



Exports Potential of Indian ceramics

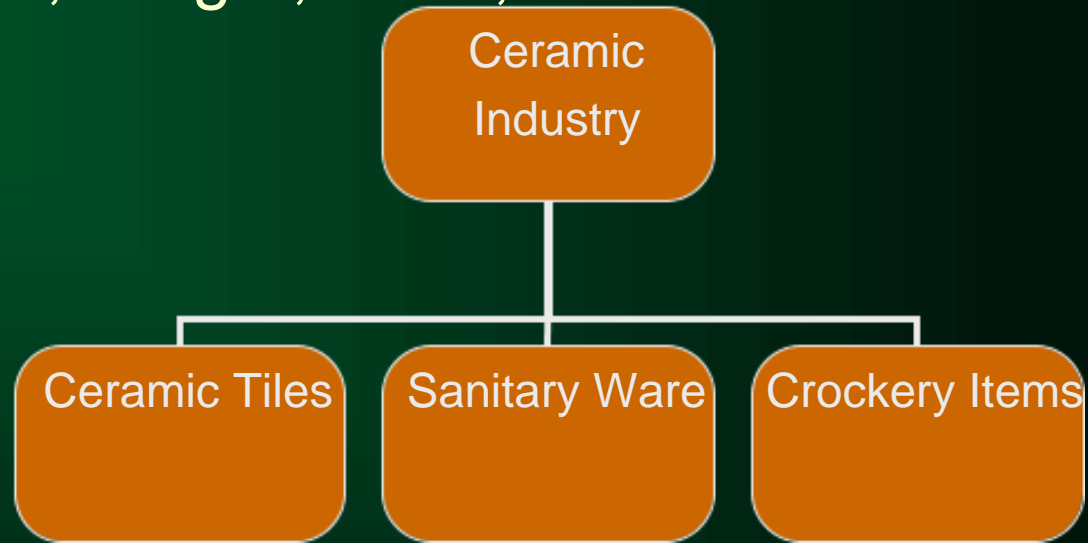


Introduction

- The ceramic industry in India is about 100 years old and forms a sizeable industrial base at present. India is 8th largest producer of ceramic products.
- In India, raw materials are available in sufficient quantity and in powder form e.g., Feldspar, Talc powder, Dolomite, Wallastonite, Calcite, Raw crushed soil, Clay etc.
- Since these raw materials are available nearby the manufacturing plants of ceramic companies the transportation cost goes down.
- In India, Morbi, Mehsana, and Himmatnagar are major hubs for ceramic industry.
- The industry holds a share of 2.5% in global production. Though India holds a minuscule share of 0.77% of global trade of ceramic products in 2002.



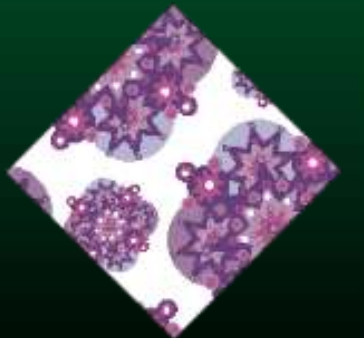
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- Ceramic tiles are very convenient as compared to marble, granite, and stone in terms of price, color choice, weight, sizes, surface and availability.



A brief description of each of these sub-sectors is presented next...

Ceramic tiles sector...

- There are 16 units in the organized sector and 250 units in the unorganized sector manufacturing ceramic wall tiles, floor tiles and vitrified tiles.
- India accounts for nearly 2.5% of the world production.
- The domestic ceramic tile industry is growing at a rate of 8% per annum. Estimated size of the ceramic industry is approx Rs. 3300 crore out of which the share of SSI sector is around Rs. 1200 crore.
- India's the per capita ceramic tile consumption is 0.09 sq.mt.p.a. as compared to 1.2sq.mt. in China and 5 sq.mt. in European countries.
- Indian tiles are competitive in the international market



Sanitary ware...

- Sanitary ware is manufactured both in large and small sectors with wide variance in type, range, quality and standard.
- This industry has been growing by around 5% per annum during the last two years.
- Sanitary ware items are presently being exported to East and West Asia, Africa, Europe and Canada.



Pottery...

- Potteryware such as crockery and tableware is produced both in organized and unorganized sectors.
- There are 16 units in the organized sector with a total installed capacity of 43,000 tonnes per annum.
- Bone china crockeryware is being imported from Bangladesh and Sri Lanka in view of the better availability of raw material there.





