

informed at the earliest possible moment is a gross breach of the rule.

[*Translation*]

SHRI RAJ KUMAR RAI : I informed the House about it one hour back and I said. . .

(*Interruptions*)

[*English*]

MR. SPEAKER : Not allowed. I cannot allow.

(*Interruptions*)

[*Translation*]

MR. SPEAKER : It is enough now. You please resume your seat.

15.46 hrs.

SHIPPING DEVELOPMENT FUND
COMMITTEE (ABOLITION)
AMENDMENT BILL

[*English*]

THE MINISTER OF STATE IN THE
MINISTRY OF FINANCE (SHRI JANAR-
DHANA POOJARY) : On behalf of Shri
B.K. Gadhvi, I beg to move :

"That the Bill to amend the Shipping Development Fund Committee (Abolition) Act, 1986, be taken into Consideration."

The Government of India has taken several positive steps in the past with the primary object of building up a self-reliant merchant fleet, capable of meeting the needs of the country during peace and war. As a result not only there has been significant increase in national tonnage both in the general shipping sector and in the fishing trawler industry but also it has contributed significantly to the emergence of India as an important maritime nation in the developing world. . .

In the past decade the shipping industry has passed through a very difficult period

because of world-wide recession and sharp decline in freight rates. This necessitated the evolving of a new financing mechanism for extending adequate support to the shipping and trawler industries. After a careful review, therefore, Government decided to wind up the Shipping Development Fund Committee and to create a new financing agency which would have wide financial resources and greater flexibility of operations. This decision was given effect to by the Shipping Development Fund Committee (Abolition) Act, 1986.

Based on the experience of erstwhile SDFC and the difficulties faced by it in effecting recoveries of dues certain special powers had been granted to the Government through the Shipping Development Fund Committee (Abolition) Act, 1986. These special powers include powers to recall of repayment of loans before agreed period, to appoint receiver without intervention of court, to appoint directors and administrators of shipping concerns notwithstanding the provisions of the Companies Act, 1956, to recover dues as arrears of land revenue, etc. Such powers were to be exercised by the Government of India itself or through an agent. Section 16 of the Shipping Development Fund Committee (Abolition) Act had enabled Government to delegate such special powers under chapter III of the said Act to a designated person.

This power to delegate, however, does not extend to other provisions of the Act and is confined to Chapter III. This has led to some administrative difficulties since certain functions under the other provisions of the Act have an intimate relationship with the powers and functions under Chapter III of the Act. It has, therefore, been felt that it would be administratively more convenient if all the powers and functions under the Act could be capable of being delegated and could be exercised by the same authority. It is accordingly proposed to carry out an amendment to Section 16 of the Shipping Development Fund Committee (Abolition) Act, 1986 so as to enable Government to delegate all powers under the Act to a designated person. The delegation of all or any of the powers and functions by the Central Government to the designated person would be subject

to such conditions, restrictions and limitations as may be specified.

With these words I commend the Bill for the consideration of the House.

MR. SPEAKER : Motion Moved :

“That the Bill to amend the Shipping Development Fund Committee (Abolition) Act, 1986, be taken into consideration.”

Shri Ramaiah.

15.48 hrs.

[SHRI ZAINUL BASHER *in the chair*]

SHRI B.B. RAMAIAH (Eluru) : Mr. Chairman Sir, The Shipping Development Fund Committee (Abolition) Act was first introduced in 1958 in replacement of the Merchant Shipping Act for the purpose of development of shipping, both merchant shipping and fishing trawlers. But unfortunately, due to reasons which we do not know, it did not function well. Though they had advanced funds for the public sector to the tune of Rs. 1,058 crores, and for the private sector to the tune of Rs. 745.53 crores, the recoveries are poor and there are a lot of arrears, and ultimately it has been put to loss. If it happens in so many other Corporations which were operating and if they are not properly guided and properly taken care of in all respects, then they may also have to be wound up. According to the guarantee they gave in the last year for this was to have been abolished in 1986 but they would be able to safeguard and get all the people established and give them all the security and operations and give them some opportunities for new jobs.

