

INDIAN SHIPPING
ITS STRUGGLES AND ACHIEVEMENTS

by
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FORUM OF FREE ENTERPRISE
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"People must come to accept private enterprise not as a necessary evil, but as an affirmative good."

**—Eugene Black
President, World Bank**

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Pronouncements made by the Prime Minister and some of his colleagues during the last few months have naturally caused serious concern to all of us in regard to the future of private enterprise in this, country. The Prime Minister has stated that:

"The right policy will be to realise that the public sector is the basic sector, a strategic, important and advancing sector."

We have been told that it will, therefore, be the public sector that will be advanced and encouraged on all possible occasions in every possible way and in all fields of economic activities. Upto now, we were told that the basic industries and the heavy industries will be established and developed by the Government only. It is now made crystal clear to us that big industries will also be developed by the public sector alone. You will realise how at one stroke the monopolistic field of the public sector is immensely and extensively expanded. It is not because the private sector is incompetent or is incapable of establishing and running such industries, that the public sector should become the most dominant and the most extensive feature of industrial landscape. The real object is to proceed towards a socialistic pattern of society and it is contended that the public sector alone can lead towards that goal. Moreover, the Government are anxious to ensure that the concentration

of wealth and economic power shall not remain in the hands of a few individuals. That is another fundamental reason for going ahead with the public sector in all directions. With the continuously increasing control of the Government over industries in several directions and with the imposition of the ever-growing burden of taxation on individuals and corporate bodies, I wonder if economic power can ever remain concentrated in the hands of a few people. It is, moreover, unfortunately forgotten that with the development of industries in the public sector and with the extension of the empire of the State Trading Corporation, economic power will be concentrated in the hands of the Ministers and the bureaucracy. Government spokesmen always profess that they follow the teaching of Mahatma Gandhi. Mahatma Gandhi, however, mightily feared the increase of the power in the hands of the State. He wanted the State to have the least power possible. The concentration of political authority and economic power in the hands of the State is bound to seriously affect democracy and to destroy the liberty of the people.

The recent speech made by Mr. Lal Bahadur Shastri, Union Minister for Commerce and Industry, at the meeting of the Central Advisory Council of Industries, and the exchange of views a few days back between the Prime Minister and the Committee of the Federation of Chambers of Commerce & Industries— a meeting more in the nature of a courtesy and goodwill gathering rather than an assembly seriously considering the future economic policy of the country — have, instead of allaying our fears, further intensified them. Both the Prime Minister and the Minister for Commerce have welcomed friendly rivalry and competition between the two sectors. They hold the view that such rivalry and competition will profit both of them. If the largest possible area of the industrial field is, however, to be reserved for the public sector alone, rivalry and competition lose their meaning and significance. While State Capitalism, both in the fields of industry and trade, will continue to expand and gather

strength, it is now seriously proposed that there should be decentralisation of private enterprise both in respect of ownership and functioning. We are aware of the fact that at the end of some of these very disturbing pronouncements, we are told that a large field will yet be left to the private sector. Such assurances, as recently remarked by the editor of an important weekly, are tantamount to telling a person, who is bound hand and foot, that he has plenty of ground to run about and play. Under the circumstances, the Forum of Free Enterprise, and particularly its President, deserve the grateful thanks of the general public for the efforts they have been making to educate public opinion in regard to what private enterprise has already achieved and how its activities will be beneficial to the country in the future, if it is allowed to function without the shackles of the growing curbs, controls and regulations. I am, therefore, happy to place my views in regard to the struggles and achievements of Indian shipping.

It is, no doubt, true that Indian ships, built in Indian yards and manned by Indians themselves, used to sail in the past to far and distant seas carrying the rich products of India to foreign lands. It is no use, however, today singing the glory of the past achievements of Indian shipping. We are concerned today with modern Indian shipping and where it stands.

With the advent of the British Rule in India and with the domination of the British shipping interests in Indian waters and in India's maritime trades, Indian shipping companies one after another were driven off from Indian seas. There was no lack of the spirit of enterprise for going into the business of a hazardous industry like shipping. As remarked by Babu Rajendra Prasad, on the occasion of laying the foundation-stone of the Shipbuilding Yard at Visakhapatnam in 1941:

«India is not wanting in enterprise. Between 1860 and 1925 no less than 102 navigation companies with

the total nominal capital of about Rs. 46 crores were registered in India. Many of them were driven out as a result of hostility by British shipping interests with a loss of actual capital amounting to about Rs. 8 crores. Shipping companies which have gone into liquidation for the same reason from 1904 to 1927 numbered 24."

It was the policy of crushing opposition to Indian shipping adopted by British shipping interests that was responsible for wiping Indian shipping even out of its own home waters. This was admitted even by Sir Alfred Watson, a great advocate of British interests, in giving his evidence before the Joint Select Committee of Parliament, when he remarked:

"Indian Company after Indian Company which endeavoured to develop a coastal service have been financially shattered by the heavy competition of the British interests."

The history of Indian shipping of this period is summed up by Mahatma Gandhi in his inimitable words:

"Indian shipping had to perish so that British shipping might flourish."

As you all know, national shipping enables a maritime country to build up and expand its own overseas trade. British shipping helped Britain to find markets for her own products in foreign lands at the cost of Indian trade. The freight-rate policy of British shipping resulted in India losing a large and lucrative trade in yarn and cotton with China and Japan. It led the well-known House of Tatas to start a shipping line for retrieving that unfortunate position. The starting of this line was the first important landmark in our efforts to establish modern Indian shipping in this country. As usual, the P & O Group started a severe rate-war. The Tata Line had to close its operations. When I was relating this incident at the interview which I had with Mr. Wedgwood Benn, the Secretary of State for India, in 1929, Sir Louis

Kershaw, who was present at that interview, remarked "Master, it sounds like fiction." I rejoined by telling him that "facts are sometimes stranger than fiction". I then drew out a pamphlet from my pocket called "The War of Freights" and read the following statement from the Memorial submitted on the 1st of August, 1894, by Tata and Sons to the Secretary of State for India:

"The opposition Liners responded, and, in the case of cotton with a vengeance. For while our reduced rate is Rs. 12/- per ton of 40 cubic feet, theirs is Rs. 1/8/- only; and as if this was not enough, the P & O Company has made, it is not difficult to guess with what object, the unusual offer of carrying cotton to Japan free of charge."

