

Cement prices move up as rail wagons get scarce

Prices rise by Rs 5-8 in most parts of the country

Suresh P. Iyengar
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A shortage of rail wagons is driving up cement prices at a time when demand from the realty sector is showing signs of revival.

Companies recently increased prices for the second time in December citing disruption in the distribution channel. As a result, cement is dearer by Rs 5 to Rs 8 for a 50-kg bag in most parts of the country from the first week of December.

In Maharashtra, including Mumbai and Pune, prices are set to increase by Rs 5 a bag from Monday. The average price in Mumbai is Rs 240 a bag, now likely to be hiked to Rs 245-248 in a week, according to a city-based dealer.

Dealers in Gujarat have already increased prices by Rs



5 a bag from Tuesday. The average price in Ahmedabad, Vadodara, Bharuch, Mehsana and Surat has gone up to about Rs 200-205 a bag.

In the north, prices have remained almost unchanged but dealers expect a hike if logistics problems persist. In Delhi, cement is quoting at Rs 227 a bag.

Ms Vinita Singhania, Managing Director, JK Lakshmi

► *"The Railways needs to give more priority to cement loading. Its interests are sidelined compared to many other goods."* - **Ms Vinita Singhania**

Cement, and President, Cement Manufacturers Association, said that railway wagon availability has been a key concern in some markets.

"The Railways needs to give more priority to cement loading. Though cement is one of its largest revenue contributors, its interests are sidelined compared to many other goods," she added.

Companies in Andhra Pra-

desh, the country's cement manufacturing hub, will have cause for cheer.

In November, prices had touched a low of Rs 130 a bag but have hardened since to Rs 140-145 a bag and now set to reach the Rs 150-mark by the end of this week, a dealer said.

Cement prices are a direct offshoot of demand-supply coupled with the fact that market forces play a key part too. Even short-term surpluses and deficits in a particular market can affect prices there, said Ms Singhania.

Mr Gaurav Dua, Head of Research, Sharekhan, said, "The recent price rise is sentimentally positive. Going ahead, volumes may improve due to a pick up in demand from infrastructure projects".