Chapter Six

Summary of Findings, Conclusions and Suggestions

The present study is a micro analysis of marketing dimensions of 25 granite industrial units in and around Ilkal town of Hungund taluka of Bagalkot district in Karnataka State. The respondent units have been interviewed by the researcher on various aspects of marketing of granites quarried in the area. The data collected from the respondents was strictly in tune with the objectives and as per the pre-tested questionnaire schedule. The findings based on the responses of the 25 selected granite units have thrown light on the production and marketing issues involved granite business. The findings provide some general information of the respondent's business profile, their production parameters and the details regarding their marketing operations, problems and prospects. This chapter provides the summary of the major findings, conclusions and suggestions relating to the research study.

11 Dimensional stones are a major economic commodity. India possesses extensive and rich deposits of wide varieties of dimensional stones like Granite, Marble, Sandstone, Slate and Quartzite etc. India accounts for 27 percent of dimensional stone production in the world. India is a leading exporter of
dimensional stones next only to Italy and China. The stone sector provides employment to over a million people. Domestic consumption of dimensional stone exceeds Rs. 5000 crore per annum.

1.2 Total granite deposits in India are put at 1027421 cubic meters. Country had 25 per cent of the world's granite reserves and is one of the largest exporters of granite in the world.

1.3 Granite is available in three main varieties viz., Biotite-granite, Hornblende granite and Tourmaline granite. Of these three varieties Biotite granite is most prevalent. There are about 200 shades of granites available in India.

1.4 Granite is a holo-crystalline quartz bearing plutonic rock. It has 10 to 50 per cent of quartz as its component and alkali feldspar/total feldspar in the ratio between 65 to 90 per cent. The model contraction of other minerals is less than 10 per cent.

1.5 Granite is used as a building stone, architectural aggregate, track and trail pathways, decorative landscape stone, decorative rip-rap stone. Granite in floorings as furniture as counter tops, as table tops, granite steps etc.

1.6 Granite industry comprises of granite quarrying, granite cleaning, granite cutting, polishing, etc.
1.7 The recovery of marketable granite is reported to be 32 to 40 per cent in Karnataka, 25 to 75 per cent in the four quarries in Rajasthan and 20 to 40 per cent in Tamil Nadu.

1.8 The commerce of granite is a complex one and is decided by several non-geological factors like government policy, bureaucratic tangle, leases prerogatives, consumers need, buyers preference aesthetics, infrastructure, etc.

1.9 Granite industry expanded from 1970 onwards but export market boomed in ninties. India’s export opportunity dipped due to economic recession in USA, Italy, Germany and Japan. There is absence of global level prospecting and mining policy, inadequate support measures for investors in processing industry, non-availability of advanced technology, alleged impractical application of FCA/980 etc. All these lead to failure of export trade. The emergence of China as a strong competitor in world market is another problem faced by India. Buyers from Japan turned towards China due to price factors.

1.10 Granite industry suffers from high costs, high royalty to government, low production capacity. Innovative marketing is absent among granite declares. India does not have ‘design centres’ like USA. Small and tiny granite units are surviving on thin margins with market process of granite slabs crashing 20 per
cent even as the input costs of consumables such as electricity and labour have increased by 20 per cent.

2.1 World trends of granite production indicate that South Africa has recorded considerable increase in production in African region, Canada and USA in North America, Brazil in South America, India in Asian region and Belgium in Europe.

2.2 In India Maharashtra has the maximum recoverable reserves of granite followed by Assam, Karnataka, Rajasthan, Gujarat, Tamil Nadu, Bihar, Haryana, Orissa, West Bengal, Andhra Pradesh and Kerala.

2.3 The recovery of saleable blocks of granite in India is about 15 to 20 per cent and the remaining part goes as waste. Waste generation is mainly due to geological and geo-technical factors such as the weathering colour variations, grain size, defects in the form of cracks, moles, quartz veins, joints, faults, folds, presence of mica, dissemination, etc.

2.4 Quarrying method is defective. There is no proper selection of equipment to handle the size of blocks to be extracted. Improper quarry layout has posed problems in handling and transportation of blocks.

2.5 There is need for micro level planning system. All the quarry operations should be mechanized. Substantial improvements in
productivity safety and efficacy of operation can be achieved by knowing the physio-mechanical properties of the rock have increased and the exports of granite blocks have decreased. Exports of granite and products have increased by more than 20 times between 1987-88 and 2001-02.

