

Cement Production in Himachal Pradesh: Industry, Policies and Perspectives

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Abstract

Cement industry gained major attention with the change in housing and structural patterns after industrialization. Indian industrial scenario did not remain unaffected as well. Himachal Pradesh emerged as a cement producing state. Besides availability of raw material, Himachal Pradesh attracted several cement producing industries due to the easy availability of land, water, labor, and electricity, as well as various incentives and concessions offered by the government, such as tax exemptions, power subsidies, tax holidays, and easy loans. The objective of this study is to analyze the industrial policies implemented time to time by the central government and the state of Himachal Pradesh for the promotion of cement industry. The study takes policies into consideration through various perspectives focusing on three selected cement plants in the state. Literature as well as government and official websites were used for the data collection. Conclusion leads to the observation that cement industry plays a vital role in the economy of the state. Until 1970s, Himachal Pradesh had very few modern industries. Gradually, various governments recognized its importance and decided to accelerate industrialization. Industrial policies were also amended from time to time to accelerate industrialization and harness the benefits. As a result, the number of industries in the state continuously increased. The first cement industry in the state was established in 1980 from there the success stories of different cement plants. Their establishment in different time spans proved that policies successfully created better business environment and has experienced significant growth.

Index Terms- Cement plants, Economy, Industrialization, Industrial Policy, Himachal Pradesh.

1 INTRODUCTION

In the modern era, industrialization has played a crucial role in accelerating the economic development of various countries [1]. Efforts at nearly every level are fueling this progress, and it's impossible to imagine industrial growth today without cement [2]. In all the countries, some kind of construction work is going on in which grand buildings, roads, bridges, dams, ports are being constructed with major use of cement [3] which is manufactured in small and large factories equipped with human labour and machines by mixing various types of minerals and natural substances like limestone, silica and gypsum etc [4]. In Indian context, cement is manufactured in private and public sector plants and sold in the market under the names of companies like CCI Cement, ACC Cement, Ambuja Cement, UltraTech Cement, Jaypee Cement, Asian Cement, Birla Cement, Dalima Cement, Deccan Cement, Prism Cement, Madras Cement, Shree Cement and Orient Cement etc. It is bought and sold internationally as market demand has led to the opening of new plants, making it a global industry. Himachal Pradesh in recent years has emerged a major cement producing state in India. Through various policies, the production of cement along with environmental concerns are being managed in the state.

2 METHODOLOGY

The objective of this study is to present the historical background of the cement industry in a very precise and concise manner to analyze the industrial policies issued from time to time by the central government and the state of Himachal Pradesh for the promotion of cement industry. This study has been conducted on three cement plants namely CCI, ACC and UltraTech cement plants with the consideration of being first (CCI), middle (ACC) and last and latest plant (UltraTech) established in various pockets of the state. Information from literature as well as government and official websites were used for this study.

3 ESTABLISHMENT OF CEMENT INDUSTRY IN THE WORLD

The credit for the discovery of cement in the world goes to Joseph Aspdin, who produced modern cement by burning a mixture of limestone and clay in 1824. He named it Portland cement [5]. About 21 years later, in 1845, Isaac Johnson improved the process by mixing limestone and clay to make Portland cement [6]. These improvements continued. Due to geographical conditions, deposits of limestone, silica, and gypsum were found in various regions including Indian subcontinent. This led to changes in cement manufacturing techniques at the national level as well. India emerged as a producer, exporter, and consumer of cement.

4 HISTORICAL SCENARIO OF CEMENT INDUSTRY IN INDIA

At present the importance of cement industry in the progress, modernization and economy of a developing country like India, is no less than any other industry [7]. The cement industry in India also has a long history. Portland cement was first produced in India in 1904 by South India Industries Limited, located in Madras [8]. This venture failed for various reasons. After a decade, in 1914 the Indian Cement Company was established in Porbandar, Gujarat. The company began production at Porbandar, Gujarat, with a 10,000-ton capacity rotary kiln [9]. Subsequently, the cement industry in India gained momentum. Currently, the Indian cement industry spans the entire country, from north to south and east to west. It is a matter of pride that today India ranks second in the world in cement production, after China [10]. At present there are about 210 large cement plants established in India (<https://www.ibef.org/industry/cement-india>).

5 POLICY REGARDING CEMENT INDUSTRY IN INDIA

The central government has periodically issued industrial policies to promote industrial development and maintain productivity and competitiveness in the global market place. These policies have been revised to adapt to changing circumstances. These policies also provide various incentives to states for industrial development. The Government of India has also made concrete efforts to develop the cement industry. The Department of Industrial Policy and Promotion (DIPP), within the Ministry of Commerce and Industry, Government of India, is the nodal agency for the development of the cement industry [11]. The Government of India has enacted several Acts relating to industrial development and cement industry such as Cement Manufacturers' Association (CMA), 1925; Indian Concrete Association, 1927; Indian Safety Rules for Cement Production, 1942; Industrial Policy, 1948; Industries (Development and Regulation) Act, 1951 and Industrial Policy, 1956.

