GOVERNMENT OF INDIA
TARIFF COMMISSION

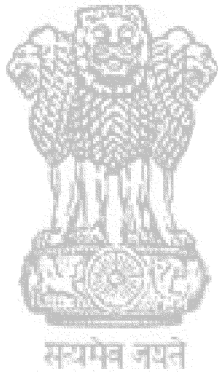
REPORT

ON

The Continuance of Protection to the Stearic Acid and Oleic Acid Industry

BOMBAY
1962

India Tariff (—Commission)
Report on the continuance of Protection to the Stearic Acid and Oieic Acid Industry 1963.



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PANEL FOR THE INQUIRY

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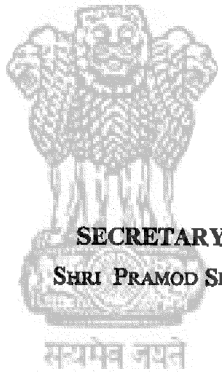


SECRETARY

SHRI PRAMOD SINGH

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

(Department of International Trade)

New Delhi, the 14th Nov., 1962.

RESOLUTION

Tariffs

No. 2(1)-T.R./62.—The Tariff Commission has submitted its Report on the continuance or otherwise 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 (50 of 1951). Its recommendations are as follows:—

(1) Protection to the stearic and oleic acids industry need not be continued beyond expiry of the present term (*i.e.* beyond 31-12-1962).

(2) On the withdrawal of protection to the stearic and oleic acids industry, necessary steps should be taken to keep a careful watch over the future trend of prices of the indigenous products.

(3) Since it is not possible to manufacture all the grades of stearic and oleic acid solely from indigenous raw materials, existing facilities for the import of tallow and palm oil should be continued.

(4) Producers of stearic acid and cosmetic manufacturers, in their mutual interest, may consider the desirability of getting the I.S.I. to lay down standard specifications for the cosmetic grade of stearic acid.

(5) The attention of producers is drawn to the complaints about the quality of oleic acid for taking necessary remedial action.

2. Government accept recommendation (1) and the necessary legislation will be undertaken in due course to de-protect the Stearic Acid and Oleic Acid Industry with effect from the 1st January, 1963.

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

4. The attention of the manufacturers of Stearic Acid and Oleic Acid is invited to recommendations (4) and (5).

ORDER

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

C. S. RAMACHANDRAN,
Joint Secretary to the Govt. of India.

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

(Department of International Trade)

New Delhi, the 14th November, 1962.

NOTIFICATION

Tariffs

No. 2(1)-T.R./62.—Whereas the Central Government is satisfied after due inquiry, that the duty chargeable under the First Schedule to the Indian Tariff Act, 1934 (32 of 1934), as in force in India and as applied to the State of Pondicherry in respect of the articles specified in item No. 28(20) of the said Schedule, and characterised as protective in the third column thereof, has become excessive for the purpose of securing the protection intended to be afforded by it to similar articles manufactured in India.

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 4 of the said Act, the Central Government hereby reduces with effect from the 14th November, 1962, the duty of customs on the said articles so that the duty chargeable thereon shall from the said date be as specified against each of the said articles in column 3 of the table annexed hereto.

THE TABLE

Item No. of Tariff	Name of Article	Rate of duty
1	2	3
28(20)	(a) Acid Oleic or any product containing 70 per cent or more of free liquid fatty acids.	50 per cent *ad valorem.*
	(b) Any product manufactured from (a) and containing 70 per cent or more of combined liquid fatty acids.	50 per cent *ad valorem.*
	(c) Acid Stearic or any product containing 79 per cent or more of free solid fatty acids.	50 per cent *ad valorem.*
	(d) Any product manufactured from (c) and containing 70 per cent or more of combined solid fatty acids.	50 per cent *ad valorem.*
	(e) Mixture of (a) and (c) above containing 70 per cent or more of free fatty acids.	50 per cent *ad valorem.*

C. S. RAMACHANDRAN,

Joint Secretary to the Government of India.

CONTENTS

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

1. History of the case

1.1. The stearic acid and oleic acid industry has been the subject of five tariff inquiries till now in the years 1947, 1950, 1954, 1957 and 1959. It has been enjoying protection since 1948 and in our last Report (1959) we recommended continuance of protection to the industry for a period of three years ending 31st December 1962 at the prevailing rate of duty which was 35 per cent *ad valorem* or 50 nP per lb., whichever was higher. Our recommendation was accepted by Government and was given effect to by the Indian Tariff (Amendment) Act, 1959. By the Customs Duties and Cesses (Conversion to Metric Units) Act, 1960 the rate of duty was revised to 35 per cent *ad valorem* or Rs. 1·10 per kilogram, whichever was higher.

1.2. The present inquiry has been undertaken by us under Section 11(e) read with Section 13 of the Tariff Commission Act, 1951 to review the progress of protection enjoyed by the industry and to recommend any increase, decrease, modification or abolition according to the circumstances of the case.

2. Method of inquiry

2.1. Questionnaires were issued in January 1962 to producers, importers, consumers and their associations followed by a press communique inviting persons interested in the inquiry to obtain copies of the relevant questionnaires and submit their replies. The Development Wing was requested to submit a memorandum on the progress made by the industry since the last inquiry and its present position. Letters were issued to the Collectors of Customs at principal ports asking for information regarding c.i.f. prices and landed costs of imported stearic and oleic acids and their derivatives. The Indian Government Trade Representatives in the U.K., Australia and the Netherlands were requested to furnish data regarding f.o.b. prices of stearic and oleic acids in those countries. State Governments were invited to forward their views on the question of continuance of protection to the industry and other related matters. Inquiries were made from the Textile Commissioner regarding the quality of indigenous acids and annual requirements of these acids for the textile industry. The Indian Standards Institution was requested to furnish details regarding the progress made in the formulation of standard specifications for stearic and oleic acids and their derivatives. Suppliers of important raw materials to this industry were addressed for information regarding the supply position and prices thereof. A list of firms, associations and Government departments to whom questionnaires/letters were issued and from whom replies or memoranda were received is given in Appendix I.

2.2. Three of the producing units, namely, Navsari Oil Products (P) Ltd., Navsari, Godrej Soaps (P) Ltd., Bombay and The Calcutta Chemical Co. Ltd., Calcutta were selected for cost investigation. The

costing was undertaken by an Assistant Cost Accounts Officer deputed by the Chief Cost Accounts Officer, Ministry of Finance. Particulars of the units visited by us and by officers of the Commission are given in Appendix II.

2.3. A public inquiry into the industry was held on 19th April 1962. A list of persons who attended the inquiry is given in Appendix III.

Scope of the inquiry

3. As in 1959, the scope of the present inquiry has been confined to stearic acid, oleic acid and their derivatives falling under Item No. 28(20) of the First Schedule to the Indian Tariff Act, 1934, which comprises the following:

(a) Acid oleic or any product containing 70 per cent or more or 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.

Implementation of the recommendations made in the last Report.

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

4.2. *Recommendation:*

"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."

The Development Wing has informed us that no new unit has since been licensed specifically for the manufacture of stearic and oleic acids.

4.3. *Recommendation:*

"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."

We are informed by the Development Wing that the crushers of cotton seed are reported to be either utilising the cottonseed soap stock in their own manufacture of soap or have made arrangements for splitting it. Bombay Oil Industries Private Ltd., Bombay has been

licensed to manufacture 1524 tonnes of distilled fatty acids from cotton-seed soap stock and Vegetable Oil Manufacturing Co., Badnera has been permitted to install a fatty acid distillation plant to utilise its cotton seed soap stock.

4.4. *Recommendation :*

"Every facility should be accorded to Navsari Oil Products Ltd., for early installation of hydrogenation plant for which it has already placed orders."

The Development Wing has informed us that Navsari Oil Products has been advised to approach an indigenous manufacturer to fabricate such a plant and that in case the latter fails, import of non-indigenous items could be considered by Government within the overall foreign exchange availability.

4.5. *Recommendation :*

"Indigenous sources of supply of buffalo tallow and other animal tallows should be explored."

The Development Wing has stated that no significant data could be collected on sources of indigenous supply of buffalo tallow and other animal tallow as only a limited quantity of tallow is available in the country.

4.6. *Recommendation :*

"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."

The Indian Standards Institution published standard specifications for stearic acid and oleic acid in 1960. We are informed that the main producers are manufacturing fatty acids generally in accordance with the Indian standard specifications and that two units have obtained licences under the Certification Marks Act. This subject is further dealt with in paragraph 9.1.1.