Country wise exports of Indian granite indicate the predominance of USA, China and Italy as importers of Indian granite. The other countries importing Indian granite are Germany, U.K., Belgium, Netherlands, Hong Kong, Taiwan and Japan. USA accounted for maximum of 24 per cent of the Indian granite exports, Italy and China 12 per cent each, Germany 6 per cent, U.K., Belgium and Netherlands 5 per cent each, Hong Kong and Taiwan 4 per cent each and Japan 3 per cent of the total exports of granite from India in 2001-02. Other countries accounted for 24 per cent of the total exports of granite from India.

Some new countries are emerging as importers of Indian granite viz., South Africa, Russia, Egypt, Nigeria, Tanzania, Ukraine, China, Republic Nigeria, Portugal, Canada, Denmark, Greece, Singapore and Slovenia. Which will also guide in the selection of proper technology as well as suitable equipments.
2.6 The central government have thrown open the exploration and exploitation of all non-ferrous and non-atomic minerals including granite to private entrepreneurs as per the national mineral policy 1993. Granite is a minor mineral defined under section 3(e) of the mines and minerals (Development and Regulation) Act 1957 and all powers to grant mineral concessions for granites or with the state government concerned.

Government have notified the granite conservation and development rules 1999 to ensure systematic and scientific mining of granite.

2.7 India's export composition has undergone a transformation since the late 60's. India used to export granite blocks in 60's now with the introduction imported sawing, polishing, tiling and cutting machines exports of polished granite slabs and tiles.

2.8 Karnataka contributes nearly 40 per cent of the national export of ornamental stone granite. Prime varieties of granites quarried from this shield area include: Ruby Red, Imperial Red, Chamarajanagar Black, Hassan Green, Pink Panthers, Multi-colour Himalayan Blue, Juprana, Sindoor Red, of many other pink and grey varieties.
Major areas of granite reserves are found in the districts of Mysore, Bangalore, Tumkur, Hassan, Chamarajanagar, Gulbarga, Raichur, Bellary, Bijapur, Koppal and Bagalkot.

From a small beginning made in Karnataka in 1930's for Black granites the granite industry has developed now to the extent of contributing nearly 40 per cent of the total production of the country. Ornamental stone granites in Karnataka are mainly associated with coloured migmatites /glasses of peninsular gneissic complex younger granites and dykes rocks.

3.1 Pink granites of Ilkal are known for their colour, texture and beauty. Pink granites are located around Gungalamari, Gudur, Chikkodagali, Sankalapur and Hosur Villages. The pink granite occurs in the form of boulders and sheet rock. It is medium to coarse grained in texture. The colour is variable being deep red, deep pink and pinkish brown. The joint spacing is generally 1m, the pink granite of the above sector is being marketed as "Ilkal Pink", "Imperial Red", or "Ruby Red". The estimated reserves are of the order of 1650 lakh cum.

3.2 Grey granite ornamental variety is found around Balakundi and Sankalapura villages. It is exposed in the form of boulders and sheet rock. Generally, two sets of joints are noticed spaced at a distance of 2-3m apart. The rock is grey in colour, fine to medium
grained, hard and compact. Estimated reserves are of the order of 100 lakh cum.

3.3 Some of the varieties of Ilkal area have larger grains of pink felspar engulfed in the usual ground mass comprising quartz, pink and white feldspars and other ferromagnesian minerals. This variety is marketed under the name “B-Red”.

3.4 Majority of the 25 respondent granite units in Ilkal area were started before the year 2000. The oldest among these Gem granites was started during the late 80’s. Six granite units were started in the first half of 90’s, while Eleven granite units were started in the second half of the 90’s. Seven granite units were started in the first half of the present century.

3.5 Capital investment in the 25 respondent granite units ranged between less than Rs. 30 lakh to Rs. 50 lakh and more. All the 25 granite units covered by the study come under the small scale industrial units (SSIS) with capital investment in plant and machinery of less than Rs. 1 crore.

It is found that 5 granite units accounting for 20 per cent had investment of Rs. 30 lakh or less, 15 units accounting for 60 per cent had investment of Rs. 31 lakh to Rs. 50 lakh and 5 units accounting for 20 per cent had investment of Rs. 50 lakh and more.
Taking into account the vast production and marketing potentials of the Ilkal granite the investment range appears too narrow and small.

3.6 Form of organization of the 25 respondent granite units indicate that majority of 15 units accounting for 60 per cent of the total were partnership firms, 9 units accounting for 36 per cent were sole proprietorship while only 1 granite unit was organized as a private limited company.