Administering a mild rebuke to Sir Louis, Mr Wedgwood Benn asked him not to interfere and added, "Mr. Master was sure of his facts." After the Tata Line disappeared, the rates were raised to a higher level which made it impossible for India to regain her lost trade in yarn with China.

It is well known that British shipping interests adopted normally the following technique in driving away Indian shipping companies even from their own home waters:

1. They took all possible steps to see that Indian shipping would not get any cargo.
2. If they failed in their efforts in that direction, they would start a freight-war; and
3. If the Indian shipping companies were able to survive the freight-war, they would adopt the method of political pressure and political persecution to drive them away from the field.

The destruction of the Swadeshi Shipping Company, which was started by Mr. Chidambaram Pillai in 1906, with a

capital of Rs. 10 lakhs, is a glaring example of what political pressure and political persecution by the British shipping interests can do in killing a rival. The Swadeshi Shipping Company carried cargoes and passengers between Tuticorin and Colombo. The starting of this Line was another memorable landmark in the history of modern shipping in India. It was a courageous crusade against economic slavery and a heroic fight for regaining economic freedom.

The intensity of the rate-war was so severe that passengers were carried free by the British India Steam Navigation Company. When British shipping interests found that economic strangulation could not stop Mr. Chidambaram Pillai from holding aloft the flag of Indian shipping, they resorted to the mightier weapon of political persecution. As remarked by Rajaji in 1949, Mr. Chidambaram Pillai's offence was that he believed in *Swaraj* and that he taught the people of Tuticorin to say 'Vnnde Mataram'. Removal of Mr. Chidambaram Pillai from free life to prison was a deadly blow to the Swadeshi Shipping Company of which he was the soul and strength. With the huge loss sustained, as a result of the rate-war, the company disappeared from Indian waters. Mr. Chidambaram Pillai, as observed by Rajaji, will, however, always be, for the generations unborn, the rebirth, the revival and the recognition of the spirit of independence of Indian shipping. Sacrifice is writ large in the struggles for survival which Indian shipping had to face in the beginning of the twentieth century.

Let us now examine what happened in recent years. The first world war brought home to every patriotic Indian the vital need of an Indian Merchant Navy both for the economic stability and the adequate security of the country. The Fifth of April, 1919, will, therefore, remain as the most important landmark in the history of the revival of the past glories of Indian shipping. It was on that day that the Indian leaders began their new fight for political independence and the Indian shipowners started their fight for economic freedom.

The steamship LOYALTY, a ship owned and managed by Indians, sailed from Bombay with seven Indian Rulers on board the vessel. It created a sensation in 122, Leadenhall Street. That was, however, the beginning of another serious struggle for Indian shipping for mere survival.

A passenger ship cannot afford to run without passengers and cargoes. Lord Inchcape, the Chairman of the P & O, rang up the head of Messrs. Gellatly Hanky & Company, a respected gentleman of 83 years of age, and warned him that if he were to book a single passenger for the Indian-owned ship LOYALTY of the Scindias, the P & O would withdraw its patronage from his firm. Walchand, who had gone to London with the ship, began to book passengers as a ckrk in a room of the hotel in London, where he was staying. He was soon up against another serious difficulty. No one in Great Britain would give him a single ton of cargo. Fortunately, he rose equal to the occasion. He purchased 1,000 tons of cement and 500 tons of pig iron which served as a ballast for the ship. The spirit of resourcefulness with the grim determination to keep the Indian Flag flying, characteristic of the man, enabled LOYALTY to return to India with a full number of passengers and a sufficient quantity of cargo which served as a ballast. The strangulating freight war to kill the Scindia Company soon followed.

The company purchased six steamers from the Palace Line. It started a regular service between the ports in Burma and Indian Ports. Indian shippers were carrying on a large trade in rice and timber between Burma and India. Fortunately for Indian shipping, Sir Abdul Karim Jamal served Indian ships with almost a lakh of tons of rice as cargo in 1921. As a result, however, of the machinations of the British shipping interests, his financial position became extremely embarrassing. He could no longer serve Indian ships with cargo. British shipping interests were so powerful that no Indian shipper could or would give a single ton of cargo to Indian ships. Scindia was put to a very severe test in its struggles for survival.

The company decided to combine trading with shipping. It sold rice worth Rs. 2 crores. It enabled the company to fill its ships... The first technique of the British shipping interests, viz., to see that Indian ships would not get any cargo, completely failed. They immediately adopted the second weapon in their armoury. They brought down the rates of freight on rice from Rs. 18/- to Rs. 6/- per ton. I do not know what the present Union Government would have done under such circumstances. I am told that when the Government Shipping Corporation wanted to start a new service, their official representatives warned the Government that such a service should only be started if it led to a profitable voyage. Private enterprise was, however, made of a different stuff. Despite the losses, the company continued its services. New ways and means were found by it to bring home to the British shipping interests that it would not withdraw from the field, but would continue to march onwards holding high the Indian Flag.

The company sold a lakh and fifty thousand tons of coal and brought the same from foreign countries to India. It chartered nearly 68 steamers, taken on charter by it, and loaded them with cargo at Bombay for the U.K./Continental ports. It carried big steamers for the first time to the ports of Kathiawar. This new method saved the shippers at least Rs. 10/- to Rs. 12/- per ton as they were not under any obligation then to transfer the cargo from the ships of one British shipping company to the ships of another at Bombay. Big steamers going direct for the first time with cargo fully laden to Kathiawar ports created a new spirit of enthusiasm amongst the people. They began to realise what Indian shipping, if supported by Indians, could do for India. The company sold large quantities of rice to be carried not only to the ports in Kathiawar, but even to the port of Marmagoa. Shippers found this a very lucrative business. British shipping interests soon realised that their usual technique of a freight war would not kill this new infant of Indian shipping.