4.7. *Recommendation :*

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

Though prices charged by indigenous manufacturers are said to be generally acceptable, we have received complaints from some of the consumers that prices of indigenous products are high. The subject is dealt with in paragraph 16.

5. Present position of the industry.

5.1. *Stearic and oleic acids.*—At the time of our last inquiry the following seven units were engaged in the manufacture of stearic acid and oleic acid :

Name of the unit	Fatty acids manufactured
1. Navsari Oil Products Private Ltd., Navsari .	Stearic acid and oleic acid.
2. Godrej Soaps Private Ltd., Bombay . .	Stearic acid and oleic acid.
3. Modi Vanaspati Mfg. Co., Modinagar .	Stearic acid.
4. The Calcutta Chemical Co., Ltd., Calcutta	Stearic acid and oleic acid.
5. Swastik Oil Mills Ltd., Bombay . .	Oleic acid.
6. Swaika Oil Mills, Calcutta . . .	Stearic acid.
7. Techno Chemical Industries Ltd., Kozhikode	Stearic acid and oleic acid.

We have been now informed that another unit in Bombay, namely, Gandhi Parekh Investment Corporation Private Ltd., not borne on the list of the Development Wing, has been producing oleic acid since 1957. Of these eight units four produce both stearic and oleic acids, two produce only stearic acid and the other two only oleic acid. Production of Techno Chemical Industries Ltd., continues to be negligible as in 1959.

5.2. *Derivatives.*—In 1959 there were four units manufacturing derivatives, namely, Navsari Oil Products, Sanitex Chemical Industries, Calcutta Industrial Chemicals and Minerals Co. and Bengal Chemical and Pharmaceutical Works. We are now informed that Calcutta Chemical Co. and Gandhi Parekh Investment Corporation have also started manufacture of some of the derivatives.

5.2.1. Particulars are given below of stearates manufactured by the various units in the industry :

Name of the unit	Stearates manufactured
1. Navsari Oil Products Pvt. Ltd., Navsari	Calcium stearate, Magnesium stearate, Zinc stearate, Aluminium stearate.
2. The Sanitex Chemical Industries Ltd., Baroda.	Aluminium stearate, Calcium stearate, Copper stearate, Magnesium stearate, Zinc stearate.
3. Calcutta Industrial Chemicals & Minerals Co. Pvt. Ltd., Calcutta.	Aluminium stearate, Zinc stearate, Calcium stearate.
4. Bengal Chemical and Pharmaceutical Works Ltd., Calcutta.	Magnesium stearate, Zinc stearate, Aluminium sterate, Calcium stearate.
5. The Calcutta Chemical Co. Ltd., Calcutta.	Calcium stearate, Magnesium stearate, Zinc stearate & others.
6. Gandhi Parekh Investment Corporation Pvt. Ltd., Bombay.	Aluminium stearate, Barium stearate, Calcium stearate, Magnesium stearate, Zinc stearate.

5.2.2. Calcutta Chemical Co. manufactures oleates also but its production is negligible.

5.3. Recent developments in the working of the main units in the industry are given below :

1. *Navsari Oil Products (Pvt.) Ltd., Navsari.*—This unit has diversified its production and its manufactures now include cosmetic grade of stearic acid. It has not yet installed a hydrogenation plant for which we made a recommendation in our last Report. It recovers the entire glycerine and produces certain derivatives and some other fatty acids also.

2. *Godrej Soaps Private Ltd., Bombay.*—This company is now the largest producer of stearic acid of technical grade, and has a large fat-splitting capacity, the excess capacity being utilised for manufacture of fatty acids for soap-making. A part of such fatty acids is also sold to small soap manufacturers. The unit recovers the entire glycerine, and has a scheme for modifying the present batch process into a semi-continuous process which will enhance the fat-splitting efficiency and glycerine recovery. It has also plans for diversifying its stearic acid production.

3. *The Calcutta Chemical Co. Ltd., Calcutta.*—This company produces various grades of stearic acid including cosmetic grade and is the largest producer of oleic acid. It has diversified production of both the fatty acids. Recently it installed a fat-splitting autoclave and a new glycerine recovery unit. Production of derivatives which was suspended at the time of the last inquiry has been resumed by this unit.

4. *Modi Vanaspati Mfg. Co., Modinagar.*—This unit produces only one technical grade of stearic acid, and also manufactures bleached variety in flake form. It has a small fatty acid distillation unit and recovers glycerine.

5. *Swaika Oil Mills, Calcutta.*—At the time of the last inquiry this unit was not registered under the Industries (Development and Regulation) Act, 1951; it has since received a licence from Government for manufacture of 762 tonnes of fatty acids per annum. It recovers glycerine only in crude form.

6. *Swastik Oil Mills Ltd., Bombay.*—This unit is reported to have installed capacity for the manufacture of both the fatty acids, but has not yet produced stearic acid, and only produces a small quantity of oleic acid. It has adopted saponification process and has no fat-splitting autoclave, or arrangements for recovery of glycerine.

7. *Techno Chemical Industries Ltd., Kozhikode.*—This unit has not made any progress since the last inquiry and its production of stearic acid and oleic acid is negligible.

8. *Gandhi Parekh Investment Corporation Pvt. Ltd., Bombay.*— This is a private limited company with fixed assets estimated at Rs. 1·58 lakhs in 1961 and is reported to be manufacturing oleic acid since 1957 and stearates since 1958. It is also engaged in manufacture of other chemicals like plasticisers, etc.

6.1. *Stearic Acid and Oleic Acid:*

6. Capacity and production

6.1.1. *Capacity.*—The present annual capacity of each unit for the manufacture of stearic acid and oleic acid as ascertained by us during the public inquiry along with corresponding figures for 1959 is given below:

(In tonnes)

	Stearic acid		Oleic acid	
	1959	1962	1959	1962
1. Navsari Oil Products Pvt. Ltd., Navsari.	3,170	2,865	488	1,158
2. Godrej Soaps Pvt. Ltd., Bombay.	1,829	1,829	254	254
3. The Calcutta Chemical Co. Ltd., Calcutta.	427	518	305	256
4. Modi Vanaspati Mfg. Co., Modinagar.	762	914	..	..
5. Swaika Oil Mills, Calcutta.	254	762	51	..
6. Swastik Oil Mills Ltd., Bombay	152	152	51	51
7. Techno Chemical Industries, Ltd., Kozhikode.	4	..	12	..
8. Gandhi Parekh Investment Corporation Pvt. Ltd., Bombay.	..	..	..	90
	6,598	7,040	1,161	1,809

The present capacity of the industry is estimated higher than the capacity in 1959 although no expansion has taken place since then. The increase is mainly due to reassessment of capacity in the case of Swaika Oil Mills, re-allocation of total fat-splitting capacity between stearic acid and oleic acid in the case of Navsari Oil Products and addition of the capacity of Gandhi Parekh Investment Corporation for oleic acid. As stated in our previous Report the capacity in the case of a fatty acid plant cannot be determined very rigidly since the same equipment can be used for manufacture of stearic acid or oleic acid or other fatty acids.

6.1.2. *Production :*

Production of stearic acid and oleic acid during the last three years has been as under :—

(In tonnes)

Name of the Unit	Stearic acid			Oleic acid		
	1959	1960	1961	1959	1960	1961
1. Navsari Oil Products Pvt. Ltd., Navsari.	639.49	761.08	947.53	85.61	50.69	81.93
2. Godrej Soaps Pvt. Ltd., Bombay.	904.00	1,030.00	1,119.00	20.00	20.00	21.00
3. The Calcutta Chemical Co. Ltd., Calcutta.	156.45	167.64	246.75	110.59	196.32	220.03
4. Modi Vanaspati Mfg. Co., Modinagar.	211.74	230.63	304.35	..	..	..
5. Swaika Oil Mills, Calcutta.	19.30	99.42	220.48	..	..	..
6. Swastik Oil Mills Ltd., Bombay.	..	..	..	43.90	48.50	31.40
7. Techno Chemical Industries Ltd., Kozhikode.	Negligible.			Negligible.		
8. Gandhi Parekh Investment Corporation Pvt. Ltd., Bombay.	..	..	..	39.55	29.53	37.36
	1,930.98	2,288.77	2,838.11	299.65	345.04	391.72

6.1.3. *Future capacity and production :*

Development Wing has informed us that four units, Navsari Oil Products, Godrej Soaps, Swaika Oil Mills and Swastik Oil Mills have applied for expansion of capacity but no increase in future capacity is likely to arise in the next three years. Utilisation of capacity is now about 40 per cent in the case of stearic acid and 22 per cent in the case of oleic acid. Producers uniformly attribute this to poor availability of cheap raw materials like tallow and vegetable oils. Capacity in the industry would appear to be adequate for meeting any foreseeable increase in demand in the immediate future for both these acids.