There seems to be a lack of interest among the entrepreneurs in the granite industry in Ilkal area in forming joint stock companies as majority of them are partnership firms. Joint stock companies form of organization could help these units to mobilize more finances for investment and operations.

3.7 Maximum number of 16 granite units constituting 64 per cent of the total had 6 to 10 years business experience for their organizers, followed by 6 units accounting for 24 per cent with 1 to 5 years experience, 2 units accounting for 8 per cent with 11 to 15 years experience and 1 unit accounting for 4 per cent had more than 16 years of business experience.

3.8 The organizers of the granite unit had other businesses as their main occupations in case of 15 units accounting for 60 per cent, 8 units accounting for 32 per cent granite businesses alone and 2
units accounting for 8 per cent had their organizers with agriculture as their main occupation.

3.9 Ilkal is a town in Hunagund taluka of Bagalkot district of North Karnataka region. The district had a total population of 16.5 lakh with male population of 8.3 lakh and female population of 8.2 lakh. Literacy rate was high among male population at 71.3 per cent. It was much lower at 44.1 per cent amongst the females.

3.10 The district had 1383 primary schools with a total student strength of 303000 children. The district has a large number of high schools, colleges and professional institutions in different faculties. There were 48 primary health centers 10 hospitals with a total number of 401 beds.

3.11 The district recorded 268.1 thousand tons of food grains in 2000-01. Production of rice 0.2 thousand tons, jawar 107.8 thousand tons, oil seeds 66.7 thousand tons, groundnut 14.9 thousand tons and cotton 5.1 thousand tons in 2000-01.

3.12 The district had a total forest area of 81.2 thousand hectares in 2000-01. The district had a network of railways and roads sustaining the transport system with large number of vehicles. The infrastructure consists of post and telephone, electricity and water supply. These facilities have sustained industry, trade and agriculture.
3.13 The district with good industrial activities had 81 working factories with a total number of 8185 workers in 2003-04. The total number of small scale industrial units was 5757 in 2003-04. The mineral production in the district was valued at Rs. 519.37 lakhs in 2000-01.

3.14 The district had a network of 125 bank branches. The per capita deposits in the banks in 2004-05 was Rs. 6471.37 and the per capital credit of the banks in 2004-05 was Rs. 5454.35. The credit deposit ratio of the banks in 2004-05 was 93.75 per cent.

4.1 The production of granite of the 25 granite emits in Ilkal areas has shown a trend of continuous decline during the survey areas from 2000 to 2004. Total production of the granite of 25 units came down from 4163700 sq.ft. in 2002, 3746000 sq.ft. in 2004.

4.2 It is found that 8 of the 25 granite units covered by the study had production of granite of more than 200000 sq.ft., 11 granite units has annual production of 100000 sq.ft. to 200000 sq.ft. and 5 granite units had annual production of less than 100000 sq.ft.

4.3 Maheshwari granites has the highest level of granite production during the 5 years from the year 2000 to 2004 compared to the other 7 units in the category of the units having annual production of granite of more than 200000 sq.ft. The unit is followed closely by the Gayatri granite in terms of higher level of
granite production among the seven top units Saptagiri granites has the lowest level of production among these 8 units which have been producing more than 200000 sq.ft. of granite per year.

4.4 In the next category of 11 granite units producing 100000 to 200000 sq.ft. of granite Guram granites and Mahalaxmi granites had achieved maximum level of granite production of 1700000 sq.ft. each in the year 2000 while Ayli granites had the largest level of 100000 sq.ft. of granite during the same year.

Guram granites, Lahoti granites, Mahalaxmi granites, Pooja granites and Satyam granites have reached production level of more than 150000 sq.ft. during all the five years from 2000 to 2004.

4.5 Ambika granites had registered highest level of granite production of 50000 sq.ft. in the year 2000 while Basaveshwara granite had registered the lowest level of production of 40000 sq.ft. Ambika granites, Radhakrishna granites (2002), Shankar granites (2003-04) had registered highest level of granite production.

4.6 The total number of unskilled workers in the 25 granite units covered by the study was the maximum at 601. The total number of skilled workers was 138. The total number of unskilled
workers was almost more than four and half times more than the total number of skilled workers.