The company then took a very bold step which enabled Indian shipping to write a new and bright chapter. It advanced the sum of Rs. 10 lakhs to a sugar merchant and persuaded him to give the company a boat load of sugar cargo to be carried from Java to India. When the steamer OTTO SWERDIP was unloading sugar at Porbunder in 1922, the Rana of Porbunder was pacing the sands near the port in a state of excitement. The reason for this excitement was very simple. While the annual revenue of that State at that time amounted to only Rs. 18 lakhs, the unloading of sugar from OTTO SWERDIP brought to this State a magnificent windfall of over Rs. 6 lakhs. I have no doubt that the future historian of Indian shipping will accord a place of honour to Shri Jagjiwan Ujjamsey Mulji for the bold step he took and the courage and the spirit of patriotism he showed in serving cargo to an Indian shipping line, despite the wrath that he would thereby incur of the British shipping interests and thus provided new incentive and strength to Indian shipping in its struggles for survival.

All these strenuous efforts which Indian shipping was making to exist in its own home waters made a great impression on British quarters. Lord Inchcape realised that the shippers and the shipping company were thus diverting the channels of trade. He fully recognised the significance of this new move. Although his representatives in India were not prepared even for a talk with the representatives of the Scindia in the past, Lord Inchcape, as a true realist, arranged through common friends for the starting of negotiations with the Scindia Company, at the end of 1922.

These negotiations soon revealed the true intentions of Lord Inchcape. He did not want Indian shipping to live and grow. He wanted it to disappear from Indian waters. He offered very tempting terms for the purchase of the company. Despite the very great financial temptations both for the shareholders and particularly for the Managing Agents, the Directors

decided to place the matter before an informal meeting of the leading shareholders before taking the final decision. A meeting was called on the end of March, 1923. Shareholders representing nearly 3,50,000 shares, out of a total number of six lakhs, responded to the call. Mr. Narottam Morarjee put the facts of the case before the meeting. He conveyed to them what the reaction of Lord Inchcape was to the proposal of the Board of the Scindia that they would like the Indian shipping company to continue to live. In doing so, he told them—

"We told his Lordship that our Board was not agreeable to his proposal to buy up the Scindia Company. Our Board has decided to run this Company as an Indian Shipping Concern. Lord Inchcape said that that was not possible. The B.I. has been running her steamers for years past on the Indian Coast. That has become practically our home and you have attacked us in our own home and disturbed our peace. My Directors are therefore not prepared to co-operate with your Company. We pointed out to Lord Inchcape that it was not the Scindia that commenced the rate-war. That was begun by the B.I. herself. We added that we were the children of the soil and we want to create our own Mercantile Marine. Have we no right to run our own steamers on the coast of our own motherland? Lord Inchcape replied 'Whose motherland! We are all the children of the British Empire and we have as much right to come to the shores of this country as you. As long as the British Empire will last there is no power on earth that can prevent us from coming here.' "

Winding up his speech and leaving the decision entirely in the hands of the shareholders, Mr. Narottam observed:

"The future of the Company is in your hands. Whether you should sell the Company to the foreigners

or whether you should keep her alive, the responsibility of the decision will be yours. If you be firm in your decision and if you are prepared to fight, it will strengthen the hands of the Company and I assure you we shall do all we can to carry out your decision. It is not for me to say whether you should look at the question from the viewpoint of immediate personal gain or whether you should give your serious thought to the far-reaching effect which your step in selling your Company will have on the industrial life of the nation. It is for you to rise equal to the occasion and decide the step that you should take. I feel sure that whatever decision you will take you will do so after taking a full and comprehensive view of the whole situation."

You will be delighted to know that the shareholders decided with only one dissentient voice not to sell the Company but to allow it to continue to keep the Indian Flag flying. History will record in golden letters this great spirit of patriotism and this great personal sacrifice shown by Indians in developing an hazardous industry like shipping. I am sure that if those who advocate the continuous expansion of public sector and have the power to shape its destiny in this country were to appreciate the true significance of the manner in which private enterprise has thus served the country in the past, it will no doubt change their outlook and steel their faith to allow private enterprise to put forth its best services in the interest of the country in the future as in the past.

I called the agreement which we signed with Lord Inchcape as a slavery bond. We had to agree to limit our tonnage. We had to give an undertaking that our ships would not ply in the overseas trades. The then existing Government was hostile to the growth of Indian shipping. We, however, realised that death was better than life. We, therefore, signed the agreement. The freight war came to an end. The

Company survived. It was able to lay the foundations of modern Indian shipping in this country. That was in itself not a mean achievement.

The difficulties of the Company, however, were not over. Secret freight war did continue. There was no patronage from the Government. The Company was not even allowed to quote for the carriage of lakhs of tons of coal from India to Burma. The carriage of all such large quantity of cargo was left only to the British shipping interests. The only ray of hope amidst this encircling gloom was the support of the public both inside and outside the Legislature. That was the only enduring sheet anchor of modern shipping.

The manner in which the Indian members of the then Indian Legislature espoused and helped the cause of Indian shipping will always form a glorious chapter in the history of modern shipping in India. Despite the hostility of the Government, Indian members of the Legislature succeeded in getting the Mercantile Marine Committee appointed for examining the broad question as to how Indian shipping could be established and expanded in this country. The recommendations of that Committee, however, were thrown to the winds by the Government of the day. The only outcome of all these efforts was the establishment of the Training Ship DUFFERIN in the Bombay harbour for enabling young Indians to qualify themselves for serving as Executive Officers on modern ships.

