

From the Chair

India Steamship Co., Ltd.

Speech of the Chairman, Sir A Ramaswami Mudaliar, K C S I, D C L (Oxon)

THE following is the address of Sir A Kamaswami Mudaliar, K C S I, D C L (Oxon), Chairman, Indict Steamship Co, Ltd, delivered at the Annual General Meeting of the Shareholders of the Company, held on the 14th November 1960

GENTLEMEN,

The Audited Accounts and Directors' Keport for the period ending March 31, 1960, have been in your possession for some time. With your permission, I shall take them as read.

The Directors' Report shows that the freight earned during the year was Rs 8.38.59,427 as against Rs. 8,04,04,160 in the previous year. The total number of liner voyages during the year was 47.5 compared to 39 voyages in the previous year. Though the freight earned was higher than last year, I regret to slate that the net result is a substantial loss to the Company. It is necessary that you should be informed of the reasons for the loss and the steps that are being taken by the Company to remove some at least of the factors that produced this result.

OVERSEAS TRADE AND FREIGHT RATES I had referred last year to the decline in international trade and to its effect on international shipping which is always extremely competitive. During the year under review, the liner trade had to face aggressive competition from tramps which, scouring the seas for decreasing volume of commodities, offered rates of freight which made many shippers divert their custom from their usual liner companies. In spite of the Conferences reducing freights to meet this fierce competition particularly in commodities which could form bulk cargo the lines were heavily handicapped. Your Company has felt the effect of this competition both in the outward and inward trade. Your ships had to call at an even greater number of ports than usual, to secure the cargo and had necessarily to incur heavy expenses for port dues and other similar charges.

The first factor which affected your Company's net earnings and which perhaps was common to many

other lines in this trade was the reduced rates of freight. A second and more serious factor which affected your Company was the unhealthy and unfair competition to which it was subject from some of the liner companies which are its colleagues in the main, Conferences of which it is a member. It must be recorded, however unpalatable the fact, that competition by undercutting the freight rates through larger rates of rebate to shippers than permissible by Conference rules, has been freely resorted to by some lines in a desperate attempt to secure the freight at any cost. Other forms of evasion of rules have come to notice and their effect has been, equally disastrous.

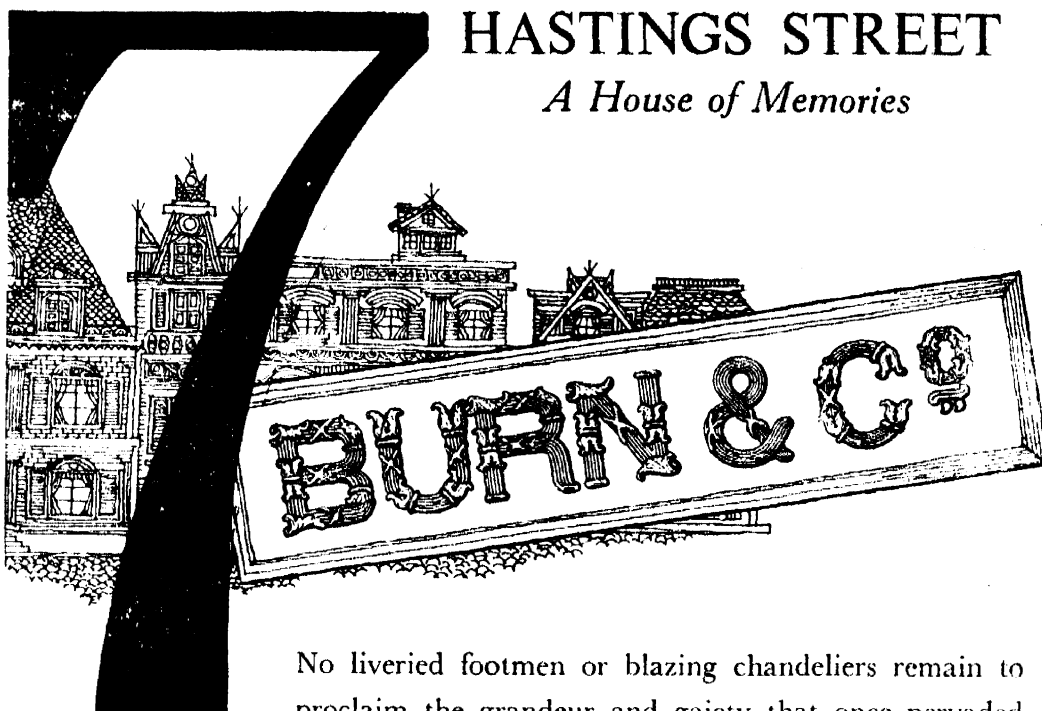
The system of entrusting the booking of cargo by shippers to institutions named "forwarding Agents" is a useful and well recognised system and has been of equal help to shippers and shipping companies. But unfortunately during the last two years, even this system has come to be misused by some forwarding agents on the Continent of Europe who, by illegitimate means, have influenced the direction of cargo to the ultimate detriment of both the shipper and the lines concerned. It is unnecessary to refer in any detail to the methods adopted by these few Forwarding Agents and the harmful effects of such practices. In addition to some lines adversely affected by such practices, the Central Government has also been thwarted in its attempts to conserve foreign exchange and the authorities are generally aware of the position.

