

Performance of the Indian Cement Industry: The Competitive Landscape

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The cement industry is experiencing a boom on account of the overall growth of the Indian economy primarily because of increased industrial activity, flourishing real estate business, growing construction activity, and expanding investment in the infrastructure sector. The performance of the industry, under different policy regimes, truly establishes that decontrol of the industry and liberalization of the economy has led to remarkable improvement in the indicators such as installed capacity, capacity utilization, per capita consumption and exports. Positive trends can be evidenced in some of the other indicators too namely technology, prices and regional and market concentration. The competitiveness among the firms in the Indian cement industry has also been evaluated for the year 2006-2007. Out of the sample of 17 firms (90.21 per cent of the market share), about 47 per cent have recorded above industry average performance in the overall competitiveness index. The marginal difference between the indices of competitiveness of different firms reveals the tough competition among the firms in the industry.

I Introduction

Cement is an essential component of infrastructure development and most important input of construction industry, particularly in the government's infrastructure and housing programs, which are necessary for the country's socio-economic growth and development. It is also the second most consumed material on the planet (WBCSD 2002). The Indian cement industry is the second largest producer of cement in the world just behind China, but ahead of the United States and Japan. It is consented to be a core sector accounting for approximately 1.3 per cent of GDP and employing over 0.14 million people. Also the industry is a significant contributor to the revenue collected by both the central and state governments through excise and sales taxes.

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