You will be interested to know that the organisers of the Scindia Company realised from the very start that Indian shipping could only mean shipping owned, controlled, managed and manned by Indians themselves. The Company recognised that the existence of a well-trained and qualified sea personnel constituted the most precious asset of Indian shipping. It, therefore, took the most active interest in securing facilities for Indians not only to become Officers and Engineers who would man the ships but it also fought for securing for them their proper places in manning the pilot and

other maritime services in the country. It trained young Indians as Wireless Operators. It soon realised that it cannot place these Indians, who passed the Examination, in charge of Wireless Stations on board the ships unless they served for a period of six months on the ship as Assistant Wireless Operators. Indians cannot be trained in that way because foreigners were in charge of the Wireless Stations on ships. They would not allow the Indians to work as Assistant Wireless Operators. They would soon come into conflict with their Unions at home. Walchand, however, rose equal to the occasion. He engaged the services of an Anglo-Indian duly qualified as a Wireless Operator. Indians were trained under him. The Company faced great risks in doing so. The result was that the Wireless Operators on all Indian ships today are Indians.

The Bengal Pilot Service was one of the most lucrative services in those days. When Sir Joseph Bhore engaged a few cadets who passed out of the Training Ship DUFFERIN as Leadsman in that service, the Bengal Chamber of Commerce raised the cry that if Indians were to become Pilots, shipping on the Hooghly would come to a standstill. I can still remember how Sir Joseph Bhore on receiving a letter to that effect from the Bengal Chamber of Commerce came to me running in the Library of the Parliament where I was sitting. He asked me as to what reply he should send. I enquired whether he would like me to draft a reply. He said, yes, do so. I drafted a reply there and then. It was somewhat to the effect—Your letter has been received. The Government would consider the question raised in your letter when shipping on the Hooghly would come to a standstill. Sir Joseph Bhore sent the letter as I had drafted it. What was the result? Shipping on the Hooghly did not come to a standstill. Today it is the Indians who man the Bengal Pilot Service. As you all know, the waters of the Hooghly are treacherous. The manoeuvring of the ships on that river requires knowledge, experience and skill. Indians have risen equal to the occasion. They have discharged their duties

satisfactorily. Here is another achievement of Private Enterprise which carries its own lesson, which all could learn with profit whether they believe in the private sector or not.

Indian Legislators made history in those days when they carried the principle of coastal reservation underlying Mr. Haji's Bill by an overwhelming majority. Britishers were always wondering why Indians wanted a Merchant Navy of their own. Their attitude and reasoning was summed up by Mr. Narottam Morarjee, the Chairman of the Scindia Company, in the following words:

"They ask us: 'Why does India need a separate National Merchant Marine? Is India a separate country? Is not India a part of the British Empire? Are we not brothers? Our Navy,' they say, 'will protect your ports and harbours. Our British ships will serve the needs of your trade and commerce. Have we not served you in the past? Are we not prepared to serve you in the future?'"

To all these questions, Mr. Narottam himself gave irrefutable answers in one of his annual speeches when he remarked:

"India wants her own separate Merchant Marine to increase her national wealth by preventing the annual draining of crores of rupees taken away by foreign shipping companies. India wants a separate Merchant Marine for the proper growth of her own trade and commerce and the real protection and development of her own industries. India wants a separate Merchant Marine for the economic development of her neglected ports, for reviving an old avenue of career of the sea of the sons of the soil, and for building up the nucleus of an Indian Navy of the future for protecting and defending her people both on sea and shore."

I am sure no one will fail to recognise the broad view which

Private Enterprise was taking of its responsibility in building up a national merchant navy for India.

The acceptance of the principle of reservation of coastal trade to Indian ships by an overwhelming majority by the Indian Legislature opened wide the doors of British diplomacy. Lord Irwin, the then Viceroy of India, appealed to all to solve this vexed question of the development of Indian shipping by negotiating across the table. He called a Conference of the British and the Indian Shipping Interests at New Delhi in the beginning of January 1930. The Conference failed. The representatives of the British Shipping Interests did not take part in the discussion. They said they were there as pure observers. At the close of the Conference, the Government of India announced that it would be their own responsibility to see that National Shipping would develop in India's maritime trades, both coastal and overseas. I want you to mark the words, *both coastal and overseas*. The Government did nothing in this direction for more than a decade when the second World War broke out in 1939.

British shipowners were so powerful in those days that they would see to it that India would not be allowed even to obtain the benefit of the financial facilities given by the British Government to foreigners for the construction of ships in Great Britain. It was strange that the financial facilities granted to foreigners were denied to India who were members of the British Commonwealth. Referring to this discriminatory treatment given to India, Mr. Narottam Morarjee, Chairman of the Scindia Company, observed:

"I regret to say that although the Trade Facilities Committee could see their way to help foreigners to build steamers in England, the Treasury had no money to give the Indian Company for the purpose of building steamers which would have given employment to people in the English Shipbuilding Yards."

Notwithstanding this hostile attitude, Scindia took the decision to build three ships in Glasgow costing nearly Rs. 30 lakhs. The Company raised the money from its own resources.

Despite the struggles which Indian shipping had to face and despite a number of difficulties which it had to surmount the volume of business of Indian shipping grew year after year. The volume of cargo carried increased from a lakh of tons in 1920-21 to a little over six lakhs of tons in 1928-29. I am sure you will all agree with me that Private Enterprise was thus playing a great part in building up a merchant navy for India.