6.2. *Derivatives :*

6.2.1. *Stearates :*

At present there are six units manufacturing insoluble metallic stearates. Their present capacity aggregates 594 tonnes per annum as against 431 tonnes during 1959. The increase in capacity is mainly due to addition of two units, *viz.*, Calcutta Chemical Co.

and Gandhi Parekh Investment Corporation and reassessment of capacities in some of the other units. A statement showing capacity of individual units and their production for the last three years is given below :

(In tonnes)

	Capacity		Production		
	1959	1962	1959	1960	1961
Navsari Oil Products Pvt. Ltd. .	152	183	23.57	36.85	72.52
The Sanitex Chemical Industries Ltd.	45	96	20.05	16.10	3.92
Calcutta Industrial Chemicals & Minerals Co. Pvt. Ltd.	207	207	54.00	56.00	70.00
Bengal Chemical and Pharmaceutical Works Ltd.	27	45	9.80	8.67	10.56
The Calcutta Chemical Co. Ltd.	..	3	5.61	8.86	8.84
Gandhi Parekh Investment Corporation Pvt. Ltd.	..	60	20.06	22.36	31.02
TOTAL .	431	594	133.09	148.84	196.86

As in the case of stearic and oleic acids there is considerable underutilisation of capacity in this sector also.

6.2.2. *Oleates :*

Production of oleates has been negligible.

7.1. *Stearic Acid and Oleic Acid :*

7. Domestic demand

7.1.1. In 1959 we estimated the domestic demand at 1900 tons for stearic acid and 250 tons for oleic acid for that year and expected it to increase to 2700 tons and 600 tons respectively by 1962. The apparent consumption of these two fatty acids, based on sales and imports during 1960 and 1961 is indicated below :—

(In tonnes)

	Stearic Acid			Oleic Acid		
	Sales	Imports	Total	Sales	Imports	Total
1960 . .	2,225	186	2,411	335	..	335
1961 . .	2,595	124	2,719	406	..	406

The consumption of stearic acid in 1961 has reached our estimate of demand for 1962 while the consumption of oleic acid has fallen short of it.

7.1.2. In connection with the present inquiry we have received divergent estimates of current and future demand for both the fatty acids from different sources. The estimates for stearic acid for the current year range from 2750 tonnes to 3250 tonnes while those for oleic acid range from 400 tonnes to 550 tonnes. As for the future annual demand, the estimates for stearic acid by the year 1965 range from 3750 tonnes to 5000 tonnes while the estimates for oleic acid by 1965 have been placed around 700 tonnes. After discussion of these estimates and on consideration of the recent trends of consumption of these fatty acids in the country it was generally agreed at the public inquiry to place the estimates of domestic demand for the current year at 3250 tonnes for stearic acid and 425 tonnes for oleic acid. As for the future requirements, the consensus of opinion was that by 1965 the demand might increase to 4775 tonnes for stearic acid and 675 tonnes for oleic acid. The break-down of these estimates according to the consuming industries is as follows :—

	(Tonnes) 1962	1965
A. Stearic Acid		
1. Rubber	1,800	2,800
2. Textiles	300	450
3. Cosmetics	400	550
4. Miscellaneous (Grease, Metal polishing Stearates, etc.)	750	975
TOTAL	3,250	4,775
B. Oleic Acid		
1. Lubricants	150	250
2. Carbon paper	100	175
3. Miscellaneous	175	250
TOTAL	425	675

7.2. *Derivatives :*

In our last Report we estimated the demand for stearates at 150 tonnes for 1959 and 250 tonnes for 1962. The apparent consumption of stearates on the basis of the sales of indigenous products (there being no imports) amounted to 148 tonnes in 1960 and 190 tonnes

in 1961. The present and future requirements of stearates were discussed by us at the public inquiry. In the light of the discussions and taking into consideration the trend of apparent consumption we estimate the total demand for stearates at about 200 tonnes for 1962 and expect it to increase to about 320 tonnes by 1965.

8. Raw materials

8.1. Tallow, palm oil and groundnut oil are the important raw materials for the manufacture of stearic and oleic acids. Some other indigenous oils like cotton seed oil, mowra oil, neem oil, etc. are also used but these oils are not available in adequate quantities and their prices also are comparatively high. Besides these fatty materials, some chemicals like caustic soda, sulphuric acid, activated carbon, bleaching earth, zinc oxide, etc. are required. Salts of insoluble metals like calcium, aluminium, zinc, magnesium, etc. are required for the manufacture of stearates.

8.2. *Imported raw materials:*

8.2.1. Tallow and palm oil which are the cheapest raw materials continue to be imported. No indigenous source has yet been developed for tallow and palm oil. In our 1957 Report we recommended that the possibility of cultivation of oil bearing red palm trees should be explored, but we understand that apart from an experimental scheme operating in Kerala, no tangible development in this direction has taken place. As regards indigenous tallow the latest position has been indicated in paragraph 4·5 from which it would appear that no reliance can yet be placed on it as a source of supply of any significance. We are informed that whatever small quantity is available is still in a crude form and the price ranges from Rs. 1800 to Rs. 2000 per tonne. This is more than double the price of imported tallow; in quantity also the indigenous tallow is far inferior.

8.2.2. Manufacturers have expressed concern about the availability of cheap imported raw materials like tallow and palm oil due to the stringency for foreign exchange. The Development Wing had informed us that although there have been cuts in the overall foreign exchange allotment to industries it has been possible to allow imports of palm oil and tallow more or less up to the level of past consumption. Further, in respect of palm oil, we were informed by producers that they were granted facilities for importing additional quantities against export of groundnut oil, tonne for tonne, and that although this arrangement did not yield any material price advantage on account of losses incurred in the export of high priced groundnut oil, it was helpful to the industry, since palm oil is better suited than groundnut oil for the manufacture of certain grades of stearic acid.

8.2.3. In our 1954 Report, we had recommended that manufacturers should examine possibilities of obtaining supplies of low grade tallow from Australia in place of first grade tallow then used. But the low grade tallow could not be imported duty-free as it did not conform to the specifications laid down by the Central Board of Revenue

for the G.A.T.T. item. Moreover, there were objections that low grade tallow might find improper use as an adulterant. Some manufacturers have again requested that low grade tallow should be allowed to be imported duty-free. We were informed at the public inquiry that at present there is no wide difference between the prices of high grade tallow and low grade tallow; the latter being quoted at only about Rs. 65 less per tonne. The limited price advantage is apt to be lessened by increase in the processing cost of low grade tallow. In the light of these considerations we do not support the request of the manufacturers.

8.2.4. Thus, there is no prospect in the near future of having indigenous economic substitutes for palm oil and tallow which are imported, unless research and technological advance reveal any potentialities. It is contended that it is not possible to manufacture all the grades of stearic and oleic acids solely from indigenous raw materials. Considering the dependence of the industry on the imported raw materials and the fact that indigenous substitutes therefor are exportable articles, we recommend that the existing facilities for the imports of tallow and palm oil should be continued.

8.3. *Indigenous raw materials:*

8.3.1. Hardened groundnut oil is the most important indigenous raw material for stearic acid. Raw groundnut oil is being used to some extent for making oleic acid. The total consumption of groundnut oil by the industry represents a small fraction of the indigenous production of the oil. The producers of stearic and oleic acids have complained that the price of groundnut oil is subject to wide fluctuations and is progressively rising, being an edible oil with export potential. The ruling price was stated to be about Rs. 2000 per tonne. As stated in paragraph 8·1, other vegetable oils like cotton seed oil, mowra oil, etc. are not available regularly in adequate quantities and at reasonable prices. Moreover, the processing cost is higher for these oils. Hence groundnut oil continues to be the key indigenous raw material for this industry.

8.3.2. At the public inquiry producers mentioned difficulties in getting their oils hydrogenated by vanaspati manufacturers, for which it was alleged, the rates charged by the latter were very high. The representatives of vanaspati manufacturers explained that compared to hydrogenation of oils for edible purposes, hydrogenation of oils for stearic acid manufacture is a longer and costlier process. The difficulties stated are not insurmountable and may be considerably lessened if the manufacturers of stearic acid could place bulk orders with vanaspati manufacturers for their requirements.

8.4. In our last Report we recommended that the Development Wing should explore the possibility of manufacture of fatty acid oil by the producers of cotton seed soap stock. The extent to which this recommendation has been implemented is stated in paragraph 4.3.

