

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY



R E P O R T

OF THE

REPORT ON THE CONTINUANCE OF PROTECTION TO THE STEARIC ACID AND OLIEIC ACID INDUSTRY,

1959

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GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
RESOLUTION

Tariffs

New Delhi, the 30th November, 1959.

No. 2(1)-T.R./59.— The Tariff Commission has submitted its Report on the continuance of protection to the *Stearic Acid and Oleic Acid Industry* on the basis of an inquiry undertaken by it under Sections 11(e) and 13 of the Tariff Commission Act, 1951. Its recommendations are as follows :—

- (1) Protection granted to the Stearic Acid and Oleic Acid Industry should be extended for a further period of three years from 1st January, 1960 at the existing rates of duty, *i.e.*, 35 per cent *ad valorem* or 50 Naye Paise per lb., whichever is higher.
- (2) The establishment of new units for the manufacture of stearic and oleic acids is not desirable and this fact should be taken into account by Government in issuing further licences.
- (3) The Development Wing should explore the possibility of manufacture of acid oil by the existing and prospective producers of cotton seed soap stock for supply to the Stearic and Oleic Acids Industry.
- (4) Every facility should be accorded to Navsari Oil Products Ltd., for early installation of a hydrogenation plant for which it has already placed orders.
- (5) Indigenous sources of supply of buffalo tallow and other animal tallows should be explored.
- (6) As soon as standard specifications for Oleic Acid and Stearic Acid are finalised the manufacturers should take necessary steps to ensure that the products manufactured by them are in accordance with the specifications and also obtain licences under the Certification Marks Act.
- (7) The manufacturers of stearic and oleic acids should maintain their selling prices in fair relation to their cost of manufacture.

2. Government accept recommendation (1) and will take steps to implement it in due course.

3. Government have taken note of recommendations (2) to (5) and steps will be taken to implement them as far as possible.

(ii)

4. The attention of the manufacturers of Stearic Acid and Oleic Acid is invited to recommendations (6) and (7).

ORDER

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

S. RANGANATHAN,

Secretary to the Government of India.



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REPORT ON THE CONTINUANCE OF PROTECTION TO THE STEARIC ACID AND OLEIC ACID INDUSTRY

1. The history of protection to stearic and oleic acids and their derivatives is given in full in our previous Reports. **Previous inquiries** Briefly, protection to stearic and oleic acids went into effect in 1948 after the first inquiry by the Tariff Board in 1947 and continued till 1954. The third inquiry held by the Tariff Commission in 1954 resulted in extending the scheme of protection to derivatives of stearic and oleic acids as well. The protection continued to these articles as a sequel to the fourth inquiry in 1957 is due to expire on 31st December 1959 and the present inquiry is undertaken under section 11(e) read with section 13 of the Tariff Commission Act, 1951 to review the progress of protection enjoyed by the industry till now and to recommend its increase, decrease, modification or abolition according to the circumstances of the case. The rate of protection in force at present is 35 per cent. *ad valorem* or 50 nP per lb., whichever is higher.

2.1. Questionnaires were issued to producers, importers and consumers in June 1959. A press note was issued on **Method of inquiry** 25th June 1959 inviting firms, associations and others interested in the inquiry to obtain copies of relevant questionnaires from the Commission and submit their replies. A memorandum on the industry covering the various aspects of the inquiry was invited from Indian Chemical Manufacturers Association. The Development Wing was requested to forward a memorandum on the progress made by the industry, its present position and plans for expansion. Letters were issued to Collectors of Customs at principal ports for information regarding c.i.f. prices and landed costs of stearic and oleic acids imported through their ports. Steps were also taken to collect f.o.b. prices of these acids prevailing in the United Kingdom, Australia and Netherlands as well as prices in those countries of the principal raw materials used in the manufacture of the acids. Detailed information on the present position of the industry in their respective States was sought from the State Directors of Industries, Bombay, Uttar Pradesh and West Bengal. Inquiries were made of the Textile Commissioner regarding the quality of the domestic stearic and oleic acids and their derivatives as well as the annual demand for these acids from the textile industry. The Indian Standards Institution was requested to let us know the progress made by it in formulating standard specifications for stearic and oleic acids. Suppliers of raw materials like tallow and hardened vegetable oils were addressed for information regarding the supply position of the materials and their prices. A list of parties and Government Departments to whom questionnaires and letters were issued and from whom replies or memoranda were received is given in Appendix I.

2.2. Dr. S. K. Muranjan, Member, visited the factory of Navsari Oil Products Private Ltd., Navsari on 13th September 1959. Shri

K. R. P. Aiyangar, Chairman, Dr. S. K. Muranjan, Shri J. N. Dutta and Shri R. S. Bhatt, Members, visited the factory of Godrej Soaps Private Ltd., Bombay on 3rd October 1959.

2.3. Shri P. M. Menon, Cost Accounts Officer, examined the costs of production of stearic and oleic acids at the factory of Navsari Oil Products Private Ltd., on 24th September 1959.

2.4. A public inquiry into the industry was held on 5th October 1959. A list of persons who attended the inquiry is given in Appendix II.

3. The 1957 inquiry covered stearic acid and oleic acid and their derivatives falling under Item No. 28(20) of the First Schedule to the Indian Tariff Act, 1934 and described as follows :

Scope of the inquiry

- 28(20) (a) Acid oleic or any product containing 70 per cent or more of free liquid fatty acids.
- (b) Any product manufactured from (a) and containing 70 per cent or more of combined liquid fatty acids.
- (c) Acid stearic or any product containing 70 per cent or more of free solid fatty acids.
- (d) Any product manufactured from (c) and containing 70 per cent or more of combined solid fatty acids.
- (e) Mixture of (a) and (c) above containing 70 per cent or more of free fatty acids.

At the public inquiry manufacturers pleaded that to encourage diversification of their production, all stearates which contain 70 per cent or more of free or combined solid fatty acids should be included within the scope of the inquiry. We have examined this issue and are satisfied that such stearates are already covered under items (d) and (e) mentioned above. The manufacturers also pleaded that fatty alcohol as a derivative of Oleic Acid should be included in the scheme of protection. It was pointed out that this alcohol would not fall under the definition of derivatives given in Item No. 28(20) quoted above and that a separate reference to us from Government would be necessary if it were to be considered for protection. If the high revenue duty at present levied on imported fatty alcohol and other allied derivatives is inadequate for purposes of protection, the producers may approach Government in the matter. It was, therefore, decided that the scope of the present inquiry should remain unchanged.

4.1. We set out below the extent to which the recommendations made in our last Report on matters other than tariffs have been implemented.

Implementation of the recommendations made in the last Report

4.2. *Recommendation No. 1*

“Licences allowed to actual users of stearic acid should be reduced to the minimum. Utmost scrutiny should be exercised in regard to the needs of the cosmetics industry’ and the position reviewed in the light of the progress made by the stearic acid industry in establishing the commercial production of the grade of the acid required by the cosmetics industry. If it is found at all necessary to license any quantity for the textile industry because of its demand for high grade stearic acid required for its export trade, the quantity licensed should be carefully related to the exports of cloth and the position reviewed in the light of the technical investigation by the Ahmedabad Textile Industry’s Research Association.”

The Ministry of Commerce and Industry informs us that Government’s policy is in conformity with this recommendation. We understand that no imports have taken place on behalf of the textile industry and that except in one or two cases, the indigenous product was found satisfactory by the industry. The producers concerned informed us during the public inquiry that in respect of one or two complaints received by them steps were taken to conform to the requirements of the consumers.

4.3. *Recommendation No. 2*

“Government should consider sympathetically schemes proposed by producers for modernisation of their plants to improve the standard of quality of their products.”

