we had demanded for the reservation of the whole of the coastal trade, it would not have been an unreasonable measure. But since in view of the constitution that is now in force and the restrictions that are placed by the Government of India Act, we cannot ask for the reservation of the whole of the coastal trade, we appeal to the Government to see their way to accept this legislation, so that to the extent possible they might be able to encourage Indian industry.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, I rise to speak on this Bill—

THE HONOURABLE THE PRESIDENT : I hope you will be as brief as possible.

THE HONOURABLE MR. HOSSAIN IMAM : I will try and finish in about 10 minutes, because the aspect from which I am going to discuss this Bill is a

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broad one. The question is, whether in the present conditions of this country there is no need for action or whether there is any necessity for a piece of legislation like this to regulate the trade? The principle which our Honourable friend Mr. Dow has enunciated, is that the present conditions are good enough, we need not bother to have recourse to any new methods. I wish, Sir, that his abhorrence of legislation and his love for conferences had prevailed when England was asking for Imperial preference. Why did not the merchants from Manchester and the Bombaywallahs compose their differences among themselves and regulate production and do everything? Why should there have been a piece of legislation? But when it concerns England and it is to the interests of England, legislation and legislation alone is the method by which things can be set right. But when it comes to a question of India, and we want to embody them in legislation, we are told it is not necessary, you are quite happy. Are we happy? How? We are told that we should be content to live in our own house at the sufferance of foreigners; we should live on the crumbs which are thrown to us by British interests and we should be glad to receive those crumbs. Is that what the Honourable Mr. Dow teaches us to do?

THE HONOURABLE MR. H. DOW : No!

THE HONOURABLE MR. HOSSAIN IMAM : If that is not so, then help us to secure our due share in our homeland. Sir, the Government has great sympathy for the shipping interests, but let us see whether it is only lip sympathy or has it been translated into action. Everybody is saying that the Scindia Co. are very well off. But have they ever had a contract for the carriage of mails from the Posts and Telegraphs Department?

THE HONOURABLE MR. H. DOW : Will this Bill give it to them?

THE HONOURABLE MR. HOSSAIN IMAM : No. But as you failed to help by ways open to you, there are other methods of helping the industry. When we find that the Government have failed to help the industry, it is then that we ask for legislative methods. We trusted that the Government would do better in the past, but we find that its record has been worse than we had expected and it is therefore that we demand, as a matter of right, that we should be allowed to help our industries. Then, Sir, the Honourable Mr. Dow told us that the fight was not between the Scindia Co. and a British Co. It was a fight between two British concerns.

THE HONOURABLE MR. H. DOW : Which fight are you referring to? I referred to various fights.

THE HONOURABLE MR. HOSSAIN IMAM : At Chittagong.

THE HONOURABLE MR. H. DOW : One of them was certainly between British concerns.

THE HONOURABLE MR. HOSSAIN IMAM : One of them was between two British concerns at Chittagong. There is a saying in our language, that "When there is a general punishment of the culprits even innocents are punished", just as it happens when a bomb is thrown!

**THE HONOURABLE MR. H. DOW :** There is another proverb in ours, "that when thieves fall out, honest men come into their own"!

**THE HONOURABLE MR. HOSSAIN IMAM :** Thieves of today are cleverer than they were in the time of Dickens!

There is one thing that I want to ask the Government. Are the Government unable to trust themselves or do the British shipping interests distrust the Government? I ask this because the power under this Bill goes to the Government of India, and of all people the Government should say, that they are incapable of being trusted, and the British interests to say that they do not rely on the Government of India is a very sad epitaph on the action of the Government in the past.

Mr. President, I am not going to deal with the remarks of my Honourable friend Sir A. P. Patro, because his speech has been dealt with by my Madras colleagues. He wanted an explanation of uneconomic competition and he said that he could not find anything to explain it away. I wish he had consulted the Tariff Board. They would have told him what is uneconomic competition. In all the industries you have "uneconomic" defined; so if we claim that there is uneconomic competition in our coastal traffic it should not be brushed aside. I took my cue, Sir, from the statement of the Honourable Mr. Dow in this House. In replying to a question of ours he has stated that Japanese shipping sometimes took cargo from one Indian port to another at uneconomic rates because they happened to be in ballast. Well, Sir, if that sort of thing can happen, that is a justification in itself for us to ask that there should be a licence.

Some play was made, Sir, of the fact that it would be impossible for new companies to get established if we fixed maximum and minimum rates. As you yourself, Mr. President, pointed out, railways have got maximum and minimum rates. It has been working for a long time in a very extensive system of transport. As far as I remember, Sir, there are 16 schedules for different things in which maximum and minimum rates have been fixed. If the Railway Board is capable of doing this I think the Honourable Mr. Dow is capable of dealing with 60 items.

**THE HONOURABLE MR. H. DOW :** You overestimate my capacity!

**THE HONOURABLE MR. HOSSAIN IMAM :** Well, I have more trust in you than you have in yourself!

Sir, as I said, doubt was expressed as to how new companies would get established if we fixed any maximum and minimum rates. No doubt, as usually happens, the Honourable Mr. Dow will intervene when new companies do start with a lower rate. But the Honourable Mr. Dow pre-supposes that the old companies would always be working on the minimum. Well, if they go above the minimum, there is always a margin left over for the new comers to cut them down.

**THE HONOURABLE MR. H. DOW :** Old companies can also cut down!

**THE HONOURABLE MR. HOSSAIN IMAM :** That is what I say, Sir. So, this rate-cutting war can go on until there is a minimum below which no one can go. It is that which we want. You have established our case that unless

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there is a minimum they will both go to the dogs—the big companies as well as the small ones. We want to save them both and we do not want that anyone should die an unnatural death.

