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GOVERNMENT OF INDIA

TARIFF COMMISSION

Report on the Revision of Fair Prices Payable to Cement Producers

BOMBAY, 1958

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SHRI J. N. DUTTA	*Member*
SHRI R. S. BHATT	*Member*

SECRETARY

DR. RAMA VARMA

1—19 T. C. Bom./57.

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY.

New Delhi, the 30th June, 1958.

RESOLUTION

Cement prices

No. Cem-8(5)/58.— In their Resolution No.Cem-8(5)/57, dated the 12th/14th January, 1957, the Government of India being of the opinion that a fresh examination of the cost of production in each of the cement factories and the fair prices payable to the cement producers was necessary, requested the Tariff Commission to conduct an inquiry. The Commission on conclusion of its enquiry has submitted its report. The main recommendations of the Commission are as follows:—

(a) The final fair ex-works prices of naked cement should be fixed as below:—

	Rs. per ton.
(i) A. C. C.	58.00
(ii) Andhra Cement	65.00
(iii) Ashoka	65.00
(iv) Bagalkot	62.50
(v) Dalmia Bharat	54.50
(vi) Dalmia Dadri	56.50
(vii) Digvijay	56.50
(viii) India Cements	60.50
(ix) Jaipur Udyog	57.00
(x) Kalyanpur	59.00
(xi) Mysore Iron	58.50
(xii) Orissa Cement	55.50
(xiii) Rohtas	54.50
(xiv) Sone Valley	59.00
(xv) Travancore Cements	80.50
(xvi) U. P. Factory	57.00

(b) The ex-works prices recommended should be in force from the 1st January, 1958, to the 31st December, 1960, except in the case of Dalmia Cement (Bihar) Ltd., the price in respect of which should be in force till the end of 1959, before which date a fresh examination of its costs should take place.

(c) The case of each new unit to be established in future should be taken up for cost investigation individually as soon as it goes into production and is able to provide data relating to costs and consumption for a period of at least three months.

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(d) Whenever there is a general increase in the controlled pit head prices of coal a reference should be made to the Commission in regard to the extent to which the price applicable to each unit should be increased.

(e) The system of rebates allowed by cement producers to the Central and State Governments in the price of cement supplied to them should be abolished. Alternatively, the State Trading Corporation should be asked to pay the rebates.

(f) The use of second hand bags for packing cement should be discontinued in future.

(g) Government should undertake a re-assessment of the price at which cement is made available to consumers.

(h) Rehabilitation allowance should be given only to those units which have plant and equipment installed prior to 1949, and the rules governing the segregation of these amounts and their utilisation may be the same as were applicable to the rehabilitation allowance granted hitherto.

(i) Only such expansion schemes as are likely to materialise during the years 1958 to 1960 should be taken into account and included in the qualifying data for the purpose of determining the cost of production.

2. The Government of India generally agree on the principles adopted by the Commission for determining the cost of production of cement and they accept the recommendations specified above, subject to the modifications indicated in paragraphs 3 to 7 below.

3. In view of the facts that—

(a) giving retrospective effect to the Tariff Commission's recommendations would involve administrative and financial complications, and

(b) the present arrangements and prices under the Cement Control Order are effective till the 30th June, 1958

the revised prices will take effect from the 1st July, 1958.

4. Rebates under rate contract for supply of cement to the Central and State Governments will no longer be payable by the producers, but such rebates will be paid by the State Trading Corporation on such terms as may be agreed upon. Any concessions outside the rate contract on the basis of separate agreements with the Central Government or State Governments will continue to be dealt with between the parties direct.

5. In the case of India Cements Ltd., the estimate of the cost of production is based on the assumption that 75% of the requirements of coal shall be supplied by sea-route and 25% by rail route. While

this has reference to the condition stipulated in the licence for expansion of this factory and the actual modes of transport adopted in the past, it is not unlikely that the position regarding transport may change in the future. In the event of significant variations Government would review the price now allowed to this Company.

6. In the case of the U. P. Government Cement factory and the Sone Valley Portland Cement Co., Ltd. although an expansion of their capacity is envisaged, it was not known at the time of the Tariff Commission enquiry whether their additional capacity would be established during the price fixation period. It is however, now understood that these factories are going ahead with their expansion plans. In case, therefore, their expansion is likely to materialise within the price fixation period, the costs of these units would be re-examined and re-assessed well in time.

7. The prices as revised will remain in force until the 30th June, 1961.

8. The arrangements set out above do not necessitate any change in the f.o.r. destination price of cement now in force, namely, Rs. 117.50 per ton.

9. The other recommendations made by the Commission have also been accepted by Government.

ORDER

ORDERED that a copy of this Resolution be communicated to all concerned and that it be published in the *Gazette of India*.

(Sd.)—S. RANGANATHAN,
Secretary to the Government of India

CONTENTS

REPORT ON THE REVISION OF FAIR PRICES PAYABLE TO CEMENT PRODUCERS

Present reference to the Commission

1. At present the price and distribution of cement is controlled under the provisions of the Cement Control Order, 1956, and the latest prices were fixed by Government in June 1956. Thereafter representations were received from cement producers to the effect that an increase in the price of cement had become necessary consequent on rise in the cost of production. After considering these representations the Government of India felt that a fresh examination of the cost of production in each of the existing units and the fair prices payable to them was necessary and requested the Tariff Commission to undertake the necessary inquiries in this regard and submit a report to Government. A copy of the Resolution is given in Appendix I. The present inquiry into the costs of production of the several units in the cement industry was undertaken by the Commission in pursuance of the above-mentioned Resolution.

Previous inquiry of the Commission and prices paid to porducers since then

2.1. The first inquiry into the fair prices payable to cement producers was undertaken by the Tariff Commission in 1953. In its report of July of that year the Commission recommended, *inter alia,* that :

(a) The basic price of naked cement for all companies (other than five high cost units for which an extra price had been recommended) should be fixed at Rs. 72 per ton f.o.r. destination.

(b) An extra price of Rs. 8 per ton in the case of Shri Digvijay Cement Co., Ltd., India Cements Ltd., Orissa Cement Ltd., and Travancore Cements Ltd., and Rs. 5 per ton in the case of Mysore Iron & Steel Works should be given.

(c) A uniform all India selling price of Rs. 73 per ton for naked cement f.o.r. destination applicable to all the factories should be fixed. For enforcing this price Government should set up a fund into which the difference between the basic price and the uniform selling price would be paid by units other than the high cost units for reimbursing therefrom to the high cost units the extra price referred to above.

2.2. Government generally agreed on the principles adopted by the Commission for determining the cost of production of cement in the various factories and accepted its recommendations subject to certain modifications, namely;

(a) The standard ceiling price of cement was fixed at Rs. 67 per ton (instead of at Rs. 72 as recommended). In taking this decision Government indicated that the profit element which provided for a return of 10 per cent. on the gross block had been reduced by Rs. 1·50 per ton as they considered a return of

8 per cent. to be sufficient; also, that an element of Rs. 3·9 per ton which the Commission had provided for rehabilitation and expansion should not automatically form part of the price of cement.

(b) The f.o.r. destination prices for the Mysore Iron & Steel Works, Shri Digvijay Cement Co., India Cements, Orissa Cement, and Travancore Cements were fixed at Rs. 72, Rs. 75·50, Rs. 75, Rs. 75 and Rs. 79 per ton respectively. These units were not required to make special provisions for rehabilitation and expansion.

(c) The standard cost units were permitted to add Rs. 4 per ton to their ceiling prices as allowance for rehabilitation and expansion provided they agreed to hold Rs. 2 per ton in a separate fund to be operated by them with the consent of Government exclusively for the aforesaid purpose.

2.3. The f.o.r. destination prices for unpacked cement fixed by Government with effect from 8th February, 1954 were as follows:—

	Rs. per ton
1. Andhra Cement Co. Ltd.	67
2. Associated Cement Cos. Ltd.	67
3. Dalmia Cement (Bharat) Ltd.	67
4. Dalmia Dadri Cement Co. Ltd.	67
5. India Cements Ltd.	75
6. Kalyanpur Lime & Cement Works Ltd.	67
7. Mysore Iron & Steel Works	72
8. Orissa Cement Ltd.	75
9. Patiala Cement Co. Ltd. (Then a subsidiary of ACC)	67
10. Rohtas Industries Ltd.	67
11. Shri Digvijay Cement Co. Ltd.	75.50
12. Sone Valley Portland Cement Co. Ltd.	67
13. Travancore Cement Ltd.	79

Of the above, seven standard cost units *viz.*, Andhra Cement Co., Associated Cement Cos., Dalmia Cement (Bharat), Dalmia Dadri Cement Co., Kalyanpur Lime & Cement Works, Patiala Cement Co., and Rohtas Industries accepted the Scheme for creation of a Rehabilitation and Expansion Fund with effect from 8th February, 1954. Sone Valley Portland Cement Co., accepted the Scheme only from 27th September, 1956.

2.4. Patiala Cement Co., Ltd., ceased to exist as a separate unit from 1st April, 1954 and became one of the A.C.C. group. Three new cement factories went into production during the years 1953 to 1955 and the f.o.r. destination prices fixed by Government for them were as follows:

1. Jaipur Udyog Ltd.,—with effect from 8-2-1954	Rs. 74.50 per ton.
2. U P. Government Cement Factory—with effect from September, 1954.	Rs. 71 per ton *plus* Rs. 7 as allowance for writing down capital cost.
3. Bagalkot Cement Co., Ltd.,—with effect from 6th September 1955.	Rs. 71 per ton.

A fourth new unit, *viz.*, Ashoka Cement Ltd., came into existence in November 1956. As the State Trading Corporation had, by then, taken over the distribution of cement, the price fixed for this new unit was Rs. 53·50 per ton ex-works, exclusive of selling agency commission.

2.5. As from 28th February, 1954 an excise duty of Rs. 5 per ton was levied on cement by Government. This duty was increased to Rs. 20 per ton as from 16th May, 1957.

2.6. The prices fixed for certain high cost units were revised once in February 1956 and again, in September 1956. With effect from 1st July, 1956 the distribution of cement was taken over by the State Trading Corporation of India (Private) Ltd., under the provisions of the Cement Control Order, 1956 for the purpose of securing equitable distribution and availability of cement, indigenous as well as imported at fair prices. A uniform selling price of Rs. 102·50 per ton f.o.r. destination for packed cement was fixed by the State Trading Corporation with effect from 1st July, 1956. This was increased to Rs. 117·50 per ton from 16th May, 1957 as a result of the increase in the rate of excise duty from Rs. 5 per ton to Rs. 20 per ton. The prices payable to the producers of cement were fixed on ex-works basis for naked cement excluding selling commission. The elements which constitute the current uniform selling price of Rs. 117·50 per ton f.o.r. destination are as follows:

		Rs. per ton
(i)	Ex-works price for naked cement paid to producers.	Varying from 53.50 to 73
(ii)	Selling commission	Varying from 1.50 to 2.50
(iii)	Average freight	15
(iv)	Excise duty	20
(v)	Packing charges	13.64 (fixed quarterly by Government).
(vi)	Surplus with S.T.C.	Ranging from (—) 5.64 to (+) 12.86.

We are informed by the State Trading Corporation that the surplus [item No. (vi) above] was calculated to cover (a) import surcharge (b) probable incidence of Sales Tax on the first transfer of cement by the producers to the Corporation (c) contingencies and (d) administrative expenses. For the services rendered by it the Corporation is allowed to retain a fee of 1¼% of the gross value of the turnover. After appropriations under all the above accounts the net surplus held by the Corporation on behalf of the Government of India amounted to Rs. 5,00,82,516 as on 30th June, 1957.

2.7. In the following statement we give the break-down of the f.o.r. destination prices for naked cement which producers were permitted to charge from 8th February, 1954 till the date when the State Trading Corporation took over the distribution of cement *viz.*, 30th June 1956.

Statement showing the break-down of the f.o.r. destination ceiling price for naked cement fixed for each producer prior to 1st July 1956

Sl. No.	Name of unit	Date	Price for naked cement ex-works including selling agency commission	Rehabilitation and expansion allowance	Freight	Excise duty	Ceiling price for naked cement f.o.r. destination
			Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1	Associated Cement Cos. Ltd. (13 factories)	8-2-1954	52 0 0	4 0 0	15 0 0	5 0 0	76 0 0
2	Dalmia Dadri Cement Ltd.	Do.	52 0 0	4 0 0	15 0 0	5 0 0	76 0 0
3	Dalmia Cement (Bharat) Ltd.	Do.	52 0 0	4 0 0	15 0 0	5 0 0	76 0 0
4	Rohtas Industries Ltd.	Do.	52 0 0	4 0 0	15 0 0	5 0 0	76 0 0
5	Sone Valley Portland Cement Co. Ltd. *	Do.	52 0 0	Nil 0	15 0 0	5 0 0	72 0 0
6	Kalyanpur Lime & Cement Works Ltd.	Do.	52 0 0	4 0 0	15 0 0	5 0 0	76 0 0
7	Andhra Cement Co., Ltd.	Do.	52 0 0	4 0 0	15 0 0	5 0 0	76 0 0
8	Mysore Iron & Steel Works	Do.	57 0 0	Nil	15 0 0	5 0 0	77 0 0
9	Shri Digvijay Cement Co. Ltd.	Do.	60 8 0	Nil	15 0 0	5 0 0	80 8 0
10	India Cements Ltd.	Do.	60 0 0	Nil	15 0 0	5 0 0	80 0 0
11	Orissa Cement Ltd.	Do.	60 0 0	Nil	15 0 0	5 0 0	80 0 0
12	Travancore Cements Ltd.	Do.	64 0 0	Nil	15 0 0	5 0 0	84 0 0
	,, ,, ,,	4-11-55	64 0 0	Nil	Nil	5 0 0	69 0 0
	,, ,, ,,	6-2-56	69 0 0	Nil	15 0 0	5 0 0	89 0 0
13	Jaipur-Udyog Ltd.	8-2-54	59 8 0	Nil	15 0 0	5 0 0	79 8 0
14	U. P. Government Cement Factory	Sept., 1954	56 0 0	7 0 0 (for writing down capital)	15 0 0	5 0 0	83 0 0
15	Bagalkot Cement Co., Ltd.	6-9-55	56 0 0	Nil	15 0 0	5 0 0	76 0 0

*The company joined the rehabilitation and expansion fund from 27-9-1956.

2.8. In the following statement we give particulars of the ex-works price for naked cement paid by the State Trading Corporation to cement producers together with the rehabilitation and expansion allowance allowed to some of them. These prices came into effect on 1st July, 1956 and are still in force.

Statement showing the ex-works price (for naked cement) paid by State Trading Corporation (Private) Ltd., to each producer with effect from 1-7-1956

Sl. No.	Name of the unit	With effect from	Price for naked cement ex-works	Rehabilitation and expansion allowance	Total
			Rs.	Rs.	Rs.
1	Associated Cement Cos. Ltd. . .	1-7-56	50.50	4.00	54.50
2	Dalmia Dadri Cement Ltd. . .	1-7-56	49.50	4.00	53.50
3	Dalmia Cement (Bharat) Ltd. . .	1-7-56	50.50	4.00	54.50
4	Rohtas Industries Ltd. . . .	1-7-56	49.50	4.00	53.50
5	Sone Valley Portland Cement Co. Ltd.	1-7-56	50.25	..	50.25
		27-9-56	50.25	4.00	54.25
6	Kalyanpur Lime & Cement Works Ltd.	1-7-56	49.50	4.00	53.50
7	Andhra Cement Co. Ltd. . . .	1-7-56	50.50	4.00	54.50
8	Mysore Iron & Steel Works . .	1-7-56	55.50	..	55.50
		24-9-56	56.50	..	56.50
9	Shri Digvijay Cement Co. Ltd. . .	1-7-56	58.00	..	58.00
		24-9-56	53.50	..	53.50
10	India Cements Ltd.	1-7-56	58.50	..	58.50
		24-9-56	54.50	..	54.50
11	Orissa Cement Ltd.	1-7-56	58.50	..	58.50
		24-9-56	54.50	..	54.50
12	Travancore Cements Ltd. . . .	1-7-56	67.50	..	67.50
		24-9-56	73.00	..	73.00
13	Jaipur Udyog Ltd.	1-7-56	57.00	..	57.00
		24-9-56	53.50	..	53.50
14	U. P. Government Cement Factory	1-7-56	61.50	..	61.50
		24-9-56	54.50	..	54.50
15	Bagalkot Cement Co. Ltd. . .	1-7-56	54.50	..	54.50
16	Ashoka Cement Ltd.	November 1956.	53.50	..	53.50

2.9. With effect from 1st July, 1956 the selling commission of amounts varying from Rs. 1·50 to Rs. 2·50 is being paid by the State Trading Corporation to the undermentioned agencies six of which are themselves the producing units.

Producer	Selling agent	Amount per ton
		Rs.
1. Andhra Cement Co. Ltd.	Andhra Cement Co. Ltd. .	1.5
2. Ashoka Cement Ltd.	Ashoka Marketing Ltd. . .	2.5
3. Associated Cement Cos. Ltd. . . .	Cement Marketing Co. of India Ltd.	1.5
4. Bagalkot Cement Co. Ltd. . . .	Bagalkot Cement Co. Ltd. .	1.5
5. Dalmia Cement (Bharat) Ltd. . .	Cement Distribution (Private) Ltd.	1.5
6. Dalmia Dadri Cement Ltd. . . .	Asia Udyog Private Ltd. . .	2.5
7. Shree Digvijay Cement Co. Ltd. . .	Laxmi Cement Distributors (Private) Ltd.	2.5
8. India Cements Ltd.	India Cements Ltd. . .	1.5
9. Jaipur Udyog Ltd.	Ashoka Marketing Ltd. . .	2.5
10. Kalyanpur Lime & Cement Works Ltd. .	Hind Marketing Corporation (Private) Ltd.	2.5
11. Mysore Iron & Steel Works . . .	Mysore Iron & Steel Works .	1.5
12. Orissa Cement Ltd.	Cement Distributors (Private) Ltd.	1.5
13. Rohtas Industries Ltd.	Ashoka Marketing Ltd. . .	2.5
14. Sone Valley Portland Cement Co. Ltd. .	(i) Gillanders Arbuthnot & Co. Ltd.	1.75
	(ii) Martin Burn Ltd. . .	1.75
15. Travancore Cements Ltd. . . .	Travancore Cements Ltd. .	1.5
16. U. P. Government Cement Factory .	U. P. Government Cement Factory.	1.5

2.10. Packing charges for cement are fixed by Government every quarter on the basis of the average of the maximum and minimum market price for packing material during each week of the immediately preceding nine months plus Rs. 1·25 per ton to cover incidental charges. The charges fixed during the last four years were as follows:

	1954	1955	1956	1957
			Rs. per ton	
1st Quarter	11 9 0	13 8 0	13 7 0	13.12
2nd Quarter	11 15 0	14 1 0	13 4 0	13.44
3rd Quarter	12 5 0	14 4 0	13.19	13.72
4th Quarter	13 0 0	13 15 0	13.06	13.63

Packing charges for the first quarter of 1958 are Rs. 13.64.

Method of inquiry

3.1. *Interim increase.*—As we had a heavy programme of work during the first nine months of 1957 in connection with inquiries into the continuance of protection to certain industries, it was decided to take up the inquiry into prices of cement in two stages. The first stage of the inquiry was confined to an examination of the specific factors which had affected the cost of production of cement since the beginning of 1956 *viz.*, raw materials, power and fuel, while, at the second stage it was decided to have a comprehensive examination into the cost of production and overheads with due regard to the expansion plans of the industry. Accordingly for the first stage of the inquiry all producers of cement were addressed on 8th February, 1957 to furnish information relating to the incidence of increase in the prices of raw materials, power and fuel on the cost of cement produced at their respective factories together with figures of capacity, production, sales and stocks and the Balance Sheets and Profit and Loss Accounts for the last three accounting years. We examined the position in respect of all producers with regard to the following factors:

(i) the extent of increase in cost of cement during 1956 due to three specific factors, *viz.*, raw materials, power and fuel; and

(ii) the profits/losses made by the companies during the latest accounting year for which the figures were then available.

We came to the conclusion that an immediate relief by way of increase in the ex-factory prices of cement was necessary only in the case of three units, and recommended to Government the grant of certain interim increases. We also stated in our letter to Government that the above recommendations were without prejudice to the recommendations to be made by us in our final report on cement prices.

3.2. *Detailed inquiry.*

3.2.1. For the second stage of the inquiry (*i.e.*, the detailed inquiry) special questionnaires were issued to all the sixteen producers on 28th June, 1957. Letters were issued to prospective producers of cement who had been granted licences under the Industries (Development and Regulation) Act, 1951 to establish cement factories during the Second Plan Period, calling for information about their plans for establishing factories and progress made so far. The Ministry of Commerce and Industry was requested to furnish information regarding the rated capacity, production, additional capacity licensed for the existing units, capacity licensed for new units, etc. The State Trading Corporation of India Private Ltd. was addressed for information about the current prices of cement, c.i.f. prices of imported cement and overall supply position. On 4th November, 1957 a letter was sent to a few large consumers of cement asking for information on the method of packing adopted by the cement factories and their views on the general question of packing of cement. The Indian Jute Mills Association was requested on 13th November, 1957 to furnish a memorandum to the Commission on the present and future supply position of gunny bags to the cement industry. The Indian Standards Institution was requested to furnish a list of producers who have been granted licences to use the ISI Certification Marks. A list of producers and consumers of cement to whom our questionnaire/letters were issued and of those who replied is given in Appendix II.

3.2.2. Our Cost Accounts Officers examined the costs of production of cement at the factories of all units. In the case of Associated Cement Companies Ltd., however, the procedure followed was similar to the one adopted at the time of the 1953 inquiry when six of the eleven factories were chosen for investigation on the ground that the weighted average cost of the chosen factories exclusive of depreciation and administrative overheads was representative of the cost of the entire group of factories owned by the Company and that if the depreciation and administrative overheads applicable to all the factories calculated on per ton basis were added to the weighted average per ton works cost of the selected factories, the resultant cost of production would be representative of the entire group of factories belonging to the Company. On this occasion we selected seven of the thirteen factories belonging to the Associated Cement Companies Ltd., for detailed investigation. The undermentioned statement gives the names of the Cost Accounts Officers and the factories whose costs were investigated by them.

