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**Performance of Indian Cement Industry: Drivers, Models and Empirics**

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**Abstract**

A firm’s performance depends on efficient management of economic resources. Performance is usually a function of firm-specific economic factors and macroeconomic factors. In other words, an efficient allocation, management and manipulation of these factors is required to enhance profitability. This study attempts to identify some factors to understand how and to what extent these factors influence the profitability of the Indian cement industry. Seven hypotheses were framed. Panel data of 146 firms were gathered over a period of 22 years, spanning from 1996 to 2017. Thereafter, a Fixed Effect Regression (FER) model was fitted to the data. Results suggested that both firm-specific (e.g. size of firm; age of firm; fixed asset turnover) and macroeconomic variables (e.g. GDP; inflation; export intensity) made a significant impact on profitability of this industry. The findings of this study should assist managers as well as policy makers to frame sustainable policies of this mature industry. This research fulfills a need for a study that shows the degree of contribution of firm-specific and macroeconomic factors to profitability of the Indian cement industry.

**Keywords:**

[Profitability](https://www.worldscientific.com/keyword/Profitability), [panel data](https://www.worldscientific.com/keyword/Panel%2BData), [fixed effect model](https://www.worldscientific.com/keyword/Fixed%2BEffect%2BModel), [cement industry](https://www.worldscientific.com/keyword/Cement%2BIndustry), [India](https://www.worldscientific.com/keyword/India)

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