

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:373
ANSWERED ON:17.08.2001
CUT IN CEMENT PRODUCTION
VINAY KUMAR SORAKE

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the cement manufacturers have further curtailed the production from 10 to 15 percent from July, 2001 to justify a hike in the prices:

(b) if so, the reaction of the Government towards this 'modulated' cut in production, which constitute market manipulation through cartelisation and restrictive trade practices; and

(c) the steps the Government propose to take in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (DR. RAMAN SINGH)

(a) to (c): A Statement is laid on the Table of the House. STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.373 FOR ANSWER ON 17TH AUGUST, 2001.

- Cement has been delicensed from the year 1989.
- Government does not control or regulate the production and prices of cement.
- Market forces of demand and supply determine the level of production and prices.
- Production of cement has a tendency to keep low during the monsoon, i.e. July to September because of suppressed demand. The quarterly figures of cement production from the year 1997-98 to July, 2001-02 is given below:

(In Million Tonnes)

| Month | Production | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
|--------------|------------|---------|---------|---------|-------------|---------|
| April - June | 18.97 | 19.93 | 24.46 | 25.47 | 26.36 | |
| July - Sept | 16.87 | 17.75 | 20.93 | 21.56 | 7.36 (July) | |
| Oct - Dec | 19.33 | 20.18 | 22.53 | 22.62 | | |
| Jan - March | 21.57 | 23.81 | 26.29 | 25.87 | | |
| Total | 76.74 | 81.67 | 94.21 | 93.52 | | |

- The figures given above show reduction in the production of cement in the monsoons, which picks up later with the increase in demand.
- Seasonal variations in production is a normal phenomenon and does not prove willful reduction in the production by the cement manufacturers. In fact, the annual production of cement has risen every year except for marginal decrease (0.73%) in 2000-01.
- There are no reports of scarcity of cement in the market.
- Prices of cement during the month of July 2001 as compared with the prices during the months of December 2000 and January 2001 have shown downward trend as in the Statement at Annexure-I. Even in the first fortnight of August prices have generally remained either constant or marginally decreased.

(b) There is no specific complaint with MRTP to suggest 'modulated' cut in production from 10 to 15%, by formation of a cartel by the cement manufacturers.

(c) Government has reduced import duty of cement from 35% to 25% to stabilize domestic prices. However, if the situation demands, Government will not hesitate to take remedial measures in public interest.

Annexure I referred to in reply to part (a) of Lok Sabha Starred Question No.373 for answer on 17th August, 2001 <

| Reduction | % decrease | in 13 Aug. '01 | | | | | | | | | | | | | | | | | | | |
|-----------|------------|----------------|---------|---------|---------|---------|---------|----------|---------------|----------|------------|--------------|------------|------|--|--|--|--|--|--|--|
| Dec.00 | Jan.01 | Feb. 01 | Mar 01 | Apr.01 | 4May-01 | 28Jun01 | 31Jul01 | Price in | Dec.00/Jan.01 | 13.8.01 | on 13.8.01 | the price of | Dec/Jan.01 | | | | | | | | |
| min.max | min.max | min.max | min.max | min.max | min.max | min.max | min.max | min.max | Date | min.max. | min. | max. | min. | max. | | | | | | | |

Northern Region

Delhi 133-156 149-155 140-152 140-146 140-152 143-145 124-126 142-144 152-156 08.12.00 140-142 12 14 7.89 8.97
Karnal 152-155 152-155 146-155 143-151 146-155 149-151 135-137 148-150 152-155 08.12.00 146-148 6 7 3.95 4.51
Chandigarh 136-160 158-165 159-165 154-161 154-165 163-165 148-150 156-158 163-165 19.01.01 156-158 7 7 4.29 4.24
Jaipur 121-145 143-145 136-145 135-141 135-150 148-150 115-117 131-133 143-145 08.12.00 131-133 12 12 8.39 8.28
Rohtak 132-150 145-150 145-150 142-147 143-150 146-148 125-127 143-145 148-150 08.12.00 141-143 7 7 4.73 4.67
Bhatinda 134-160 163-165 158-165 154-163 154-164 161-163 140-142 155-158 163-165 05.01.01 156-158 7 7 4.29 4.24
Ludhiana 138-165 168-170 164-170 156-166 156-170 165-168 151-153 155-157 168-170 05.01.01 155-157 13 13 7.74 7.65
Jammu 185-192 195-200 192-200 192-200 192-198 190-195 190-192 190-192 195-200 05.01.01 190-192 5 8 2.56 4.00
Shimla 150-163 165-170 165-170 165-170 165-170 165-170 160-165 165-168 165-170 05.01.01 155-168 0 2 0 1.18