4.7 Unit wise Ashwini granites, Netravati granites and Taj granites have employed maximum number of 8 skilled workers each followed by Classic granites, Guram granites, Hosamani granites and Maheshwari granites with 7 skilled workers each. Aswad granites, Ayli granites, Kalaka granites, Lahoti granites, Mahalaxmi granites, Saptagiri granites and Sumeet granites had employed 6 skilled workers each. Ambika granites, Gayatri granites, Pooja granites and Satyam granites had employed 5 workers each. Others have employed 4 skilled workers each.

4.8 There are more than 35 unskilled workers each in Gayatri granites, Maheshwari granites and Saptagiri granites while in Ashwini granite, Classic granites and Taj granites are more than 30 but less than 35 unskilled workers. In other granite units the number of unskilled workers is less than 30.

4.9 The total number of workers employed in the 25 granite units is 739. Maheshwari granite has employed maximum number of 42 workers followed by Saptagiri granites (41), Classic granites (40) and Gayatri granites (40). A total number of 11 granite units have employed 30 or more but less than 40 workers, while 8 granite
units have employed 20 or more but less than 30 workers each in their units.

5.1 Maximum number of respondent granite units were started because of the motivation to the organizers by the success achieved by their friends and relatives in similar occupations. High returns in granite industry is also a factor responsible for the entry into the granite industry by almost one third of the 25 respondents while 20 per cent of the respondents entered the granite business on grounds of their knowledge and experience in related industry. Good export potentials in granite industry promoted one respondent to enter the granite industry.

5.2 The future development in the granite industry has not made 80 per cent of the respondent optimistic while 20 per cent of the 25 respondents are optimistic about the future development in the industry.

5.3 The success in the granite business has been attributed to the adequate availability of capital by maximum number of respondent granite units. However, easy availability of raw materials and labour has been responsible for the success in granite industry according to 40 per cent of the 25 respondents covered by the study. One respondent each referred to own urge
and desire and advise from family members and relatives as factors for the success of their business in granite industry.

5.4 The customer population of the granite units comprised of educated and uneducated and people of lower, middle and higher income groups accompanying to the 25 granite units covered by the study.

The market for granite products is stagnant according to majority of 85 per cent of the respondents. However, only 12 per cent of the respondents maintained that the market for granite in expanding.

5.5 Market information about the granite trade in obtained through telephone messages and through middlemen according to 48 per cent and 44 per cent of the respondents respectively. However, 8 per cent of the respondents are used to obtaining market information through internet.

Market research is not conducted by majority of 96 per cent of the respondents while 4 per cent of the respondents did conduct market research. The need for conducting marketing research is expressed by large majority of 72 per cent but only 28 per cent of the respondents did not consider that marketing research was necessary.
Marketing research is considered costly by large majority of 84 per cent while 16 per cent of the respondents did not conquer with the majority view in this direction. Market information obtained by the respondents has influenced 96 per cent of the respondents in modifying their marketing activities. However no modification in marketing activities was resorted to by four per cent of the respondents.

5.6 The need for advertisement for enhancement of sales was felt by only 32 per cent of the respondent granite units. However, majority of 68 per cent of them did not feel the need for advertisement for the sales enhancement of their granite products.

The sales of granite have increased in case of 32 per cent of the respondent who involve themselves in advertising their products. In case of others advertisement was costly and unnecessary for their granite business.

5.7 It is significant to note that 96 per cent of the respondents expressed the view that publicity plays an important role in marketing their granite. However, 52 per cent of the respondent felt that both advertisement and publicity were preferred in promoting the sales publicity alone as a means for promoting
sales was preferred by 36 per cent whole advertisement alone was preferably 12 per cent of the respondents for promotion of sales.

Marketing cooperatives were considered necessary for the sales of granite by all the 25 respondent units. There has been a divided opinion about effectiveness of marketing cooperatives through majority of 76 per cent of their expressed a favourable opinion. However, 24 per cent of the respondent did not conquer with the majority view.

5.8 Branding as a means of promoting sales of granite has been accepted by 80 per cent of the granite units while 20 per cent of the units did not considered branding as necessary for the marketing of their products.

Maximum number of 12 units have preferred “cats eye” followed by 9 units with “Himalayan blue”, 9 units with “ruby red”, 5 units with “Rajashree” and 8 units with “Ilkal pink” as brand names. The leading brand names for “Cats Eye, Himalayan Blue, Ruby Red”.

5.9 Grading as a marketing strategy has been favoured by 80 per cent of the respondent granite units. However, 20 per cent of the granite units did not believe in grading. The granite units accept the view that grading of their products help in boosting their
sales. This majority view of 80 per cent of the respondents was not endorsed by 20 per cent of the respondents.

