PROBLEMS AND PROSPECTS OF GRANITE INDUSTRY IN INDIA

INTRODUCTION

The status of the Indian stone industry is a matter of concern for anyone who is involved in this industry. India is the world's third largest producer of natural stones and fifth in export of finished products. There is, however, a bright future for increasing the Indian share in the world market with its vast area of granite deposits spreading over more than 15 states and with wide variety of colors and skilled work force. But to achieve this task, the major problems of the industry have to be analyzed and solved through mutual co-operation between the Government and the industry. The main objective of this report is to highlight the problems and the prospects of the Indian Granite Industry.

➤ PROBLEMS RELATED TO GRANITE MINING INDUSTRY

• PRODUCTIVITY

The main problem of Granite Mining Industry in India is the low productivity and high wastage. The granite mining industry in India is far behind in terms of productivity compared to countries like Italy, Brazil, Spain, Norway, South Africa etc. The low productivity is mainly due to conventional methods of mining adopted at present. The industry is slow in adopting the use of wire saws and slot drilling instead of conventional blasting burner. Though the wastage had come down to 23% in the year 1997 from 28% of the year 1993, and has reduced some more in the following years, there is still a long way to go to match international standards.

• MODERNIZATION

The main obstacle for the slow rate of modernizing the quarry is due to very high rate of import duty on capital equipment like diamond wire saw machines, drilling equipment and on consumables like diamond wire, drilling rods etc. To encourage the industry to modernize the quarry operations, the Government should consider granting mining industry 100% Export Oriented Unit status or full duty exemption for imports against export of blocks. Such help from the Government will not only make the quarry operations profitable but also can encourage entry of corporate companies into the granite sector.
• **LABORS MANAGEMENT**

The low productivity per worker and less man-hour utilization is another problem for the granite quarrying in India. The lack of exposure to modern quarrying and training for the Indian workers is a major reason for the low productivity of the workers. It is high time that Government and the industry should work together to establish a Training Institute to educate and train the work force, which will help the mining industry to a great extent.

• **INDUSTRIAL STATUS FOR GRANITE MINING**

The future of the granite mining industry depends on the immediate attention of both the Union and State Governments to the problems of the industry. The foremost step should to be declaring granite as a major mineral and granite mining as an Industry. Since the granite industry is one of the important sources of foreign exchange earning, it is high time the Government of India steps in to encourage the granite mining industry.

• **LEASING POLICY**

The Government should announce a long-term mining policy and stop frequent changes of leasing policies as adopted by various state Governments. Granite mining is a high-risk area where there is no guarantee on return on investment. The mining of a natural product requires a long period of time to develop the land and infrastructure and high investment for economical operations. Hence the leases of quarry lands should be on long-term basis of minimum of 30 years as in other countries like Spain etc. where it is normally ranging from 30 to 90 years, or in Brazil, where policies are even more liberal. It is impossible for any one to invest in machines and modernize the quarry in the absence of long time leasing.

• **EXPLORING NEW AREAS**

As per the geological survey, India has a vast area of abundant granite deposits of various colours that are still to be explored. The government should encourage entrepreneurs to explore the new areas on recommendations as stated above. Every effort should be taken by both the government and the granite industry to improve the country's share in the world market by exploring new areas.
The government should also guarantee free trading without imposing any restrictions on exports of blocks.

- **SIMPLIFICATION OF PROCEDURES**

The procedures of lease agreements, permits for movement of blocks, payments of royalty etc, must be simplified. Most of the times the dispatches are held up due to delay in getting the permits and particularly during holidays, strike etc. Since highly valuable goods are presently allowed on self-removal scheme, the granite blocks can also be allowed under the same scheme in place of the present permit system. This will avoid eliminating delays in dispatching blocks and meeting the delivery schedules of the buyers.

- **PROBLEMS RELATED TO GRANITE PROCESSING INDUSTRIES**

- **INFRASTRUCTURE DEVELOPMENT**

The existing infrastructure to meet the needs of the stone sector in India is extremely poor and inadequate for the growing demand. The infrastructure facilities like road, rails, electricity services, water sources need to be improved.