Sl. No.	Name of the Cost Accounts Officer	Name of the unit	Location of the factory	Month when costing was done
1	2	3	4	5
1	Shri N. Krishnan, Senior Cost Accounts Officer (now Chief Cost Accounts Officer, Ministry of Finance).	Andhra Cement Co. Ltd.	Vijayawada.	July, 1957.
		Travancore Cements Ltd.	Kottayam.	July, 1957.
		Dalmia Cement (Bharat) Ltd.	Dalmiapuram.	July, 1957.
		India Cements Ltd.	Talaiyuthu.	July, 1957.
2	Shri S. K. Basu, Cost Accounts Officer.	Rohtas Industries Ltd.	Dalmianagar	October/November, 1957.
		Ashoka Cement Ltd.	Dalmianagar.	October, 1957.
		Bagalkot Cement Co. Ltd.	Bagalkot.	October, 1957.
3	Shri S. V. Rajan, Cost Accounts Officer.	Orissa Cement Ltd.	Rajgangpur.	August/September, 1957.
		U.P. Government Cement Factory.	Churk.	September, 1957.
		Sone Valley Portland Cement Co. Ltd.	Japla.	September, 1957.
		Kalyanpur Lime and Cement Works Ltd.	Banjari.	September, 1957.
4	Shri A. K. Gopalan, Assistant Cost Accounts Officer.	Jaipur Udyog Ltd.	Sawaimadhopur.	July, 1957.

1	2	3	4	5
5	Shri U. R. Padmanabhan, Assistant Cost Accounts Officer.	Associated Cement Cos. Ltd.	(i) Shahabad. (ii) Madukkarai.	July/August, 1957.
			(iii) Bhupendra. (iv) Sindri. (v) Kistna. (vi) Khalari. (vii) Banmor.	September/ October, 1957.
		Mysore Iron & Steel Works.	Bhadravati.	July/August, 1957.
6	Shri A. R. Srinivasan, Assistant Cost Accounts Officer.	Shri Digvijay Cement Co. Ltd.	Sikka.	July/August, 1957.
7	Shri S. R. Mallya, Research Officer.	Dalmia Dadri Cement Co. Ltd.	Charki, Dadri.	September, 1957

3.2.3. The following factories were visited by the Chairman and Members of the Commission on the dates mentioned against each:

Sl. No.	Name of the factory	Name(s) of Member(s) who visited the factory	Date(s) of visit
1	Travancore Cements Ltd., Kottayam.	Shri C. Ramasubban, Member, Shri R. S. Bhatt, Member.	29th and 30th August, 1957.
2	India Cements Ltd., Talaiyuthu.	Ditto.	2nd September, 1957.
3	A. C. C. Bhupendra factory.	Dr. S. K. Muranjan, Member, Shri J. N. Dutta, Member.	14th Nov., 1957. 20th Nov., 1957.
4	A. C. C. Banmor Factory.	Shri J. N. Dutta, Member.	19th Nov., 1957.
5	Shri Digvijay Cement Co., Ltd., Sikka.	Chairman and Shri R. S. Bhatt, Member.	20th Nov., 1957.
6	A. C. C. Dwarka factory.	Chairman and Shri R. S. Bhatt, Member.	21st Nov., 1957.
7	U. P. Government Cement Works, Churk.	Ditto.	24th Dec., 1957.
8	A.C.C. Madukkarai factory.	Shri C. Ramasubban, Member.	24th Dec., 1957.
9	Dalmia Dadri Cement Co. Ltd. Charki, Dadri.	Dr. S. K. Muranjan, Member.	25th January, 1958.

3.2.4. We held a joint discussion with the representatives of all cement companies on 13th January, 1958 when their views on several issues relating to price fixation were heard and recorded. We also met the representatives of individual companies separately during the period from 14th January to 20th January, 1958 and discussed with them problems relating to their costs of production. A list of representatives who took part in the above discussions is given in Appendix III.

3.2.5. Shri Babubhai M. Chinai and Shri Shanti Prasad Jain, President and Past-President respectively of the Federation of Indian Chambers of Commerce and Industry met the Commission on 31st January, 1958 and represented their views on the question of prices for cement producers.

The structure of the industry : Present position and future expansion.

4.1. *Present structure.*—At the time of the last inquiry in 1953, there were 23 cement factories in the country which were owned by 13 companies as detailed below:

11 factories owned by Associated Cement Companies Ltd.

1 factory owned by Patiala Cement Co. Ltd., a subsidiary of A.C.C.

10 factories, each owned by a Public Ltd. Company.

1 factory owned by the Government of Mysore State.

Since then, Patiala Cement Co. merged with A.C.C. Ltd., and five new factories have gone into production of cement. The particulars regarding the location of these 5 factories, the Company or State Government owning each of them and the year in which each factory commenced production are as follows:—

Location of the factory	Year of commencement of production	Name of the Company or State Government owning the factory
1. Sawai Madhopur	1953	Jaipur Udyog Ltd.
2. Churk	1954	Uttar Pradesh State Government.
3. Sindri	1955	A. C. C.
4. Bagalkot	1955	Bagalkot Cement Co. Ltd.
5. Dalmianagar	1956	Ashoka Cement Ltd.

Thus, there are at present 28 cement factories in the country which can be grouped as (i) 13 owned by Associated Cement Companies Ltd. (a public limited company) (ii) 2 owned by State Governments and (iii) 13 owned by 13 public limited companies. Of the 14 public limited companies mentioned above, 10 are managed by Managing Agents and 4 are managed by Boards of Directors. Information on the financial position (*i.e.* authorised capital, paid-up capital, debentures issued, profits earned and dividends declared during each of the last four accounting years) of the companies is furnished in Appendix IV. Analyses of the published balance sheets of all the public limited companies (except Rohtas Industries Ltd.) for the last three years will be found in Appendices V-1 to V-13. As regards Rohtas Industries the balance sheet figures relate to the manufacture of a number of products besides cement; hence they are not useful when dealing with the cement industry.

4.2 Brief particulars relating to the units now engaged in cement production are furnished in the succeeding paragraphs.

4.2.1. *Associated Cement Companies Ltd., Bombay* (referred to as A.C.C. in the later portions of this report).—This Company has the undermentioned thirteen factories against each of which the year when production commenced is indicated:—

(i) Porbandar (Bombay)	1913
(ii) Lakheri (Rajasthan)	1917
(iii) Dwarka (Bombay)	1921
(iv) Banmor (Madhya Pradesh)	1922
(v) Kymore (Madhya Pradesh)	1923
(vi) Shahabad (Mysore)	1925
(vii) Madukkarai (Madras)	1934
(viii) Khalari (Bihar)	1936
(ix) Kistna (Andhra Pradesh)	1939
(x) Bhupendra (Punjab)	1939
(xi) Chaibasa (Bihar)	1947
(xii) Sevalia (Bombay)	1951
(xiii) Sindri (Bihar)	1955

Four of the above factories have feeder activities which are integrated with cement production. The manufacture of fire bricks and refractories is undertaken at Katni, while the manufacture of major components of cement making machinery, plant and spares is undertaken at Shahabad, Lakheri and Madukkarai. A.C.C. also maintains two collieries at Nowrozabad and Kotma, and a Gypsum mine at Badwari. The total number of the labour force employed by A.C.C. is 20,547.

4.2.2. *Andhra Cement Co. Ltd.* (referred to as Andhra Cement in the later portions of this report).—The factory, which started production in 1939, is located in Vijayawada, Andhra Pradesh. The total number of its labour force is 1,082.

4.2.3. *Ashoka Cement Ltd.* (referred to as Ashoka in the later portions of this report).—The factory which started production in 1956 is located in Dalmianager, Bihar alongside the plant of Rohtas Industries Ltd. The total number of its labour force is 446.

4.2.4. *Bagalkot Cement Co. Ltd.* (referred to as Bagalkot in later portions of this report).—The factory which started production in 1955 is located in Bagalkot which was included in Bombay State prior to the re-organization of States, but is now in Mysore State. The Bombay State Government has a holding of 11·53 per cent. in the company's total capital of Rs. 78·08 lacs and had guaranteed a minimum dividend of 3% per annum to the shareholders for the first five years. The total number of its labour force is 1,038.

4.2.5. *Dalmia Cement (Bharat) Ltd.* (referred to as Dalmia Bharat in later portions of this report).—The factory which started production in 1939 is located in Dalmiapuram near Tiruchirapalli, Madras State. Prior to 1951 this factory belonged to Dalmia Cement Co. Ltd. which owned, besides, two cement factories and a coal mine in Pakistan. Orissa Cement Ltd., was also a subsidiary of Dalmia Cement Co. Ltd. Pursuant to a scheme sanctioned by the Madras High Court in 1951 Dalmia Bharat became the parent company with Dalmia Cement Co. Ltd. as subsidiary, the latter having control only over the Pakistan assets of the original company of the same name. The Indian assets of the original company were transferred to Dalmia Bharat and Orissa Cement became a subsidiary of Dalmia Bharat. Subsequently, *i.e.,* in 1954, Orissa Cement became an independent entity. The Indian Shareholders of the former Dalmia Cement Co. were issued shares in Dalmia Bharat in lieu of their holdings in the original company while Dalmia Bharat became the sole owner of Dalmia Cement Co. with 100 per cent. holding of the latter's share capital. The total number of Dalmia Bharat's labour force is 1,242. Besides manufacturing cement, the company is engaged in the manufacture of refractories, stoneware pipes, R.C.C. spun pipes and pottery goods.

4.2.6. *Dalmia Dadri Cement Co. Ltd.* (referred to as Dalmia Dadri in later portions of this report).—The factory which started production in 1939 is located in Charki, Dadri and formed part of Jind State which is now included in the State of Punjab. The total number of its labour force is 350.

4.2.7. *Shree Digvijay Cement Co. Ltd.* (referred to as Digvijay in later portions of this report).—The factory which started production in 1949 is located in Sikka, formerly a part of Jamnagar State, which is now included in Bombay State. The total number of its labour force is 1,175.

4.2.8. *India Cements Ltd.* (referred to as India Cements in later portions of this report).—The factory which started production in 1949 is located in Talaiyuthu near Tirunelveli in Madras State. The total number of its labour force is 1,198.

4.2.9. *Jaipur Udyog Ltd.* (referred to as Jaipur Udyog in later portions of this report).—The factory which started production in 1953 is located in Sawai Madhopur in Rajasthan State. The total number of its labour force is 1,367.

4.2.10. *Kalyanpur Lime and Cement Works Ltd.* (referred to as Kalyanpur in later portions of this report).—The factory which started production in 1946 is located in Banjari in Bihar State. The company is engaged in the manufacture of lime besides cement. The total number of its labour force is 630.

4.2.11. *Mysore Iron & Steel Works* (referred to as Mysore Iron in later portions of this report).—The factory is located in Bhadravati in Mysore State. The cement plant of this unit was started in 1939. The unit is owned and financed by the Mysore Government and is engaged in the manufacture of iron and steel, cement, wood and distillation products, ferro-silicon and refractories. The labour force employed in the manufacture of cement is 317.

4.2.12. *Orissa Cement Ltd.* (referred to as Orissa Cement in later portions of this report).—The factory which commenced production in 1951 is situated in Rajgangpur in Orissa State. Besides cement, the Company manufactures R.C.C. spun pipes since 1953, and has installed a pilot refractory plant in 1956. A full-fledged refractory plant is under erection and is expected to be completed by the middle of 1958. The total number of the Company's labour force is 1,700.

4.2.13. *Rohtas Industries Ltd.* (referred to as Rohtas in later portions of this report).—The factory which is located in Dalmianagar in Bihar State commenced production of cement in 1938. The Company produces, besides cement, paper and boards, chemicals ancillary to paper manufacture, sugar, vanaspati and cement products such as Asbestos Cement sheets and spun pipes. It also lends part of its cement machinery and services to Ashoka Cement Ltd., which is built alongside its works. The total number of its labour force engaged in the manufacture of cement is 643.

4.2.14. *Sone Valley Portland Cement Co. Ltd.* (referred to as Sone Valley in later portions of this report).—The factory which is located in Japla in Bihar State commenced production in 1922. The company owns a colliery in Hutar and manufactures lime besides cement. The total number of its labour force is 1,372.

4.2.15. *Travancore Cements Ltd.* (referred to as Travancore Cements in later portions of this report).—The factory which is located in Kottayam in the former Travancore State (now Kerala State) commenced production in 1949. The total number of its labour force is 413.

4.2.16. *U. P. Government Cement Factory* (referred to as U. P. factory in later portions of this report).—The factory which is located in Churk, Mirzapur Dist. in Uttar Pradesh commenced production in 1954. It is owned and financed by Uttar Pradesh Government. The total number of its labour force is 717.

4.3. *Rated capacity.*—The rated annual capacities of the several cement factories which are now in production, in the years 1953, 1954, 1955, 1956 and 1957 are given below:—

(In lakh tons)

	1953	1954	1955	1956	1957
A.C.C.					
1. Porbandar	0·42	0·42	0·42	0·42	0·42
2. Lakheri	3·50	3·50	3·50	3·50	3·50
3. Dwarka	2·20	2·20	2·20	2·20	2·20
4. Banmor	0·60	0·60	0·60	0·60	0·60

	1953	1954	1955	1956	1957
5. Kymore	3·50	3·54	3·60	3·60	3·60
6. Shahabad . . .	2·80	2·80	3·47	3·80	4·00
7. Madukkarai . . .	2·80	2·80	2·80	2·80	2·80
8. Khalari	1·00	1·00	1·00	1·00	1·00
9. Kistna	0·90	0·90	0·90	0·90	2·55
10. Bhupendra . . .	3·00	3·00	3·00	3·92	4·00
11. Chaibasa	2·00	2·04	2·10	2·10	2·10
12. Sevalia	2·00	2·00	2·00	2·00	2·00
13. Sindri	Nil	Nil	0·50	2·00	2·00
ACC—Total .	24·72	24·80	26·09	28·84	30·77
14. Andhra Cement . .	1·05	1·05	1·05	1·05	2·05
15. Ashoka	Nil	Nil	Nil	2·00	2·00
16. Bagalkot	Nil	Nil	1·00	1·00	1·00
17. Dalmia Bharat . . .	2·50	2·50	2·50	2·50	2·50
18. Dalmia Dadri . . .	0·82	0·82	0·82	0·82	0·82
19. Digvijay	2·30	2·30	2·30	4·30	4·30
20. India Cements . . .	1·00	1·00	1·00	[illegible]·00	2·00
21. Jaipur Udyog . . .	1·65	1·65	1·65	3·63	3·63
22. Kalyanpur . . .	0·40	0·40	0·40	0·40	1·40
23. Mysore Iron . . .	0·86	0·86	0·86	0·86	0·86
24. Orissa Cement . . .	1·65	1·65	1·65	1·65	3·63
25. Rohtas	3·30	3·30	3·30	3·30	3·30
26. Sone Valley . . .	2·25	2·25	2·25	2·25	2·25
27. Travancore Cements . .	0·50	0·50	0·50	0·50	0·50
28. U. P. Factory . . .	Nil	2·31	2·31	2·31	2·31
Total .	43·00	45·39	47·68	57·41	63·32

4.4. *Future Expansion.*—The future expansion of the cement industry is expected to take place (a) by increase in the rated capacities of some of the 28 factories referred to in the last paragraph, (b) by the erection of new factories under the management of existing companies, and (c) by the erection of new factories under the management of new concerns into cement production. Sanctions have been accorded by Government under the Industries (Development and Regulation) Act, 1951, for the establishment of nine new factories under the management of existing cement producers and eighteen new factories under the management of new concerns in the field of cement production.

4.4.1. *Increase in the rated capacities of existing factories.*—If the contemplated expansion plans in certain of the existing factories take place, the annual rated capacities *in those units* after expansion will be as follows during the years 1958 to 1961.

(In lakh tons)

	1958	1959	1960	1961
A.C.C.				
Porbandar	0·42	0·42	0·42	1·65
Lakheri	3·50	3·50	5·15	5·15
Dwarka	2·20	2·20	3·35	3·35
Kymore	5·25	5·73	5·73	5·73
Shahabad	4·00	5·65	5·65	5·65
Chaibasa	3·10	4·80	4·80	4·80
Sindri	3·00	3·00	3·00	3·00
Ashoka	2·25	2·25	2·25	2·25
Bagalkot	2·00	2·00	2·00	4·00
Dalmia Bharat	2·50	2·50	4·15	4·15
Dalmia Dadri	2·47	2·47	2·47	2·47
Digvijay	4·30	4·30	4·30	6·30
India Cements	2·00	2·00	4·00	4·00
Jaipur Udyog	5·61	8·08	8·08	8·08
Kalyanpur	1·40	1·40	2·40	2·40
Mysore Iron	1·04	1·04	1·04	1·04
Orissa Cement	5·63	5·63	7·25	7·25
Sone Valley	2·25	2·25	2·25	3·90
U. P. Factory	2·31	2·31	4·62	4·62

4.4.2. *Existing cement producers—Establishment of nine new factories.*—Particulars of the nine new factories which are expected to be erected by the existing units are indicated below. The probable dates when they are expected to go into production are also stated against each.

Unit	Location	Probable date of commencement of production	Annual Capacity sanctioned (Lakh tons)
A.C.C.	Mancherial, Andhra Pradesh	September 1958	3·30
	Drug (near Bhilai), M.P.	July 1960	2·50
	Yerraguntla, Andhra Pradesh	December 1961	1·65
	Abu Road, Rajasthan	March 1962	1·65
	Veraval, Bombay	September 1962	1·65
Andhra Cement	Nadikude, Andhra Pradesh	1961	1·98
India Cements	Vijayanagaram, Andhra Pradesh	1960	2·00
Ashoka	Pipradigh, Bihar	1961	2·50
Rohtas	Pipradigh, Bihar	1961	2·48
			19·71

4.4.3. *New concerns in Cement production—Erection of eighteen new factories.*—Particulars relating to the factories which will be erected by new concerns are indicated below. The probable dates when they are expected to go into production are also stated against each.

Sl. No.	Name of the new company	No. of factories	Location	Probable date of commencement of production	Annual capacity sanctioned (lakh tons)
1	2	3	4	5	6
1	Assam Cement Ltd., Shillong.	1	Umtynagar (Assam)	1958	1·32
2	Bihar Limestone and Mineral Co. Ltd., Calcutta.	1	Demu (Bihar)	1959	1·00
3	Birla Brothers, Calcutta	1	Durgapur (W. Bengal)	1961	3·30
4	Birla Jute Mfg. Co. Ltd. Calcutta.	1	Satna (M.P.)	1958	2·48
5	Hindusthan Sugar Mills Ltd., Dehradun.	1	Dehradun (U.P.)	1959	2·00
6	J. K. Commercial Corporation Ltd., Kanpur.	1	Neemkathana (Rajasthan).	1959	1·65

1	2	3	4	5	6
7	K.C.P. Ltd., Madras .	2	(1) Macherla, (Andhra Pradesh). (2) Pondicherry (Pondicherry).	1958 1959	2·50 2·00
8	Kuchwar Lime and Stone Co. Ltd., Calcutta.	1	Durgapur (W. Bengal)	1961	2·40
9	N. H.Ojha & Co. Calcutta	1	Jaffarabad (Bombay)	1959	1·00
10	Madras Cements Ltd., Madras.	1	Ramanathpuram (Madras).	1959	1·98
11	Panyam Cement & Mineral Industries Ltd., Kurnool.	1	Panyam Reserve Forest (Andhra Pradesh).	1958	0·66
12	Rayalseema Development Corporation, Madras.	1	Kamlapuram (Andhra Pradesh).	1958	1·50
13	Saurashtra Cement and Chemical Industries Ltd., Porbandar.	1	Ranawao (Bombay)	1958	2·00
14	Bharat Cement Works .	1	Not known . .	1961	1·98
15	P. K. Sarangpani Mudaliar	1	Do. . .	1961	2·00
16	L. Ramamohan Rao .	1	Do. . .	1961	2·00
17	Sanwalram Moore, Bombay	1	Neemuch (M.P.) .	1959	1·50
	TOTAL .	18			33·27

4.4.4. The progress made so far in regard to the erection of the 27 new factories mentioned in paragraphs 4.4.2 and 4.4.3 above is briefly indicated below:—

Name of the factory	Progress made so far
1. A.C.C. (Mancherial factory)	We are informed that most of the plant and machinery has been received at the works site and that the factory is expected to go into production during the third quarter of 1958.
A.C.C. (Drug factory) . .	If foreign exchange is available, orders for plant and machinery will be placed very shortly. It is expected that a plant with a capacity of 1·65 lakh tons will go into production in the middle of 1960 and a second plant with a capacity of 0·85 lakh tons for the production of cement from Blast Furnace Slag is expected to be installed by the end of 1961.
A.C.C. (Yerraguntla factory) A.C.C. (Abu Road factory) A.C.C. (Veraval factory)	We are informed that although these three projects are still under planning, steps would be taken to ensure that they go into production by the end of 1961, March 1962 and September 1962 respectively.
2. Andhra Cement Co. Ltd. (Nadikude factory).	The Company has applied to Government for licences to import capital machinery on cash basis and expects that the factory will come into production in 1961.

