



**IMPACT DUE TO SHORTAGES ON
SANITARY WARE &
TILES**

TILES & SANITARY WARE - IS IT LUXURY OR ESSENTIAL ?

- FUNCTIONALITY - HYGIENE , SAFETY , MAINTENANCE
- AESTHETIC - PROPERTY VALUE ENHANCEMENT , LIFE STYLE , CHOICE

TERM : ' **PRODUCT SPECIFICATION** ' WILL ASCERTAIN THAT TILES & SANITARY WARE ARE PRIMARILY AN ESSENTIAL TO THE CONSTRUCTION INDUSTRY

MARKET SIZE (DEMAND)

BASED ON THE CONSUMER DATA 2018/19

MATERIAL	DEMAND	LOCAL PRODUCTION	IMPORTS
TILES	1 10,000M2 PER DAY APPROX 100 FCL PER DAY 3000 FCL PER MONTH	56000 M2 PER DAY 1 500 FCL PER MONTH (AFTER EXPANSION CAN SERVE UP TO 2000 FCL) CURRENT - 51% FUTURE - 65%	54000 M2 PER DAY 1 480 FCL PER MONTH CURRENT -49 %
SANITARY WARE	22 mn POPULATION 5mn FAMILIES 1 4500 FCL NEEDED 19 YEARS	25 FCL PER MONTH 300 FCL PER ANNUM	40 FCL PER MONTH 480 FCL PER ANNUM

DIRECT IMPACTS ON CONSUMERS

- UNBEARABLE COST ESCALATION DUE TO PRODUCT UNAVAILABILITY
- 600/- TILE NOW 1500/-, 2 PCS BATH WARE 15000/- NOW 31000/-
- FREEDOM OF CHOICE ON DESIGN,COLOR,SPECIFICATIONS ARE LIMITED
- TECHNOLOGICAL EVOLUTION IN CONSTRUCTION BECOMES UNFEASIBLE
- GENERATING VALUE ADDITION IN TERMS OF BRAND MARKETING BECOMES UNIMAGINABLE
- LANDSCAPES , ARCHITECTURE , TOWN PLANNING , CULTURAL ESSENCE BECOMES OUTDATED
- TECHNICAL PRODUCTS LIKE POOL TILES , STEP TILES ,ANTI BACTERIAL TILES,HEAT RESISTANT TILES FOR ROOF TOPS, ACID RESISTANCE TILES , SELF CLEANING SANITARY WARE ,WATERLESS URINALS, ETC BECOMES INACCESSIBLE
- COST ESCALATION DUE TO DELIVERY DELAYS
- LEAD TO SCARCITY OF TILE MASONS & CONSTRUCTION PROFESSIONALS
- LIMITATION TO TRADE TERMS TO CONTRACTORS



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P2

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Market

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recognised as Most
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P4

MY Kalizma becomes
first Superyacht to
berth at Port City...



Destination brand survey reveals Sri Lanka ranks low in future travellers' wish list

■ By Shabiya Ali Ahlam

A custom destination brand survey of international travel consumers facilitated by Australia's Market Development Facility (MDF) revealed that Sri Lanka ranks low in the list of destinations considered for future travel by the leading 10 source markets, urging the need for the island nation to get its marketing mix and promotional efforts revisited.

The survey showed that Sri

Lanka scored less than one percent in the future travel wish list of international travellers. Destinations scoring high in the wish list were Spain, Italy and France, followed by Japan, Greece, Egypt and Turkey.

The measurement of Sri Lanka's brand health via myriad variables linked to the travel consumer path-to-purchase (familiarity, impression, interest and recommendation) also showed that more work is required to improve the island

nation's positioning and to become a top-of-the-mind tourist destination.

The assessment of Sri Lanka's brand health by MDF and Twenty 31 Consulting Inc. found that only 31 percent of the travel consumers in the sample were familiar with the island nation as a travel destination, with the highest familiarity in China and the Kingdom of Saudi Arabia. In terms of familiarity, Sri Lanka is on par with Kenya and Jordan.

Around 44 percent of travel consumers have a positive impression of Sri Lanka's travel experience with ratings relatively consistent across source markets.

While 38 percent of travel consumers were interested to visit Sri Lanka in the near future for a holiday, 41 percent of the consumers would recommend the country as a holiday destination, with ratings highest in Eastern Europe.

MORE ON P4

CTC announces Monisha Abraham as new MD/CEO

The local unit of British American Tobacco (BAT),



CB expects to end 2021 with over US \$ 3.5bn foreign reserves

■ Witnesses acceleration in export proceed

debt obligations, as even after two months since the unveiling

shore up the country's depleting reserves.