6 INDUSTRIAL POLICY IN HIMACHAL PRADESH

Until the 1970s, Himachal Pradesh had few modern manufacturing industries. At the time of the state's formation, there were virtually no industries, except for a few smaller units such as Mohan Meakins and the Nahan Foundry [12]. The state has long been remained neglected area in terms of industrial development [13]. Industrialization is a relatively new phenomenon in the state and has steadily accelerated since its formation

[14]. The state's geographical location has been a driving force behind this. Gradually, subsequent governments recognized the importance of industry and decided to accelerate industrialization.

From time to time, the state has adopted concrete steps and effective plans to promote industrialization [15]. The state government has formulated an industrial policy as an effective means of boosting investor confidence and accelerating industrial development. Its objective is to promote effective and systematic industrial development. The Department of Industry formulated industrial development policies and strategies on a regular and ongoing basis. Industrial incentives were notified in 1971 and revised in 1980, 1984, 1991, 1996 and 2004, which were further revised in 2009, 2017 and 2019 to keep pace with the changing scenario [16].

Industrial development gained momentum after 1978 when District Industries Centers came into existence as a 100 per cent centrally sponsored scheme [17]. Five Year Plans played an important role in the strategy of industrial development in Himachal Pradesh. The Sixth Five-Year Plan (1980-85) emphasized the integrated development of large, medium, small, and cottage industries [18]. During this period, cement plants belonging to CCI and ACC were established in the state. The first cement plant of the state was established in Rajban village of Sirmaur. CCI cement plant Rajban was established in 1980 and is the current unit of CCI. CCI was established by the Government of India in 1965 for the purpose of cement production. This was followed by the establishment of ACC cement plant at Barmana in Bilaspur district in 1984.

New industrial policies were implemented in 1991 and 1996. The 1991 Industrial Policy classified industrial areas into A, B, and C categories to promote balanced industrial development in the state [19]. This classification was based on criteria such as distance from the borders of neighboring states such as Punjab, Haryana, and Uttar Pradesh, the extent of industrial development within the block, the extent of industrial backwardness, and the potential for employment generation for local people. The concessions and incentives outlined in the 1996 Industrial Policy continued, but new policy guidelines were issued in 1999. According to these guidelines, the state was divided into two categories: industrially developed areas and industrially backward areas, instead of A, B and C [20].

To provide additional incentives to industries and ensure equitable industrial development and employment generation, the Himachal Pradesh Industrial Policy and Promotion Rules, 2004 were notified in December 2004. This policy came into effect from December 31, 2004. The Industrial Policy, 2004 makes it clear that industries in the state will benefit only if 80 per cent of the employment is given to the people of Himachal [21]. This was a very revolutionary step in policy terms as it held the potential of providing employment to a large section of the population in the state's industries.

Industrial development was further accelerated by a special incentive package offered by the central government for the establishment of industries in the state. Industrial development was further accelerated by the central government's special incentive package for the establishment of industries in the state [22]. Industrial units from various parts of the country relocated to Himachal Pradesh. Cement, hydroelectric, pharmaceutical, and other industries were established in various parts of the state.

The emphasis on industrial development in infrastructure development and state planning led to a significant increase in the number of registered industrial units. As of December 31, 2010, 37476 small scale and 460 medium and large scale industrial units were registered in the state, with a total investment of about Rs 12712.05 crore, providing employment to about 2.50 lakh people [23]. In 2017-18, it increased to 29.2 percent and 43.3 percent respectively [24]. As of March 31, 2019, 49532 small and 689 medium and large industrial units were registered in the state, in which a total investment of about Rs 35449 crore was made, which

provided employment to about 4.17 lakh people [25]. As of January 10, 2025, 194738 enterprises have been registered on the udyam portal in the state, out of which 190775 are micro, 3571 are small and 392 are medium enterprises [26].

Investment by invitation has created a new investment climate in the state. Investment by invitation is the key to attracting industrial investment in the state. Investor conferences are being organized to this end. Additionally, an investment promotion cell has been established within the Department of industry to attract new investment. This has further boosted industrial development in the region (Table 1).

Table 1: Industrial settlements and estates in the state

Sr. No.	Year	Industrial Settlements	Industrial Estates
1.	2002	30	10
2.	2012	41	15
3.	2025	60	17

Source: Economic Survey 2020-21, Himachal Pradesh [27]

The number of industrial settlements and industrial estates in the state is steadily increasing. The number of industrial settlements in the state increased from 30 in 2002 to 41 in 2012 and to 60 by 2025. Similarly, the number of industrial estates in the state increased from 10 in 2002 to 15 in 2012 and to 17 by 2025.

7 CEMENT INDUSTRY IN HIMACHAL PRADESH: PRESENT SCENARIO

Cement gradually became a basic necessity. This industry expanded to various regions of India. The states that supplied the basic materials needed for this industry were also not spared by this expansion. These states primarily included Andhra Pradesh, Rajasthan, Tamil Nadu, Telangana, Karnataka, Gujarat, West Bengal, Uttar Pradesh, and Himachal Pradesh.