The Ministry of Commerce and Industry has stated that Government’s general policy has been in conformity with this recommendation. We record in paragraph 5 the actual progress made by different units in modernisation and expansion of their plants.

4.4. *Recommendation No. 3*

“Government should explore the possibilities of fully exploiting the available resources of mutton tallow within the country and take the necessary steps to develop domestic sources of supply.”

The Ministry of Food and Agriculture has pointed out that it is not the practice in India to fatten sheep as in other countries like Australia and the small yield of fat from Indian sheep is, as a rule, sold with mutton and used for human consumption. Whatever little mutton tallow is prepared in this country is generally sold as an admixture with beef tallow. The prospects of the collection of indigenous mutton tallow are therefore strictly limited. It was stated during the public inquiry that buffalo tallow and other animal tallows would be equally acceptable to the industry. We therefore recommend that these sources of tallow may be explored.

4.5. Recommendation No. 4

“Government should explore the possibilities of cultivation of red palm trees as a source of palm oil.”

4.5.1. The Indian Central Oilseeds Committee approved of a scheme for the introduction of the African Oil Palm in India prepared by a distinguished Indian botanist and made a grant. Although the scheme went into operation in 1954, no progress has been reported. The Oilseeds Committee recommended the scheme to several State Governments for experimentation in suitable areas but this recommendation seems to have proved as abortive as the earlier trials of the thirties to plant oil palms on the Western coast.

4.5.2. The Urquhart Report of 1958 which was mainly concerned with growing cocoa plant in South India dealt *inter alia* also with the prospects of oil palm cultivation. Its main conclusions are as follows. For all normal purposes, palm oil is an effective substitute for coconut oil. The oil palm could be cultivated as a peasant or plantation crop in South India particularly in Kottayam district of Kerala State while Tripura State is another area which might prove suitable. Seeds of improved strains from Malaya and Sumatra would prove more economical than those available domestically. The Urquhart Report suggested as on the spot study of the technique of growing oil palm in Malaya. Acting on this Report, a scheme submitted by Kerala Government has been approved by the Central Oilseeds Committee and has received the sanction of Central Government. Other State Governments have also been requested to sponsor similar schemes. The importance of these schemes will be appreciated from the fact that this country imports red palm oil to the tune of Rs. 2.4 crores annually.

4.5.3. During the course of the discussion, the representatives of the industry suggested Andaman and Nicobar islands as other areas suited for oil palm cultivation. It was also generally felt that the grant made for the scheme of the Kerala Government was hardly commensurate with the magnitude of the task before the country. On a careful consideration we are of the view that the matter calls for the formulation of a long-range policy by Government rather than stray schemes of palm plantation.

4.6 .Recommendation No. 5

“The question of greater exploitation of oil seeds like cottonseed and mowra seed for extraction of oils to be hardened and used for producing fatty acids should engage the attention of the Indian Central Oilseeds Committee. The industry should actively collaborate with the Committee in this matter and make earnest efforts to establish the use of these oils for production of fatty acids.”

Indian Central Oilseeds Committee brought this recommendation to the attention of the producers. The producers have complained generally that prices of mowra oil and cottonseed oil are too high

for economic production. It is also pointed out that mowra oil contains a high percentage of unsaponifiable matter and cotton seed soap stock because of discolouration is not entirely satisfactory for stearic acid. The Joint Committee of Indian Central Oilseeds Committee and Council of Scientific and Industrial Research has suggested further study of hydrogenation of cottonseed and mowra oils for the purposes of textile, bakery and soap industries and intensive research in different laboratories and institutes into fatty acids suitable for cosmetics, rubber and detergents industries. The Development Wing is of the opinion that cottonseed and mowra oils are raw materials next best to palm oil and tallow and that cottonseed soap stock could be useful for manufacture of fatty acids. This matter is further discussed in paragraph 8.

4.7. *Recommendation No. 6*

"The Ahmedabad Textile Industry's Research Association should examine the question of specifications of stearic acid required by the textile industry with special reference to the requirements of the export trade."

At the instance of the Ministry of Commerce and Industry the Ahmedabad Textile Industry's Research Association has prepared and forwarded a statement of the criteria on which specifications for stearic acid for use in the textile industry should be based. It has also tested some samples of stearic acid obtained from indigenous producers.

4.8. *Recommendation No. 7*

"Manufacturers of derivatives of stearic acid and oleic acid should take necessary steps to standardise their processes of manufacture so as to produce materials which would satisfy the requirements of the consuming industries."

Sanitex Chemical Industries, Calcutta Industrial Chemicals and Minerals Co., Navsari Oil Products and Bengal Chemical & Pharmaceutical Works have informed us that they have taken the necessary steps in conformity with this recommendation.

5.1. *Stearic and oleic acids.*

5.1.1. At the time of the last inquiry in 1957 there were five units engaged in the manufacture of stearic and oleic acids. In addition to these five units, there was another unit which is not on the list of the Development Wing. Since the last inquiry, a new unit went into production in June 1958. We give below certain details regarding these units.

**Present position
of the industry**

5.1.2. *Navsari Oil Products Private Ltd., Navsari.*—This is the only unit primarily engaged in the production of stearic and oleic acids and their derivatives. Since our last inquiry, it has obtained and completed the erection of a modern fatty acid distillation unit and a fractionating column. With the help of this equipment it has already started the

manufacture of stearic acid of cosmetic grade. The company has also placed orders for a fatty acid hardening plant with a capacity of 10/15 tons a day. It has plans to diversify its production in the near future.

5.1.3. *Godrej Soaps Private Limited, Bombay.*—Although this company produces stearic and oleic acids on a substantial scale, this activity does not account for more than 24·5 per cent of its output on a tonnage basis or 18 per cent of gross sales value of the output. It has obtained an import licence and placed orders for a fatty acid distillation unit.

5.1.4. *Modi Vanaspati Mfg. Co., Modinagar.*—Production of stearic acid is a small part of its business—the main products being vanaspati, soap, glycerine, fatty acids, oxygen gas and acetylene gas. The company is reported to have obtained an import licence for a distillation unit.

5.1.5. *Calcutta Chemical Co. Ltd., Calcutta.*—In terms of tonnage, production of stearic and oleic acids and their derivatives formed only 14·2 per cent of the firm's total activity in 1958 while in terms of value it amounted to about 6·8 per cent only. It has plans to instal a distillation unit.

5.1.6. *Swastik Oil Mills Ltd., Bombay.*—Manufacture of stearic and oleic acids accounts for less than 1·00 per cent of its total production.

5.1.7. *Swaika Oil Mills, Calcutta.*—This concern is a leading manufacturer of vegetable oils. It is not on the list of the Development Wing.

5.1.8. *Techno Chemical Industries Ltd., Kozhikode.*—This is a public limited company and went into production of stearic and oleic acids only in June 1958. Its output of these articles is negligible.

5.2. *Derivatives.*—In 1957 four units, namely, (i) Navsari Oil Products Private Ltd., Navsari, (ii) Calcutta Chemical Co. Ltd., Calcutta, (iii) Sanitex Chemical Industries Ltd., Baroda and (iv) Calcutta Industrial Chemicals and Minerals Co. Ltd., Calcutta, were engaged in the manufacture of stearates and oleates on a commercial scale. Calcutta Chemical Co. Ltd., has since suspended production while another unit, Bengal Chemical and Pharmaceutical Works Ltd., Calcutta, has commenced production of derivatives. Thus there are four units engaged in the manufacture of derivatives. The principal derivatives produced by them are stearates of aluminium, zinc, magnesium and calcium.