5.10 The working capital requirements of the 25 granite units covered by the study ranged from a minimum of Rs. 1 to 5 lakh to a maximum of Rs. 20 lakh and more. The working capital requirements of majority of 17 respondents constituting 68 per cent of the total ranged between Rs. 6 to Rs. 10 lakhs. The requirement of working capital of 20 per cent of the units ranged from Rs. 1 lakh to Rs. 5 lakh and 80 per cent of the unit required working capital of Rs. 11 to 15 lakh while one granite unit needed more than Rs. 20 lakh for its working capital requirements.

The granite units did not face any problems in obtaining working capital as asserted by 88 per cent of the total units covered by the study. However 12 per cent of the units did face some problems in this direction.

5.11 The attitude of the financial institution in providing finances to the granite units was found to be more formality oriented according to 80 per cent of the units and 20 per cent of the units felt the procedure of providing funds was time consuming. However, 8 per cent of the granite units covered by the study expressed the view that the attitude of the financial institutions was liberal.
Majority of 88 per cent of the respondent units did not confirm any illegitimate payment to financial institutions while obtaining loans through 12 per cent of the units mentioned about such payments.

None of the 25 granite units covered by the study accepted deposits from the public.

5.12 The finances for meeting the marketing operations were needed for different purposes viz., to meet credit sales, to keep the business in continuous operations, to meet transport and advertisement expenses, to obtain market information, to implement standardization and grading process etc.

5.13 Credit sales are allowed for durations ranging from 1 month to 12 months. Maximum number of 10 granite units each provided credit sales facilities to buyers for a period of 6 months and 7 to 12 months respectively.

The granite units collected their sales proceeds through cash as well as credit according to 96 per cent of the respondent. However 1 granite insisted on cash payment.

5.14 The credit sales of granite by the units covered by the study resulted in locking up of capital ranging between Rs. 1 lakh to more than Rs. 15 lakhs. Capital blocked due to credit sales was Rs. 6 to 10 lakhs in case of maximum of 56 per cent of respondent
granite units maximum amount of capital blocked through credit sales was Rs. 15 lakh or more in case of 1 granite unit covered by the study while 6 units suffered capital lack up of Rs. 1 lakh to Rs. 5 lakh due to credit sales. A large amount of 11 to Rs. 15 lakh was locked up due to credit sales in case of 4 units accounting for the 16 per cent of the respondent units.

5.15 The granite units face some problems relating to credit sales. The buyers on credit are not prompt in making payment as per a prior consent regarding the period of credit. Delays in payment after the expiry of the mutually accepted period cause financial hard ship to granite sellers since granite products are high valued ones. This aspect of credit sales has been mentioned by maximum number of 18 respondent granite units.

The recovery of the sales receipts from the buyers had lead to incurring of good amount of expenditure, thus causing additional cost of recovery. Further some respondent granite units have put up with bad debts in the form of default by the buyers on credit. Prompt payment is made by the buyers only in case of 7 granite units accounting for 28 per cent of the total. The granite units have to make efforts to obtain payment through repeated visits to the buyer's places or obtain a positive cheque in
advance or a D.D. A few units have also used personal force to obtain payment for their granite sales on credit.

5.16 The granite units have resorted to borrowing, overdrafts and encashment of savings, deposits etc. to manage the shortage of funds due to credit sales. Maximum number of 20 granite units have resorted to borrowings from banks to overcome the shortage of funds caused by credit sales. They constituted 80 per cent of the respondent units obtaining funds through overdrafts facilities. Its resorted to by 4 respondent granite units accounting for 16 per cent of the total. One respondent unit accounting for 4 per cent of the total number of 25 units resorted to encashment of savings and deposits for meeting the shortage of funds. Thus, the credit sales as resulted in creating the problem of shortage of funds and also additional Cost of borrowings to meet the shortages.

5.17 There have been instances of abnormal losses incurred by 11 respondent granite units in their granite business operations. Thus, 44 per cent of the 25 respondents have reported financial losses of an abnormal nature. The responses have indicated that such losses have ranged from Rs. 1 lakh to Rs. 5 lakh in case of 8 units constituting 32 per cent of the total. The other 3 units constituting 12 per cent of the total suffered financial losses of Rs.
6 lakh to Rs. 10 lakh in their granite business. The need for proper financial management is needed in such cases.

