



COMPETITION COMMISSION OF INDIA

Ref. Case No. 07 of 2014

In Re: XYZ

Against

1. M/s Penna Cements	Opposite Party No. 1
2. M/s India Cements	Opposite Party No. 2
3. M/s Bharathi Cements	Opposite Party No. 3
4. M/s Dalmia (Bharat) Cements	Opposite Party No. 4
5. M/s Bhavya Cements	Opposite Party No. 5
6. M/s Zuari Cements	Opposite Party No. 6
7. M/s Ultratech Cements	Opposite Party No. 7
8. M/s Jaypee Cements	Opposite Party No. 8
9. M/s Ramco Cements	Opposite Party No. 9
10 M/s KCP Cements	Opposite Party No. 10
11. M/s My Home Cements	Opposite Party No. 11

CORAM

Mr. Ashok Chawla
Chairperson

Mr. S. L. Bunker
Member

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U.C. Nahta
Member



Appearances: None for the Informant.

Order under section 26(2) of the Competition Act, 2002

1. The present reference has been filed by XYZ ('the Informant') under section 19(1)(b) of the Competition Act, 2002 ('the Act') against the cement companies mentioned above ('the Opposite Parties') alleging *inter alia* cartelization in fixing and increasing cement prices.
2. It is averred in the reference that after the General Elections, the cement manufacturers in Andhra Pradesh have formed a cartel and abnormally hiked the prices of cement in the range from Rs. 230 - Rs. 250 to Rs. 300 - Rs. 330 per bag *i.e.* an increase of Rs. 75/- on an average per bag in a span of one month. The Government of Andhra Pradesh had several meetings with the cement manufacturers but all were in vain.
3. It is further stated in the reference that the Chief Secretary of Andhra Pradesh held a meeting with the cement manufacturers and requested them to curtail the prices to a reasonable level so that the public will get relief from sudden burden of abnormal price increase. The Principal Secretary, Industries & Commerce and Commissioner for Industrial Promotion, also requested the managements of the cement manufacturing companies to bring down the prices of cement to a reasonable level.
4. It is, however, alleged that the cement manufacturers bluntly rejected the request to reduce the price saying that it is not viable for them to roll back the prices and even a small extent of decrease in price would affect the companies and they may have to shut down their units.
5. It is further averred that the State Government observed, that, had the hike been on account of increase in the raw material cost, it would have been increased gradually. But, there is sudden spurt in the price within a short



period when the new government is in the process of settling down and thereby clearly indicating cartelization. The cement manufacturers formed a cartel and hiked the prices in short period. Further, this kind of sudden spurt in price within short period is not visible anywhere else in the country.

6. Lastly, it is stated in the reference that the hike in cement prices is adversely affecting the construction activity in the new State. The general public is also facing the same problem. The builder's associations have stopped purchasing cement since 1st week of July 2014.
7. Based on the above averments and allegations, the instant reference has been filed by the Informant before the Commission.
8. The Commission has perused the material available on record. None appeared on behalf of the Informant despite opportunity accorded by the Commission.
9. The Commission notes that the instant reference has been filed alleging cartelization by the 11 named cement companies in the State of Andhra Pradesh. It is averred in the reference that the said manufacturers increased the price of cement per bag by Rs. 75/- within a short span of time from Rs. 230- Rs. 250 per bag to Rs. 300 - Rs. 330 per bag. This is stated to have adversely affected the construction activity in the new State besides inconveniencing the general public.
10. It may be observed that no document or other details whatsoever have been filed alongwith the reference by the Informant in support of the allegations. Save and except alleging an increase in price of cement bag by the named cement companies, no other allegation or averment has been laid in the reference wherefrom even a *prima facie* satisfaction may be recorded about the existence of a cartel. Even the rates charged by the named cement companies have not been indicated.



11. The relief sought for in the reference is outlandish in as much as fixing of price of a cement bag is prayed. No other prayer has been made.
12. On a careful perusal of the reference and considering the relief sought for, the Commission is of considered opinion that on the basis of the averments made in the reference, no case, whatsoever, of contravention of the provisions of section 3 of the Act is made out against the opposite parties and the reference is ordered to be closed forthwith in terms of the provisions contained in section 26(2) of the Act.
13. The Secretary is directed to inform the parties accordingly.

**Sd/-
(Ashok Chawla)
Chairperson**

**Sd/-
(S. L. Bunker)
Member**

**Sd/-
(Sudhir Mital)
Member**

**Sd/-
(Augustine Peter)
Member**

**Sd/-
(U.C. Nahta)
Member**

New Delhi
Date: 19/11/2014