Rajasthan Has 700 Years Of Steel-Grade Limestone, Yet India Imports It From Gulf

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Courtesy: Swarajya mag.

(Swarajya Graphics)

 Jaisalmer holds 1,750 million tonnes of the steel-grade limestone Indian mills need, but hauling it 1,853 km to Bokaro's steel plants costs more than shipping it from Oman. The freight corridor that transformed Rajasthan's cement belt has a useful lesson.

This grade is found in only a few places. Over two-thirds of the country's steel-grade limestone comes from just two: Katni in Madhya Pradesh and Jaisalmer in Rajasthan.

There is a further division within steel-grade limestone, between the material used in the blast furnace and that used in the steel melting shop. Blast-furnace grade tolerates more impurity, up to 6 per cent combined silica and alumina, while steel-melting-shop grade must stay under 4 per cent insolubles, the tighter standard steelmaking demands.

Katni's limestone is mostly blast-furnace grade, which leaves Jaisalmer as the only major supplier of steel-melting-shop grade at scale.

Jaisalmer's proved reserves of that grade exceed 1,750 million tonnes, according to Rajasthan's Department of Mines and Geology. Extraction of steel-grade limestone from the district stood at 2.49 million tonnes in 2023-24. At that rate the reserves would last roughly 700 years. The Indian Bureau of Mines does not publish blast-furnace and steel-melting-shop output separately, so the extraction figure covers both.

Why The Reserves Sit Idle

Despite holding such resources, India is underusing them and importing steel-grade limestone, and the reason is freight. Moving limestone out of Jaisalmer means hauling it inland for well over a thousand kilometres to reach the steel belt in Chhattisgarh and Jharkhand. That often costs more than shipping it in by sea from the UAE or Oman.

In 2023-24 India imported 33.81 million tonnes of limestone across all grades, with the UAE supplying 81 per cent and Oman 15 per cent. Oman's share has nearly doubled in two years, though the two countries' combined share of Indian imports has barely shifted.

The source countries' share in India's limestone imports.

Roughly Rs 6,616 crore was spent importing limestone in 2023-24, putting the average landed cost at about Rs 1,957 a tonne. That is a customs value, so it already bundles in sea freight and insurance. Since steel-grade limestone costs almost double the cement grade, the calculated price of imported steel-grade limestone comes to Rs 3,362 a tonne.

Jaisalmer's limestone averages Rs 595 a tonne at the mine across all grades, with the steel-grade share working out to roughly Rs 710. Adding royalty of around Rs 120 a tonne brings it to Rs 830. Freight then adds more than triple that figure again, close to quadrupling the delivered price.

Jaisalmer frequently supplies the steel plants at Bokaro in Jharkhand and Bhilai in Chhattisgarh, both hundreds of kilometres from any port, but it rarely gets orders from plants nearer the sea.

Freight is why. At nearly Rs 1.4 per tonne-kilometre for limestone, moving it from Jaisalmer to Bokaro comes to almost Rs 2,600 a tonne, which makes the delivered domestic price slightly higher than the imported one. Landlocked plants still buy domestic, because for them imported limestone carries its own port-to-plant haul on top of the landed cost, and that is why they draw most of their supply from Katni or Jaisalmer.

Coastal plants face no such penalty. Tata Steel's works at Jamshedpur in Jharkhand sit just 260 km from Haldia port, and the company relies on imported steel-grade limestone.

In 2008 Tata Steel signed a joint venture with Oman's Al-Bahja Group to develop the Uyun limestone deposit near Salalah, with a projected investment of $150 million. The company brought in Oman's sovereign investment arm as a partner, and by 2022 Tata held a 51 per cent stake.

JSW Steel's Dolvi plant in Maharashtra, coastal and with direct jetty access, draws its limestone through JSW's own Dharamtar port. One of the company's environmental filings for a Dolvi expansion names Dubai as the source.

