

## Cement

Cement despatches grew by four per cent in March 2003 to 107.6 lakh tonnes. Cement despatches during April–March 2002–03 were 111.1 million tonnes, marking a growth of 8.5 per cent over 2001–02. Cement despatches have remained strong so far this year due to increased government spending on road infrastructure projects and the robust housing construction activity in the country. Despatches were higher than the year-ago levels in each of the months of 2002–03. On account of the robust growth in demand, cement production fared well, recording growth of 8.8 per cent during the year.

Demand for cement is expected to remain robust for a good part of 2003–04, mainly on account of the steady progress of the Golden Quadrilateral project, scheduled to be completed by December 2003. However, the prospects of demand from the construction sector hinges on the south–west monsoon this year.

The Indian Meteorological Department's preliminary forecast is not encouraging. Although it stated that a drought is unlikely, it has forecast that this year's monsoon is likely to be below normal at 96 per cent of the long term average rainfall. Assuming the MET's prediction turns out to be accurate, we expect cement production growth to be in the region of seven per cent during 2003–04. We will monitor this forecast closely as we get more information.

For cement manufacturers, the growth in demand is crucial in order to be profitable. Although cement demand growth has been quite robust for two years now, prices are far from stable. The relative excess of supply has put prices under great pressure, thereby adversely impacting the financial performance of the sector. The average realisations during April–January 2003 were lower than the year-ago average in five out of six centres across the country.

Cement supplies had come to a halt in most markets in April because of the truckers strike. It was reported that the southern and western markets were the worst affected with cement prices shooting up by 10–15 per cent.

Cement: Apr–Mar

	Lakh tonnes	% chg.
<b>Production</b>		
2001–02	1024.01	9.69
2002–03	1113.58	8.75

Cement: Apr–Mar

	Lakh tonnes	% chg.
<b>Despatches</b>		
2001–02	1024.23	9.73
2002–03	1110.78	8.45