Ceramic tiles industry statistics

| | |
|---------------------------------------|-------------------|
| India's Share of Global Production | 2.5% |
| Global Industry Growth Rate | 11% |
| Indian Growth Rate | 8% |
| Organized Industry Turnover | Rs. 16.56 billion |
| Share of Wall Tile | 42% |
| Share of Floor Tile | 46% |
| Share of Vitrified and Porcelain Tile | 12% |
| Investment in the Last 5 Years | Rs. 16 billion |

Big players of Ceramics in India...

| Company | Brand | Market share |
|----------------------|-------------------|--------------|
| H&R Johnson | Marbonite | 21% |
| Kajaria Ceramics | Kajaria | 13% |
| Murudeshwar Ceramics | Naveen diamontile | 5.5% |
| SPL | Greviti, Somany | -- |
| Spartek | -- | -- |
| Regency Ceramics | -- | -- |
| Bell Ceramics | -- | -- |

Leading manufacturers Overseas...

| | |
|--------------|--------|
| RAK Ceramics | UAE |
| Kaleseramik | Turkey |
| Nanhai | China |

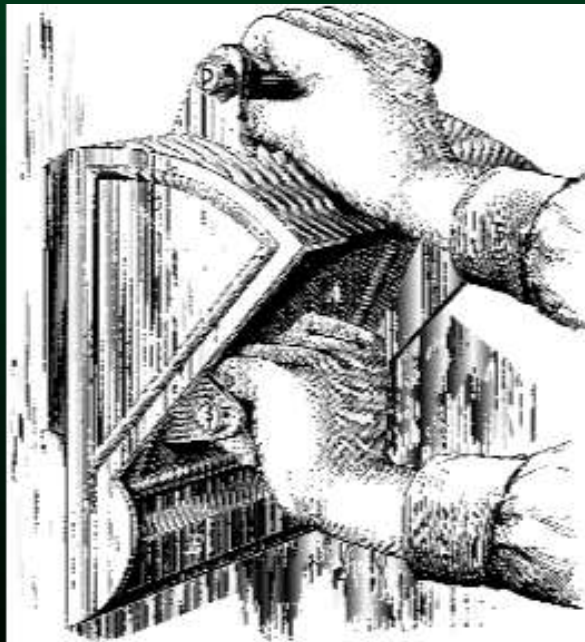
[Unorganized Sector](#)



4Ps for ceramics

Marketing...

The 4Ps are like different **levers** that can be used in different degrees to achieve the same objective...



Product... There is a wide range of designs and sizes to choose from. Introduction of two new categories...Vitrified tiled and Porcelain tiles

Price... The price range is very vast. Due to capacity expansion supply is increased so price is lowered down by 35%. Moreover price war from china has also lowered down prices.

Promotion... Advertising is done in leading Construction magazines and interior design journals. Taking part in international exhibitions is routine.

Place... Wide distribution network in Middle East and African countries. Products delivered within 1 weeks of order.



Strategies adopted by Indian companies

- Somany Tiles, a Delhi-based manufacturer of floor tiles, has entered into a strategic partnership with **Kaleseramik**, Turkey's leading tiles manufacturer, to market its products in Middle East.
- Nitco tiles has opened its exclusive showrooms in Lebanon, Qatar, and some other Arabian countries.
- Small industries choose merchant exporters to market their products. Delhi based Maharani Enterprise is the largest exporter of ceramic products from the country.
- CAPEXIL provides trade inquiries to their member



Export Potential

- Demand of Ceramic products heavily depends on a country's Construction industry
- The housing sector is expected to grow because of low interest rates on housing loans.
- So we can target countries with heavy infrastructural development
- By creating awareness in public about hygiene, we can increase demand of ceramic tiles over marble or mosaic tiles.
- Ceramics are imperishable products and requires less hassle so it is a plus point to



Export composition

The major ceramic products which are exported are as bellow...

Sanitary wares

Ceramic Tiles

Household articles

Crockery items

Ornamental ceramic products

Luster tiles

Vitrified tiles

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Major Importers of Ceramic Products

| Country | 2002 (US \$ mil) | % share |
|-------------|------------------|---------|
| USA | 3604.16 | 18.59 |
| Germany | 1706.19 | 8.80 |
| France | 1407.72 | 7.26 |
| UK | 918.58 | 4.74 |
| Canada | 527.18 | 2.72 |
| Italy | 512.19 | 2.64 |
| Japan | 509.74 | 2.63 |
| Netherlands | 508.72 | 2.62 |
| Belgium | 443.49 | 2.29 |
| Spain | 427.14 | 2.20 |
| World | 19385.11 | 100 |



India's Export Destinations (US \$ mil)



| Export Destinations | 2003 |
|----------------------------|-------------|
| Saudi Arabia | 14.84 |
| UK | 13.07 |
| UAE | 12.93 |
| Sri Lanka | 6.51 |
| Bangladesh | 4.33 |
| USA | 4.15 |
| Kuwait | 2.77 |
| Australia | 2.61 |
| Germany | 2.41 |
| Qatar | 2.36 |