9.1. *Stearic acid and oleic acid :*

9.1.1. In our last Report (1959) we recommended that as soon as the standard specifications for stearic acid and oleic acid are finalised the manufacturers should take necessary steps to ensure that their products conform to the specifications of the respective standards and they should also obtain necessary licences under the Certification Marks Act. The Indian Standards Institution has published the following specifications :

Quality of the indigenous product.

(i) IS : 1675-1960 Indian Standard Specification for stearic acid, technical, and

(ii) IS : 1676-1960 Indian Standard Specification for oleic acid, technical.

These specifications cover four grades of stearic acid and three grades of oleic acid. A general stipulation in the specifications is that the acids should be free from moisture, foreign matter and adulterants but their limits have not been specified. Therefore at the instance of the industry the Indian Standards Institution has taken up the question of revision of the description of stearic and oleic acids.

9.1.2. Godrej Soaps has obtained licences to use ISI Certification Mark for all grades of stearic acid and oleic acid manufactured by it while Modi Vanaspati has obtained a licence for grade III stearic acid technical. Other manufacturers have stated that they are manufacturing these fatty acids either according to Indian Standard Specifications or according to the requirements of their customers.

9.1.3. During the present inquiry most of the consumers expressed satisfaction with the quality of indigenous technical grades of stearic acid. Some textile mills, however, complained about inadequate whiteness and higher melting point of the local product. The requirements both with regard to colour and melting point have been laid down in the standard specifications for grade I and grade II of stearic acid. Besides, other superior grades of stearic acid are also being manufactured. In our view, therefore, the textile mills should have no difficulty in obtaining their requirements of stearic acid of suitable quality from indigenous manufacturers. The cosmetic grade of indigenous stearic acid is being widely used by the cosmetic industry. A few consumers who have enjoyed the facility of imports have generally complained that the indigenous product is not on par with the imported one and that its quality requires further improvement. It has been urged that the indigenous product, despite improvements, is still inferior in iodine value compared to foreign stearic acid of the cosmetic grade. The producers on the other hand claim that they have been manufacturing cosmetic grades of stearic acid of the requisite quality and have not received any serious complaint from the consuming industries. In view of such conflicting claims, as quality of the indigenous product has to be maintained and unnecessary imports avoided, we would suggest to the producers and the cosmetics manufacturers in their mutual interest to consider the desirability of getting the I.S.I. to lay down standard specifications for the cosmetic grade of stearic acid.

9.1.4. Quality of indigenous oleic acid has been found satisfactory by the majority of consumers. There were only a few complaints about the colour and the cloud point of the product. The Indian standard for oleic acid lays down colour limit for grade I and grade II but not for grade III. Since other superior grades of oleic acid, including oleic acid BP, are being produced, we do not feel that consumers for whom colour is important should have any difficulty in obtaining a product of suitable colour. The cloud point was urged by the grease and lubricant manufacturers but this factor has not been included in the standard specification. Some of them have represented that the cloud point required by them is 10°C maximum, as against the nearest value of 12·8°C in the indigenous oleic acid. We hope that with the progress already made by the indigenous industry this defect will be remedied in the near future and the need for imports may be obviated. We also desire to draw the attention of producers to these complaints and to their obligation as an industry which has received protection for over 14 years to take necessary remedial action.

9.2. *Derivatives:*

We have not received any complaint against the quality of indigenous insoluable metallic stearates and oleates. We understand that the Indian Standards Institution has already prepared the following draft standards for stearates for circulation:

(i) DOC: CDC 3(1558) P	Specification for Calcium stearate for cosmetic industries.
(ii) DOC: CDC 3(1559) P	Specification for Zinc stearate for cosmetic industries.
(iii) DOC: CDC 3(1560) P	Specification for Magnesium stearate for cosmetic industries.

10.1. *Import control policy:*

10.1.1. Stearic and oleic acids and their derivatives are classified under Serial No. 31, Part V of the Import Trade Control Schedule. During October 1959—March 1960 licensing period, both stearic acid and oleic acid were allowed to be imported under actual user licences only. Since April—September 1960 to the current licensing period even actual user licences were restricted to the import of oleic acid.

Import Control Policy and Imports.

10.1.2. In the case of stearates of aluminium, calcium, zinc and magnesium, there has been no provision for issue of quota licences or actual user licences since April—September 1959 licensing period to date.

10.2. *Imports.*—A statement showing countrywise imports of stearic acid and oleic acid during 1959, 1960 and 1961 as recorded in the 'Monthly Statistics of the Foreign Trade of India' is given in Appendix IV. The following table gives the total imports during the period:

Year	Stearic Acid		Oleic Acid	
	Quantity (Tonnes)	Value (Rs.)	Quantity (Tonnes)	Value (Rs.)
1959	171.30	3,06,945	0.71	5,052
1960	186.46	3,41,818	0.44	1,760
1961	123.52	1,33,638	0.46	997

The principal sources of supply of these acids were the Netherlands and the United Kingdom.

Existing rates of duty.

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 Articles	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 *ad valorem* or Rs. 1.10 per kilogram, whichever is higher.	..	..	10 per cent *ad valorem*	December 31st 1962.
	(b) Any product manufactured from (a) and containing 70 per cent or more of combined liquid fatty acids.	Protective.	35 per cent *ad valorem* or Rs. 1.10 per kilogram, whichever is higher.	..	..	Do.	December 31st 1962.
	(c) Acid Stearic or any product containing 70 per cent or more of free solid fatty acids.	Protective.	35 per cent *ad valorem* or Rs. 1.10 per kilogram whichever is higher.	..	..	Do.	December 31st 1962.
	(d) Any product manufactured from (c) and containing 70 per cent or more of combined solid fatty acids.	Protective.	35 per cent *ad valorem* or Rs. 1.10 kilogram, whichever is higher.	..	..	Do.	December 31st 1962.
	(e) Mixture of (a) and (c) above containing 70 per cent or more of free fatty acids.	Protective.	35 per cent *ad valorem* or Rs. 1.10 per kilogram, whichever is higher.	..	..	Do.	December 31st 1962.

Estimates of costs of production and fair ex-works prices.

12.1.1. The costs of production of stearic and oleic acids produced by Navsari Oil Products Private Ltd. were examined for the year ended 31st July 1961, by Godrej Soaps Private Ltd. for the year ended 31st December 1960 and also nine months of 1961 and by the Calcutta Chemical Co. Ltd. for the year ended 30th June 1961. Besides, cost of production of stearates manufactured by Navsari Oil Products Private Ltd., for the year ended 31st July 1961 was also examined. The cost data were discussed by us separately with the representatives of the companies concerned. The cost reports are being forwarded to Government as confidential enclosures to this Report.

12.1.2. During previous inquiries Navsari Oil Products was considered to be representative of the industry for the purpose of ascertaining the quantum of protection. It was the only unit set up primarily for the production of stearic and oleic acids and their derivatives. The other producers had agreed to the costs of this unit being treated as the representative costs for purposes of protection. Since 1959, however, as considerable increase in production and diversification of output have been effected both by Navsari Oil Products as well as several other units in the country we undertook the costing on a wider basis for the present inquiry.

12.1.3. On this occasion our computations of the costs of production are based on those of Navsari Oil Products and of Godrej Soaps in which the manufacture of stearic and oleic acids accounts for a substantial proportion of their respective activities. We have not taken into consideration the cost of production of Calcutta Chemical Co., the other unit costed. Its production of stearic acid and oleic acid formed a very small proportion of its activities and its costs based on an arbitrary allocation of common expenditure over different activities would not be representative.

12.2. On the basis of cost data collected for the two units and our discussions with their respective representatives, we have estimated fair ex-works prices of their products (stearic acid being comparable to imported triple pressed quality) for the future as under :—

(Rs. per 50 kg.)