Himachal Pradesh is a mountainous state, and establishing more industrial units for economic development is not conducive to the state's mountainous nature. However, state governments have recognized that this cannot be a barrier to industrial development, as Himachal Pradesh's mineral resources are well-suited for industrial activity. Himachal Pradesh is rich in diverse minerals, both physically and geographically. Minerals are the fundamental basis of the state's physical and economic strength. According to the Himachal Pradesh Industrial Survey Report, the state ranks fourth in India in terms of proven/known reserves and seventh in terms of total reserves [28]. Due to its abundance of natural resources, it is known as the apple bowl and the hydropower state, and is now on the threshold of becoming the cement state [29].

The localization and development of the cement industry depends on raw material, labor, and market requirements. Himachal Pradesh's mineral resources are well-suited for cement production. Industrial survey reports have revealed significant reserves of high-quality limestone and quartz in the state. These minerals are found scattered throughout the state and include limestone in Sirmour, Bilaspur and Kangra districts; gypsum in Sirmour and Lahaul and Spiti districts; barite in Sirmour [30]. These minerals are suitable for cement production. According to the Industrial Survey Report, total limestone reserves in Sirmour district are approximately 1200 million tonnes, Bilaspur district approximately 500 million tonnes, and Solan district approximately 1000 million tonnes [31]. Gagal-Barmana has approximately 117.1 million tonnes of limestone reserves. The limestone blocks from these two locations are quite famous in the district [32].

The Government of India seriously considered establishing a cement unit in a part of the state where the raw materials required for cement production was readily available. The public sector was the first to show interest in developing the cement industry in Himachal Pradesh. Subsequently, various private business groups expanded the industry by establishing cement units in the state. Currently, the state has seven cement plants operating [33], with a total annual capacity of 13.59 metric tonnes per year [34]. The cement industry's factories are located in Sirmour, Bilaspur, Solan, Mandi, Shimla, and Chamba, with two of them located within a radius of less than 20 kilometers.

Three Cement Plants: CCI, ACC (Adani) and UltraTech

This study discusses three cement plants in the state. Of the selected cement plants, the first CCI cement plant in the state was set up at Rajban (Sirmaur) in 1980, followed by ACC cement plant at Barmana in 1984 and Jaypee Himachal Cement Limited (Grinding & Blending Unit, Bagheri) plant at Pandiyana (Tikri) village, Solan in 2010. The ACC Barmana cement plant was acquired by the Adani Group in 2019 and the Jaypee cement plant was acquired by UltraTech in 2017. Table 2 describes the installed capacity and production (in million tonnes) of selected cement plants in the state during the period 1980 to 2024.

The production capacity of the CCI Rajban cement plant at the time of commissioning was 1.98 million tonnes per annum (MTPA). The current production capacity of the CCI cement plant is 2.48 MTPA. The production of the CCI cement plant was 1.28 MTPA in 1980-81, 1.61 MTPA in 2001-02, 1.43 MTPA in 2008-09, 1.48 MTPA in 2021-22, and 1.41 MTPA in 2023-24. The production of the ACC (Adani Group) cement plant, Barmana was 1.62 MTPA in 1984-85 and 2.94 MTPA in 2021-22. The production capacity of the ACC cement plant at the time of commissioning was 2.0 MTPA, which has now increased to 4.40 MTPA. UltraTech cement works Bagheri had a production of 1.47 MTPA in 2010-11 and 1.75 MTPA in 2023-24. The current production capacity of UltraTech cement works Bagheri is 2.0 MTPA. These cement plants have been continuously engaged in cement production since the end of the 20th century, contributing to the economic development of the state and the country.

Table 2: Annual production and production capacity of cement plants in the state

Cement plant	Year	Production (MTPA)	Production Capacity (MTPA)
CCI	1980-81	1.28	1.98
	2001-02	1.61	1.98
	2008-09	1.43	1.98
	2021-22	1.48	2.48
	2023-24	1.41	2.48
ACC	1984-85	1.62	2.0
	2021-22	2.94	4.40
UltraTech	2010-11	1.47	2.0
	2023-24	1.75	2.0

Source: Annual Report CCI (<https://www.ccilttd.in/page.php?id=29>); Indian Minerals Yearbook; <http://jalindia.com/annualreports.html>

7 CONCLUSION

Industry plays a vital role in the economy. Until the 1970s, Himachal Pradesh had very few modern industries. Gradually, various governments recognized its importance and decided to accelerate industrialization. Industrial

policies were also amended from time to time to accelerate industrialization. As a result, the number of industries in the state continuously increased and contributed in state growth. The cement industry's contribution is no less than that of other industries. The first cement industry Rajban is still functional after 45 years of its establishment (established in 1980). It has successfully adapted to the new business environment and has experienced significant growth. Himachal Pradesh's largest cement plants, including CCI, ACC, and UltraTech, contribute significantly to the economy. This is making state visible in terms of employability and industrial growth simultaneously maintaining environment as a safe place for its people through various policies.

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