The idea of putting up a new Corporation is to improve the performance of the shipping and the fishing trawlers. Unfortunately, they were not properly taken care of, How it should be able to operate ? For example, for the Seventh Five Year Plan, they have estimated about five hundred fishing trawlers at the imported foreign exchange cost of Rs. 480 crores and it is supposed to give export of marine products to the tune of Rs. 2,400 crores. So far, they have given licence only to 126 fishing trawlers. Unfortunately, none of

these come into operation. The reason for this was obviously is coming out is that earlier the Corporation used to give about 95 per cent for indigenous manufacturing and for imported ships about 90 per cent of the cost. But the new Corporation which has come into operation has reduced substantially by cutting it to only 80 per cent for indigenous manufacturing and 75 per cent for the imported component. The Debt Equity Ratio which was 6 : 1 earlier has now been reduced to 2.5 : 1. It had become uneconomical for people to come forward and use the facilities of the new system. I do not know whether the new Corporation will give some benefits for the development of shipping or it is going to sink like the earlier one. It has not really given any benefit so far. It has not had the advantages it had promised. They should have taken initiative on coastal shipping. We have a lot of problems in transport of goods and facilities and the surface transport is very expensive. We should have used the coastal shipping along with the development of the ports. If we improve the ports and coastal shipping, probably we can reduce a lot of surface transport cost and operational cost and the real advantage would have come out of it. For example, take Andaman. The tourism is developing very well. If we do not have proper passenger ships, how can we expect this ? They are still using the old condemned ships for this purpose and they are not able to develop it. It all depends on the type of encouragement, the type of operation, the type of mobility—these things really help. But this modification and change of Act will not really be suffice unless they take real, concrete and positive action to develop the shipping. Therefore, I feel that the main thing is that they have to take proper scientific measures to improve the operations either of the merchant shipping or marine or fishing trawlers or passenger facilities which they require for various purposes. If only they take these things into consideration and give proper incentive to them to operate and utilise their resources, it will really help the purpose. Otherwise, changing of Act will not be of any help and it will not serve the purpose,

I hope, the Government will take into consideration these things before they take further action on this.

DR. SUDHIR ROY (Burdwan) : The Bill seeks to amend the Shipping Development Fund Committee (Abolition) Act, 1986 so that the Central Government may delegate its powers and functions to a designated person subject to the conditions, requirements and limitations notified by the Central Government.

The Indian shipping industry started developing during the days of our national liberation struggle. Scindia Steam Navigation Company was started in 1919. When we were struggling for our political swaraj, some of our pioneers also started crusading for economic Swaraj. We all know that in those days there was stiff competition from foreign companies and there was discrimination of an alien Government. Still Indian shipping industry developed. And we find that in independent India Indian shipping industry made a considerable increase in the number of ships. Their number was 151 in 1948 and it went upto 741 in 1985. In 1948 gross registered tonnage was 3.15 lakhs and in 1986 it went upto 6.6 million GRT. But we should not be smug because our share is only 1.59 per cent of the world tonnage.

Indian shipping did much business or did flourish from '60s to '80s because most of our foodgrains which we imported were carried by our ships. Not only this, ONGC has also chartered a number of ships. But as has been pointed out by the Minister, there is a world recession and we are also reeling under that recession which started in 1973. As a result of that shipping industry all over the world has been affected. In India we are experiencing the same thing. But meanwhile countries like South Korea and Hongkong have made rapid strides in the development of shipping industry. But we are lagging behind. Why? Because, as has been pointed out by my friend from Telugu Desam, most of the ship owners mismanaged their funds, diverted their funds in other fields and their old and condemned ships sunk in the mid-sea causing loss of seamen's lives. All this had happened because the Govern-

ment was rather soft to the ship-owners who were practically guilty. But now Government has floated a corporation. We hope that now mismanagement of funds will be severely dealt with. There should be proper monitoring. Ship owners, of course, should be helped with liberal funds but it must be seen that they should face competition from foreign companies.

16.00 hrs.

Shipping industry must be modernised. In this connection I would also like to say that coastal Trade has not yet developed, though India has a vast coast line and every one says that cost of water transport is much less than that of surface transport. But because of very strong lobbying in India of the road transport or surface transport, coastal shipping and water transport has not yet developed.

It has been said that it is for the Government to develop fish trawlers, but we find that they play a negligible role in the production of fish.

Finally I want to say that you talk in terms of development of shipping industry; but what is the plight of the sea-men? The Nanda Committee was appointed to recommend certain things. Nanda Committee recommended that 30% of the seamen should be recruited from Calcutta and 70% should be recruited from Bombay. But only 18% we recruit from Calcutta.

I.L.O. said that the sea men should have continuous employment. But we find that after one employment, they remain idle. They remain unemployed for years together and they are often not paid their retirement benefits. If a sea man dies in harness, his near and dear ones are not paid in time. Not only this, we find that Nanda Committee talked in terms of introducing Unemployment Allowance for sea men. We have been told that huge sums have been lying in London Bank. The sums are due to Indian sea men serving in foreign companies but Government is not withdrawing those sums. Had this sum been shifted to our country, then Government could easily build up fund out of which unemployment allowance could be given to sea men.

