

# ROLE OF FREE ENTERPRISE

## Indian Shipping

By S. N. HAJI

In no industry in the sphere of free enterprise have Indian nationals given a better account of themselves than in the shipping industry. In fact, shipping has been an industry in which India maintained in the old days not merely international standards but even surpassed them, and it was only when India came to be controlled by a sea power that the national marine suffered due to deliberate attempts to destroy its shipping and ship-building industries. Not merely were the British adepts in the art of colonialism but they knew more than any other similarly placed European maritime country the methods by which British shipping could be made to grow at the cost of, and ultimately the practical extinction of, the indigenous industry.

### NAVIGATION ACTS

The country which had successfully utilised Navigation Acts for some three hundred years to strengthen its maritime position in the world, did not find it difficult to destroy the ship-building industry of a dependency. Not merely were the old industries allowed to die, but no steps were taken to introduce in the country

modern scientific knowledge regarding the construction and operation of ships. The paucity of technical personnel in this country today is a result largely of an educational system from the primary school to the university under which only art courses were encouraged.

This procedure has resulted not merely in the absence, over a century, of technicians required by modern industry, but also, in the maritime countries, a veritable absence of men knowing how to build or run a ship. Despite all these actively hostile machinations of the imperial power, Indian free enterprise held aloft the flag of Indian shipping and ship-building, though in a limited sphere, both in material and numbers.

As is well known, modern Indian enterprise manifested itself first in the textile industry, a very heartening example, by all standards, of successful private enterprise in India, but before that, flourished the handloom industry for which fortunately the market of the country remained reserved until cheap British cloth began to come in under the colonial regime. Even later,

when cheap foreign cloth began to drive out Indian cloth from the markets, it was a case of British manufacturers competing *inter se* in the Indian market which enabled the Indian manufacturer of the post-machine age to give a fight to the foreigner.

In the case of shipping, however, apart from the fact that India was not allowed, in the fast developing scientific age, to substitute steam for sail and iron and steel for wood, the Indian sailing vessel industry disintegrated rapidly when it had to meet, besides the competition of science, the monopolistic steam-run British tonnage supported in various open and devious ways by the British bureaucracy in India. Even so, the private enterprise of the early days in the sense of sailing vessels managed to survive and survives even to this day carrying about a million tons of cargo every year.

Realising, however, the need to develop modern shipping to help the country retain its position in the fast developing modern shipping world, Indian entrepreneurs, despite the fact that the country had no modern shipyard and foreign agencies backed by the white bureaucracy would not allow a modern mercantile marine to grow, started as many as 40 shipping companies in which much more than Rs. 10 crores was involved as capital. It is interesting to note in this connection that even after World War I, the value of the large British marine fleet that had monopolised the coastal trade

of India did not exceed the figure of Rs. 10 crores. It therefore, follows that if no artificial impediments were put in the way of the development of Indian shipping in the shape of a foreign monopoly supported by a foreign Government, Indian resources were ample for the purpose of serving the needs of the Indian coastal trade by means of modern steam vessels.

### **RATE WAR**

However, owing to the rate war and other "killing" measures adopted by the foreign monopoly, private Indian enterprise despite its best efforts, did not succeed in establishing itself in modern shipping until the Scindia Company came on the scene in 1919.

Although the political atmosphere in the country had changed somewhat for the better since 1919, British hostility to the development of Indian shipping continued unabated. Undaunted, however, the Scindias were determined to give the country the beginnings of a national merchant fleet and started the venture in 1919 with a paid-up capital of Rs. 4-1/2 crores. Private enterprise thus marks not only a memorable point in the history of Indian shipping but in the history of the country's national struggle for independence itself, representing in a great measure the economic counterpart of the political movement towards national freedom which was taking a definite shape during the twenties. It was because of this bold venture of private enter-

prise that the country, when at last it did achieve freedom, found itself with the nucleus of a national merchant fleet, a ship-building yard and technical and managerial experience capable of being developed without much difficulty to a strength commensurate with the maritime needs of the country.

