

ESTIMATES COMMITTEE (1975-76)

(FIFTH LOK SABHA)

EIGHTY-SECOND REPORT

MINISTRY OF INDUSTRY AND CIVIL SUPPLIES

Action taken by Government on the Recommendations contained in the Sixtieth Report of the Estimates Committee (Fifth Lok Sabha) on the erstwhile Ministry of Industrial Development—Availability and Distribution of cement.



**LOK SABHA SECRETARIAT
NEW DELHI**

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(1975-76)**

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(1975-76)

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ESTIMATES COMMITTEE
(1975-76)

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12. Shri Aravinda Bala Pajanor
13. Shri Dhan Shah Pradhan
14. Shri Shiv Kumar Shastri.

INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee, present this 82nd Report of the Estimates Committee on action taken by Government on the recommendations contained in the Sixtieth Report of Estimates Committee (Fifth Lok Sabha) on the erstwhile Ministry of Industrial Development—Availability and Distribution of Cement.

2. The Sixtieth Report of Estimates Committee (Fifth Lok Sabha) was presented to Lok Sabha on the 24th April, 1974. Government furnished their replies indicating action taken or proposed to be taken on the recommendations contained in the Report from 3rd October, 1974 to 19th March, 1975. The replies were examined by Study Group 'F' of the Estimates Committee (1975-76) at their sitting held on the 28th July, 1975.

3. The draft Report was adopted by the Estimates Committee (1975-76) on the 8th August, 1975.

4. The Report has been divided into the following Chapters:—

I. Report

II. Recommendations which have been accepted by Government;

III. Recommendations which the Committee do not desire to pursue in view of Government's replies;

IV. Recommendations in respect of which replies of Government have not been accepted by the Committee;

V. Recommendations in respect of which final replies of Government are still awaited.

5. An analysis of the action taken by Government on the recommendations contained in the Sixtieth Report of the Estimates Committee (Fifth Lok Sabha) is given in Appendix X. It would be observed therefrom that out of 84 recommendations made in the Report, 68 recommendations i.e., 81 per cent have been accepted by Government. The Committee do not desire to pursue 8 recommendations i.e., 9.5 per cent in view of Government's replies. The

Committee have not accepted the replies of Government in respect of 5 recommendations i.e., 5.9 per cent. Final replies of Government to 3 recommendations i.e., 3.6 per cent are still awaited.

NEW DELHI;
August 26, 1975.

Bhadra 4, 1897 (S).

R. K. SINHA,
Chairman,
Estimates Committee.

CHAPTER I

REPORT

Recommendation (Serial No. 14, para 2.61)

In paragraph 2.61 of their 60th Report (Fifth Lok Sabha) regarding Availability and Distribution of Cement, the Estimates Committee had observed that on the basis of licences/letters of intent already issued by Government the capacity that is expected to be installed at the end of the Fifth Plan period, is 32.48 million tonnes, but the actual availability would be only 23.21 million tonnes. Thus on the assumption that even if the entire capacity licensed comes up, there would still be a shortfall of more than 4 million tonnes in the production target of 28 million tonnes. The Committee did not find any reason for optimism on the part of Government that with the existing capacity licensed, the target production of 28 million tonnes could be achieved at the end of the Fifth Plan period. They, therefore, desired to be apprised how the Government proposed to achieve the target of 28 million tonnes with the capacity already licensed.

2. In their reply, the Ministry of Industry and Civil Supplies (Department of Industrial Development) have stated that 'While the Task Force on the Cement Industry estimated the demand at the end of the Fifth Plan at 28 million tonnes, the target for cement production in 1978-79 has been fixed in the Fifth Plan document at 25 million tonnes only. Every effort is being made to achieve this target by way of additional capacity, by grant of letters of intent/licences. This is a continuing process and applications for setting up capacity are being considered on merits as and when received. Utilisation of other industrial waste like blast furnace slag, flyash and other pozzolanic materials in increasing the cement production, out of the existing capacity is also being resorted to. A big role in meeting the gap is envisaged for the Cement Corporation during the Fifth Plan and the Corporation is expected to set up an additional capacity of about 3.18 million tonnes.

3. Asked whether the target of 28 million tonnes of cement by the end of the Fifth Plan is likely to be achieved or not, the Ministry have further stated that the Fifth Plan target of 25 million tonnes would require a capacity of 29 million tonnes. The additional capacity that has to be built up to meet the anticipated demand is, therefore, of the order of 10 million tonnes. With a view to achieve the target, licences/letters of intent for additional capacity

of 20.15 million tonnes have been issued. It is anticipated that additional capacity to the extent of about 5.74 million tonnes is likely to materialise by the end of the Fifth Plan.

4. The Committee regret to note that against the requirement of 10 million tonnes of additional capacity to achieve the production target of 25 million tonnes of cement by the end of the Fifth Plan as mentioned in the Plan document, the actual additional capacity which would be available would be only 5.74 million tonnes, thus leaving a gap of 4.26 million tonnes. It is, therefore, obvious that even the plan target of 25 million tonnes would not be achieved at the end of the Fifth Plan.

4(a). The Committee, therefore, recommend that Government should take effective measures to ensure that at least the target of 25 million tonnes (instead of 28 million tonnes as originally planned) at the end of the Fifth Plan is achieved by issuing licences/letters of intent to the new entrepreneurs for setting up capacity both in the private and public sectors.

Recommendation (Serial No. 28, para 2.122)

5. In paragraph 2.122 of the Report, the Estimates Committee had observed that the availability of flyash which is presently 4 million tonnes from 30 thermal Power Plants, is expected to be of the order of 8 million tonnes at the end of the Fifth Five Year Plan. Although flyash is an established pozzolana and is being utilised as an additive to cement by several countries, it has not so far been used in India for the manufacture of cement.

6. In their reply, the Ministry of Industry and Civil Supplies (Department of Industrial Development) have stated that the Cement Corporation of India is exploring the possibility of setting up a plant for the utilisation of flyash available from Badarpur Thermal Station. Asked about the progress made in the setting up of the plant at Badarpur and the steps under contemplation for utilising the flyash, the Ministry have stated that there is no further progress in the setting up of the plant at Badarpur by the Cement Corporation of India. However, the Ministry of Works and Housing, who have been examining various possibilities for utilisation of flyash in building construction as part replacement of cement or as cementing medium in combination with lime, have issued detailed instructions to all the State Governments and other concerned authorities advising them to utilise the flyash, wherever possible.

7. The Committee regret to note that no progress has been made in the setting up of a plant at Badarpur for the utilisation of flyash

available from Badarpur Thermal Station. The Committee reiterate their earlier recommendation that flyash which would be available to the extent of 8 million tonnes by the end of the Fifth Plan, should be utilised for the manufacture of Pozzolana cement. The Committee are of the view that the use of flyash as an additive to cement has acquired added significance in the context of the expected shortfall of 4.26 million tonnes in the setting up of additional capacity for cement. The Committee have no doubt that proper utilisation of flyash can help to a large extent in increasing the production of cement for which there is a great demand in the country.

Recommendation (Serial No. 49, para 3.53)

8. In paragraph 3.53 of the Report, the Estimates Committee had recommended that the existing arrangements for fixing State quotas on the basis of 110 per cent of the average level of supplies received by each State during the last five years from 1968 to 1972 are not satisfactory and should be replaced by a more methodical and systematic assessment of the requirements of the State, taking into account the latest requirements of public sector projects, organised and non-organised sectors of the industry and other public utilities, the housing needs of the public, both in rural and urban areas etc. The Committee desired that Government should review the State quotas of Cement accordingly at an early date.

9. In their reply, the Ministry of Industry and Civil Supplies (Department of Industrial Development) have stated that the quotas of States and Union Territories were fixed for the year 1st July, 1973 to 30th June, 1974 by taking into account the average consumption of cement in these States (excluding cement for Central Government Departments in these States) over the period 1968 to 1972. The average figure was raised by 10 per cent to make allowance for progressive increase in demand. While fixing these quotas the additional requirements for Irrigation and Power projects being executed by State Governments were also included.

10. The Committee would like to reiterate their earlier recommendation that the fixation of State quotas for cement on the basis of 110 per cent of their past consumption during the last five years is not a satisfactory arrangement and should be replaced by a more methodical and scientific assessment of the future requirements of the States. The Committee feel that assessment of demand on this rough basis may adversely affect the interests of backward States which are in the process of development. The Committee trust that the State quotas of Cement for all the States would be review.

ed and a more scientific system of assessment of demand devised at an early date.

Recommendation (Serial No. 50, Paras 3.70 & 3.71)

11. In paragraphs 3.70 and 3.71 of the 60th Report, the Committee had expressed concern regarding the wide gap between demand and availability of wagons to the cement industry which had resulted in substantial loss in production of cement. The Committee also noted that Government had taken the following measures in this regard:—

- (i) A Control Room has been constituted in the Railway Board to keep a close watch on wagon supply position to cement factories.
- (ii) Daily wagon quotas Railway-wise and factory-wise have been fixed.
- (iii) A Committee of Secretaries keeps a watch on monthly performance.

12. The Committee desired to be apprised of the improvements in the supply of wagons to the cement industry as a result of the measures adopted by Government. In their reply, the Ministry of Industry and Civil Supplies (Department of Industrial Development) have stated that it has not been possible for the Railways to achieve improvement in the supply of wagons during 1974 as compared to the year 1973. This was perhaps on account of the fact that Railways had been afflicted with staff strikes till the middle of the year 1974, and thereafter have been trying to overcome the left over problems of these strikes and they have not been able to show an improvement in the wagon supply position. In the year 1974, 84 per cent of the wagons indented were made available against 86 per cent during 1973. The total movement by rail was 62 per cent of the total despatches during 1974 whereas Railways were expected to move 80 per cent of the total production of cement.

13. The total despatches of cement by rail during 1973 and 1974 are indicated below:—

	1973	1974
	(In lakh tonnes)	
Total despatches	144.75	141.66
Despatches by rail	99.73	87.77
Percentages of Rail despatches to total despatches	68.9%	62%

14. The Committee regret to note that the position regarding supply of wagons to the cement industry has deteriorated in spite of the fact that certain measures had been taken by Government in this regard. During 1974, Railways could move only 62 per cent of the total despatches of cement by rail against 68.9 per cent during 1973. The Committee urge that the Ministry of Railways should analyse the causes of short supply of wagons to the cement industry and ensure that supply of wagons is increased to the cement factories so that more quantity of cement is moved by rail during the coming years in order to avoid any complaint in this regard.

Recommendation (Serial No. 59, para 3.107)

15. In paragraph 3.107 of their 60th Report, the Committee had noted that Government were considering to reorganise the marketing zone of each cement factory in such a manner that the average tonne kilometre lead was brought down from the existing level of 600 kilometres to 450 kilometres and that a meeting of All India Cement Producers was held for this purpose in May, 1973. Another meeting of the Cement Producers was to be held in December, 1973 to finalise the matter but it had not taken place till then. The Committee deplored the delay in finalising the re-organisation of marketing zones of each factory. They were unable to appreciate why these zones were not re-organised and rationalised earlier as re-organisation would obviously result in reduction in the lead kilometre, better turn-round of wagons, less transportation costs and quicker movement of cement to the consuming centres. The Committee had recommended that effective measures should be taken by Government immediately to finalise the re-organisation and rationalisation of the marketing zones of each factory. The Committee had, however, observed that it should be ensured that the supply of cement to deficit areas was not adversely affected as a result of this re-organisation.

16. In reply, the Ministry of Industry and Civil Supplies (Department of Industrial Development) have stated that re-organisation of the existing marketing zones has not been attempted because during the years 1973 and 1974, there has been acute scarcity of cement in the country and a greater portion of the production has been going to meet requirements of the Government departments and organised sectors like large-scale and small-scale industries. The quantity left for sale under 'freesale' category has been rather meagre and, therefore, it was not considered desirable to make any

change in the existing marketing zones. The zones will certainly be reorganised when the cement availability for freesale category improves substantially.

17. The Committee regret to note that the marketing zones of the cement factories have not been reorganised so far with a view to bring down the average tonne kilometre lead from the existing level of 600 kilometres to 450 kilometres. The argument advanced by the Ministry that reorganisation of marketing zones has not been considered necessary as the quantity of cement left over for sale under 'free sale' category has been meagre is not convincing. It is needless to point out that even the bulk of cement which is earmarked for Government Departments has to be transported from the cement factories to the consuming centres and by proper rationalisation and reorganisation of the marketing zones the average tonne kilometre lead can be substantially reduced and the transport cost can be brought down to a considerable extent.

18. The Committee, therefore, reiterate their earlier recommendation that effective measures should be taken towards re-organisation and rationalisation of the marketing zones of each factory ensuring, however, that the supply of cement to deficit areas is not adversely affected as a result of such re-organisation.

Implementation of Committee's Recommendations

19. The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would, therefore, urge that Government should keep a close watch so as to ensure expeditious implementation of the recommendations accepted by them. In cases where it is not possible to implement any accepted recommendations in letter and spirit for any reason, the matter should be reported in time to the Committee with reasons for non-implementation.

20. The Committee also desire that final replies to the recommendations included in Chapters II and V may be intimated to the Committee expeditiously.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Sl. No. 1, Para 1.10)

The Committee regret to note that the *per capita* consumption of cement in the country in 1970 was 25 kilograms which was not only much lower than the developed and developing countries like Iraq, Iran, U.S.A., Turkey etc., but even lower than the neighbouring countries like Malaysia, Thailand, Pakistan and Ceylon. The Committee noted that the *per capita* consumption of cement would show an increase of 14 kgs. from the existing level of 25 kgs. at the end of the Fifth Plan period but by then the gap in the *per capita* consumption in relation to these countries will widen further. Since *per capita* consumption of cement is one of the indices indicating the level of development of a country, it is evident that gigantic development efforts will have to be made by the country to reach the level of consumption of cement not only of the developed countries but even of the developing countries.

Reply of Government

Government agree with the conclusion of the Committee. Cement is a highly capital intensive industry and is in the heavy investment sector and has normally a long gestation period of 4 to 5 years. In view of the inadequate return, the long gestation period and the high investment, new entrepreneurs are not readily attracted towards this industry. This industry has, therefore, been specifically included as one of the 19 industries open for larger houses for investment in the Industrial Policy announced in February, 1973. Government had also decided to review the applications from the larger houses rejected earlier for issue of letters of intent. The existing capacity of the industry is 19.76 million tonnes. Letters of intent|Licences for an additional capacity of about 17.4 million tonnes have so far been issued. Applications for setting up further capacity will be considered on merits. A capacity of about 1.7 million tonnes is expected to come into production during the year 1974-75. The target of production at the end of the Fifth Plan has been fixed at 25 million tonnes corresponding to a capacity of about 29 million tonnes on the basis of 85 per cent utilisation. It will be seen from the above that every effort is being made to ensure bringing into existence adequate capacity.

The *per capita* consumption of cement not only depends on the adequate availability of cement but also simultaneously on the availability of other materials like steel. If the *per capita* consumption is to increase to a level comparable with other developing countries, it will be possible with the corresponding all round development in all other sectors of the economy. Apart from constraints like inadequacy of power, coal, wagons etc. another constraint in the increase in the *per capita* consumption of cement is the high rate of growth of population as compared to the developed countries.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem. dated 25th Sept., 1974]

Recommendation (Sl. No. 2, Para 1.11)

The Committee feel that one of the main reasons for the low *per capita* cement consumption is the scarcity in the availability of this commodity. The Committee have no doubt that with the easy availability of cement, its consumption will increase considerably. They, therefore, urge that effective measures should be taken by Government to increase the production of cement in a big way. It is also important that the pricing and distribution mechanisms are so evolved that cement becomes easily available in the remotest areas of the country at reasonable prices. The Committee have dealt with these matters in detail in subsequent Chapters.

Reply of Government

In addition to what has been stated in reply to recommendation at No. 1, a comprehensive study of the cement industry was also entrusted to the Tariff Commission who have since submitted their final recommendations. The recommendation of the Tariff Commission include, besides the fair ex-works price payable to the cement manufacturers, other recommendations for making cement available to remote areas in the country at reasonable prices. These recommendations are being examined separately. It is felt that, when the Government's decisions on the recommendations of the Tariff Commission are announced, the cement manufacturers would get an adequate price which would not only ensure a fair return but would also encourage the setting up of additional capacity. Remote areas of the country are also likely to be better served.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem. dated 25th Sept., 1974]

Recommendation (Sl. No. 3—5, Para 1.27—1.30)

The Committee note that the demand for cement which was assessed at 4.8 million tonnes at the end of the First Plan, was increased to 8.8 million tonnes at the end of the Second Plan, to 13 million tonnes at the end of the Third Plan and to 19 million tonnes at the end of the Fourth Plan i.e., an increase of 83 per cent, 44 per cent, 47 per cent respectively. It is evident that the percentage increase in demand during the Second Plan period, was reduced by 39 in the Third Plan and was further reduced by 36 in the 4th Plan period. The Committee consider that the assessment of the demand for cement has been under estimated since the Second Plan, leaving a sizeable unsatisfied demand of cement in the country. This is also evident from the fact that according to the admission of the Ministry, the availability of cement has always been far short of the demand during the entire planning period of 20 years, barring 2 occasions once in 1958-59 and another in 1967. The Committee feel, keeping in view the extent of scarcity of cement throughout the country and the prevailing high market rates, the demand assessed by the Task Force at 19 million tonnes during the 4th Plan period was on the lower side. The Committee consider that the projection of demand has not been fully related to all the requirements in the country, notably, unorganised industrial sector, housing in rural areas, etc. as evidence from the fact that little or no cement is available in these areas.

As regards the assessment of demand for the Fifth Plan, the Committee note that whereas the Ministry of Industrial Development feel that the demand would be 28 million tonnes at the end of the Fifth Plan period on the basis of the report of the Task Force, the Planning Commission has placed the demand only at 25 million tonnes. The Committee are not convinced that there has been any scientific evaluation regarding the growth rates of demand in the absence of any information with the Government as to what would be the demand every year during the Fifth Plan period in various sectors like the Government Departments, Public Sector Undertakings, organised industries and so on. The Committee feel that consideration of mere sectoral outlays cannot lead to a proper evaluation of the demand.

The Committee feel, in particular, that with growing economic prosperity in rural areas, the demand for cement would be increasingly felt there. The Committee regret that no methodology has been evolved so far to make a realistic assessment of the demand in rural areas. The Committee feel that, looking at the needs for rural housing, every encouragement will have to be given to the

1190 L.S.—2.

people of rural areas to construct their own houses so that the surplus money in the hands of the agriculturists may be usefully employed in providing shelters for themselves.

The Committee, therefore, urge that a more scientific study may be immediately undertaken to reassess the likely demand for cement in each sector during every year of the Fifth Plan period as in the opinion of the Committee even the figure of 28 million tonnes suggested by the Ministry is on the lower side. The Committee would suggest that in the reassessment not only the potential demand that would develop as a result of easy availability of cement, but the prospects of exports of cement, particularly to the oil producing countries, should be taken into consideration. The Committee would further like to emphasise that planning for an important commodity like cement should be for sufficiency and not for scarcity as has been the case hithertofore.