The period of the first Agreement was coming to an end. The political atmosphere in the country underwent a serious change in 1930-32. It had also its far-reaching effect on the future advance of the National Shipping Industry. When the Agreement came to be renewed in 1933, Indian shipping expected that the restrictions put upon its activities to go into the overseas trades would no longer be there. Mr. Walchand Hirachand pleaded for this removal with the representatives of the British Shipping Interests both in India as well as in London. He explained the position to the then High Commissioner, Sir Bupendranath Mitra. The cry for the separation of Burma from India was in the air. Lord Inchcape had asked Sir Bupendranath Mitra to advise Mr. Walchand to see him for a settlement after Burma was separated from India. It was under such circumstances that the Agreement was renewed in 1933. In spite of the persuasive powers and the good offices of Sir Joseph Bore, the then Commerce Member of the Government of India, Scindia had once again to give undertaking that its ships would not ply into overseas trades which were definitely mentioned in the Agreement itself.

There were, however, two relieving features of the new Agreement. The Bengal Burma which was struggling to

maintain its passenger service from Chittagong to Rangoon was, with the support of the Scindia, taken into the Conference. The Scindia Company also started a passenger line from the Eastern ports of India to the port of Rangoon. Indian shipping was slowly but surely thus marching onwards.

In the meantime, another rate-war was started by the Asiatic Company which was a party to the Agreement. It arose out of the domestic differences between the B.I. and the Asiatic. The rate of Rs. 14/- was reduced to Rs. 1-8-0 per ton. Scindia had the foresight to anticipate the coming freight-war and had made it a condition of the Agreement that if such a war broke out it would hold the B.I. responsible for any losses which the Scindia might have to sustain. It was this foresight of Private Enterprise which saved the Scindia Company from incurring such losses as would have shaken it to its very foundations.

As I have already pointed out, the first act of the Scindia Company was to send its ship LOYALTY in the overseas trades of India. When, however, the agreement was signed, the Company had to give the undertaking that it would not run its ships in overseas trades. That undertaking had to be repeated when the second Agreement was signed. The Company was very anxious, however, to send its ships on a route in the overseas trades which did not in any way violate the undertaking given in the Agreement. Their determination to do so became firmer than before when the Government turned down the proposition for the starting of a fast passenger service by a new Shipping Company between India and the U.K. moved in the Legislature in 1935. The Company, however, discovered that it had given no undertaking not to run ships in the Haj Trade. It, therefore, built two new boats suitable for the pilgrim trade at a cost of Rs. 50 lakhs and started the Haj Line in 1937. The Line became very popular. The s.s. EL MADINA, the new pilgrim boat, carried the blue ribbon of that service. The starting of this Line was welcomed by the leaders of the Muslim community

in the country. In welcoming this new shipping enterprise run by his own countrymen, His Highness the Aga Khan remarked:

"I, therefore, warmly commend my rountrymen to help this national enterprise and appeal to my co-religionists to extend to it their continuous patronage so that India's first endeavour to participate in its overseas trades may become a real success."

The efficient manner in which Private Enterprise was serving India in the field of shipping was thus being recognised by leaders of all shades of political opinion in the country. Private Enterprise in this field came to be looked upon, as observed by His Highness the Aga Khan, as "National Enterprise" of India. Such a recognition of the service of Private Enterprise constituted both its triumph and achievement.

The starting of the Haj Line led the British shipping interests to wage another severe freight-war against Indian shipping. The passage fare was brought down from Rs. 173/- to Rs. 20/- per head. The Scindia Company sustained a severe financial loss. The British shipping interests did not accept the proposal of the Commerce Member to fix the rate at Rs. 115/- per head. The Scindia Company had to pay the sum of Rs. 57/- from its own pocket for the pleasure of carrying a pilgrim.

In the meantime, the Second World War broke out. Instead of furthering the cause of national shipping, the Government asked the Scindia Company to accept only 25 per cent of the share of the pilgrim trade, assigning the remaining 75 per cent to the British shipping line. The Company felt that it would be a humiliation to accept such a paltry share in the trade emanating from and terminating in its own country. The Company was, therefore, compelled to suspend its service to the Hedjaz after the war broke out.

I shall give you some idea of how the British shipping interests were treating some of the new Indian shipping

companies that had come into existence and how the Scindia organisation considered it its duty to stand by them and help them in their common interest. One of the most remarkable achievements of Indian shipping of the day was the spirit of teamwork with which the Indian shipping companies worked together. British shipping interests were not able to dislodge the Scindia from the position which it had built up during a decade and a half. They, therefore, went in for new targets with weaker financial resources. They arranged to buy up the Bengal Burma Steam Navigation Company. The manner in which the Scindia Company went to the help of this company, which was brought into existence by the poor Chittagonian travelling public, will adorn a fairy tale, which the children would like to read with great zest and interest. The Bengal Burma Company was to be paid a substantial sum of money if it agreed that it should be swallowed up by the B.I. The poor Chittagonians had lost all their capital. Mr. Abdul Bari Choudry, the great labour leader, and the real inspiring force behind the Bengal Burma Company, came to see Mr. Walchand at the dead of night in the Grand Hotel at Calcutta, where Mr. Walchand and I were staying. If no help was forthcoming, he told us, then the Bengal Burma would no longer exist as a separate entity but would have to carry out the dictates of the B.I. in the future. With the speed of lightning, Mr. Walchand decided that the Company must be saved. With his foresight and vision he realised that if an Indian company with weak financial resources was allowed to be bought over by the powerful British shipping interests, it would give a serious setback to the building up of a Merchant Navy in India. He remembered the old story of the 'Baruna Bhara'. The sticks in the Bhara if taken separately could be broken in no time but if they continued to remain in the Bhara itself, it would be difficult to break them. Mr. Walchand undertook to provide the sum of Rs. 5 lakhs to enable the Bengal Burma Company to tide over its difficulties. Mr. Abdul Bari Choudry went away in high spirits in the early hours of the morning. The next day was a glorious day in the history of Indian shipping. The entity of the Bengal

Burma was preserved. British shipping interests did not succeed in their game.