(At this stage the Honourable the President vacated the Chair, which was taken by the Honourable Rai Bahadur Lala Ram Saran Das.)

Sir, I will analyse what is the real feeling behind the opposition to this Bill. The real reason behind this is that British interests in the coastal shipping have somehow or other with great difficulty reconciled themselves to taking in a partner of 20 per cent. share in the shape of the Scindia Steam Navigation Co. and other Indian companies. At present 80 per cent. of trade is in British hands, they are afraid that if Bills of this nature get through the Legislature, the result will be that new partners will be coming up and claiming further shares. And to this, as is natural, the British interests are not reconciled. This is understandable, but to hide behind platitudes that you are doing this in Indian interests is stretching the point too far, and it will take no one in to be told that the object of the British Government in India is as much to safeguard incipient and embryo companies as it is to guard the existing British interests.

Well, Sir, another point which Mr. Dow made was that by getting this Bill passed the Government of India will have to meet the expense. Well, Sir, this argument has been brought forward with a regularity which is sickening. The Government is not bankrupt. It has expanding sources of revenue. Besides this in itself provides a source of revenue in the shape of licences. Why then should we bother about the expensiveness? Then, Sir, it was trotted out that it would require regulations and multifarious difficulties would crop up. Well, Sir, insurance, it will be remembered, was a thing in which Government had no interest. They started taking a slight interest in 1912. In 1928 they went a step further and now we find that the steamroller is advancing and crushing everything before it. We are having almost a full-fledged Canadian model. The Government of India is moving ahead and taking up duties which in a democratic country is expected of the Government to take up. Is it not strange, Sir, that when we ask that the two Departments of the Government of India, or rather the one Department (Commerce) to which it belongs, should behave uniformly our demand is rejected? It can interfere in the insurance business to such an extent as to register about 40,000 insurance agents and to look into the accounts of 256 insurance companies, but it is impossible for the same Commerce Department to take up some powers and regulate the shipping industry? Well, Sir, the Government of India is capable of doing everything which it wants as long as it has the will to do it. But, if the Government of India have a dislike for an action, they can bring forward many arguments, though all of them flimsy.

Mr. Parker also insisted that conference was a better method. Well, Sir, why are we going to be saddled with this Sugar Convention? Why not have a convention between the traders and not bind the State to stop the export of sugar? You are acting on one rule one day and on another rule another day.

THE HONOURABLE MR. R. H. PARKER: The circumstances are totally different.

THE HONOURABLE MR. HOSSAIN IMAM: It is the same here. It is not confined to British trade alone. Every ship from every port in the world which happens to pass through the Indian Ocean can have a bite at this mouthful.

THE HONOURABLE MR. R. H. PARKER: But does not.

THE HONOURABLE MR. HOSSAIN IMAM: It does. You will find the Japanese shipping always entering into this coastal traffic between ports.

Sir, it is all right for Government to say plainly that as at present advised they do not think that they would be justified in helping the Indian industry. They have to safeguard established British interests already in India. We may not sympathise with it but we can understand it. But we do request you not to bring forward flimsy excuses which cannot stand scrutiny. The Bill, Sir, is open to correction. If we were not convinced of that we would have moved that the Bill be taken into consideration. The very fact that we ask the Bill to be referred to a Select Committee shows that we want the House to commit itself only to the principle and not to the items of the Bill. If Government had treated this House in the same manner as they treat the Assembly, we would have thought that Government were on the right path. But we find that Government are still in the old habit of disregarding this House. So, the position of the Government does not satisfy us. Sir, I support the Motion.

THE HONOURABLE MR. G. S. MOTILAL (Bombay : Non-Muhammadian) : Sir, I rise to support the Motion of the Honourable Mr. Sapru. Sir, I would first refer to one or two points which my Honourable friend Mr. Parker made. With an air of confidence he said that what is in the minds of us Indians is to ask the Government to purchase the ships, and we will, after they have purchased the ships, say, "Sell them to Indians" and thus the Indians will come to possess them! I do not see what is wrong in that? Does not every country in one way or other help its own nationals? If Government did purchase and sell again to Indians, will that mean that the art of ship-building is going to come to an end, these will be the only ships, and, therefore, no one else will be able to compete and bring their ships into this country? Sir, we have no delusions on that. I do not think this Government will purchase those ships, but if they did purchase—and we hope we shall have a Government very soon which will purchase these ships, if necessary—and if they did sell, they should not only sell but should also be able to give effective protection to the nation's shipping industry. India wants protection for the national shipping industry.

(At this stage, the Honourable the President resumed the Chair.)

The reason for it is obvious—it is the natural ambition of every nation to grow and develop its trade, commerce, industry and economic life of its people. Besides, this mercantile marine is looked upon in every country not merely as a line of commerce but as a second line of naval defence. India which aspires and hopes and is going to achieve Swaraj, cannot remain indifferent to the necessity of having a second line of naval defence.

[Mr. G. S. Motilal.]

Then, as usual, my Honourable friend Mr. Dow said that what is required is a method of goodwill and understanding. When this Bill was first introduced in a different form in this House a year or a year and a half ago, he brought up a dilatory Motion and said, "Let the Bill be circulated for public opinion" and the Bill was circulated for public opinion. A Bill can and may be circulated on occasions for eliciting public opinion, but when there is necessity to achieve an object earlier, then it can as well be considered in Select Committee and all the interests concerned can be asked and invited to give their opinion—

THE HONOURABLE THE PRESIDENT: You do not think that the Bill was important enough to obtain public opinion thereon?