Name of the factory	Progress made so far
3. India Cements (Vijayanagaram factory).	Arrangements for the purchase of plant and machinery on deferred payment basis have been made. The Company has applied for licences to import the machinery.
4. Ashoka Cement (Pipardigh factory).	The establishment of the plant will depend on the availability of finance.
5. Rohtas Industries (Pipardigh factory).	The project has been approved by Government but licence has not yet been issued.
6. Assam Cement Ltd. (Umtynagar factory).	The Company has placed firm orders for a substantial part of the plant and machinery required for the factory.
7. Bihar Limestone and Mineral Co. Ltd. (Demu factory).	The Company is negotiating for the supply of plant and machinery from foreign suppliers on deferred payment basis.
8. Birla Bros. (Durgapur factory)	The scheme has been approved in principle by Government, but no licence has so far been issued, pending confirmation about the suitability of slag from Durgapur Steel Works and arrangements by the Company for obtaining limestone supplies.
9. Birla Jute Manufacturing Co. Ltd., (Satna factory).	The machinery has begun to arrive at the factory site. Production is expected to commence in July, 1958.
10. Hindusthan Sugar Mills Ltd. (Dehradun factory).	Government has intimated that the Company has not taken any effective steps, so far, for the erection of its factory.
11. J.K.Commercial Corporation (Neemkathana factory).	The Company has made arrangements for purchase of plant and machinery on deferred payment basis. It expects to start production by the end of 1959.
12. K. C. P. Ltd. (Macherla factory)	The factory has come into production from January 1958.
K.C.P. Ltd. (Pondicherry factory).	The Company has applied to Government for licence to import plant and machinery.
13. Kuchwar Lime and Stone Co. Ltd. (Durgapur factory).	Government has intimated that the factory is expected to commence production by 1961.
14. N. H. Ojha & Co. (Jaffarabad factory).	Government has intimated that the firm has not taken any effective steps, so far, for the establishment of the factory.
15. Madras Cement Ltd. (Ramnathapuram factory.)	The Company has intimated that it has placed orders for plant and machinery on deferred payment basis. It expects to commence production in early 1959.
16. Panyam Cement and Mineral Industries Ltd. (Panyam Reserve Forest factory).	Necessary plant and machinery has been received at site and production is expected to commence by the middle of 1958.
17. Rayalseema Development Corporation. (Kamalapuram factory).	The Company has made arrangements for finances and plant and machinery. It expects to commence production in the middle of 1958.
18. Saurashtra Cement and Chemical Industries Ltd. (Ranaway factory).	Orders for the purchase of plant and machinery have been placed. It is expected that production will start by the end of 1958.

Name of the factory	Progress made so far
19. Bharat Cement Works.	The schemes have been approved but licences have not been issued so far, pending acceptance of usual terms and conditions.
20. P. K. Sarangapani Mudaliar.	
21. L. Ramamohan Rao.	
22. Sanwalram Moore (Neemuch factory).	Government has intimated that no effective steps have been taken for the erection of the factory.

It will be seen from the above that the position in regard to two of the projects referred to in paragraph 4.4.2 above, and seven of the projects referred to in paragraph 4.4.3. is obscure and some of them, perhaps, may not materialise.

4.5. The position of the cement industry in India after the expansion schemes which are mentioned in the above paragraphs are completed (subject to the reservations made in the previous paragraph) will be as follows: —

[Annual capacity (in lakh tons)]

Year	Number of units	Number of factories	In the existing factories	In the new factories of existing units	In the factories of new comers	Total
1957 . . .	16	28	63·32	..	..	63·32
1958 . . .	21	34	74·03	1·65	8·96	84·64
1959 . . .	28	42	80·33	3·30	21·59	105·22
1960 . . .	28	44	91·71	6·95	21·59	120·25
1961 . . .	33	53	98·59	16·41	33·27	148·27
1962 . . .	33	55	98·59	19·71	33·27	151·57

4.6. *Production.*—The production of cement in the country during the years 1953 to 1957 was as follows:—

1953	3,769,396 tons.
1954	4,397,477 tons.
1955	4,498,398 tons.
1956	4,934,155 tons.
1957	5,551,260 tons.

The production of cement at the several factories in the country during the five years is given in Appendix VI.

Review of prices recommended in 1953 and subsequent events

5.1. The Commission's last investigation into costs of production of the several cement factories in the country took place during the first quarter of 1953. As the A.C.C. group then consisted of eleven factories, it was considered sufficient to examine the costs at only a few of them which were accepted as representative of the whole group. Accordingly, six of them were chosen, in consultation with the company as being representative of the A.C.C. group after a preliminary examination of the cost data maintained by it. The works costs of production of each of the six factories were ascertained for the year ended 31st July, 1952, and the weighted average cost per ton for all the factories was calculated from the data so obtained. To this weighted average cost were added the costs per ton of cement of the A.C.C. group, as a whole, towards depreciation, administrative expenses, selling and distribution expenses and average railway freight. The costs of production relating to the rest of the twelve cement factories (other than A.C.C.) were individually investigated for the year 1952. Thereafter, the Commission *estimated* the costs of production of naked cement f.o.r. destination for the year 1953 in each of these twelve factories and the A.C.C. group treated as one unit, calculated interest on working capital and a fair return for each producer and projected the figures as "estimated f.o.r. destination price" against each, as under:—

	Rs. per ton
A.C.C.	68·07
Patiala Cement	54·45
Andhra Cement	71·22
Dalmia Bharat	64·98
Dalmia Dadri	57·11
Digvijay	86·39
India Cements	87·68
Kalyanpur	70·19
Mysore Iron	83·41
Orissa Cement	91·08
Rohtas	70·92
Sone Valley	68·75
Travancore Cements	102·70

At this stage the Commission decided that though the costs of production in the several factories displayed wide variations the basic price for all the units should be fixed at the level of A.C.C.'s price as its factories were considered to be representative of the entire cement industry from the point of view of location, production costs and efficiency. Accordingly, the Commission recommended that the basic price of naked cement should be fixed at Rs. 72/- per ton f.o.r. destination (which included

Rs. 3·88 as special allowance for rehabilitation and expansion) for all units except Mysore Iron, Digvijay, India Cements, Orissa Cement and Travancore Cements. An extra price of Rs. 5 per ton was recommended for Mysore Iron and Rs. 8 per ton for each of the other four units. Government accepted these recommendations in principle but fixed the prices at reduced levels as under:—

	Rs.
A.C.C.	67
Patiala Cement	67
Andhra Cement	67
Dalmia Bharat	67
Dalmia Dadri	67
Digvijay	75·5
India Cements	75
Kalyanpur	67
Mysore Iron	72
Orissa Cement	75
Rohtas	67
Sone Valley	67
Travancore Cements	79

These prices were for naked cement f.o.r. destination and became effective from 8th February, 1954. They included selling and distribution expenses and average freight but not packing charges for which a special allowance was given.

5.2. It would seem from the above that with the exception of three units whose fair prices (inclusive of the return indicated by the Commission) were below Rs. 67 per ton, the majority of cement producers should have suffered financially in the period subsequent to February 1954, as a result of shrinkage in the element of profit available to them when the price applicable to them was fixed at Rs. 67 per ton although the Commission's assessment of their "f.o.r. destination price" was higher. Actually, however, none of the units suffered financially. Most of them were able to accumulate sizeable profits in the three years following price fixation and ploughed them back for effecting expansions. The industry as a whole fared very satisfactorily with the 1954 prices till about the middle of 1956 during which year the prices fixed for certain high cost units were also reduced. Subsequently, on account of increase in costs of production, and loss of margins in freight allowances arising from the entry of the State Trading Corporation into the distribution of cement, almost all the units began to feel that their selling prices should be increased. The factors which contributed to the satisfactory financial results arising from the 1954 prices till about the middle of 1956 despite their apparent insufficiency are briefly stated below.

5.3. The Commission's estimates of costs for 1953 were worked out on the estimated production in each unit during the year 1953. The Commission's inquiry took place in the first quarter of 1953, and its recommendations to Government were made in July 1953 while the prices became operative in February 1954. Meantime, expansions had taken place in a number of units and resulted in increases in their production figures as also economies in their costs of production arising from increased output. In the following table, we give the figures (in lakh tons) relating to the estimated production of cement in 1953, and the actual production in 1954, 1955 and 1956.

(Lakh tons)

		1953 (Estimated)	1954 (Actual)	1955 (Actual)	1956 (Actual)
1	A. C. C.	18·53	24·26*	24·30*	27·94*
	Patiala Cement	2·75			
2	Andhra Cement	0·948	1·22*	1·19*	1·23*
3	Dalmia Bharat	2·25	2·70*	2·66*	2·63*
4	Dalmia Dadri	0·60	0·56	0·58	0·61
5	Digvijay	1·047	2·36*	2·26*	2·47*
6	India Cements	0·90	1·21*	1·36*	1·22*
7	Kalyanpur	0·34	0·40*	0·40*	0·38*
8	Mysore Iron	0·75	0·74	0·78*	0·77*
9	Orissa Cement	1·35	2·03*	1·90*	1·90*
10	Rohtas	3·00	2·52	3·26*	3·21*
11	Sone Valley	2·35	1·97	1·95	1·75
12	Travancore Cements	0·45	0·48	0·55	0·55

It will be observed from the above that all the figures marked * are higher than the estimated figures for 1953 on which estimates of costs were worked out; correspondingly, therefore, the units concerned reaped sizeable financial benefits from increased production in the years 1954, 1955 and 1956.

5.4. The f.o.r. destination prices sanctioned by Government to the various units included Rs. 15 per ton of cement as freight, while the Commission's *estimated* f.o.r. destination prices for individual units included only the average freight per ton actually incurred by each unit during 1953. However, the freight actually incurred by some of them was less than Rs. 15. The extent of the advantages which they enjoyed during the above three years are brought out in the table below:—

[Rs. per ton]

	1954	1955	1956 (January to June)
A. C. C.	1·51	1·44	0·48
Andhra Cement	5·25	6·63	8·19
Dalmia Bharat	2·16	4·02	5·77
Dalmia Dadri	6·79	6·20	8·52
Digvijay	0·85	..	0·66
India Cements	2·51	1·16	2·90
Kalyanpur	4·65	1·77	2·73
Mysore Iron	3·22	3·56	5·27
Orissa Cement	0·78	..	..
Rohtas	..	..	0·07
Travancore Cements	Prices were ex-factory only.		

It will be seen from the above that substantial benefits accrued to at least six companies as a result of freight actually incurred being less than freight allowed.

5.5. In the matter of packing charges which the companies were allowed to recover from consumers at certain rates fixed by Government for each quarter, all the companies benefited by the permission granted to them to use a proportion of second hand bags. It was also possible for most of the units to save expenditure on the purchase of gunny bags at rates below those sanctioned by Government. In these two ways, almost all companies were able to secure financial benefits ranging from rupee one to rupees two or more per ton of cement sold since 1954.

5.6. A few of the companies who employed no separate selling organisations were also able to save, say, half a rupee per ton of cement from the selling commission which they were allowed to add to their f.o.r. destination prices.

5.7. We have explained in the last four paragraphs how the 1954 prices were found to be satisfactory to the industry till about the middle of 1956. On the 1st of July, 1956, the State Trading Corporation (Private) Ltd., took over the distribution of cement all over India and, as a result, the f.o.r. destination prices which were in force till then underwent revision. The prices payable to the producers of cement were fixed on *ex-works* basis for naked cement after deducting from the previous price of each unit (a) the uniform element of Rs. 15 which had been assumed to be average freight in the standard ceiling price and (b) the actual selling commission paid by each unit. It should be noted that when the uniform deduction of Rs. 15/- was made, the fact that the Commission's assessment of the actual average freight incurred by the several units was, in many cases, far less, was ignored. The advantages which many of the units enjoyed by reason of the actual freight incurred by them being less than the freight they were allowed to charge disappeared. These advantages were indeed substantial for quite a few of the units. In addition to the loss of this perquisite, all units had to contend with increase in costs of production from 1956. Royalty rates for limestone, price of coal, inward freight on coal and raw materials, costs of stores and spares and costs of labour, all went up in varying degrees; new impositions such as the cess on power generation were made; the cumulative effect of all the above elements was that a steep rise in the incidence of cost per ton took place. At the same time other factors which cut into the profits per ton of cement also came into being. Rates of taxation were stepped-up by Government, rates of interest were increased by banks, the all-round demand on resources became noticeably high, and costs of rehabilitation, repairs and modernisation also went up. Generally speaking, therefore, the fairly comfortable position in which the cement industry found itself during the years 1954, 1955 and first half of 1956 gave place to a situation of discomfort and stringency during 1957.

Our approach to the problem of fixing ex-works prices

6.1. In 1953 when the Commission had to fix f.o.r. destination prices for cement it was confronted with the problem of ensuring a uniform price throughout the country because of two difficulties thereto, namely (a) the pattern of production costs at the different units, and the resultant final figures of fair prices (exclusive of return and interest on working capital) which disclosed wide variations and (b) the absence of a common marketing organisation which could operate an arrangement for pooling the prices. These difficulties were sought to be resolved in two steps, the first of which was to lay down a "standard ceiling price" on the basis of A.C.C.'s price and apply it to eight of the units; the second step was to concede extra prices to the other five high cost units but achieve the elimination of differential prices by suggesting that Government should recover the total amount involved by increasing the all India price of cement by rupee one per ton and disbursing it to the concerned units.

6.2. Under the altered conditions of cement distribution which exist at present, and in accordance with our terms of reference, we have to fix fair prices *not* on f.o.r. destination basis but on ex-works basis. As the possibility of making use of the cushioning effect of any freight advantage enjoyed by individual units to average out the prices no longer exists, it is beyond question that we should assess the fair price applicable to each unit *individually*, and recommend that that price should be paid. Apart from the fact that any attempt to simplify this issue will lead to unpredictable results, there is indeed, no need to attempt any simplification as was done on the last occasion. The difficulty then was that there was no common marketing organisation. We now have the State Trading Corporation which is well capable of operating the scheme of price fixation envisaged by us.

6.3. We have been advised by Government that the prices fixed by us should be made operative for as long a period as possible. After careful consideration of all relevant factors we have decided to fix prices which should hold good for the calendar years 1958, 1959 and 1960. All the known commitments of the several producers in the matter of expansion, modernisation and rehabilitation which are expected to be completed by about the end of 1960 have been taken into account so that it has been possible for us to have assessments and estimates made, for the next three years, of manufacturing costs under different heads, output achievable, depreciation (calculated after taking note of projected investments), overheads etc. At the same time we have found that it is not possible to project our estimates beyond 1960. By estimating the production achievable by each unit during each of the three years 1958 to 1960, and calculating the manufacturing costs, depreciation, overheads etc. *on the basis of such estimates* we have satisfied ourselves that our estimates of fair prices have taken into account all the relevant factors which govern individual costs of production, and would therefore be realistic during the currency of the prices recommended.

6.4. The details of the procedure followed by us for collection of data relating to the costs of production in the several units are set out below.

6.4.1. As on the last occasion when prices were fixed (1953), the A.C.C. was treated as one unit although it operated thirteen factories, and seven of these were chosen for detailed cost investigation, the procedure followed being identical with that adopted in 1953, as stated in paragraph 5·1 above. The seven factories chosen as being representative of the entire A.C.C. group are Bhupendra, Shahabad, Madukkarai, Khalari, Kistna, Banmor and Sindri.

6.4.2. Data relating to actual works costs were collected by our Cost Accounts Officers from each of the units for a period of one completed year during 1956-57 (except in one case) the period synchronising with the financial year of each unit as given below:—

A. C. C.	for the year ended	31-7-1957
Andhra Cement	Ditto	31-12-1956
Ashoka	for 8 months ended	30-6-1957
Bagalkot	for the year ended	31-12-1956
Dalmia Bharat	Ditto	31-12-1956
Dalmia Dadri	Ditto	31-12-1956
Digvijay	Ditto	31-12-1956
India Cements	Ditto	31-3-1957
Jaipur Udyog	Ditto	31-3-1957

Kalyanpur . . .	for the year ended . .	31-12-1956
Mysore Iron . . .	Ditto . . .	31-3-1957
Orissa Cement . . .	Ditto . . .	31-12-1956
Rohtas	Ditto . . .	31-10-1956
Sone Valley . . .	Ditto . . .	31-12-1956
Travancore Cements . .	Ditto . . .	31-12-1956
U. P. Factory . . .	Ditto . . .	31-3-1957

In addition to the above, data relating to the actual works costs were also collected for as many months as were available during the next financial year. The figures of cost worked out by the Cost Accounts Officers related only to works costs as inclusive of—

(i) Cost of materials
(ii) Cost of power and fuel
(iii) Cost of stores
(iv) Cost of labour & establishment
(v) Depreciation and overheads
(vi) Packing charges

but not selling and distribution expenses or cost of packing materials which are allowed as additional special elements by the State Trading Corporation.

6.4.3. The Cost Accounts Officers have also obtained for the information of the Commission data pertaining to each unit with regard to payments of bonus and gratuity, freight charges incurred prior to July 1956, and interest paid on borrowings during the period of investigation.

6.4.4. Estimates of works costs were framed by us and discussed, individually, with the representatives of the respective units (Please see para. 3.2.4.). Marginal revisions of cost estimates were also effected, where justified, after the above discussions took place. The reports of the Cost Accounts Officers together with our estimates of future costs for the years 1958 to 1960 have been forwarded to Government separately. They are for Government's confidential information and *not* for publication.

Costs of production

7.1. In this paragraph we shall deal with the works costs of production in the several units and discuss, under the main groups, the salient features relating to the costs now estimated by us as compared with the Commission's estimates of 1953, and the actuals relating to the year 1956-57. Three consolidated statements will be found in Appendices VII, VIII & IX, giving figures relating to (1) the estimates of works costs made by the commission in 1953, (2) the actual works costs relating to one completed year during 1956-57 worked out as stated in paragraph 6.4.2. and (3) the weighted averages of the estimates of works costs calculated for the years 1958 to 1960 respectively. For nine out of sixteen units these estimates have been framed for the calendar years 1958, 1959 and 1960.

For the other seven units the estimates have been framed for their respective accounting years 1958-59, 1959-60 and 1960-61. The procedure in both cases was such as to ensure that the period adopted by us corresponded to the accounting years of the companies concerned.

7.2. The factors which have been taken into account in estimating the works costs for the years 1958 to 1960 are stated below.

7.2.1. *Production.*—The production in each unit has been assessed for each of the three years after taking into account all relevant factors such as (a) daily rated capacity of each kiln for production of clinker, (b) the normal number of days per years during which the kilns are worked, assuming 330 days as the average that should be achieved, (c) any special features which impinge on the achievement of maximum production, and (d) allowance to be made during the first year of operation of each new kiln to overcome initial difficulties or problems. Under each unit we have stated the production assumed for each year, the average of the three years on which the weighted average of costs has been based, and the extent of special concession allowed to certain units where we have assumed reduced production figures.

7.2.2. *Consumption factors.*—Consumption of materials, power and fuel per ton of cement has been estimated on the basis of figures actually ascertained for the period investigated and in the past, after giving due consideration to the experience of the technical personnel in the respective units. The latest rates at which raw materials, coal and consumable stores have been purchased by each unit have been adopted for future estimates, while adequate provision has also been made for possible increases in the level of prices of stores and materials on the basis of known trends.

7.2.3. *Labour and Establishment.*—Estimates of wages for labour and establishment charges have been made on the basis of figures relating to the period investigated, and adequate provision has been made in the estimates to cover the incidence of normal annual increments prevailing in the respective units. Provision has also been made to cover known anticipated increases in the levels of wages which are likely to arise from agreements in individual units with their respective labour unions.

7.2.4. *Depreciation* has been calculated at the normal income-tax rates on the written down values of the fixed assets for each of the three years 1958 to 1960. Where expansion in output arising during the period has been taken into account, the relative additional assets which are expected to go into commission have been included for calculation of depreciation.

7.2.5. *Overheads* include all items of cost not covered in the above categories, but *not bonus and gratuity* for which provision will be made under Profits see paragraph **8·6.**

7.2.6. *Packing cost.*—The allowance sanctioned by Government every quarter towards packing charges covers only the cost of gunny bags and "incidental charges" incurred in transporting them but *not* labour employed at the factories in the branding, stitching, handling etc. of the bags. Our Cost Accounts Officers have ascertained the actual costs incurred by the several producers on this account during the year of investigation, and a similar amount has been included in our estimates except in the case of one unit where the actual cost was found to be excessive, and therefore a reasonable amount has been allowed.

7.2.7. *Contingencies*.—In the memoranda furnished by all units, and during the discussions which we had with their representatives the question of providing an adequate "contingency allowance" per ton of cement was raised to take care of (a) several small items of expected increase in costs the incidence of which, it is impossible to calculate at present and (b) imponderable situations which might arise and result in setting back production. To illustrate (a) we were informed that there was likely to be a statutory increase in the employers' contribution to Employees' Provident Fund from $6\frac{1}{4}$ per cent. to 8 1/3 per cent., that there were likely to be increases in employers' compulsory contributions to State Health Insurance Schemes from $\frac{3}{4}$ per cent to $1\frac{3}{4}$ per cent., and from $1\frac{1}{4}$ per cent to $3\frac{1}{2}$ per cent., that railway freight rates are expected to increase when Government takes steps to implement the recommendations of the Railway Freight Structure Enquiry Committee, that the continued and insistent demand for higher emoluments to labour would definitely result in upward revisions of wage allowances and perquisites, that the establishment of a wage board for the industry which has been accepted in principle would result in wage levels being stepped up, that the impending abolition of contract labour in certain sections was likely to result in increase of costs and that the costs of stores and spares were continuously moving up. To illustrate (b) it was cited that cuts in electric power supply (which often take place in certain areas), wagon shortage for movement of coal or other raw materials (which might result in units having to adopt alternative forms of transport at increased expense) and unforeseen disturbances to the production programmes might result in lowering output and in increasing cost of production per ton of cement. On the last occasion the Commission assessed the allowance for contingencies at Rs. 1·50 per ton. We have given very careful thought to the question and feel that a sum of Rs. 2 per ton should now be added to the works cost of each unit to cover marginal increases in cost arising from any or all of the above factors.