Another remarkable achievement of Indian shipping was the manner in which the attempts made by the B.I. to carry on the severe rate-war against the small steamship companies were foiled. It has always been a wonder to me as to how even Mr. Walchand could persuade the hard-headed Scotch shipping magnates to agree to his proposal that they should all accept the arbitration of Sir Josph Bhore for settling the questions between the bigger and smaller steamship companies of the day. The award given by Sir Joseph Bhore of reserving 85 per cent of the trade on the west coast of India for the four small Indian steamship companies was another heartening landmark in the history of the development of Indian shipping in this country. Private Enterprise could thus show despite the hostility of the Government that it had the ability and the responsibility to make sacrifices in promoting the permanent interests of the country.

The Scindia Company continued to maintain all its services as efficiently as it could. The carriage of cargo increased from 6 lakhs of tons to 11 lakhs of tons per annum. The Company was also able to carry more than half a lakh of passengers in the Bay of Bengal. In 1921 the Company owned six steamers with a gross registered tonnage of 26,734. On the 15th of October, 1934, it had 13 cargo ships and 4 passenger vessels of a little over 69,500 GRT. Slowly but steadily Indian shipping was on the onward march.

In 1935, Mr. Walchand and his friends wanted to start a new shipping company for running fast passenger steamers between India and Europe. It was anticipated that they would be able to raise a fresh capital of about Rs. 5 crores. Mr. Govind Ballabh Pant, the present Home Minister, espoused the cause of Indian shipping. A resolution was moved in the Indian Legislature in connection with the establishment of a fast passenger service. The hostile attitude of the alien Government still persisted with its old vigour.

The Government trotted out the argument that as the Scindia had given an undertaking not to go in for certain overseas services that undertaking was binding on India. The result was that the fast passenger service could not be started. Indians had to depend on such services as were given by the British and the Italians. The alien Government had such a partiality towards the passenger line of the British shipping interests that if any Indian travelled by any other line on Government work or even when he was sent by the Government for any International Conference, he would forfeit the amount of his passage money. When I went to the Conference on the Safety of Life at Sea in 1929 as the delegate of the Government of India, I travelled by the P & O from Bombay to Marseilles. The last four days I had practically almost to starve on the British ship. On my return journey I travelled by the steamer of the Italian Line. As I did not travel by an Empire ship, which would naturally mean in practice the British ship only, I was penalised to the extent of nearly £ 54. When the late Mr. N. M. Joshi raised this question in the old Legislature, he was told that as Mr. Master did not travel by the Empire Line, he was not entitled to his passage fare. These were the conditions under which Indian shipping had to work.

There was another almost venomous act on the part of those who supported the British interests. The Indian Co-operative Company, popularly known as Maji Agboat Company, was carrying passengers on the west coast of India from 1905 onwards. It had to go through a number of financial vicissitudes. Mr. Waman Rao, the great financier of that concern, met with a sudden death. The Company found itself in terrible financial difficulties. The ships of the Company were seized by the Bombay Port Trust authorities because it was not able to pay a small sum of Rs. 5,000/- in time. Mr. Tuljapurkar, a Director of the Company, and Mr. Shinker, the Manager of the Company, came late in the evening to see Mr. Walchand and asked for financial help for Rs. 5,000/-. Mr. Walchand asked me to comply with their wishes. Mr.

Tuljapurkar, Mr. Shinker and I went at night with the sum of Rs. 5,000/- in cash. They went with that sum and saw Mr. Taylor, one of the Managers of the Port Trust, and offered him Rs. 5000/- in cash in payment of the sum due by the Indian Co-operative and said, "For God's sake please issue instructions now to release our steamers." Assuming the tone of British discipline, Mr. Taylor told them that he could not accept the sum offered at night. They should pay the sum due by the Indian Co-operative to the Cashier at the proper time in the morning. All the appealing pleadings of Mr. Tuljapurkar and Mr. Shinker that in that case their steamers which were seized would not be able to maintain their sailings, had no effect on Mr. Taylor. The steamers, therefore, could not sail the next morning. The cry for acting with equity, justice and fairplay was only raised when British interests were concerned. Such a code of conduct was unthinkable on the part of the alien rulers when they had to protect the interests of the sons of India.

All these things will have given you some idea of the serious nature of the struggles which Indian shipping had to face, even for its existence, in its own home waters. It fought the first battle successfully by combining trading with shipping and by diverting the channels of trade. It disdained the offer of the mighty Lord Inchcape despite its great allurements and decided to keep the flag of Indian shipping flying against heavy odds and with tremendous sacrifices. It recognised that the wiping away of the small Indian shipping companies would be a deadly blow to the upholding of the Indian flag and the progress of Indian Merchant Navy. The premier company went to the help of small steamship companies on a variety of occasions and prevented them from being swallowed up by the British shipping interests. It secured 85 per cent of the monopoly of the trade on the west coast for the small steamship lines under Sir Joseph Bore award. It saved enormous sums of money to the shippers by carrying steamers direct to ports where non-Indian ships never went before. It also enabled a number of Indian products, such as steel from

the Tata Steel Company, to move economically on the coasts of India. It did all it can to serve its Muslim brethren by building special ships for the pilgrim trade at a tremendous cost of Rs. 50 lakhs. It recognised from the very start its responsibility to build up a qualified and efficient sea personnel. Within the period of 20 years, facing all the struggles and undergoing all the sacrifices, Indian shipowners did their best to realise their ideal to as great an extent as possible that Indian shipping meant, shipping owned, controlled, manned and managed by Indians. The manner in which they acquitted themselves drew forth words of appreciation from the Imperial Shipping Committee and led that Committee to emphasise the vital fact that "the aspirations of India to enter into the field of shipping operations are natural and should be fairly met in a co-operative spirit by the United Kingdom Lines".

It is to be noted that Indian shipping was trying all these years to survive against heavy odds and innumerable difficulties. It was, however, able to create under the auspices of private enterprise such a mighty impression on the members of the Imperial Shipping Committee that they had to go out of their way and state in their report the crucial fact that the aspirations of India to enter into the field of shipping operations were natural and that it was their duty to call upon the United Kingdom lines to meet these aspirations fairly in a spirit of co-operation. It was, therefore, not a mean achievement of Indian shipping and the private enterprise to draw forth such a tribute of appreciation and recognition from a powerful Committee appointed by the British Government.

