

# [Cement industry](https://assignbuster.com/cement-industry/)

The Indian cement industry grew at a commendable rate in the last decade, registering a compounded growth of about 8%. However, the growth has slowed down in recent years owing to the sluggishness in the economy. Moreover, the per capita consumption of cement in India still remains substantially poor when compared with the world average. This underlines the tremendous scope for growth in the Indian cement industry in the long term. 0 Cement, being a bulk commodity, is a freight intensive industry and transporting it ver long distances can prove to be uneconomical.

This has resulted in cement being largely a regional play with the industry divided into five main regions viz. north, south, west, east and the central region. The Southern region of India has the highest installed capacity, accounting for about one-third of the country's total installed cement capacity. Given the high potential for growth, quite a few foreign transnational companies have ventured into the Indian markets. Already, while companies like Lafarge, Heidelberg and Italicementi have made a couple of acquisitions, Holcim has ncreased its stake in domestic companies Ambula Cements and ACC to over 50% to gain controlling interest.

Consolidation has taken place with the top two cement groups controlling nearly one-third of the total domestic capacity. However, the balance capacity still remains quite fragmented. Key Points Supply The demand-supply situation is highly skewed with the latter being significantly higher. Demand Housing sector acts as the principal growth driver for cement. However, industrial and infrastructure sectors have also emerged as demand drivers. Barriers to entry