	Stearic Acid			Oleic Acid
	Navsari	Godrej	Simple Average	Navsari
Raw Material cost . . .	110.10	112.71	111.41	97.05
Conversion charges . . .	14.88	7.83	11.36	14.88
Packing cost	1.87	3.62	2.74	3.82
	126.85	124.16	125.51	115.75
Less Credit for materials recovered	16.99	12.22	14.61	16.99
Cost of production . . .	109.86	111.94	110.90	98.76
Return on capital employed . .	5.15	4.80	4.98	4.78
Fair ex-works price . . .	115.01	116.74	115.88	103.54

	Aluminium Stearate	Zinc Stearate	Magnesium Stearate	Calcium Stearate	Weighted average of all Stearates
	Navsari	Navsari	Navsari	Navsari	Navsari
Raw materials . .	127.05	126.62	113.09	114.74	124.16
Conversion charges .	25.75	25.75	25.75	25.75	25.75
Packing cost . . .	2.88	2.88	2.88	2.88	2.88
Cost of production .	155.68	155.25	141.72	143.37	152.79
Return on capital employed.	8.14	8.12	7.67	7.73	8.04
Fair ex-works price .	163.82	163.37	149.39	151.10	160.83

In framing the above estimates, we have taken into account after discussion with the representatives of the units concerned the following factors. The average annual production of stearic and oleic acids and stearates of Navsari Oil Products has been assumed at 1450 tonnes, 150 tonnes and 88 tonnes respectively. Similarly production of stearic acid of Godrej Soaps has been assumed at 1200 tonnes. The costs of raw materials have been estimated on the basis of the latest purchase rates in the case of both the companies. The yields of acids and glycerine from oil have been assumed at 93% and 8% respectively. Credit for glycerine has been allowed at the respective net rates realised by the companies during the costed period. As regards stearates, the requirement of stearic acid has been assumed at 98 per cent. Depreciation has been calculated at normal income-tax rates on the written down value of the assets. Probable increases in the other elements of costs such as annual increments in the salaries and wages etc. as also economies arising from higher outputs assumed have been taken into account. Working capital has been assessed as equivalent to four months' cost of production and a return at 10 per cent on capital employed has been provided.

12.3. As in the last Report, an allowance of Rs. 1·72 per 50 kg. (Rs. 1·75 per cwt.) has been made towards freight disadvantage.

12.4. For ascertaining the measure of protection required by the industry we have taken the simple average of our estimates of future ex-works prices of the two companies in the case of stearic acid while in the case of other products our estimates as given in the above tables for one producer have been adopted. Our estimate of future fair ex-works prices, inclusive of freight differentials work out to Rs. 117·60 per 50 kg. (or Rs. 2·35 per kg.) of stearic acid, Rs. 105·26 per 50 kg. (or Rs. 2·11 per kg.) of oleic acid, Rs. 165·54 per 50 kg. (or Rs. 3·30 per kg.) of aluminium stearates, Rs. 165·09 per 50 kg. (or Rs. 3·30 per kg.) of zinc stearates, Rs. 151·11 per 50 kg. (or Rs. 3·02 per kg.) of magnesium stearate, Rs. 152·82 per 50 kg. (or Rs. 3·06 per kg.) of calcium stearate and Rs. 162·55 per 50 kg. (or Rs. 3·25 per kg.) of all stearates.

C. i. f. prices

13.1. Information regarding c.i.f. prices and landed costs of stearic acid and oleic acid as furnished by the Collectors of Customs, importing firms and the Indian Trade Representatives in Australia, the U.K. and the Netherlands is given in Appendix V. These figures were discussed at the public inquiry. As in our last Report, we have taken c.i.f. prices of triple pressed stearic acid and brown oleic acid for the purpose of comparison with the fair ex-works prices of the indigenous product. The following c.i.f. prices represent the lowest and latest prices of imports from the Netherlands, the principal supplier of these two fatty acids to our country—

Stearic acid, triple pressed—Rs. 1·87 per kg.

Oleic acid, brown variety—Rs. 1·64 per kg.

13.2. There has been no import of stearates during past two years. The country's demand is being met by the indigenous production. The content of stearic acid in the stearates being over 90 per cent we have not, as in the past, considered it necessary to compare the c.i.f. prices of stearates for the purpose of protection.

Comparison between fair ex-works prices of indigenous products and landed costs of the imported products.

14. The following table shows the comparison between the fair ex-works prices per kg. of domestic stearic and oleic acids, inclusive of freight differentials (Rs. 1·72 per 50 kg.) and the landed costs ex-duty of the comparable imported products.

	Stearic acid Rs. per Kg.	Oleic acid Rs. per Kg.
(a) Fair ex-works price	2.35	2.11
(b) c. i. f. price	1.87	1.64
(c) Clearing charges	0.02	0.02
(d) Landed cost without duty.	1.89	1.66
(e) Excess of (a) over (d)	0.46	0.45
(f) Percentage of excess over (b)	24.6%	27.4%

Measure of Protection

15. From the comparison made in the previous paragraph it will be seen that a duty of 25 per cent *ad valorem* or 46 nP. per kg. would be adequate to protect domestic stearic acid against competition from imports, while a protective duty of 27·5 per cent *ad valorem* or 45 nP. per kg. would be required in the case of oleic acid, as against the existing protective duty of 35 per cent *ad valorem* or Rs. 1·10 per kg. whichever is higher. The position in this regard has also changed in the case of oleic acid as compared with the assessment in our last Report. We had then recommended continuance of protection on the grounds that the industry was still to diversify its output particularly to cover cosmetic grades and also to enable units which had set about improving their fat distillation facilities, to stabilise their output and improve quality of their products. The Indian Chemical Manufacturers' Association, some of the producers and certain State Governments and consumers have again requested the continuance of protection on

grounds that the indigenous industry still continues to labour under disadvantages *vis-a-vis* imported products because of the advantages of cheap raw material (tallow) and large scale production enjoyed by producers abroad as against our dependence on hydrogenated vegetable oils, particularly groundnut oil which is higher priced and subject to fluctuations that handicap production. Those who have complained against higher prices and lower quality of the Indian product have demanded withdrawal of protection. We have given the matter our full consideration and are of the view that the industry has made substantial progress during the period it has enjoyed protection, that the quality of its product has improved with most of the existing units now possessing fatty oil distillation equipment and they are doing their best to diversify their production. While the technical grades of stearic acid are found acceptable, the special grades for cosmetic and other manufactures have also improved in recent times with the result that imports of such grades have also been stopped completely. We are aware that the indigenous industry is dependent on import of tallow and palm oil which are subject to exigencies of foreign exchange difficulties, and that it uses costlier indigenous vegetable oils like groundnut (a commodity very much subject to price fluctuations). It has nevertheless been able to maintain the quality of its product at a price acceptable to the majority of consumers. However, in view of these disadvantages the domestic costs can never be comparable to those of overseas producers who are able to get cheap tallow, a bye-product of large meat packing industries. Economics of oleic acid production are further related to stearic acid out-turn where both are produced from tallow. There is at present adequate capacity with the indigenous industry for both products and with an improvement in availability of raw materials output would increase with some possible reduction in costs. Benefiting by the protection it has enjoyed for fourteen years the industry has now reached a stage of growth when without specific tariff protection but allowed necessary raw material imports it can stand competition and maintain its production. The present level of protective duty has also, as shown above, been found to be higher than is necessary with reference to the costs of the indigenous product. In these circumstances, we recommend that the protection granted to the stearic and oleic acids industry need not be continued beyond the expiry of the present term of protection. Thereafter the protective duty may be replaced by a revenue duty considered suitable by Government.

Selling prices

16.1. Since our last inquiry prices of stearic acid have gone up in most cases as also prices of oleic acid except for a downward trend in certain qualities in the case of one producer. In the course of the present inquiry also we have heard some complaints about prices of indigenous stearic acid being unusually high in comparison with those of imported products. This is more so in the case of cosmetic grades of stearic acid as compared to other grades. To some extent this is due to the higher cost of the raw material used by the indigenous producers *vis-a-vis* overseas manufacturers who enjoy advantage of unrestricted supply of cheap tallow.

16.2. In paragraph 15 of our last Report (1959) we had recommended continuance of protection for a further period of three years at the then existing rates though a lower tariff might have been adequate. In view of the competition among the producing units we have considered that continuance of protection at the prevailing rate was not likely by itself to lead to increases in selling prices of the domestic product. We drew the attention of the manufacturers to their obligation as a protected industry to maintain the selling price in fair relation to their costs of manufacture. The price increases that have since taken place cannot be fully explained by the inadequacy or high prices of raw material. We are, therefore, of the opinion that on the withdrawal of protection to the stearic and oleic acids industry necessary steps should be taken to keep a careful watch over the future trend of prices of the indigenous products.

Summary of conclusions and recommendations.

17. Our conclusions and recommendations are summarised below :—

17.1. The present annual capacities for the manufacture of stearic acid, oleic acid and stearates are 7040 tonnes, 1809 tonnes and 594 tonnes respectively. These capacities appear to be adequate for meeting any foreseeable increase in demand for these products in the immediate future.

[Paras 6.1.1., 6.1.3. and 6.2.1.]

17.2. The current domestic demand is estimated at 3250 tonnes for stearic acid, 425 tonnes for oleic acid and 200 tonnes for stearates. The demand for these products is expected to rise by 1965 to 4775 tonnes, 675 tonnes and 320 tonnes respectively.

[Paras 7.1.2. and 7.2.]