Reply of Government

It has been decided by the Planning Commission to set up a study group unless the Chairmanship of Shri D. K. Saxena, Joint Secretary in the Department of Industrial Development to evolve an appropriate methodology to estimate the demand for cement. The following will be the terms of reference of the Study Group:

- (i) To review the methodology adopted to assess the demand for cement both in India and outside;
- (ii) To suggest an appropriate methodology taking into account the availability of all data in the country; and
- (iii) To make such other recommendations as may be appropriate covering, *inter-alia* the statistical base required for adoption of the methodology.

The composition of the Group will be:

- | | |
|---|----------|
| 1. Shri D. K. Saxena, Joint Secretary, Ministry of Industry & Civil Supplies | Chairman |
| 2. A representative from the Perspective Planning Division, Planning Commission | Member |
| 3. A representative from the Directorate General of Technical Development | Member |
| 4. A representative from the National Buildings Organisation | Member |
| 5. A representative from the Cement Research Institute | Member |

- | | |
|--|----------|
| 6. A representative from the Cement Manufacturers' Association | Member |
| 7. A representative from the National Council of Applied Economic Research | |
| 8. A representative from the Institute of Management, Ahmedabad | Member |
| 9. Shri K. V. S. Murthi, Director (CI), Planning Commission | Convener |

[Deptt. of Industrial Development O.M. No. 8-138/74-Cem.
dated 22-2-75.]

Comments of the Committee

The result of the study carried out by the Study Group set up to review the methodology for assessment of demand of cement may be intimated to the Committee.

Recommendation (Sl .No. 6, Para 2.16)

The Committee note that the highest utilisation of Installed capacity for production of cement, achieved in cement industry, was 88.1 per cent in 1966-67. They regret to note that the percentage utilisation has gone down from 88.17 per cent in 1966-67 to 76 per cent in 1973-74. The lower utilisation of capacity has been attributed to (i) power cuts, (ii) difficulty about supply of coal in sufficient quantities and (iii) non-availability of wagons for movement of finished products. Compared to the maximum utilisation of installed capacity, achieved in 1966, the under-utilisation has resulted in a loss of about 10 million tonnes in cement production during the last five years. In view of the urgent needs of stepping up the production of cement in the country for internal consumption as well as export, the Committee recommend that concerted efforts should be made by Government to remove the bottlenecks in cement production so as to achieve at the earliest the maximum utilisation of capacity in the cement industry. This could make available about 2 million tonnes of additional cement from the existing plants.

Reply of Government

Government are already making concerted efforts to remove the present bottlenecks in the way of increasing cement production from the existing capacity. The major constraints in the way of increasing cement production are the power cuts enforced by the different State Electricity Boards, inadequate supplies of coal and inadequate availability of wagons to move the finished product. To overcome the power shortage, the import of diesel generators was permitted. A Standing Linkage Committee in the Ministry of Steel

and Mines reviews every month the supply position of coal to the cement industry. The requirements of coal for the various cement factories have been assessed and linked to the different coal fields. A Monitoring Cell has also been established at Calcutta which, in consultation with the Ministry of Railways, reviews the supply position of coal to the different factories every 10 days, on the basis of the reports made by the factories and the Cement Controller. The transport of cement from the availability of railway wagons is reviewed by a high level Committee of Economic Secretaries every month. The factories facing difficulties in the matter of transport are brought to the notice of the Committee and attempts are made to remove these bottlenecks.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated 25th Sept., 1974]

Further information called for by the Committee

Please state the improvements made in the utilisation of capacity for production of cement.

Reply of Government

[Lok Sabha Sectt. O.M. No. 5/3/1/ECII/74 dated 18th Feb., 1975].

As a result of various steps taken by the Government, the capacity utilisation in Cement Industry has improved during the first half of 1974, as will be seen from the table given below:—

Month	Production of cement (in lakh tonnes)	%age utilisation of capacity
July, 1974	11·13	67·74
August, 1974	12·19	74·19
September, 1974	12·64	76·6
October, 1974	13·18	79·8
November, 1974	13·43	81·3
December, 1974	13·77	83·4

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem. dated the 19th March, 1975]

Recommendation (Sl. No. 7, Para 2.17)

The Committee further suggest that the feasibility of giving production incentives for cement production over and above the maximum production attained may also be examined by Government in the interest of bridging at the earliest the wide gap between requirements and production.

Reply of Government

In view of the developments that had taken place in the cement industry since 1961, when the industry was studied by the Tariff Commission, the Government came to the conclusion that a comprehensive review of the industry was necessary with a view to ensure the development of the cement industry in a measure and in a manner that would enable the requirements (including exports) to be met adequately at a minimum cost to the economy. A comprehensive review of the industry was accordingly entrusted to the Tariff Commission who were to take into account *inter-alia* the following considerations, *viz.*,

- “(a) The price structure is such as would encourage the growth of the industry and at the same time as would exercise greater pressure towards efficiencies and economies in the cost of production;
- (b) Whether, given a regional imbalance between supply and demand, suitable incentives for the setting up of additional capacity in deficit or non-deficit areas, or a suitable structure of prices, regional or otherwise may be necessary; and
- (c) The necessity for using supplementary raw materials like slag and pozzolanic materials adequately and the measures as would lead to fuller utilisation of such materials”.

The Tariff Commission has since made its final recommendations which are under examination. The feasibility of giving production incentives for cement production, over and above the maximum production attained by a unit, will be considered, if the situation so warrants, after the decisions of the Government on the recommendations of the Tariff Commission are announced and their impact on the industry assessed after some time.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25-9-1974]

Further information called for by the Committee

Please intimate the decision of the Government on the recommendations of the Tariff Commission.

[Lok Sabha Sectt. O.M. No. 53|1|ECII|74 dated 18th Feb. 1975.]

Further reply of the Government

The Report of the Tariff Commission was received by Government in April 1974. After examination, the Government issued a Resolution on 1st August, 1974, indicating the main recommendations of the Commission and the action taken thereon. A copy of the Resolution is enclosed (APPENDIX I). Ex-works retention prices for the existing factories were fixed and were further increased with effect from the 15th September, 1974 following escalation in certain elements of cost of production. A copy of the Cement Control (Sixth Amendment) Order, 1974, issued in this connection, is enclosed (APPENDIX II). In regard to the recommendations of the Commission on ex-works prices to be given to (a) units holding industrial licences/COB Licences which were in the process of being set up and expected to come into production shortly and (b) units in the letter of intent stage or licences which are not expected to come into production till the last couple of years of the Fifth Plan period, it was stated in the Resolution that these recommendations were under examination of the Government. The Government have since submitted a proposal for consideration of the Cabinet Committee on Economic Policy and Coordination. Decision in this regard will be announced after directions of the Cabinet Committee are received, in the Ministry.

[Deptt. of Industrial Development O.M. No. 8-60|74-Cem.
dated 19th March, 1975.]

Recommendation (Sl. No. 8 Para 2.34)

The Committee regret to note that inadequate supply of coal for cement industry has resulted in considerable loss in cement production. During the period July-September, 1973, the loss in production was as much as 2½ lakh tonnes of cement on this account. It is apparent that this sorry state of affairs has developed due to lack of coordination among the Ministries of Industrial Development, Steel and Mines and Railways. The Committee would urge that urgent and effective measures should be taken to ensure adequate and timely supply of coal to the cement industry so that the production of cement does not suffer on this account.

Reply of Government

As already indicated in reply to S. No. 6, necessary coordination has been established through the Standing Linkage Committee at Delhi and the Monitoring Cell at Calcutta.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated 25th Sept., 1974.]

Further information called for by the Committee

Please state the present position regarding availability of coal to the cement industry against their actual demand.

[Lok Sabha Sectt. O.M. No. 5|3|1|ECII|74 dated 18th Feb. 1975.]

Reply of the Government

The position regarding supply of coal to cement industry has shown definite improvement. A statement showing monthwise figures regarding supply of coal since June, 1974 till Jan., 1975 is enclosed (APPENDIX III). It will be seen that there is steady improvement in the figures of supply and in the month of December, 1974 supplies were to a record level of 88 per cent of the quota.

On account of power-cut in certain States, however, the factories are unable to use the full quantities received by them and as per information available on 10th Feb., 1975, as many as 24 factories out of 49 had with them stocks of coal exceeding 20 days requirement. Only in the case of 5 factories, the stock on hand was less than 7 days requirement and their cases were brought to the notice of coal supplying authorities and Railways for immediate assistance. On the whole, the position of coal supplies appears to be satisfactory and on the road to improvement.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem. dated 19th March, 1975.]

Recommendation (Sl. No. 9 Para 2.35)

The Committee note that a High Level Committee has been constituted since last year under the Chairmanship of Deputy Minister of Steel and Mines to look into the problems of efficient coal transport by railways and other modes of transport and to ensure adequate supplies of coal to different users. The Committee are sure that this high-level Committee would go into the problem in all its ramifications, in depth and make suggestions to improve the position. The Committee would like to be apprised of the recommendations made

by this high-level committee, the action taken by the Government and the results achieved as a consequence.

Reply of Government

The High Level Standing Committee consists of the Deputy Minister of Steel & Mines as Chairman and representatives of the Department of Mines and Steel, Railway Board and the Coal Producing Organisations and a Member of the NCST. The terms of reference of the Committee included the review of the arrangements for coal loading and transportation, examination of the system of distribution of coal and making recommendations for improving the transport and distribution of coal in the short term as well as in the long term. The Committee held three meetings. A statement showing the decision of the Committee having bearing on the supply of coal to cement plants and the action taken thereon is given below:—

Decision	Action taken
<p>1. The level of loading of coal to the following categories of consumers should be stepped up as below:—</p> <p>(a) Steel & Washeries 2600 wagons per day</p> <p>(b) Soft Coke 300 wagons per day</p> <p>(c) Brick burning 200 wagons per day</p> <p>(d) Small Scale Industries 300 wagons per day.</p>	<p>The Railways are making efforts to increase the availability of wagons for all these consumers. During the last few months, the availability of wagons has improved. In August, 1974, the loading of Steel was 2196 wagons per day. Hard Coke loading averaged 258 wagons per day. Soft coke and brick burning were however at the level of 130 wagons per day and 107 wagons per day respectively.</p>
<p>2. Monitoring Cell should be set up in Calcutta to deal with the difficulties in day-to-day movement of coal.</p>	<p>The Monitoring Cell has been set up and is functioning.</p>
<p>3. Every effort should be made to meet the requirements of power stations, cement and other major industries in full.</p>	<p>Efforts in this regard are being made. Linkages are laid down for each cement and power plant by the standing Linkage Committee and a constant review is made of the actual supplies. Corrective steps are taken in cases of shortfall promptly.</p>
<p>4. The Ministry of Shipping & Transport should explore the possibility of transporting coal by inland water-ways and get a scheme prepared in this regard.</p>	<p>A preliminary study has been made and it is now proposed to prepare a scheme for the transport of 2 million tonnes of coal from the Rajmahal coal fields by the river route.</p>
<p>5. The Ministry of Shipping and Transport will take steps to increase coastal movement of coal.</p>	<p>The movement of coal by coastal steamers has increased during 1974-75. It is expected that about 1 m.t. of coal would be moved by this route this year which would also benefit the cement industry.</p>

Decision	Action taken
6. The Ministry of Shipping and Transport will assist cement factories and power stations authorities to charter foreign vessels.	Chartering of upto 4 foreign vessels for a period of 6 months has been agreed to.
7. The facilities for loading of coal at Calcutta port should be improved.	The matter is being pursued with the concerned authorities.
8. The requirement of wagons in each coal-field monthwise should be worked out and intimated to the Railways.	This has been done.
9. The movement of medium coking coal from Dumua and Kali Chappar collieries in M.P. to Bhilai steel plant should be taken up.	This has been done. Coal is now moving from these collieries to Bhilai.

[Deptt. of Industrial Dev. O.M. No. 8-137/74-Cem. dated 22nd Feb., 1975.]

Recommendation (Sl. No. 10 Para 2.36)

The Committee note that there is a Standing Linkage Committee, consisting of representatives of the Ministries of Industrial Development, Steel and Mines and Railways and Planning Commission etc. to review periodically the performance and the coal requirements of all cement factories in the country. The Committee note that the coal quotas fixed for each factory fall short of the demands of the factories. The Committee, therefore, suggest that a realistic assessment of the requirements of coal by each cement factory may be made at the earliest so that there is no room for complaint from the factories that the quota fixed and coal supplied were not adequate to ensure maximum utilisation of capacity.

Reply of Government

The requirement of coal for the cement industry was estimated at about 5.2 lakh tonnes per month. The Standing Linkage Committee fixed a quota of 4.54 lakh tonnes for the cement industry from the month of October, 1973 onwards which was raised to 4.57 lakh tonnes from December, 1973. Although the Standing Linkage Committee recognised the need for increasing the quota for supplies of coal to the cement industry beyond this limit, the Committee did not agree to revise this quota initially because the actual supplies were far below the reduced quota. The quota has now been revised at the instance of the Cement Controller to 5.11 lakh tonnes from the month of June, 1974 onwards. This quota will be further revised in future, if need arises.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated 25th Sept., 1974.]

Further information called for by the Committee

Please state what action has been taken to make a realistic assessment of the requirements of coal by each Cement factory and whether the monthly quota fixed at 5.11 lakh tonnes in June, 1974 for the cement industry is being made available regularly to the cement plants. Monthwise figures regarding supply of coal since June, 1974 may be given for the information of the Committee.

[Lok Sabha Sectt. O.M. No. 5/3/1/ECII/74 dated 18th Feb. 1975.]

Reply of Government

The further information furnished in respect of question No. 8 may kindly be seen.

[Dep'tt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 19th March, 1975.]

Recommendation (Sl. No. 11 Para 2.37)

The Committee also note that a Monitoring Cell has been set up in Calcutta to keep a close watch on the supplies of coal to cement factories. The Committee note further that during September-November, 1973, as admitted by the Ministry themselves, there was a 'considerable shortfall' in the supply of coal against the quotas fixed. The Committee find that the actual despatches of coal have been below the allocations fixed even in the months of December, 1973 and January, 1974. The Committee feel that the constitution of the Monitoring Cell at Calcutta is a step in the right direction. They, however, regret to observe that in spite of its functioning the position regarding the supply of coal has not shown any appreciable improvement. The Committee would, therefore, urge that a review should be made of the functioning of this Cell so that the difficulties that were experienced by the Cell in ensuring full supply of coal to cement factories, could be assessed and remedial steps taken. The Committee would like to be apprised of the results of the review and the effective measures taken in improving the supply position of coal to the factories.

Reply of Government

The Joint Cell (Monitoring Cell) has been functioning in Calcutta under the Director Rail Movement, Calcutta with the representatives of the Coal producing agencies to affect co-ordination between the coal producers and the Railways. This Cell ensures that the supplies

of coal are rushed to those units including cement plants which are facing critical stock position.

2. The Standing Linkage Committee which was set up by Government in January, 1973, with representatives of the Planning Commission, Railways, C.E.A. and coal producers to link the requirements of power stations with coal fields, also took over the function of linkage of coal for cement factories in November, 1973. The linked supplies are committed to move on priority basis. The Committee meets periodically, reviews the requirements and the availability of coal and fixes the programme of supplies. In the last meeting of the Standing Linkage Committee held on 18th November 1974, it was decided *inter-alia* that efforts would be made to build up 3 weeks' stocks at all the cement factories particularly those situated away from the coalfields. As a result of these measures, as may be observed from the following statement, the supply position has shown considerable improvement:—

Months	Quota of coal	Receipts	Percentage of coal receipts
January, 1974	4.57	3.28	72%
February, 1974	4.57	2.73	60%
March, 1974	4.57	2.67	58%
April, 1974	4.57	2.95	65%
May, 1974	4.57	2.68	59% — All India Railway strike.
June, 1974	4.96	3.89	78%
July, 1974	4.96	4.16	84%
August, 1974	4.96	3.73	75%
September, 1974	4.96	3.85	77%
October, 1974	4.96	3.33	67%
November, 1974	4.96	3.65	73.6%
December, 1974	4.98	4.40	88.3%

3. The report on the stock position of coal as on 31-1-1975 received from the Cement Controller shows that the stock position at the cement factories is quite satisfactory at an average level of 24 days consumption.

[Deptt. of Industrial Dev. O.M. No. 8-131/74-Cem. dated 26th Feb., 1974.]

Recommendation (Sl. No. 12 Para. 2.43 & 2.44)

The Committee note that the power cuts imposed by various State Electricity Boards during 1973 have also contributed to the shortfall in production of cement and the monthly loss of production ranged between 2 and 3 lakh tonnes of cement. The Committee also note that the Minister of Industrial Development took up the matter of supply of power to the cement plants with the Chief Ministers of the concerned States and as a result, some of the States allowed certain concessions to the cement factories at the time of power cuts.

The Committee are perturbed to note that power cuts have adversely affected cement industry which is a 'continuous process industry'. The Committee feel that normally the State Electricity Boards should meet in full the demand of power of core sector industries like the cement industry.

Reply of Government

The Ministry of Energy (Department of Power) has brought the recommendations of the Estimates Committee to the notice of all the State Electricity Boards and Central Water and Power Commission (Power Wing) for compliance.

[Deptt. of Industrial Dev. O.M. No. 8-137/74-Cem. dated 28th Feb., 1975]

Comments of the Committee

The Committee would like to be informed whether all cement plants are now getting sufficient power supply to produce cement according to their production programmes. The names of the Cement factories which are still facing power cuts may be intimated to the Committee.

Recommendation (Sl. No. 13 Para 2.45)

The Committee need hardly emphasize the urgent need for augmenting power generation so that no industry suffers for inadequate availability of power, much less industries like cement and therefore, urge that the question of increasing the generation of power should be accorded the highest priority so as to ensure full supply of power to cement factories. If that is not possible, cement plants may be given full facilities to have their own captive power plants so that production of cement does not suffer on this account.

Reply of Government

The views of the Estimates Committee have been brought to the notice of the Ministry of Irrigation and Power. As regards the grant of full facilities to cement plants to have their own captive power plants, so that production of cement does not suffer on this account, it may be stated that some of the cement producers even now have their own captive power generation facilities. As already indicated earlier, import of diesel generating sets has also been permitted. However, the use of captive power of generation by the cement producers increases considerably their cost of production of cement and unless they are adequately compensated for this, it would not be economical for them to maintain facilities for their own power generation.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated 25th Sept. 1974]

Further information called for by the Committee

Please state in consultation with the Ministry of Energy, what steps have been taken for augmenting power generation so that no industry suffers on account of inadequate availability of power.

[Lok Sabha Sectt. O.M. No. 5/3/1|ECII|74 dated 18th Feb., 1975]

Reply of Government

With a view to overcome power shortage in various parts of the country, the Ministry of Energy have taken number of steps which are enumerated in Appendix IV.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem. dated 19th March, 1975].

Recommendation (Sl. No. 15, Para 2.62)

The Committee have already pointed out that even the target of 28 million tonnes is on the conservative side. The Committee also note that Government propose to export three lakh tonnes of cement by the end of December, 1974 and another five lakhs tonnes during 1975 to Iran as a part of bilateral trade negotiations between India and Iran. In view of this export commitment and the need for higher exports of cement for meeting the higher crude import bill, it has become imperative that the capacity to be installed should be sufficient not only to meet the growing internal demand but also to fulfill the export commitments. The Committee therefore recommend that additional capacity should be licensed by Government without further loss of time so that a safe margin is provided to

ensure that there is no shortfall to meet the additional demand for cement.