THE HONOURABLE MR. G. S. MOTILAL: I think, Sir, that the Bill was important enough to go through the House after consideration in Select Committee. There is no law which can be good for all time. If we are faced with an urgency, we should proceed, and if any amendment is later found necessary, such an amendment can be made and carried out just as so many amendments have been made to several laws from time to time. If the earlier Bill had been adopted by this House, and later it was found necessary to improve it, the Legislature could have effected the improvements by amending the statute, instead of putting off the Bill itself for more than a year.

THE HONOURABLE THE PRESIDENT: Never mind the past. Will you please refer to the Bill before us?

THE HONOURABLE MR. G. S. MOTILAL: We have been told to depend upon goodwill and understanding. But what has been the attitude of the British community with regard to this question? After incorporating all those provisions relating to discrimination against the united opposition of India and the appeals made to leave this question to goodwill and understanding, now when this negative piece of legislation is brought forward, the argument is put forth to leave it to the goodwill and understanding and the provisions of section 115 are pointed out and it is said that they prevent us from reserving the coastal trade. Goodwill and understanding are invoked, and, at the same time, it is said that section 115 prevents us from reserving the coastal trade. Let us have only goodwill. This Bill certainly does not give full satisfaction to Indian opinion and the Indian commercial community. To say that it does not satisfy us is to tell only half the truth and not to tell the whole truth. It does not satisfy us in the sense that it does not go far enough, because the Honourable Mover does not want to reserve the coastal trade to the national shipping of this country, and the provisions of the Government of India Act prevent this being done. He does not want it, and even if he wants it, he cannot do it. If you want goodwill, there must be some provision which can produce goodwill. I should have thought that a Government, which has the professed object at heart, would have welcomed such a Bill, as it will give them an opportunity to induce goodwill among those whom it is necessary to do so. One Honourable Member very cleverly said, "I have great sympathy for this Bill and for Indian shipping, but we ought to remember that we have a partnership". I ask him, Sir, whether this partnership is constituted by one

party or of two parties? Can there be a partnership imposed by one party upon another? If then there is a partnership, it is a one-sided partnership, a partnership in which India is to give everything to England and England is to have everything from India. India has not accepted and cannot accept this partnership. What is this partnership which takes away from India the rights which other nations have enjoyed. England herself for 200 years by using the measures which India wants to use has built up her own marine. For not less than 200 years they have adopted navigation laws with which I shall not weary this House. And not only England but 27 other nations today reserve their coastal traffic for their own nationals. I might give you the names of the countries concerned, Albania, Brazil, Batavia, Bulgaria, Canada, Chile, Danzig, Finland, France, Germany, Japan, Roumania, Spain, Sweden, Turkey, the United States, Uruguay, Venezeula, Denmark, Egypt, and a few others to whose names I need not refer. Not only the Dominions, but the British Possessions also have been given this right subject to certain stipulations, and when in certain conferences it was suggested that India should have a similar right the question was evaded under the plea of this partnership, this one-sided partnership. India has been robbed of that precious right of reserving her coastal trade to her own national shipping. The only thing open to us now is to give this negative help which this Bill seeks to do. The argument advanced that it is very difficult to find out from which place to which place you have to fix the minimum and maximum rates, does not bear scrutiny for a moment. The Government of India in their own departments are capable enough and they will have the assistance of the commercial community and of those engaged in the trade. India alone is not concerned in the shipping trade; other countries too have their shipping problems, and if those countries with the aid of their conference lines can fix up their rates why should it be difficult for the Government of India to do it.

I would therefore very strongly support this Bill, and I would say in the end that the Indian commercial community has supported this Bill.

THE HONOURABLE MR. R. H. PARKER: No.

THE HONOURABLE MR. G. S. MOTILAL: I would ask my friend to look at the opinion of the Indian Merchants Chamber and the opinion of the Karachi Chamber.

THE HONOURABLE MR. R. H. PARKER: Who wrote it?

THE HONOURABLE MR. G. S. MOTILAL: The Indian Merchants Chamber wrote it. It is the Committee of the Association which has expressed its opinion. Does he contend that the opinion is not the opinion of the Chamber? Forty-eight commercial associations are affiliated to that Association and it has very definitely given its opinion supporting this Bill.

THE HONOURABLE MR. H. DOW: Are you referring to their opinion on this Bill, or on quite a different Bill which was introduced a year ago?

THE HONOURABLE MR. G. S. MOTILAL: It is on this Bill.

Well, Sir, the one point that has been made is that small companies will not be helped by this Bill. I think if it will help anybody it will help the small companies. The big companies can take care of themselves. If I were only



[Mr. G. S. Motilal.]

to look to my provincial interests and care no more, I would have said, as some have done, this Bill will not help the small companies, it will not help the big companies, it will not help any one, and therefore it is useless. But in other provinces they have small shipping companies and I think they deserve sympathy and support in developing their shipping. I will not refer to the very ancient past, but I know that our Wadias had a hand too in the Indian shipping business, Bombay had a ship-building industry at one time. But I will not refer to that. What I want to say is that it is the small companies which will particularly benefit by this Bill. Big companies are able to reduce rates without losing much and when minimum rates are fixed it is the small companies which will stand to gain more than any one else.

Sir, with these words, I give my whole-hearted support to the Motion.

(The Honourable Mr. V. V. Kalikar rose in his place.)