LIKELY SOUTION

Your Company, along with some others, have given most anxious consideration to means whereby these evils can be reduced, if not eliminated. They have realised along with some of their colleagues that the Conference system itself will be seriously jeopardised if these conditions continue. It is unnecessary to dilate on the salutary purpose which the Conference system serves. Contrary to the notions of a few shippers who sometimes feel that it restricts their freedom of choice of ships, it is of

at least equal value to shippers as to shipping companies. The suggested solution, which is now engaging the serious consideration of the lines, is the allocation of the total freight earnings of all the shipping lines of a Conference in certain proportions over a term of years, providing at the same time for the growth and development of the Meets of underdeveloped countries, through a defined and reasonable increase in the rate of allocation during the years comprised in the stated term. Your Directors have, after very anxious consideration, put forward proposals in this regard jointly with the sister Indian Company, the Seindia Steam Navigation Company Ltd. and are expecting that an arrangement would be agreed upon by all Companies, members of the Conference in the India/U.K./Continent trade. very shortly. I do not wish to deny that there are some disadvantages in any practicable arrangement that may be arrived at. but your Directors after weighing both the disadvantages and the advantages have come to this decision. It will eliminate those unworthy charges of Flag discrimination which really reflect on the fair and equitable judgement of those who level such charges. Above all, the evil practices that I have referred to will be greatly minimised. If contrary to expectations an arrangement on the above lines is not arrived at and that very shortly, the Indian lines are prepared to adopt other measures in consultation with their Government, to secure their right.

It should not be imagined that, if a pooling arrangement of freight earnings is adopted. Indian companies can sit back and calmly await the result of the allocation of the pool amount. Your Company cannot relax its efforts to carry a fair amount of freight in either direction and shippers whether in the private sector or in the public sector will. I hope, fully co-operate in developing National Shipping by a fair allocation of cargo to Indian shipping companies. I may in this connection, be permitted to express my concern and disappointment at the manner in which the State Trading Corporation in its chartering section has been



No liveried footmen or blazing chandeliers remain to proclaim the grandeur and gaiety that once pervaded the large red brick mansion that still stands in Calcutta's Hastings Street and which Warren Hastings, India's first Governor-General, built for his charming wife as her town house. For many years this fine residence was the scene of glittering assemblies and balls, the entrée to which was considered a high social privilege.

In 1827, No. 7 was acquired for the purpose of its business by the old established engineering firm of Burn & Company which occupied it for almost a century. By reason of its expanding business, Burn & Company found this historic building with its cobbled carriage drive and spacious rooms too small, and in 1925, the Company was forced to sever its link with this house of memories and moved to larger premises in Clive Street, where it joined hands with Martin & Co.

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functioning. It may be that, owing to the rigidity of financial regulations, it has had to pursue a policy which, at least among-Indian shipping companies, has not found a supporter. There- are more far-reaching aspects of chartering than the consideration that a cheap freight can be had from an over-tonnaged trainp fleet or a distress charter vessel. Foreign exchange earnings for which an intensive drive is being made by the Central Government should be, one would have thought, a formidable corrective to an oversimplified calculation of a low freight charge, I still hope that the Charter Committee will be reconstituted on a broader and firmer basis and its policy belief clarified".