Let us now come to the period of the Second World War. It was during that period that the cry went forth from all quarters that they should have ships, more ships and more ships, to meet the increasing demand for tonnage from day to day. Indian shipping interests, therefore, went in for another great enterprise. The Scindia started a Shipbuilding Yard at Visakhapatnam. Babu Rajendra Prasad, who laid the

foundation-stone of the Yard in June 1941, remarked that by starting a Shipbuilding Yard, Mr. Walchand was laying the foundation of "the economic independence and regeneration of our country".

Sardar Vallabhbhai Patel hailed Mr. Walchand's spirit of enterprise as "a triumph of persistence over adversity, of faith over scepticism and hope over despair". This spontaneous tribute of two of the great leaders of India shows how deeply they appreciated the services of private enterprise and what a great place they assigned to that enterprise in the building up of a new India.

The alien Government did not, however, encourage the functioning of the Yard at Visakhapatnam. The exigencies of the war, however, soon compelled them to seek the assistance of the leading shipping company in starting a shipbuilding yard at Bombay, where trawlers and Z crafts were built. British Admirals considered the yard in Bombay as doing magnificent work. It was recognised all round that private enterprise even on its own initiative and without the effective assistance of the Government could rise equal to the occasion. That was the case both with the Shipbuilding Yard at Visakhapatnam as well as at Bombay.

After all, India had a very small fleet. During the war, a large portion of this fleet was requisitioned for aiding the war efforts of the Allies. While the British ships minted money on the coast, the small Indian fleet played its small part in winning the war. Nearly 30% of this Indian Bert was lost as a result of enemy action. It is said that when opportunities make men it is called a stroke of good fortune. When men, however, make opportunities, it is considered a stroke of genius. Indian shipping made opportunities for itself and thereby not only did it come out successfully out of the struggles for survival, but it was also able to strengthen the foundations both of shipping and shipbuilding industries in the country. I have referred up to now to the struggles

and achievements of Indian shipping, while India was under the British rule. Let me now invite your attention to the manner in which it served the rause of the country after India became independent.

With Independence in the offing, several new Indian shipping companies were started. Two of them — the India Steamship and the Bharat Line — brought a substantial amount, over Rs 4 crores, into the shipping field. Forty-nine ships were acquired, almost all secondhand, during the years 1946, 1947 and 1948. Seven ships were either lost, sold or scrapped. It is remarkable that Indian shipping was able to acquire an additional 234,204 G.R.T. in a period of three years. No one can deny that private enterprise can legitimately look back with pride and satisfaction upon the part it played in building up a navy of supply at a critical period in the history of free India.

The first act of the Independent Government of India was to send a delegation of Indian shipowners to London to have talks with the British shipowners for obtaining for Indian shipping its proper place in India's overseas trades. Negotiations failed. It was most heartening that the Government of Independent India issued a Press Note at that time, i.e. on the 27th of July, 1947, and made it clear to all concerned that.

"There never had been any difference of opinion between the Indian Government and the Shipping Delegation as regards the scope and purpose of negotiations. The desire of the Indian Delegation and the Indian Government that negotiations should be on an overall basis for the allocation of increased share, both in coastal as well as overseas trades, to Indian shipping was made abundantly clear to His Majesty's Government and must, therefore, presumably be known to British shipping interests also. It had also been explained that the recommendations made

by the Shipping Policy Committee would form the background of the negotiations from the Indian side".

Despite the failure of the negotiations, the Indian ship-owners went in for new ships at a cost of crores of rupees. Private enterprise was determined to serve the country to the best of its ability. During the course of a lunch, which was given by the High Commissioner, in honour of Mr. C. H. Bhabha, the then Union Commerce Minister, in London, our British friends asked him as to why India was expanding her tonnage. The Commerce Minister pointed out to them that India, as a free country, must build up her merchant navy. British friends, however, wanted to know as to why India should build ships at such a prohibitive cost. The Minister looked at me and indicated that I was the culprit. I was sandwiched between two Ministers of the British Government, Sir Pethick-Lawrence and Mr. Noel-Baker. In reply to the pressing questions of these Ministers and other British friends on this subject, I had to explain the position of Indian shipping to them. I pointed out to them that it was generally safe for us to follow our British friends in this matter. That very morning, i.e. on the 17th of December, 1947, I had read the speech of Sir William Currie, the Chairman of the P & O Group, justifying the construction of a large number of ships at a very high cost before the meeting of the shareholders of the P & O. He told them that they must continue constructing ships as they had "to get on" with the trade and "not to get out" of the trade. I told my British friends that India, however, had "to get into" the trade and surely, India could not do so without constructing suitable ships. That was the reason why India was going in for new tonnage even at a very high cost.

The Commerce Minister was so much impressed with what happened at the lunch, that within five days, Mr. Walchand and he met in Bombay and a decision was taken that Scindia should go in for a cargo and passenger service between India and the U.K. This happened on the 22nd of December, 1947.

Within two months of this memorable meeting, the India/U.K.-Continental Line was inaugurated by the Scindia Company on the 3rd of February, 1948, with the sailing of the s.s. JALABALA from Bombay. Earlier in 1947, the Company had started a new service between America and India. Another enterprising company, under the chairmanship of Sir Ramaswami Mudaliar, also started a service between India and the U.K./Continental ports and placed eight ships on that route. Private enterprise was really making new history. It was widening the sphere of the activities of national shipping.