THE HONOURABLE THE PRESIDENT: I propose to call upon Mr. Sapru to reply at five o'clock. Will you please therefore finish your speech at that time? The Bill has been threshed out and whatever you want to emphasise you may do so.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General): It is very difficult to say what one has to say on the Bill within the very short time of 10 minutes, but I have to bow to your ruling and I will try to finish my speech within that time.

The measure before this House is a very innocent and modest one. Pronouncements have been made from time to time by responsible Government authorities professing to show sympathy to Indian shipping, but as they have not taken any action to develop the Indian Mercantile Marine, I thought the Bill piloted by my friend Mr. Sapru will get the unanimous support of this House. But I am surprised to find that the Bill is not only opposed by the Government but that there are some friends on that side of the House who are also opposed to the principle of this Bill. Sir, according to me the Bill is a very modest measure. If the sword of the Government of India Act had not been hanging upon my head I would have preferred a Bill on the lines of the Bill piloted long ago by Mr. Haji. I do not think it a crime to develop this industry of ours with the aid of legislation and for that purpose to reserve the coastal trade. But the limitations are there and therefore I thought that the Government would support this modest measure. I am inclined to believe that the present Government is dominated by the British interests in England. British interests up till now have enjoyed a monopoly in this matter. Now, that this nascent industry wants to make headway and it seeks the support of the Legislature, all sorts of pleas are brought forward to stifle the progress of this nascent Indian industry and to discourage any attempt made by industrialists and public men in India to support their cause. Sir, I am not a disbeliever in the methods of conferences and agreements, but, Sir, I have come to know that these conferences and agreements have failed. Sir, I have been asked by you to finish my speech within 10 minutes, otherwise I would have cited the agreements reached and the effect given to those

agreements by the British India Co. Sir, it is only a question of helping the Indian Mercantile Marine to such an extent as to put it in a position after some years to compete with British interests. My friend Mr. Sapru has put in his Bill clauses about the fixing of maximum and minimum rates; he has put in his Bill the clause about licensing. Now, Sir, these two clauses are such that, if one were to carefully consider over the matter and the position enjoyed by Indian shipping companies, nobody would dare to object to these clauses. Sir, competition, unfair competition, which has ruined Indian industry, has grown to such an extent that we are told that we have lost Rs. 20 crores of Indian capital during the last 35 or 40 years. A story was told in the other House by the Mover of a measure like this in that House that the British India Co. in order to kill a newly started company in Bengal actually allowed the passengers to be carried free from Chittagong to Rangoon. When they saw that even then passengers would not come, it was stated by the gentleman in the other House that they were entertained, they were given sweetmeats and other things and free passage from Chittagong to Rangoon. Now, Sir, if that story is correct—and the gentleman has given a challenge to the Government in the other House to verify the truth of that story—is that fair competition? Sir, if the British interests, the British companies, which are financially and technically superior to Indian companies, resort to such sort of competition, is it a crime on the part of Indian shipping companies and on the part of public men in India who want that the Indian Mercantile Marine should be developed to bring a Bill of this nature before this House? It has been said that the Bill is not liked by all, that the Bill has been opposed by all and sundry in India. So far as my information goes, measures of this nature have come before the Indian Legislature for a very long time, for the last 10 or 12 years, and now Bills of this nature have been supported by the whole of India, except the 14 or 15 British Chambers of Commerce. Therefore, Sir, I suggest that the opponents of the Bill who want to make such statements, that the Bill is not supported by anybody in India, should have inquired into the matter, whether the Bill is really in the interests of Indian shipping companies or not and then they ought to have made that statement.

Another point that was made by the opponents of the Bill was that the Bill was not a perfect Bill. Sir, perfection is not attained in this world. My Honourable friend Mr. Sapru never claimed that he had framed a perfect measure. He has moved a Motion for referring the Bill to Select Committee and if those who are opposed to this Bill want to make any improvement, they are entitled to make the improvements in the Select Committee. But the question is whether they do agree to the principle of giving some support in an indirect way to the Indian shipping companies or not? Having known that other measures of agreement, of creating goodwill, have failed, do they or do they not want to give support to Indian shipping companies? If they do agree to this principle, then I submit they must support this Bill. I thought that the Bill would have been supported unanimously, but I am grieved to find that there is a discordant note sounded by some of our friends in this House. I can understand the position of the Government; as I have already stated, in this matter they are dominated by British interests. But I think it is the duty of all the Indians in this House to support this important measure.

[Mr. V. V. Kalihar.]

Sir, I have to urge many more points, but as you have asked me to finish within 10 minutes, I am sorry I have exceeded my time by two minutes I support the measure.

THE HONOURABLE MR. P. N. SAPRU: Sir, the first speaker on this Bill was Mr. Ray Chaudhury. He of course supported me and I have got nothing to say by way of answer to him. I had powerful support from my Honourable friend Lala Ram Saran Das, and I shall not dilate on the points on which he dilated. I will come, Sir, to the speech of the Honourable Mr. Dow. Now, so far as Mr. Dow is concerned, he was good enough to say that he had no objection to the objective, that is to say, he agreed with the objective, but he suggested that the objective was really different from what the Statement of Objects and Reasons stated it to be. He suggested that the objective was different. Now, Sir, in my original speech I indicated what the objective was, and I was quite frank enough to say that, if it had been open to me to suggest coastal reservation, I would have boldly pressed for it, of course with appropriate compensation for all interests involved. But coastal reservation has been ruled out. State-ownership the Government of India will not agree to. Therefore, there was no alternative for me but to raise the question of the coastal traffic in the form in which I have done. I asked Mr. Dow to suggest a constructive alternative. I was prepared to recognise that my Bill was defective. I am not satisfied with this Bill myself. I think it needs revision and improvement. I asked Mr. Dow: "What is your constructive alternative to my Bill?" Now, his constructive alternative to my Bill is mutual adjustment. Now, Sir, I just want to dilate on this question of mutual adjustment a little. The House will forgive me if I go a little into this question. India has a coast line of about 4,500 miles and her coastal and overseas trade exceeds £400 millions a year. The value of the cargo carried is 30 million tons and the number of passengers carried is about 3 millions. Now, Sir, in all this trade the Indian Mercantile Marine has a share only of 5 per cent. Now, does Mr. Dow regard that as a satisfactory state of things?