The movement of either the blocks from the quarries or the containers from the factories to the ports is always cumbersome. Quarry access roads are still not developed which restricts the sizes and the movements of the blocks. Even the highways are not sufficient for easy movement of trucks. The absence of spacious National Highways to reduce the traveling time as well as the safe travel is responsible for the slow growth of the stone industry. The planning of new ideas should be properly
followed up with timely and proper implementation and continuous supervision or otherwise the main purpose is defeated.

The infrastructure is the backbone for any industry to operate economically and compete in the world market. Unless proper facilities are created for smooth traffic and movement of materials, further development will not be possible.

- **AVAILABILITY OF BLOCKS**

  The major problem highlighted by the processing industries is the non-availability of best quality blocks for the processing. As exporting of blocks is more advantageous due to high value realization, the processing companies are finding it difficult to buy certain colour granite blocks as per their requirement. The first quality blocks, which are free from defects and larger in size, are always given preference for exports. Hence the local processing factories have to depend on smaller size blocks, which resulted in high processing wastage, higher production cost and thereby, high selling price. This is one of the reasons for the less competitiveness of finished products in the world market. It must be the aim for both government and the industry to expand the processing capacity of the country to get more value addition.

- **MODERNIZATION AND UPGRADEATION OF PROCESSING TECHNOLOGY**

  The consistent modernization of the factory and upgrading of the processing technology by installing new machines will improve the productivity and reduce production cost.

  For example, the use of diamond polishing abrasives replacing conventional abrasives will increase the belt speed of the line-polishing machine thus giving more production and higher polishing capacity with
the same machine. Periodical maintenance of the machines is a must for the consistent quality and less downtime. This will reduce the raw material cost considerably as defective slabs and unwanted bushes of the blocks are eliminated at the quarry site.

- **FINANCIAL PROBLEMS**
  The high rate of interest charged by the financial institutions should be reduced to make the Indian products more viable in the world market. The present interest rate of 9 to 15% for export industries should be brought down to below 5%, as in other countries. Incentives like liberal working capital norms, longer repayment schedules for loans etc. should be implemented immediately.

- **PROSPECTS FOR THE GRANITE INDUSTRY**
  - Today's subdued market situation is due to several factors. The economic crisis in Indonesia, Japan, Korea, Taiwan, Italy, USA and Thailand affected the exports to these countries. Also the recent introduction of synthetic stone like materials is affecting exports. The competition from China for rough blocks and finished products like slabs and monuments has contributed to the slow growth of exports from India.
  - However the future for the granite industry for both blocks and finished products is encouraging. India can improve its export performance as the processing capacity is very low, with less than 5% of gangsaws installed in the world. The increase in export of blocks and finished products during the last year is an indication of the encouraging signs of market improvement. In spite of so many problems, the demand for granite products is increasing everywhere with consistent growth rate of consumption.
  - India, which is blessed with various types of unique colours and large deposits of granite, is certain to get its due share in the ever-growing world market. Many countries are worried about the strong entrance of China in the market but the fact is that China landed up importing more rough blocks and finished products due to high domestic demand. It is widely expected that with the Olympics 2008 awarded to Beijing, China will import more of blocks, slabs and tiles and export less of them outside.
  - The world wide improvement of transportation system with more and more bulk vessels will also help many countries to import more thereby boosting our exports.
The demand for stone products is expected to continue increasing for the simple reason there is still a low level of consumption in many countries. The share of the stone industry is just 5% out of the world's annual consumption of 5 billion square meters and ceramics; wood, glass etc. occupy most of the market. Even a moderate increase of another 5% will increase hugely the demand for stone products.

The export market for finished products and particularly for monuments is picking up in Europe and Australia. The consistent quality control and strict adherence of the delivery schedules of the buyers is most important to get more orders. The processing industries should try to concentrate on low thickness and pre heated surface materials, which is getting more and more popular. The construction materials with thickness less than 10 mm which will weigh not more than 20 kg are getting more popular. Hence such new products should be developed with upgrading of technology with the support of finance to sustain the growth. It is true that Indian industries should try to economize their operations to make the products competitive in the world market.

The market potential is abundant and there are excellent prospects for the Indian granite industry to get its due share in the world market. The professional and realistic approach towards solving the practical problems and careful planning of facilities by the Industry and Government can make India the leading exporter of the world market. We have challenging years ahead but the potential for growth is beyond any reasonable doubt.