Let us take a closer look at the conditions in which this Rs. 4-1|2 crores venture was floated. The sponsors, Mr. Narotam Morarjee, Mr. Walchand Hirachand, Mr. Lallubhai Samaldas and Mr. Kilachand Devchand, were utter strangers to the shipping business. The acquiring of a ship was itself a great problem. The country lacked a shipbuilding yard and there was not even a decent ship repair shop. No indigenous trained talent was available. There were hardly any Indian marine engineers, wireless operators, trained navigators or experienced officers. The very first ship the company bought was to be reconditioned and this, it was found, took in the U.K. more time than they were advised it would take and cost more money than they were told would be required. Nevertheless, the company went ahead and succeeded in putting the vessel into commission.

Soon realising that one ship would not suffice for economic operations, a sizable fleet was bought, but when this was done, foreign shipping interests unleashed a ruinous rate war which lasted about three years. As the losses year after year

had to be borne from the capital, the paid-up capital had to be reduced from Rs.4-1|2 crores to a mere Rs. 90 lakhs in 1924-25. But private enterprise's faith and courage were inflexible. A tempting offer at this stage was made by the principal British rival enterprise to buy over the Scindia Company but the shareholders of the company who made up private enterprise in this case rose to the occasion and rejected the offer outright.

### **REBATE**

When cargoes from Rangoon and Calcutta were not available owing to the pressure exercised on the shippers by the deferred rebate system operated by the interests hostile to India, the company provided a striking example of private initiative by devising means to keep the Indian flag flying on the high seas. To obviate the difficulties in obtaining cargo for its steamers, private enterprise looked to survival by combining shipping with trading as had been earlier practised by certain other companies in other lands. The pioneers thus considered schemes to enter the rice trade of Burma, the jute and coal trades of Bengal and even the sugar trade of Java. They even thought of purchasing jute mills and coal mines. They went even further and berthed chartered steamers on the open berth in Bombay and began booking seeds, ores etc., for various European ports. On all fronts, they started in their small way to oust the

giant in the struggle he had forced upon them.

The growing unpopularity into which the British shipping company was sinking and the proportionately mounting losses it was suffering on account of the rate war forced it to come to terms with the India company — terms which allowed a small slice of the coastal trade to the Indian company and enabled it to keep its head just above water. Five small Indian shipping companies, the Eastern Navigation Co., the Malabar steamship Co., The Merchant Steam Navigation Co., The National Steamship Co., and The Indian Co-operative and Navigation Co., operating on the west coast also were victims of ruthless rate wars in the early thirties by the British company which was enjoying the monopoly of the trade. Thanks, however, to the tenacity of these private Indian enterprises supported by the patriotic action of the Scindia Company, all of them were able to survive these trials and tribulations. When it was found that the British controlled company was doing its worst to oust the smaller Indian companies on the Western coast, Indian enterprise bought out the British company and saved

their coastal trade for these companies in the year of the World War II 1939.

During the decade that has followed the end of the World War II, private enterprise in shipping has provided the country with new shipping companies, new trade routes operated by Indian companies, and great activities in the tanker and the tramp trades. Half a dozen new companies have been started operating both from the east and the west coasts of the country among which may be mentioned the India Steamship of Calcutta operating in the India|U.K.|Continent services, the Bharat Line of Saurashtra running India|Persian Gulf services and the Great Eastern of Bombay specialising in the tramp and tanker trades. These companies serve the coastal trade also along with smaller companies operating with less than half-a-dozen ships. As regards tonnage, the figure of 75,000 gross tons to which Indian shipping had shrunk during the World War II, has been raised by private enterprise to 500,000 by now with 100,000 on order, thus implementing the target of the First Five-Year Plan — no mean achievement on the part of free enterprise in Indian shipping.

*With best compliments of :*

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