THE HONOURABLE MR. H. DOW: I do not accept the figures.

THE HONOURABLE MR. P. N. SAPRU: What are your figures? Sir, I have quoted these figures from official statistics and if there is anything wrong about these figures, I hope that Mr. Dow will correct me.

Now, Sir, I am referring to the entire overseas trade of India. I am not referring merely to the coastal trade. And I say, Sir, that the share of the Indian Mercantile Marine in both the overseas and coastal trade taken together is not more than 5 per cent. Now, Sir, what is the price that Indian companies have had to pay for this share in the Indian coastal trade? Sir, the price that Indian companies have had to pay is that they have had to enter into agreements with British companies that they shall not participate in the overseas trade. That is the price they have had to pay for existence in their own

waters. Sir, I would like to quote here from a memorandum which was submitted by the Indian National Steamship Owners' Association to the Imperial Conference on Indian Shipping, and in that memorandum it is stated :

" Indian shipping companies have had to barter away their right of going into the overseas trade as the price of their being allowed to have in peace a little share of the trade in their own home waters by the British shipping interests ! This is what Mr. Shaw of the P. and O. Co. has called ' concessions ' of British shipping to Indian shipowners ".

Then, Sir, this memorandum goes on to say that it was in 1935 that influential businessmen requested Mr. Walchand Hirachand, to whom a well deserved tribute was paid by the Honourable Mr. Dow :

" to interview Mr. Shaw, the Chairman of the P. and O. Co. in connection with their scheme for starting a fast passenger service between India and Europe. Not only did Mr. Shaw decline to discuss this scheme with him, but on the contrary warned him that he could not associate himself with that scheme, as he was connected with the Scindia Co. as its Chairman. History repeats itself, Mr. Shaw and the P. and O. which he represents could welcome and co-operate with foreign shipping lines running regularly their passenger ships between India and Europe, but would not allow a national Indian line to come even into existence despite its vital necessity in view of the fast changing political position to the east of Suez and notwithstanding the appeal of Mr. Runciman for evolving an Empire maritime policy in co-operation with the self-governing Dominions and India ".

Now, Sir, so far as the policy of the Government is concerned here, that is one of mutual adjustment. But let us just see what is the policy of the Government in regard to this P. and O. Co. Sir, this P. and O. Co. according to a statement which was made in this House some time back receives help from Indian revenues. I am quoting from a statement which was made, in answer to a question put by me, by the Honourable Mr. Clow :—

" Payments for the conveyance of mails from India by the steamers of the P. and O. S. N. Co. :—

				Year.	Amount.		
					£		
Payment for mails other than parcels	..	..	..	1924	20,100		
				1925	21,775		
				1926	23,870		
				1927	26,170		
				1928	27,599		
				1929	29,817		
				1930	31,323		
				1931	30,244		
				Year.	£	s.	d.
Payment for parcel mails	..	..	..	1926-27	10,782	19	2
				1927-28	12,427	3	5
				1928-29	12,080	1	8
				1929-30	12,361	13	4
				1930-31	10,506	19	10
				1931-32	9,575	9	7 "

That is to say, British ships have been receiving assistance from us, for services no doubt rendered, but those services other foreign ships could also have given. But these figures do not include the Lee Concessions, they do

[Mr. P. N. Saprú.]

not include the passages which are paid to members of civil and military services who are required to travel by the P. and O. Co. and I understand, Sir, that a circular was issued by the Government of India to local and municipal bodies that they should as far as possible employ for the carriage of any goods they required the services of the P. and O. Co. That is to say, the constructive policy, so far as a British company is concerned, is assistance; the constructive policy, so far as the Indian Mercantile Marine is concerned, is mutual adjustment. Mutual adjustment between haves and have-nots. Mutual adjustment without any power of intervention on the part of the Government to see that the conditions of trade are fair and reasonable. Well, Sir, am I wrong in saying that the record of the Government in regard to this business is not one for which they can get our thanks? Sir, the Honourable Mr. Dow said that we should not go into the past: we should rather concern ourselves with the future and the present. Now, Sir, I am not one of those who are in the habit of looking to the past for inspiration. I would rather forget many chapters so far as the past is concerned.

I did not dilate at any length in my speech on the past. We are quite ready to forget the past. We want to concern ourselves only with the present and the future. I want to know what is your policy in regard to the present and what is going to be the policy in regard to the future. I pointed out that subsidies were ruled out by the Government of India Act. I also pointed out that the Dominions were following a nationalistic policy in regard to their coastal traffic. The Honourable Mr. Dow will admit that the British mercantile marine is very, very powerful—perhaps the most powerful mercantile marine in the world. Englishmen are famous for their navy. Their Empire depends upon their supremacy over the seas. What is the policy of the National Government towards their mercantile marine? Some time back it was proposed by Viscount Runciman that a subsidy should be paid to all British ships. If the British Government can follow a protectionist policy, then surely this infant industry—Mr. Dow will not call it an infant industry; I will call it an infant industry—certainly has some claim to help.