Reply of Government

Government have noted the observations of the Estimates Committee. As indicated earlier, additional capacity to the extent of 17.4 million tonnes has been approved by way of letters of intent/licences. Further applications are being entertained and will be considered on merits. It is not intended to restrict the licensing of further applications. Every effort is being made to ensure that there is no shortfall.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated 25th Sept., 1974.]

Further information called for by the Committee

What is the present position of licences issued to ensure that there is no shortfall in production of cement.

[Lok Sabha Sectt. O.M. No. 5/3/1|ECII|74 dated 18th Feb., 1975]

Reply of Government

Licences/Letters of Intent for additional capacity of 20.15 million tonnes have been issued, as per details given in Appendix V.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem. dated 19th March, 1975].

Recommendation (Sl. No. 16 Para 2.63)

The Committee find that there would be only marginal increase in capacity and production in the first two years of the Fifth Plan and somewhat higher increase in the third year. In the last two years of the Fifth Plan and more particularly in the last year of this Plan, the increase in capacity and production would be pronounced. Even if the existing licenced capacity materialises, there will be shortfall in every year of Fifth Plan in relation to targeted capacity as well as production. It is imperative to ensure that not only the target dates of completion of projects are sufficiently advanced but also the targets of capacity and production are achieved, so that the gap between demand and availability of cement narrows down. The Committee would, therefore urge Government to take necessary steps towards this end.

Reply of Government

The normal gestation period in the case of cement industry is about 4 to 5 years. With a view to ensure that the benefits of additional capacity accrue during the Fifth Plan period itself, the Cement Corporation has been directed to place advance orders for five plants and to ensure that the plants are set up between 36 to 40 months. Import of long delivery items is also being permitted.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated 25th Sept., 1974.]

Further information called for by the Committee

What is the actual progress made by Cement Corporation of India in placing advance orders and setting up of cement plants. Please also state what steps have been taken to advance the target dates of completion of cement projects in the private sector.

Reply of Government

Out of 5 new cement plants (Yerraguntala, Tandur, Adilabad, Neemuch and Akaltara), the Cement Corporation has already placed orders for plant and machinery in respect of 3 plants. The question of placing orders in respect of the remaining two plants is likely to be finalised with the Ministry of Finance, in June, 1975. With a view to advance the target dates of completion of cement projects, both in public and private sector, this Ministry is constantly keeping a watch on the progress of individual project so as to render such assistance as may be possible.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem. dated 19th March, 1975].

Recommendation (Sl. No. 18 Para 2.65)

The Committee also note that a special implementation cell is being established in the Ministry to watch and monitor the progress of various projects and to remove the difficulties in the way of execution as they arise. The Ministry also propose to set up monitoring cells at the project level and at headquarters level. The Committee feel that these steps are in the right direction and hope that these cells will operate with maximum efficiency to eliminate all bottlenecks in the way of realisation of capacity and production targets. The Committee recommend that the problems solved and the results achieved by these cells should find a special mention in the Annual Reports of the Ministry.

Reply of Government

The observations of the Estimates Committee have been noted and the problems solved and the result achieved would be mentioned in the Annual Reports of the Ministry.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974].

Recommendation (Sl. No. 19 Para 2.78)

The Committee note that during the period between January, 1972 and the 3rd May, 1973, applications of the larger houses for new units, or for expansion, were not approved as a result of the decision of the Cabinet Committee for Economic Coordination. The Committee also note that Government, realising the need for a pragmatic and realistic policy, have since decided to review the applications of the larger houses and as a result of the review, some of the applications which were earlier rejected, have been approved and letters of intent have since been issued. While the Committee agree that every encouragement may be given to new entrepreneurs, they feel that the nature of industry, capital investment involved, the expected return etc. should be all carefully gone into before the licences are issued.

Reply of Government

The views of the Estimates Committee have been noted and are being kept in view while considering the grant of letters of intent/licence to the new entrepreneurs.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974].

Recommendation (Sl. No. 20 Para 2.79)

The Committee note that some applications from larger houses for a capacity of 4.00 million tonnes are pending clearance from M.R.T.P. angle. The Committee recommend that in the interest of increased cement production, these applications should be processed expeditiously and decisions taken within a specified period.

Reply of Government

Out of the applications from larger houses for a capacity of about 4 million tonnes which were reported as pending at the time of submission of replies to the Questionnaire issued by the Estimates

Committee, a capacity of about 3.6 million tonnes has been approved since. A capacity of 0.35 million tonnes is being rejected as a similar capacity for the same location in the case of another party has been approved.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974].

Recommendation (Sl. No. 21 Para 2.80)

The Committee note that the Cement Corporation of India a public sector organisation has also entered the field of cement industry. The Committee feel that this Public Sector organisation should be given all encouragement to enable it to play an important role in cement production.

Reply of Government

The views of the Estimates Committee have been noted and the Cement Corporation is being given all encouragement to play an important role in cement production.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974].

Recommendation (Sl. No. 23 Para 2.90)

The Committee are not happy that after setting up the Cement Corporation of India to play an effective role in the production of cement, Government should have sought to curtail its activities placing greater reliance on the private sector. The Committee are not convinced that the consideration of financial constraints should have led to a drastic scaling down of the capacity target of the Corporation from 5 million tonnes to 1.2 million tonnes during the Fourth Plan period. They regret to note that even this modest target of 1.2 million tonnes, has not been achieved and the achievement of the Corporation stands at 0.4 million tonnes only.

Reply of Government

Government have noted the observations of the Estimates Committee and will make every effort to see that the Cement Corporation fulfils its targets during the Fifth Plan.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974].

Recommendation (Sl. No. 24 Para 2.91)

The Committee realise that the Cement Corporation of India has a special role to play in the deficit areas, but they are unhappy that a restriction to go only for deficit areas, should have been imposed with the result that the Corporation was inhibited from setting up its plants at sites where they had already carried out their investigation during the Fourth Plan period. The Committee recommend that full encouragement should at least now be given to the Cement Corporation to set up cement plants during the Fifth Plan period.

Reply of Government

As the private sector was not coming up freely in setting up additional capacity in the deficit areas, a policy decision was taken to restrict the setting up of additional capacity by the Cement Corporation in the Public Sector to the deficit areas only. As this affected the profitability of the Cement Corporation for reasons beyond their control, this decision has been revised and the Cement Corporation is now permitted to set up capacity in other areas besides the deficit areas.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974].

Recommendation (Sl. No. 25 Para 2.98)

The Committee note that Cement Corporation of India has a target of production of about 2.78 million tonnes of cement during the Fifth Plan period, and that it would then become an important cement producing organisation in the country. The Committee feel that even so its production would constitute only about 10 per cent of the total targetted production at the end of the Fifth Plan period, viz. 28 million tonnes. The Committee recommend that since about 50 per cent of cement is used by Government semi-Government and public undertakings, it is but appropriate that a larger role should be given to the Cement Corporation of India in cement production during the Sixth Plan period at least.

Reply of Government

The additional capacity that would be set up by the Cement Corporation during the Fifth Plan period would be of the order of 3.18 million tonnes. It has not been possible to undertake the setting up of a larger capacity due to various constraints like fin-

ancial, managerial and technical personnel. Even for the setting up of the present capacity, the resources of the Cement Corporation both in the form of financial and managerial skill would be extended to the utmost and it was therefore not practicable to have gone in for the setting up of a higher capacity during the Fifth Plan period. The observations of the Estimates Committee have, however, been noted for consideration while planning the role of the Cement Corporation during the Sixth Plan. It may be mentioned that the Planning Commission have fixed the target of production of cement at the end of the Fifth Plan period as 25 million tonnes. The observations of the Committee are being communicated to the Planning Commission.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974].

Recommendation (Sl. No. 26 Para 2.99)

In view of the long gestation period for the installation of cement plants, the Committee suggest that the Cement Corporation of India, should undertake the preparation of detailed proposals for the Sixth Plan period well in advance and seek the approval of Government therefor with a view to initiate advance action in this behalf.

Reply of Government

It is also the intention of the Government that the Cement Corporation should undertake the preparation of detailed proposals for the Sixth Plan period well in advance and seek the approval of the Government therefor with a view to intimate advance action in this behalf.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974].

Recommendation (Sl. No. 27 Para 2.112)

The Committee note that according to the Cement Research Institute the present availability of blast furnace slag in the country is about 5 million tonnes annually. They regret to note that very small quantity is at present being utilised for manufacture of slag cement. Since technique of utilisation of blast furnace slag for the manufacture of cement is available in the country and since the cost of production of slag cement is comparatively cheaper, the Committee would urge the Government to make a comprehensive

assessment of the availability of blast furnace slag from the various steel plants in the country and take effective measures in consultation and close coordination with the steel plants authorities for full utilisation of the available slag for stepping up cement production at the earliest. The Committee would also like to stress that in setting up the plants for the manufacture of slag cement, adequate provision should be made for utilisation of increased quantities of slag consequent on expansion and higher production by the Steel Plants.

The Committee would further suggest that while setting up new steel plants and expansion of existing ones in future, an integrated plan should be prepared providing for a granulation plant for slag and its utilisation for the manufacture of cement simultaneously with the commissioning of the steel plants.

Reply of Government

Blast furnace slag cannot be utilised for the manufacture of slag cement unless the slag is granulated first. All the granulated slag presently available from the steel plants is being utilised for the manufacture of slag cement. Further granulation facilities are being set up by the Steel Plants. The utilisation of blast furnace granulated slag, as and when it becomes available, for the manufacture of cement by existing or new entrepreneurs is being organised in consultation with the concerned authorities. The suggestion of the Committee that the steel plants should have an integrated plan for granulation facilities and its utilisation for the manufacture of cement simultaneously with the commissioning of the steel plants has been brought to the notice of the Ministry of Steel and Mines.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974].

Further reply of Government

The suggestion of the Committee that while setting up new plants and expansion of existing ones in future, an integrated plan should be prepared providing for a granulation plant for slag and its utilisation for the manufacture of cement simultaneously with the commissioning of the steel plants has been noted. It will be kept in view while considering proposals for further expansion of existing steel plants and setting up of new steel plants in the future.

Recommendation (Sl. No. 20 Para 2.123)

The Committee note that the Cement Institute has now done some research regarding the quality and use of flyash in the production of pozzolana cement in our country and a stage has been reached for using the technology in large scale manufacture of flyash cement. The Committee feel that research in this field should have been intensified. They urge that concerted efforts should be made to resolve the remaining technical problems so that large-scale manufacture of flyash cement can be undertaken at the earliest.

[Deptt. of Industrial Dev. O.M. No. 8-136/74-Cem. dated 26th Feb., 1975.]

Reply of Government

Subsequent to the bringing out of the special publication entitled 'Utilisation of Indian Flyashes—A Technical Appraisal', CRI has intensified research in the field through detailed studies on flyashes from a particular thermal power stations to promote their utilisation in the manufacture of portland flyash cement. It has thus successfully completed 4 Sponsored Projects leading to techno-economic feasibility reports on the utilisation of flyashes from the thermal power stations in the Delhi-Badarpur—Faridabad Complex, Nellore (AP) and Panki (UP). In the case of flyash from Delhi-Badarpur-Faridabad Complex, indeed two reports were brought out, one based on intergrinding process and the other on blending. The reports treat all the aspects involved in the setting up of portland flyash cement plants, such as availability of electricity, manpower and other services, capacity of plant, location of plant site, transportation of raw materials and finished product, process engineering, requirements for plant and equipment and their specifications, essential ancillaries of the plant, various civil works involved, project cost for a 600 tonne per day plant and a 1200 tonne per day plant and the socio-economic impact of the project. The reports have already been handed over to the respective sponsors two of whom are cement manufacturers.

The Institute has participated in a collaborative programme of testing flyash samples from three different thermal power stations, i.e., Delhi 'C', Faridabad (Haryana) and Bandel (West Bengal) at the instance of the Cement Manufacturers Association. The programme involved testing of over 250 samples of flyash from the three power stations, their analysis and interpretation of the data especially in regard to the variation in quality of flyash on which information is frequently sought by different quarters.

Comments of the Committee

The Committee would like to be apprised whether as a result of the detailed studies made by Cement Research Institute on Fly Ashes from Thermal Power Stations, any concrete schemes have been evolved for the large scale manufacture of flyash cement.

Recommendation (Sl. No. 30 Para 2.124)

The Committee hope that the results of the experiment in the manufacture of flyash cement in Kurkunta and Mandhar plants of Cement Corporation would be fully evaluated and studied with a view to using the flyash to the maximum extent. Since flyash cement is being manufactured for the first time, it is necessary that in the utilisation of this cement, a lead should be given by the Central Public Works Department and State Public Works Departments so as to make it popular among the public.

Reply of Government

As already indicated earlier, the Cement Corporation is proposing to manufacture flyash cement based on the flyash available from Badarpur Thermal Complex. The Ministry of Works and Housing have also indicated that major portion of this flyash cement should be allotted to the C.P.W.D.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974].

Recommendation (Sl. No. 31 Para 2.127)

The Committee would like the Government to make a survey on the availability of by-product gypsum, its present utilisation and the possibilities of using the same in cement manufacture.

Reply of Government

The exact information on the availability of by-product gypsum in the country, its present utilisation and the possibility of using it in the cement industry is not available. However, by-product gypsum is produced in the fertiliser plants producing phosphoric acid. Part of the by-product gypsum is utilised for the manufacture of ammonium sulphate. The detailed information about present and future production and mode of utilisation of the by-product gypsum is being collected by the Department of Mines.

[Deptt. of Industrial Dev. O.M. No. 8-131/74-Cem. dated 26th Feb.
1975.]

Comments of the Committee

Detailed information about the availability and utilisation of by-product Gypsum may be furnished to the Committee.

Recommendation (Sl. No. 32 Para 2.128)

The Committee attach great importance to the fuller utilisation of industrial wastes, particularly in the manufacture of cement which has also become a critical item of shortage. The Committee hope that, with the help of the Cement Research Institute, initial inhibitions of the manufacturers of cement in using industrial wastes would be overcome and the wastes would be turned into wealth. The Committee would urge Government and Cement Research Institute to take concerted measures in conjunction with the industry to put industrial wastes to productive use in the manufacture of cement.

Reply of Government

Government is also interested in the use of industrial waste like blast furnace slag, fly ash etc. in increasing the production of cement and efforts in this direction are being made.

[Department of Industrial Development O. M. No. 8-60/74-Cem. dated 25th September, 1974]

Recommendation (Sl. No. 33 Para 2.134)

The Committee note that the Tariff Commission is already engaged in examining and recommending suitable retention price to the cement manufacturers. The Committee would urge the Tariff Commission to expedite their report. The Committee hope that after the submission of the final report by the Commission, Government would process the recommendations and take expeditious decisions so that the investment climate in the cement industry improves. The Committee would like to be apprised of the final recommendations of the Tariff Commission and the decisions taken by Government thereon.

Reply of Government

The Tariff Commission have since submitted their final recommendations in regard to the cement industry. A copy of their report along with a copy of the Government Resolution in this connection has been sent to the Estimates Committee separately.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated 25th Sept. 1974.]

Further information called for by the Committee

Action taken by Government on the main recommendations of the Tariff Commission may be intimated in the form of a statement.

[Lok Sabha Sectt. O.M. No. 513|1|ECH|74 dated 18th Feb., 1975]

Reply of Government

The information furnished in reply to further information called for by the Committee in respect of question No. 7 may kindly be seen.

[Department of Industrial Development O. M. No. 7-60/74-Cem. dated 19th March, 1975]

Recommendation (Sl. No. 34, Para 2.145)

The Committee note that the financial needs of the cement industry are expected to be met during the Fifth Plan provided the industry also makes an effort to provide resources from within the industry.

Reply of Government

No reply is called for. The Committee's observations have been noted.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem. dated 25th September, 1974]

Recommendation (Sl. No. 38, Para 2.163)

The Committee note that vertical shaft kilns would eminently suit certain areas which are deficit in cement production. Being of smaller capacity than the standard plants the Committee feel that with proper encouragement, new entrepreneurs could be attracted to put up cement plants in areas suitable for shaft kilns. The Committee, therefore, urge that considering the advantages of having vertical shaft kilns in some areas of our country, Government should take suitable measures to attract new entrepreneurs to set up such plants in these areas.

Reply of Government

There is no constraint from the policy angle for the setting up of small cement plants based on vertical shaft kilns. The basic consideration is its economic viability. Shaft kiln plants have not

yet been commercially proved within the country. Subject to their economic viability, applications for small plant based on shaft kiln will be considered on merits.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974]

Recommendation (Sl. No. 41, Para 3.18)

The Committee recommend that the revised Cement Control Order should be laid on the Table of both the Houses at the earliest.

Reply of Government

The directions of the Estimates Committee have been noted and will be complied with.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974]

Recommendation (Sl. No. 42, Para 3.19)

The Committee would further like to stress that a close watch should be kept on the enforcement of revised order and periodical reviews should be carried out to assess the effectiveness of the directions given under the order and to remove loopholes if any, without delay.

Reply of Government

The directions of the Estimates Committee have been noted.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974]

Recommendation (Sl. No. 43, Para 3.20)

The Committee regret to note that in the past authorisation for cement were issued by Cement Controller in excess of the available supplies with the result that cement producers exercised their discretion to choose the consumer for supply of cement which caused avoidable hardships and inconvenience to the authorisation holders. The Committee learn that corrective measures have been taken in this regard since April, 1973 and the authorisations are now being issued to match the available supply. The Committee would like Government to keep a close watch in this regard and to ensure that in future all authorisations issued on cement producers are honoured and supplies are made in time.

Reply of Government

The observations of the Estimates Committee are already being implemented.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974]

Recommendation (Sl. No. 44, Para 3.25)

The Committee feel that considering the existing location of the cement plants in the country, the freight pooling system through which cement is sold at a uniform f.o.r. destination price, has certain advantages. The Committee consider that freight constitutes an important component in the determination of the price of cement, particularly when cement has to be moved from one part to another distant part of the country. They, therefore, feel that any disturbance of the freight pooling system in the present climate of scarcities may result in steep increase of prices in deficit areas.

Reply of Government

The Tariff Commission who have recently conducted a comprehensive study of the cement industry and the fair ex-works price payable to the cement producers, have come to the conclusion that in the interest of overall economy and that of the consumer, freight pooling system should be continued. They have held that even when cement factories come up in deficit areas, freight pooling might still have to continue to ensure equal availability and uniform price for cement all over the country. They have, therefore, recommended that the position might be reviewed towards the close of the Fifth Plan period to see if any modifications are called for in the system. Government have agreed with these recommendations of the Tariff Commission that, in the interest of overall economy of the country and that of the consumer, freight pooling system should be continued to ensure availability and uniform price of cement all over the country and that the position might be reviewed towards the close of the Fifth Plan period to see if any modifications are called for in the system.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25-9-1974]

Recommendation (Serial No. 46, Paras 3.48 and 3.49)

The Committee note that there has been a continuing gap between the demand and supply of cement in the country and that this gap has been widening since 1971. During the year 1973, against a demand of about 19 million tonnes, the supply was about 15 million tonnes i.e. a gap of about 4 million tonnes, in the demand and supply of cement.