7.3. We shall now deal with the works costs relating to each individual unit as indicated in the early part of paragraph 7.1. Under each unit we have given figures relating to the estimates of costs in 1953 (where available), the actuals for 1956 or 1956-57, and the estimates for the three years 1958-1960. The comments which are made under each unit on comparative figures of costs pertain to the estimates of 1958-1960 as compared with estimates for 1953

7.3.1. *Associated Cement Companies Ltd.*

7.3.1.1. The weighted average of the estimates of works cost relating to the seven representative factories of the A.C.C. group for the years 1958-59 to 1960-61 were as follows :—

	Rs. per ton
Bhupendra	31·11
Shahabad	30·71
Madukkarai	35·56
Khalari	45·80
Kistna	42·47
Banmor	56·54
Sindri	35·44

The further weighted average of the works costs of the above seven factories amounts to Rs. 35·47 per ton. To this have been added the figures relating to depreciation and the administrative and other overheads for the A.C.C. as a whole calculated at a flat rate per ton of cement and the contingency allowance of Rs. 2 allowed by us. The total works cost of the A.C.C. group, calculated thus, comes to Rs. 46.16 per ton.

7.3.1.2. The break-down of the works costs and estimates is as follows:—

	Estimates for 1953	Actuals 1956-57	Estimates for 1958-59 to 1960-61
Production (lakh tons)	18·53	29·15	39·79
	Rs. per ton	Rs. per ton	Rs. per ton
Raw materials	7·34	8·61	9·39
Power & Fuel	14·33	15·06	16·31
Labour & Establishment	6·76*	5·53	5·54
Repairs & Stores	3·62	3·31	3·41
Depreciation	3·85	5·72	6·16
Overheads	5·24	2·87	2·72
Packing other than cost of gunny bags	..	0·63	0.63
Contingencies	1·50	..	2·00
	42·64	41·73	46·16

(* Includes packing)

We have assessed that production in all A.C.C. factories will be of the order of 34·71 lakh tons during 1958-59, 40·55 lakh tons during 1959-60 and 44·10 lakh tons during 1960-61. The average production for the three years will be 39.79 lakh tons which is well over double the estimated output in 1953. The increase of Rs. 2·05 per ton in cost of raw materials in the estimates for 1958-59 to 1960-61 is due to increases in costs of limestone, gypsum, etc., although there is a decline in the consumption of materials per ton. The price of coal having increased, as also generation cost of electricity, there is an increase of Rs. 1·98 per ton in the cost of power and fuel, although there is a decline in the consumption of coal. The increase in production should have been reflected in somewhat larger economies under cost of labour and establishment and cost of repairs and stores, than are now visible, but for the considerable increases that have taken place in wage levels and costs of stores. Depreciation has increased by Rs. 2.31 per ton as a result of the considerable expansion, rehabilitation and modernisation that has taken place, and the high value of the additional fixed assets which have been installed and will be acquired resulting in increased incidence of depreciation per ton of production.

7.3.1.3. A.C.C. owns two collieries at Nowrazabad and Kotma and consumes about 60 per cent. of the output of these collieries, selling the balance 40 per cent outside. We have not however taken into account its actual cost of raising coal, nor have we considered the colliery block for calculating depreciation. Instead, we have allowed to the company the cost for coal at controlled rates applicable to the grade of coal consumed. This decision has been taken by us as, at this stage, we are of the view that collieries should not be considered to be integral parts of cement plants.

7.3.2. *Andhra Co. Ltd.*

The break-down of the works costs and estimates is as follows:—

	Estimates for 1953	Actuals 1956	Estimates for 1958-60
Production (lakh tons)	0·948	1·17	2·05
	Rs. per ton	Rs. per ton	Rs. per ton
Raw materials	14·47	15·27	17·51
Power and Fuel	14·85	14·76	16·83
Labour & Establishment	8·07	7·48	6·27
Repairs & Stores	5·38	5·59	5·09
Depreciation	6·54	3·97	5·94
Overheads	2·44	3·01	1·95
Packing	0·88	0·82	0·82
Contingencies	1·50	..	2·00
	54·13	50·90	56·41

This company has three kilns, the first of which is seventeen years old and has a daily capacity of 100 tons, the second which came into production in 1951 has a daily capacity of 200 tons and the third which came into production in 1957 has a daily capacity of 300 tons. We have assessed the factory's production for the years 1958-60 at 205,000 tons per annum. The unit, though ideally situated from the point of view of distribution due to its being in the centre of consuming areas, suffers from cerain disadvantages which make manufacturing costs high. Limestone has to be transported over a long distance and handled twice during unloading, which makes its cost high. The price of limestone has also gone up since 1953. The price of coal has increased by more than Rs. 8/- per ton although consumption is slightly lower. Such economies as were achieved through increased production, and through lower consumption were wiped out by increase in prices of materials and coal. The total works cost at Rs. 56·41 per ton places this unit in the category of high cost units.

7.3.3. *Ashoka Cement Ltd.*

This unit commenced working only in 1956 and was not before the Commission at the 1953 inquiry. The break-down of the works costs and estimates is as follows:—

	Actuals for 8 months ended June, 1957	Estimates for 1958/59 to 1960-61
Production (lakh tons)	0·59	2·00
	Rs. per ton	Rs. per ton
Raw materials	19·15	20·23
Power and Fuel	16·67	13·30
Labour & Establishment	4·91	2·64
Repairs & Stores	4·10	4·92
Depreciation	17·84	8·79
Overheads & other Charges	5·34	3·98
Packing	2·05	0·64
Contingencies	..	2·00
	70·06	56·50

This factory commenced production only in November 1956, and as actual Costs were available only for 8 months of initial working they cannot be taken as representative of the costs in a normal full year's working. The factory is situated in the compound of the cement factory of Rohtas Industries; the plant is not fully balanced as there is no crushing unit and the capacity of the raw mills is insufficient to grind the raw meal required. Many of the services required by this unit are being performed by Rohtas against payment of service charges. The manufacturer's rating of the factory's daily capacity is 775 tons, but the plant is reported to be defective and difficulties have been encountered in regard to achieving the rated production. We have therefore assessed that the production in 1958-59 will be about 1.80 lakh tons, in 1959-60 about 2·00 lakh tons and in 1960-61 about 2·20 lakh tons. The average production for the three years will therefore work out to 2 lakh tons per annum. The cost of limestone which is purchased from a firm of suppliers is high and is reflected in the high cost of raw materials. The total works cost at Rs. 56·50 per ton places this unit in the category of high cost units.

7.3.4. *Bagalkot Cement Co. Ltd.*—This factory came into production only in November 1955, hence there are no estimates of costs relating to the 1953 inquiry. The breakdown of the works costs for the year ended December 1956 and estimates for 1958 to 1960 is as follows :—

	Actuals for 1956	Estimates for 1958-60
Production (lakh tons)	0·81	1·50
	Rs. per ton	Rs. per ton
Raw materials	7·62	7·60
Powar & Fuel	24·38	21·37
Labour & Establishment	3·57	5·32
Repairs & Stores	3·74	5·47
Depreciation	12·70	8·26
Overheads	2·62	1·45
Packing	0·68	0·70
Contingencies	..	2·00
	55·31	52·17

The capacity of the factory is, at present, one lakh tons per annum, and expansions are on hand which will result in increase of capacity by a further one lakh tons from July 1959. Consequently, production for 1958 has been assessed at one lakh tons, for 1959 at 1·50 lakh tons and for 1960 at 2 lakh tons. The average production for the three years 1958 to 1960 will thus work out to 1·50 lakh tons. The main reason for the high cost of production at this unit is that the price of coal stands at about Rs. 45 per ton, and the consumption in the kiln is also high on account of the design of the plant. Depreciation is comparatively high as the plant is only two years old. The total works cost at Rs. 52·17 per ton places this unit in the category of high cost units.

7.3.5. *Dalmia Cement (Bharat) Ltd.*—The breakdown of the works costs and estimates is as follows :—

	Estimates for 1953	Actuals for 1956	Estimates for 1958-59
Production (lakh tons)	2·25	2·64	2·50
	Rs. per ton	Rs. per ton	Rs. per ton
Raw materials	6·01	6·56	7·39
Power & Fuel	15·22	14·43	16·54
Labour & Establishment	7·73	3·70	5·12
Repairs & Stores	5·13	5·31	6·13
Depreciation	4·18	2·92	2·29
Overheads	1·75	3·83	3·96
Packing	0·11	0·72	0·72
Contingencies	1·50	..	2·00
	41·63	37·47	44·15

The capacity of this factory remains the same as what it was in 1953 *viz.,* 750 tons per day. A licence for further expansion by 500 tons per day has been issued to the Company, and orders for machinery are reported to have been placed. After making allowances for shipping time, clearance and erection the Company expects the additional plant to go into production by about the end of March 1960. The Company has stated that production from the new plant will be of the order of 90,000 tons during March-December, 1960, but our Cost Accounts Officer was not able to obtain any figures relating to the final cost of the plant, or any data relating to the possible economies in operation costs during 1960. In the circumstances our estimates of works costs for this company have been made only for the years 1958 and 1959 on an estimated output of 2·5 lakh tons per year. It will be possible to make a similar estimate for 1960 in the third quarter of 1959 by which time, we expect that a clearer picture of the quantum of fresh investment etc. will be available, as also definite data relating to the pattern of works costs applicable to 1960. The increase in cost of raw material in our estimates for 1958 and 1959 by Rs. 1·38 per ton as compared to the estimates of 1953 is accounted for by increase of rupee one per ton in the cost of limestone, the quality of which, incidentally, is also reported to have deteriorated. Similarly, the increase in the estimates of cost of power and fuel is accounted for by increase of more than Rs. 8/- per ton in the price of coal; the consumption has also increased by about 10 per cent. The rate of electricity is reported to have gone up since 1953. The prices of maintenance stores and repair materials having increased considerably, the costs against this item also show an increase of rupee one per ton.

7.3.6. *Dalmia Dadri Cement Ltd.*—The breakdown of the works costs and estimates is as follows:—

	Estimates for 1953	Actuals for 1956	Estimates for 1958-60
Production (lakh tons)	0·60	0·64	2·17
	Rs. per ton	Rs. per ton	Rs. per ton
Raw materials	5·95	7·19	8·58
Power and Fuel	11·14	16·43	16·12
Labour & Establishment	7·57*	8·71	4·85
Repairs & Stores	4·00	6·00	4·79
Depreciation	2·00	1·06	7·88
Overheads	3·99	3·56	1·49
Packing	..	0·61	0·61
Contingencies	1·50	..	2·00
	36·15	43·56	46·32

(*Includes packing).

The original capacity of this factory where cement is manufactured by the dry process was 250 tons per day, on the basis of which the annual production in the past should have been of the order of 82,500 tons, but production never reached that level. It would seem that the capacity was rated higher than was possible in actual performance and that the maximum production achievable can be placed only at 70,000 tons per annum. A second plant is being commissioned and is expected to go into production by April 1958 with a daily capacity of 500 tons per day, *i.e.,* 165,000 tons per year. We have assumed that this second plan will be able to render effective performance during 1958 only up to 90% of capacity. We have thus assumed that during 1958, 1959 and 1960 the production will be 1·81 lakh tons, 2 35 lakh tons and 2·35 lakh tons respectively, and that the average for the three years will be 2·17 lakh tons. Our estimates of works costs show an increase of Rs. 10·17 per ton over those of 1953. The increases under raw materials (Rs. 2·63) have been brought about by increase in the cost of limestone and gypsum. In spite of the higher volume of production the charges under power and fuel show no reduction, due to increased costs of coal and electricity. Depreciation per ton of expanded production is as high as Rs. 11·20 per ton and has resulted in increase, in the overall incidence of depreciation, of Rs. 5·88 per ton.

7.3.7. *Shree Digvijay Cement Co. Ltd.*—The breakdown of the works costs and estimates is as follows:—

	Estimates for 1953	Actuals for 1956	Estimates for 1958-60
Production (lakh tons)	1·047	2·49	4·30
	Rs. per ton	Rs. per ton	Rs. per ton
Raw materials	9·61	9·35	9·61
Power & Fuel	22·04	17·76	19·36
Labour & Establishment	5·43	4·78	4·24
Repairs & Stores	7·81	5·16	4·76
Depreciation	7·86	7·21	5·56
Overheads	2·86	2·22	1·52
Packing	1·02	1·04	1·04
Contingencies	1·50	..	2·00
	58·13	47·52	48·09

The installed capacity of the factory is 4·30 lakh tons per annum. We have assumed that production during each of the years 1958, 1959 and 1960 will be of this order. Our current estimates of costs are lower than the estimates of 1953 by Rs. 10·04 per ton mostly due to increased output. The main raw material is sea sand, which has registered a slight increase in price since 1953, but this increase has been offset by an increased usage of the supplementary raw material, namely, limestone where some price reduction was seen. The price of coal has increased by Rs. 7·8 per ton since 1953, but some economy has been achieved in regard to consumption of coal per ton of cement. In the matter of consumption of electricity also a lower rate has been achieved, as compared to 1953. There have been increases in the level of wages and in the cost of stores but the incidence of these on cost has been lessened by the quantum of higher production assumed in our estimates.

7.3.8. *India Cements Ltd.*—The breakdown of the works costs and estimates is as follows:—

	Estimates for 1953	Actuals for 1956-57	Estimates for 1958-59 to 1960-61
Production (lakh tons)	0·90	1·56	2·667
	Rs. per ton	Rs. per ton	Rs. per ton
Raw materials	11·44	10·17	10·42
Power & Fuel	16·68	17·36	21·67

	Estimates for 1953	Actuals for 1956-57	Estimates for 1958-59 to 1960-61
	Rs. per ton	Rs. per ton	Rs. per ton
Labour & Establishment	5·58	3·75	3·85
Repairs & Stores	8·64	3·64	3·92
Depreciation	9·79	5·43	6·65
Overheads	3·54	3·23	2·59
Packing	1·30	1·12	1·12
Contingencies	1·50	..	2·00
	58·47	44·70	52·22

The present capacity of this factory is 2 lakh tons per annum as against 1 lakh tons in 1953. A further expansion in capacity by 2 lakh tons per annum has been taken in hand, and the expanded production is expected to commence from the beginning of 1960. We have therefore assessed the production in 1958-59 and 1959-60 at 2 lakh tons per annum, and that in 1960-61 at 4 lakh tons. The average for the three years works out to 2·667 lakh tons per annum. There has been a decreased in the cost per ton of limestone from Rs. 7·45 per ton in 1953 to Rs. 5·97 per ton in our estimates which is reflected to some extent in the lower costs of raw materials, although consumption of limestone indicated an increase of more than, 15 per cent on account of poorer quality. Some economy has been achieved in the consumption of coal. The conveyance of coal by sea-*cum*-rail route continues as in 1953, and is the one major factor which has made this factory a high cost unit. About 31% of the Company's requirements of coal was transported by sea route during 1956-57. In addition, the fresh licence which has been granted to the unit for the expansion project on hand stipulates that its entire additional requirements of coal should be obtained by sea route, so that it has been found necessary to frame our estimates on the basis of a supply of 75 per cent of coal requirements by sea route and only 25 per cent. by rail route. Thus, the weighted average price of coal during the period of our estimates comes to about Rs. 75 per ton as against about Rs. 52 per ton in 1953. In spite of the additions to the block by way of substantial expansion, cost of depreciation is less in 1958-59 to 1960-61 than in 1953 by Rs. 3:14 per ton. The fixed capital investment on the additional capacity since 1953 amounts to about Rs. 75 per ton as against Rs. 150 per ton of 1953 capacity as at the end of March 1957. This unit continues to be a high cost unit as in 1953 solely because of the disadvantage which it suffers in the price of coal.

7.3.9. *Jaipur Udyog Ltd.*—As this unit first went into production of cement in April 1953 it was not before the Commission during its investigation in 1953. The breakdown of its works costs and estimates is as follows:—

	Actuals for the year ended March 1957	Estimates for 1958-59 to 1960-61
Production (lakh tons)	2·48	7·67
	Rs. per ton	Rs. per ton
Raw materials	12·19	11·92
Power & Fuel	15·28	16·57
Labour & Establishment	5·74	3·27
Repairs & Stores	3·82	3·89
Depreciation	9·58	6·40
Overheads	2·42	1·25
Packing	0·90	0·90
Contingencies	..	2·00
	49·93	46·20

At present the Company has three plants for cement production, the first (which commenced production in April 1953) with a capacity of 500 tons per day equivalent to 1:65 lakh tons per year, the second (which commenced production in September 1956) with a capacity of 600 tons per day equivalent to 1·98 lakh tons per year and the third (which commenced production in November 1957) with a capacity of 600 tons per day equivalent to 1:98 lakh tons per year. A fourth plant with a capacity of 750 tons per day which is equivalent to 2·475 lakh tons per year is expected to be completed by the end of 1958. We have assessed the production during 1958-59 at 6·23 lakh tons which represents the total capacity of the first three plants and proportionate capacity of the fourth plant and the production during 1959-60 and 1960-61 at 8·085 lakh tons per year which represents the total capacity of all the four plants. The annual average of estimated production during 1958-59 to 1960-61 is 7·467 lakh tons. It will be seen that while A.C.C. heads the list in regard to volume of production, Jaipur Udyog will occupy the second place when its present expansion is completed. Production in Jaipur Udyog will be the highest within the confines of a single factory. Its costs compare well with those of other standard cost units and the incidence of the various elements are comparatively low on account of high volume of production. The cost of depreciation would have been lower but for the fact that a major portion of the estimated enhanced production becomes operative only during the period of our estimates and the incidence in the initial years is always high.

7.3.10. *Kalyanpur Lime and Cement Works Ltd.*—The breakdown of the works costs and estimates is as follows :—

	Estimates for 1953	Actuals for 1956	Estimates for 1958-60
Production (lakh tons)	0·340	0·360	1·390
	Rs. per ton	Rs. per ton	Rs. per ton
Raw materials	9·00	9·02	10·62
Power & Fuel	11·70	15·04	14·04
Labour & Establishment	12·05*	13·12	5·64
Repairs & Stores	6·17	7·50	4·22
Depreciation	3·00	3·27	8·31
Overheads	3·13	5·15	2·00
Packing	..	0·79	0·79
Contingencies	1·50	..	2·00
	46·55	53·89	47·62

(*Includes packing).

The original plant of this unit had a capacity of 120 tons per day or 39,600 tons per year. A second plant with a capacity of 100,000 tons per annum went into production in November 1957. We have assessed that the production during 1958-1959 and 1960 will be 1·39 lakh tons per year. The increase in cost of raw materials per ton of cement in our estimates for 1958-1960 is due to an increase of Rs. 1·25 per ton in the price of limestone. There has been a slight reduction in the consumption of limestone and a small increase in the consumption of gypsum. The increase under power and fuel is due to an increase of about Rs. 5·5 per ton in the price of coal. Although there have been increases in the level of wages and in the prices of stores etc., these are not reflected in the costs as a result of increased production. The cost of depreciation is higher by Rs. 5·31 per ton on account of the addition to plant and machinery for achieving higher production. The depreciation on the old plant at its current level of production is Rs. 2·41 per ton, while the depreciation on the new plant works out to Rs. 10·61 per ton.

7.3.11. *Mysore Iron and Steel Works.*—The breakdown of the works costs and estimates is as follows :—

	Estimates for 1953	Actuals for 1956-57	Estimates for 1958-59 to 1960-61
Production (lakh tons)	0·75	0·79	0·83
	Rs. per ton	Rs. per ton	Rs. per ton
Raw materials	13·55	13·25	14·12
Power & Fuel	16·02	16·52	18·49
Labour & Establishment	3·57	4·00	4·55
Repairs & Stores	6·75	6·88	6·60
Depreciation	8·64	4·03	2·61
Overheads	5·18	4·29	4·54
Packing	0·20	0·48	0·48
Contingencies	1·50	..	2·00
	55·41	49·45	53·39

This unit has one kiln 19 years old with a capacity of 60 tons per day, and a second kiln erected in 1950 with a capacity of 200 tons per day. The first kiln is reported to be in outworn condition and requires frequent repairs. We have therefore assessed that the first kiln can be operated only for 290 days per year, and the second for 330 days per year. Accordingly the production of the factory for the years 1958-59 to 1960-61 has been assessed at 83,000 tons per year. The increase in price of raw materials is reflected in the increase of Rs. 0·57 under this head in our estimates for 1958-59 to 1960-61. Cost of coal has increased by Rs. 6 per ton and results in the cost of power and fuel going up by Rs. 2·47 per ton of cement. The only item in which cost has gone down to an appreciable extent is under depreciation wherein a saving of Rs. 6·00 per ton is seen. With its works cost at Rs. 53·49 per ton, this unit continues to be a high cost unit as in 1953.

7.3.12. *Orissa Cement Co. Ltd.*—The breakdown of the works costs and estimates is as follows:—

	Estimates for 1953	Actuals for 1956	Estimates for 1958 to 1960
Production (lakh tons)	1·35	1·95	3·63
	Rs. per ton	Rs. per ton	Rs. per ton
Raw materials	12·49	9·37	10·76
Power & Fuel	16·83	12·72	16·37
Labour & Establishment	7·00*	4·39	4·73
Repairs & Stores	5·55	5·27	4·92
Depreciation	13·22	5·55	5·09
Overheads	2·10	1·74	1·60
Packing	..	1·12	1·12
Contingencies	1·50	..	2·00
	58·69	40·16	46·59

(*Includes packing).

This factory has two plants, the first with a capacity of 500 tons per day and the second with a capacity of 600 tons per day, both making the total capacity of 3·63 lakh tons per annum. The production for the years 1958 to 1960 has been assessed at this level. As compared with the 1953 estimates, the cost under raw materials is lower by Rs. 1·73 per ton for which there are two reasons: the cost of limestone is less now than before by Rs. 1·2 per ton mainly due to increased volume of raising; the consumption of limestone is also less by 0·05 per ton of cement. The price of coal has increased by Rs. 6·6 per ton over the 1953 level, but this has been absorbed by economies in consumption. The increase in the level of production has resulted in reductions in cost under other heads. Depreciation is less by Rs. 8·13 per ton although fresh fixed assets have been added in connection with the second plant. The value of block per ton of old plant was Rs. 121·3, while the value of the additional block for increasing production by more than double was only Rs. 58·2 per ton. This favourable feature has been reflected in the reduced amount needed for depreciation. This unit was considered a high cost one at the time of the last inquiry, but has ceased to be so now.