Then, the Honourable Mr. Dow referred to certain defects in the Bill. He said that this Bill would injuriously affect the small ventures. He suggested that the small ventures could succeed only if they were prepared to reduce their rates. I suggest in all seriousness that in this rate competition the bigger ventures will have a greater chance. The bigger companies have greater resources. A newly started company may indulge in rate war for a short time, but it will discover in a very short time that it has not the reserve to fight a big concern. So, if you have a minimum rate, the new ventures will have some sense of security and it will be in the nature of an insurance so far as the small ventures are concerned. I do not accept the argument that this Bill will hit the small concerns. One reason for that is that I find that all the big concerns are opposed to this Bill. I am not quite sure that even the Scindia Co. is very sympathetic towards this Bill. The reason for that is that the bigger concerns have something to fear from this Bill; the smaller concerns have nothing to fear from this Bill.

**THE HONOURABLE MR. R. H. PARKER:** Both have.

THE HONOURABLE MR. P. N. SAPRU: The Honourable Mr. Dow laid emphasis on this process of mutual adjustment. This Bill would help this process of mutual adjustment because this Bill would vest the Government with some effective powers of intervention, and when British and Indian companies know that Government can intervene, they would be in a mood to arrive at an amicable settlement.

I come now, Sir, to the licensing clause. Knowing, as I do, my Government of India Act, I do not suggest a licensing of tonnage. What I have in mind is licensing of ships. This licensing of ships is necessary for the purposes of the penalty clause.

There were some other arguments also, used by the Honourable Mr. Dow, which have been answered by the Honourable Mr. Hossain Imam. The Honourable Mr. Dow was pleased to ask me a question in regard to Tatas. I made a statement in regard to Tatas. I would just refer him again to the representation which was made to the Imperial Conference. I have got my facts from this representation. The position with regard to Tatas was this:

"The starting of an Indian line of shipping between Bombay and Japan in the overseas trade by the enterprising firm of Tata and Sons is well known. When the Tata line came on the scene the rate on piece-goods and yarn which was quoted at Rs. 15 per ton was brought down to Rs. 1½ per ton with the result that the line was driven out of the field and as soon as that line disappeared the rate was raised to Rs. 16 per ton. The result was that India lost her most important trade in yarn with China. The following observations from a pamphlet issued by Tata and Sons will tell their own tale:

'Having been instrumental in destroying the old Indian shipping trade, it has been unceasingly employed, ever since its establishment, in raising the rates of freight, and consequently hampering facility of intercourse between India and the further East.

'With scores of liners, English and foreign, plying in these waters, which our petted and much glorified Anglo-Indian Co. can afford, and perhaps finds it good policy to tolerate, it is only jealous of a small enterprise like ours and while it can lovingly take foreigners and possible future enemies of England to its bosom, it discards the poor Indian, for whose special benefit it professes to have come to India and from whose pocket it draws the greater part of its subsidy!'

This is what Tatas have got to say in regard to how they were treated.

I referred to certain figures in my original speech about Japan. The Honourable Mr. Dow pointed out that these figures start from 1895. In 1865 or 1860 or 1850 people were living in the days of *laissez faire*. The point is this. Mr. Dow was not pleased to cite any figures about 1865. We do not know what the development of the Japanese trade was between 1865 and 1895. We do know, however, that between 1895 and 1937 the rate of advance in Japan has been phenomenal. That is a statement which cannot be challenged. We do not know what the rate of progress in Japan was between 1865 and 1895.

From Mr. Dow I shall pass on to the Honourable Sir Annepu Patro. I have pronounced his name correctly today! When Sir Annepu started, I thought he was going to support me and I really cheered him! I was very glad that I was going to get partial support at least from this most distinguished

[Mr. P. N. Saprú.]

nominated Member! But, as he proceeded with his speech, I found that he was more critical of this Bill than the Honourable Mr. Dow himself! He was stressing this partnership business. I do not really understand this word "partnership?" This word seems to be the favourite word now. We talk of Indo-British partnership now. We do not talk of Dominion status in political matters. In trade matters too, we talk in terms of partnership. Well, Sir, I think you can have a partnership between equals. The conception which the Honourable Sir Annepu Patro has of this partnership is a junior partnership. In some profit-sharing concerns you sometimes give some share of the profit to your employees. That is the sort of partnership which Sir Annepu Patro has in mind. That is not our conception of partnership. Our nationals say, if you are going to have a partnership then at least give us 50 per cent. of the coastal trade. That will be a reasonable partnership. In that case we shall be equal partners with you. Is Sir Annepu Patro prepared to support that kind of partnership and are our British friends prepared to stand for that kind of partnership? I have more hope, Sir, of our British friends than of Sir Annepu Patro. Because they are men of great commonsense I think that some day circumstances may drive them to enter into that kind of partnership. So far as Sir Annepu Patro is concerned, I do not know whether he will support that partnership now or then.

Now, Sir, he said that my Bill rules out the conference method. It does not. My whole argument is that it will make that conference method more effective. Then he referred to certain other difficulties. How are you going to fix the minimum and maximum rates, and he entered into the economies of minimum and maximum rates. Well, how do you fix railway rates today? How do the conference lines fix rates today? I have suggested a Shipping Board on which all interests will be represented and that Shipping Board will be there to advise the Honourable Mr. Dow or whoever is in charge on behalf of the Government of India for the fixation of these minimum and maximum rates. Therefore, I say there is nothing in this Bill which militates against the conference method.

