

LOK SABHA

Friday, February 16, 1968/Magha 27,  
1889 (Saka).

The Lok Sabha met at Eleven of the  
Clock.

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Shipping Freight Rates

\*91. SHRI B. K. DASCHOW-  
DHURY: Will the Minister of  
TRANSPORT AND SHIPPING be  
pleased to state:

(a) whether the shipping industry  
has urged that the shipping freight  
rates should be reviewed; and

(b) if so, the action taken in the  
matter?

THE MINISTER OF TRANSPORT  
AND SHIPPING (DR. V. K. R. V.  
RAO): (a) and (b). Since Government  
of India have not taken any statutory  
powers to review and fix freight rates  
in the overseas trades, it is pre-  
sumed that the Question refers to  
only coastal shipping freight rates.  
Government have not received any  
specific request for upward revision of  
coastal freight rates, but the shipping  
companies have requested that a  
machinery should be set up for per-  
iodical review of coastal freight rates.  
The companies have been asked to  
furnish certain information to enable  
the Directorate General of Ship-  
ping to examine the request further.

SHRI B. K. DASCHOWDHURY:  
Sir, in view of the current economic  
recession, if the shipping companies  
would ask the Government of India

to review the present shipping freight  
rates, may I know whether the Gov-  
ernment will straightway refuse to  
review the present shipping rates?

DR. V. K. R. V. RAO: I do not  
quite understand what the hon-  
Member has in mind. As far as over-  
seas shipping rates are concerned, we  
do not determine them, but we are  
constantly reviewing them. For exam-  
ple, when the companies try to raise  
the rates, we contest and we go into  
negotiations. We have got a Freight  
Investigation Bureau which examines  
these rates and gives us the data for  
contesting the rise in rates. But we  
have no control over the overseas  
shipping rates while we have over  
the coastal shipping rates.

SHRI B. K. DASCHOWDHURY:  
Indian shipping concerns are mostly  
dominated by the British and Ameri-  
can interests and it has been seen in  
the papers that in the last Indian  
Shipping conference they have asked  
the Government of India to review  
the present shipping rates. But what  
will be the impact if the shipping ra-  
tes are to be increased at all? The  
result will be that the prices of all  
essential commodities and import and  
export costs will go up. So I would  
like to have an assurance from the  
Government that the shipping rates  
will in no way ...

MR. SPEAKER: No assurance dur-  
ing Question Hour.

SHRI B. K. DASCHOWDHURY:  
...be raised by the shipping con-  
cerns of India.

MR. SPEAKER: During Question  
Hour, there is no assurance demanded  
and given. Have you any more ques-  
tions to put?

DR. RANEN SEN: Is it a fact that there is a persistent pressure from the foreign shipping companies to increase the freight rates? If so, what is the attitude of the Government of India? What steps is the Government of India taking to prevent the foreign companies to get away with the increased freight rates?

DR. V. K. R. V. RAO: I would not quite say that there is a persistent pressure on the part of shipping companies to raise freight rates. But, in the last 12 or 10 months or so, and even before the Suez Canal closure, they wanted a certain rise in rates, I think, by about 10 per cent. Then after the closure of the Suez Canal, they wanted a further increase. In both these cases we immediately contested and then we entered into negotiations. We sent a delegation to bring down the rates from the original level that they wanted to raise them to.

I will agree with the hon. Member that we are very much concerned with any rise in the shipping rates because it affects our import and export freight. That is why we have been trying to establish a discussion formula. In case of some Conference Lines there is a discussion formula. Before they raise the rates, they discuss with us. But in the case of others there is no formula, but we are trying to get a formula.

SHRI R. BARUA: After the closure of the Suez Canal and in the light of the freight increase there has been an adverse impact on our export trade and, on the other hand, our own capacity for shipping is very limited. May I know what steps the Government is going to take in order to see that our export trade is not adversely affected so much by the rise in freights?

DR. V. K. R. V. RAO: We are approaching the problem in a two-fold way. On the one hand, we are trying to enter into negotiations with these various Lines to see that the shipping rates are not raised, or if they are raised, they are raised to

the minimum possible extent; on the other, we are also trying to expand the tonnage of our shipping. We hope that if we are able to succeed in raising it sufficiently, that would be the best safeguard against this domination by foreign shipping companies.

SHRI D. N. PATODIA: There is no doubt that rising shipping freight rates from India are proving to be a serious curb on export promotion. As an illustration, recently certain freight rates were put on export of steel tubes; whereas the freight from Calcutta to Australia is 218 shillings and from Bombay to Australia 225 shillings, that from Japan to Australia is only 132 shillings.

During the last session, various questions were raised. The hon. Minister had said that a freight investigation bureau was set up to investigate and from time to time negotiate on how freight rates could be brought down. Secondly, the hon. Minister had admitted that one of the reasons why freight rates are so high is that port conditions are very bad and without these higher rates the Lines do not find it economical to operate. Therefore what specific action have Government taken to improve port conditions? Secondly in what respect has this bureau been successful in bringing down the rates of freight?

DR. V. K. R. V. RAO: Regarding the second part of the question, it is because of the freight investigation bureau and the studies they have made that we are able to enter into negotiations with the foreign shipping lines and have been able to bring down the rates from those they had originally scheduled, though not to the extent that we would like. But certainly we have been able to effect some reduction.

As regards the improvement in ports, I think the hon. Member is very much aware that it is not a problem that can be solved very quickly. We are trying our best to do what we can. We have also recently set up a Ports Commission, we have

Invited experts from outside, and they are going round the major ports so that a really integrated programme can be drawn up for the purpose of modernising our ports and making them viable enough to keep in line with the improvement that is taking place both in shipping technology and in other matters.