6.1. *Steric and oleic acids*

6.1.1. The assessment of capacity of units in this industry involves a special difficulty apart from the existence of large composite units which include manufacture of stearic and oleic acids in their production. Units which employ the saponification process can divert their soap making capacity, if so desired, to the manufacture of the

**Rated capacity
and production**

acids under inquiry. Others, which work on low pressure or high pressure splitting processes, can allocate their capacity freely to the manufacture of either stearic and oleic acids or other fatty acids. The producers were therefore invited to indicate their plans as to allocation of capacity, and the tables below give their capacity as ascertained from them and their production for the years specified :

TABLE I
Stearic Acid

Name of the producer	Capacity	(In tons)		
		Production		
		1957	1958	1959 (Jan-June)
1. Navsari Oil Products Pvt. Ltd., Navsari .	3,120	360·21	374·37	270·64
2. Godrej Soaps Pvt. Ltd., Bombay . .	1,800	726·52	654·78	395·02
3. Calcutta Chemical Co. Ltd., Calcutta .	420	151·02	147·25	87·99
4. Modi Vanaspati Mfg., Co., Modinagar .	750	102·94	197·70	138·70
5. Swastik Oil Mills Ltd., Bombay . . .	150	7·22	5·20	Nil
6. Swaika Oil Mills, Calcutta	250	480·00	600·00	Not available.
7. Techno Chemical Industries Ltd., Kozhikode	4	Negligible		
TOTAL	6,494	1827·91	1979·30	892·35

TABLE II
Oleic Acid

Name of the producer	Capacity	(In tons)		
		Production		
		1957	1958	1959 (Jan-June)
1. Navsari Oil Products Ltd., Pvt. Navsari .	480	83·49	71·26	41·04
2. Godrej Soaps Pvt. Ltd., Bombay . . .	250	5·79	8·70	9·93
3. Calcutta Chemical Co. Ltd., Calcutta .	300	85·89	90·45	57·40
4. Swastik Oil Mills Ltd., Bombay	50	13·90	45·07	19·64
5. Swaika Oil Mills, Calcutta	50	Not available		
6. Techno Chemical Industries Ltd., Kozhikode	12	Negligible		
TOTAL	1,142	189·07	215·48	128·01

It will be observed that as compared with the position at the time of the last inquiry, the capacity of the industry for stearic acid has increased by 70 per cent. This expansion is largely due to the increased

capacity of Navsari Oil Products from 600 tons to 3,120 tons. The capacity for oleic acid has also increased by 28 per cent. due largely again to the expanded capacity of Navsari Oil Products.

6.1.2. The output of the industry has remained more or less stable over the years 1957-59 and is substantially below its capacity. As sales and stocks of the products indicate, the disparity is largely due to restricted demand and as will be seen from our assessment of demand in paragraph 7, it is not likely to disappear in the foreseeable future. In view of this fact, it is clear that establishment of new units for the manufacture of stearic and oleic acids is not desirable and we recommend that this fact should be taken into account by Government in issuing further licences. In this connection it may be pointed out that cases of this type of small segments of protected industry raise an important general issue. With the grant of protection there is a natural spurt for expansion of existing units and with increased capacity, even if the market is only retained, and not expanded, there is a fair prospect of price of the protected product being brought down. Such a natural economic trend is likely to be checked if licences are freely issued to more units. Besides involving infructuous capital expansion this would also retard progress of a protected industry.

6.2. *Stearates.*—In the following table we give present rated capacity for and production of stearates during 1957 and 1958.

Name of the firm	Present installed capacity	(In tons)	
		Production	
		1957	1958
1. Navsari Oil Products Pvt. Ltd.	150	44·48	48·69
2. Sanitex Chemical Industries Ltd.	44	15·39	31·22
3. Calcutta Industrial Chemicals & Minerals Co. Pvt. Ltd.	204	49·00	48·00
4. Bengal Chemical & Pharmaceutical Works Ltd.	27	12·40	7·08
TOTAL	425	121·27	134·99

It will be observed that the output during both the years has been far below the installed capacity.

7.1. *Stearic and oleic acids*

7.1.1. In 1957 we estimated the then current demand at 1,600 tons for stearic acid and 240 tons for oleic acid and we expected it to increase to 2,700 tons and 425 tons for the respective articles by 1960. For the present investigation, we have received estimates of demand from different sources and these were discussed at the public inquiry.

The estimates of requirement of stearic acid for the year 1959 ranged from 1,435 to 2,700 tons and those for oleic acid from 225 to 425 tons. The apparent consumption of these acids during the latest two years is indicated in the table below.

(In tons)

Year	Stearic acid			Oleic acid		
	Sales	Imports	Total	Sales	Imports	Total
1957 . . .	1357	204	1561	230	4	234
1958 . . .	1400	129	1529	193	1	194

7.1.2. After considering the recent trends in consumption, it was agreed at the public inquiry that the domestic demand for 1959 may be placed around 1900 tons for stearic acid and 250 tons for oleic acid. As for the future, it was noted that the demand from the expanding rubber industry for stearic acid is likely to increase considerably. After discussing the possible requirements of other consuming industries the general view was expressed that the demand may be expected to rise by 1962 to 2,700 tons for stearic acid and 600 tons for oleic acid. The breakdown of these estimates is given below :—

(A) *Stearic Acid*

	Tons
1. Rubber	1500
2. Grease	500
3. Textiles	300
4. Cosmetics	200
5. Miscellaneous (Paints, Pharmaceuticals and others)	200
TOTAL	2700

(B) *Oleic Acid*

1. Lubricants	190
2. Carbon paper and duplicating stencils	125
3. Paints	110
4. Miscellaneous	175
TOTAL	600

7.2. In regard to stearates, it was agreed during the course of the public inquiry that the total current demand for stearates of aluminium, zinc, magnesium and calcium may be placed at 150 tons and that it may be expected to reach 250 tons by 1962.

8.1. Tallow, palm oil and other vegetable oils continue to be the principal raw materials of this industry. We were informed at the public inquiry that mutton tallow is being prepared in several places in Bombay State mostly by butchers in a crude manner. Most of the fat available in

Raw materials

the market, however, is reported to be buffalo fat. Two companies, namely, Firoz Trading Co. and M. N. Daruwalla and Co. have the necessary machinery for melting and refining mutton tallow, but the price of indigenous mutton tallow was stated to be as high as Rs. 115 per cwt. as against the landed cost in India of Rs. 52 to Rs. 55 per cwt. of imported tallow from Australia and New Zealand. The manufacture of domestic tallow is not well organised. Besides, consumers are not satisfied about the grade and suitability of most of the indigenous tallow for stearic and oleic acids. Consequently, the industry is still dependent on imports for its requirements of tallow. Import of technical high grade tallow continues to be duty-free while low grade tallow has to pay a duty of 35 per cent. *ad valorem*. The industry has again requested that low grade tallow, including gut tallow, should be exempted from payment of import duty. It was pointed out that having regard to the actual colour and odour of low grade tallow, the fear expressed about its likely abuse for adulteration of edible products is quite unfounded. It has been further pointed out that as low grade tallow is cheaper by £. 10-15 per ton, its import should result in some saving of valuable foreign exchange. But it is such low grade tallow which will compete with indigenous tallow and carry a price advantage over other imported or indigenous raw materials for manufacture of stearic and oleic acids. Although tallow is a GATT item and is duty-free under I. C. T. item No. 15(3), it has been brought to our notice that in order to qualify for duty-free import, certain specifications have been prescribed by Government so as to keep the exemption limited to the item of industrial grade and quality. The industry has, however, specifically suggested that the melting point of duty-free tallow should be so defined as to cover the range 42°C to 51°C and has pointed out that tallow with high melting points produced less of oleic acid and more of stearic acid.