Then, Sir, we had our respected friend the Honourable Mr. Parker, and I think he stated the case of the British commercial community with candour and frankness. But all that I would like to say by way of answer to him is that my Bill does not contemplate expropriation or confiscation.

THE HONOURABLE MR. R. H. PARKER: I was referring to what the Honourable Mr. Pantulu said.

THE HONOURABLE MR. P. N. SAPRÚ: I did not at all events talk of expropriation or confiscation and I am quite sure that the Honourable Mr. Pantulu does not think in terms of confiscation or expropriation.

THE HONOURABLE MR. RAMADAS PANTULU: I said if it does come to that, we will give you compensation.

**THE HONOURABLE MR. P. N. SAPRU :** Now, Sir, he referred to a statement by Mr. J. E. Harrison. Well, my authority for stating that the British India steamers were booked up to October was the debate in the other House.

Then there is the point about deferred rebates. On the question of deferred rebates I find myself in agreement with the Honourable Mr. Pantulu. I think this system of deferred rebates is vicious. A shipper is made to enter into an arrangement that during a certain period he will have business only with a certain shipping concern, and if there is any lapse on his part during this period, then he loses all right of rebate. That is, the effect of this system is that you tie a man to a particular concern.

**THE HONOURABLE MR. R. H. PARKER :** That is an ordinary commercial agreement in all commerce.

**THE HONOURABLE MR. P. N. SAPRU :** Well, it may be common in all commerce, but all commercial rules are not what I would call moral rules, with all respect. Therefore I will not say much about this system of deferred rebates. I would only say that I find myself in agreement with the Honourable Mr. Pantulu, who has replied effectively so far as this question of deferred rebates is concerned. I would also, however, point out that the Madras Government in the memorandum which they have sent to the Government of India have been rather critical of these deferred rebates. They say that these rebates should not be ended but mended. That is to say, up to a point they agree with our criticism that this system of deferred rebates is not very healthy.

Now, Sir, I have endeavoured to reply to the main criticisms against this Bill in the House. No one is more conscious of the limitations of this Bill than myself. I know that this is not an entirely satisfactory measure. I should have liked this Bill to be very different from what it is. But I knew my Government of India Act and I could not therefore help bringing the Bill in the form in which I have done it. It is a not unnatural aspiration on the part of India to have a mercantile marine of its own. A mercantile marine is in the nature of a second line of naval defence. My Bill may not be all that it should be, but I would say that the Government has no constructive alternative to offer and I would therefore ask the vote of this House on this issue—are you satisfied that there is a constructive alternative on the part of the Government to this Bill? If you are not satisfied on this point, then support this Bill even if you are not satisfied with this Bill altogether.

With these words, Sir, I would ask the House to give its support to this Bill. (Applause.)

**THE HONOURABLE MR. H. DOW :** Sir, I shall not detain the House very long at this late hour. From the other side I seem to have heard almost more about the defects of the Bill than I have heard on this side. The Honourable Mr. Sapru comes along and says, "I know this is an awfully bad Bill; I do not like it at all"; and he is followed in that by one after the other of his supporters! That is hardly a point on which I can join issue with him. We have heard more on the subject of coastal reservation and the previous history



[Mr. H. Dow.]

of measures to encourage Indian shipping than we have about this Bill. All through the discussion on the Bill there has been very little reference to any of its particular terms. Now, I cannot accept the argument that, because we would like to do something and we are not allowed to do it, we must at any rate do something else, whether it is good or bad. And really I think that is a fair summary of the arguments on the other side. You say this is a thoroughly bad Bill; but if it is allowed to go to a Select Committee something better might come out of it. I maintain, Sir, that if the Honourable Member was not satisfied with this Bill, it was his duty to try and improve it before allowing it to reach this stage. I would like to refer to one or two remarks made by the Honourable Mr. Ramadas Pantulu, who, I think, made the best speech on the other side; and, if the facts were what he honestly supposed them to be, it would be perfectly easy to understand some of his opinions and the conclusions that he drew. He rather misunderstood me—and I think one or two other Honourable Members misunderstood me—in my reference to the history, the early history of Indian shipping. I did not in the least wish to imply that Members should not study that; in fact the more they study the better, and if they had studied it a little more we should not have had some of the more wild statements that we have had today. I was only trying to encourage them to get inspiration from the past and to look to the future, and not to waste their time simply mooning over the glory of a past long gone. On the subject of ship-building in India, I do not think the Honourable Mr. Ramadas Pantulu realises that the really palmy days of Indian ship-building were the latter days of the East India Co.'s time, when wooden ships had reached their greatest development, and steel ships had not yet come in. Nor does he realise that this development took place with the encouragement, with every possible encouragement, of the East India Co. They got men out from the Admiralty at home to teach Indians how to build better ships. They found very willing and able shipwrights among Indians, and they did everything they could to develop this into a real Indian industry. The thing that killed Indian ship-building was certainly not any ill-will on the part of the Government of the day, or of the East India Co. or of British interests; it was simply the substitution of iron ships for wooden ships. Later on Mr. Ramadas Pantulu referred in his indignation against the deferred rebate system. He said that the introduction of this system killed Indian shipping. I would like to point out that the deferred rebate system did not come into force in this country till 1875, and, on the Honourable Member's own showing, gentlemen, at that time there was no Indian shipping to kill, so it could not have been introduced for that purpose. Moreover, during the last 15 years, which is, after all, the time in which Indian shipping has made its greatest expansion, there has also been a very considerable expansion of this deferred rebates system not only throughout the world, but to other routes in India; and it can hardly be said, therefore, that it has killed Indian shipping.

