
Finance ministry of Pakistan says hike in cement price not excessive

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Daily Times reported that the Pakistan ministry of finance has concluded that the recent surge of over PKR 100 in 50 kilogram cement bag price was not excessive and was due to the depreciation of the rupee and rise in input cost.

Recommending no intervention in the market for reduction of cement price, the Minister of Finance hopes that new capacity being added would force the industry to keep the prices stable.

After a detailed review of the cement prices and sector as a whole, the Minister of Finance has drawn a conclusion and recommendations adding that the cement price surged since June 2008 because of the rise in input prices and depreciation of the rupee. After this increase in the cement price, the net profit margin of the sector is only 7% as during the third quarter of the last fiscal year 2007 to 2008 it was only 3%. Therefore, this increase in cement price was not excessive. Only three cement plants have made profits namely Attock, Fauji and Lucky Cement while rest of the plants were in loss till March 31st 2008.

According to the official sources, cement production capacity of the country was at 16.3 million tonnes in the fiscal year 2002-03 which doubled to 30.2 million tonnes and is expected to remain at 44.8 million tonnes in current fiscal year 2008-09.

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