

9 Looking Ahead

While the global economy appears to be volatile with signs of a slowdown, India shows a healthier macro economic outlook, even after its GDP growth forecasts have been moderated. The domestic economy is characterized by generally favourable conditions with rising income levels and consumption led growth. These signs augur well for infrastructure industries and building materials like cement, steel and aluminium. We expect construction activity in the country to be brisk notably in housing and infrastructure sectors.

We foresee that cement industry will experience higher degrees of competition. The availability of cost effective fuel and energy sources (notably coal), and transportation will continue to pose serious challenges. Cement is among the highest taxed items in India and is likely to remain so. Consequently the industry will face cost pressures that will need greater levels of overall efficiency, productivity and cost competitiveness.

Steep escalations in the cost of major raw materials, energy and fuel will accelerate the quest for alternative fuels and raw materials. Limestone reserves which are concentrated in limited geographical areas will come under pressure from the ambitious capacity expansion programmes that are under implementation. As environmental laws in the country tighten, the industry will need to focus even more on processes that promote and safeguard the environment and natural ecological balance.

Rising industrial production means that overall energy and power consumption will also grow steeply. Total CO₂ emissions will therefore swell in similar magnitude. But we will see a favourable impact in emissions from the campaign for climate change mitigation and wider awareness of sustainability issues.

Installed capacity of the Indian cement industry is likely to nearly double in the

next five to seven years which will lead to an overall increase in gross CO₂ emissions. However, we foresee that specific CO₂ emissions will decline as a result of good practices such as the promotion of blended cements, alternative fuels, renewable energy sources and more energy-efficient technologies.

With the creation of more job opportunities, we expect employee attrition rates to rise. This will also put pressure on average remunerations which are quite likely to rise steeply.

Expectations of the community living around our cement plants and mines will also mark a significant change, mainly because of a growing number of youth population. The most critical assistance they will need is the availability of better higher education and the creation of sustainable livelihoods