I was extremely disappointed with the Honourable Mr. Hossain Imam's speech because from the way he started I thought he really was going to get to the point. He said that he proposed to deal with the point whether this

Bill, or something like this Bill, was in any way necessary at the present time. Having said that, he never made the slightest further reference to this point, but went off into a general diatribe against British commerce and trade. He said, "Why do you abhor the very thought of legislation for helping Indian shipping? If it is a question of helping British trade in any way", he said, "you come forward with legislation at once". Now, I remember that only a year ago, we tried to do something to reduce the disabilities on British trade, by reducing the duties on cotton goods, in consonance with the recommendation of the Murray Report; and my recollection of the attitude taken in this House by the Honourable Mr. Hossain Imam himself was one of indignation that we did *not* proceed by legislation, but proceeded to do it by the exercise of executive authority.

**THE HONOURABLE MR. HOSSAIN IMAM:** How does it help here?

**THE HONOURABLE MR. H. DOW:** It does not help. I was merely trying to meet your point. Your point was, that whenever we wished to do anything to British trade we rushed in with legislation, but when it was a question of helping Indian shipping we refused to legislate.

Now, the Honourable Mr. Sapru in winding up the debate again made very little reference to the terms of his Bill, but he did admit that his bright idea of licensing *ships*, and not *tonnage*, was the result of his study of the Government of India Act and was really a dodge to get round the terms of what he called the "discrimination" section. I presume he was referring to section 115. I do not think very much of his dodge; and he still failed to explain what he considered the terms of the licence should be.

**THE HONOURABLE MR. P. N. SAPRU:** There was no dodge.

**THE HONOURABLE MR. H. DOW:** I do submit, Sir, that in opposing this Bill, Government are doing nothing which will in any way harm small Indian companies; that at the present time there is no reason whatever for a measure of such comprehensive interference with the ordinary channels of trade and shipping; and that very strong reasons would be necessary to justify a Bill of this character.

With these few words, Sir, I ask the House to reject the Bill.

**THE HONOURABLE THE PRESIDENT:** The Question is:

"That the Bill to control the Coastal Traffic of India, be referred to a Select Committee consisting of the Honourable Mr. H. Dow, the Honourable Mr. A. deC. Williams, the Honourable Lala Ram Saran Das, the Honourable Mr. Hossain Imam, the Honourable Mr. R. H. Parker, the Honourable Mr. J. Reid Kay, the Honourable Pandit Hriday Nath Kunzru, the Honourable Mr. Ramadas Pantulu, the Honourable Saiyed Mohamed Padshah Sahib Bahadur, the Honourable Mr. G. S. Motilal, and the Mover, with instructions to report on or before the 31st January, 1938, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The Council divided :

AYES—14.

Ali Asgar Khan, The Honourable Manvi.  
Biyani, The Honourable Mr. B. N.  
Buta Singh, The Honourable Sardar.  
Hossain Imam, The Honourable Mr.  
Kalikar, The Honourable Mr. V. V.  
Kunaru, The Honourable Pandit Hirday  
Nath.  
Mahtha, The Honourable Rai Bahadur Sri  
Narain.

Motilal, The Honourable Mr. G. S.  
Padshah Sahib Bahadur, The Honourable  
Saiyed Mohamed.  
Pantulu, The Honourable Mr. Ramadasa.  
Ram Saran Das, The Honourable Rai  
Bahadur Lala.  
Ray Chaudhury, The Honourable Mr.  
Kumarsankar.  
Roy Chowdhury, The Honourable Mr. Susil  
Kumar.  
Sapru, The Honourable Mr. P. N.

NOES—25.

Akram Husain Bahadur, The Honourable  
Prince Afsar-ul-Mulk Mirza Muhammad.  
Charanjit Singh, The Honourable Raja.  
Chetty, The Honourable Diwan Bahadur  
G. N.  
Chinoy, The Honourable Sir Rahimtoola.  
Clow, The Honourable Mr. A. G.  
Devadoss, The Honourable Sir David.  
Dow, The Honourable Mr. H.  
Ghosal, The Honourable Sir Josna.  
Haider, The Honourable Khan Bahadur  
Shams-ud-Din.  
Hissam-ud-Din Bahadur, The Honourable  
Lt.-Col. Sir S.  
Ismail Ali Khan, The Honourable Kunwar  
Hajee.  
Jagdish Prasad, The Honourable Kunwar  
Sir.

Khurshid Ali Khan, The Honourable  
Nawabzada.  
Maxwell, The Honourable Mr. R. M.  
Menon, The Honourable Diwan Bahadur Sir  
Ramunni.  
Mitra, The Honourable Mr. D. N.  
Mukherjee, The Honourable Rai Bahadur  
Sir Satya Charan.  
Nihal Singh, The Honourable Sirdar.  
Parker, The Honourable Mr. R. H.  
Patro, The Honourable Rao Bahadur Sir  
A. P.  
Raisman, The Honourable Mr. A. J.  
Ray of Dinajpur, The Honourable Maharaja  
Jagdish Nath.  
Reid Kay, The Honourable Mr. J.  
Russell, The Honourable Sir Guthrie.  
Williams, The Honourable Mr. A. deC.

The Motion was negatived.

The Council then adjourned till Eleven of the Clock on Saturday, the  
2nd October, 1937.

M98CS