7.3.13. *Rohtas Industries Ltd.*—The breakdown of the works costs and estimates is as follows :—

	Estimates for 1953	Actuals for 1955-56	Estimates for 1957-58 to 1959-60
Production (lakh tons)	3·00	3·32	3·30
	Rs. per ton	Rs. per ton	Rs. per ton
Raw materials	18·43	17·86	19·26
Power & Fuel	11·63	10·74	12·15
Labour & Establishment	5·65*	4·65	5·68
Repairs & Stores	3·54	4·01	4·82
Depreciation	3·15	2·32	1·77
Overheads	1·01	1·17	1·35
Packing	..	0·51	0·51
Contingencies	1·50	..	2·00
	44·91	41·26	47·54
Less realisation for services rendered to Ashoka Cement.			1·61
			45·93

(*Including packing).

There are two kilns in this factory each with a capacity of 500 tons per day, and we have based our estimates for 1957-58 to 1959-60 on an assumed production of 3·30 lakh tons per year. The increase in cost of raw materials in our estimates for 1957-58 to 1959-60 is due to small increases in the cost of limestone and gypsum. Similarly, the increase under Power & Fuel is due to increase in the price of coal. Depreciation is less by Rs. 1.38 per ton as is only to be expected from the aging of the plant.

7.3.14. *Sone Valley Portland Cement Co. Ltd.*—The breakdown of the works costs and estimates is as follows :—

—	Estimates for 1953	Actuals for 1956	Estimates for 1958-60
Production (lakh tons)	2·35	1·75	2·25
	Rs. per ton	Rs. per ton	Rs. per ton
Raw materials	16·45	14·16	13·85
Power & Fuel	11·83	15·43	16·68

	Estimates for 1953	Actuals for 1956	Estimates for 1958-60
	Rs. per ton	Rs. per ton	Rs. per ton
Labour & Establishment	7·72*	9·87	8·42
Repairs & Stores	3·94	4·42	4·32
Depreciation	1·49	3·17	2·04
Overheads, etc.	1·74	2·76	1·88
Packing	..	1·31	1·31
Contingencies	1·50	..	2·00
	44·67	51·12	50·50

(*Includes packing).

This unit has four kilns, the first of which is reported to be very old and unfit for operation. The other three kilns have rated capacities of 240 tons, 240 tons and 200 tons per day respectively. We have therefore assessed the production in the factory at 2·25 lakh tons per year for the three years of our estimate. The decrease in cost of raw materials is due, partly to a slight decrease in the price paid for limestone and partly to discontinuance of the use of high cost blast furnace limestone. Some economy in consumption of gypsum has also been achieved. The higher costs under labour and establishment and repairs and stores are, to some extent, the result of basing our estimates on a lower output than in 1953, but mostly due to increase in wages and prices of stores and materials. There have been appreciable additions to block subsequent to the inquiry in 1953 by way of replacement of obsolescent items of plant, and this has resulted in increase in the amount of depreciation. This unit has a colliery in Hutar and consumed most of the raisings of coal therefrom in the production of cement. Hutar coal constituted about 30 per cent of the unit's coal consumption in 1956 and 15 per cent in 1957. The coal is reported to have high moisture content, and the cost of its raisings is also high. We have therefore decided to allow only the controlled rates of coal in our cost estimates (as we have done in the case of A.C.C.), as we are of the view that the profit on cement manufacture should not be utilised, even to a small extent, to under-write the loss on coal raisings, there being no compelling need for this unit to maintain a colliery as an integral part of its fixed assets for cement.

7.3.15. *Travancore Cements Ltd.*—The break-down of the works costs and estimates is as follows :—

	Estimates for 1953	Actuals for 1956	Estimates for 1958-60
Production (lakh tons)	0·450	0·540	0·500
	Rs. per ton	Rs. per ton	Rs. per ton
Raw materials	11·34	10·91	13·67
Power & Fuel	24·39	18·93	22·63

	Estimates for 1953	Actuals for 1956	Estimate for 1958-60
	Rs. per ton	Rs. per ton	Rs. per ton
Labour & Establishment	9.29	4.58	5.84
Repairs & Stores	7.81	9.09	11.65
Depreciation	17.44	8.09	6.20
Overheads	5.30	6.86	7.15
Packing	1.28	1.45	1.45
Contingencies	1.50	..	2.00
	78.35	59.91	70.59

The capacity of this factory is 50,000 tons per annum and production has been assessed at this figure. The unit uses lime shell as basic raw material and there has been an increase in the price of shell of about Rs. 2·7 per ton. There have been economies in the consumption of coal and electricity, so that although the price of coal has increased by Rs. 6·4 per ton over the price in 1953, the incidence of fuel per ton of production is lower in our estimates for 1958-60. The increases in cost of stores and repair materials have been reflected in an increase of Rs. 3·84 per ton of production. The cost of depreciation has gone down considerably since 1953. The level of production being static since 1953, and the unit being situated far away from coal, its works cost is still the highest in the industry.

7.3.16. *U. P. Government Cement Factory.*—As this factory went into production only in September 1954, there are no estimates of costs pertaining to 1953. The break-down of the works cost for the year ended March 1957 and our estimates for 1958-59 to 1960-61 is as follows:—

	Actuals for 1956-57	Estimates for 1958-59 to 1960-61
Production (Lakh tons)	2.01	2.30
	Rs. per ton	Rs. per ton
Raw materials	10.15	10.45
Power & Fuel	12.97	14.08
Labour & Establishment	4.43	4.48
Repairs & Stores	6.46	5.18
Depreciation	18 81	11.75
Overheads	2 34	0.89
Packing	0.52	0.52
Contingencies	..	2.00
	55.68	49.35

The capacity of this factory is 700 tons per day or 2.30 lakh tons per year. Production during the past three years has been below capacity as the kilns are reported to have been designed defectively. Efforts have been made to overcome the difficulties encountered so far and the factory is now in a position to attain production up to rated capacity. We have, therefore, assessed production at 2·30 lakh tons per year for the purpose of our estimates. We understand that a licence has been granted for expansion of the plant to double its capacity, but no concrete steps have been taken to place orders for the plant and machinery although a statement has been made that the new plant will be commissioned in 1960. In the absence of full information we are of the opinion that it is not necessary for us to consider this at present as a definite possibility. On account of the defective design of the kiln and the hard quality of limestone, the consumption of coal and limestone are both higher than normal. The incidence of depreciation per ton of cement is very high in this unit, as the investment in fixed assets is as high as Rs. 188 per ton of production.

7.3.17. The weighted average works costs of the sixteen cement units for the period of three years for which we propose to fix fair ex-works prices are as follows:—

	Rs. per ton
A. C. C.	46.16
Andhra Cement	56.41
Ashoka	56.50
Bagalkot	52.17
Dalmia Bharat	44.15
Dalmia Dadri	46.32
Digvijay	48.09
India Cements	52.22
Jaipur Udyog	46.20
Kalyanpur	47.62
Mysore Iron	53.39
Orissa Cement	46.59
Rohtas	45.93
Sone Valley	50.50
Travancore Cements	70.59
U. P. Factory	49.35

In order to arrive at the fair ex-works prices of cement payable to the above units, we should add to the above works costs the fair return which we propose to recommend for each and any special allowances which we consider reasonable. In the next paragraph we shall deal with the question of fair return.

Fair return to the industry

8.1. On the last occasion when the Commission fixed fair prices for cement producers, profit was calculated at 10 per cent on the gross block of each unit and in addition, interest on working capital was allowed at 4½ per cent on an amount equivalent to 5 months' cost of production. This method of calculating profit has been the subject of criticism off and on for over 8 years. The last Fiscal Commission (1949-50) stated in its Report that it was a debatable point whether return on capital should be calculated on the value of the original block or on the capital employed and suggested that a detailed study of this question should be initiated. In their Resolution No. SC(A)-2(89)/52, dated 28th March 1954, relating to Steel Retention Prices, the Government of India has observed that "the principles of price fixation hitherto followed, in particular, the method of relating depreciation and return on investment to gross block require revision". We have also experienced difficulty in applying this method of basing return on gross block to certain industries whose prices had to be determined by us. The first departure from the customary method was made by us when dealing with the fair prices of rubber tyres and tubes in 1955. On that occasion we decided that gross profit (including interest on working capital) at the rate of 10 per cent on capital employed will be reasonable for the rubber tyre industry. A similar approach was made when fixing prices for locomotives although in that case the Government's agreement with the Tata Locomotive & Engineering Co. Ltd., itself provided for calculation of profit on employed capital at an agreed rate.

8.2. In considering a formula for a fair and equitable return on investment we have to take into account the two principal elements which are employed in acquiring assets of an industrial establishment (1) capital expenditure on construction and acquisition of fixed assets and (2) working capital required for building up inventories, book debts and cash resources for normal operations of the business. Fixed assets depreciate through normal wear and tear and depreciation allowances are given for such loss in value of those assets. When return to an industry is therefore expressed as a percentage on the gross block, it includes profit on the portion of the value of fixed assets which is already covered by depreciation set aside in the past. In the case of old and established industries with plant and machinery which had been written down over a period of years the percentage is applied to a large part of their original value which had been recovered in costs by way of tax free depreciation allowances. As the gross block of a unit continues to increase with every replacement, renewal or expansion, what actually forms part of the capital employed in its business is only the net block. The reason for this is that a portion of the depreciation fund (which corresponds to the value of the block which is written off) might have been invested outside the industry or in shares or securities, or even used as working capital. If it is used as working capital, separate provision is made for interest on the total working capital required by the industry under the customary method. Consequently no return is in fact due on such portion. Again, under the customary method, return on working capital is allowed only at the ruling rate of interest for short-term borrowings, though there is always an element of working capital which is permanently invested in the industrial units concerned. There is yet another reason for considering the customary method of basing return on the gross block as defective. When there are a number of units in an industry some of which are very old and others very new, anomalies will arise from application of the customary formula to all the units. The gross block of old companies will continue to increase out of depreciation allowances already granted to them, while new companies grow side by side in which the relation between gross block and capital employed is substantially different.

8.3. Having considered all these and other relevant factors we have decided to accept "employed capital" as the basis for arriving at a fair return for the cement industry. The accepted definition of "employed capital" is "net assets comprising fixed and current assets used in the business, less current liabilities and provisions". Usually the amount of employed capital of a unit is computed by taking the average of the net assets at the beginning and the end of the period concerned at the values shown in its balance sheet. However, as we are now engaged in fixing the prices for 3 future years we have followed the method of assessing the employed capital for each unit, having before us the figures relating to their net fixed assets, the projected additions thereto during the next 3 years under expansion schemes, depreciations accruing during the period, and the working capital element in the employed capital which is equivalent to "the current assets used in the business less current liabilities and provisions". This working capital element has been assessed as being equivalent to five months cost of production.

8.4. The next question to be considered is the rate of return on "capital employed" which should be fixed for the cement industry. We have stated above that in the case of the rubber tyre industry we took the view that 10 per cent on capital employed would provide a reasonable return for that industry. This view was taken in 1955 under conditions which prevailed at that time. Since then the rates of taxation applicable to companies have increased from about 44 per cent to about 51½ per cent. Further, the rates of interest at which borrowings from banks and financial institutions are now possible, (as against the rates prevalent in 1955) have also increased by 1½ per cent to 2 per cent. In addition, scales of wages and emoluments to labour and staff have increased resulting in the need for increased allocations under bonus, gratuity, etc. at a level higher than in 1955. As all these elements have to be provided for in profits we consider that a rate of return at 12 per cent on capital employed should be allowed to the cement industry.

8.5. After considering all the above factors we have taken the view:

(a) that return on capital employed should be allowed at 12 per cent to all low cost units *viz.* A.C.C., Dalmia Bharat, Dalmia Dadri, Digvijay, Jaipur Udyog, Kalyanpur Orissa Cements, Rohtas and Sone Valley;

(b) that return on capital employed should be allowed at 10 per cent to the high cost units *viz.* Andhra Cement, Ashoka, Bagalkot and India Cements in conformity with the principle accepted at the time of the last inquiry that high cost units should not expect returns on the same scale as other units. Applying the same principle we have taken the view that return at 8 per cent should be allowed to Travancore Cement whose cost of production is the highest, and much higher than those of the above four high cost units;

(c) that return on capital employed should be allowed at 6 per cent to the two State Government owned factories, *viz.* Mysore Iron & U. P. factory whose commitments (to be met from profits) do not include income-tax liability.

8.6. The gross profit which each unit (other than the two Government owned units) would be entitled to on the above basis, will, in our view, provide sufficient funds for each of them to meet its commitments under bonus and gratuity, interest on borrowed capital and debentures, dividend on preference shares, managing agents commission, income-tax and wealth-tax, and finally, leave a residue which would enable each of them to declare a reasonable dividend to shareholders.

8.7. The final figures of each unit's works cost with profit added as indicated above are as follows:—

(Rs. per ton)

Sl. No.	Name of the unit	Works cost	Profit	Works cost plus profit
1	A. C. C.	46.16	9.52	55.68
2	Andhra Cement	56.41	7.11	63.52
3	Ashoka	56.50	8.05	64.55
4	Bagalkot	52.17	10.23	62.40
5	Dalmia Bharat	44.15	6.24	50.39
6	Dalmia Dadri	46.32	8.85	55.17
7	Digvijay	48.09	8.38	56.47
8	India Cements	52.22	8.10	60.32
9	Jaipur Udyog	46.20	10.62	56.82
10	Kalyanpur	47.62	10.04	57.66
11	Mysore Iron	53.39	4.84	58.23
12	Orissa Cement	46.59	8.74	55.33
13	Rohtas	45.93	6.28	52.21

(Rs. per ton)

Sl. No.	Name of the unit	Works cost	Profit	Works cost plus profit
14	Sone Valley	50.50	5.22	55.72
15	Travancore Cements	70.59	9.86	80.45
16	U. P. Factory	49.35	7.65	57.00

Allowance for rehabilitation

9.1. As a result of the Commission's recommendations in 1953 Government permitted 7 standard cost units to add Rs. 4 per ton to their selling prices as allowance for rehabilitation and expansion, provided they agreed to hold Rs. 2 per ton in a separate fund to be operated by them with the consent of Government exclusively for the aforesaid purpose. These 7 units were Andhra Cement, A.C.C., Dalmia Bharat. Dalmia Dadri, Kalyanpur, Patiala and Rohtas. An eighth unit, namely, Sone Valley accepted the scheme from 27th September, 1956 and was allowed Rs. 4 extra in price. The industry has now represented to us that a similar allowance should be granted on this occasion also to meet the cost of rehabilitation and obsolescence.

9.2. We agree with the view of the cement manufacturers that rehabilitation has to be undertaken in cement factories from about the 10th year after the initial commissioning of plant and equipment. Such rehabilitation should proceed in a staggered manner involving replacement of worn-out equipment year by year in order that the plant as a whole may be sustained at the requisite level of efficiency for maintaining production to full capacity. We are, therefore, of opinion that equipments which were commissioned after 1949 would not be qualified for rehabilitation allowance. The prices that we are fixing at present will be effective till the end of 1960 so that those units with equipment installed after 1949 and which are not expected to undertake major replacement or renovation thereof for a period of about 10 to 11 years will not be eligible for rehabilitation allowance during this present price period. There is another reason for taking into consideration only those units with equipment installed prior to 1949. It will be recalled that from 1st April 1948 sanction was accorded by Government for charging special depreciation, additional normal depreciation and also an extra allowance for triple shift working on portions of plant installed subsequent to that date. The special depreciation has subsequently been extended in the form of development rebate. As a result of these concessions the industry has been provided with sufficient extra allowances to take care of rehabilitation or renovation after 1948-49. It is only those plants which were in existence prior to that year which need some special consideration.

9.3. As on the last occasion we feel that a sum of Rs. 4 per ton should be added to fair ex-works cost of cement as rehabilitation allowance. This would yield Rs. 1.97 net per ton (or say, Rs. 2) after payment of income-tax. Only those units which have plant and equipment installed prior to 1949 will be eligible for allowance at the above rate, and as the allowance is recoverable by the concerned units on the total tonnage of their cement sales, the allowance has been worked out for each unit only to the extent of the ratio which its pre-1949 equipment bears to the total equipment in the factory. Accordingly the rehabilitation allowance payable to the concerned units is as follows:

	Rs. per ton
A. C. C.	2
Andhra Cement	1
Dalmia Bharat	4
Dalmia Dadri	1
Kalyanpur	1
Rohtas	2
Sone Valley	3

9.4. Each of these units will be able to utilise about half of the amounts realised by them on the basis of the above rates for rehabilitation, as income-tax will take away the other half. The rules governing the segregation of these amounts and their utilisation may be the same as were applicable to the rehabilitation allowance granted hitherto.

Final fair ex-works prices to the different cement units

10.1. We recommend that the final fair ex-works prices of naked cement for the 16 units in the industry, after adding together the ex-works cost (para. 7.3.17), the profit element (para. 8.7) and the rehabilitation allowance (para 9.3) be as follows. These prices do not include selling commission. The fractions in the prices have, in each case, been rounded off to the next higher half of one rupee.

	Rs. per ton
1. A. C. C.	58.00
2. Andhra Cement	65.00
3. Ashoka	65.00
4. Bagalkot	62.50
5. Dalmia Bharat	54.50
6. Dalmia Dadri	56.50
7. Digvijay	56.50
8. India Cements	60.50
9. Jaipur Udyog	57.00
10. Kalyanpur	59.00
11. Mysore Iron	58.50
12. Orissa Cement	55.50
13. Rohtas	54.50
14. Sone Valley	59.00
15. Travancore Cements	80.50
16. U. P. Factory	57.00

10.2. We further recommend that the prices indicated against each unit should be paid with effect from 1st January, 1958, and be in force till 31st December, 1960, except in the case of Dalmia Bharat. This company expects expansion of its production to become effective from the beginning of 1960. If such expansion takes place its costs will require to be re-examined and re-assessed, and steps in this regard should be taken during the fourth quarter of 1959. The price for Dalmia Bharat should, therefore, be inforce only till the end of 1959.

10.3. In this connection, we would mention that the industry represented that, as all the units have suffered from the effects of increased costs of production from about the end of 1956, and there have been significant inroads on their realisations during 1957, the revised prices should be applied with effect from 1st January, 1957. We are unable to consider this request for two reasons:—

(a) the actual costs for 1957 have not been investigated by us, and there is no method by which we could at present assess the extent of the shortfalls in realisations or actual losses sustained by individual units during 1957;

(b) the fair prices now determined by us are estimates relating to 1958 to 1960 and cannot be applied with retrospective effect.

10.4. The weighted average of the prices now recommended by us to individual units is Rs. 58·10 per ton. The comparable weighted averages of the prices fixed by Government in February 1954 and the prices which prevailed in December 1957 were Rs. 54·60 per ton and Rs. 54·50 per ton respectively.

Prices applicable to new units

11. It has been suggested to us by Government that, as certain units may come into production after we have completed our inquiry the possibility of formulating the principles that should govern the fixation of price in regard to such units should be considered. We have carefully considered this matter and find that in regard to price fixation what is needed is an actual on-the-spot investigation of the prices of raw materials, consumption factors, salaries and wages, etc. It is therefore not possible to lay down any set of principles or formulae which would cover all the factors relating to the determination of prices in a precise manner. We, therefore, recommend that the case of each new unit should be taken up for cost investigation individually as soon as it goes into production and is able to provide data relating to costs and consumption for a period of at least three months.

Future expansion of the industry

12.1. All the units in the industry with plans for expansion, either already effected or under implementation or under contemplation, requested that an allowance should be included in the final price of cement for financing the expansion schemes. Our approach to this question has been largely influenced by the fact that the price of cement to the consumer, as it is today, is considered to be high, and should not be increased for any such reason as the grant of an extra element in price not hitherto contemplated unless such increase is absolutely essential. We have, therefore, limited the issue to a consideration of expansion schemes relating to individual units which will become productive during the period of price fixation *viz.*, till the end of December 1960. All expansions taking place during the years 1958 to 1960 have been included in the qualifying data relating to costs and only such expansion schemes may therefore be considered for the present purpose. Accordingly, we have scrutinised the data submitted by the various units regarding those expansion schemes which would be completed before the end of 1960. Some units have licences and have intentions of completing expansions before 1960 but they have not been able to place before us the requisite data relating to capital costs period during which erection of plant would take place and probable date of commencement of production, nor have they been able to furnish details relating to their financial ways and means position. The cases of such units have therefore been excluded from our examination.

12.2. Our examination of the ways and means position of each unit having concrete plans for expansion of capacity which will be effective before the end of 1960 has revealed that, by and large, all of them are in a position to raise the necessary resources partly from internal sources and partly from external sources. The depreciation earnings, outside borrowings, fresh capital to be raised, deferred payment credit, tax relief on development rebate, etc., cumulatively add up to what the units require for completing their plans for 1958 to 1960.

12.3. From the discussions that we had with producers we observe that most of them are of the opinion that the general trend of demand for cement is now slackening and that for most units there has been a diminution in workable orders. It would also seem that stockists are reluctant to stock. We are informed one of the main reasons for the slow tempo of demand is that the present consumer price of cement is high. Whether this is the major reason or whether there has been a slight slackening of demand for executing schemes under the Second Five Year Plan, we are unable to say. However, we take note of the opinion expressed by some of the producers that the potential demand for cement during 1958 is 6·5 million tons and that the demand in 1960-61 will be of the order of only 10 million tons, and, in any event will not exceed 12 million tons if the present prices are to continue. If the expansion schemes which have been licensed by Government so far (including the establishment of new units) fructify, the capacity of the cement industry at the end of 1960 is expected to be about 12 million tons. It is, however, doubtful if all the expansion plans will be implemented according to schedule.