PORT DELAYS

A severe handicap particularly to Indian shipping is the condition of some of the Indian ports and the substantial delay in the turn-round of ships both at Indian and foreign ports. I have stated at successive annual meetings that ships earn only when they are voyaging on the high seas and that more time is spent in ports in a year than on the high seas. During the year under review, the drafts in the port of Calcutta showed further deterioration and in many cases ships were unable to lift even the decreased cargo that was offered owing to draft restrictions. I must however, in fairness to those in charge of the port, slate that conditions have considerably improved during the current year and that, thanks to their sustained effort and the interest taken by [he Transport Ministry, more permanent improvement is in the oiling. While we are thankful for these improvements in the major Indian ports and for the greater awareness which the (Government and the port authorities are showing in the modernisation of our ports, we must also express our regret at these beneficial results being nullified by the attitude of labour at some of these ports. Unauthorised strikes by Dock labour unions and lightning strikes such as the strike of Tug Operators are causing loss and damage to shippers and shipping companies, the extent of which is not properly understood or appreciated. The recent Tugmen's flow bay paralysed the work of the port for many days with considerable financial loss to all concerned. But what is not apparent is the adverse effect it has on other ports when the

strike is over, by the bunching of ships at these ports and consequential delays in obtaining berthing facilities. It is not in Indian ports alone but even more in foreign ports and particularly in the U. K. ports of London and Liverpool that this evil of undeclared and unauthorised strikes is manifesting itself all too frequently. Unless remedial measures are adopted, such chaotic conditions will lead to harmful results to all concerned.

THE FUTURE

I have given a faithful picture of conditions that existed during the year. I confess however that there may be overtones in the picture presented and that it may lead you to the belief that the future is one of unrelieved gloom. I do not hold to that belief myself. International shipping is notoriously subject to fluctuations, sometimes violent iluc-tiifllions. I consider that we have passed through such a period and that it will not be unreasonable to look forward to a less anxious future Your Company in particular is firmly established and rests on a solid basis. The eagerness and enthusiasm which its officers of all ranks and the staff show is unabated. The interest that is taken by the authorities in the development of Indian shipping is gratifying and encouraging. The National Shipping Hoard, under its Chairman, Mr. O. L. Mehla, continues to lake an increasing interest in the development of Indian shipping. The present Minister of Transport, Dr. Subbaroyan, and the Minister of Shipping, Mr. Raj Bahadur are evincing keen interest in the problems of Indian shipping. Mr. Raj Bahadur has devoted himself to a study and understanding not merely of Ithe major but even of the minor problems of Indian, shipping. The Ministry of Transport, through its

Secretariat, the Director General of Shipping and the Senior Deputy Director and other officers, have been in constant touch with Indian shipping companies and have greatly helped them with advice and assistance. The establishment of the Shipping Co-ordination Committee holds out promise of fair treatment to Indian shipping. When the Chartering Section of this Committee is properly organised and hroadbased, it should help the development of Indian tramp shipping, so badly needed by the country. Above all, the development of shipping in the public sector, insofar as it is within proper limits, is in my opinion a help and not a hindrance to the development of Indian shipping in the private sector. It will present to the authorities more directly and more vividly the difficulties and handicaps which it suffers from and thereby will increase still further the awareness of problems of Indian shipping by the authorities. I therefore take a fairly optimistic view of the future of Indian shipping and of your Company in particular.

Trunin:


In spite of the financial results of the year, f feel it my duly to pay a tribute to the devoted services which the officers, both ashore and afloat, and the staff of the Company have rendered during the year. In the face of exceptional difficulties, they have spared no pains to achieve results such as they are. I must also convey the thanks of the Board to the shippers who have extended their continued and firm support to us and to the Rrokers and Forwarding Agents who have shown confidence in us and in the standard and quality of our shipping service.

NOTE: This is not a report of the proceedings at the above Annual General Meeting.

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November 19, 1960

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