At the end of 1947, a new Shipping Policy was announced. In doing so, Mr. Bhabha, the then Commerce Minister, remarked:

"Besides, very few of the shipping companies in this country have the resources to buy a sufficiently large number of these ships and it has been increasingly borne in upon the Government that if at the present stage of development of shipping companies in this country, Government have to rely on private enterprise, the growth and development of our mercantile marine will be disappointingly slow. The Government of India have, therefore, come to the conclusion that their new shipping policy must be broad-based on the active co-operation of the State with enlightened private enterprise, in an endeavour to secure for India her rightful place among the maritime nations of the world".

Here lay the seed of the State entering the field of Indian shipping.

What has been the achievements of the Government, as a result of this new policy? Only one Shipping Corporation was formed. The Scindia and the Government formed that Corporation. This new policy did not attract other Indian shipping companies to join the State for giving expression

to the policy of active co-operation of the State with enlightened private enterprise. After 1956, the Government changed this policy. There would be now no Shipping Corporation, as a result of the co-operation between the State and enlightened private enterprise. The second Shipping Corporation which was started in 1956 is entirely owned, controlled and managed by the Government itself.

I shall, however, be failing in my duty, if I did not bring to your notice the results of private enterprise and the achievements of the Government under the new policy. Although the new policy emphasised the fact that "if at the present stage of development of shipping companies in this country, Government have to rely on private enterprise, the growth and development of our mercantile marine will be disappointingly slow". Those who rightly believe in the merits of private enterprise will be delighted to know that out of 5 lakhs of tons of shipping added to the Indian fleet since Independence and up to the end of the First Plan period, 450,000 tons were contributed by private enterprise and only about 50,000 tons by the Shipping Corporation working under the new policy of the State. The new policy also remarked that, "very few of the shipping companies in this country have the resources to buy a sufficiently large number of these ships". It is, therefore, heartening to note that up to the end of the First Plan period, private enterprise invested Rs. 63.25 crores in shipping of which Rs. 40.72 crores were raised by them from their own resources. So far as the public sector is concerned, it invested Rs. 6.77 crores of which Rs. 5.14 crores were raised from its own resources. In face of these facts, no impartial man will say that private enterprise did not realise its responsibilities and failed to play its part in the building up of a merchant navy for India. On the contrary, one can with justice draw the conclusion that if private enterprise is left with the initiative and encouragement it deserves, it will rapidly achieve the object of building up an adequate merchant navy for India, which is both the objective of the people and the Government of this country.

I must also in fairness record what the Government has done for Indian shipping since India became independent. Coastal trade has been reserved to national ships since August, 1950. Loans have been granted at reasonable rates of interest for the construction and/or purchase of additional tonnage. The policy of giving first preference to Indian shipping for the carriage of Government cargoes has been announced. Institutions for giving pre-sea training to seamen have been established. Steps have been taken to enlarge the facilities for enabling young Indians to become officers and engineers on modern vessels. A statutory Shipping Development Fund has been brought into existence. A Consultative Committee of Shipowners has been instituted. A Co-ordinating Shipping Committee for ensuring the different Ministries giving first preference to Indian ships for the carriage of their cargoes began to work some months ago. The National Shipping Board has already begun to work. Greater attention is paid to the type of ships to be built and the standard of construction to be maintained at the shipbuilding yard at Visakhapatnam. Greater facilities are being provided at the major ports of the country. A second shipbuilding yard will be established in the very near future.

While I am, therefore, fully conscious of what the Government has done or proposes to do for building up a merchant navy in this country, I very much wish that the speed of its performances is in keeping with the speed of its promises. Although the coastal trade is reserved, large quantities of petroleum products are yet allowed to be carried in tankers flying the foreign flag. Although lakhs and lakhs of tons are imported and exported on account of the different Ministries of the Government, full advantage is not taken of the space available on Indian ships for carrying this cargo. It is the foreign flags that benefit by the imports and exports on account of our Government. When the establishment of the Shipping Development Fund was officially announced, it was understood that the sum of Rs. 10 crores would annually be credited to that Fund. Within a few weeks after that

announcement, the country was informed that the sum of Rs. 1 crore would only be credited to that Fund. At a time, when greater difficulties lie in the path of all industries to promote capital formation, such a huge reduction in the credit of the Shipping Development Fund will give a great setback to a hazardous industry like shipping. Although the National Shipping Board has unanimously recommended that shipping should be included in the core of the Plan, and although the Minister for Shipping has promised that he would do his best to get it included in that core, no steps seem to have been taken to bring shipping within the core. Although the Minister himself has recognised that shipping is a great saver and a great earner of foreign exchange, that truth does not seem to have been fully appreciated in the deliberations of the Planning Commission.

Despite all these handicaps, disabilities and difficulties, it is a matter of pride and satisfaction that Indian shipping continues on its onward march. It has consolidated its position on the most important route, viz the India-U.K./Continental run. It has restarted its service on the India-America route. A new route between India and South America has been recently opened by the India Steamship Line. A new service between India and West Africa has been built up by the Scindia Company. Goods which used to go *via* Europe now go direct to that part of the world. This saves a considerable amount of money to the exporter from India and enables him to stand the test of the competitive markets. It will, therefore, be recognised that Indian ship-owners are fully conscious of the need for so adjusting their services and their rates of freight as will provide reasonable encouragement for the products of the country to find new markets. Indian shipping has responded splendidly to the call of the Government and has been building up a regular service between India and Soviet Russia. Indian shipping has gone in for the tanker trade and is prepared to go in for more tankers provided it is permitted to do so. And last, but not the least, Indian shipping has begun to build up a fleet

of tramp ships, which is quite essential if Indian ships have to carry their legitimate share of her overseas trade.

These are some of the achievements of the Indian shipping industry under the auspices of private enterprise. These achievements ought to convince all that private enterprise deserves better appreciation, greater recognition and is entitled to all possible encouragement for playing its role in the future in building up a merchant navy to meet all the needs and requirements of a great maritime country like India.

The views expressed in this booklet do not necessarily represent the views of Forum of Free Enterprise.

Free Enterprise was born with men and
shall survive as long as man survives.

- A. D. Shroff

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