12.4. We state these points to emphasise that some concerted effort will have to be made for expanding the industry's productive capacity during the next five years so as to keep pace with demand in the interval. A sizeable unfulfilled demand in cement has been in existence for a number of years and the industry's expansion since 1953 was largely due to the pressure of demand on available production and the assurance which the industry had of a fast developing market. At the levels of cost of production and prices which prevailed during 1953, 1954 and 1955 producers were able to implement their plans for expansion and modernisation from internal resources. The production of cement which stood at 37·69 lakh tons in 1953 increased to 49·34 lakh tons in 1956 as a result of new investment undertaken by cement producers by way of expansion in existing units and establishment of new factories. This tempo of expansion has, at the present moment, slackened slightly partly on account of increase in cost of production resulting in falling profit margins and scarcity of financial resources available for expansion purposes. It is in this context that we recommend that positive steps should be taken by Government for encouraging expansion in the industry. We see no reason to believe that the demand for cement will slacken in the future. On the other hand, with the greater need for enlargement of housing in the private sector and the implementation of development schemes under the Second Five Year Plan there should be a progressive increase in the demand for cement, perhaps, for the next five to ten years. Further, there is always the possibility of developing an export market in cement especially by those units which are favourably situated near the coast line.

12.5. We have stated that our examination of the ways and means position of the industry in relation to expansion plans has been confined only to the period ending December 1960. There are quite a few units which have expansion plans beyond 1960, and these expansions will take place not merely inside existing factories but will take the form of new factories established at new centres. It is likely that these units may need financial assistance to augment their resources. We suggest that their cases should be examined carefully and that suitable steps be taken by Government at the appropriate time to ensure that the schemes promulgated by them do not languish for want of financial assistance.

Expansion in the Cement Industry—Conclusions drawn from a study of costs

13.1. We wish to record in this paragraph certain conclusions which emerge from a study of the costs of production in the cement industry, in particular, such as relate to units wherein expansions have taken place. The features that should be borne in mind for a proper understanding of the subject are briefly, as follows:—

(a) The manufacture of cement is a continuous process which is maintained round the clock except when partial shut down takes place for repairs or overhaul. Maintenance of production at the maximum level is the surest way of keeping down costs. To obtain a significant increase in the volume of production or achieve additional capacity, fresh equipment must be installed in the shape of kilns, raw mills, cement mills, etc., together with sundry ancillary items. The installation of additional equipment would entail the employment of some additional labour and staff, and a slight increase in overheads.

(b) Increase in volume of production through the installation of additional equipment will not result in any decrease in costs of raw materials, power or fuel, provided the unit prices of these remain unchanged, and consumption factors are maintained at original level. It is likely that some economies can be achieved in cost of labour, establishment and overheads as the required increase under these heads will not be in proportion to the increased volume of output available from expansion. If we assume that, on an average, cost of labour, establishment and overheads constitute about 20 per cent. of total works cost, the variation under these heads, arising out of expansion, may result in economies to the extent of, at the most, 5 to 10 per cent. of total costs. Depreciation will show a high incidence during the years immediately after expansion, but will go down as the years go by.

13.2. To illustrate the limited extent to which variance in costs can be brought about by changes in volume, we will examine the weighted average of the estimated works cost of the entire industry for the years 1958 to 1960 amounting to Rs. 47·55. The break-down of this figure discloses that:—

		Rs. per ton
Item I	Cost of Raw Materials	10.78
Item II	Cost of Power & Fuel	16.52
Item III	Other manufacturing charges including overheads	14.24
Item IV	Depreciation	6.01
	TOTAL	47·55

Items I and II above are fixed costs per ton, while Item III is variable to the extent of about 50 per cent. Item IV is variable. It follows therefore that while over 70 per cent. of the total works cost is fixed, only under 30 per cent. thereof is variable in relation to expansion of output.

13.3. The conclusions that emerge from these features relating to the cost structure of the cement industry are: (a) The possibilities of achieving economies in costs in a particular unit through expansion of production (after installation of additional plant) are limited. (b) Subject to availability of the required quantity of raw materials, the desirable course for an entrepreneur would be to instal kilns capable of large outputs of clinker, in order to ensure that the manufacturing charges and overheads incurred result in achieving the largest volume of production. (c) If raw materials and space are available at a particular site where a plant is in existence the most profitable way of further developing that site would be to double and treble the plant until the site is fully exploited. The need to go to another site should arise only when the site is completely exploited.

Ancillary recommendations

14.1. *Escalator clause to cover increase in the price of coal.*—All cement producers have requested that an escalator clause should be inserted in our report to cover possible increases in the pit-head prices of coal during the currency of the present prices for cement. We consider this request to be reasonable. Accordingly we recommend that whenever there is a general increase in the controlled pit-head price of coal a reference should be made to us to calculate and advise Government the extent to which the price of cement applicable to each individual unit should be increased on the basis of the data relating to consumption in each unit which is on record with us.

14.2. *Rebates for Government sales.*

14.2.1. In paragraph 17(c) of the Commission's Report (1953) on "Cement prices" specific mention has been made of the fact that A.C.C. and some other companies were put to substantial loss on account of rebate which they had to pay to the Central and State Governments in the price of cement supplied to them. The Commission also stated that it had not taken into account any rebate so paid to the Central and State Governments and that, in its view, rebate was a matter which should be negotiated by the companies concerned with the Central and State Governments.

14.2.2. We have investigated the position at present and find that 10 out of 16 producers have been paying rebates on Government sales and that the incidence of such rebates on the overall quantities of cement sold by each producer range from Rs. 0·36 per ton to Rs. 1·35 per ton during last year. The particulars obtained from the several units for the years 1956 and 1957 are given in Appendix X.

14.2.3. The units concerned represented that as they were helpless in the matter of rebate we should include the incidence per ton in the final ex-works price for each unit in order that they may not be put to a loss through having to pay such rebates. We could not accede to this request in principle as we must treat all consumers, both Government and non-Government, alike in the matter of price and may not countenance the loading of the price to one set of consumers for the benefit of another set. At the same time it is unfair to ask producers when their prices are subject to strict control, and they have little or no means of absorbing losses, to part with even a fraction of a rupee per ton of cement, which, in the aggregate, will amount to sizeable sums of money. We, therefore, recommend that the system of rebates should be abolished or, in the alternative, the State Trading Corporation, as all-India distributor of cement, should be asked to pay the rebates, from out of the margin in its hands.

14.3. *Packing of cement.*—The allowance for packing charges is sanctioned each quarter in accordance with the Press Note, dated 27th March, 1954 issued by the Government of India in the Ministry of Commerce and Industry which vests discretion in each unit to utilise used gunny bags provided the question of price is settled between the buyer and seller. It would seem that the usage of second hand gunny bags was permitted so that it may be of benefit to consumers. Actually, however, all units keep the profits arising from the use of second hand bags to themselves without even a semblance of negotiation with or consideration for the consumer. From evidence received from a few representative consumers we understand that the use of second hand bags results in considerable wastage of cement in transit and that in a sellers' market such as exists today under controlled conditions of supply and distribution, the buyer of cement has to bear the loss without demur. The use of second hand bags has thus resulted in exploitation of consumers of cement by producers. Further we see no need to restrict the consumption of new bags for packing cement as, according to the Indian Jute Mills Association, the jute industry is in a position to satisfy the requirements of all cement producers to the fullest extent, now and in future, and would appear to be anxious to handle an increased demand. We, therefore, recommend that the use of second hand bags for packing cement should be discontinued in future.

14.4. *Mysore Iron and U. P. Government Factory*.—The accounts relating to these two Government owned factories are maintained in departmental form of accounting and are audited by the Accountants General of the respective States. Departmental form of accounting which is very different from commercial accounting, involves elaborate and complicated procedure for incorporation of day to day operations. Further, the final presentation of the accounts shows the aggregates of withdrawals and deposits in a manner which gives a somewhat distorted picture of the unit's requirements of working capital. We are, therefore, of the view that the form of accounting adopted in both the units should be simplified. Since these undertakings are inherently commercial in character, it would be appropriate if their accounts are also maintained in the same form as those of similar undertakings which are managed as joint stock enterprises. We therefore recommend that the two units concerned should bring their accounting procedure into line with commercial form of accounting as early as possible.

14·5. *Ashoka Cement Ltd.—Rohtas Industries Ltd.*—Our Cost Accounts Officer has stated in his report on the above two units, *inter alia*, that although Ashoka Cement is legally an entity separate from Rohtas Industries managed by its own Board of Directors, its plant and equipment is so interspersed that it would be impossible for one Company to work independently of the other, and to an outside visitor would appear to belong to a single Company. We understand that every alternate plant or machinery belongs to either Ashoka or Rohtas; that the overhead crane runs on a continuous gantry but that one portion of that gantry is stated to belong to Ashoka while the other portion is stated to belong to Rohtas; and that the slurry basins, raw mills, cement mills and kilns of the two units are arranged alongside each other, one stated to belong to Ashoka, and the other to Rohtas. Ashoka does not possess a fully balanced plant; it does not have a crushing unit, and the capacity of its raw mills is not sufficient to grind all the raw meal required by it. Ashoka and Rohtas have, between them, an agreement according to which the latter performs various services to the former such as supply of power, railway wagons and water, supply of supervisory staff, crushing of raw materials, grinding raw meal etc. Ashoka also makes use of Rohtas' general staff, watch and ward, hospital and other welfare establishments, besides occupying the latter's office premises. As a result of the extreme dependence of Ashoka on Rohtas our Cost Accounts Officer experienced considerable difficulty in estimating the cost of production in the former. The Managing Agents of Rohtas are the promoters of

Ashoka Cement, and some of the Directors are common to both. It may be that they are quite satisfied with the present arrangement, but we are of the view that so much promiscuity should not be allowed to continue in the disposition of the fixed assets plant and machinery of two independent companies with two entirely different groups of shareholders, as we presume is the case. We, therefore, recommend that these two units should take steps to amalgamate as early as possible.

14.6. *The Travancore Cement Ltd.*—Although the works cost of this unit, according to our estimates is about Rs. 11 lower than the Commission's estimates of 1953, it is still the highest for the industry. This feature acts as an incubus on the unit and gives it little chance for improving its position. It has built no reserves, has made no provision for meeting income tax liability and has been paying dividends out of depreciation allowances received by it. Its only chance of making good would appear to be in its proposed scheme for the manufacture of white cement which is expected to be completed by the end of 1958. The unit is ideally situated for the manufacture of white cement, and as this commodity will fetch a much higher price than portland cement, the chances of its improving its financial position through the sale of white cement appear to be bright. We therefore recommend that all possible encouragement and assistance should be given by Government to this unit to enable it to complete its white cement project and sell the commodity at rates which the market can bear.

14.7. *Price of cement to the consumer.*

14.7.1. In June 1956, that is, prior to the entry of the State Trading Corporation of India into the field of distribution of cement, consumers of cement who obtained their supplies from standard cost units were paying about Rs. 88 per ton of cement, (which did not include sales tax or distribution charges) made up as follows:—

	Rs. per ton
Price of unpacked cement	54·50
Excise duty	5·00
Packing charges	13·25
Freight	15·00
TOTAL	87·75

At present the comparable consumer's price for cement is stated to be about Rs. 116 without inclusion of sales tax and distribution charges. The increase is due partly to the addition of Rs. 15 by way of excise duty (bringing up the total of excise duty to Rs. 20) and partly to the addition of a sum of about Rs. 13 being the element for equalising the price of indigenous cement and imported cement.

14.7.2. We have already stated in paragraph 2.6 that the net surplus in the hands of the State Trading Corporation which resulted from the element for equalising the price is about Rs. 5·01 crores as on 30th

June, 1957. The figure relating to the surplus subsequent to 30th June, 1957 is not available. This would indicate that, arising from one of two causes, *viz.*, either an excess in the estimate of the amount that was required as equalisation price (Import Surcharge) or a reduction in the volume of imports which were obtained as compared with the volume originally planned, the amount recovered during the year ended June 1957 by the State Trading Corporation was, indeed, far in excess of requirements for purpose of equalisation. In Appendix XI will be found particulars relating to imports of cement made by the State Trading Corporation from 1st July, 1956 till 31st December, 1957. As regards further quantities expected to be imported during 1958, we understand from the State Trading Corporation that Government has recently directed that no fresh imports of cement involving foreign exchange should be made, that the question of entering into contracts for import of cement with parties who were prepared to accept payment in Indian rupees was under consideration, and that the approximate c.i.f. price at which imports are likely to be made is Sh. 160 per ton.

14.7.3. During the course of our inquiry, several suggestions were made that the price of cement at current levels was a factor impinging on consumption and that such impingement was likely to result in a shrinkage of demand. Any shrinkage in demand would have an adverse effect on the expansion plans of the industry unless steps are taken, well in time, to find an export market for surplus production. It is reported that Government has decided as an experimental measure, to permit the export of 100,000 tons of cement during this year.

14.7.4. In the light of the above facts it would seem that a reassessment of the price at which cement should be made available to consumers is now called for. Of the several elements involved in such reassessment the one outstanding element is the Import Surcharge of Rs. 13. Whether surcharge at the high rate of Rs. 13 per ton can be justified in the context of existing conditions under which imports are not expected to take place, but exports are likely to be made, is a matter for immediate consideration, and we recommend that Government should take this up for examination and afford such relief as is possible to consumers of cement.

15. Our conclusions and recommendations are summarised as under:—

Summary of conclusions and recommendations

(1) At the time of revision of prices in 1953 prices were fixed for cement producers at the level of the A.C.C.'s price although the costs of production in the several factories displayed wide variations therefrom. Except in three cases the prices that were fixed fell short of the prices that were worked out. The factors which contributed to satisfactory financial results in cement companies during the years 1954 to 1956, despite their apparent insufficiency are :—

(i) the prices which were recommended were based on the estimated output for 1953 while the actual output during 1954 to 1956 in most units were far in excess of the estimates;

(ii) the freight actually incurred by certain companies was less than the element for freight which had been included in the price;

(iii) some saving was effected in packing charges; and

(iv) a small margin was available in selling commission to those companies who had no separate selling organisations.

(Paragraphs 5.1 to 5.6)

(2) After the advent of the State Trading Corporation into the field of cement distribution in July 1956, producers of cement, who had margins in the freight element, lost them. In addition, all cement producers had to contend with increase in cost of production arising from various factors, reduction in net profits and high capital cost for replacement etc. The fairly comfortable position in which the cement industry found itself during 1954, 1955 and first half of 1956 gave place to a situation of acute discomfort and stringency thereafter.

(Paragraph 5.7)

(3) The individual weighted average works costs of the sixteen cement units for the period of three years for which we have fixed fair ex-works prices are as stated in paragraph 7.3.17.

(Paragraph 7.3.17)

(4) Return for the industry calculated as a percentage of employed capital is a more satisfactory method of calculating profit than that adopted in the past by the Tariff Board/Commission as a percentage on the undepreciated gross block to which was added interest on working capital.

(Paragraphs 8.1 to 8.3)

(5) Return on capital employed has been allowed at 12 per cent. to nine low cost units, at 10 per cent. to four high cost units, at 8 per cent. to Travancore Cements Ltd., whose cost is the highest, and at 6 per cent. to the two Government owned factories.

(Paragraph 8.5)

(6) The gross profit arrived at on the basis of the above calculation will provide sufficient funds for each unit to meet its commitments under bonus and gratuity, interest on borrowed capital and debentures, dividend on preference shares, managing agents commission, income-tax and wealth-tax, and finally, leave a residue which would enable each of them to declare a reasonable dividend to shareholders.

(Paragraph 8.6)

(7) Rehabilitation allowances should be given to seven units (which have equipment installed prior to 1949) at the rates mentioned in paragraph 9:3.

(Paragraphs 9.1 to 9.4)

(8) The final fair ex-works prices of naked cement recommended for the sixteen units in the industry are as stated in paragraph 10.1. These prices do not include selling commission.

(Paragraph 10.1)

(9) The final fair ex-works prices recommended by us should be in force from 1st January, 1958 to 31st December, 1960 except in the case of Dalmia Cement (Bharat) Ltd. The price recommended for this company should be in force till the end of 1959 before which date a fresh examination of its costs should take place.

(Paragraph 10.2)

(10) The weighted average of the prices now recommended by us to individual units is Rs. 58·10 per ton. The comparable weighted averages of the prices fixed by Government in February 1954 and the prices which prevailed in December 1957 were Rs. 54·60 per ton and Rs. 54·50 per ton respectively.

(Paragraph 10.4)

(11) As regards new units to be established in future it is not possible to lay down any set of principles or formulae to cover all the factors relating to the determination of prices applicable to them. The case of each new unit should be taken up for cost investigation individually as soon as it goes into production and is able to provide data relating to costs and consumption for a period of at least three months.

(Paragraph 11)

(12) Positive steps should be taken by Government for encouraging expansion in the cement industry. The cases of all new projects which need financial assistance to augment their resources should be examined carefully and suitable steps taken at the appropriate time to ensure that schemes promulgated by them do not languish for want of financial assistance.

(Paragraphs 12.4 to 12.5)

(13) The possibilities of achieving economies in costs in cement units through expansion of production by installation of additional plant are limited. Subject to availability of required quantity of raw materials, entrepreneurs should instal kilns capable of large outputs of clinker in order to ensure that manufacturing charges and overheads result in achieving the largest volume of production. If raw materials and space are available at a particular site where a plant is in existence, the most profitable way of further developing that site would be to double and treble the plant until the site is fully exploited.

(Paragraph 13.3)

(14) Whenever there is a general increase in the controlled pit head prices of coal, a reference should be made to us to calculate and advise Government the extent to which the price of cement applicable to each individual unit should be increased on the basis of the data relating to consumption in each unit.

(Paragraph 14.1)

(15) The system of rebates allowed by cement producers to the Central and State Governments in the price of cement supplied to them should be abolished. Alternatively, the State Trading Corporation should be asked to pay the rebates from out of the margin in its hands.

(Paragraph 14.2.3)

(16) The use of second hand bags for packing cement should be discontinued in future.

(Paragraph 14.3)

(17) The Mysore Iron and Steel Works and the U. P. Government Cement Factory should bring their accounting procedure into line with commercial form of accounting as early as possible.

(Paragraph 14.4)

(18) Ashoka Cement Ltd. and Rohtas Industries Ltd. should take steps to amalgamate as early as possible as there is too much promiscuity in the disposition of their fixed assets—plant and machinery.

(Paragraph 14.5)

(19) All possible encouragement and assistance should be given by Government to Travancore Cements Ltd. to enable it to complete its white cement Project and sell the Commodity at rates which the market can bear.

(Paragraph 14.6)

(20) Government should undertake a reassessment of the price at which cement is made available to consumers in the context of existing conditions under which further imports of cement are not expected to take place and examine whether the import surcharge which now forms an outstanding element in the consumer's price should be retained at the existing level.

(Paragraph 14.7.4)

Acknowledgments

16. We desire to express our thanks to the representatives of the several cement companies who furnished us with detailed and comprehensive information and tendered evidence before us.

K. R. DAMLE,
Chairman.

C. RAMASUBBAN,
Member.

S. K. MURANJAN,
Member.

J. N. DUTTA,
Member.

R. S. BHATT,
Member.

RAMA VARMA,
Secretary.

28th February 1958.

APPENDIX I

(*Vide* Paragraph 1)

GOVERNMENT OF INDIA

MINISTRY OF HEAVY INDUSTRIES

New Delhi, the $\frac{12th}{14th}$ *January*, 1957.

RESOLUTION

Tariffs

No. Cem-8(5)/57.—In their Resolution No. SC(B)-8(257)/54, dated the 1st February' 1954, the Government of India announced their decisions on the recommendations of the Tariff Commission regarding the prices of cement for the various existing cement factories. The price fixed for standard cost units was Rs. 67 per ton, *f.o.r.* destination, for unpacked cement plus Rs. 4 per ton, for such of the standard cost units which agreed to maintain a separate Rehabilitation and Expansion Fund and to operate the Fund with the consent of the Government of India, exclusively for the purposes of rehabilitation and expansion. The prices fixed for the high cost units ranged between Rs. 72 and Rs. 79 per ton, *f.o.r.* destination, for unpacked cement. These prices included an element of Rs. 15 per ton on account of average freight. With the introduction of State Trading in cement from 1st July, 1956, the prices of cement, payable to the producers have been fixed on an *f.o.r.* ex-works basis.

Towards the end of 1955 Government felt that the cost of production of the high cost units should be re-examined to see whether they continued to need the special assistance. The examination showed that all the high cost units except two, no longer required the benefit of higher prices and their prices were, therefore, provisionally reduced with effect from 2nd February 1956 to the standard ex-works price of Rs. 56 per ton (inclusive of selling expenses) for unpacked cement. Some of these producers have represented to the Government of India that the costs of production have since gone up, and that, therefore, an increase in the price is necessary. Government of India are of the opinion that a fresh examination of the cost of production in each of the existing cement factories, and the fair prices payable to the cement producers, is necessary.

2. The Tariff Commission is, therefore, requested to conduct the necessary enquiries in this behalf and submit its report to the Government as early as possible.

3. Firms or persons interested in the matter who desire that their views should be considered should address their representations to the Secretary, Tariff Commission.

ORDERED that a copy of this Resolution be communicated to all concerned and that it be published in the *Gazette of India*.

(Sd.) N. SUBRAHMANYAM,

Joint Secretary to the Government of India.

APPENDIX II

(*Vide* Paragraph 3.2.1)

List of producers and consumers of cement to whom the Commission's questionnaire or letters were issued and of those who replied

*Those who replied.

**Those who have replied that they are not implementing the schemes.

(*A*) *Existing Cement Companies :*

*1. Associated Cement Companies Ltd., 121, Queen's Road, Bombay-1.

*2. Dalmia Dadri Cement Ltd., Dalmia Dadri (Punjab).

*3. Dalmia Cement (Bharat) Ltd., Scindia House, New Delhi.

*4. Rohtas Industries Ltd., Dalmia Nagar, (Bihar).

*5. Sone Valley Portland Cement Co. Ltd., Japla, (Bihar).

*6. Kalyanpur Lime & Cement Works Ltd., 2 & 3, Clive Row, Calcutta.

*7. Andhra Cement Co. Ltd., 337, Thambu Chetty Street, Madras.