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8.2. Palm oil also continues to be imported and is more expensive than tallow. In paragraph 4.5 we have indicated the present position and prospects of palm cultivation in India.

8.3. The domestic substitutes for imported raw materials are ground-nut oil, mowra oil and cottonseed oil. Of these, ground-nut oil is used on an appreciable scale but being an edible oil and also liable to market speculation its price sometimes reaches uneconomic levels. As regards mowra oil and cottonseed oil already referred to in paragraph 4.6, the producers complained that their prices are equally uneconomical and much higher than those of tallow and palm oil. The present position is that cottonseed oil is largely appropriated by the vanaspati industry. The Development Wing has expressed the view that cottonseed soap stock produced by refining cottonseed oil is suitable for the manufacture of fatty acids. Its exploitation will therefore tend to conserve foreign exchange on import of tallow or palm oil and provide a good use for a waste product. Two units, Bombay Oil Industries and Sundatta Food and Fibers have been already licensed for distilling cottonseed soap stock, but we were informed at the public

inquiry that these units do not produce acid oils and that it is uneconomical for the industry to transport cottonseed soap stock as it contains a high percentage of water. We were informed that small scale cottonseed crushers also produce cottonseed soap stock but its collection, transportation and conversion into acid oils by stearic and oleic acids industry involves considerable expenditure. As acid oil would be a cheaper substitute for other raw materials, we suggest that the Development Wing should explore the possibility of manufacture of acid oil by the existing and prospective producers of cotton seed soap stock for supply to the stearic and oleic acids industry.

8.4. No progress has been reported about the use of fish, whale or neem oils.

9.1. In our last Report we observed that there was general satisfaction with the progress made by the industry in improving the quality of its stearic and oleic acids. We also mentioned that so far as the crystalline structure of stearic acid was concerned the industry could not then produce an acid comparable with the imported product. In connection with the present inquiry, the manufacturers have informed us that they have taken various steps since the last inquiry to further improve the quality of their products and that it is now comparable with that of the imported ones. Most of them also claim to have testing facilities and to test their products before putting them on the market. Navsari Oil Products Private Ltd. and Calcutta Chemical Co. Ltd. have installed distillation plants and have undertaken the manufacture of stearic acid of cosmetic grade. The Development Wing has informed us that the domestic producers have been making constant endeavours to improve the quality of their products and to manufacture stearic and oleic acids of grades acceptable to different consuming industries. With the exception of cosmetics manufacturers, most of the other consumers have expressed satisfaction with the domestic products. The Textile Commissioner also has expressed the view that the quality of indigenous stearic acid is generally satisfactory. The cosmetics manufacturers, on the other hand, have adversely commented on the indigenous stearic acid. E. S. Patanwala alleged that snow made out of indigenous stearic acid does not retain texture for more than three months under varying temperatures, turns yellowish and is not pearl like in appearance. Colgate-Palmolive (India) Private Ltd. has expressed the view that the local acid is not satisfactory in colour, odour, texture, iodine value and titre. The colour of the soap produced from the acid leaves much to be desired. Tata Oil Mills Co. Ltd. has stated the indigenous stearic acid of grade I manufactured by Calcutta Chemical Co. Ltd. contains black particles of carbon used for bleaching the acid. Himani Private Ltd. has alleged that the domestic stearic acid is unsuitable for use in the manufacture of high grade cosmetics as it is of higher iodine value and lower melting point and lacks whiteness. Burroughs Wellcome & Co. (India) Private Ltd., and Bengal Chemical and Pharmaceutical Works Ltd., have opined that although indigenous stearic acid complies with B. P. C. and

B. P. specifications, it is not of high cosmetic quality. These and other defects pointed out by consumers were discussed at length during the public inquiry. The representatives of cosmetics manufacturers explained that the alleged inferior quality of cosmetics manufactured from indigenous stearic acid was due to defective quality of stearic acid used and was not attributable to the technique of manufacture adopted by them. They further added that an important factor in cosmetic grade is the maintenance of specific proportions between stearic and palmitic acids. The manufacturers of stearic acid have assured us that they are in a position to produce stearic acid in conformity with the specifications of cosmetics producers. After examining the evidence before us, we have reached the conclusion that,

- (i) there has been an appreciable improvement in the quality of indigenous stearic and oleic acids since the last inquiry,
- (ii) the quality of these acids is generally satisfactory, and
- (iii) given the necessary encouragement by cosmetics producers the industry would be able to meet their requirements of stearic acid of acceptable quality.

9.2. We understand from the Indian Standards Institution that draft specifications for oleic acid, technical and stearic acid, technical [DOC : CAFDC5 (803) and (804)] would be taken up for finalisation during the current month. We recommend that as soon as standard specifications are finalised, the manufacturers should take necessary steps to ensure that the products manufactured by them are in accordance with the specifications and also obtain licences under the Certification Marks Act.

9.3. As regards stearates, the Development Wing has informed us that there has been some improvement in their quality and that the indigenous manufacturers have been endeavouring to improve further the quality of their stearates so as to meet the demand from all classes of consumers, including those requiring superior grades for their industrial processes. General satisfaction with the quality of indigenous zinc stearate has been expressed by consumers. Elephant Oil Mills Private Ltd. has found the indigenous aluminium stearate generally suitable for its purpose, but as regards gelling property this firm as well as Balmer Lawrie & Co. have opined that it is inferior to the imported product. The indigenous manufacturers should take note of the defects pointed out by the consumers and take steps to remedy them.

10.1. *Import control policy.*—For regulation of imports stearic and oleic acids and their derivatives are classified under **Import control policy and imports** Serial No. 31, Part V of the Import Trade Control Schedule. According to the import control policy pursued by Government, during the period from January-June 1957 upto the current licensing period, no licences have been issued to established importers for import of stearic and oleic acids and stearates of aluminium, calcium, magnesium and zinc. However,

actual users' applications for import of stearic and oleic acids were considered *ad hoc* in consultation with the Development Wing. Applicants for stearic acid were required to give in their applications full justification for need to import the acid.

10.2. *Imports.*—A statement showing countrywise imports of stearic and oleic acids and magnesium stearate, by weight and value, during 1957, 1958 and the first half of 1959 as recorded in the Monthly statistics of the Foreign Trade of India is given in Appendix III. The aggregate imports of these commodities were as follows :—

	1957		1958		1959 (Jan-June)	
	Qty.	Value	Qty.	Value	Qty.	Value
	Tons	Rs.	Tons	Rs.	Tons	Rs.
Stearic Acid . . .	203·85	4,12,090	129·10	2,46,416	125·05	2,28,399
Oleic Acid . . .	3·75	12,398	0·90	5,921	0·20	1,941
Magnesium stearate .	1·95	9,052	0·15	692	..	..

The principal sources of supply of stearic and oleic acids were the United Kingdom and Netherlands. The bulk of imports of magnesium stearate in 1958 was from West Germany.

11. Stearic and oleic acids and their derivatives are assessed to duty under item No. 28(20) of the First Schedule to the Indian Tariff Act, 1934, the relevant extract from which is reproduced below :—

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The U.K.	A British Colony	Burma	
1	2	3	4	5	6	7	8
28(20) (a)	Acid Oleic or any product containing 70 per cent or more of free liquid fatty acids.	Protective	35 per cent <i>ad valorem</i> or 50 naye paise per lb. whichever is higher.	..	..	10 per cent <i>ad valorem</i>	December, 31st 1959.
	(b) Any product manufactured from (a) and containing 70 per cent or more of combined liquid fatty acids.	Protective	35 per cent <i>ad valorem</i> or 50 naye paise per lb. whichever is higher.	..	..	Do.	December, 31st 1959.

