

Cement firms bank on infra push to close supply-demand gap

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OUR BUREAU

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The country's cement makers, grappling with excess manufacturing capacity, are banking on the new Government's focus on infrastructure development to reduce the current demand-supply mismatch.

India's present cement manufacturing capacity is around 375 million tonnes (mt), while the demand stands at about 300 mt a year.

"However, this gap is likely to shrink as focus on revival of stalled infrastructure projects results in higher demand over the next few years," Alok Sanghi,

Director, Sanghi Cement Ltd, said here on Monday.

Cement companies may benefit from the proposed increase in long-term funding availability for infrastructure projects, which is likely to facilitate more investment in infrastructure. "Only through infrastructure spending, India can raise its per capita consumption, which is far lower at around 190 kg, compared with over 350 kg in Brazil and 1,500 kg in China," said Sanghi.

Higher investment

Higher spend on public infrastructure is likely to increase ce-

ment consumption, while the share of residential sector is expected to decline. A recent report by the Confederation of Indian Industry and AT Kearney, titled *Cement Vision 2025: Scaling New Heights*, said while residential and commercial construction will continue to spur cement demand, the industry's real boost is expected to come from an increase in the pace of infrastructure creation over the next 10 years.

An infrastructure investment of between 9-12 per cent of gross domestic product will be required to enable sustained economic growth in India.

"The industry is also likely to get boost from demand for (the Government's) smart cities project," Sanghi said.