Seeking last week Central

FASTEST GROWING DEVELOPMENT FINANCE COMPANY IN SRI LANKA - 2021



SARVODAYA
DEVELOPMENT FINANCE

SDF's Rs.1bn oversubscribed on opening day

Sarvodaya Development Finance shares against the offer size of

IMPORTS VS MANUFACTURING

SUBJECT	IMPORTERS	MANUFACTURERS
COST OF CONSTRUCTION	VERY COMPETITIVE	VERY HIGH
GOVERNMENT REVENUE	HIGH > 12 BILLION P.A	LOW
DISTRIBUTION OF INCOME	OVER 300 ENTITIES	JUST 2
SUPPLY CHAIN SUPPORT	OVER 2000 DISTRIBUTORS	MOSTLY OWN SUPPLY CHAIN
ENVIRONMENTAL AFFECTS	NIL	SEVERE IMPACTS
EMPLOYMENT	HIGH >100000	HIGH
CONSUMER BENEFITS	VERY HIGH	LOW
PRODUCT QUALITY	SLS CERTIFCATION MUST	NOT COMPULSARY

MANUFACTURING IN SRI LANKA

- GENERALLY IN MARKET STANDARDS THE COST OF MANUFACTURING HERE IS VERY HIGH COMPARED TO THAT OF FINISHED PRODUCTS AVAILABLE FOR IMPORTS,THE REASON FOR THAT COULD BE
- VERY HIGH ENERGY CONSUMPTION AND COST
- HIGH MINING COST FOR RAW MATERIALS -DEPLETING RESERVES IN LONGTERM
- VERY SMALL MARKET SIZE - NOT COMPETITIVE
- HIGH LABOUR COST

IS SRI LANKAN TILE MANUFACTURING SAVING FOREIGN EXCHANGE ?

- ALTHOUGH PROJECTED TO BE AN IMPORT SUBSTITUTION, THE THEORY TARGETS THE PROTECTION AND INCUBATION OF NEWLY FORMED DOMESTIC INDUSTRIES TO FULLY DEVELOP SECTORS SO THAT THE GOODS PRODUCED ARE **COMPETITIVE WITH IMPORTED GOODS**.
- BUT CONTRARY TO THE EXPECTED COMPETITIVE PRICING ,THE IMPORT SUBSTITUTION **SHOULD NOT COST THE ECONOMY AND THE CONSTRUCTION INDUSTRY MORE**
- THE LOCAL TILE MANUFACTURERS' CONSUMPTION OF ENERGY (GAS AND ELECTRICITY , IMPORTED RAW MATERIALS , MATERIAL CONSUMPTIONS LIKE MINERALS,WATER ALONE COULD POST A HEAVY THREAT TO OUR ECONOMY & ENVIRONMENT.
- 40% OF THE MANUFACTURING COST IS FOR ENERGY ,SO VERY POOR COMPETITIVE ADVANTAGE

TILE CUSTOMS DUTY

PREVIOUS TAX STRUCTURE

CUSDEC	TILES	SANITARY WARE	SQUATTING PAN
DUTY	100/- PER M2 OR 30%	30%	30% OR 23/- PER KG
EIC CESS	35%	35/- PER KG	-
VAT	8%	8%	8%
PAL	10%	10%	10%

CURRENT TAX STRUCTURE

CUSDEC	TILES	SANITARY WARE	SQUATTING PAN
DUTY	15%	15%	15%
EIC CESS	490/- PER M2 OR 50%	155/- PER KG	75/- PER KG
VAT	8%	8%	8%
PAL	10%	10%	10%

IMPACTS ON CONSTRUCTION INDUSTRY

- ALTHOUGH THE CONSUMER DEMANDS FOR TILES IS PROJECTED AT 3000 FCL'S OR 3.3 MILLION SQ.METERS ,CURRENTLY SHARED BY THE MANUFACTURERS AND IMPORTERS AT APPROX 50% EACH
- DUE TO THIS ALTHOUGH THE LOCAL MANUFACTURING COST IS HIGHER THE CONSTRUCTION INDUSTRY IS ABLE TO COMPENSATE THE OVERALL COST USING THE IMPORTED PRODUCTS AS THEY ARE COMPETITIVE EVEN AFTER 100% PROTECTIVE TAXATION
- NOW IF TILE IMPORTS ARE SUSPENDED THE LOCAL MANUFACTURER DUE TO THEIR LIMITATION ON PRODUCTION CAPACITY CANNOT MEET THE DEMAND AND HENCE THE FINAL CONSUMER PRICE WILL ADVERSELY INCREASE

DORAISAMY VIGNESHWARAN
IMMEDIATE PAST PRESIDENT

THANK YOU