1	2	3	4	5	6	7	8
	(c) Acid Stearic or any product containing 70 per cent. or more of free solid fatty acids.	Protective	35 per cent <i>ad valorem</i> or 50 naye paise per lb. whichever is higher	..	..	10 per cent <i>ad valorem</i>	December, 31st 1959.
	(d) Any product manufactured from (c) and containing 70 per cent or more of combined solid fatty acids.	Protective	35 per cent <i>ad valorem</i> or 50 naye paise per lb. whichever is higher.	..	..	Do.	December, 31st 1959.
	(e) Mixture of (a) and (c) above containing 70 per cent or more of free fatty acids.	Protective	35 per cent <i>ad valorem</i> or 50 naye paise per lb. whichever is higher.	..	..	Do.	December, 31st 1959.

12.1. Our Cost Accounts Officer has examined the costs of production or stearic and oleic acids manufactured by Navsari Oil Products Private Ltd. The period selected for cost investigation is the company's latest financial year, August 1958 -July 1959. Navsari Oil Products is a major unit engaged primarily in the manufacture of stearic and oleic acids. We have, therefore, decided, as at the previous inquiries, that its costs should be adopted for determining the quantum of protection needed by the industry. The details of costs of manufacture compiled by our Cost Accounts Officer were discussed by us with the representatives of the company, and as they desired that the details should be kept confidential we are forwarding the report of the Cost Accounts Officer as a separate confidential enclosure to this Report.

12.2. Based on the actual costs for the year 1958-59, we have estimated fair ex-works prices for the future as under :—

	Rs. per cwt.	
	Stearic acid	Oleic acid
Raw material cost	97.70	72.49
Conversion charges	14.54	14.54
Packing cost	1.68	3.28
	113.92	90.31
Less credit for material recovered	16.08	16.08
Cost of production	97.84	74.23
Return on capital employed	5.26	4.47
Fair ex-works price	103.10	78.70

In framing the above estimates we have taken into account the following factors. The production of the company has been assumed at 600 tons of stearic acid and 100 tons of oleic acid a year. Costs of raw materials have been estimated on the basis of the rates of the latest purchases made by the company. The yield of glycerine and credit therefor have been allowed at the respective rates realised by the company during the costed period. Depreciation has been calculated at normal income-tax rates on the written down value of the assets. Working capital has been assessed as equivalent to four months' cost of production and a return of 10 per cent. on employed capital has been provided.

12.3. As in the last Report, an allowance of Rs. 1.75 per cwt. has been made towards freight disadvantage, but no provision has been made for contingency as we do not consider it necessary now.

12.4. Our estimates of future fair ex-works prices, inclusive of freight differential, work out to Rs. 104.85 per cwt. (or Re. 0.94 per lb.) of stearic acid and Rs. 80.45 per cwt. (or Re. 0.72 per lb.) of oleic acid.

13. The information collected by us regarding c.i.f. prices and landed costs of stearic and oleic acids from Collectors of Customs and certain firms of importers as well as f.o.b. quotations from the High Commission of India in the U. K., Embassies of India in the Netherlands and Australia is given in Appendix IV. These figures were discussed during the course of the public inquiry. The bulk of production of stearic acid by Navsari Oil Products Private Ltd. is of the triple pressed variety, while its oleic acid is of the lower grade. As the principal sources of supply of stearic and oleic acids are U. K. and Netherlands it was agreed at the inquiry to adopt, for the purpose of comparison with fair ex-works prices of domestic products, the following prices which represent the lowest and latest prices for supplies from those countries:—

Stearic acid, triple pressed (Netherlands)	Re. 0.74 per lb.
Oleic acid, Brown variety (U. K.)	Re. 0.71 per lb.

14. The following table shows the comparison between the fair ex-works prices per lb. of domestic stearic and oleic acids, inclusive of freight differentials, and the landed costs ex-duty of the imported products:—

Comparison between fair ex-works prices of indigenous products and landed costs of the imported products	Stearic acid	Oleic acid
	Re. per lb.	Re. per lb.
(a) Fair ex-works price, inclusive of freight differential	0.94	0.72
(b) C.i.f. price	0.74	0.71
(c) Clearing charges	0.01	0.01
(d) Landed cost without duty	0.75	0.72
(e) Excess of (a) over (d)	0.19	nil
(f) % of excess over (b)	26%	nil

15. The comparison given in the preceding paragraph indicates a duty of 26 per cent *ad valorem* or 19 nP. per lb. to protect domestic stearic acid against competition from Netherlands while no duty is indicated in the case of oleic acid against competition from U. K.

Measure of protection

Therefore, on the basis of cost comparison the quantum of protection required by the industry is lower than the existing protective duty of 35 per cent. *ad valorem* or 50 nP. per lb. whichever is higher. But, there are certain factors which have to be taken into account in examining the issue of protection to the industry. First, although the quality of the domestic product has considerably improved, the industry has not yet been able to produce cosmetic grade of stearic acid to the full satisfaction of cosmetics manufacturers. Certain units which do not have distillation facilities have already secured licences to import distillation plants to further improve the quality of their products. The objective of enabling cosmetics manufacturers to dispense with the need to import stearic acid is to be encouraged as the cosmetic industry can well afford to pay for quality products. Secondly, the industry has plans to diversify its production by developing the manufacture of different types of derivatives. Lastly, oleic acid is obtained only as a joint product in the manufacture of stearic acid from tallow. Taking into account these and other relevant factors, we have come to the conclusion that the industry needs continuance of protection for a further period. We, therefore, recommend that protection to the industry should be extended for a further period of three years from 1st January 1960 at the existing rates of protective duty, i.e., 35 per cent. *ad valorem* or 50 nP. per lb., whichever is higher. In view of the internal competition which exists we do not consider that continuance of protection at the prevailing rates of duty is likely to lead to an increase in the selling prices of the domestic products. However, as stearic and oleic acids are used as intermediate materials by a variety of industries we desire to bring to the notice of the manufacturers their obligation not to charge excessive prices and recommend that they should maintain their selling prices in fair relation to their cost of manufacture.

16. As early as 1950, the Tariff Board had recommended facilities for installation of a hydrogenation plant by Navsari Oil Products. This is a very urgent need since vanaspati plants have no spare capacity and in any case would not undertake hardening of tallow which is absolutely necessary to avoid surfeit of oleic acid. We are informed that Navsari Oil Products has already placed orders for the plant and we recommend that every facility should be accorded to the company for early installation of the plant.

Other recommendations

17. Our conclusions and recommendations are summarised below :

Summary of conclusions and recommendations

(i) Indigenous sources of supply of buffalo tallow and other animal tallows should be explored.

[Paragraph 4.4.]

(ii) The establishment of new units for the manufacture of stearic and oleic acids is not desirable and this fact should be taken into account by Government in issuing further licences.

[Paragraph 6.1.2.]

(iii) The current domestic demand is estimated at 1,900 tons for stearic acid, 250 tons for oleic acid and 150 tons for stearates of aluminium zinc, magnesium and calcium. The demand for these products is expected to rise by 1,962 to 2,700 tons, 600 tons and 250 tons respectively.

[Paragraph 7.1 and 7.2.]

(iv) The Development Wing should explore the possibility of manufacture of acid oil by the existing and prospective producers of cotton seed soap stock for supply to the stearic and oleic acids industry.

[Paragraph 8.3.]

(v) There has been an appreciable improvement in the quality of indigenous stearic and oleic acids since the last inquiry. The quality of these acids is generally satisfactory. Given the necessary encouragement by cosmetics producers, the industry would be able to meet their requirements of stearic acid of acceptable quality.