**SHRI D. N. PATODIA:** Therefore, the programme has not been drawn up so far.

**DR. V. K. R. V. RAO:** The programme cannot be drawn up unless the matter is studied.

**SHRI CHINTAMAN PANIGRAHI:** Is the Minister aware that the coastal refineries such as those in Bombay send almost all the refinery products to other parts of the country in ships owned by foreign interests, and the freight rates being too much, it adds to the cost of the refinery products in other parts of the country? If so, is he trying to replace these ships by our own ships to carry this coastal trade so that we may not have to pay such a high price for the refinery products thus transported?

**DR. V. K. R. V. RAO:** I think there is a misunderstanding in the mind of the hon. Member. Except for ships that have to carry crude and petroleum products to and from the refineries, all coastal shipping is almost completely in the hands of Indian ships. Recently, with the coming up of the new refineries, action has been taken in this regard. For example, when the Madras refinery comes up, or when the Cochin refinery is established or later on when the Haldia refinery is commissioned, we are taking steps to see that we charter ships of our own so that in the case of all these refineries, our own ships will be able to carry the products.

**SHRI E. K. NAYANAR:** Is it a fact that after devaluation in June 1966, the freight charges on American ships have increased on a rupee basis?

**DR. V. K. R. V. RAO:** I want notice.

**SHRI BEDABRATA BARUA:** I do not think it would be advisable to yield to the pressure of foreign or Indian shipping in regard to freight. I believe that increase of tonnage of Indian ships is the solution to this problem to a certain extent. In that regard may I know what has happened to the recommendations of the National Shipping Board and the National Shipping in regard to making available foreign exchange and also rupee credit and all that for the expansion of shipping?

**DR. V. K. R. V. RAO:** All those recommendations are under the consideration of the Government.

**SHRI S. C. SAMANTA:** The hon. Minister said that revision of the coastal shipping freight rates is being considered by the Government. May I know whether this thing has been referred to the Shipping Board, and if so, what is the recommendation of the Shipping Board if not, will it be referred to the Shipping Board?

**DR. V. K. R. V. RAO:** I do not think this particular question of revision of coastal shipping rates has been referred to the Shipping Board, but I shall certainly consider the suggestion made by the hon. Member.

श्री श्री हार लाल बेरवा : अभी मंत्री महोदय ने बताया कि स्वेज नहर के रोके जाने से पहले भी भाव बढ़े थे और बाद में भी भाव बढ़ाये गये थे। मैं जानना चाहता हूँ कि क्या अमरीका से आने वाले गेहूँ पर इस भाड़े की बढ़ोतरी का कोई असर पड़ा है ?

**DR. V. K. R. V. RAO:** I am sorry I am not in a position to answer the question. do not know the facts.

**SHRI VIRENDRAKUMAR SHAH:** The hon. Minister has already indicated that the freight rates for export

of goods from India are much higher than those for export from Japan due to several reasons including port conditions etc., which are being studied by the Government for one year. May I know whether meanwhile, in order to enable the Indian exporters to compete with Japan and other countries, Government would consider giving any subsidy or anything so that they can compete on an equal basis with the Japanese exporters?

DR. V. K. R. V. RAO: I am quite prepared to place the hon. Member's suggestion before Government.

#### Effect on Tourism of U.S.

##### Curbs on Investment

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\*92. SHRI HIMATSINGKA:  
SHRI HEM BARUA:

Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state:

(a) whether the U.S. curbs on investment and travel abroad are likely to affect India's foreign exchange earnings through tourism and International airways; and

(b) if so, the estimated amount of reduction in foreign exchange earnings on this account during the ensuing year?

THE DEPUTY MINISTER IN THE MINISTRY OF TOURISM AND CIVIL AVIATION (SHRIMATI JAHANARA JAIPAL SINGH): (a) and (b). No restrictions have so far been placed by the U.S. authorities on foreign travel, but the President of the United States in a recent speech has appealed to American citizens to defer for two years all non-essential travel beyond the western hemisphere. The possible effect on foreign exchange earnings from tourism can be estimated only after the nature and extent of the restrictions that may be applied, if any, are known.

SHRI HIMATSINGKA: May I know whether any assurance has been obtained from the U.S. Government

that the recently announced curbs will not affect India, and if so, what is the precise nature of such assurance, and whether also it is a fact that in spite of such an assurance, curbs like the 'P' Form and tax are being imposed on all tourists coming to India and other Asian countries?

THE MINISTER OF TOURISM AND CIVIL AVIATION (DR. KARAN SINGH): No such assurances have been obtained from the U.S. Government.

SHRI HIMATSINGKA: How will it affect the earnings of Air India International?

DR. KARAN SINGH: We are disturbed over this new development, because we fear that it will adversely affect our whole promotional activity for tourism. We have conveyed to the U.S. Government our concern in this matter. They have so far not actually put in any legislative curbs. We are hoping that as far as possible these curbs will be the minimum as far as India is concerned.

SHRI HEM BARUA: With the devaluation of the British £ there was apprehension in American Government circles about the stability of the Dollar, and therefore, these curbs on investment and travel abroad were put. Now that the U.S. Treasury Secretary has come out with the statement that the Dollar is the most stable currency in the world, may I know if Government are going to ascertain from the U.S. Government circles if they propose to withdraw these curbs on investment and travel abroad?

DR. KARAN SINGH: As I said, we have, through our Embassy in Washington and also the personal meeting I had here with the U.S. Ambassador, conveyed to them our deep concern, because we feel that one of the best ways in which balance of payment with the United States can be remedied is through increasing tourism. We pointed out to them that it would be