The Committee realise that so long as there is a marked gap between the demand and availability of cement in the country, it may not be practical to give up entirely controls over the distribution of cement. The Committee note that a number of State Govern-

ments have imposed control on distribution of cement through Essential Commodities Act. It is regrettable that in spite of the distribution of cement being regulated under the Essential Commodities Act, the existing distribution system leaves much to be desired and there is a wide-spread black-market in cement in various parts of the country. The Committee would, therefore, urge Government to plug the existing loop-holes in the distribution system and to keep a stricter watch to ensure that cement is issued to the real consumers and is used for the purpose for which the permit was issued. To obviate mal-practices, exemplary punishment should be awarded to delinquent dealers and officials concerned.

Reply of Government

While the present installed capacity of the industry is capable of yielding a production about 17 million tonnes on the basis of 85 per cent utilisation of capacity, the actual production has been of the order of 15 million tonnes only due to various constraints like power cuts, non-availability of wagons, inadequate supplies of coal etc. which are beyond the control of the producers. As a result the gap between demand and supply has become little more than what it should ordinarily be. Cement has been declared as an essential commodity for purposes of the Essential Commodities Act, 1955 and adequate powers have been delegated to the State Governments under the Act to deal with unsocial elements indulging in unethical practices. The observations of the Estimates Committee in regard to the need for meeting out exemplary punishment to delinquent dealers and officials has been brought to the notice of all State Governments and Union Territories for necessary action.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25-9-1974]

Recommendation (Serial No. 47, Para 3.50)

The Committee feel that while the bulk consumers are generally able to obtain their requirements of cement, it is the small consumer who suffers the most, due to shortage of cement and has to obtain his requirements from the market any how. The Committee would like Government to take effective measures to see that the requirements of cement of small consumers for repairs etc. are met. The Committee would like to be informed in detail of the field arrangements which Government have made or propose to make to achieve this objective.

Reply of Government

Price and distribution of cement is at present regulated in terms of the Cement Control Order 1967, as amended from time to time. Under this order, a uniform f.o.r. destination price is fixed by the Central Government, while the retail or wholesale price at which a dealer may sell cement is fixed by the State Governments. The State Governments have also been requested to issue orders under the Essential Commodities Act regulating the sale of cement by dealers, stockists etc. by grant of licence/permits. Quotas have been fixed for each State on the basis of their consumption during the past five years. These quotas are exclusive of the requirement of Central Government works within a State and those of medium and large industries which are met separately by the Centre. Within the bulk quotas to each state, specific quantities are also earmarked for irrigation and power projects and the State Governments have been informed that these specific quotas should not be diverted for other uses. Allocations are made in accordance with the recommendations of the State Governments. The needs of small consumers will, therefore, be catered for by the State Governments from the quotas allocated by them. Besides, requests of *ad hoc* allotments from State Governments are also considered on merits depending on the anticipated availability of production during each quarter.

[Deptt. of Industrial Development O.M. No. 8-60/75-Cem.
dated 25-9-1974]

Recommendation (Serial No. 48, Para 3.51)

The Committee are concerned to note that leakages of cement take place from Government quotas. The Committee would like Government to exercise stricter watch on the consumption of cement in Government Departments and to ensure that loopholes leading to leakages are effectively plugged.

The Committee need hardly stress that deterrent action should be taken against officials who are found to indulge in such malpractices.

Reply of Government

Instructions have already been issued to all authorities concerned to ensure that loopholes leading to leakages are effectively plugged.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated 25th
September, 1974]

Further information called for by the Committee

A copy of the relevant instructions issued by Government may be furnished for information of the Committee.

[Lok Sabha Sectt. O.M. No. 513/1|ECH|74 dated 18th Feb., 1975]

Reply of Government

A copy each of the instructions issued to State Governments and Central Government Departments are attached. (Appendix VI).

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated
19th March, 1975]

Recommendation (Sl. No. 51, Para 3.72)

The Committee also consider that specific provision for cement traffic should be made in the Railway Plans, after assessing in advance the detailed requirements of the cement industry both for the movement of raw materials as well as finished goods so as to obviate transport bottlenecks in cement production. As the sources of supply of raw material to each cement factory are well established and the distribution of the finished product is also well regulated, the Committee see no reason why it should not be possible for the Railways to regulate the supply of wagons according to the actual requirements through suitable linkages.

The Committee would like Government to learn from the past experience and make these detailed assessments for cement industry for the fifth Plan in consultation with the cement industry. The Committee have no doubt that while making this assessment, the production targets fixed for each cement factory during the Fifth Plan and the increased requirements for the movement of raw materials and finished product would be taken into account. It is also necessary that effective measures are taken to improve transshipment facilities so as to ensure that the movement of wagons is smooth and there are no bottlenecks.

Reply of Government

The Railways make provision in their plans after obtaining the transport requirement from the concerned Ministries and in consultation with the Planning Commission. To assess the requirements for the Fifth Five Year Plan, an Inter-Ministerial Working Group on which, among others, the Ministry of Industrial Development was also represented, had examined the transport require-

ments of the cement Industry both for movement of raw materials as also finished goods.

The Working Group was advised by the Ministry of Industrial Development that the total demand of cement by 1978-79 would be around 28 m.t. However, the total licensed capacity was expected to go upto 26.83 m.t. The Working Group estimated that the rail share of the movement of cement by the end of the Fifth Five Year Plan would be around 21 m.t. within the overall target of 335 million tonnes of freight traffic. The Planning Commission have, however, subsequently fixed a target of 18 million tonnes for movement of cement by rail within the overall originating rail traffic target of 300 m.t.

In addition to assessments of transport requirements being made by the concerned Ministries, the Railways have also taken in hand detailed studies in regard to transport of major commodities. A study of coal Transport requirement has been already completed and similar studies in regard to other major commodities including cement have been planned.

So far as regulating the supply of wagons for the Cement industry is concerned, the Railways would like to assure the Committee that wagons are supplied on the basis of actual requirements through planned suitable linkages to the extent operationally feasible.

[Deptt. of Industrial Dev. O.M. No. 8-133/74-Cem. dated 3rd Dec. 1974]

Recommendation (Sl. No. 52, Para 3.73)

The Committee would like Government to keep a continuous watch on the position of supply of wagons to the Cement Industry to ensure that the production of cement at no time suffers due to non-availability of requirements of wagons by the factories.

Reply of Government

Movement of cement by rail is a programmed movement. The annual target for movement of cement is decided jointly by the Planning Commission, Ministry of Industrial Development and the Ministry of Railways. Based on the targets fixed, a programme for daily loading of cement from the various cement factories is drawn up by the Ministry of Railways and circulated to the Zonal Railways for guidance and adoption. A daily watch is kept over the wagons loaded by the cement factories *vis-a-vis* the daily wagons quota allotted to and the indents placed by the factories. The reasons for shortfall in the loading, if any, are scrutinised and remedial action where indicated, is taken to step up loading allot-

ted to the factories. Position is reviewed every quarter to take into account any variation in the production schedule. It is the constant endeavour of the Government to see that production of cement is not affected for want of availability of wagons.

[Deptt. of Industrial Dev. O.M. No. 8-133/74-Cem. dated 3rd Dec. 1974].

Recommendation (Sl. Nos. 53 & 54, Paras 3.79 and 3.80)

The Committee note that at present most of the cement produced in the country is packed in jute bags. With the expected rise in production of cement from the present 15 million tonnes to about 28 million tonnes at the end of the Fifth Five Year Plan, the requirements of jute for the manufacture of jute bags for packing of cement, would rise from 2,50,000 tonnes (approximately) to 3,00,000 tonnes (approximately). The Committee further note that the cost of packing is about 25 per cent of the ex-factory price of cement. Thus the problem of packing has assumed great importance in view of the high cost and the tight position of jute bags and the increasing needs of cement industry.

The Committee note that in several advanced countries, bulk supply of cement is resorted to, on a very large scale which has many advantages. The Committee, therefore, consider that keeping in view the foreign exchange earning potentiality of jute and the high cost of packing cement in jute bags, it is imperative that effective measures are taken by Government and the cement industry to ensure that as much quantity of cement as possible, is supplied to the large consumers in bulk.

Reply of Government

The observations of the Estimates Committee have been noted and efforts will be made to ensure that as much quantity of cement as possible is supplied to the large consumers in bulk to the extent possible.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem. dated 25-9-1974]

Recommendation (Sl. No. 54, Para 3.81)

The Committee note that the main impediment in resorting to bulk transportation has been the non-availability of self-unloading wagons or truck mounted carriers. They note that two truck mounted carriers have been recently developed and manufactured in the country. The Committee would like Government to evaluate the performance of the bulk carriers and to effect improvement in the light of experience gained with a view to economising on pack-

ing minimising wastage in transportation and preventing deterioration in quantity etc.

Reply of Government

The observations of the Estimates Committee have been noted and will be pursued further.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25-9-1974]

Recommendation (Sl. No. 56, Paras 3.92 and 3.93)

The Committee note that 24 cement dumps have been set up at various places in the country. The Committee consider this as a step in the right direction as cement can be moved to these dumps in block rakes during lean periods of construction activity and slack season of Rail transport.

The Committee would, however, like Government to make an assessment of the working of the cement dumps to see whether the creation of dumps has resulted in avoidance of wastage pilferage, adulteration and economy in the cost involved. Based on such assessment, Government should give all encouragement for the creation of more dumps in the country, if such an arrangement is found to be economical. The Committee would, however, like to emphasize that sufficient stocks of cement should be kept in difficult and in-accessible areas to meet their demands.

Reply of Government

A general assessment of the working of the dumps has revealed that this helps in ensuring availability of cement at destinations served by these dumps. Further assessment of the working of these dumps will be made to see whether this has helped in avoidance of wastage, pilferage and economy in cost. However, it can be said that the working of the dumps is economical from the overall point of view of the areas served by such dumps as in the absence of such dumps, cement will become scarce in those areas and become much costlier.

Government have recently decided on the creation of a dump at Jogigopa in Assam to serve those areas in that State to which cement was otherwise not moving on account of transport difficulties but will be easy to move by road from the dump to be created at that place. Cement producers concerned have been directed to keep sufficient stocks at such dumps for meeting the demands in inaccessible areas.

[Deptt. of Industrial Dev. O.M. No. 8-134/74-Cem. dated 26th Feb. 1975]

Recommendation (Sl. No. 57, Para 3.97)

The Committee note that considerable quantity of cement is at present moved by road due *inter alia* to non-availability of railway wagons. They further note that the expenditure on road movement is reimbursed subject to certain conditions. The Committee cannot over-emphasise the need for a well co-ordinated plan of movement of cement with a view to ensure that cement stocks do not pile up at the factories, thereby affecting production and dislocating the distribution system. Since marketing zones of these cement factories are pre-determined, the Committee see no reason why it should not be possible to have a most rational plan for movement of cement by rail or road in the interest of meeting speedily the requirements of consumers. The Committee suggest that Government may consider the advisability of having a standing arrangement as existing for movement of POL where the industry as well as the Ministries of Railways and Industrial Development and all others concerned would be represented to approve every month the programme of movement. The Committee need hardly point out that this would ensure not only that the bulk of the cement is moved by rail which is obviously more economical but would also ensure that the heavy investments which have been made in this national enterprise to meet the plan requirements are put to fuller use. The Committee however, should not be understood to be in any way against movement by road but what they have in mind is that there should be a rational plan of movement in the best public interest as expenditure incurred on freight is to be met from the freight pool.

Reply of Government

The marketing zones of the cement factories are determined in consultation with the Ministry of Railways from the point of view of availability of rail transport for cement and revised in consultation with the Ministry from time to time as and when new factories come into production. Annual targets for movement of cement by rail are also determined in consultation with the Ministry of Railways. As explained against recommendation No. 49, allocations of cement against Central and State Government quotas are made during each quarter for the ensuing quarter in consultation with industry on the basis of the anticipated availability of cement during the ensuing quarter. The rail transport movements of cement are reviewed every month by a high level committee of Economic Secretaries

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with a view of extent such assistance as may be feasible to the factories facing movement difficulties. Since August, 1973, the Standing Linkage Committee under the Department of Mines has also reviewed the movement of coal to the cement industry and has linked each factory to a particular coal field or coal fields for supply of coal. The supply of coal to the cement industry is also reviewed by this Committee every month. A monitoring cell also monitors the progress of supplies of coal to the cement industry every 10 days on the basis of the reports received from the factories. The programme of movement is thus practically reviewed every month by high level committees on which all the connected interests are represented.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25-9-1974]

Recommendation (Sl. No. 58, Para 3.98)

The Committee also like Government to review the position regarding reimbursement of expenditure on road movement of cement with a view to see what further liberalisation in reimbursement of expenses on road transport, is necessary in the interest of smooth and quicker movement of cement to the consuming centres and removal of transport bottlenecks in maximising production of cement in the factories.

Reply of Government

The matter regarding reimbursement of expenditure on road movement is kept under constant review and liberalisations in the following cases have been introduced with a view to encouraging road movement in these areas:

1. Areas served by cement factories located on metre gauge sections in Gujarat are allowed reimbursement of road freight at 150 per cent of corresponding Railway freight where destinations served in Gujarat State are located on broad gauge section and to which movement by rail is difficult on account of trans-shipment difficulties.

2. For transport of cement from Jamul and Mandhar factories located in Raipur district to destinations in Madhya Pradesh which are more than 350 kilometres away, reimbursement of freight is allowed at the rate of 150 per cent of corresponding Railway freight.

3. In case of transport of cement by road from Jogigopa Dump in Assam, freight reimbursement has been sanctioned at 150 per cent of corresponding Railway freight for destinations beyond 350 kilometres.

Under the normal operation of the orders, freight reimbursement would be admissible equal to 150 per cent of the corresponding Railway freight.

[Deptt. of Industrial Dev. O.M. No. 8-134/74-Cem. dated 26th Feb. 1975]

Recommendation (Sl. No. 60, Para 3.108)

The Committee further recommend that advance linkage of the production of cement factories during the Fifth Plan period with their marketing zones, should be made, with a view to reduce the lead distance to the extent possible so as to economise not only on transport costs but also to relieve transport capacity for movement of other essential goods. The Committee would also like that position is reviewed at periodical intervals in order to ensure that all cross movements are avoided.

Reply of Government

The marketing zones and pattern of movement to different areas are reviewed periodically as and when new factories come into production. Linkages of new production are also made in advance when the factories are due to begin commercial production of cement.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cen. dated 25th Sept., 1974.]

Recommendation (Sl. No. 61, Para No. 4.21)

The Committee note that the proved reserves of limestone are more than adequate to cater to the requirements of the cement industry for the present. As limestone is an important raw material for the steel and cement industries and their requirements are bound to increase considerably in the future, it is imperative that the reserves of limestone in the country are assessed at an early date. It is essential that a coordinated programme of survey, investigation and exploratory drilling for limestone deposits is drawn up and implemented early. The Committee, therefore recommend that a comprehensive plan should be formulated to undertake these surveys, systematically to meet the short term and long form needs of the various industries in the country and completed within a time bound programme.

Reply of Government

Sufficient reserves of cement grade limestone are available in the country for meeting both short term and long term needs of the cement industries. These reserves are not evenly distributed over the whole country. Thus the Sub-Committee on other minerals of Central Geological Programming Board during its meeting on 9th and

10th July, 1974 had observed that "taking the resource position and location of cement plants and proposed steel plants.....there is urgent need for intensification of investigation for limestone in the eastern and north eastern sectors of the country". The Vth Plan Programme and Annual Plan Programme of GSI for 1974-75 have given priorities for regional investigation for limestones in these sector, of course at a comparatively lower key, due to severe financial stringency.

[Deptt. of Industrial Dev. O.M. No. 8-131/74-Cem. dated 26th Feb., 1975]

Recommendation (Sl. No. 62, Para No. 4.22)

The Committee noted that the Geological Survey of India has prepared a number of exploration programmes for limestone deposits in Northern and Eastern zones which are deficit area so far as cement is concerned. The Committee would like to stress the urgent need for proper and fuller investigation of cement grade limestone in deficit areas so that cement plants could be set up in these areas near the consuming centres. They would, therefore, recommend that the requisite investigations in these areas should be undertaken by the Geological Survey of India on a priority basis and completed according to a time bound programme.

Reply of Government

The Geological Survey of India has made a tentative provision of 5000 m. drilling for limestone during the Vth Plan and most of these drilling will be carried out in the deficit areas, namely eastern and north eastern region. Accordingly GSI has included the following investigations for 1974-75 F.S. in these zones in addition to the northern sector. These are as follows:—

- (1) Investigation for dolomites and limestones reserves in Kameng district, Arunachal Pradesh.
- (2) Regional assessment by drilling of limestone deposits in Shella-Kaslmara area, Khasi Hill district, Meghalaya.
- (3) Cement grade limestone in Garampani-Lanka road Section, United North Cachar and Mikir Hill district, Assam.
- (4) Investigation for Cement grade limestone in Jhaloa area. Purulia district, West Bengal.
- (5) Investigation for cement grade limestone in Shali formation, Simla district, Himachal Pradesh.

[Deptt. of Industrial Dev. O.M. No. 8-131/74-Cem. dated 26th Feb., 1975]

Recommendation (Sl. No. 63, Para 4.23)

The Committee further note that one of the important functions of the Cement Corporation of India was to survey, prospect and prove cement grade limestone in the country. The Corporation set up a Limestone Investigation Division for this purpose but it was closed down in 1969 as it had already proved a total reserve of 1017 million tonnes of cement grade limestone in the various parts of the country which were far in excess of its own requirements during the Fourth Plan period and as the request of the Corporation to treat the expenditure on such investigations, as outright grant or as developmental expenditure was not agreed to by Government. The Committee feel that Government should have ensured that a suitable way was devised to see that the useful work of the Limestone Investigation Division was continued in the larger interests of development of the industry on a long range basis. Not only a valuable period of five years has been lost which could have utilised for conducting further surveys and proving more reserves but the expertise and organisation built up for this purpose, may have been dissipated during this period and would have to be rebuilt. Now that the Limestone Investigation Division is being revived, the Committee trust that it will be provided with necessary resources to enable it to effectively perform its functions of the limestone investigation throughout the country, particularly, in deficit areas.

Reply of Government

The observations of the Estimates Committee have been noted for compliance.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25-9-1974]

Recommendation (Sl. No. 64, Para 4.24)

The Committee note that the work relating to survey prospecting and proving of limestone deposits for the cement industry as a whole is at present done by the Geological Survey of India, Indian Bureau of Mines, the Minerals Exploration Corporation, the Cement Corporation of India and the Department of Mines and Geology in the State Governments. Coordination between these organisations is stated to have been effected through the meetings of Mineral Advisory Board and the Central and State Geological Programming Boards. It is thus evident that there is no single organised agency which could specifically undertake this work. The Committee reg-

ret to note that the existing arrangements in this regard are not satisfactory. They would like Government to have a well coordinated programme to assess and locate the available limestone deposits in the country expeditiously in a planned manner, more particularly in the deficit areas, in the Northern and Eastern States, to facilitate the location of cement plants there.