[Paragraph 9.1.]

(vi) As soon as standard specifications for oleic acid and stearic acid are finalised the manufacturers should take necessary steps to ensure that the products manufactured by them are in accordance with the specifications and also obtain licences under the Certification Marks Act.

[Paragraph 9.2.]

(vii) Protection granted to the stearic acid and oleic acid industry should be extended for a further period of three years from 1st January 1960 at the existing rates of duty, *i.e.*, 35 per cent. *ad valorem* or 50 nP. per lb., whichever is higher.

[Paragraph 15.]

(viii) The manufacturers of stearic and oleic acids should maintain their selling prices in fair relation to their cost of manufacture.

[Paragraph 15.]

(ix) Every facility should be accorded to Navsari Oil Products Ltd. for early installation of a hydrogenation plant for which it has already placed orders.

[Paragraph 16.]

18. We wish to thank manufacturers, importers and consumers of stearic and oleic acids as well as suppliers of raw materials who furnished us with valuable information in connection with this inquiry.

Acknowledgements

K. R. P. AIYANGAR,

Chairman.

S. K. MURANJAN,

Member.

J. N. DUTTA,

Member.

R. S. BHATT,

Member.

RAMA VARMA,

Secretary

Bombay, the 30th October, 1959.



APPENDIX I

(Vide paragraph 2.4)

List of firms or bodies to whom the Commission's questionnaires/letters were issued and from whom replies or memoranda were received

*Indicates those who replied or sent memoranda.

**Indicates those who are not interested.

A. PRODUCERS OF ACIDS:

- *1. Navsari Oil Products Private Ltd., Vijalpore Road, *Navsari*.
- *2. Calcutta Chemical Co. Ltd., 35, Panditia Road, *Calcutta-29*.
- *3. Modi Vanaspati Manufacturing Co., Modinagar, (*Meerut*.)
- *4. Godrej soaps Private Ltd., 316, Delisle Road, *Bombay-11*.
- *5. Swastik Oil Mills Ltd., P.O. Box No. 362, *Bombay*.
- *6. Swaika Oil Mills, 18-B, Brabourne Road, *Calcutta-1*.
- *7. Tata Oil Mills Co. Ltd., Bombay House, Bruce Street, *Bombay-1*.
- *8. Techno Chemical Industries Ltd., Post Box No. 74, *Kozhikode*.

B. PRODUCERS OF DERIVATIVES:

- *1. The Sanitex Chemical Industries Ltd., Chemical Industries P.O., Industrial Road, *Baroda-3*.
2. Pigments Lakes & Chemicals Mfg. Co. Ltd., 113, Sir Vithaldas Chambers, 16 Apollo Street, Fort, *Bombay-1*.
- *3. Calcutta Industrial Chemicals & Minerals Co. Private Ltd., 43, Dharamtala Street, *Calcutta-13*.
- *4. Bengal Chemical & Pharmaceutical Works Ltd., 6, Ganesh Chunder Avenue, *Calcutta-13*.

C. IMPORTERS OF ACIDS:

1. Inequip Private Ltd., Manekji Wadia Building, 127, Mahatma Gandhi Road, *Bombay-1*.
- *2. P. K. Javeri & Co., 32, Princess Street, *Bombay-2*.
3. Das & Co., P.O. Box No. 784, *Bombay*.
- *4. Sepulchre Brothers (India) Private Ltd., Taj Building, Dadabhoy Naoroji Road, P.O. Box No. 754, *Bombay-1*.
5. Jadhavji Goverdhandas & Co., Princess Street, *Bombay-2*.
- *6. New Standard Chemicals Co. Private Ltd., 281, Samuel Street, Vadgadi, *Bombay-3*.
- *7. Amrutlal Bhurabhai & Co., Anand Bhavan, Princess Street, *Bombay-2*.
8. Kaliandas Jagmohandas & Sons, 9, Alli Chambers, Tamarind Lane, *Bombay-1*.

IMPORTERS OF DERIVATIVES:

- *9. Dura Commercial Corporation Private Ltd., 11, Sprott Road, Ballard Estate, *Bombay-1*.

D. CONSUMERS OF ACIDS:

(i) *Rubber goods*.

- *1. Dunlop Rubber Co. (India) Ltd., 57-B, Free School Street, P.O. Box No. 391, *Calcutta-16*.
- *2. Firestone Tyre & Rubber Co. of India Private Ltd., P.O. Box No. 197, *Bombay-1*.
- *3. Swastik Rubber Products Ltd., Behind Kirkee Railway Station, *Poona-3*.
- *4. Bata Shoe Company Private Ltd., Batanagar (*W. Bengal*).

- *5. India Waterproofing & Dyeing Works, 60/2, Dharamtala Street, *Calcutta*-13.
- *6. National Rubber Manufacturers Ltd., 19, Chowringhee, *Calcutta*-13.
- 7. International Rubber & General Industries, Argyle Road, *Bombay*.
- 8. Modak Rubber Products Private Ltd., Sewree, *Bombay*-15.
- *9. Korula Rubber Co. Private Ltd., 249, Worli, *Bombay*-18.
- *10. Carona Sahu Co. Private Ltd., 143, Mahatma Gandhi Road, *Bombay*-1.
- 11. East India Rubber Works Ltd., Chitaranjan Avenue, *Calcutta*-7.

(ii) *Plastics.*

- *12. The Industrial Plastics Corporation Ltd., Rajabahadur Mansion, 14, Hamam Street, *Bombay*-1.
- *13. Rawji Amarsi, 310-314, Kalbadevi, Rawji House, *Bombay*-2.

(iii) *Cosmetics and toilets.*

- *14. E. S. Patanwala, Patanwala Building, Cannought Road, *Bombay*-27.
- *15. Colgate-Palmolive (India) Private Ltd., 125, Dinshaw Vachha Road, *Bombay*-1.
- *16. Himani Private Ltd., 3, Khelat Babu Lane, *Calcutta*-2.
- *17. Tata Oil Mills Co. Ltd., Bombay House, Bruce Street, Fort, *Bombay*-1.
- *18. Burroughs Wellcome & Co. (India) Private Ltd., Janmabhoomi Bhavan, Ghoga Street, *Bombay*-1.
- 19. Universal Perfumery Works, 95, Kambekar Street, P.O. Box No. 3170, *Bombay*-1.
- 20. United Traders Ltd., Scindia House, Ballard Estate, P.O. Box No. 822, *Bombay*-1.
- *21. A. V. R. A. & Co., P.O. Box No. 2179, 6, Lohar Chawl, *Bombay*-2.
- 22. Manyam & Co., Raja Snow Building, Seshadripuram, *Bangalore*-20.
- *23. Asha Agency Private Ltd., Deokaran Mansion, 45-47, Princess Street, *Bombay*-2.
- *24. Pearlina-Paris Private Ltd., Rahman Building, Vir Nariman Road, *Bombay*-1.
- *25. National Trading Co., 391, Mint Street, *Madras*-1.
- *26. Bina Products, 249, Frere Road, Near G.P.O., *Bombay*-1.

(iv) *Paints.*

- *27. Noble Paint and Varnish Co. Private Ltd., Fergusson Road, *Bombay*-13.
- *28. Snowcem India Private Ltd., 31, Murzban Road, *Bombay*-1.
- *29. Elephant Oil Mills Private Ltd., Rustom Building, Churchgate Street, *Bombay*-1.
- *30. British Paints (India) Ltd., P.O. Box No. 738, *Calcutta*.
- 31. Jenson & Nicholson (India) Ltd., Fairlie Place, *Calcutta*.