17.3. For reasons given we do not support the request of the manufacturers for duty free import of low grade tallow.

[Para 8.2.3.]

17.4. Since it is not possible to manufacture all the grades of stearic and oleic acid solely from indigenous raw materials, existing facilities for the import of tallow and palm oil should be continued.

[Para 8.2.4.]

17.5. Producers of stearic acid and cosmetic manufacturers, in their mutual interest, may consider the desirability of getting the I.S.I. to lay down standard specifications for the cosmetic grade of stearic acid.

[Para 9.1.3.]

17.6. The attention of producers is drawn to the complaints about the quality of oleic acid for taking necessary remedial action.

[Para 9.1.4.]

17.7. Benefiting by the protection it has enjoyed for fourteen years the industry has now reached a stage of growth when without specific tariff protection but allowed necessary raw material imports it can stand competition and maintain its production. Protection to the stearic and oleic acids industry need not be continued beyond expiry of the present term and may be replaced by a revenue duty considered suitable by Government.

[Para 15]

17.8. On the withdrawal of protection to the industry, necessary steps should be taken to keep a careful watch over the future trend of prices of the indigenous products.

[Para 16.2]

Acknowledgements

18. We wish to thank producers, importers and consumers of stearic acid, oleic acid and their derivatives, various associations and Government departments for the co-operation we have received from them for carrying out this inquiry.

K. R. P. AIYANGAR,
Chairman.

J. N. SEN GUPTA,
Member.

R. BALAKRISHNA,
Member.

PRAMOD SINGH,
Secretary,

BOMBAY;
Dated the 25th June, 1962

APPENDIX I

(*Vide* paragraph 2.1)

List of Firms/Bodies/Government Departments etc. to whom the Commission's questionnaires/letters where issued and from whom replies or memoranda were received.

*Indicates those who replied.

†Indicates those who stated that they were not interested.

A. PRODUCERS OF ACIDS :

*1. Navsari Oil Products Private Ltd., Vijalpore Road, Navsari.

*2. The 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. The Swastik Oil Mills Ltd., P. O. Box No. 362, Bombay.

*6. Swaika Oil Mills, 18-B, Brabourne Road, Calcutta-1.

*7. Techno Chemical Industries Ltd., Post Box No. 74, Kozhikode, S. India.

*8. Gandhi Parekh Investment Corporation Pvt. Ltd., Alice Building, Dr. Dadabhai Naoroji Road, Bombay-1.

B. PRODUCERS OF DERIVATIVES :

*1. The Sanitex Chemical Industries Ltd., Chemical Industries P. O., Industrial Road, Baroda-3.

*2. Calcutta Industrial Chemicals & Minerals Co. Pvt. Ltd., 43, Dharamtala Street, Calcutta-13.

*3. Bengal Chemical & Pharmaceutical Works Ltd., 6, Ganesh Chunder Avenue, Calcutta-13.

C. IMPORTERS :

*1. Indequip Pvt. Ltd., Maneckjee 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) Ltd., Taj Building, Dadabhoy Naoroji Road, P. O. Box No. 754, Bombay-1.

†5. Jadavjee Goverdhandas & Co., 58-60, Princess Street, Bombay-2.

*6. The New Standard Chemicals Co. Pvt. 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.

†9. Dura Commercial Corporation Pvt. Ltd., 11, Sprott Road, Ballard Estate, Bombay-1.

D. CONSUMERS OF ACIDS :

*1. The Dunlop Rubber Co. (India) Ltd., 57-B, Free School Street, P. O. Box No. 391, Calcutta-16.

*2. Firestone Tyre & Rubber Co. of India Pvt. Ltd., P. O. Box No. 197, Bombay-1.

*3. Swastik Rubber Products Ltd., Behind Kirkee Railway Station, Poona-3.
*4. Bata Shoe Company Pvt. Ltd., Batanagar, 24-Parganas, West Bengal.
*5. India Waterproofing & Dyeing Works, 13, Brabourne Road, Calcutta-1.
6. National Rubber Manufacturers Ltd., 19, Chowringhee, Calcutta-13.
*7. International Rubber & General Industries Pvt. Ltd., 24, Argyle Road, Wadi Bunder, Bombay-9.
8. Modak Rubber Products Pvt. Ltd., Sewree, Bombay-15.
*9. Korula Rubber Co. Pvt. Ltd., 249, Worli, Bombay-18.
*10. Carona Sahu Co. Ltd., 221, Dr. Dadabhoy Naoroji Road, Bombay-1.
11. East India Rubber Works Ltd., Chitaranjan Avenue, Calcutta-7.
12. The Industrial Plastics Corporation Ltd., Rajabahadur Mansion, 14, Ha mam Street, Bombay-1.
†13. Rawji Amarsi, 310-314, Kalbadevi, P. O. Box No. 2579, Bombay-2.
*14. E. S. Patanwala, Opp. Sanghoni Estate, Agra Road, Ghatkopar, Bombay-77.
*15. Colgate-Palmolive (India) Pvt. Ltd., 3, Dinshaw Vachha Road, Bombay-1.
*16. Himani Pvt. 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) Pvt. Ltd., 16, Bank Street, Bombay-1.
†19. Universal Perfumery Works, 95, Kambekar Street, Bombay-3.
*20. Hindustan Lever Ltd., Scindia House, Ballard Estate, Bombay-1.
*21. A. V. R. A. & Co., P. O. Box No. 2179, Bombay-2.
*22. Manyam & Co., Raja Snow Buildings, Seshadripuram, Bangalore-20.
23. Asha Agency Pvt. Ltd., Deokaran Mansion, 45-47, Princess Street, Bombay-2.
24. Pearline-Paris Pvt. Ltd., Rahman Building, Vir Nariman Road, Bombay-1.
*25. The National Trading Co., 391, Mint Street, Madras-1.
26. Bina Products, 249, Frere Road, Near G. P. O., Bombay-1.
†27. Noble Paint and Varnish Co. Pvt. Ltd., Fergusson Road, Bombay-13.
*28. Snowcem India Pvt. Ltd., 31, Murzban Road, Bombay-1.
*29. Blundell Eomite Paints Ltd., Rustom Building, Vir Nariman Road, Bombay-1.
†30. British Paints (India) Ltd., P. O. Box No. 738, Calcutta.
†31. Jenson & Nicholson (India) Ltd., 2, Fairlie Place, Calcutta-1.
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-1.
36. Coorla Spg. & Wvg. Co. Ltd., Readymoney Mansion, Vir Nariman Road, Bombay-1.
37. The Standard Mills Co. Ltd., New Prabhadevi Road, Bombay-13.
38. Electro Industries Ltd., Industrial Area, Pratapnagar, Baroda-4.
39. Ronuk Industries Ltd., 11-A, Abdul Gaffarkhan Road, Bombay-18.
*40. Standard Vacuum Oil Co., Post Box No. 355, Bombay-1.
*41. Burmah-Shell Oil Storage & Distributing Co. of India Ltd., Sewree, Bombay-15.
†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) 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., Post Box No. 117, Madurai-1.
*48. Paulson Paint Cellulose Works, 25, Union Park, Chembur, Bombay-71.
*49. Bengal Chemical & Pharmaceutical Works Ltd., 6, Ganesh Chunder Avenue, Calcutta-13.
*50. Gestetner Duplicators Pvt. Ltd., 9-A, Esplanade East, Calcutta-1.
*51. Associated Cement Companies Ltd., Cement House, 101, Queen's Road, Bombay-1.
*52. The Waxpol Industries Ltd., 71, Ganesh Chandra Avenue, Calcutta-13.
*53. Sandoz (India) Ltd., 3, Wittet Road, Ballard Estate, Bombay-1.
†54. Voltas Limited, 19, Graham Road, Ballard Estate, Bombay-1.
55. M/s. Goodyear Tyres Ltd., Delhi.
56. M/s. Dralle Private Ltd., Madras.
*57. Bombay Cable Co. Pvt. Ltd., United Bank of India Bldg, Sir P. M. Road, Fort, Bombay-1.
58. Ahura Chemical Products Pvt. Ltd., 84, Sion Road, Bombay-22.
59. Khoday Ribbons and Allied Industries, Bangalore-2.
60. Hico Products Private Ltd., Moghul Lane, Bombay-16.
†61. The Bombay Co. (Private) Ltd., Post Box No. 109, 169, Broadway, Madras-1.
62. Lederle Laboratories (India) Pvt. Ltd., 16, Queen's Road, Bombay-1.
63. Pfizer Private Ltd., I. C. I. C. I. House, 163, Backbay Reclamation, Bombay-1.
64. Bharat Carbon and Ribbon Manufacturing Co., People's Building, Sir, P. M. Road, Bombay-1.
65. Alembic Chemical Works Co. Ltd., Baroda.
*66. Radha Chemicals Co. Ltd., 3, Synagogue Street, Calcutta-1.
†67. May & Baker (India) Private Ltd., Karimjee House, Sir, P. M. Road, Bombay-1.
68. Bengal Waterproof Works (1940) Ltd., 32, Theatre Road, Calcutta.
*69. Addisons Paints and Chemicals Ltd., Post Box No. 851, Huzur Gardens, Sembiam, Madras-11.
*70. F. Harley & Co., 5, Delhi Serampore Road, Entally, Calcutta.
71. Guest, Keen, Williams Ltd., 41, Chowringhee Road, Calcutta-16.
72. Burma Lime and Chemical Co. Ltd., 4, Clive Ghat Street, Calcutta-1.