Reply of Government

Under the existing arrangements, there is effective liaison between GSI, IBM, MEC, CCI Department of Mines and Geology of the various States and other Public and Private Sectors through Mineral Advisory Board, State Ministers; conference, Central Geological Programming Board and its various Sub-Committees. If any modification is needed in the light of the experience in relation to the specific problems for bringing about better co-ordinations, there should normally be no difficulty in effecting such changes and improvements, Precise practical steps can be formulated in relation to specific difficulties and requirements, since existing arrangements are satisfactory and adequate.

[Deptt. of Industrial Dev. O.M. No. 8-131/74-Cem. dated 26th Feb. 1975]

Recommendation (Sl. No. 65 Para 4.25)

The Committee would like that information regarding the proved deposits of cement grade limestone in different parts of the country should be compiled and published widely with due expedition, so, as to encourage the new entrepreneurs to set up cement plants.

Reply of Government

Task Force on Industrial Raw material—Planning Commission, 1972, has compiled and assessed reserves of limestone both grade wise, category wise, State and district wise and free area and lease area wise. GSI and IBM have jointly compiled and updated draft inventory for limestone, as on 1-1-1973, and it is now under finalisation and duplication by IBM.

[Deptt. of Industrial Dev. O.M. No. 8-131/74-Cem. dated 26th Feb. 1975]

Recommendation (Sl. No. 66 Para 4.30)

The Committee note that Northern and Eastern Zones are deficit in Cement production. They also note that 15 schemes for Northern Zone and 10 schemes in Eastern Zone for putting up cement plants have already been approved. The Committee would like Government to monitor the progress of these projects so that these projects

come up according to the scheduled programme and the targets dates for their commissioning and going into production are strictly adhered to.

Reply of Government

The Cement Corporation is establishing a Monitoring Cell at the headquarters organisation as well as at the headquarters of the projects to monitor periodically the progress of the various schemes. The progress of the various projects under the Cement Corporation as well as those set up in the State Public Sector and the Private Sector will also be monitored by the Ministry of Industrial Development in consultation with the Planning Commission.

[Department of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974]

Recommendation (Sl. No. 67 Para 4.40)

The Committee need hardly emphasise the advantages flowing from having cement plants near all major consuming centres. The Committee are also aware that cement industry is mine based and location of cement plants has to depend largely on the availability of the basic raw material—limestone. The Committee have already urged that the mineral surveys to locate cement grade limestone and low grade limestone should be undertaken in the deficit areas on a priority basis. The Committee note that low grade limestone can be used for production of cement by adopting proper beneficiation process. The Committee have no doubt that after examining the economics of the projects, Government would extend necessary facilities and assistance to encourage utilisation of low grade limestone available in deficit areas, for the manufacture of cement, so as to reduce long haulages and transport costs on cement.

Reply of Government

The observations of the Estimates Committee have been noted.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25-9-1974]

Further information called for by the Committee

Please state precisely whether the recommendation has been accepted.

[Lok Sabha Sectt. O.M. No. 5/3/1/ECII/74 dated 18th Feb. 1975]

Reply of Government

Yes, the Government agree.

[Department of Industrial Development O.M. No. 8-60/74-Cem.
dated 19th March, 1975]

Recommendation (Sl. No. 68 Para 4.41)

The Committee note that the question of giving incentives for increasing cement production in the deficit areas is one of the terms of reference to the Tariff Commission. While urging the Tariff Commission to expedite its Report the Committee would like Government to process their recommendations expeditiously in the interest of encouraging the setting up of cement plants, particularly in deficit areas.

Reply of Government

The Tariff Commission has since submitted their final recommendations on the cement industry. A copy of the Commission's report along with a copy of the Government Resolution containing their decisions on the report were placed on the Table of the Parliament on the 1st August, 1974. Tariff Commission had recommended that the plants set up in remote areas with difficult and comparatively inaccessible terrain may be given assistance from the freight pool to the extent of the difference between the all India average freight in the f.o.r. destination price and freight incurred on the transport of cement produced by such units to the nearby areas. Government however consider that this would not be the appropriate form of assistance but that such units might be considered for the grant of an additional incentive price on merits of each case.

The recommendation of the Tariff Commission that the concept of freight pooling should be extended not only upto the nearest rail head but also upto the district headquarters in areas which are not served adequately by the railways has also been accepted by the Government. The cost of transport from the rail head to the district headquarters by road would now be covered by the freight pool in accordance with the formula for road transport of cement as may be applicable from time to time.

[Department of Industrial Development O.M. No. 8-60/74-Cem.
dated the 25th September, 1974]

Recommendation (Sl. No. 69 Para 4.47)

The Committee are happy to note that Government have already approved four schemes for split location of cement plants and two more are under consideration. The Committee have no doubt that Government would give due encouragement for split location of

cement plants, particularly near the consuming centres in the deficit areas.

Reply of Government

The observations of the Estimates Committee have been noted.

[Department of Industrial Development O.M. No. 8-60/74-Cem-
dated 25th September, 1974]

Recommendation (Sl. Nos. 70 & 71 Paras 5.19 & 5.20)

The Committee note that there are seven cement machinery manufacturers in the country, having a capacity of 17 standard cement plants of 600/1,000 tonnes/day, per annum which would be adequate for meeting the requirements of cement plants for the Fifth Five Year Plan period. They further note that all these manufacturers are tied up with well-known foreign manufacturers of West Germany, Denmark, U.S., Japan, France and Czechoslovakia. The Committee note that these manufacturers have not so far fully assimilated the know-how and still depend on foreign collaboration in some critical areas and need extension of their collaboration agreements for further period. The Committee are concerned to note that although the cement industry in the country is quite old, the cement machinery manufacturers have still to depend on foreign know-how in some critical areas. It is well known that apart from the out go of foreign exchange in foreign collaborations, the lack of complete know-how hinders the optimum utilisation of existing installed capacity in the country.

The Committee have no doubt that if it is found that extension of collaboration agreement is absolutely essential in public interest then it should be for the minimum period and that full use should be made of this opportunity to ensure that latest know-how for these critical items is made available. The Committee would also urge that the research institutions should be asked to intensify their work in these critical areas so as to achieve self-reliance at the earliest.

The Committee would also like Government to examine the feasibility of promoting the idea of the consortium amongst the cement machinery manufacturers in the interest of setting up of the new units within the country and of promoting exports to other developing countries.

Reply of Government

It has been decided, as a matter of policy, to stop all foreign collaboration in the field of cement machinery industry by 1977-78.

The Cement Research Institute has already been asked to equip itself suitably to offer technical know-how and assistance to the indigenous manufacturers who have been depending so long on their foreign collaborators. The machinery manufacturers have already been advised about the resolution and guidelines envolved by the Government regarding the cut-off period and the requests received from some of them for extension of collaboration agreement are being dealt with in a manner as to restrict the period upto 1977-78. Requests for collaboration or extension of collaboration received thereafter will not be considered/permitted.

[Deptt. of Industrial Dev. O.M. No. 8-130/74-Cem.
dated 22nd Feb. 1975]

Recommendation (Sl. No. 72 Para 5.27)

The Committee note that there are long delays by the Heavy Engineering Corporation and the Heavy Electricals Ltd. in the delivery of heavy castings and heavy duty motors, required by the cement machinery manufacturers. The delay in the supply of these items has resulted in consequential delays in the commissioning of cement plant. The Committee would like Government to take concerted measures to see that delivery schedules, quoted by the HEC and HEL for supply of heavy castings and heavy duty motors, are reasonable and that they are adhered to, so that there are no delays in the creation of new capacity for cement production in the country during the Fifth Plan.

Reply of Government

Regarding delay in supply of heavy castings by HEC it is remarked that it is a fact that although the indigenous manufacturers of cement Machinery had placed orders on HEC for supply of heavy castings, HEC failed to supply these in time. As a result of this, import of these items had to been allowed to cement Machinery manufacturers to expedite commissioning of the cement plants. So far as Electric Motors are concerned, Department of Heavy Industry are not aware of any specific instances where import was allowed for these items due to delayed delivery by HEL. The HEC and HEL are being addressed suitably by that Department in the matter to ensure that the delivery schedule for supply of heavy castings and heavy duty motors are adhered to by these two undertakings.

[Deptt. of Industrial Dev. O.M. No. 8-130/74-Cem. dated 22nd Feb. 1975]

Recommendation (Sl. No. 73 Para 5.28)

The Committee further suggest that the progress in the commissioning of cement plants should be closely monitored by Government

and through coordinated efforts, it should be ensured that there are no bottlenecks in their timely commissioning.

Reply of Government

It has already been decided that the commissioning of cement plants should be closely monitored in the Ministry of Industrial Development.

[Department of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974]

Recommendation (Sl. No. 74 Para 5.29)

The Committee also note that Government recently allowed import of certain critical items for cement industry which are indigenously available but hampered progress because of delays in their delivery. They further note that Government are trying to make a provision of foreign exchange element of 7 per cent for cement industry during the Fifth Plan so that the industry may not suffer for want of indigenous availability of certain items. The Committee would like Government to identify the critical items required to be imported, after making realistic assessment of the indigenous availability of the various parts required for cement plants and make necessary foreign exchange available for the import of those items so that the progress of installation of the cement plants is not adversely affected on that account.

Reply of the Government

At present a pack value of imported components of Rs. 12 lakhs per plant for a wet process cement plant and Rs. 19 lakhs per plant for a dry process cement plant has been fixed. The items included in this pack value consist of the following items:—

1. Heat resistant and specialised parts, control instruments, etc. for cooler.
2. Instrumentation for kiln and coal mill.
3. Oil firing equipment where oil firing is resorted to.
4. Instrumentation for cement mill.
5. Special parts for cement mill dust collector plant.
6. Special parts for cement transport equipment.
7. Motor reducer for air distributor for slurry silos.
8. Bag sewing and bag branding machine.

9. Pneumatic extraction devices for cement, special parts for transport to packing machines.
10. Special parts for dust collector.
11. Hoisting machinery, grab and electrical equipment for overhead grab crane.
12. Special chains for conveyor/elevators.
13. Ball and roller bearings not made in the country.
14. Miscellaneous parts of proprietary or of special nature.

It will be seen that most of the items are of bought out nature. However as and when import applications are received, the list of items proposed to be imported are scrutinised from indigenous angle and imports of only those items which are not available from indigenous manufacturers are permitted. In this connection it is pointed out that although items like heavy castings and gears are not included in the list of imported items, import of these items had to be allowed in the past from delivery angle. Similarly import of steel plates are also being permitted according to import policy in vogue from time to time due to acute shortage in the country of these items.

[Deptt. of Industrial Dev. O.M. No. 8-130/74-Cem. dated 22nd Feb. 1975]

Recommendations (Sl. Nos. 75 and 77 Paras 5.41 and 5.43)

The Committee note that the unit capacity in Indian cement industry at present ranges from 60 tonnes to 1000 tonnes per day. The existing trend in other countries is for unit capacity of 1500 tonnes per day and more in one line. In some countries, it is as large as 3000-4000 tonnes. It is well known that there are obvious advantages of economy of scales in larger capacities, not only in terms of capital costs but in production costs as well. It is, therefore, necessary to go in for bigger size cement plants in the country. The Committee would, therefore like Government to examine the feasibility of introducing bigger size plants in the country to be in tune with world trends.

The Committee note that the existing cement manufacturing capacity in the country could develop a comfortable surplus if the cement machinery manufacturers are diverted to the production of bigger size plants of 1000-2000 tonnes per day for which facilities are stated to be available. The Committee hope that by bringing about standardisation of cement plants and production of larger size plants in the country, the cement machinery manufacturers would not only meet the requirements of plants by the cement industry in the

country but would also be able to export cement plants to foreign countries and earn much-needed foreign exchange.

Reply of Government

In view of the economies in capital outlay and production cost on the one hand and the increasing freight, and cost of steel, coal and electricity etc., the present day trend is indeed towards larger size single unit plants. Though there are at present seven plants with more than 2000 tpd capacity in the country, they are all based on multiple kilns of smaller capacity. In this context, the work of engineering the first 2000 tpd cement plant in the country is being actively pursued by the NCST Panel on cement machinery Development with the C.R.I. as the nodal point; CRI has already made available a comprehensive document to form the basis of discussion.

[Deptt. of Industrial Development O.M. No. 8-130/74-Cem.
dated 22nd Feb. 1975]

Recommendation (Sl. No. 76, Para 5.42)

The Committee note that the work of standardisation of cement machinery has been entrusted to a Committee which was set up for this purpose in March, 1973. While the Committee regret the delay in taking up the question of standardisation of cement machinery by Government so late, they would urge Government to ensure the expeditious submission of the report on standardisation by the Committee and early decision on its implementation in the interest of economic and efficient production.

Reply of Government

Standardization of cement machinery—Seized of the problems arising from multiplicity of designs and sizes of cement plants manufactured in India and their effect on cost and delivery schedules, the Government had asked the India Standards Institution early in 1973 to bring about rationalisation and unification in the field of cement plant and machinery. As the Cement Research Institute of India (CRI) was already studying the question of standardization of cement plants for some years, ISI constituted a technical committee on the subject headed by Dr. H. C. Visvesvaraya, Director, CRI. Since its constitution, the Committee has held six meetings and issued two draft standards—one on Dimensioning Cement Rotary kilns and Auxiliaries and the other on Design Criteria for Dimensioning Cement Rotary Kilns and Auxiliaries. These drafts which are now on wide circulation both within the country and abroad for eliciting comments will shortly be reviewed in the light of the comments received.

[Deptt. of Industrial Development O.M. No. 8-130/74-Cem.
dated 22nd Feb. 1975]

Comments of the Committee

The final decisions taken on the two draft standards viz. one on dimensioning Cement Rotary Kilns and Auxiliaries and the other on Design Criteria for dimensioning cement Rotary Kilns and Auxiliaries may be intimated to the Committee. Further programmes in standardisation of cement machinery may be communicated to the Committee in due course.

Recommendation (Sl. No. 78, Paras 6.14 and 6.15)

The Committee regret to note that the annual expenditure on R and D by the cement companies during 1969-70 was of the order of 0.2 per cent of turn-over and that this is less than half the Gross National Expenditure on R and D in India of 0.48 per cent. The Committee further note that this is very small compared to annual expenditure on R and D in many other countries, such as USSR, USA, UK and Japan.

The Committee need hardly emphasize the need for a strong R and D base for cement industry to meet the many challenging problems faced by the industry and to keep pace with the latest developments and, therefore, recommend that greater attention should be paid in strengthening the existing R and D facilities in the cement units.

Reply of Government

The observations of the Estimates Committee have been brought to the notice of all the cement producers for necessary action through the President, Cement Manufacturers Association.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated 25th Sept. 1974]

Recommendation (Sl. No. 79, Para 6.16)

The Committee note that with the setting up of the Cement Research Institute, a beginning has been made for a strong centralised R & D base. The Committee trust that this Institute would endeavour to meet the needs of research in various aspects of cement technology and both Government and the Cement industry would do their best in strengthening the Institute both in terms of providing finance and equipment.

Reply of Government

The ex-works price payable to the cement producers, as per the recommendations of the Tariff Commission and accepted by the

Government, includes an element of 50 paise per tonne which is required to be deposited by each producer in a separate Research Account with the Central Government to be utilised by the Government for assisting the Cement Research Institute of India and such other Centrally organised research organisation which may be doing "research and development" work in the interest of the cement industry as a whole. The industries will accordingly with effect from the 2nd August, 1974, from which date the new prices have come into effect, will be paying at the rate of 50 paise per tonne to the Cement Research Account.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated
25th Sept. 1974]

Recommendation (Sl. No. 80, Para 6.17)

The Committee would like to stress that in view of the limited resources available for research in our country, care should be taken to identify the areas of research which need immediate attention and thereafter proper priorities should be drawn up. It is also essential that research is undertaken under time-bound programme, with the cost of research estimated before hand. The Committee would urge that these programmes should be periodically reviewed to assess the results of the research work done and whether the results were commensurate with the time, energy and resources utilised.

Reply of Government

The observations of the Estimates Committee have been noted for compliance.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated
25th Sept. 1974]

Recommendation (Sl. No. 81, Para 6.18)

The Committee hope that since the areas of research so far as cement industry is concerned can easily be identified, the Cement

Research Institute would undertake research in those areas to bring about the necessary technological solutions.

Reply of Government

The Cement Research Institute of India (CRI) has formulated the R & D Base Plan for Cement industry, and is pursuing work on the areas identified therein with a view to bringing about the necessary technological solutions. The Plan, which is formulated through nominative and normative technological forecasting, is constantly updated in details through periodical issue of questionnaires to the industry, special studies, communications, discussions and seminars. Thus the Plan of R & D of objectives is a rolling Plan from which flow the Institute's Continuing Missions and Programmed Missions. Recently, a questionnaire has also been issued to the cement industry to pin-point priority areas for R & D work and the suggestions received are being analysed. A Research Advisory Group consisting of members from industry, education, research professional and government advises on the matters relating to research, development and engineering in the cement industry to be implemented by CRI.

[Deptt. of Industrial Dev. O.M. No. 8-136/74-Cem. dated 26th Feb. 1975]

Recommendation (Sl. No. 82 Para 6.23)

The Committee note the requirement of jute bags for packing cement would be almost 3,00,000 tonnes at the end of Fifth Plan period. They also note that cost of packing accounts for 25 per cent of the ex-factory price of cement. The Committee need hardly stress that the research on alternative cheaper packing material has assumed greater urgency, more so, because of the need for higher exports of jute products to earn foreign exchange. The Committee would urge that vigorous efforts should be made by the Cement Research Institute to develop cheap packing material, for supplies of cement to small consumers.

Reply of Government

Certain difficulties in regard to loss of cement by seepage from the bag, deterioration due to ingress of moisture and even rejection and consequent losses have often been expressed in regard to the present jute bags used for packaging of cement. In order to avoid these losses and modifying the present bags, CRI has done consider-

able laboratory investigations and industrial trials, and has developed five improved designs of bags utilizing a composite construction. Keeping in view the strength requirements of such a bag, the total grammage of jute used in the improved bags has been lowered. However, with the recent oil crisis, the costs of bitumen and plastic have risen sharply. Hence the problem is under active review in the changed economic situation and alternate packaging materials, design is being worked out in addition to that required for bulk packaging.

[Deptt. of Industrial Dev. O.M. No. 8-136/74-Cem. dated 26th Feb. 1975]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENTS REPLIES

Recommendation (Sl. No. 17 Para 2.64)

The Committee would like Government to fix the annual targets of production of cement during each year of the Fifth Plan period and to publish the same in the Fifth Plan document itself to facilitate a close watch being kept on the performance of this key sector industry.