(v) *Textiles.*

- 32. New Shorrock Spg. & Wvg. Co. Ltd., *Nadiad*.
- *33. Mafatlal Fine Spg. & Mfg. Co. Ltd., Mafatlal House. Back Bay Reclamation, *Bombay*-1.
- 34. Western India Spg. & Mfg. Co. Ltd., 16, Apollo Street, *Bombay*-1.
- *35. Buckingham & Carnatic Company Ltd., Post Box No. 1966, *Madras*.
- *36. Coorla Spg. & Wvg. Co. Ltd., Readymoney Mansion, Vir Nariman Road, *Bombay*-1.
- *37. The Standard Mills Co. Ltd., New Prabhadevi Road, *Bombay*-13.

(vi) *Manufacturers of Metal Polishes.*

- 38. Electro Industries Ltd., Industrial Area, Pratapnagar, *Baroda*-4.
- 39. Ronuk Industries Ltd., 11 A, Abdul Gaffarkhan Road, *Bombay*-18.

(vii) *Miscellaneous.*

- * 40. Stanard Vacuum Oil Co., Post Box No. 355, *Bombay*-1.
- *41. Burmah-Shell Oil Storage & Distributing Co. of India Ltd., Burmah-Shell House, Ballard Estate, *Bombay*-1.

- *42. Balmer Lawrie & Co. Ltd., 5, Graham Road, Ballard Estate, *Bombay-1*.
- **43. Caltex (India) Ltd., Caltex House, 8, Ballard Road, *Bombay-1*.
- *44. Kores (India) Private Ltd., Plot No. 10, Off Haines Road, Worli, *Bombay-18*.
- *45. Indian Aluminium Company Ltd., 31, Chowringhee Road, *Calcutta-16*.
- *46. Reckitt & Colman of India Ltd., Post Box No. 9002, 41, Chowringhee, Road, *Calcutta-16*.
- *47. Fenner Cockill Ltd., P. Box No. 117, *Madurai*.
- *48. Paulson Paint Cellulose Works, 25, Union Park, Chembur, *Bombay-38*.
- *49. Bengal Chemical & Pharmaceutical Works Ltd., 164, Maniktala Main Road, *Calcutta-11*.
- *50. Gestetner Duplicators Private Ltd., 9-A, Esplanade East, *Calcutta-1*.
- **51. Associated Cement Companies Ltd., Cement House, 121, Queen's Road, *Bombay-1*.
- 52. Waxpole Industries Ltd., 71, Ganesh Ch. Avenue, *Calcutta*.
- *53. Sandoz Products Private Ltd., 3, Wittet Road, Ballard Estate, *Bombay-1*.
- **54. Voltas Limited, 19, Graham Road, Ballard Estate, *Bombay-1*.

CONSUMERS OF DERIVATIVES:

- **55. May & Baker (India) Private Ltd., Karimjee House, Sir P. M. Road, *Bombay-1*.
- 56. Bengal Waterproof Works (1940) Ltd., 32, Theatre Road, *Calcutta*.
- **57. Addisons Paints and Chemicals Private Ltd., Post Box 851, Sembiam, *Madras*.
- **58. F. Harley & Co., 5, Delhi Serampore Road, Entally, *Calcutta*.
- **59. Guest Keen Williams Ltd., 41, Chowringhee Road, *Calcutta-16*.

E. ASSOCIATIONS:

(i) *Producer's Association.*

- *1. Indian Chemical Manufacturers Association, India Exchange, India Exchange Place, *Calcutta-1*.

(ii) *Consumer's Association.*

- 2. Paint Federation, P.O. Box 280, *Calcutta*.
- *3. The Association of Rubber Manufacturers in India, 57-B, Free School Street, Post Box No. 391, *Calcutta-16*.
- *4. Indian Rubber Industries Association, 12, Rampart Row, *Bombay-1*.

F. RAW MATERIAL SUPPLIERS:

- *1. Nelson Trading Corporation Private Ltd., 11, Elphinstone Circle, *Bombay-1*.
- *2. M. N. Daruwalla & Co., 32, Apollo Street, Fort, *Bombay-1*.
- *3. Firoz Trading Company Ltd., Kamer Building, 38, Cawasji Patel Street, *Bombay-1*.
- *4. Forbes, Forbes Campbell & co. Private Ltd. Forbes Building, home street, *Bombay-1*.
- **5. W. A. Beardsell 15-16, Sir P. M. Road, *Bombay-1*.
- 6. Eric L. Dunne & Co., Wadia House, 162, Queen's Road, *Bombay*.
- *7. Hindustan Lever Ltd., Scindia House, Ballard Estate, *Bombay-1*.

G. GOVERNMENT DEPARTMENTS:

- *1. Industrial Adviser (Chemicals), Development Wing, Ministry of Commerce and Industry, Udyog Bhavan, King Edward Road, *New Delhi*.
- 2. Director General of Supplies & Disposals, Shahjahan Road, *New Delhi*.
- *3. Directorate General, Ordnance Factories, 6, Esplanade East, *Calcutta-1*.
- *4. Director of Industries, Government of Bombay, Old Custom House, *Bombay-1*.
- 5. Director of Industries, Government of Uttar Pradesh *Kanpur*.
- 6. Director of Industries, Government of West Bengal, *Calcutta*.

- *7. Collector of Customs, Custom House, *Bombay*.
- *8. Collector of Customs, Custom House, *Madras*.
- *9. Collector of Customs, Custom House, *Calcutta*.
- *10. Collector of Customs, Custom House, *Cochin-3*.
- *11. The Director, Indian Standards Institution, Manak Bhavan, 9, Mathura Road, *New Delhi*.
- *12. The Textiles Commissioner, Wittet Road, Ballard Estate, *Bombay*.
- *13. The Counsellor, Commercial, The High Commission of India, India House, Aldwych *London, W.C. 2*.
- *14. The First Secretary, Embassy of India, *The Hague* (Netherlands).
- 15. Indian Trade Commissioner in Australia, Clater House, 10th Floor, 167-187 Kent Street, *Sydney* (Australia).



APPENDIX II

(Vide paragraph 2.1)

*List of persons who attended the Commission's public inquiry on 5th
October, 1959*

A. PRODUCERS:

1. Shri M. G. Kotibhaskar	}	Representing	Navsari Oil Products Private Ltd. Vijalpore Road, Navsari.
2. „ H. N. Kotibhaskar			
3. „ K. K. Nair			
4. „ R. V. Karve			
5. Dr. B. P. Godrej	}	„	Godrej Soaps Private Ltd., 316, Delisle Road, P. O. Jacob Circle, Bombay-11.
6. Shri K. R. Gokulam			
7. „ S. S. Varavalla			
8. „ J. C. Das Gupta		„	Calcutta Chemical Co. Ltd., 35, Panditia Road Calcutta-29.
9. Shri Jagmohan Saran		„	Mod i Vanaspati Mfg. Co., Modinagar
10. Dr. M. B. Ichaporia		„	Tata Oil Mills Co. Ltd., Bombay House Bruce Street, Fort, Bombay-1.

(B) PRODUCERS' ASSOCIATION:

11. Shri V. N. Shah	„	Indian Chemical Manufacturers Asscn; India Exchange, India Exchange Place, Calcutta-1.
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(C) IMPORTERS:

12. Shri V. Raman	„	Indequip Private Ltd., Manskji Wadia Bldg., 127, Mahatma Gandhi Road, Bombay-1.
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(D) CONSUMERS:

13. Shri Z. Y. Dalal	„	E. S. Patanwala, Patanwala, Building, Cannought Road, Bombay-27.
14. Shri P. Mansukhani	„	Burroughs Wellcome & Co. (India) Pvt. Ltd., Janmabhoomi Bhavan, Ghoga Street, Bombay-1.
15. Shri P. P. C. Gonsalves	„	Balmer Lawrie & Co. Ltd., 5, Graham Road, Ballard Estate, Bombay-1.
16. Shri Suman S. Parekh	„	Bina Products, 249, Frere Road, Near G.P.O., Bombay-1.
17. Mr. A. L. Blackwood	„	Association of Rubber Manufacturers in India, 57-B, Free School Street, Post Box 391, Calcutta-16.