*8. Mysore Iron & Steel Works, Bhadravati (Mysore).

*9. Shree Digvijay Cement Co. Ltd., Shree Nivas House, Waudby Road, Bombay-1.

*10. India Cements Ltd., 11-12, Second Line Beach, Madras-1.

*11. Orissa Cement Ltd., Scindia House, New Delhi.

*12. Travancore Cements Ltd., Kottayam (Kerala State).

*13. Jaipur Udyog Ltd., Sawai Madhopur (Rajasthan).

*14. U. P. Government Cement Factory, Churk (U. P.).

*15. Bagalkot Cement Co. Ltd., Stadium House, Veer Nariman Road, Bombay-1.

*16. Ashoka Cement Ltd., Dalmianagar (Bihar).

(*B*) *New Companies* :

*1. Birla Jute Manufacturing Company Ltd., 8, India Exchange Place, Calcutta-1.

2. Shri Sanwalram Moore, 15-A, Elphinstone Circle, Bombay-1.

**3. Zoraster & Co., Johari Bazar, Jaipur.

*4. J. K. Commercial Corporation, Kamala Tower, Kanpur.

*5. Saurashtra Cement & Chemicals Industries Ltd., Porbandar, Bombay.

**6. Bhavnagar Cement Works, C/o. The Standard Mills Co. Ltd., Mafatlal House, Backbay Reclamation, Bombay-1.

**7. Kanoria Co. Ltd., 9, Brabourne Road, Calcutta-1.

8. N. H. Ojha & Co. Private Ltd., F-3, Clive Building, 8, Netaji Road, Calcutta-1.

**9. Shri Bhagirath Kanoria, C/o. M/s. General Produce Co. Ltd., India Exchange, Calcutta-1.

**10. Baroda Cement Works, Alice Building, 339, Hornby Road, Bombay-1.

11. Hindusthan Sugar Mills Ltd., 51, Mahatma Gandhi Road, Fort, Bombay.

12. Birla Brothers, 8, Royal Exchange Place, Calcutta.

*13. Bihar Limestone & Mineral Co. Ltd., 56 Netaji Subhas Road, Calcutta.

*14. K. C. P. Ltd., 38, Mount Road, Madras-6.

*15. Panyam Cement & Mineral Industries Ltd., Betamcherla P. O., Kurnool (Andhra).

16. Vizag Cement Ltd., Vizianagram, Andhra Pradesh.

*17. Rayalseema Development Corporation Ltd., 9, Sembu Doss Street, P. O. Box No. 1718, Madras.

18. Assam Cements Ltd., Lauchiemere Hills, Shillong.

19. V. Ramakrishna & Sons, C/o. Andhra Cement Co. Ltd., 337, Thambu Chetty Street, Madras.

*20. Madras Cement Ltd., Ramamandiram, Rajapalayam, Ramanathapuram, Madras.

21. Kuchwar Lime & Stone Ltd., 22, Canning Street, Calcutta.

**22. Nandlal Kanoria, India Exchange, Calcutta.

(*C*) *Consumers :*

*1. The Chief Engineer, Damodar Valley Corporation, Anderson House, Alipore, Calcutta-27.

2. The Chief Engineer, Hirakud Project, New Capital, Bhubaneshwar (Orissa).

*3. The Chief Engineer, Bhakra-Nangal Project Chandigarh (Punjab).

4. Bharat Construction Co. Ltd., 1967, Pankore Nāka, Jumma Masjid, Ahmedabad.

5. Mysore Construction Engineering Co., Gandhinagar, Bangalore.

*6. The Engineering Construction Corpn. Ltd., I. C. House, Dougall Road, Ballard Estate, Bombay-1.

7. Hindusthan Construction Co., Construction House, Ballard Estate, Bombay-1.

8. McKenzies (India) Ltd., Sewri, Bombay.

9. New United Construction & Engineering Co. Ltd., Industrial Assurance Building, Opp. Churchgate, Fort, Bombay.

10. Palonji Eduljee & Sons, Palonji House, New Charni Road, Bombay.

*11. Bengal Builders & Traders, P-13, Mission Row Extension, Calcutta-1.

12. Concrete Construction Co. Ltd., 29, Waterloo Street, Calcutta.

*13. Hindustan Engineering & Construction Co., 2, Church Lane, Calcutta.

14. Modern Housing Construction Co., 69, Daryaganj, Delhi.

15. New Indian Construction Co., Lal Baugh, Lucknow.

*16. Coromandel Engineering Co. Ltd., 106, Armenian Street, Madras.

*17. Gannon Dunkerley & Co. (Madras) Ltd., Boag Road, Thyagarayanagar P.O. Madras.

18. Modern Construction Co., 14, Srinivasa Iyengar Road, Alwarpet, Madras.

19. Rayalaseema Constructions, 22, North Beach Road, Madras.

20. National Construction Co., Deoghare Mansion, Sitabuldi, Nagpur.

21. Buildwell Corporation, 6, Jain Mandir Road, New Delhi.

*22. Northern Construction Co., 2, Keeling Road, New Delhi.

APPENDIX III

[*Vide* Paragraph 3.2.4]

List of the Representatives of the Cement Companies who attended the discussions with the Commission

Date and Time	Name of the Company	Names of the Representatives
13*th January*, 1958 . .	All the sixteen producers.	
14*th January*, 1958		
2·30 P.M. to 4·00 P.M. . .	(1) Andhra Cement Co. Ltd.	(i) Shri Ravikant D. Shah. (ii) ,, M. Venkatraju.
4·00 P.M. to 5·30 P.M. . .	(2) Mysore Iron & Steel Works.	(i) Shri T. Shamanna. (ii) ,, T. Krishnappa. (iii) ,, H. Chickanna. (iv) ,, G. Muniswamy.
15*th January*, 1958		
11·00 A.M. to 1·00 P.M. .	(3) U.P.Government Cement Factory.	(i) Shri T. L. Mahendra. (ii) ,, B. M. Lal. (iii) ,, H. K. Mehrotra.
2·30 P.M. to 4·00 P.M. . .	(4) India Cements Ltd. *And* (5) Travancore Cements Ltd.	Shri T. S. Narayanaswamy.
4·00 P.M. to 5·30 P.M. . .	(6) Kalyanpur Lime & Cement Works Ltd.	Shri C. P. Sinha.
16*th January*, 1958		
11·00 A.M. to 12 Noon . .	(7) Rohtas Industries Ltd.	(i) Shri A. K. Jain. (ii) ,, M. B. Kannan. (iii) ,, M. M. Oswal.
12·00 Noon to 1·00 P.M. .	(8) Ashoka Cement Ltd.	
2·30 P.M. to 4·00 P.M. . .	(9) Jaipur Udyog Ltd.	(i) Shri A. K. Jain. (ii) ,, R. N. Chaturvedi. (iii) ,, M. L. Rathi.
4·00 P.M. to 5·30 P.M. .	(10) Sone Valley Portland Cement Co. Ltd.	(i) Shri B. N. Chaturvedi. (ii) ,, B. P. Jain. (iii) ,, A. K. Jain. (iv) ,, L. T. Mirchandani. (v) ,, K. Petty. (vi) ,, V. Srivastava. (vii) ,, M. B. Kannan. (viii) ,, R. K. Poddar.
17*th January*, 1958		
11·00 A.M. to 12 Noon . .	(11) Dalmia Dadri Cement Ltd.	Shri Vishnu Kumar.

APPENDIX III—*Contd.*

Date and time	Name of the Company	Names of the Representatives
12 Noon to 1·00 P.M. . .	(12) Orissa Cement Ltd.	(i) Shri V. H. Dalmia. (ii) ,, N. C. Roy. (iii) ,, Brij Rattan. (iv) ,, Srikrishna Ayyer.
17th January, 1958		
2·30 P.M. to 4·00 P.M. . .	(13) Dalmia Cement (Bharat) Ltd.	(i) Shri V. H. Dalmia. (ii) ,, N. C. Roy. (iii) ,, B. D. Mehta. (iv) ,, Srikrishna Ayyer.
18th January, 1958		
11·00 A.M. to 12·30 P.M. .	(14) Shree Digvijay Cement Co. Ltd.	(i) Shri G. D. Somani. (ii) ,, B. D. Somani. (iii) ,, R. V. Maheshwari. (iv) ,, A. B. Bandari.
12·30 P.M. to 1·30 P.M. .	(15) Bagalkot Cement Co. Ltd.	Dr. A. G. Tendulkar.
20th January, 1958		
11·00 A.M.	(16) Associated Cement Cos. Ltd.	(i) Shri D. M. Khatau. (ii) ,, S. Moolgaokar*. (iii) Mr. E. D. Sheppard*. (iv) Shri P. S. Mistry. (v) ,, N. Dandekar. (vi) Dr. R. R. Hattingadi. *Assisted by* (i) Shri G. R. Tongaonkar. (ii) ,, P. R. Gokarn. (iii) ,, S. N. Sopory. (iv) ,, S. N. Cooper.

*Did not attend the general discussions.

APPEN

(*Vide* para

Statement showing the financial

Sl. No.	Name of the Company	Latest Accounting year of the Company for which information is available	Name of Managing Agents, if any	Authorised Capital	Paid-up Capital	Debentures issued
1	2	3	4	5	6	7
				Rs.	Rs.	Rs.
1	The Associated Cement Cos. Ltd.	Aug. 56-July 57.	Cement Agents (P) Ltd.	3000·00	1579·12	400·00 (a)
2	Andhra Cement Co. Ltd.	Jan-Dec. 56	Andhra Engg. Co.(P) Ltd.	100·00	54·05	Nil
3	Ashoka Cement Ltd. .	April 56-March 57.	..	250·00	59·86	Nil
4	Bagalkot Cement Co. Ltd.	Jan.-Dec. 56	Tendulkar Industries (P) Ltd.	100·00	78·08	Nil
5	Dalmia Cement (Bharat) Ltd.	Jan.-Dec. 56	Hari Bros. (P) Ltd.	500·00	150·25	Nil
6	Dalmia Dadri Cement Ltd.	Jan.-Dec. 56	..	50·00	24·07	18·00
7	Shree Digvijay Cement Co. Ltd.	Jan.-Dec. 56	Shri Laxmi Agents (P) Ltd.	500·00	163·89	Nil
8	India Cements Ltd. .	April 56-March 57.	Essen (P) Ltd.	200·00	139·60	Nil
9	Jaipur Udyog Ltd. .	April 56-March 57.	Sahu Jain Ltd.	500·00	225·00	Nil
10	Kalyanpur Lime & Cement Works Ltd.	Jan.-Dec. 56	..	100·00	52·50	42·50 (d)
11	Mysore Iron & Steel Works.	April 56-March 57.	..	..	632·32 (e)	Nil
12	Orissa Cement Ltd. .	Jan.-Dec. 56	Dalmia Agencies (P) Ltd.	500·00	140·00	Nil
13	Rohtas Industries Ltd. (f)	Nov. 55-Oct. 56.	Sahu Jain Ltd.	500·00	332·76	122·00
14	Sone Valley Portland Cement Co. Ltd.	Jan.-Dec. 56	..	75·00	75·00	Nil
15	Travancore Cements Ltd.	Jan.-Dec. 56	Essel (P) Ltd.	100·00	50·00	Nil
16	U.P. Govt. Cement Factory.	April 56-March 57.	..	..	430·39	Nil
				6475·00	4186.89	582·50

DIX IV

graph 4.1)

position of the Cement Companies

(Rs. in lakhs)

Profits				Dividends				Remarks
For the year ending in				For the year ending in				
1954	1955	1956	1957	1954	1955	1956	1957	
8	9	10	11	12	13	14	15	16
Rs.	Rs.	Rs.	Rs.	%	%	%	%	
209·04	257·68	253·38	190·16	8½	10	10	9	(a) As security for loans from Bank.
13·77	15·05	10·40	N.A.	10	10	10	N.A.	
..	..	..	0·13	..	..	..	Nil	
Nil	2·17	6·78	N.A.	3(b)	3	6	N.A.	(b) Guaranteed dividend.
48·86	56·57	42·50	N.A.	10	12½	12½	N.A.	
9·76	9·61	1·97	N.A.	Nil	6	5	N.A.	
23·71	25·56	20·92	N.A.	8½	8½	9	N.A.	
10·43	18·58	20·87	19·04	5	7½	8¼	8¼	
0·25	24·72	25·24	44·66 (c)	Nil	7½	12½	N.A.	(c) Provisional.
1·68(—)	0·80(—)	1·44	N.A.	5	Nil	Nil	N.A.	(d) As security for loans from Bank.
48·83	58·68	88·91	77·47	..	..	..	..	(e) This is capital employed in all the activities of the works. The profits shown are also likewise.
35·09	45·26	34·99	N.A.	7½	12½	12½	N.A.	
66·20	83·77	72·19	N.A.	15	15	15	N.A.	(f) The figures are for the entire range of activities of the factory.
4·57	5·53	1·03	N.A.	5	6	3	N.A.	
5·51	5·62	4·71	N.A.	6¼	6¼	6	N.A.	
..	14·95	20·35	20·10	..	..	..	..	
477·70	622·95	602·80	351·56	..	..	..	..	

APPENDIX V

(*Vide* Paragraph 4.1)

1. *Balance Sheet Analysis for the last three years in respect of the Associated Cement Companies Ltd.*

[Rs. in thousands] [Rs. in thousands]

Sl. No.	Liabilities	Year ended July, 1955	Year ended July, 1956	Year ended July, 1957	Sl. No.	Assets	Year ended July, 1955	Year ended July, 1956	Year ended July, 1957
1	Paid-up capital	1,27,166	1,27,167	1,57,912	1	Fixed assets	1,69,608	1,84,180	2,10,745
2	Debentures	..	..	..	2	Stocks & Stores	71,971	90,641	1,40,858
3	General Reserves	8,763	9,500	20,000	3	Debts Due	20,328	28,991	24,734
4	Other Reserves	52,659	62,857	57,802	4	Advances/Deposits	4,084	3,745	7,798
5	Bank Advances	10,068	17,615	36,522	5	Govt. Securities	3,895	4,169	1,311
6	Other Loans	..	..	9,856	6	Other Investments	3,366	3,367	6,394
7	Deposits	3,269	3,464	3,161	7	Cash	31,683	18,566	13,885
8	Sundry Creditors	48,396	58,653	64,481	8	Sundries	192	69	50
9	Tax Provision/Reserve	40,742	40,590	35,002					
10	Dividends unpaid	13,371	13,473	14,345					
11	Profit and Loss Account Surplus	563	294	259					
12	Sundries	130	115	6,435					
	TOTAL	3,05,127	3,33,728	4,05,775		TOTAL	3,05,127	3,33,728	4,05,775

APPENDIX V—*Contd.*

2. *Balance Sheet Analysis for the last three years in respect of the Andhra Cement Company Ltd.*

[Rs. in thousands] [Rs. in thousands]

Sl. No.	Liabilities	Year ended December 1954	December 1955	December 1956	Sl. No.	Assets	Year ended December 1954	December 1955	December 1956
1	Paid-up Capital	5,376	5,378	5,404	1	Fixed assets	4,044	3,906	7,854
2	Debentures	..	..	..	2	Stocks & Stores	2,798	2,798	3,665
3	General Reserves	543	543	188	3	Debts Due	800	853	89
4	Other Reserves	543	779	1,020	4	Advances/Deposits	430	1,055	914
5	Bank Advances	..	..	2,468	5	Govt. Securities	401	673	219
6	Other Loans	..	..	..	6	Other Investments	487	490	492
7	Deposits	641	695	697	7	Cash	411	197	148
8	Sundry Creditors	1,063	1,537	2,636	8	Sundries	39	39	41
9	Tax Provision/Reserve	608	416	48					
10	Dividends unpaid	609	643	627					
11	Profit and Loss Account Surplus	27	20	6					
12	Sundries	..	..	328					
	TOTAL	9,410	10,011	13,422		TOTAL	9,410	10,011	13,422

APPENDIX V—*Contd.*

3. *Balance Sheet Analysis for the last three years in respect of Ashoka Cements Limited*

[Rs. in thousands] [Rs. in thousands]

Sl. No.	Liabilities	Period ended September 1955	Period ended March 1957	Sl. No.	Assets	Period ended September 1955	Period ended March 1957
1	Paid-up Capital	2,625	5,985	1	Fixed Assets	9,294	17,176
2	Debentures	..	..	2	Stocks & Stores	38	2,621
3	General Reserves	..	..	3	Debts Due	..	146
4	Other Reserves	..	..	4	Advances/Deposits	209	70
5	Bank Advances	..	..	5	Govt. Securities	..	..
6	Other Loans	3,777	11,496	6	Other Investments	..	..
7	Deposits	..	..	7	Cash	126	89
8	Sundry Creditors	3,370	2,833	8	Sundries	122	225
9	Tax Provision/Reserve	..	..				
10	Dividends unpaid	..	..				
11	Profit and Loss Account Surplus	..	13				
12	Sundries	17	..				
	TOTAL	9,789	20,327		TOTAL	9,789	20,327

APPENDIX V—*Contd.*

4. *Balance Sheet Analysis for the last three years in respect of Bagalkot Cement Company Ltd.*

[Rs. in thousands] [Rs. in thousands]

Sl. No.	Liabilities	Year ended December 1954	December 1955	December 1956	Sl. No.	Assets	Year ended December 1954	December 1955	December 1956
1	Paid-up Capital	6,143	7,073	7,808	1	Fixed Assets	7,180	10,588	10,697
2	Debentures	..	..	..	2	Stocks & Stores	121	966	1,358
3	General Reserves	..	..	..	3	Debts Due	..	300	543
4	Other Reserves	..	15	..	4	Advances	85	186	302
5	Bank Advances	2,000	2,933	2,609	5	Govt. Securities	..	8	8
6	Other Loans	..	..	..	6	Other Investments	..	..	..
7	Deposits	1	30	233	7	Cash	1,227	128	160
8	Sundry Creditors	1,072	2,154	2,328	8	Sundries	201	308	465
9	Tax Provision/Reserve	..	..	..	9	Profit & Loss Account Loss	472	..	..
10	Dividends unpaid	63	63	544					
11	Profit and Loss Account Surplus	..	216	11					
12	Sundries	7	..	..					
	TOTAL	9,286	12,484	13,533		TOTAL	9,286	12,484	13,533

APPENDIX V—*Contd.*

5. *Balance Sheet Analysis for the last three years in respect of Dalmia Cement (Bharat) Limited*

[Rs. in thousands] [Rs. in thousands]

Sl. No.	Liabilities	Year ended December 1954	Year ended December 1955	Year ended December 1956	Sl. No.	Assets	Year ended December 1954	Year ended December 1955	Year ended December 1956
1	Paid-up Capital	15,022	15,025	15,025	1	Fixed Assets	6,061	6,301	6,945
2	Debentures	..	..	..	2	Stocks & Stores	5,435	6,361	7,737
3	General Reserves	3,200	3,500	2,500	3	Debts due	1,345	1,789	1,246
4	Other Reserves	1,620	2,927	4,041	4	Advances	477	477	590
5	Bank Advances	..	..	..	5	Govt. Securities	382	736	1,167
6	Other Loans	7,648	7,318	9,267	6	Other Investments	19,450	17,280	18,293
7	Deposits	7	5	..	7	Cash	923	3,066	1,607
8	Sundry Creditors	1,542	1,812	1,989	8	Sundries	14	56	34
9	Tax Provision/Reserve	3,056	3,245	2,571					
10	Dividends unpaid	1,703	1,945	1,902					
11	Profit and Loss Account Surplus	287	288	285					
12	Sundries	2	1	39					
	TOTAL	34,087	36,066	37,619		TOTAL	34,087	36,066	37,619

APPENDIX V—*Contd.*

6. *Balance Sheet Analysis for the last three years in respect of Dalmia Dadri Cement Limited*

[Rs. in thousands] [Rs. in thousands]

Sl. No.	Liabilities	Year ended December 1954	Year ended December 1955	Year ended December 1956	Sl. No.	Assets	Year ended December 1954	Year ended December 1955	Year ended December 1956
1	Paid-up Capital	2,407	2,407	2,407	1	Fixed Assets	820	6,131	11,535
2	Debentures	..	..	1,800	2	Stocks & Stores	1,419	2,295	2,336
3	General Reserves	1,500	2,000	3,700	3	Debts due	2,761	1,941	2,062
4	Other Reserves	4,229	4,485	3,258	4	Advances	199	297	354
5	Bank Advances	..	1,337	496	5	Govt. Securities	..	..	..
6	Other Loans	..	17	3,820	6	Other Investments	1,100	1,308	600
7	Deposits	475	630	249	7	Cash	142	42	53
8	Sundry Creditors	275	778	1,019	8	Sundries	2,510	65	42
9	Tax Provision/Reserve	..	..	..					
10	Dividends unpaid	..	358	130					
11	Profit and Loss Account Surplus	50	52	4					
12	Sundries	15	15	99					
	TOTAL	8,951	12,079	16,982		TOTAL	8,951	12,079	16,982

APPENDIX V—*Contd.*

7. *Balance Sheet Analysis for the last three years in respect of Shree Digvijay Cement Company Limited*

[Rs. in thousands] [Rs. in thousands]

Sl. No.	Liabilities	Year ended December 1954	Year ended December 1955	Year ended December 1956	Sl. No.	Assets	Year ended December 1954	Year ended December 1955	Year ended December 1956
1	Paid-up Capital	9,974	12,880	16,389	1	Fixed Assets	12,235	15,130	22,797
2	Debentures	..	..	..	2	Stocks & Stores	3,955	4,716	6,395
3	General Reserves	2,550	3,000	4,000	3	Debts due	287	73	1,057
4	Other Reserves	300	1,450	524	4	Advances	1,074	1,394	1,400
5	Bank Advances	..	..	5,609	5	Govt. Securities	1,059	..	..
6	Other Loans	5,170	4,846	4,808	6	Other Investments	..	2,942	4,499
7	Deposits	337	335	300	7	Cash	1,870	1,142	1,152
8	Sundry Creditors	1,144	1,665	3,111	8	Sundries	34	73	5
9	Tax Provision/Reserve	..	..	955					
10	Dividends unpaid	762	1,016	1,080					
11	Profit and Loss Account Surplus	277	278	337					
12	Sundries	..	..	192					
	TOTAL	20,514	25,470	37,305		TOTAL	20,514	25,470	37,305

