
A STUDY ON CONSUMPTION OF LEADING BRANDS OF CEMENT IN CHENNAI CITY

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ABSTRACT

Cement industry¹ occupies prominent position in the Economy due to its vital role in creation of infrastructure like building, ports, roads, power plants, etc. India is the world's second largest producer of cement after China with capacity of around 262 million tones per annum. Chennai is the one of the main potential place in India for cement consumption and most of the south Indian manufactures try to place some position in Chennai market due to significant growth of construction activities in and around Chennai. The present study is done in Chennai market; it includes an analysis on the leading brands of cement in Chennai and consumption of various brands of cement in Chennai.

INTRODUCTION

Chennai is the fourth most populous metropolitan area and the fifth most populous city in India, with the urban agglomeration having an estimated population over 10.4 million people. Cement demand is increasing every year due to augment of construction activities. The construction activities are significantly improved in and around Chennai for the last few years. With the influx of IT and ITES and also government initiation on infrastructure projects, housing facilities and road networks, the cement industry is growing at an enviable pace. More growth in the cement industry is expected in the coming years mainly from infrastructure projects like ongoing metro rail project, airport modernization and proposed financial city at Chennai. Leading multinational companies starting from mobile phone to car manufacturers are investing in Chennai due to easy availability of land (nearby

Chennai), availability of employees and support of the local government. IT industry is booming, lot of medium and higher information technology companies are having their base in Chennai. Due to more employment opportunity in IT and ITES at Chennai, more people are penetrating towards Chennai to work from rural areas and other states, which in turn increase the construction activities in Chennai leading to more consumption of cement .

Table 1: Major manufacturers with their brand name in Chennai

<u>Brand Name</u>		<u>Manufacture name</u>
Coromandel Cement	:	India cements ltd.,
Ramco Cement	:	Madras Cements Ltd
Ultra Tech cement	:	Ultra Tech cement Ltd
Zuari Cement	:	Zuari Cement Ltd.,
Chettinad Cement	:	Chettinad Cement Ltd.,
Dalmia Cement	:	Dalmia cement Ltd.,
Penna Cement	:	Penna cements Ltd.

Table 2 : Details of Cement Plants and Grinding Units- Tamil Nadu ⁴

S.No	Name of Cement Company	Location	Annual Installed Capacity (Million Tonnes)
	Supply to Chennai		
1	UltraTech Cement Ltd.(G)	Arakonam -Chennai	1.10
2	The India Cements Ltd.-Dalavoi	Trichy	1.85
3	The India Cements Ltd.(G)	Vallur-Chennai	1.10
4	Madras Cements Ltd. (G)	Uthiramerur -Chennai	0.60
5	Madras Cements Ltd.	Ariyalur	2.00
6	Madras Cements Ltd.	Alathiyur	3.12
7	Chettinad Cement Corporation Ltd.	Ariyalur	4.60
8	Dalmia Cements (B) Ltd.	Dalmiapuram	4.00
9	Dalmia Cements (B) Ltd.	Ariyalur	2.50
10	Chettinad Cement Corporation Ltd.	Karur	1.60
11	Chettinad Cement Corporation Ltd.	Karikalli	2.00
12	Zuari cement Ltd	Ennore - Chennai	1.00
		Total	25.47 M.T

Chennai refers to parts of greater Chennai including Kancheepuram and Tiruvellore district. The potential of Chennai market is around 7 lacs MT per month. India cements, Zuari cements, Madras cements and Ultra tech cement are the four major

companies having the factories near Chennai which supply cement to the Chennai market. As the logistics cost is the main element in the cost price of cement, companies are trying to push the maximum quantity in near by locality for getting high realization. Chennai is growing more on infrastructure developments like bridges, airport, and many factories where the cement manufacturers send loose cement to the sites by bulker trucks which reduce the packing cost.

Chennai is the major market in south India and always the rate of cement are higher compared to other states. Chennai is predominantly a PPC market and selling PPC is beneficial for the manufacturers as fly ash is an ingredient which is available for a lesser cost. The percentage of fly ash added is between 20-25%.

Table 3: Major Infrastructure development - Chennai

Expansion of Existing Airport and Green field airport in Chennai	Expansion of existing international airport for which 1,070 acres of land has been acquired. Greenfield airport proposed in Sriperumbudur for which 4,820 acres of land need to be acquired for expansion.
Proposed Metro Rail Corridor	A Detailed Project Report (DPR) relating to the Chennai Metro Rail Project was prepared and Submitted by the Delhi Metro Rail Corporation Limited (DMRC). The DPR envisages creation of 2 initial corridors - the first from Washermenpet to Airport and the second from Fort to St Thomas Mount under the proposed Chennai Metro Rail Project
Ennore - Manali Road Improvement Plan (EMRIP) Chennai Port Connecting Project	Widening of Ennore Expressway a 6.8 kms stretch connecting Chennai Port and National Highway network and

	improvement of arterial roads at an estimated cost of INR 1.5 billion
IT Expressway and ECR Road	Tamil Nadu Government has declared the stretch of Old Mahabalipuram Road from Madhya Kailash to Siruseri as IT Corridor which further extends to Mahabalipuram in the second phase. IT Expressway will be a 6-lane world-class highway with all attendant facilities Proposal for expansion of East Coast Road (New Mahabalipuram Road) into 4-lane road.
Outer Ring Road	The CMDA's ambitious 'Outer Ring Road' covering 60 kms is to be done on BOOT model.
Elevated Express Way	India's longest 4-way elevated expressway from the Chennai port to Maduravoyal will be ready in 2012 with project cost around INR 16.55 billion.
Extension of the MRTS line from Velachery to St.Thomas Mount	Proposal for extension of the Mass Rapid Transit system from Velachery to St.Thomas Mount in the Phase III.

Table 4 : Category wise consumption of cement at Chennai

Categorization of users	Percentage
Housing / Contractors/ Engineers	55.00
Infrastructure-Port / bridges / airport	18.00
Commercial	16.00
Others	11.00

Table 5: Consumption of Various brands of cement in Chennai

COMPANY	NO OF CUSTOMER	PERCENTAGE %
Zuari	32	16
Coromandel	50	25
Ramco	28	14
Ultratech	30	15
Dalmia	34	17
Maha	14	7
Others	12	6
Total	200	100

FINDING AND CONCLUSION

Cement production in the country is expected to increase to 315-320 million tones by end of this financial year (6). Table 1 shows the major manufacturers with their brand name in Chennai, It is seen that seven brands of cement are more prevalent in the market and among the brands Coromandel Cement, Dalmia Cement, Ultra Tech cement and Zuari Cement are dominating the share in the Chennai market (Table 5). Table 2 gives an idea about the Details of Cement Plants and Grinding Units in the northern part of TamilNadu .Table 3 reveals the major plans for Infrastructure development in and around Chennai. Infrastructure projects such as the Metro, upgraded and new airports and ports are expected to enhance the scale of economic activity, leading to a substantial increase in demand. Table 4 illustrates the category wise consumption of cement at Chennai. It is observed in the study that major percentage of cement consumption is dominated by the housing sector, followed by infrastructural developments and commercial projects. The housing segment accounts for major proportion of the total domestic demand for cement in India. Given the intense shortage of housing in the country, this segment has been the primary demand driver for the industry. The demand for office space in India is being driven by the influx of multinational companies and the growth of the services sector, especially the IT-BPO industry. Upcoming industrial clusters and infrastructure development also would enhance the demand for the cement.

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