(E) RAW MATERIALS SUPPLIERS:

18. Shri Keki J. Daruwalla . Representing M. N. Daruwalla & Co., 32, Apollo Street, Bombay.
19. Shri R. A. Taraporewalla . „ Hindustan Lever Ltd., Scindia House' Ballard Estate, Bombay-1.

(F) GOVERNMENT DEPARTMENTS:

20. Shri K. C. Madappa, I.A.S.,
Deputy Secretary,
Ministry of Com-
merce & Industry
New Delhi.
21. Shri A. B. Rao, Asstt. Direc- Representing Indian Standards Institution, Manak
tor. Bhavan, 9, Mathura Road, New Delhi.
22. Dr. J. D. Joshi Asstt. Direc- „ Director of Industries, and Statistics,
tor of Industries Authority Old Customs House,
(Chemical). Bombay-1.
23. Shri K. S. Bhujang Asstt. „ Textile Commissioner, Wittet Road,
Director. Ballard Estate, Bombay-1.
24. Shri Punwani Appraiser . „ Collector of Customs, Bombay.



सत्यमेव जयते

APPENDIX III

(Vide paragraph 10:2)

Statement showing countrywise imports of Oleic Acid, Stearic Acid and magnesium stearate for the years 1957, 1958 and 1959 (Jan-June)

	1957		1958		1959 (Jan-June)	
	Quantity	Value	Quantity	Value	Quantity	Value
	1	2	3	4	5	6
	Tons	Rs.	Tons	Rs.	Tons	Rs.
I. OLEIC ACID:						
(a) <i>Oleic Acid</i>						
U.K.	1.25	4,812	0.75	4,798	0.20	1,803
Germany W. . .	0.60	3,826	0.15	1,031	N.A.	50
Netherlands . .	1.90	3,760	..	..	..	..
TOTAL	3.75	12,398	0.90	5,829	0.20	1,853
(b) <i>Oleic product 70% or more liq. fatty acid.</i>						
U.K. . . . .	..	..	N.A.	92	..	..
Germany W. . .	..	..	..	..	N.A.	50
Netherlands . .	..	..	..	..	N.A.	38
TOTAL . . . .	..	..	..	92	N.A.	88
TOTAL OF I . .	3.75	12,398	0.90	5,921	0.20	1,941
II. STEARIC ACID:						
(a) <i>Stearic acid solid etc. single pressed</i>						
U.K.	10.60	18,099	4.60	7,820	..	..
Netherlands . .	7.80	15,132	..	..	..	..
U.S.A.	0.20	421	..	..	..	..
TOTAL	18.60	33,652	4.60	7,820	..	..

1	2	3	4	5	6	7
(b) <i>Stearic acid double and triple Pressed</i>						
U.K. . . .	93·10	199,088	57·20	109,078	41·65	76,095
Germany W. . .	N. A.	37	..	..	..	..
Netherlands . .	87·30	170,189	65·05	127,265	83·40	152,269
Belgium . . .	2·85	5,512	0·25	450	..	..
U.S.A. . . .	..	..	..	..	N.A.	35
Australia . . .	2·00	3,612	1·00	1,802	..	..
TOTAL . . .	185·25	378,438	124·50	238,596	125·05	228,399
TOTAL OF II . .	203·85	412,090	129·10	246,416	125·05	228,399

III. MAGNESIUM STEARATE:

U.K.	1·30	5,287	N.A.	5
Germany W. . .	0·65	3,765	0·15	687
TOTAL	1·95	9,052	1·15	692

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APPENDIX IV

(Vide paragraph 13)

Statement showing c.i.f. prices, customs duty, clearing charges and landed costs of Stearic and Oleic acids

				(Per lb.)			
Source of information	Origin of import	Date of import	Type and specification	c.i.f. price Rs.	Customs duty Rs.	Clearing charges Rs.	Landed cost Rs.
1	2	3	4	5	6	7	8
<i>Stearic Acid</i>							
1. Collector of Customs, Madras	Holland	12-2-59	Triple pressed.	0.83			
2. Collector of Customs, Bombay	U. K.	5-5-59	T. P. Amorphous cosmetic stearic acid	0.83	0.50	0.04	1.37
	Holland	7-5-59	Gonda saponification stearic acid T.P.	0.83	0.50	0.04	1.37
	U. K.	26-5-59	T.P. Amorphous cosmetic stearic acid.	0.83	0.50	0.04	1.37
	Holland	4-6-59	Gonda double distilled T.P. stearic acid large crystals.	0.86	0.50	0.04	1.40
3. Collector of Customs, Calcutta	U. K.	16-1-59	Triple pressed	0.87			
	Netherlands	10-2-59	Ditto.	0.76			
	Do.	17-2-59	Ditto.	0.95			
	U. K.	2-4-59	Ditto.	0.87			
	Netherlands	29-4-59	Ditto.	0.74			
	W. Germany	15-5-59	Ditto.	0.83			

4. Collector of Customs, Cochin	Holland	15-1-59	Gonda triple pressed saponification stearic acid in crystals FC 131/133°F	0.91			
5. Embassy of India, The Hague, Netherlands	Netherlands	Letter dated 24-6-59	Single pressed	0.70			
			Double pressed	0.76			
			Triple pressed	0.82			
6. High Commission of India, London	U. K.	Letter dated 30-7-59	Single pressed	0.71			
			Double pressed	0.77			
			Triple pressed	0.83			
7. Bina Products, Bombay	Holland	11-8-58	Gonda triple pressed stearic acid	0.84	0.50	0.02	1.36
8. Tata Oil Mills Co. Ltd., Bombay	Holland	8-10-58	Cosmetic grade	0.84	0.50	0.02	1.36
		7-2-59	Ditto.	0.84	0.50	0.02	1.36
		12-3-59	Ditto.	0.84	0.50	0.01	1.35
9. National Trading Co. Madras	Holland	24-3-58	Triple pressed saponification 131/133°F	0.90	0.50	0.01	1.41
	Do	15-11-58	Ditto.	0.84	0.50	0.01	1.35
10. Himani Private Ltd., Calcutta	Holland	July, 58	Stearic acid triple pressed M. P. 131/133°F iodine value below 3.	0.84	0.50	0.06	1.40
11. A.V.R.A. & Co., Bombay	Holland	22-7-58	Stearic acid triple pressed	0.83	0.50	0.02	1.35
12. Sanitex Chemical Industries Ltd., Baroda.	Australia.	March '58	Cosmetic grade, triple pressed	0.80	0.50	0.04	1.34
	U. K.	October '58	Triple pressed	0.84	0.50	0.03	1.37
13. Calcutta Chemical Co. Ltd. Calcutta.	Holland	14-11-58	Triple pressed M.P. 131/133°F large crystals iodine value less than 3.	0.86	0.50	0.02	1.38

1	2	3	4	5	6	7	8
			<i>Oleic Acid</i>				
1. Embassy of India, The Hague, Netherlands.	Netherlands	Letter dated 24-6-59	Brown oleic acid	0.74			
	Do.	Do.	White oleic acid	0.80			
2 High Commission of India, U.K.	U.K.	Letter dated 30-7-59	Brown	0.71			
			Pale	0.77			





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