Already most of the third world countries have withdrawn their deposits from the London bank. We have been further told that even leaders of recognised union of seamen are not invited to participate in the talk with the Director and, therefore, when you talk of development of the shipping industry, you should also look at the miserable plight of the Indian seamen. You cannot develop an industry when lakhs of seamen are in a very poor condition.

With these words, I conclude.

SHRI THAMPAN THOMAS (Mavli-kara): First of all I would like to bring to the notice of the hon. Minister the plight of the shipping industry in this country. I think the Government is not paying much attention to this industry and it is one of the neglected industry in this country, whereas there is a very good scope for developing it—both inland and outward. Navigation facilities are available and recently a Corporation was formed—Inland Water Authority. No fruitful effort has been made and no progressive achievement has been made in this line. The shipping industry as such is facing very big crisis. Of course, there are international problems. But Indian problems are peculiar. If Government pays more attention to this and something can be done, it may be revived and a lot of persons can find employment, as well it can be seen that water transportation is made much cheaper than transportation by rail or by road.

My friend pointed out something about seamen. That is also one of the problems which effects my State the most—as most of the seamen working in various ships including foreign ships are originally from Kerala. On the coastal belt of Cochin and Mangalore, they go and work. Unfortunately, they have to go for recruitment to Bombay. They stay there. They have to wait there. Their service conditions are regulated by the Port of Bombay. They are put to a great disadvantage. I have personally received many representations from those people about their poverty conditions, particularly seamen in the country. Therefore, I would earnestly request the hon. Minister to look into the problems of the Seamen and to have a regulated system in this

country. My friend, Shri Sudhir Roy, pointed out about these problems and I emphatically support his views. I would request you to see that real problems of the seamen are solved and wherever seamen are available, you kindly regulate their service conditions and give them the benefits.

About the development of the Inland Water facilities some efforts are being made. One of my friends and my colleague has been appointed as Chairman of this body, and he has been looking after this body. But I don't think that sufficient support is given to him by the Central Government to go ahead with the various proposals made by him to improve the inland water navigation. I know that the Kerala Government has put up certain proposals to link the Northern zone via Malabar-Mangalore to Trivandrum by way of providing inland water transport facilities and use it to the maximum possible ways. The people are now transporting their goods through country-crafts and now if mechanised boats are used more goods can be moved cheaply and more people can find job. In this way, transportation is also made easy.

Another part of this thing is the manufacture of ships. I think the abolition of the development fund may have effect on the ship-yards very seriously. Abolition of this fund in 1986 will go against the interests of the shipyards which manufacture ships. I hope the hon. Minister will give clarifications on the points raised by me because I was told that this would really effect the ship manufacturing industry in the country, like Cochin Shipyard, Vizag Shipyard, Bombay Shipyard, etc. All these shipyards have been affected. They have to pay back some money. Earlier there was fund for them to utilise in the best manner possible. If that has gone, it is a very serious thing because Cochin Shipyard is one of the best Shipyards in Asia. But now it is in doldrum because there is no demand for the production of big ships. The big ships which you have manufactured are not in demand now and there is a demand for small ships but small ships are not available in the country. The infrastructure is not useful for the manufacture of small ships. Therefore,

the technology with which ship building was made is not fit for the manufacture of small ships. If that is so, a re-thinking is necessary.

Now, I come to the amendments to the Bill. I see a peculiar thing in the Bill. There was no explanation given. I was keenly following the hon. Minister when he was introducing the Bill. I would like to know whether he will explain what are the "certain other things" which are necessary. I put that in inverted commas. The Minister mentions "certain other things" became necessary to bring forward in this Bill. At least your officers should have instructed to tell us what are those "certain other things" Sir, Chapter-3 alone was excluded in the previous Amendment. In the provisions of the Chapter 3 alone was attracted by the previous amendment.

16.08 hrs.

[SHRI N. VENKATA RATNAM *in the chair*]

Now, Sir, you want to delegate all the powers of the Government. It is a very bad policy. I oppose that policy. Delegating the powers of an authority to any other person without any restriction will result in anarchy because that person is given the power, the Government's power, the sovereign power which is the power which people have given to you and you are delegating that power to somebody in an unrestrictive manner without telling us. The Parliament is a sovereign body. What are the powers which you are going to delegate. It is mentioned "certain other things" are being delegated. I am still in dark what are these "certain other things" and who are the persons to whom you are going to delegate these powers. I have my doubt whether you are going to sell all these things to private bodies or going to give the authority to people of your choice to do anything without any restriction. This is very bad and the approach of this Government is to privatise, delegate and shirk the Government responsibility which is wrest with the Government to other people. It is a very bad taste. This will tell upon the democracy of the country. I would request that at least enlighten us what are those "certain other things" and

kindly restrain from the delegation of powers of the Government to any other person. With these words, I conclude.