Reply of Government

This recommendation has been examined in the Planning Commission. The targets of capacity and production for a number of industries including cement are given in the Draft Five Year Plan document. Further the Planning Commission brings out Annual Plans in which anticipated production for a selected number of industries is indicated. The targets mentioned in the Fifth Plan document would indicate the direction in which the industry is expected to move forward; on the other hand, the anticipated production projected in the Annual Plans, shows year to year movement of the industry towards the achievement of the physical targets indicated in the Fifth Plan. The fixation of annual targets of production of cement for each year of the Fifth Plan period at the time of the finalisation of the Fifth Plan itself presents serious difficulties. The Planning Commission will, however, attempt to indicate the progress expected in the cement industry annually or periodically in relation to the Five Year Plan targets.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 19th March, 1975]

Recommendation (Sl. No. 21 Para 2.81)

Considering the long gestation period of the cement industry, the Committee urge that Government should take advance action for creation of additional capacities for the 6th Plan period so that in the early years of that period, capacities develop and production begins.

The Committee also suggest that any reappraisal of licensing policy regarding cement, industry should be done at the time of mid-term appraisal of the Fifth Plan, that is, well in advance of the commencement of the 6th Plan so that needless delays in licensing new units or expansion are obviated.

Reply of Government

As already indicated earlier, it is not intended to restrict licensing of further applications for the setting up of additional capacity for production of cement. This is a continuing process and applications from interested entrepreneurs will be considered on merits and many of the applications which are likely to be approved hereafter can naturally be expected to come into production during the Sixth Plan period. However, the recommendations of the Committee are being brought to the notice of the Planning Commission.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated
25th Sept. 1974]

Recommendation (Sl. No. 35 & 37 Para 2.146 & 2.154)

The Committee note that the IDBI is already showing interest in the formation of consortia of all financial institutions. The Committee hope that once the requirements laid down by the financial institutions are satisfied, there would be no delay in finalising the loan terms and in providing finance in the interest of achieving planned targets. The Committee would also like that the terms and conditions under which finances would be available to the Cement Industry are well publicised so that new entrepreneurs also be attracted to set up cement plants.

The Committee hope that the two factors, namely, increase in production for the same quantum of raw materials and the less intake of coal would encourage the cement factories to go in for dry process by raising the necessary capital from their internal resources. The Committee would, however, like Government to examine, within the overall availability of finances from the public financial institutions, the question of extending special financial facilities by these institutions to the cement factories.

Reply of Government

The Industrial Development Bank of India had advised Ministry of Finance that the points raised by the Estimates Committee (5th Lok Sabha) on the availability and distribution of cement were dis-

cussed at the Inter-Institutional Meeting held on 6th January, 1975. The term lending institutions are generally in agreement with the recommendations of the Estimates Committee as they attach very high priority to the financing of cement units in the country and within the overall limitations of the financial resources, they would be willing to assist all viable projects. If the normal criteria with regard to debt-equity ratio, promoters' contribution, technical feasibility, economic viability and financial soundness were met and various statutory and other formalities were complied with there would not be any avoidable delay in providing financial assistance to such projects. However, additional investment in a highly capital intensive industry like cement would be attracted only if a remunerative price was realised by the industry. Therefore, it is not so much a problem of finance but the viability of the project.

With regard to the question of extending special financial facilities to the cement industry and their publicity, it may be added, that the term-lending institutions do not have special terms and conditions for cement industry as such. The terms and conditions including the concessional facilities available to new units being set up and or expansion/diversification of existing units in backward areas are, however, being publicised from time to time through issues of brochures, annual reports etc. Further the entrepreneurs who are in a position to promote cement projects involving a large capital outlay, are usually well aware of the terms and conditions of financial assistance from the institutions.

LIC and UTI are primarily investment institutions. Both are engaged in mobilising the savings of the public in the form of policies and units. Naturally, LIC and UTI have to invest the funds in concerns which give reasonable return on the investment consistent with safety of the funds and the financial 'assistance' extended by them to industrial concerns is incidental to their investment activities. As far as LIC is concerned, over 75 per cent of its investible funds are committed to socially oriented projects and Central and State Government Securities which are at low rates of interest. Taking an overall view, it is difficult for both of them to consider granting financial 'assistance' on concessional terms to any industry including cement, and therefore, the question of publicising the terms and conditions of their participation in financing of a project on concessional terms does not arise. Nevertheless, through their participation in financing industrial projects, in all appropriate cases, along with other institutions, LIC and UTI extend 'assistance' to

priority industries including cement, and projects located in backward areas.

[Deptt. of Industrial Development O.M. No. 8-135/74-Cem.
dated 22nd Feb., 1975]

Recommendation (Sl. No. 36, Para 2.153)

The Committee consider that, in view of district advantages of having dry rotaries in cement manufacture both in terms of production and coal consumption, Government should encourage, wherever it is feasible to do so, the cement factories to switch over to dry process. For this purpose, the Government may consider the setting up of a technical cell either under the Ministry of Industrial Development or the Cement Research Institute which is also mainly financed by Government which can keep in touch with the factories and render technical advice and help to the factories for converting the wet into dry process.

Reply of Government

The present trend in the industry is to set up more and more dry process plants in view of the economy in fuel consumption. Requests for conversion of wet process into dry process are also considered. The setting up of a technical cell either in the Ministry of Industrial Development or the Cement Research Institute as proposed does not appear to be necessary in view of the trend already noticed in the industry for the establishment of dry process plants and for conversion of wet process into dry process.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated
25th Sept. 1974]

Recommendation (Sl. No. 45, Para 3.26)

While the Committee recognise that freight pooling system serves certain social purposes inasmuch as it ensures the availability of cement at a uniform f.o.r. destination price throughout the country, they would, however, like Government to undertake a detailed study to see whether the freight pooling system has, in any way, inhibited the establishment of new cement factories in scarcity areas in the Northern and Eastern regions and the extent to which it has resulted in irrational movement of cement and strain on rail transport. Based on such a study, Government should take effective measures to encourage the setting up of cement factories in scarcity areas in the interest of rationalisation of movement.

Reply of Government

The Tariff Commission who have recently conducted a comprehensive study of the cement industry and the fair ex-works

price payable to the cement producers, have come to the conclusion that in the interest of overall economy and that of the consumer, freight pooling system should be continued. They have held that even when cement factories come up in deficit areas, freight pooling might still have to continue to ensure equal availability and uniform price for cement all over the country. They have, therefore, recommended that the position might be reviewed towards the close of the Fifth Plan period to see if any modifications are called for in the system. Government have agreed with these recommendations of the Tariff Commission that, in the interest of overall economy of the country and that of the consumer, freight pooling system should be continued to ensure availability and uniform price of cement all over the country and that the position might be reviewed towards the close of the Fifth Plan period to see if any modifications are called for in the system.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated
25th Sept. 1974]

Recommendation (Sl. No. 55, Para 3.85)

While the Committee agree that loading and movement in block rakes is advantageous for the Railways in the interest of quicker turn-round of wagons and consequential improvement in their availability, they however feel that the problem of each industry should be fully considered before insisting on loading in block rakes. It has to be examined whether movement in block rakes is conducive to the efficient distribution of the commodity. The Committee would therefore like that the matter should be revised in detail in full consultation with the Cement Industry. The Committee feel that there should be advance planning for an integrated and well-co-ordinated movement of cement. It is also necessary to ensure that this arrangement leads to efficient distribution of cement and the interest of consumer does not suffer.

Reply of Government

It is the policy of the Government to plan transport of major commodities in block rakes to the extent feasible. This step has been taken with a view to achieving a quicker movement of commodities and reducing the turn-round of wagons. In accordance with this policy, some of the major commodities including cement, are already moving in increasing quantities in block rakes to nominated/selected points. The interests of the consumers are duly taken into account before movement in block loads to selected points/destinations is

decided upon. The Government would like to observe that the movement in block rakes is a step which would help in the efficient distribution of the commodity, for the distribution from the stock-yards, depots or dumps to nearby consumer centres can be conveniently arranged. Nevertheless, the movement in block loads is not exclusive of piecemeal movements. The movement in block loads, as mentioned earlier is arranged to the extent feasible and to the nominated/selected points only. Residual movements take place in piecemeal to take care of small consuming centres.

With regard to Committee's observations that there should be advance planning for an integrated and well co-ordinated movement of cement, it may be mentioned that the movement of cement by rail is already a planned movement. As mentioned in remarks against recommendation No. 52 the movement of cement is programmed in consultation with the Ministry of Industrial Development and Planning Commission.

[Deptt. of Industrial Development O.M. No. 8-133/74-Cem.
dated 3rd December, 1974]

Recommendation (Sl. No. 84, Para 6.33)

The Committee would stress the need to give deterrent punishment to persons responsible for adulteration.

Reply of Government

As already stated, cement is an essential commodity under the Essential Commodities Act and adequate powers are available to the State Governments to proceed against persons responsible for adulteration.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated
25th Sept. 1974]

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 14, Para 2.61)

The Committee note that on the basis of licences/letters of intent already issued by Government, the capacity that is expected to be installed at the end of the Fifth Plan period, is 32.482 million tonnes. but the actual availability would be only 23.21 million tonnes. Thus on the assumption that even if the entire capacity licensed comes up, there would still be a shortfall of more than 4 million tonnes in the production target of 28 million tonnes. The Committee do not find any reason for optimism on the part of Government that with the existing capacity licensed, the target production of 28 million tonnes could be achieved at the end of the Fifth Plan period. They would therefore like to be apprised how the Government propose to achieve the target of 28 million tonnes with the capacity already licensed.

Reply of Government

While the Task Force on the Cement Industry estimated the demand at the end of the Fifth Plan at 28 million tonnes, the target for cement production in 1978-79 has been fixed in the Fifth Plan document at 25 million tonnes only. Every effort is being made to achieve this target by way of additional capacity, by grant of letters of intent/licences. This a continuing process and applications for setting up capacity are being considered on merits as and when received. Utilisation of other industrial waste like blast furnace slag, fly ash and other pozzolanic materials in increasing the cement production out of the existing capacity is also being resorted to. A big role in meeting the gap is envisaged for the Cement Corporation during the Fifth Plan and the Corporation is expected to set up an additional capacity of about 3.18 million tonnes.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974]

Further information called for by the Committee

Please state whether the target of 28 million tonnes of cement by the end of the Fifth Plan is likely to be achieved. If so, please

give details of the plans prepared in this connection.

[Lok Sabha Sectt. H. O. M. No. 5/3/1/E.C. II/74 dated 18th Feb. 1975]

Reply of Government

The Task Force on Cement Industry had estimated the demand for cement at the end of the 5th plan at 28 million tonnes. In the Fifth Plan document, however, the target has been fixed at 25 million tonnes of production corresponding to a capacity of about 29 million tonnes. The additional capacity that has to be built up to meet the anticipated demand is; therefore, of the order of 10 million tonnes. With a view to achieve the target, Licences/Letters of Intents for additional capacity of 20.15 million tonnes have been issued. It is anticipated that additional capacity to the extent of about 5.74 million tonnes is likely to materialise by the end of Fifth Plan as per details given in APPENDIX VII.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 19th March, 1975].

Comments of the Committee

Please see Comments under Chapter I.

Recommendation (Sl. No. 28, Para 2.12)

The Committee note that the availability of fly-ash at present 4 million tonnes from 30 thermal plants in different parts of the country. This is expected to be of the order of 8 million tonnes at the end of the Fifth Five Year Plan. The Committee regret to note that although fly-ash is an established pozzolana and is being utilised as an additive to cement by several countries, it has not so far been used in our country for the manufacture of cement.

Reply of Government

Utilisation of fly-ash for the manufacture of pozzolana cement is also being explored. The Cement Corporation is exploring the possibility of setting up a plant for the utilisation of fly-ash available from Badarpur thermal station.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th September, 1974]

Further information called for by the Committee

What progress has been made in the setting up of the plant at Badarpur for utilisation of fly-ash. What other steps are contemplated to utilise the fly-ash which would be available in increased quantity during the Fifth Plan.

[Lok Sabha Sectt. O.M. No. 5/3/1/E.C.II/74 dated 18th Feb. 1975]

Reply of Government

There is no further progress in the setting up of the plant at Badarpur by the Cement Corporation of India. However, the Ministry of Works and Housing, who have been examining various possibilities for utilisation of fly-ash in Building Construction as part replacement of cement or as cementing medium in combination with lime, have issued detailed instructions to all the State Governments and other concerned authorities *vide* their circular letter No. 16012/1/75-PS, dated the 4th March, 1975 (APPENDIX-VIII), advising them to utilise the fly-ash, wherever possible.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 19th March, 1975].

Comments of the Committee

Please see comments under Chapter I.

Recommendation (Sl. No. 49, Paras 3.52, 3.53 and 3.54)

The Committee note that due to the short-fall in production of cement during 1973, Government have introduced strict measures to distribute the limited supplies of cement on a rational and equitable basis to the State Governments and the quotas of cement for State Governments for 1973-74 (July-June) have been initially fixed on the basis of 110 per cent of the average level of supplies, received by each State during the past five years from 1968-72. The State Governments have been asked to coordinate the requirements of all the Departments, organised industries and bulk consumers as well as public.

The Committee consider that the existing arrangements for fixing State quotas are not satisfactory and should be replaced by a more methodical and systematic assessment of the requirements of the States, taking into account the latest requirements of public sector projects, organised and non-organised sectors of the industry and other public utilities, the housing needs of the public, both in rural and urban areas, etc. The Committee would urge the Government to review the State quotas of cement accordingly at an early date.

The Committee note that till 1972, the quantity of cement supplied to Government departments including public undertakings and organised sector of industries etc., was roughly 40 to 42 per cent of the total cement production in the country. The remaining 60 per cent was available for free sale to the public. The Committee have been informed that since 1973, the requirements of cement for Gov-

ernment departments, both Central and State Governments, have considerably increased and about 60 per cent of the overall supply is earmarked for them. In addition, 10 per cent is meant for organised sector like industries, semi-government bodies, etc. The balance 30 per cent of production only as available for sale to the public. Thus there has been a drastic cut in the free sale of cement to the public. While the Committee realise that Government projects should have a high priority in the allocation of cement, they nevertheless feel that reasonable cement requirements of public should also be met. The Committee feel that the short-fall in production of cement, coupled with the drastic cut in the free sale quota, is one of the main contributory factors in creating scarcity conditions and emergence of black-marketing in cement. The Committee consider that Government should undertake a comprehensive review of the requirements of cement for Government departments with a view to see to what extent construction activities, involving considerable consumption of cement, can be postponed or staggered without having any adverse effect on production activity and Plan programmes. The Committee feel that Government should curtail the production of cement to the extent possible and exercise utmost economy in the use of cement in Government constructions. It would also be desirable if consumption of cement for beautification schemes is discouraged by Government till the scarcity of cement persists. The Committee have no doubt that these measures would result in larger availability of cement to the public and would create a climate of confidence in them.

Reply of Government

The need for fixing State-wise quotas did not arise till the beginning of 1973, when scarcity conditions began to develop as a result of loss of production due to various constraints on production. It was, therefore, decided to fix a State-wise quota on the basis of the past average consumption of each State during the preceding five years for the period 1968 to 1972. The system followed in this connection is briefly described below.

The expected availability of cement in a quarter (three monthly period—January to March, April to June and so on) is assessed before the beginning of the relevant quarter in consultation with the cement producers in the country and distribution thereof is made under two sectors viz. Central sector and State sector. Details of procedure of allotment under the two sectors is as follows:—

Central Sector

This consists of demands from Government Departments, public sector undertakings and organised industries—large-scale or medium

scale-in the private sector. The demand of various Ministries/ Departments of the Government of India for cement required by them as well as projects and public sector undertakings under them is ascertained. Depending upon the priority nature of the demand, the availability quotas are fixed for various Ministries/Departments and indicated to them. They are then required to indicate the distribution for various indentors and on receipt thereof the Regional Cement Officers (there are at present four Regional Cement Officers at New Delhi, Madras, Calcutta and Bombay) are advised to issue release orders in favour of the indentors on various cement factories. In making these allotments, high priority sector demands like Defence, Irrigation and Power, Steel, Mines, Railways are practically met in full.

Depending on availability, a lump-sum quantity is kept for being allotted to the organised industries and lumpsum quantities therefrom are placed at the disposal of the four Regional Cement Officers. The demands of these industries are routed through Centrally registering authorities like DGTD, Iron and Steel Controller, Textile Commissioner etc. and release orders for cement are issued in their favour by the Regional Cement Officers according to availability of cement in their respective regions.

State quotas

The quotas of States and Union Territories were fixed for the year 1st July, 1973 to 30th June, 1974 by taking into account the average consumption of cement in these States (excluding cement for Central Government Departments in these States) over the period 1968 to 1972. The average figure was raised by 10 per cent to make allowance for progressive increase in demand. While fixing these quotas the additional requirements for Irrigation and Power projects being executed by State Governments were also included. Allotments to States are however made on a quarter to quarter basis depending on the anticipated availability of cement during each quarter. Due to loss of production as a result of severe power cuts imposed in various States and the inadequate supplies of coal to the industry, it become necessary to apply cuts in the State quota ranging from 10 to 12½ per cent over what was previously indicated to them on the basis of yearly quota. The State Governments, after the quarterly quota is allotted to them, are expected to distribute the same among the various consumers in their State whether in Government or in private sector. State Governments have nominated coordinating authorities for cement and they furnish to the Regional Cement Officers details of the indentors for Government departments and the

details of the parties in industrial sectors in whose favour the Regional Cement Officers are to issue release orders. On the basis of these recommendations, release orders are issued by the Regional Cement Officers. The State Governments also indicate the quotas which should be supplied to them under the free sale category for distribution to the public through the net work of stockists and dealers. Release orders for these quantities are issued by the Regional Cement Officers on the cement producers concerned who arrange for such sales through their net work of stockists. Many State Governments have imposed control over distribution of cement and they issue permits to the consumers and it is only against these permits that the cement is supplied by the stockists/dealers.

Supplies to the general public during 1973 in the free sale category came to 36.8 per cent of the total despatches. If the supplies to "other than rate contract" is also taken into account, the percentage would be of the order of 52.7 per cent. With the enforcement of economy measures in Government expenditure, it is expected that the off-take by the rate contract parties will come down and more supplies to the general public under the free sale category will become available. In the circumstances explained above, it will be observed that the requirements of the Government Departments are screened and allocations are made every quarter in the light of the anticipated availability of cement during the ensuing quarter.

In the context of acute and continuing shortage in the availability of cement, the question of confining its use to the essential sectors of the economy has also been considered by the Government. In the light of the continuing constraints on maximising production, it has been considered expedient to restrict the use of cement to the more essential areas taking into account the use of alternative materials wherever technically and functionally possible. The Government have, therefore, issued the Cement (Conservation and Regulation of Use) Order, 1974, according to which the use of cement is banned for the construction of any building intended to be used as an office, theatre or cinema house, residential hotel, restaurant or eating house, shop and roads and pavements. This is intended to make available cement for more essential areas of the economy. This order will remain in force for a period of one year from the date of its coming into effect. While it has not been considered appropriate to issue a prohibitory order in regard to the use of cement for construction like,

1. Fence posts and compound walls

2. Concreting of countryyards and railways;
3. Tree guards;
4. Concrete benches;
5. Trellies (Jally) works etc.

it has been decided that Central and State Governments, local bodies and public sector organisations should give a lead in this direction by not using cement for the above mentioned purposes. Instructions to that effect have also been issued accordingly.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th Sept., 1974].

