

**Revival of Shipping Industry**

\*292. SHRI V. SREENIVASA PRASAD:  
SHRI BANWARI LAL PUROHIT:

Will the Minister of SURFACE TRANSPORT be pleased to state:

(a) whether Government have recently finalised the measures to revive shipping industry and framed guidelines for rehabilitation of viable companies;

(b) if so, the details thereof; and

(c) the extent to which the measures proposed by Government will help the shipping industry?

THE MINISTER OF STATE OF THE MINISTRY OF SURFACE TRANSPORT (SHRI RAJESH PILOT): (a) to (c). A statement is given below:

**SATATEMENT**

(a) to (c) The recent measures taken by the Government to revive shipping industry include providing financial assistance to viable shipping companies through rehabilitation proposals, helping shipping companies in getting more percentage of share of Indian Cargo, simplifying procedures for acquisitions and scrapping of vessels, encouraging acquisition of specialised modern fuel efficient vessels etc. The guidelines framed by the Government with the help of Shipping Credit & Investment Company of India Ltd. for rehabilitation of viable Private Sector shipping companies include moratorium on repayment of loans, interest holiday for a limited period, rescheduling the repayment of loans etc. These measures would help the potentially viable shipping companies to overcome the adverse effects of the long global recession and lead to creation of a stronger and financially viable shipping industry.

SHRI V. SREENIVASA PRASAD: Sir, Government has been executing a number of rehabilitation schemes for the shipping industry in the face of global recession which has adversely affected the small

Indian Shipping companies. I would like to know from the hon. Minister whether the Indian Shipping companies including the Shipping Corporation of India are mostly buying Korean built ships which are not suitable for our purpose

There are a lot of offers from western European countries like Denmark, France and West Germany with great facilities. If so, why this offer has not been considered properly in place of Korean and Japanese suppliers?

SHRI RAJESH PILOT: Mr. Speaker, Sir, the main question which the hon. Member has put to the Department was on the shipping companies and what the Government is doing to rehabilitate them. The Supplementary that the hon. Member is trying to ask is whether offers of purchasing ships from some countries have come whether we consider them or not. I think better he puts a separate question on this subject

SHRI C. MADHAV REDDI: Sir, last December a Planning Group as set up to go into the question of preparing a perspective plan for modernisation of shipping industry. I understand that this Group's Report has come. I would like to know what are the recommendations made by the Planning Group.

SHRI RAJESH PILOT: Sir, it was an Empowered Committee which was set up to look into this matter and this subject has been transferred to the Finance Ministry. Under the Chairmanship of the Finance Secretary this Committee is working. I think the Finance Ministry will give you more information on the subject.

SHRI BASUDEB ACHARIA: Sir, the Scindia Steam Navigation is one of the oldest shipping industries now in our country, which is on the verge of closure, liquidation. May I know from the Minister whether there is any proposal to save this one of the oldest shipping industries of our country, Scindia Steam Navigation?

SHRI RAJESH PILOT: Mr. Speaker, Sir,

it is a fact that one of the very old and rather oldest shipping company's the country is proud to call is Scindia.

THE MINISTER OF STATE OF THE MINISTRY OF RAILWAYS (SHRI MADHAVRAO SCINDIA): Thank you very much.

*(Interruptions)*

SHRI RAJESH PILOT: Madhav is feeling happy over this. It is unfortunate that the Company has landed up in this situation

Sir, the main reason of this Company coming to this state has been due to various factors and the main factor has been mismanagement of the Company. Then we have been noting that shipping has gone into recession, all shipping companies must think of diversification which they could not do and of course, that major factor has to be taken into account. Sir, in 1920 when this Company started, they had 40 ships and were one of the biggest in the country, but slowly and slowly because of various factors they landed up with assets of Rs. 85 crores and outstanding of Rs. 165 crores and overdue from the Government is roughly Rs. 135 crores. It is under the consideration of the Government, we have given them lot of options, how they can manage and give a feeling to the Government that the Exchequer's money is being utilised for the national cause and for a right cause. If Government is satisfied with these proposals and they come out with viability, Government will help them

SHRI ANAND SINGH: I just wanted to know this. The answer says, "...include providing financial assistance to viable shipping companies..." I would like to know how much money has been allotted in this Plan for this purpose.

SHRI RAJESH PILOT: Sir, it is not the amount which matters. There are nearly 17 companies which had asked for viability assessment and out of 17, nine have been recommended for the benefits which we discussed with the shipping companies,

Finance Ministry and Surface Transport Ministry and six have been advised to wind up because they are not in a viable condition, and two are still under consideration. Amount is certainly not a factor because Government is fully aware that shipping is in recession. And we are also happy to inform the House that with this heavy recession our shipping industry has sustained itself in comparison to developed countries, where the Government is going beyond the imagination as to how much help to be given to the shipping industry, but whatever, little our country, our national Government, could afford, with that effort we have sustained the recession to a great extent. On Government part, as I have been mentioning in the House and at other functions Government have made whatever possible efforts in supporting the companies to face recession in terms of cargo support, in providing financial assistance and giving loan holidays and other major measures that could be possible

SHRI ANAND SINGH: The Question clearly says, what is the financial assistance.

MR. SPEAKER: He says, that is not the question.

SHRI ANAND SINGH: He has given that. But how much is he providing as financial assistance? He says, money does not matter. Then, what does matter?

DR. DATTA SAMANT: All the shipping industries in the country are facing the crisis. *(Interruptions)* I have no union there. Regarding Scindia Shipping Company and Mechanese Co in Bombay something is happening. Their share capital is only Rs. 180 crores. But so far about Rs. 700 crores or Rs. 800 crores from the banks as loan, from the Government money have been spent by these companies. But these people are not modernising the industry.