SHRI JANARDHANA POOJARY : Sir, I am thankful to the hon. Members for having taken part in the debate and also barring one hon. Members others have supported it, and they have asked for certain clarifications also.

Sir, the delegation of the powers have been challenged by the hon. Member, Shri Thampan Thomas. It is not for the first time in this Bill powers have been delegated. When the Bill was brought into effect and it was passed in the Parliament also, in one Chapter the power was delegated and that was Chapter III.

Coming to the details of the delegation which has been asked for by the hon. Member, I may bring to his notice that some of the items of work which are to be delegated are : Payments to shippards at different stages on behalf of the companies; disbursements of sanctioned loans to shipping companies to enable them to meet all the instalments of deferred credit; payment of guarantees given in regard to the deferred payment of foreign shipyard; payment under invocation of guarantees to Indian and foreign banks; payment of insurance and P and I cover for shipping companies wherever warranted in respect of ships mortgaged to us or otherwise; documentation for loans sanctioned; issue of recovery notices; pursuing court cases for recovery of dues; and dealing with litigation abroad when Indian ships are seized etc.

Sir, it is true that Mr. Thampan Thomas was pleased to say that the shipping industry was in crisis and even the financing was not properly monitored. That is why the SDFC was abolished and this Abolition Act came into force and SCICI has been set up in the month of December 1986 and since then the financing is professionalised and it is properly monitored, and I fully agree with the hon. Members when they stated that the financing of this industry should be properly done. Sir, for this purpose these measures have been taken.

For the purpose of the hon. Members' information I can say, even after the forma-

tion in the last few months, the SCICI has already worked out rehabilitation packages with respect to six shipping companies and the same are under consideration. They are also in the process of working out some packages in respect of another six shipping companies which were in difficulties. They have also financed one shipping vessel after due appraisal of the case and have received five applications from different companies covering acquisition of 13 vessels. These are under various stages of processing. Similarly, on the fishing side the SCICI has already sanctioned finance to seven companies covering 13 trawlers. They have also received nine applications from different companies. In addition, a large number of inquiries have been received. Wherever incomplete applications are there, the SCICI is getting in touch with the parties to suitably advise them.

Sir, in addition to that, for the benefit of the hon. Members, I may say that the Government of India have a plan of acquiring 500 trawlers during the 7th Plan period ending 1989-90. The Government propose to reach this target as under :

Number of vessels in operation	— 113
Number of vessels under construction	— 53
Number of vessels for which Tripartite agreements signed and awaited to be taken up for consideration	— 34
Number of vessels for which loan recommended by the Ministry but to be ratified by SCICI	— 35
Number of vessels including second-hand vessels expected for letter of intent/letter of permission issued and under 100% BOU general imports	— 65
Number of vessels proposed to be added under charter scheme	— 200

So, the total is 500.

Sir, the total assistance extended by this new company up to 2-4-1987 was of the order of Rs. 60.76 crores. I do not want to take much of the time of the House. I definitely keep in mind the suggestions of the hon. Members particularly of Mr. Thomas. I am grateful to the hon. Members for the suggestions, particularly for the hon. Member from Andhra Pradesh, Mr. Ramaiah and I will keep in mind all the suggestions given to me.

With these words, I conclude my speech.

MR. CHAIRMAN : There is no amendment to the Bill. The question is :

“That the Bill to amend the Shipping Development Fund Committee (Abolition) Act, 1986, be taken into consideration.”

The motion was adopted.

MR. CHAIRMAN : Now, clause-by-clause consideration of the Bill. The question is :

“Clause 2 stand part of the Bill”.

The motion was adopted.

Clause 2 was added to the Bill.

MR. CHAIRMAN : The question is :

“Clause 1, the Enacting Formula and the Title stand part of the Bill”.

The motion was adopted.

Clause 1, the Enacting Formula and the Title were added to the Bill.

MR. CHAIRMAN : The Minister may move that the Bill be passed.

SHRI JANARDHANA POOJARY : I beg to move :

“That the Bill be passed.”

MR. CHAIRMAN : The question is :

“That the Bill be passed.”

The motion was adopted.