APPENDIX V—*Contd.*

8. *Balance Sheet Analysis for the last Three Years in Respect of the India Cements Ltd.*

[Rs. in thousands] [Rs. in thousands]

Sl. No.	Liabilities	Year ended March 1955	March 1956	March 1957	Sl. No.	Assets	Year ended March 1955	March 1956	March 1957
1	Paid-up Capital	9,924	9,946	13,960	1	Fixed Assets	9,888	10,668	14,705
2	Debentures	..	..	..	2	Stocks & Stores	3,742	3,404	3,512
3	General Reserves	..	..	..	3	Debts due	551	772	849
4	Other Reserves	1,400	1,900	2,600	4	Advances	1,602	2,195	1,526
5	Bank Advances	..	..	..	5	Government Securities	164	164	704
6	Other Loans	3,400	3,400	5,031	6	Other Investments	705	705	711
7	Deposits	468	484	508	7	Cash	356	1,475	2,206
8	Sundry Creditors	943	2,374	1,022	8	Sundries	..	..	..
9	Tax Provision/Reserve	30	529	281					
10	Dividends unpaid	511	453	626					
11	Profit and Loss Account Surplus	332	297	181					
12	Sundries	..	..	4					
	TOTAL	17,008	19,383	24,213		TOTAL	17,008	19,383	24,213

APPENDIX V—*Contd.*

9. *Balance Sheet Analysis for the last Three Years in Respect of the Jaipur Udyog Ltd.*

[Rs. in thousands] [Rs. in thousands]

Sl. No.	Liabilities	Year ended March 1954	March 1955	March 1956	Sl. No.	Assets	Year ended March 1954	March 1955	March 1956
1	Paid-up Capital	22,500	22,500	22,500	1	Fixed Assets	18,277	17,821	26,689
2	Debentures	..	..	..	2	Stocks & Stores	4,407	2,874	3,691
3	General Reserves	..	..	400	3	Debts due	57	3,768	..
4	Other Reserves	..	..	..	4	Advances	305	1,816	1,945
5	Bank Advances	..	..	..	5	Government Securities	..	6	6
6	Other Loans	..	724	5,213	6	Other Investments	..	..	..
7	Deposits	29	37	1,053	7	Cash	30	53	474
8	Sundry Creditors	720	735	1,398	8	Sundries	198	168	31
9	Tax Provision/Reserve	..	..	..					
10	Dividends unpaid	..	2,375	2,191					
11	Profit and Loss Account Surplus	25	123	56					
12	Sundries	..	12	25					
	TOTAL	23,274	26,506	32,836		TOTAL	23,274	26,506	32,836

APPENDIX V—*Contd.*

10. *Balance Sheet Analysis for the last Three Years in Respect of the Kalyanpur Lime & Cement Works Ltd.*

[Rs. in thousands]

Sl. No.	Liabilities	Year ended December 1954	Year ended December 1955	Year ended December 1956	Sl. No.	Assets	Year ended December 1954	Year ended December 1955	Year ended December 1956
1	Paid-up Capital	4,100	5,250	5,250	1	Fixed Assets	4,798	9,926	11,816
2	Debentures	..	..	..	2	Stocks & Stores	1,292	1,006	1,356
3	General Reserves	3,315	2,650	..	3	Debts due	517	411	339
4	Other Reserves	61	139	2,862	4	Advances	2,973	1,577	1,210
5	Bank Advances	565	445	1,081	5	Government Securities	..	..	..
6	Other Loans	2,000	3,500	4,374	6	Other Investments	51	51	52
7	Deposits	1	2	1	7	Cash	723	753	354
8	Sundry Creditors	316	1,827	2,058	8	Sundries	442	442	442
9	Tax Provision/Reserve	7	307	134	9	Profit & Loss Account (Loss)	..	..	204
10	Dividend unpaid	260	33	13					
11	Profit and Loss Account Surplus	171	13	..					
12	Sundries	..	..	..					
	TOTAL	10,796	14,166	15,773		TOTAL	10,796	14,166	15,773

APPENDIX V—*Contd.*

11. *Balance Sheet Analysis for the last Three Years in Respect of Orissa Cements Ltd.*

[Rs. in thousands] [Rs. in thousands]

Sl. No.	Liabilities	Year ended December 1954	Year ended December 1955	Year ended December 1956	Sl. No.	Assets	Year ended December 1954	Year ended December 1955	Year ended December 1956
1	Paid-up Capital	10,787	10,787	14,000	1	Fixed Assets	9,655	10,184	24,471
2	Debentures	..	..	..	2	Stocks & Stores	2,887	7,500	5,160
3	General Reserves	..	..	..	3	Debts due	1,341	1,073	1,386
4	Other Reserves	3,146	3,203	3,220	4	Advances	1,010	949	1,243
5	Bank Advances	..	..	431	5	Government Securities	49	76	582
6	Other Loans	2,796	1,346	6,728	6	Other Investments	5	5	1,763
7	Deposits	71	88	93	7	Cash	3,310	2,537	662
8	Sundry Creditors	1,544	3,474	5,283	8	Sundries	..	..	..
9	Tax Provision/Reserve	..	1,459	2,964	9	Profit & Loss Account (Loss)	87	..	..
10	Dividends unpaid	..	1,364	1,446					
11	Profit and Loss Account Surplus	..	603	1,102					
12	Sundries	..	..	..					
	TOTAL	18,344	22,324	35,267		TOTAL	18,344	22,324	35,267

APPENDIX V—*Contd.*

12. *Balance Sheet Analysis for the last Three Years in Respect of Sone Valley Portland Cement Company Ltd.*

[Rs. in thousands] [Rs. in thousands]

Sl. No.	Liabilities	Year ended December 1954	December 1955	December 1956	Sl. No.	Assets	Year ended December 1954	December 1955	December 1956
1	Paid-up Capital	7,500	7,500	7,500	1	Fixed Assets	5,078	5,780	5,983
2	Debentures	..	..	..	2	Stocks & Stores	4,423	3,875	4,467
3	General Reserves	1,100	1,200	750	3	Debts due	2,145	2,392	1,510
4	Other Reserves	995	1,045	1,020	4	Advances	403	517	180
5	Bank Advances	378	657	652	5	Govt. Securities	..	..	317
6	Other Loans	307	317	..	6	Other Investments	467	467	266
7	Deposits	..	..	..	7	Cash	117	207	38
8	Sundry Creditors	1,920	2,060	2,418	8	Sundries	214	214	214
9	Tax Provision/Reserve	71	76	284					
10	Dividends unpaid	487	555	347					
11	Profit and Loss Account Surplus	89	42	4					
12	Sundries	..	..	..					
	TOTAL	12,847	13,452	12,975		TOTAL	12,847	13,452	12,975

APPENDIX V—*Concld.*

13. *Balance Sheet Analysis for the last Three Years in Respect of the Travancore Cements Ltd.*

[Rs. in thousands] [Rs. in thousands]

Sl. No.	Liabilities	Year ended December 1954	Year ended December 1955	Year ended December 1956	Sl. No.	Assets	Year ended December 1954	Year ended December 1955	Year ended December 1956
1	Paid-up Capital	5,000	5,000	5,000	1	Fixed Assets	6,893	6,468	6,048
2	Debentures	..	..	..	2	Stocks & Stores	2,229	2,381	1,996
3	General Reserves	..	..	..	3	Debts due	446	117	346
4	Other Reserves	..	..	..	4	Advances	91	432	389
5	Bank Advances	381	521	..	5	Govt. Securities	25	..	..
6	Other Loans	2,956	2,586	2,216	6	Other Investments	..	..	..
7	Deposits	242	244	402	7	Cash	16	28	323
8	Sundry Creditors	523	457	446	8	Sundries	..	..	..
9	Tax Provision/Reserve	..	..	..					
10	Dividends unpaid	323	81	330					
11	Profit and Loss Account Surplus	275	537	708					
12	Sundries	..	..	..					
	TOTAL	9,700	9,426	9,102		TOTAL	9,700	9,426	9,102

APPENDIX VI

(*Vide* paragraph 4.6)

Statement showing production of Cement at the various factories in the country during the years 1953 *to* 1957

No.	Name of the unit	PRODUCTION 1953	1954	1955	1956	1957
1	2	3	4	5	6	7
1	Associated Cement Cos. Ltd.					
	(i) Porbandar Cement Works	32,854	36,106	33,535	30,744	28,790
	(ii) Lakheri Cement Works	339,345	354,050	330,200	343,850	343,350
	(iii) Dwarka Cement Works	204,755	177,660	208,175	218,545	252,259
	(iv) Banmore Cement Works	54,728	63,935	64,535	61,757	63,149
	(v) Kymore Cement Works	356,568	378,808	369,785	369,055	360,630
	(vi) Shahabad Cement Works	221,188	274,594	341,346	387,213	403,735
	(vii) Madukkarai Cement Works	232,723	276,400	295,160	285,511	273,778
	(viii) Khalari Cement Works	64,115	83,729	73,051	113,756	109,443
	(ix) Kistna Cement Works	89,455	78,850	87,370	97,945	150,200
	(x) Bhupendra Cement Works	289,240	287,228	284,860	328,426	355,765
	(xi) Chaibasa Cement Works	179,786	218,727	140,283	202,253	221,417
	(xii) Sevalia Cement Works	184,339	195,414	168,532	173,388	211,965
	(xiii) Sindri Cement Works	..	..	32,771	181,726	143,680
	TOTAL for A.C.C.	2,249,096	2,425,501	2,429,603	2,794,169	2,918,197

1	2	3	4	5	6	7
2	Andhra Cement Co. Ltd.	108,495	121,537	119,342	123,453	114,882
3	Ashoka Cement Ltd.	Nil	Nil	Nil	1,323	91,743
4	Bagalkot Cement Co., Ltd.	Nil	Nil	9,343	85,004	104,530
5	Dalmia Cement (Bharat) Ltd.	220,256	270,000	266,285	262,659	279,360
6	Dalmia Dadri Cement Ltd.	65,778	56,152	58,100	60,726	64,299
7	Shree Digvijay Cement Co., Ltd.	155,382	236,268	226,432	247,174	356,855
8	India Cements Ltd.	89,107	120,899	135,822	122,429	213,821
9	Jaipur Udyog Ltd.	75,334	219,237	197,240	179,977	304,764
10	Kalyanpur Lime & Cement Works Ltd.	40,651	40,106	39,595	37,638	35,820
11	Mysore Iron & Steel Works	69,144	74,354	77,984	77,234	73,543
12	Orissa Cement Ltd.	131,273	202,723	190,033	190,173	286,971
13	Rohtas Industries Ltd.	307,212	251,944	326,268	321,035	258,007
14	Sone Valley Portland Cement Co. Ltd.	213,900	196,910	195,000	174,630	177,710
15	Travancore Cements Ltd.	43,768	47,752	55,140	55,284	48,273
16	U.P. Government Cement Factory	Nil	34,094	172,211	201,247	222,485
		3,769,396	4,397,477	4,498,398	4,934,155	5,551,260

APPENDIX VII

(*Vide* paragraph 7.1)

Statement showing works cost per ton of cement estimated by the Commission for the year 1953

Name of company	A.C.C.	Andhra Cement	Dalmia Bharat	Dalmia Dadri	Dig-vijay	India Cements	Kalyan-pur	Mysore Iron	Orissa Cement	Patiala	Rohtas	Sone-Valley	Travan-core	Weigh-ted average
Production Lakh Tons	18.530	0.948	2.250	0.600	1.047	0.900	0.340	0.750	1.350	2.750	3.000	2.350	0.450	35.265
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Raw materials	7.34	14.47	6.01	5.95	9.61	11.44	9.00	13.55	12.49	4.99	18.43	16.45	11.34	9.36
2. Power and fuel	14.33	14.85	15.22	11.14	22.04	16.68	11.70	16.02	16.83	12.77	11.63	11.83	24.39	14.35
3. Labour & Establishment.	6.76	8.07	7.73	7.57	5.43	5.58	12.05	3.57	7.00	6.93	5.65	7.72	9.29	6.81
4. Repairs and Stores	3.62	5.38	5.13	4.00	7.81	8.64	6.17	6.75	5.55	3.23	3.54	3.94	7.81	4.23
5. Depreciation	3.85	6.54	4.18	2.00	7.86	9.79	3.00	8.64	13.22	3.65	3.15	1.49	17.44	4.58
6. Overheads	5.24	2.44	1.75	3.99	2.86	3.54	3.13	5.18	2.10	1.25	1.01	1.74	5.30	3.76
7. Packing cost other than cost of gunnies.	..	0.88	0.11	..	1.02	1.30	..	0.20	..	..	..	..	1.28	0.11
8. Contingencies	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
TOTAL WORKS COST OF NEAT CEMENT.	42.64	54.13	41.63	36.15	58.13	58.47	46.55	55.41	58.69	34.32	44.91	44.67	78.35	44.70

N.B.— In the case of units where packing cost other than cost of gunnies is not shown, this is merged under Labour and Establishment.

APPENDIX VIII

(*Vide* paragraph 7·1)

Statement showing the actual works cost per ton of cement ascertained for one complete year during 1956-57 *for the various units*

Name of Company Year Ended	A.C.C. 31-7-1957	Andhra Cement 31-12-1956	Ashoka 1956/57 (8 months)	Bagalkot 31-12-1956	Dalmia Bharat 31-12-1956	Dalmia Dadri 31-12-1956	Digvijay 31-12-1956	India Cements 31-3-1957	Jaipur Udyog 31-3-1957	Kalyanpur 31-12-1956	Mysore Iron 31-3-1957	Orissa Cement 31-12-1956	Rohtas 31-10-1956	Sone Valley 31-12-1956	Travancore Cements 31-12-1956	U. P. Factory 31-3-1957	Weighted average
Production Lakh Tons	29·15	1·17	0·59	0·81	2·64	0·64	2·49	1·56	2·48	0·36	0·79	1·95	3·32	1·75	0·54	2·01	52·25
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Raw Materials	8·61	15·27	19·15	7·62	6·56	7·19	9·35	10·17	12·19	9·02	13·25	9·37	17·86	14·16	10·91	10·15	9·95
2. Power and Fuel	15·06	14·76	16·67	24·38	14·43	16·43	17·76	17·36	15·28	15·04	16·52	12·72	10·74	15·43	18·93	12·97	15·04
3. Labour and Establishment	5·53	77·48	4·91	3·57	3·70	8·71	4·78	3·75	5·74	13·12	4·00	4·39	4·65	9·87	4·58	4·43	5·43
4. Repairs and Stores	3·31	5·59	4·10	3·74	5·31	6·00	5·16	3·64	3·82	7·50	6·88	5·27	4·01	4·42	9·09	6·46	4·05
5. Depreciation	5·72	3·97	17·84	12·70	2·92	1·06	7·21	5·43	9·58	3·27	4·03	5·55	2·32	3·17	8·09	18·81	6·15
6. Overheads, etc.	2·87	3·01	5·34	2·62	3·83	3·56	2·22	3·23	2·42	5·15	4·29	1·74	1·17	2·76	6·86	2·34	2·82
7. Packing (other than cost of gunny bags).	0·63	0·82	2·05	0·68	0·72	0·61	1·04	1·12	0·90	0·79	0·48	1·12	0·51	1·31	1·45	0·52	0·74
8. Contingencies *	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL WORKS COST OF NEAT CEMENT	41·73	50·90	70·06	55·31	37·47	43·56	47·52	44·70	49·93	53·89	49·45	40·16	41·26	51·12	59·91	55·68	44·18

* Does not arise for the actuals.

APPENDIX IX

(*Vide* paragraph 7.1)

Statement showing the weighted averages of the estimated works cost per ton of cement for the three years 1958 *to* 1960 *or* 1958-59 *to* 1960-61

Name of Companies	A.C.C.	Andhra Cement	Ashoka	Bagalkot	Dalmia Bharat	Dalmia Dadri	Digvijay	India Cements	Jaipur Udyog	Kalyanpur	Mysore Iron	Orissa Cement	Rohtas	Sone Valley	Travancore Cements	U.P. Factory	Weighted average
Average annual level of Production Lakh Tons.	39.790	2.050	2.000	1.500	2.500	2.170	4.300	2.667	7.467	1.390	0.830	3.630	3.300	2.250	0.500	2.300	78.644
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Raw Materials	9.39	17.51	20.23	7.60	7.39	8.58	9.61	10.42	11.92	10.62	14.12	10.76	19.26	13.85	13.67	10.45	10.78
2. Power and Fuel	16.31	16.83	13.30	21.37	16.54	16.12	19.36	21.67	16.57	14.04	18.49	16.37	12.15	16.68	22.63	14.08	16.52
3. Labour and Establishment	5.54	6.27	2.64	5.32	5.12	4.85	4.24	3.85	3.27	5.64	4.55	4.73	5.68	8.42	5.84	4.48	5.12
4. Repairs and Stores	3.41	5.09	4.92	5.47	6.13	4.79	4.76	3.92	3.89	4.22	6.60	4.92	4.82	4.32	11.65	5.18	4.10
5. Depreciation	6.16	5.94	8.79	8.26	2.29	7.88	5.56	6.65	6.40	8.31	2.61	5.09	1.77	2.04	6.20	11.75	6.01
6. Overheads etc.	2.72	1.95	3.98	1.45	3.96	1.49	1.52	2.59	1.25	2.00	4.54	1.60	(-)0.26	1.88	7.15	0.89	2.28
7. Packing cost other than gunny bags.	0.63	0.82	0.64	0.70	0.72	0.61	1.04	1.12	0.90	0.79	0.48	1.12	0.51	1.31	1.45	0.52	0.74
8. Contingencies	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
TOTAL WORKS COST OF NEAT CEMENT	46.16	56.41	56.50	52.17	44.15	46.32	48.09	52.22	46.20	47.62	53.39	46.59	45.93	50.50	70.59	49.35	47.55

APPENDIX X

(*Vide* paragraph 14.2.2)

Statement showing particulars of rebate paid by producers of cement on Government sales during January–June 1956, *July–December* 1956 *and January—September* 1957

Sl. No.	Name of the Unit	January—June 1956			July—December 1956			January—September 1957		
		Quantity sold to Govt. Departments	Rate of rebate allowed (per ton)	Incidence of total rebate on overall Qunty. sold (per ton)	Quantity sold to Govt. Departments	Rate of rebate allowed (per ton)	Incidence of total rebate on overall Qunty. sold (per ton)	Quantity sold to Govt. Departments	Rate of rebate allowed (per ton)	Incidence of total rebate on overall Qunty. sold (per ton)
		Tons	Rs.	Rs.	Tons	Rs.	Rs.	Tons	Rs.	Rs.
1	Associated Cement Companies Ltd.	577,722 79,884 61,659	2.00 8.68 2.45	1.49	548,160 106,136 49,207	2.00 7.52 2.52	1.45	813,130 228,216 48,268	1.79 5.78 2.33	1.35
2	Andhra Cement Co. Ltd.	26,509	2.00	0.09	..	..	..	..	..	..
3	Dalmia Cement (Bharat) Ltd.	70,043	2.00	1.02	62,435	2.00	0.97	93,479	2.00	0.91
4	Dalmia Dadri Cement Ltd.	8,141	2.00	0.51	7,594	2.00	0.51	8,198	2.00	0.36
5	Shree Digvijay Cement Co. Ltd.	16,812	4.50	0.67	..	..	..	..	..	..
6	India Cements Ltd..	7,896	4.69 and 4.94	0.58	..	..	..	..	..	..
7	Jaipur Udyog Ltd.	32,902	2.00	0.68	32,828	2.00	0.76	57,961	2.00	0.65
8	Kalyanpur Lime & Cement Works Ltd.	4,580	2.00	0.48	5,140	2.00	0.62	1,060	2.00	0.09
9	Orissa Cement Ltd.	58,450	9.00	5.42	27,286 8,901	9.00 Nil	2.76	17,896 60,565	9.00 Nil	0.86
10	Rohtas Industries Ltd.	47,629	2.00	0.59	41,815	2.00	0.52	44,468	2.00	0.48

APPENDIX XI

(*Vide* paragraph 14.7.2)

Statement showing the quantity and value of imports of cement effected by the State Trading Corporation of India (P) Ltd., during the periods 1-7-1956 *to* 30-6-1957 *and* 1-7-1957 *to* 31-12-1957

Country of origin	During 1-7-1956 to 30-6-1957			During 1-7-1957 to 31-12-1957		
	Quantity	C.i.f. Value	C. i. f. price per ton	Quantity	C.i.f. Value	C. i. f. price per ton
	Tons	(Lakh Rs.)		Tons	(Lakh Rs.)	
Pakistan	84,181	85.65	Ranging from Rs.91.00 to Rs. 140.00	58,762	59.18	Ranging from Rs. 91.00 to Rs. 140.00.
Yugoslavia	25,200	29.06	Rs. 115.33	51,354	61.00	Rs. 114.67/Rs. 121.33 (at Bombay) (at Calcutta).
U. S. S. R.	12,801	15.28	Rs. 119.33	34,350	38.32	Ranging from Rs. 103.67 to Rs. 119.33.
Japan	55,000	60.63	Ranging from Rs. 110.00 to Rs. 116.67.	..	..	..
Poland	16,944	18.19	Ranging from Rs. 105.67 to Rs. 110.00.	..	..	..
Rumania	..	..	..	49,655	57.07	Ranging from Rs. 113.33 to Rs. 118.67.
North Viet-Nam	..	..	..	5,500	5.70	Rs. 103.67.
TOTAL	194,126	208.81	Ranging from Rs. 91.00 to Rs.140.00 Average Rs.107.56.	199,621	221.27	Ranging from Rs. 91.00 to Rs. 140.00 Average Rs. 110.85.

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