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# Resilient Growth of Bangladesh's Tiles Industry A PROMISING JOURNEY

AKANDA MUHAMMAD JAHID

The tiles industry in Bangladesh has emerged as a resilient and dynamic sector, demonstrating remarkable growth since its inception and successfully overcoming various challenges.

The demand for tiles has experienced a sharp increase due to the rapid urbanization and evolving lifestyle trends, creating opportunities for both local tile producers and importers.

According to data from the Bangladesh Ceramic Manufacturers & Exporters Association (BCMEA), the tile industry in Bangladesh has been witnessing a 20% annual growth.

AKM Ziaul Islam, the chief operating officer for Meghna Ceramic, expressed confidence in the industry's potential and stated, "I believe this industry has the potential for another 20 years of growth."

S M Arafatur Rahman, the head

of marketing at RAK Ceramics Bangladesh, highlighted the significant urbanization that has taken place in recent years. While tiles were previously limited to wealthy individuals in urban areas, they are now being utilized by the middle class, lower middle class, and even rural populations.

Currently, there are 32 functioning tiles companies in the country, with an annual production capacity of 21 crore sq m of tiles. In the fiscal year

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MD Shirajul Islam Mollah, president of the BCMEA and managing director of CBC Tiles, expressed the need for the removal of the supplementary duty in order to increase tile demand and sell at reasonable rates.

Moreover, the raw materials imported by tile producers from various countries, including China and Malaysia, contain moisture levels ranging from 30 to 40 percent, as stated by Mollah. However, the customs assessment includes this moisture content, resulting in additional duties being imposed. Consequently, the tiles producers demand that the duty calculation excludes the weight of the moisture.

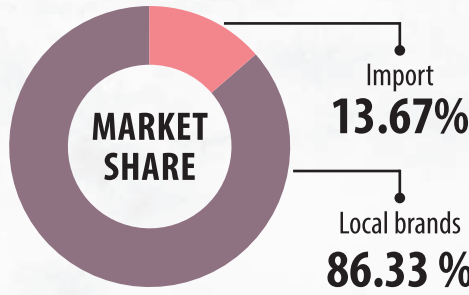
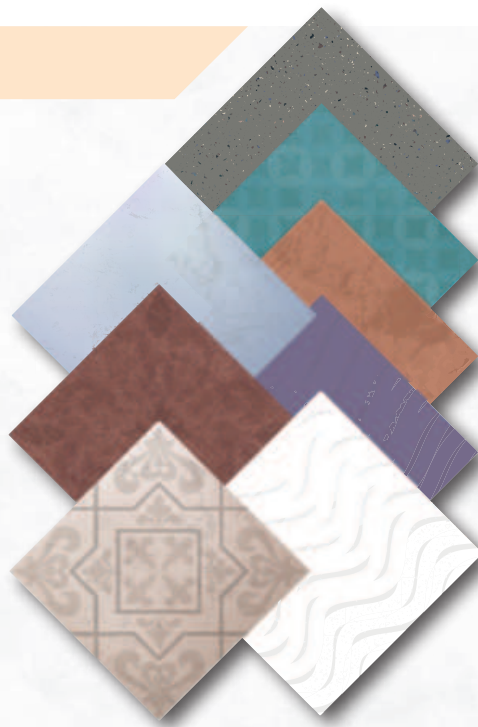
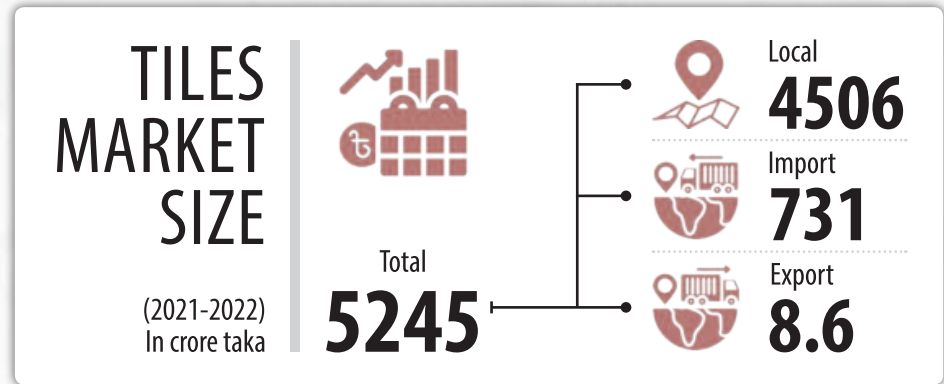
Mollah identified natural gas as the most significant constraint to the industry's growth. He highlighted the lack of uninterrupted gas supply despite accepting the government's increased gas prices on the condition of guaranteed supply.

Tile producers maintain that despite the existing challenges, the sector will continue to grow in the years to come. They emphasize that housing is a fundamental requirement for everyone, and tiles have become an integral part of building construction. As the demand for houses increases, the prospect for all construction materials, including tiles, will grow accordingly. This is why the country's tiles industry has consistently shown resilience, even during tough times like the Covid-19 pandemic, according to industry experts.

Furthermore, they see great potential for exporting high-end tiles manufactured in the country.

Md. Bayazed Bashar, the head of operations at DBL Ceramics Ltd., emphasized the quality of tiles produced in Bangladesh, stating that they are already on par with international standards. To foster further growth, the tiles industry in Bangladesh should proactively explore opportunities for exporting its products and expanding internationally, added Bashar.

### TILES INDUSTRY IN BANGLADESH



2021-22, the tile market size in Bangladesh surpassed 5000 crore taka, with local producers accounting for more than 4500 crore taka.

This sector has experienced robust growth in recent years, largely due to substantial investments by major companies, according to Islam.

Meghna Group, for instance, now produces 1.5 crore sq.ft of tiles on a monthly basis and has invested approximately Tk 900 crore. UAE-based RAK Ceramics is also investing around Tk 1000 crore to build a tile factory in Gazipur.

However, the sector is currently facing some difficulties.

Tiles sales have declined recently due to prevailing market panic resulting from the pandemic and the war in Ukraine, as reported by tile producers.

On top of that, the price of gas has experienced a significant increase of approximately 150%, putting additional pressure on production costs.

The tile producers are also experiencing delays in opening LCs, which are causing disruptions in the production process.

The price of tiles has doubled since August of the previous year.

Nevertheless, it is believed that the situation will improve in the coming months if the government takes certain measures.

The tiles industry leaders asserts that a 15 percent value-added tax (VAT) and 15 percent supplementary duty are imposed on the sector.



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