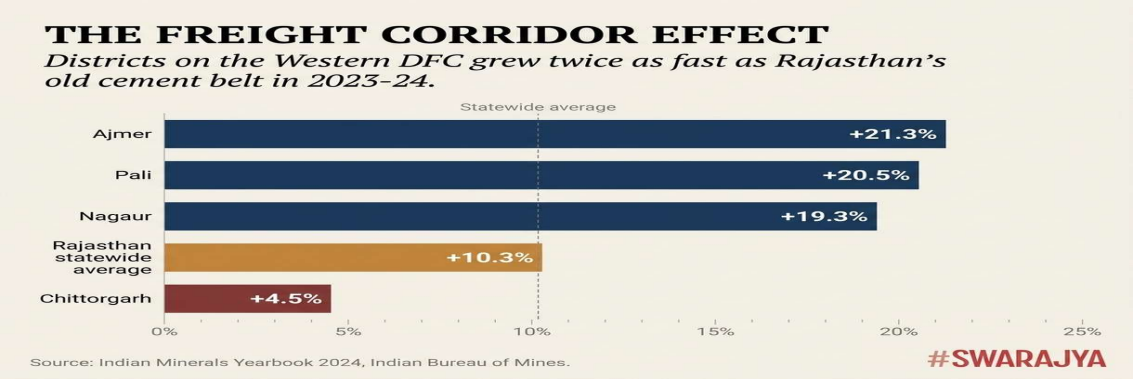
ArcelorMittal Nippon Steel India's Hazira plant in Gujarat runs the same way, importing limestone through a captive jetty licensed to handle 25 million tonnes of cargo a year.

What A Freight Corridor Does

Freight costs have kept Jaisalmer's steel-grade reserves largely untouched while shiploads of the same mineral arrive from the Gulf. How a dedicated corridor changes that arithmetic is evident from what has already happened 500 km to the south-east.

The Western Dedicated Freight Corridor's Rajasthan stretch — Rewari to Madar, covering Ajmer and Nagaur, dedicated in January 2021, and Madar to Palanpur, running through Pali and Sirohi, commissioned by mid-2022 — included three dedicated cement sidings and a combined loading capacity of 10 million tonnes on the Ajmer-Pali-Sirohi section, with freight rates projected to fall 15 to 20 per cent.

By 2023-24, with the corridor fully operational across the belt for over a year, Pali's limestone output had grown 20.5 per cent, Ajmer's 21.3 per cent and Nagaur's 19.3 per cent, each roughly double Rajasthan's statewide growth of 10.3 per cent that year.



Growth of the cement industry in Rajasthan.

The same state has also seen what happens in freight's absence. In 1988, following the Supreme Court-ordered closure of the Doon Valley's limestone quarries, Rajasthan State Mines and Minerals Limited began mining at Sanu in Jaisalmer, where SAIL's own laboratory and plant trials had found the limestone ideal for steel-melting-shop use.

Production grew from 65,000 tonnes in the first year to 1.67 million tonnes by the mid-2000s, all of it trucked 60 km overland to Jaisalmer station for want of a railway. A 2010 study found that over half the rock sized for steel use came out as fine reject. It was good enough for cement but not worth hauling by road, so it kept piling up at the mine.

Fourteen years later, in March 2024, the company applied for environmental clearance to expand handling capacity at Sanu from 3.30 to 3.848 million tonnes a year, specifically to begin recovering 0.548 million tonnes annually from those old backfilled reject dumps. The rail line to Sanu had meanwhile become operational in August 2020, with the first trains sent to Bhilai and Bokaro.

Why Katni Still Wins

Connectivity is also why Katni outproduces Jaisalmer despite holding smaller reserves. India produced 8.88 million tonnes of steel-grade limestone in 2023-24, of which Katni accounted for 3.69 million tonnes and Jaisalmer 2.49 million. The gap has held for several years, and the Sanu rail line has made no difference to it.

The answer lies in geography and in infrastructure that predates independence. Katni sits on a railway junction dating to 1886, with a direct line to Bilaspur completed the following decade, long before the Bhilai steel plant existed. Katni to Bhilai is 450 km by rail. Jaisalmer to Bokaro is 1,853 km. Katni is likewise far closer to the steel plants of Odisha and Jharkhand.

Rajasthan's limestone output has nonetheless been climbing for years, and the corridor accelerated it further, giving the state's established cement belt a direct, low-cost route to northern markets for the first time.