Comments of the Committee

Please see comments under Chapter I

Recommendation (SL No. 50 Paras 3.70 and 3.71)

The Committee are deeply concerned to note that there is a wide gap between the demand and availability of wagons to the cement industry which has resulted in substantial loss in production of cement.

The Committee note that Government have taken the following measures in this regard:

- (i) a Control Room has been constituted in the Railway Board to keep a close watch on wagon supply position to cement factories;
- (ii) Daily wagon quotas Railway-wise and factory-wise have been fixed;
- (iii) A Committee of Secretaries keeps a watch on monthly performance.

The Committee hope that with the steps now taken by Government there will be greater availability of wagons to the cement industry and their day-to-day demands for wagons would be largely met. The Committee would like to be apprised of the improvements in the supply of wagons to the cement industry as a result of these measures.

Reply of Government

While measures as stated in the preceding column have been taken, it has not been possible for the Railways to achieve improvement in the wagon supply position in 1974 vis-a-vis earlier years, viz., 1973. A statement showing the performance regarding supply of wagons during the two years and the percentage of despatches by rail to total despatches is attached (Appendix IX). Perhaps on account of the fact that Railways had been afflicted with staff strikes till the middle of the year 1974 and thereafter have been trying to overcome the left-over problems of these strikes, they have not been able to show an improvement in the wagon supply position. In the year 1974, 84 per cent of the wagons indented were made available against 86 per cent during 1973. The total movement by rail was 62.2 per cent of the total despatches whereas Railways were expected to move 80 per cent of the production. It is hoped that performance will improve during the current year.

[Deptt. of Industrial Dev. O.M. No. 8-134/74-Cem.
dated 26th Feb. 1975]

Comments of the Committee

Please see comments under Chapter I.

Recommendation (Sl. No. 59 Para 3.107)

The Committee note that Government are considering to reorganise the marketing zone of each cement factory in such a manner that the average tonne kilometre lead is brought down from the existing level of 600 kilometre to 450 kilometre and that a meeting of All India Cement Producers was held for this purpose in May, 1973. Another meeting of the Cement Producers was to be held in December, 1975 to finalise this matter but it has not yet taken place. The Committee deplore the delay in finalising the re-organisation of marketing zones of each factory. They are unable to appreciate why these zones were not re-organised and rationalised earlier as re-organisation would obviously result in reduction in the lead kilometre, better turn-round of wagons, less transportation costs and quicker movement of cement to the consuming centres. The Committee recommend that effective measures should be taken by Government immediately to finalise the re-organisation and rationalisation of the marketing zones of each factory. It should, however, be ensured that the supply of cement to deficit areas is not adversely effected as a result of this re-organisation.

Reply of Government

Re-organisation of the existing marketing zones has not been attempted because during the years 1973 and 1974, there has been

acute scarcity of cement in the country and a greater portion of the production has been going to meet requirements of the Government departments and organised sectors like large-scale and small-scale industries. The quantity left for sale under 'free sale' category has been rather meagre and, therefore, it was not considered desirable to make any change in the existing marketing zones. The zones will certainly be reorganised when the cement availability for free sale category improves substantially.

[Deptt. of Industrial Dev. O.M. No. 8-134/74-Cem.
dated 26th Feb. 1973]

Comments of the Committee

Please see comments under Chapter I.

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (Sl. No. 39, Paras 3.13, 3.14, 3.15 and 3.16)

The Committee note that the Cement Control Order, is in force since 1st January, 1968 to regulate the distribution of cement. The Committee also note that the existing order has been found to be inadequate in the context of shortages and could not be enforced against some producers for contravention of the instructions issued under this order, leading to distortions in the distribution of cement.

The Committee note that the existing order suffers from the following lacunae: (i) the contravention of instructions issued under the order to the producers are not punishable, (ii) any action taken by or under the direction issued by subordinate officers of the Cement Controller, is not valid in law because these officers are not Central Government employees, (iii) only the Cement Controller can lodge a complaint in a Court of Law, being the only public servant of the Cement Control Organisation, which is administratively inconvenient.

The Committee are surprised that these lacunae which are too obvious, should have escaped the notice of Government all these years. They feel that the efficacy of an order of this, nature lies in its effective enforcement. The Committee note that the question of issue of Cement Control Order under the Essential Commodities Act providing *inter alia* stringent penalties for violation of directions given by the Cement Controller to the producers is under consideration, along with the question of constituting the Cement Control Organisation as a Government Department so that officers of the Control Organisation could lodge a complaint in the courts.

The Committee are deeply concerned to note that in spite of the lacunae in the Order, coming to the notice of Government, no sense of urgency in rectifying the shortcomings in the Order, has been shown by the Government and considerable time has been taken already without suitably modifying the order in the interest of effective enforcement. The Committee recommend that decision on

these matters should be expedited and effective measures taken to plug the existing loopholes while enforcing the revised Cement Control Order without further delay. Government should also ensure that the orders issued by them do not suffer from any legal disability and are effectively implemented.

Reply of the Government

The observations of the Estimates Committee have been noted. The question of issue of the Cement Control Order under the Essential Commodities Act is already under consideration in consultation with the Ministry of Law.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th Sept., 1974].

Comments of the Committee

Recommendation (Sl. No. 40 Para 3.17)

While revising the Order, the Committee would like Government to keep in view the following:—

- (i) the order should be such that it facilitates prompt deterrent action being taken against all those who contravene it, and
- (ii) the order should give adequate powers to the field organisations to proceed effectively in these matters.

Reply of the Government

The observations of the Estimates Committee have been noted and will be taken into account while issuing the revised order.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th Sept., 1974].

Further information called for by the Committee

(Recommendation Nos. 39 & 40)

Please indicate the latest position in regard to the following matters:

- (i) Issue of the Cement Control Order under the Essential Commodities Act.
- (ii) Question of constituting the Cement Control Organisation as a Govt. Department so that officers of the Cement Control Organisation could lodge a complaint in the courts.

[Lok Sabha Sectt. O.M. No. 513/1/ECII/74 dated 18th Feb. 1975.]

Reply of the Government

(i) Regarding issue of the Cement Control Order under the Essential Commodities Act, a draft Order was prepared and sent to the Ministry of Law, who have sought certain clarification. It is proposed to finalise this issue at a meeting with the concerned officers of the Ministry of Law shortly.

(2) A proposal to constitute Cement Control Organisation as a Government Department is under the examination of this Ministry.

[Deptt. of Industrial Dev. O.M. No. 8-60/74-Cem. dated
19th March, 1975]

Comments of the Committee

The Committee may be apprised of the final position in the matter.

Recommendation (Sl. No. 83 Para 6.32)

The Committee note that each cement unit has a laboratory attached to it to ensure quality control at various stages of manufacture of cement. At the same time, there are complaints by the consumers regarding adulteration of cement. It is therefore necessary to ensure that the cement supplied to the consumer is of the requisite quality. The Committee would urge Government to take suitable measures for quality check of the cement supplied to the consumers and encourage the setting up of testing laboratories at various important consuming centres of the country so that test samples can be checked quickly.

Reply of Government

The observations of the Estimates Committee have been noted and the measures required for easy check of test samples will be considered.

[Deptt. of Industrial Development O.M. No. 8-60/74-Cem.
dated 25th Sept., 1974]

Comments of the Committee

The Committee may be apprised of the final position in the matter.

NEW DELHI;
August 26, 1975
Bhadra 4, 1897 (Saka).

R. K. SINHA,
Chairman,
Estimates Committee:

APPENDIX I

(Vide page 14 of the Report)

No. 1-10/74-Cem.

Government of India

Ministry of Industrial Development

(Audyogik Vikas Mantralaya)

New Delhi, the 1st August, 1974

RESOLUTION

CEMENT PRICES

In their letter No. 18(3)/TAR/72, dated the 28th April, 1972, the Government of India, being of the opinion that a comprehensive review of the cement industry was called for in view of the significant changes that had taken place since the industry was last studied by the Tariff Commission in 1961, requested the Commission to undertake such a study with a view to ensure the development of the cement industry in a measure and in a manner that would enable the requirements (including exports) to be met adequately at a minimum cost to the economy. The Government had also requested the Tariff Commission to make recommendations of an interim nature pending the submission of their final report. In March, 1973, the Commission made an interim report which was restricted to an assessment of the increase in cost to be provided for as immediate relief to the industry. The Commission recommended a uniform interim increase of Rs. 10 per tonne for all the units in production and it was accepted by the Government of India in their Resolution No. 1-23/73-Cem. dated the 15th September, 1973. The Commission on the conclusion of its enquiry has now submitted its final report.

2. The main recommendations of the Commission are as under:—

1. There should be a uniform ex-works retention price for existing units of the industry which has been determined as Rs. 136 per tonne;

2. Units holding industrial licences /c.o.b. licences which are in the process of being set up and which are expected to come in production shortly, should be granted an ex-works retention price of Rs. 146 per tonne. Expansions falling under this category may be granted a price of Rs. 141 per tonne;
3. Units which are presently in the "Letter of Intent" stage and which are expected to come into production during the last couple of years of the Fifth Plan may be granted an ex-works price of Rs. 161 per tonne. Expansions falling under this category may be granted an ex-works price of Rs. 149 per tonne;
4. The grant of a special price as at present to M/s. Travancore Cements, Kottayam and Assam Cements, Charra-punji may be discontinued;
5. The ex-works price recommended should be in force for a period of about five years i.e. till 31st March, 1979;
6. It is not necessary to fix a differential price for portland blast furnace slag cement and portland pozzolanic cement based on the use of fly ash;
7. Units which are obliged to use furnace oil with the prior approval of the Government for want of adequate supplies of coal should be compensated for the additional expenditure involved in the use of furnace oil;
8. Out of the ex-works prices recommended by the Commission, the producers will be required to pay an amount of 50 paise per tonne into a separate "Research Account" to be at the disposal of the Central Government to be utilised by the Government for assisting the Cement Research Institute of India and such other Centrally organised research organisations, which in the opinion of the Government of India may be doing useful R & D work in the interest of the cement industry as a whole;
9. In areas where district towns are not connected by railway, freight pooling should cover road transport of cement to such district towns also;
10. Small plants set up in remote areas with difficult and comparatively inaccessible terrain may receive assistance

from the freight pool to the extent of the difference between the all India average freight in the f.o.r. destination price and freight incurred on the transport of cement produced by such units to nearby areas;

11. Cost of transport of clinker, slag and fly ash to grinding/inter-grinding units and cost of transport of cement from the grinding units to onward destinations should also be brought within the purview of the freight pool, provided the movement is in the logical forward direction and approved by the Cement Controller;
12. The system of quarterly fixation of packing charges is working satisfactorily and no change therein is considered necessary;
13. Ex-works prices should be subject to automatic escalations for variation in major elements of costs viz., (i) wages and dearness allowance (ii) price of coal (iii) power tariff and (iv) freight on coal and limestone;
14. Out of the ex-works price, the producers should pay in amount of Rs. 4 per tonne (subject to tax) into a separate "Development and Rehabilitation Account" to be held jointly with the Government to be utilised for rehabilitation purposes;
15. A cement Development Fund may be set up for grant of interest free loans on long term basis with a moratorium for repayment for setting up additional capacity. This fund may be created partly by a levy on the cement produced and partly by a matching grant by Government. In case the setting up of such a fund is found to be unnecessary, it would merely suffice to add a further element to the price of Rs. 161 per tonne for new units to take care of the servicing charges on this additional investment.

3. Government have carefully considered these recommendations of the Tariff Commission in the context of the Fifth Five Year Plan. They are in general agreement with the approach of the Tariff Commission to create conditions to stimulate greater production which, in the ultimate analysis, will serve the interests of the consumers.

4. The prices recommended by the Commission include a provision towards minimum bonus as an element of cost. Government

have not, however, accepted the view that minimum bonus should be provided for as an element of cost and have accordingly deducted Rs. 1 per tonne from the price recommended by the Commission.

5. The prices recommended by the Commission include an allowance of Rs. 4 per tonne towards Rehabilitation and Development. In the context of the present price situation prevailing in the country, Government do not consider it appropriate to increase the incidence on price to be paid by consumers of cement by including this allowance of Rs. 4 per tonne towards Rehabilitation. Government have, therefore, decided to exclude this element of Rs. 4 per tonne from the ex-works price recommended by the Tariff Commission.

6. Consequently, Government have decided to fix ex-works price of cement produced by all existing units at Rs. 131 per tonne.

7. The above price of Rs. 131 per tonne includes, as recommended by the Tariff Commission, an element of 50 paise per tonne which would be required to be deposited by each producer in a separate "Research Account" with the Central Government to be utilised by Government for assisting Cement Research Institute of India and such other centrally organised Research Organisations which may be doing useful "Research and Development" work in the interest of cement industry as a whole. Separate instructions regarding the opening and operation of this "Research Account" are being issued.

8. The ex-works price of Rs. 131 per tonne is exclusive of the selling expenses fixed by Government at Rs. 3 per tonne including the present Selling Agency Commission of Rs. 1.25 per tonne.

9. This price will be in force till 31st March, 1979, subject to escalations on the first of July every year for variations on account of (i) wages and dearness allowance (ii) price of coal (iii) power tariff (iv) freight on coal, as recommended by the Commission. The escalation in respect of wages and/or dearness allowance would be subject to the condition that the escalation formula would apply only when any general revision of wages and/or dearness allowance has the approval of the Government for the Cement Industry as a whole.

10. For bulk purchases made by Government Departments through Rate Contracts, a rebate of Rs. 10 per tonne will be provided.

11. The resultant F.O.R. destination price of naked cement excluding packing charges and excise duty but providing for the aforementioned rebate on purchases by Government Departments through rate contracts, will be Rs. 186.75 per tonne.

12. The recommendations made by the Tariff Commission on ex-works prices to be given to (a) units holding Industrial Licences/C.O.B. licences which are in the process of being set up and expected to come into production shortly and (b) units in the Letter of Intent stage or licensed which are not expected to come into production till the last two years of the Fifth Plan period, are under examination of Government and decisions thereon will be announced separately.

13. In pursuance of the abovementioned decisions and after taking into account the escalations in costs subsequent to the submission of the Report by the Tariff Commission, the Control Order, 1967 is being revised separately.

14. The basic principle underlying the concept of freight pooling is that cement should be made available in different parts of the country more evenly and more or less at a uniform price. At present, the freight is equalised only upto the nearest rail heads. The areas not adequately served by railways are, therefore, not getting the full benefit of freight pooling at present. Government have, therefore, decided to accept the suggestion of the Commission that the freight pooling should operate at least upto all the district headquarters in areas which are not served adequately by the railways. The cost of transport from the rail head to the district headquarters by road would be covered by the freight pool in accordance with the formula for road transport of cement as may be applicable from time to time.

15. Government agree with the Tariff Commission that in the interest of overall economy of the country and that of the consumer, the freight pooling system should be continued to ensure equal availability and uniform price of cement all over the country and that the position may be reviewed towards the close of the Fifth Plan period to see if any modifications are called for in the system.

16. The Tariff Commission has made a number of other ancillary recommendations. These have been noted. Appropriate action will be taken in respect of these separately in due course.

ORDER

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

(D. K. SAXENA)

Joint Secretary to the Govt. of India.

APPENDIX II

(Vide page 14 of the Report)

(TO BE PUBLISHED IN PART II SECTION 3 SUB-SECTION (ii)
OF THE GAZETTE OF INDIA EXTRAORDINARY DATED
THE 14TH SEPTEMBER, 1974)

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT

New Delhi, the 14th September, 1974

ORDER

S.O. In exercise of the powers conferred by Section 18G and Section 25 of the Industries (Development and Regulation) Act, 1951 (65 of 1951) and all other powers enabling it in this behalf, the Central Government hereby makes the following order further to amend the Cement Control Order, 1967, viz.

1. (1) This Order may be called the Cement Control (Sixth Amendment) Order 1974.

(2) It shall come into force with effect from the 15th September, 1974.

2. In clause 8 of the Cement Control Order, 1967 (hereinafter referred to as the said Order):—

(i) in item (a) for the figures "178.00" the figures "225.50" shall be substituted.

(ii) in item (b) for the figures "190.00" the figures "202.50" shall be substituted.

3. In clause 9 of the said order, against item (ii) for the figures "1.25", the figures "3.00" shall be substituted.

4. For the Schedule to the said Order, the following Schedule shall be substituted, namely

THE SCHEDULE

(See Clause 7)

Name of the Producer	Price per Metric Tonne
	Rs.

Ex-factory price

1. Shree Digvijay Cement Co. Ltd.

(i) Ex-Sikka Works	139.15
(ii) Ex-Sewree Works	228.20
(iii) Ex-Ahmedabad Works	171.25

In the case of clinker moved by sea from Sikka to Bombay, payment of wharfage charges paid at Sikka may also be allowed.

2. All other producers 139.15

In the case of rapid hardening cement and low heat cement, an additional price of Rs. 12 per tonne may be added to the price specified above.

A producer who uses furnace oil for the production of cement with the prior approval of the Central Government will be allowed an additional amount upto Rs. 50.00 per tonne on the cement so produced by him, subject to such conditions as are laid down by the Central Government in this behalf.

F.No. 1-7/74-Cem.

(D. K. SAXENA),

Joint Secretary to the Govt. of India.

The Manager,
Government of India Press,
New Delhi.

APPENDIX III

(Vide page 15 of the Report)

STATEMENT SHOWING MONTHWISE COAL QUOTA RECEIVED AND PERCENTAGE OF RECEIPT TO QUOTA DURING THE PERIOD JUNE 1974 TO JANUARY 1975

(In lakh tonnes)

Month	Quota allotted by the Stand- ing Linkage Committee	Coal actually received	Percentage of coal receipt to quota
1	2	3	4
June, 1974	4·96	3·74	75
July	4·96	4·16	84
August	4·96	3·73	75
September	4·96	3·83	77
October	4·96	3·43	69
November	4·96	3·65	74
December	4·98	4·40	88
January, 1975	4·98	4·04	81
Total	39·72	30·98	78

APPENDIX IV

(Vide page 21 of the Report)

For overcoming the power shortage in the various parts of the country, the Ministry of Energy have taken a number of steps during the recent past. In this connection, a number of short-term measures were taken to maximise the generation from the existing power plants with a view to overcoming the power shortage to the extent possible.

Short-term Measures

1. Transfer of power from surplus to deficit areas within States and from one State to another. Off-peak load transfers helped in increasing utilisation of installed capacity for meeting the energy shortage.

2. Introduction of a scheme of power rationing in accordance with a graded system of priorities to minimise the adverse effect of the shortages on the national economy.

3. Maximising output from all thermal plants by close monitoring of plant performance and taking prompt remedial action to overcome difficulties.

4. Encouraging off-peak use of energy by resorting to incentive tariffs and other measures of regulation including staggering of holidays.