E. ASSOCIATIONS :

(i) *Producer's Associations.*

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

(ii) *Consumer's Associations.*

*1. The Indian Cotton Mills' Federation, Elphinstone Building, Vir Nariman Road, Bombay-1.
2. Indian Paint Association, India Exchange, India Exchange Place, 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.
5. Indian Soap & Toiletries Makers' Association, P-11, Mission Row Extension, Calcutta-1.
6. Pharmaceutical and Allied Manufacturers' and Distributors' Association Ltd., C/o Bombay Chamber of Commerce and Industry, Macknnon Mackenzie Building, Ballard Estate, Bombay-1.

F. RAW MATERIAL SUPPLIERS :

*1. The Nelson Trading Corporation Pvt. Ltd., 11, Elphinstone Circle, Bombay-1.
*2. M. N. Daruwalla & Co., 32, Apollo Street, Bombay-1.
*3. Firoz Trading Company Ltd., Kamer Building, 38, Cawasji Patel Street, Bombay-1.
*4. Indian Vegetable Products Ltd., Forbes Building, Home Street, Bombay-1.
†5. W. A. Beardsell and Co. (Pvt.) Ltd. 15-16, Sir P. M. Road, Bombay-1.
6. Eric L. Dunno & Co., Wadia House, 162, Queen's Road, Bombay.
7. Hindustan Lever Ltd., Scindia House, Ballard Estate Bombay-1.
8. Vegetable Vitamin Foods Co. Ltd., Hay Bunder Road, Sewree, Bombay-15.

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, National Insurance Building, Parliament Street, New Delhi.
3. Director General, Ordnance Factories, 6, Esplanade East, Calcutta-1.
*4. Director of Industries, Government of Bombay, Industries and Labour Department, Sachivalaya, Bombay-32.
*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, Mysore Bank Buildings, Madras-1.
*9. Collector of Customs, Customs 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 Textile 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. The Indian Trade Commissioner in Australia, Caltex House, 167-187, Kent Street, Sydney (Australia).
*16. The Chief Secretary to the Government of Andhra Pradesh, HYDERABAD.
17. The Chief Secretary to the Government of Assam, SHILLONG.
*18. The Chief Secretary to the Government of Bihar, PATNA.
19. The Chief Secretary to the Government of West Bengal, CALCUTTA.
20. The Chief Secretary to the Government of Gujarat, AHMEDABAD.
21. The Chief Secretary to the Government of Jammu and Kashmir, SRINAGAR.
22. The Chief Secretary to the Government of Kerala, TRIVANDRUM.
†23. The Chief Secretary to the Government of Madhya Pradesh, BHOPAL.

†24. The Chief Secretary to the Government of Madras, MADRAS.

25. The Chief Secretary to the Government of Maharashtra, BOMBAY.

†26. The Chief Secretary to the Government of Mysore, BANGALORE.

†27. The Chief Secretary to the Government of Punjab, CHANDIGARH.

†28. The Chief Secretary to the Government of Orissa, BHUBANESHWAR

†29. The Chief Secretary to the Government of Rajasthan, JAIPUR.

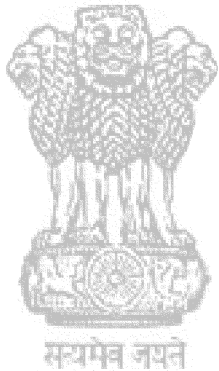
30. The Chief Secretary to the Government of Uttar Pradesh, LUCKNOW.

31. The Chief Commissioner, Delhi Administration, DELHI.

32. The Chief Commissioner, Himachal Pradesh, SIMLA.

H. OTHERS.

The Bombay Oil Industries Private Ltd., Kan Moor House, 281/87, Narsi Natha Street, Bombay-9.



APPENDIX II

(*Vide* Paragraph 2.2)

List of Factories visited by the Commission and other Officers.

Sl. No.	Name of unit	By whom visited	Date of visit
1	2	3	4
1	Navsari Oil Products Private Ltd., Navsari.	Shri J. N. Sen Gupta, Member, Dr. R. Balakrishna, Member & Shri M. S. Marballi, Research Officer (Chemicals).	7th April 1962.
		Shri S. Saha, Technical Director (Chemicals).	2nd February 1962.
2	Godrej Soaps Private Ltd., Bombay.	Chairman, Shri J.N. Sen Gupta, Member, Dr. R. Balakrishna, Member.	3rd April 1962.
		Shri S. Saha, Technical Director (Chemicals).	7th March 1962.
		Shri Gyan Prakash, Assistant Director (Investigations) & Shri M. S. Marballi, Research Officer (Chemicals).	
3	The Swastik Oil Mills Ltd., Bombay.	Chairman, Shri J. N. Sen Gupta, Member Dr. R. Balakrishna, Member	3rd April 1962.
4	Modi Vanaspati Mfg. Co., Modinagar.	Shri S. Saha, Technical Director (Chemicals).	19th March 1962.
5	Sanitex Chemical Industries Ltd., Baroda.	Shri S. Saha, Technical Director (Chemicals).	22nd March 1962.
6	The Calcutta Chemical Co. Ltd., Calcutta.	Shri M. S. Marballi, Research Officer (Chemicals).	26th March 1962.
7	Swaika Oil Mills, Calcutta.	Shri M. S. Marballi, Research Officer (Chemicals).	27th March 1962.
8	Calcutta Industrial Chemicals and Minerals Co. Private Ltd., Calcutta.	Shri M. S. Marballi, Research Officer (Chemicals).	28th March 1962.
9	Bengal Chemical and Pharmaceutical Works Ltd., Calcutta.	Shri M. S. Marballi, Research Officer (Chemicals).	29th March 1962.
10	Gandhi Parekh Investment Corporation Private Ltd. Bombay.	Shri S. Saha, Technical Director (Chemicals), Shri Gyan Prakash, Assistant Director (Investigations) & Shri M. S. Marballi, Research Officer (Chemicals).	17th April 1962.

APPENDIX III

(*Vide* Paragraph 2.3)

List of Persons who attended the Public Inquiry on 19th April, 1962

PRODUCERS :

1. Dr. B. P. Godrej 2. Shri K. R. Gokulam 3. Shri A. E. Pinto	Representing	Godrej Soaps Pvt. Ltd., 316, Delisle Road, Bombay-11.
4. Shri J. C. Das Gupta 5. Shri S. N. Ray	,,	The Calcutta Chemical Co. Ltd., 35, Panditia Road, Calcutta-29.
6. Shri G. V. Swaika . .	,,	Swaika Oil Mills, 18-B, Brabourne Road, Calcutta-1.
7. Shri H. N. Kotibhaskar 8. Shri R. V. Karve 9. Shri K. K. Nair	,,	Navsari Oil Products Pvt. Ltd., Vijalpore Road, Navsari.
10. Shri J. M. Saran . .	,,	Modi Vanaspati Manufacturing Co., Modinagar, U. P.
11. Shri K. B. Kulkarni .	,,	Gandhi Parekh Investment Corporation Pvt. Ltd., Alice Building, Dr. Dadabhai Naoroji Rd., Bombay-1.
12. Shri J. Das Gupta . .	,,	Bengal Chemical and Pharmaceutical Works Ltd., 6, Ganesh Chunder Avenue, Calcutta-13.
13. Shri V. N. Shah . .	,,	Indian Chemical Manufacturers Association, India Exchange Place, Calcutta-1.

CONSUMERS :

1. Shri A. S. B. Tata . .	,,	The Indian Cotton Mills' Federation, Elphinstone Building, Vir Nariman Road, Bombay-1.
2. Mr. S. L .G. Wright .	,,	The Indian Paint Association, India Exchange Place, Calcutta-1.
3. Shri M. S. Vohra 4. Shri K. N. Modak 5. Shri N. K. Patel	,,	Indian Rubber Industries Association, 12, Rampart Row, Bombay-1.
6. Mr. J. W. Algea 7. Shri N. G. Dutt	,,	The Association of Rubber Manufacturers in India, 57-B, Free School Street, Calcutta-16 and Firestone Tyre and Rubber Co. of India Pvt. Ltd., P. O. ox 197, Bombay-1.