Eastern Region

Calcutta 124-170 160-165 155-165 153-163 152-158 152-157 132-137 142-147 160-170 29.12.00 142-147 18 23 11.25 13.53
Patna 120-170 130-160 131-160 131-160 135-165 140-160 135-151 140-156 140-170 29.12.00 140-156 0 14 0.00 8.24
Bhubaneswar 128-160 147-161 147-161 145-162 145-162 145-160 130-137 125-140 158-161 29.12.00 128-137 30 24 18.99 14.91
Guwahati 160-184 182-184 180-184 180-184 182-184 182-184 182-184 182-184 182-184 08.12.00 182-184 0 0 0 0
Muzaffarpur 132-173 131-163 132-153 131-163 135-168 140-162 135-154 135-158 152-173 29.12.00 135-158 17 15 11.18 8.67
Silchar

Western Region

Bombay 160-180 181-185 180-185 178-185 172-185 170-175 170-175 175-180 180-185 05.01.01 175-180 5 5 2.77 2.70
Ahmedabad 125-165 158-165 156-163 151-161 150-157 150-155 152-157 152-157 163-165 05.01.01 152-157 11 8 6.75 4.85
Naapur 137-158 153-160 154-160 152-157 148-155 146-150 128-135 144-148 157-160 19.01.01 144-148 13 12 8.28 7.50
Pune 150-168 166-174 169-174 165-174 158-168 158-161 128-132 155-159 169-174 19.01.01 155-160 14 14 8.28 8.05
Rajkot 124-160 158-163 156-163 150-161 150-157 150-155 152-157 152-157 160-163 12.01.01 152-157 8 6 5.00 3.68
Baroda 125-162 158-165 156-163 150-161 150-157 150-155 152-157 152-157 158-165 05.01.01 152-157 6 8 3.80 4.85
Surat 125-165 158-163 157-163 150-162 150-157 150-155 152-157 152-157 161-165 22.12.00 152-157 9 8 5.59 4.84

Southern Region

Chennai 170-190 175-190 170-190 165-185 165-180 160-180 155-165 160-170 175-190 29.12.00 160-170 15 20 8.57 10.52
Trivandrum 180-195 185-198 181-198 178-194 178-192 175-192 180-190 180-190 185-198 19.01.01 180-190 5 8 2.70 4.04
Bangalore 160-175 160-180 157-180 153-173 160-172 158-170 160-170 160-170 165-180 19.01.01 160-170 5 10 3.03 5.56
Hyderabad 145-160 145-160 145-160 135-156 135-150 135-148 150-160 150-160 150-160 19.01.01 150-160 0 0 0 0
Calicut 180-195 180-195 176-195 173-191 173-188 173-186 180-190 180-190 180-195 22.12.00 180-190 0 5 0 2.56
Visakhapatnam 160-170 155-170 150-170 145-162 146-158 142-150 155-165 155-165 165-170 08.12.00 155-165 10 5 6.06 2.94
Goa 133-150 148-165 160-165 152-165 152-155 150-155 150-155 145-150 160-165 26.01.01 145-150 15 15 9.38 9.09

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Central Region

Lucknow 130-150 142-155 142-155 142-150 146-154 150-152 135-145 142-148 152-155 26.01.01 142-148 10 7 6.58 4.52
Meerut 130-155 145-152 140-152 140-148 145-148 145-148 135-140 140-142 150-155 26.01.01 142-145 8 10 5.33 6.45
Faizabad 115-150 138-152 148-152 143-151 146-150 148-150 135-145 140-145 148-152 26.01.01 138-142 10 10 6.76 6.58
Bareilly 130-150 145-152 141-150 141-148 141-150 145-150 135-140 140-145 145-152 05.01.01 136-142 9 10 6.21 6.58
Bhopal 115-180 153-160 148-158 145-158 145-152 140-145 130-140 132-142 153-160 05.01.01 135-140 18 20 11.76 12.50

(#) as on 15.6.01

Price have remained stable in the first week of August in major consumption centres.