Top 3 Importers of Glazed Ceramic Tiles (2002)



| Country | Value ('000 US \$) |
|---------|--------------------|
| USA | 1421174 |
| France | 597143 |
| Germany | 483835 |

USA



Import of glazed tiles by USA (2002)

| Exporting countries | Value ('000 US\$) | Quantity ('000sq meters) | Unit Price(\$ per sq.mt.) | % of import from |
|---------------------|-------------------|--------------------------|---------------------------|------------------|
| Italy | 628953 | 57244 | 11.0 | 44.2 |
| Spain | 281282 | 35964 | 7.8 | 19.8 |
| Mexico | 160145 | 25374 | 6.3 | 11.3 |
| India | 2247 | 235 | 9.6 | 0.2 |

France



Import of glazed tiles by France (2002)

| Exporting countries | Value ('000 US\$) | Quantity (Tonnes) | Unit Price('000 US\$ per tonne) | % of import from |
|---------------------|-------------------|-------------------|---------------------------------|------------------|
| Italy | 346832 | 627296 | 0.6 | 58.1 |
| Spain | 143539 | 300516 | 0.5 | 24 |
| Germany | 24762 | 36000 | 0.7 | 4.1 |
| India | 25 | 59 | 0.4 | Neg |

Germany



Import of glazed tiles by Germany

(2002)

| Exporting countries | Value ('000 US\$) | Quantity (Tonnes) | Unit Price('000 US\$ per Tonne) | % of import from |
|---------------------|-------------------|-------------------|---------------------------------|------------------|
| Italy | 298654 | 554692 | 0.5 | 61.7 |
| Spain | 48184 | 99081 | 0.5 | 10 |
| France | 42647 | 104734 | 0.4 | 8.8 |
| India | 70 | 179 | 0.4 | Neg |



Challenges...

- Major factors that have caused margins to shrink are **dumping** and **anomalous custom duty structure** in India.
- Last year nearly **Rs. 100 crore** worth of imported tiles were dumped into India.
- Moreover tiles from china are **routed thru' SAARC countries** to evade the anti dumping duty
- Problem is intensified by china's entry in **Bangkok agreement**, so Chinese goods will attract only 10% duty against current 15%.
- Another major problem... **Rising fuel costs** of manufacturing due to increase in prices of LPG and **raw materials** such as zirconium and titanium.
- On the other way because of the price war from China, domestic tile manufacturers cannot increase their price. This directly reduces their sales and profitability further. So they are in catch22 situation.



Support of Government to ceramic sector

1. FDI limit in the **real estate and property sector**, and the government's thrust on the housing sector through initiatives like the **Bharat Nirman** and the **National Urban Renewal Mission** (under which the government aims to focus on 66 select cities) are set to accelerate the growth of ceramic industry.

1. The ailing ceramic industry will get **Gas Pipeline** within 4 months from **Gujarat State Petronet Ltd (GSPL)**, as part of the proposed state-wide gas grid.

1. Government has established **Indian Council of Ceramic Tiles and Sanitary ware (ICCTAS)**. The goal of this council is "To promote sales of products of ceramic tiles and porcelain articles by India in domestic and overseas markets".

Its activities are to arrange Trade exhibitions, Events, Seminars and representation of India ceramic manufacturers overseas.

1. There are some local associations like, **Gujarat Ceramic Floor Tiles Manufacturers Association (GCFTMA)**, which represents the unorganized ceramic tiles manufacturers of Gujarat.

1. By doing research at **Ceramic Research Institute in Calcutta**, government has suggested to the manufacturers that **energy cost**



Conclusion

- The increased domestic market demand will automatically boost the industry's sustainability at international level. But to increase export in the most advanced and remunerative markets, it has become essential to establish a loyal sales network and a brand name that is recognized and respected by industry professionals.




Special thanks to...

Mr. Khimjibhai Kundaria
Chairman,
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(Merchant Exporter of Ceramics)

Mr. Dharmesh Varmora
Marketing manager,
Varmora Vitrified Tiles

Mr. Girishbhai Pethapara
Chairman,
Gujrat Ceramic Floor Tiles Manufacturers Association
Ahmedabad

Mr. Renish Vyas
Export Manager,
Face Ceramics



“If the government can provide gas, electricity and water to this industry at lower rates, the sector can become a major money spinner of Saurashtra,” said Prafulbhai Detroja, president, **Gujarat Ceramic and Glaze Tiles Manufacturers Association.**

Thank You...