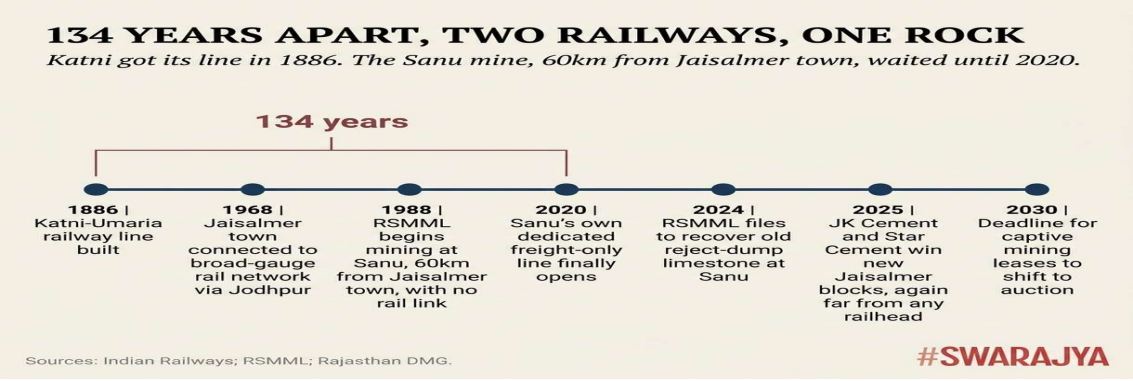
The Old Belt Runs Out

But the belt the corridor serves is also Rajasthan's oldest. Chittorgarh, the state's single largest limestone-producing district and home to Birla Corporation, JK Cement, Wonder Cement and UltraTech's Aditya unit, grew just 4.5 per cent that year, a fraction of its corridor-linked neighbours.

Decades of continuous mining have left less room for the kind of large, contiguous, multi-decade block a new plant needs, and most of what is biddable nearby has already been leased.

An approaching deadline compounds this. Under the 2015 amendment to the Mines and Minerals (Development and Regulation) Act, captive mining leases granted before the auction-era reforms — the kind an integrated cement plant typically holds over its own limestone source — must transition to auction-based allocation by 31 March 2030.

For a company whose Chittorgarh-belt lease is approaching that cutoff, securing fresh multi-decade reserves elsewhere is the safer bet than competing for what little large, contiguous ground remains in an already densely leased belt.



Jaisalmer and Sanu lag because of connectivity.

Rs 17,000 Crore Moves West

That is pulling investment towards Jaisalmer, the same district that supplies the country's steel-melting-shop grade. In July 2025 JK Cement won the Parewar (SN-III) block, and Star Cement followed a month later with the adjacent SN-IV, 960 hectares carrying 271 million tonnes of resource.

Wonder Cement has since ordered mills for an entirely new plant in the district. Between them, six new mega-plants are now planned for Jaisalmer, backed by more than Rs 17,000 crore in committed investment.

These investments underscore the importance of limestone in Rajasthan's mineral economy. It is the state's top non-metallic earner and accounts for one-eighth of Rajasthan's total mineral revenue of Rs

21,670 crore, ranking third overall behind only zinc and silver, both of which draw outsized value from the state's near-monopoly on national silver output.

The growth trajectory has been steady and, in the most recent year, sharp. Rajasthan's limestone production rose from 87.48 million tonnes in 2021-22 to 93.96 million in 2022-23 and 103.64 million in 2023-24, a 10.3 per cent jump in the final year alone and comfortably ahead of the state's own average over the preceding period.

That output makes Rajasthan India's largest limestone-producing state by a wide margin, at 22.9 per cent of the national total, ahead of Madhya Pradesh's 13.8 per cent and Andhra Pradesh's 13.5 per cent.

Cement is where nearly all of it ends up. Rajasthan's Department of Mines and Geology counts 23 major cement plants in the state, concentrated for decades around Chittorgarh, Pali, Ajmer and Sirohi, and ranks the state first nationally in cement production. Installed capacity is 85 to 90 million tonnes a year, according to the Cement Manufacturers Association, making it the country's leading cement producer.

Demand Is Not Waiting

Jaisalmer's steel-melting-shop grade gives Rajasthan a role in the steel industry as well as in cement, and steel output is rising continuously. Crude production rose 10.7 per cent to 168.4 million tonnes in 2025-26, capacity is closing in on 220 million tonnes, and the government wants 300 million tonnes by 2030-31. Demand for steel-grade limestone will rise with it.

For now that demand is being met through imports. India's limestone imports have risen from 22.8 million tonnes in 2020-21 to 33.8 million in 2023-24, a 48 per cent jump in three years, arriving almost entirely from the UAE and Oman.

The gap can be closed with the same instrument that already worked 500 km away. The corridor came with dedicated sidings, higher axle loads and freight rates cut by design, and the belt around it grew at twice the rate of the rest of the state. Sanu, by contrast, got a single branch line, too little and too late.

With six plants now converging on Jaisalmer and Rs 17,000 crore behind them, India's cement and steel industries have a common supply base in one district. Whether they can use it depends on whether the freight problem is solved in time to meet the demand already coming.