8.	Dr. M. B. Ichaporia . .	Representing	The Tata Oil Mills Co. Ltd., Bombay House, Bruce Street, Bombay-1.
9.	Shri N. K. Sanyal . .	,,	E. S. Patanwala, Patanwala Industrial Estate, Ghatkopar, Bombay-77.
10.	Shri B. Rangnekar .	,,	The Associated Cement Co., Ltd., 121, Queen's Road, Bombay-1.
11.	Shri K. Khullar . .	,,	Snowcem India Ltd., 31, Murzban Road, Fort, Bombay-1.
12.	Shri R. A. Taraporewalla	,,	Hindustan Lever Ltd., Scindia House, Ballard Estate, Bombay-1.
13.	Shri B. K. Nadkarni .	,,	Burroughs Wellcome & Co. (India) Pvt. Ltd., 16, Bank Street, Bombay-1.

IMPORTER :

	Shri J. S. Rajyagor . .	Representing	The New Standard Chemicals Co. Pvt. Ltd., 281, Samuel Street, Bombay-3.

GOVERNMENT DEPARTMENTS :

1.	Shri N. Bhowmik . .	Representing	Development Wing, Udyog Bhawan, Maulana Azad Road, New Delhi.
2.	Shri K. S. Bhujang .	,,	The Textile Commissioner, Wittet Road, Ballard Estate, Bombay-1.
3.	Shri Maihman Singh .	,,	The Director General of Supplies and Disposals, National Insurance Building, Parliament Street, New Delhi.
4.	Shri A. B. Rao . .	,,	Indian Standards Institution, Manak Bhavan, 9, Mathura Road, New Delhi-1.
5.	Shri K. P. Revankar .	,,	Collector of Customs, Bombay.
6.	Dr. V. V. Kale	,,	Director of Industries, Government of Maharashtra, Bombay.
7.	Shri P. A. Sabnis		

APPENDIX IV

(*Vide* Paragraph 10.2)

Statement showing Country-wise imports of stearic and oleic acids during 1959, 1960 *and* 1961

Sl. No.	Description of the item	Source of origin	1959		1960		1961	
			Quantity Tonnes	Value Rs.	Quantity Tonnes	Value Rs.	Quantity Tonnes	Value Rs.
1	2	3	4	5	6	7	8	9
	I. Oleic Acid.							
	(a) Oleic acid, etc.	U.K. . .	0·71	4,674	..	86	..	..
		W. Germany . .	..	199	..	..	..	..
		Sm. val. trans. .	..	..	..	..	..	203
		TOTAL .	0·71	4,873	..	86	..	203
	(b) Oleic product 70 per cent or more liquid fatty acid.	W. Germany . .	..	141	..	..	..	..
		Netherlands . .	..	38	..	..	..	..
		U. K. . .	..	..	0·44	1,674	..	..
		Sm. val. trans. .	..	..	..	..	0·46	794
		TOTAL .	..	179	0·44	1,674	0·46	794
		TOTAL OF I .	0·71	5,052	0·44	1,760	0·46	997

1	2	3	4	5	6	7	8	9
II. Stearic Acid.								
	(a) Stearic acid solid, etc. single pressed	Netherlands	0·25	456	8·96	16,476	5·15	9,573
		U. K.	..	..	6.14	10,462	6·60	10,452
		Australia	..	..	..	..	1·78	2,516
		Sm. val. trans.	..	..	..	..	0·31	478
		TOTAL	0·25	456	15·10	26,938	13·84	23,019
	(b) Stearic acid double and triple pressed.	U. K.	54·61	99,247	21·14	38,746	5·12	9,980
		W. Germany	0·51	870	..	..	..	..
		Netherlands	115·93	2,06,247	141·00	2,58,881	41·94	77,852
		U. S. A.	..	53	4·10	7,838	..	..
		Belgium	..	..	5·12	9,415	2·61	4,817
		Australia	..	..	..	..	1·02	1,276
		Sm. val. trans.	..	..	..	..	58·99	16,694
		TOTAL	171·05	3,06,417	171·36	3,14,880	109·68	1,10,619
	(c) Stearic product 70 per cent more solid fatty acid.	W. Germany	..	72	..	..	..	..
		TOTAL	..	72	..	..	..	..
		TOTAL OF II	**171·30**	**3,06,945**	**186·46**	**3,41,818**	**123·52**	**1,33,638**

APPENDIX V

(*Vide* paragraph 13.1)

Statement showing c. i. f. prices and landed costs of imported stearic and oleic acids

(Rs. per kilogram)

Sl. No.	Source of Information.	Origin of import	Date of import	Type and specification	C.i.f. price	Customs duty	Clearing charges	Landed cost	Remarks
1	2	3	4	5	6	7	8	9	10
	A. Stearic Acid :								
1.	Sepulchre Bros. (India) Ltd., Bombay.	..	..	Belgian stearic acid crystalline quality-triple pressed.	1·90	..	..	..	C. i. f. Bombay quotations received in June 1961.
		..	..	Belgian stearic acid crystalline quality-double pressed.	1·77	..	..	..	
			..	Belgian stearic acid crystalline quality-single pressed.	1·64	..	..	..	
2.	Collector of Customs, Madras.	Holland	2-11-61	Triple processed stearic acid in slab long crystals.	1·90	1·10	0·10	·	
3.	Collector of Customs, Calcutta.	U. K.	28-2-61	Triple pressed stearic acid . . .	1·84	1·10	..	2·94	

1	2	3	4	5	6	7	8	9	10
4.	Collector of Customs and Central Excise, Cochin.	Holland	16-10-61	'Gouda' triple pressed stearic acid in large crystals.	1·84	1·10	0·10	3·04	
5.	The National Trading Co., Madras.	..	..	Stearic acid	1·87	..	..	..	C. i. f. quotation.
6.	Hindustan Lever Ltd., Bombay.	..	..	Triple pressed stearic acid	..	..	..	2·98	Landed price at which purchases were made in 1961.
7.	Indequip Pvt. Ltd., Bombay.	..	..	S.64 triple pressed stearic acid . . .	1·87	..	..	..	October 1961 c. i. f. quotations.
				S.62 double pressed stearic acid . . .	1·74	..	..	..	
				S.61 single pressed stearic acid . . .	1·61	..	..	..	
				S.22 rubber grade stearic acid . . .	1·48	..	..	..	
8.	The Embassy of India, The Hague.	..	..	Single pressed stearic acid	1·61	..	..	..	C. i. f. quotations received in April 1962.
				Double pressed stearic acid . . .	1·74	..	..	..	
				Triple pressed stearic acid . . .	1·87	..	..	..	
				Cosmetic grade stearic acid . . .	2·00	..	..	..	
9.	The New Standard Chemical Co. Pvt. Ltd., Bombay.	..	..	'Gouda' triple pressed stearic acid in slabs .	1·90	..	..	..	C. i. f. quotation received in June 1961.
10.	The High Commission of India, London.	..	..	Stearic acid grade A 108 90% . . .	1·87	..	..	..	C. i. f. Bombay.
				Stearic acid grade A 121 (equivalent to double and triple pressed).	1.74	..	..	..	Quotations received in April 1962.
				Stearic acid grade A 126. (Single pressed) .	1·61	..	..	..	
				Stearic acid grade A 231	1·48	..	..	..	

11. The Indian Trade Commissioner, Sydney.	..	..	Single pressed stearic acid	1·60	..	..	..	C. i. f. Bombay quotations received in April 1962.
			Double pressed stearic acid . . .	1·74	..	..	..	
			Triple pressed and cosmetic grade stearic acid	1·87	..	..	..	
B. Oleic Acid :								
1. Collector of Customs, Bombay.	W. Germany	6-10-61	Oleic acid pure	4·94	1·73	0·25	6·92	
2. The Embassy of India, The Hague.	..	..	Brown oleic acid	1·64	..	..	..	C. i. f. quotations received in April 1962.
			White oleic acid	1·77	..	..	..	
3. The High Commission of India, London.	..	..	Oleic acid pale distilled	2·03	..	..	..	C. i. f. Bombay quotation received in April 1962.
4. The Indian Trade Commissioner, Sydney.	..	..	Oleic acid	1·80	..	..	..	C. i. f. Bombay quotation received in April 1962.