5. Changing the pattern of consumption of power by re-scheduling and restoring of power supply.

Long-term Measures

Side by side a number of important long-term measures were also initiated. As a result of detailed study, it was found that there was large scope for improving the performance of some of the major power stations by about 25 per cent if suitable measures are taken. The major factors responsible for the poor performance of the thermal power stations were mainly due to:

1. Poor quality of coal and its non-availability;

2. Neglect of maintenance, largely due to non-availability of spare parts in time; and

3. Lack of trained operators.

To deal effectively with the problems relating to coal supply to thermal power stations, a Control Room was set up in the Ministry of Railways to keep a day-to-day watch on coal movement. The constant vigil enabled diversion of coal rakes in the pipeline to stations which had run out of supplies, thus averting possible shut-downs. In addition to this, an elaborate system of linkage of coal mines to the power stations had been established to ensure that the power stations do in fact receive the type of coal for which they are designed.

To keep a close watch over the operation and maintenance of the terminal plants and facilitate prompt remedial action as warranted by circumstances, an Operation and Monitoring Directorate has been set up in the Central Electricity Authority. This Directorate provides necessary assistance by way of spares, equipment or experts promptly.

With the object of making spare parts for imported power generating units easily available, M/s. BHEL has organised a spares and service division to maintain a common pool of essential spare parts for the imported units operating in the country.

To ensure availability of adequate number of trained personnel for the operation and maintenance of thermal power stations, two more Training institutes one in Delhi and other at Nagpur have been set up.

Efforts are being made to accelerate the progress of power projects under construction. Highest priority, next only to Defence, is being given in the allocation of essential and scarce materials such as steel, cement etc. to power projects. The progress on power projects is being kept under constant watch and it is proposed to set up project Monitoring Organisations at the Central, Regional and State levels so that constraints, if any, could be identified and timely action taken. During the first two years of the Fifth Plan, 1974-75 and 1975-76 it is proposed to instal an additional capacity of about 4.6 million units which has been the total achievement during the five years of the Fourth Plan.

APPENDIX V

(Vide page 22 of the Report)

(a) *Cement projects approved in Private Sector —Other than large houses*

State	Sl. No.	Name of party	Location	Capacity (in lakh tonnes p. a.)	
NORTH ZONE					
Rajasthan	1	Hindustan Sugar	Udaipur	3.00	3.00
WEST ZONE					
Maharashtra	1	D. M. Dhanukar	Rajura	3.30	
	2	Cement & Chemicals	Chanaka	4.00	
	3	Shri V.P. Agarwal	Rajura	4.00	11.30
Gujarat	1	D.L. Chowgule	Veraval	4.00	
	2	Saurashtra Minerals	Ranavav	0.45	
	3	Harnam Singh Vijan	District Panch Mahel	2.00	6.45
SOUTH ZONE					
Tamil Nadu	1	Madras Cement	Tulukkappatti	2.10	2.10
Andhra Pradesh	1	Panyam Cements	Cement Nagar	1.00*	
	2	G. Anjaniah	Tadpatri	4.00	
	3	Panyam Cements	Sulurpet	0.45	
	4	Do.	Yadiki	4.00	
	5	Andhra Cement	Bonakallu	6.60	
	6	Andhra Cement}	Vijawada	1.00	
	7	Steelcrete Pvt. Ltd.	Gadimemadugh	8.00	24.05
Karnataka	1	Panyam Cements	Tornagallu	1.00†	
	2	Bagalkot Udyog	Bagalkot	3.30	
	3	M. P. Jain	Talikote	4.00	
	4	M. Basavarajappa	Almatti	4.00	11.30
EAST ZONE					
Bihar	1	R.P. Sinha Cement	Shahabad	2.00	2.00
				60.20	

*Gone into production. Capacity not to be counted.

†Grinding plant : Do.

(b) *Cement Projects approved in Private Sector—large houses*

State	Sl. No.	Name of party	Location	Capacity (in lakh tonnes p.a.)	
NORTHERN ZONE					
Rajasthan	1	Kesoram	Patan	3.00	
	2	J.K. Synthetic	Nimbahera	2.52	
	3	Do.	Ludhiana	1.26*	
	4	Do.	Nimbahera	4.20	
	5	D. C. M.	Bana	8.00	17.72
Haryana	1	A. C. C.	Bhupendra	3.00	3.00
Uttar Pradesh	1	J. K. Jute Mill	Kanpur	1.00	1.00
WEST ZONE					
Madhya Pradesh	1	Century Cement	Tilda	3.00	
	2	Do.	Maihar	7.50	
	3	Ganges Mafg. Co.	Patharia	4.00	
	4	Mysore Cement	Narsingarh	4.00	
	5	Modi Spg. & Wvg.	Jagadalspur	4.00	22.50
EAST ZONE					
Bihar	1	Sone Valley	Japla	3.30	
	2	Ashoka Cement	Chanderpura]	2.36	
	3	Rohtas	Dalmianagar	2.22	
	4	Birla	Patratu	3.50†	7.88
West Bengal	1	Ashoka Cement Ltd.	Asansol	2.60	
	2	Durgapur	Durgapur	4.00	6.60
Orissa	1	Orissa Cement	Raigangpur	3.99	3.99
SOUTH ZONE					
Tamil Nadu	1	Dalmia Cement (Bharat)	Dalmiapuram	0.66	0.66
Karnataka	1	A. C. C.	Wadi]	3.30	3.30
				66.65	

*Grinding plant — Capacity not to be counted

†Clinker plant — Do.

(c) *Schemes approved in Public Sector*

Sl. No.	Name of the party	Location	State	Annual Capacity (In lakh tonne)
1	Cement Corporation of India Ltd.	Bokajan	Assam	2.00
2	Do.	Rajaban	Himachal Pradesh	2.00
3	Do.	Adilabad	Andhra Pradesh	4.00
4	Do.	Tandur	Do.	4.00
5	Do.	Yerraguntla	Do.	4.00
6	Do.	Neemuch	Madhya Pradesh	4.00
7	Do.	Mandhar	Do.	1.80
8	Do.	Dehra dun	Uttar Pradesh	2.00
9	Do.	Akaltara	Madhya Pradesh	6.00
10	Gujarat Industrial Development Corporation Ltd.	Jaffarabad	Gujarat	2.00
11	H. P. Mineral & India Development Corporation	Samloti	Himachal Pradesh	2.00
12	J. & K. Mineral Ltd.	Basholi	J & K	2.00
13	Do.	Khrew	J & K	1.04
14	Assam Cement Ltd.	Cherrapunji	Meghalaya	2.00
15	Tamil Nadu India Development Corporation Ltd.	Alangulam	Tamil Nadu	3.00
16	Mysore Iron & Steel Works	Bhadravati	Karnataka	0.70
17	U. P. State Cement Corporation	Dalla	U.P.	8.00*
18	Do.	Chinar	Do.	16.80
19	Do.	Pithoragarh	Do.	4.32
20	West Bengal Iron & Steel Development Corporation	Purulia	West Bengal	2.00
21	Assam Ind. Dev. Corpn.	Garampani	Assam	2.00
22	Meghalaya Ind. Dev. Corpn.	Garo Hills	Meghalaya	4.00*
23	Tamil Nadu Ind. Dev. Corpn.	Ariyalur	Tamil Nadu	1.00
24	Meghalaya Ind. Dev. Corpn.	Tehail Lumshung Dist. Jamlio Hills	Meghalaya	2.00
TOTAL				74.66

*Clinker only (capacity not to be added).

APPENDIX VI

(Vide page 37 of the Report)

CONFIDENTIAL

CC|CO|18(1)|74|8173

14th March, 1974.

Chief Secretaries,

State Governments/Union Territories.

SUBJECT : *Check over utilisation of cement.*

Dear Sir,

It has been brought to the notice of the Government of India that a considerable quantity of cement purchased by or allotted to the State Government Departments/Undertakings finds its way in the market through the contractors with or without the connivance of officials and is sold in black market. As you are aware, the State Governments are now given bulk allotment of cement every quarter and the allocations to various departments/Undertakings of the State Governments are made on the basis of recommendations made by the co-ordinating authority nominated by the State Government. It is observed that a large part of the bulk quota is allotted by the State Governments for the works of their own departments/undertakings. It is necessary that while making these recommendations, a rigorous scrutiny is made of actual requirements of cement of these departments/undertakings and an effective check is exercised over the utilisation of the cement allotted to them so that there is no scope for this cement being sold in the black market. This matter has assumed importance in view of the fact that the production of cement in the country is not sufficient to meet the full demand and there is temptation on the part of unsocial elements to indulge in such mal-practices.

The Government of India will be grateful to be advised of the measures that the State Governments propose to take in this regard.

Yours faithfully,

Sd/-

(D. K. SAXENA)

Joint Secretary to the Govt. of India.

CONFIDENTIAL

CC/CO/18(1)/74|8198.

15th March, 1974.

All Central Ministries/Departments.

SUBJECT: *Check over utilisation of cement.*

Dear Sir,

It has been brought to our notice that a considerable quantity of cement purchased by, or allotted for, the works of Government Departments/Public Undertakings finds its way in the market through the contractors, with or without the connivance of officials and is sold in the black market. As you are aware, the Ministries/Departments are now given bulk quota of cement every quarter and the sub-allocations to various projects/undertakings are made on the basis of recommendations made by the Co-ordinating Authority nominated by the Ministry/Department concerned. It is necessary that while making these recommendations, a rigorous scrutiny is made of actual requirements of these Departments/Undertakings and an effective check is exercised over the utilisation of cement allotted to them so that there is no scope for this cement being sold in the black market. This matter has assumed importance in view of the fact that the production of cement in the country is not sufficient to meet the full demand and there is temptation on the part of unsocial elements to indulge in such malpractices.

We shall be grateful to be advised of the measures that you propose to take in this regard.

Yours faithfully,

Sd/-

(P. K. SAXENA)

*Jt. Secretary to the Govt. of Ind'a.
and Cement Controller.*

APPENDIX VII

(Vide page 65 of the Report)

ANNEXURE

Sl. No.	Location	Capacity in million tonnes
1.	Nimbahera .	0.252
2.	Paonta .	0.200
3.	Udaipur .	0.300
4.	Dalla	0.368
5.	Patan . .	0.300
6.	Bhupendra . . .	0.300
7.	Durgapur . .	0.400
8.	Bokajan . .	0.200
9.	Cherrapunji .	0.200
10.	Tufukkapatni .	0.210
11.	Tandur . .	0.400
12.	Yerraguntla .	0.400
13.	Adilabad . .	0.400
14.	Wadi .	0.330
15.	Tijda . .	0.300
16.	Mandhar Expansion .	0.180
17.	Akattara .	0.600
18.	Neemuch .	0.400
TOTAL		5.740

APPENDIX VIII

(Vide page 66 of the Report)

Government of India

Ministry of Works and Housing

(Nirman aur Awas Mantralaya)

No. N-16012|1|75-PS.

New Delhi, dated 4-3-1975.

To

The Chief Secretaries of all State Governments
and Union Territory Administration.

SUBJECT: *Utilisation of Fly Ash in Building construction.*

Sir,

I am directed to say that the question of the use of Fly Ash in building construction as part replacement of cement cases constructing medium in combination with lime has been under consideration of the Government of India for some time past. The Fly Ash is an industrial waste from thermal power stations using pulverised coal as boiler fuel. At present, about 6-7 million tonnes of Fly Ash is produced annually in the country and this figure is expected to rise to over 12 million tonnes in the next ten years. Disposal of this huge quantity of Fly Ash which gets easily air-borne and can create pollution and other health hazards, has grown into a pressing problem. On the other hand research in India and abroad over the last two decades has established that this waste material can be profitably employed in building work as part replacement of cement or as a cement medium in combination with lime leading to economy in construction costs besides reduction in the consumption of cement. The

Indian Standards Institution has already laid down quality requirements of Fly Ash for such uses *vide* its Standards:

- (i) IS : 3812 (Part I) . Specification for Fly Ash for Use as pozzolana.
 - (ii) IS : 3812 (Part II) . Specification for Fly Ash for use as Admixtures for concrete.
 - (iii) IS : 3812 (Part III) . Specification for Fly Ash for use as Fine Aggregate for Mortar and concrete.
-

2. In spite of its known merits, utilisation of Fly Ash in this country has been very limited. This has been attributed to two main reasons namely (i) non-availability of Fly Ash of assured quality, among other factors due to the mixing of Fly Ash with coarse bottom ash at the extraction stage in power plants, and (ii) virtual absence of a marketing system assuring to the consumers supply of Fly Ash as per ISI specifications. For overcoming these deficiencies, simultaneous action is being initiated to collect Fly Ash in an unmixed form and to market it under assurance for quality.

3. With the above measures coming into operation, it is felt that there should be no difficulty in wider utilisation of Fly Ash. In the present context of the need to curtail cement consumption, it has been decided by the Committee of Economic Secretaries that, for all future building work within the economic orbit of thermal power stations where fly ash of requisite quality is marketed:

- (i) Fly Ash should be compulsorily used for partial replacement of cement to the extent of 10—20 per cent in cement mortar/plaster and plain cement concrete, provided the cement used is other than portland pozzolana cement conforming to IS:1489;
- (ii) Fly Ash should be compulsorily used as a partial replacement of cement to the extent of 20 per cent in reinforced concrete and prestressed concrete; and
- (iii) the requirements in (i) and (ii) above should be duly incorporated in the tender documents.

4. Light-weight cellular blocks, panels and roof/floor slabs manufactured using Fly Ash have wide scope for use in building construc-

tions in urban areas and industrial centres. Two plants manufacturing such blocks are already in operation, one at Ennore, Madras, and the other at Poona. For multi-storeyed buildings it has been estimated that economies upto 20—30 per cent in cement, 30—40 per cent in steel and 50 per cent in construction time could be achieved by the use of cellular concrete products. It is recommended that more such plants be set up around localities where a concentrated demand for pre-fabricated blocks, panels and roof/floor slabs exists, e.g. around metropolitan towns.

5. As an added step to save cement for more essential purposes, it has been decided that where quality lime conforming to ISI specification is available with economic leads, lime-fly ash and lime-cement-fly ash mixes for foundation concrete and as mortar for masonry should be increasingly used in place of equivalent mixes formed with cement.

6. For utilising Fly Ash on specific jobs, it would be necessary to work out mix proportions through laboratory tests in each case corresponding to the quality of cement/lime and Fly Ash available. In this connection, State Government laboratories as also the organisations like the National Buildings Organisation, Central Building Research Institute, Roorkee, Central Road Research Institute, and Cement Research Institute who are actively promoting the Fly Ash technology have been asked to render all possible technical assistance to users of Fly Ash. These organisations could be consulted direct as necessary.

7. The State Government are requested to note the contents of this letter for compliance and to also bring it to the notice of all subordinate offices, construction organisations and Public Sector Undertakings under their administrative control for necessary action.

8. The State Government are also requested to periodically assess the precise impact of these steps as regards actual utilisation of Fly Ash on building works under their control.

Yours faithfully,

Sd/-

(R. GOPALASWAMY)

Joint Secretary to the Govt. of India.

Copy forwarded to :

1. Bureau of Public Enterprises, Mayur Bhavan, New Delhi, with the request that the contents of the letter may be noted and brought to the notice of all Public Sector Undertakings for action.
 2. Ministry of Defence,
(E-in-C's Branch, Army Hqrs.)
 3. Ministry of Railways,
(Railway Board)
 4. Ministry of Communications,
(P & T Board)
- } With the request that the contents of the letter may be noted for compliance and brought to the notice of all subordinate offices and construction organisations under their administrative control for necessary action.
5. Department of Industrial Development, with the request that the contents of the letter may be noted for compliance and that, while allotting contract to the manufacturers of precast cement products, that Department may consider issuing instructions for the use of Fly Ash as a partial replacement of cement in the manufacture of precast concrete products.
 6. Director, N.B.O., New Delhi
 7. Director, Central Building Research Institute, Roorkee.
 8. Director, Central Road Research Institute.
 9. Director, Cement Research Institute, of India.
- } With the request that, as contemplated in para 5 of the letter, all possible technical assistance may be rendered to users of Fly Ash.
10. Engineer-in-Chief, CPWD, New Delhi.
 11. Managing Director, HHF Ltd., New Delhi.
 12. Managing Director, NBCC Ltd., New Delhi.
 13. Chief Engineer, Delhi Development Authority, New Delhi.
 14. Managing Director, HUDCO, New Delhi.
 15. Works Division, Ministry of Works and Housing.
- } For compliance.
16. Cabinet Secretariat (Department of Cabinet Affairs, New Delhi, for information with reference to their Memo. No. 93/3/2/74-EC, dated January 13, 1975. This covers the recommendations contained in para 3.2.1, 3.2.2 and 3.2.3 of the Technical Group. In so far as recommendation No. 3.7 is concerned it may be stated that the National Building Organisation has already brought out a publication about the various uses of Fly Ash in Construction and this was widely circulated. The N. B. O. is at present also engaged in preparing a Technical not for the use of engineers and architects and others engaged in construction for the proper utilisation of Fly Ash and this is likely to be ready shortly.

Sd.-

(TIRATH RAM),

Under Secretary to the Government of India.

APPENDIX IX :

(vide page 71 of the Report)

Statement showing yearly Wagon quota indentured and received during 1973 and 1974

Railway	1973				1974				
	Yearly Wagon Quota	Wagons Indented	Wagons Received	Percent- age of Col. 4 to 3	Yearly Wagon Quota	Wagons Indented	Wagons Received	Percent- age of Col. 7 to 6	
I	2	3	4	5	6	7	8	9	
Central Railway	74933	64544	67919	105.2	73603	64949	66598	102.5	
Western Railway	176493	135830	118410	87.2	131544	94360	75687	80.2	
South Eastern Railway	92909	89052	61097	68.6	89712	86207	59335	68.8	
Eastern Railway	79801	49296	35872	72.8	58510	27525	24647	89.5	
Northern Railway	56554	35922	30768	85.7	42608	23928	21823	91.2	
Southern Railway	170576	111791	108381	96.9	119743	76190	75377	98.9	
South Central Railway	140973	107167	86596	80.8	116008	100397	75381	75.1	
TOTAL	792239	593602	509043	85.8	631728	473556	398848	84.2	

	1973	1974
	(in lakh tonnes)	(in lakh tonnes)
Total despatches	144.75	141.66
Despatches by Rail	99.73	87.77
Percentage of Rail despatches to total despatches	68.9 %	62.0 %

APPENDIX X

(Vide Introduction to Report)

Analysis of the action taken by Government on the recommendations contained in the 60th Report of the Estimates Committee (Fifth Lok Sabha)

	PAGE
1. Total number of recommendations	84
2. Recommendations which have been accepted by Government (<i>vide</i> recommendations Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 18, 19, 20, 21, 23, 24, 25, 26, 27, 29, 30, 31, 32, 33, 34, 38, 41, 42, 43, 44, 46, 47, 48, 51, 52, 53, 54, 56, 57, 58, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82)	
Number	6
Percentage to total	81
3. Recommendations which the Committee do not desire to pursue in view of Government's replies (<i>vide</i> recommendations Nos. 17, 22, 35, 36, 37, 45, 55, 84)	
Number	8
Percentage to total	9.5
4. Recommendations in respect of which replies of Government have not been accepted by the Committee (<i>vide</i> recommendation Nos. 14, 28, 49, 50, 59)	
Number	5
Percentage to total	5.6
5. Recommendations in respect of which final replies of Government are still awaited (<i>vide</i> recommendations Nos. 39, 40, 83)	
Number	3
Percentage to total	3.6