

CCI issues order against Cement Manufacturers, Imposes penalty of more than six thousand crores on 11 Cement companies.

Press Information Bureau

Government of India

Ministry of Corporate Affairs

21-June-2012 16:34 IST

CCI issues order against Cement Manufacturers, Imposes penalty of more than six thousand crores on 11 Cement companies

The Competition Commission of India has found cement manufacturers in violation of the provisions of the Competition Act, 2002 which deals with anticompetitive agreements including Cartels. The order was passed pursuant to investigation carried out by the Director General upon information filed by Builders Association of India. The Commission has imposed penalty on 11 Cement Manufacturers named in the information @0.5 times of their profit for the year 2009-10 and 2010-11. The penalty amount so worked out amounts to more than Six thousand Crores. The Commission has also imposed penalty on the Cement Manufacturers Association.

The Cement Manufacturers upon whom the penalty has been imposed are ACC, Ambuja Cements Limited, Ultratech Cements, Grasim Cements now merged with Ultratech Cements, JK Cements, India Cements, Madras Cements, Century Cements, Binani Cements, Lafarge India and Jaypee Cements.

While imposing penalty, the Commission has considered the parallel and coordinated behaviour of cement companies on price, dispatch and supplies in the market. The Commission has found that the cement companies have not utilised the available capacity so as to reduce supplies and raise prices in times of higher demand. The Commission has also observed that the act of these Cement Companies in limiting and controlling supplies in the market and determining prices through an anti-competitive agreement is not only detrimental to the cause of the consumers but also to the whole economy since cement is a crucial input in construction and infrastructure industry vital for economic development of the country.

The contravening Cement Manufacturers had been directed to deposit the penalty amount within 90 days. They have also been directed to 'cease and desist' from indulging in any activity relating to agreement, understanding or arrangement on prices, production and supply of cement in the market.

CMA has been asked to disengage and disassociate itself from collecting wholesale and retail prices through the member cement companies and also from circulating the details on production and dispatches of cement companies to its members.

The order of CCI has been passed in r/o case no.29 of 2010 and a copy of the order has been uploaded on the website of CCI at www.cci.gov.in