MR. SPEAKER: You put the question.

DR. DATTA SAMANT: I am going to ask the hon. Minister whether instead of giving

them such finances and all these things, why don't you do one thing. India is having a big coast and there is a lot of import and export. Why do you not take over these industries? Otherwise, the process will go on. You nationalise and take over, all these industries. Shipping industry has a parallel and good transport.

**SHRI RAJESH PILOT:** With your permission, I would just clarify the hon. Member's point. What I said was, we cannot really earmark that this money is allocated to revive the shipping industry. Whatever their requirement, that has to be seen. Some company may be just requiring loan holiday, no repayment. Some company may be requiring some more extra loan to continue the unit. I do say, whatever possible financial assistance required, we are for it, so that they can become viable. In case they cannot become viable, there is no question of any financial quota putting for it.

I will just read the measures which have been taken to face recession and make the companies viable so that the whole House knows about it.

- (i) Restructuring of the shipping industry by weeding out unviable units.
- (ii) Strengthening the capital structure of viable shipping companies.
- (iii) Encouraging non-shipping companies to diversify into shipping and diversification of shipping companies to offshore sector.
- (iv) Continuation of existing system of priorities in chartering of ships.
- (v) Providing cargo support to Indian shipping companies.
- (vi) Adopting a flexible policy on acquisition of second-hand ships. Earlier it was not there.

We have put a time limit. When a company asks for acquisition of ships, within 4 or 6 weeks, the company has to be told, "Yes or No" Earlier it used to take years together. The company is to earmark the ship and by the time, the ship is sold off. Government was not giving permission in time. So, we have simplified all these procedures

Then, there is reviewing the scrapping policy. Earlier, for scrapping, companies have to go and take the permission of Customs, and pay customs. Now, we have put it under O.G. licence. Any time, if the ship is to be scrapped, no delay is done in that. In the same way, we are also trying restructuring maritime training with changing technology. These are the measures.

As I mentioned earlier the main support which we are trying to give is cargo support. Earlier, when they used to import things, they used to come in the sellers' ship. That is called, C.I.F. Now we are getting it on F.O.B., Free on Board. This would be a great boost to the shipping industry.

I hold meeting every quarter with the shipping industry. We have face to face talk. The whole Department sits and the whole shipping industry sits. Their questions are clarified and whatever help can be given, on the spot, it is decided, in helping the shipping industry.

**SHRI H M PATEL:** I would congratulate the Government on the steps it is taking to revive the shipping industry. The various measures the Minister has read out just now are excellent provided, they, in fact, work in the way in which they are intended to work. The Minister himself has said how things take years together in order to give sanction to buying of second-hand ships or scrapping ships and so on. Now, they hope to do it in a matter of months. I hope until the shipping industry is revived, Government will really carry out its intentions. You do it not in months but within weeks. It is not necessary to take months for doing anything. It is not always a ques-

tion of funds as the hon. Minister rightly said. It is a question of taking decisions at right time and I hope that will be done.

**SHRI RAJESH PILOT:** Let me assure the hon. Member that the reflex action of a Pilot is supposed to be very quick.

**MR. SPEAKER:** That will help.

#### Road Accidents

293. **SHRI BRAJA MOHAN MOHANTY:**  
**SHRI A. JAYAMOHAN:**

Will the Minister of SURFACE TRANSPORT be pleased to state:

(a) whether despite the steps taken all these years the rate of road accidents is growing every year putting India at the top with road accidents rate resulting in fatal cases; and

(b) if so, what fresh initiatives are contemplated in the matter to bring down the number of road accidents to the minimum?

**THE MINISTER OF STATE OF THE MINISTRY OF SURFACE TRANSPORT (SHRI RAJESH PILOT):** (a) No, Sir. The number of road accidents and fatalities per one thousand vehicles has shown a progressive decline over the years.

(b) The recently constituted National Road Safety Council, in its meeting in July, 1987, recommended to the State Governments and U.T. Administrations to set up State Level Road Safety Councils and District-level Committees and to formulate and implement road safety measures, including highway patrolling.

Stricter provision have also been proposed in the Motor Vehicles Bill in respect of driver licences, vehicle fitness certificates and deterrent punishment for traffic violations.

**SHRI BRAJAMOHAN MOHANTY: I**

would invite the attention of the hon. Minister to the annual report of the Transport Ministry. In the years 1984 and 1985, the rate of accidents for one lakh KM was 1.47. In 1985-86, it increased to 1.55 and in 1986 and 1987 it further increased to 1.63.

My question will be whether the hon. Minister had investigated and identified the reasons for the increasing accident rate during the last three years and whether the Government has taken any steps in that regard.

**SHRI RAJESH PILOT:** Seeing the increase in the fatal accidents, Government was worried and that is why they constituted the National Road safety Council at national level. We had held discussions with experts from the road sector and other experts who are available, to give us their opinion on it and we decided that at State-level also, such discussions should be held so that the matter could be thought over and some initiative should be taken in that line. I fully share the worry of the House and of the hon. Member that fatal accidents are on the increase. I am not denying that factor. When we calculate the ratio the hon. Member wanted to know about that—despite putting India at the top of road accidents, when you calculate the ratio of fatal accidents for 1,000 vehicles and when you compare with that of developed countries, where the number of vehicles is much more, their ratio comes down. If you count the number of accidents, theirs will be much higher than ours. Their ratio goes down because the developed countries have more vehicles in comparison to their population than that of India. In that ratio, we are certainly high. I am not denying that fact. But all possible action is being initiated by Government by bringing the Motor Vehicles (Amendment) Bill which will be before the House any day. I could not bring it here because of my absence.

We are also holding road safety meetings of the Road Safety Council, some films are also shown.