The financial losses incurred by the granite units have been caused by defective raw material, which resulted in large amount of waste. This has affected 10 granite units accounting for 40 per cent of the total. 1 granite units has attributed the financial losses to the negligence of workers causing waste and damage to materials.

5.18 The pricing of granites and products by the units is influenced by three main objectives (i) to keep the business running, (ii) to keep the business growing and (iii) to maximize the profit. The first objective of keeping the business running is mentioned as the first priority in pricing as per 13 respondent granite units. The objective of maximizing the profit is given first priority in pricing by 7 granite units covered by the study. Minimum number of 5 units mentioned the objective of keeping the business growing while pricing the granite.

Maximum number of 15 granite units determined their products on basis of competition prevailing in the granite market. However 8 units accounting for 32 per cent of the total fixed the price of granite on the basis of cost plus margin of profit. Market
conditions influenced the prices of granite sold by 2 units accounting for 8 per cent of the total.

Frequent changes in prices of granite has been reported by maximum of 19 granite units accounting for 76 per cent of the total while 6 units accounting for 24 per cent felt frequent changes in price of granite did not take place.

Changes in granite prices are attributed to heavy competition by 17 granite units constituting 68 per cent of the total. Change in demand has caused change in price of granite according to 2 units accounting for 8 per cent of the total number of respondent granite units.

5.19 The granite units have faced competition from rival units in the areas of price and quality. Maximum number of 24 units constitution 96 per cent of the total have faced price competition while 1 unit has faced competition due to better quality of rival units.

The demand for the granite is regular and not seasonal according to maximum number of granite units covered by the study. However the price competition is a major problem faced by the granite units in their marketing field.

It is significant to note that none of the 25 respondent granite units has any tie up with the foreign importers.
The granite units are largely faced with stagnant domestic market as 15 units maintained that the number of consumers is not increasing for their products. However, 10 units accounting for 40 per cent of the total mentioned that the number of consumers is increasing for their granite products.

There are some apprehensions among the granite units that the prospects for their business is not encouraging since granite is less attractive compared to marble and other stones and that buyers find the granite as costly stone.

The granite units are facing problems of transporting in their sales operations as mentioned by 20 units constituting 80 per cent of the total while 5 units did not concur with the majority view. The majority of 16 units complained of transport official harassing the transporters while 4 units felt that the transporters charged heavy rents for their vehicles. There is need for a liberal policy by the transport authorities with regard to the transporting of the granite which is fast growing into an export oriented industry.

The large majority of respondent granite units have not availed of the services of market intermediaries in their sales operations. A maximum of 14 units accounting for 56 per cent of the total sold their product directly. While 7 units accounting for 28 per cent
sold through the distribution channel. However, 4 units sold their granite through both methods.

5.23 Sales promotion for granites is needed according to 21 units accounting for 84 per cent of the total while 4 units did not support a policy of sales promotion. Providing price discounts as a promotion incentive was mentioned by 21 granite units covered by the study.

5.24 Marketing problems mentioned by the granite units included selling, standardization and grading, financing and marketing information. Less severe marketing problems included transportation storage and warehousing. Sales of granite have posed a more severe problem to majority of granite units. This is mainly due to price competition and quality competition posed by rival units. Financers to meet the working capital requirements for different operations have also posed a problem to good number of granite units covered by the study and obtaining market information as a marketing problem is mentioned by a few granite units. A good number of granite units have mentioned the distribution cost as another marketing problem. However majority of 19 granite units accounting for 76 percent of the total considered distribution cost as 'average' while 2 units considered the distribution costs as 'very high' and 3 units found
the distribution cost as 'high' one granite unit considered
distribution cost as 'low'.

5.25 In department of mines and geology of the Karnataka State has
been doing some useful work in the development of granite and
other dimensional stone industry - The services of the
department have been availed percent have not availed of by 14
granite units constituting 56 percent of the total while 11 units
accounting for 44 percent have not availed of the services of the
department. The department of Mines and Geology has helped 13
granite units in obtaining lease of granite sites while 1 unit was
assisted in search of suitable granite deposits. The leasing policies
of the state government have been found 'good' by a majority of
15 granite units constituting of 60 percent of the total. The policies
were found 'excellent' by 4 units while 6 units found the
government policies 'bad'. However a general feeling that the
government was not taking keen interest in developing granite
industry is expressed unanimously by all the 25 granite units.

5.26 All the 25 granite units have expressed the view that conducting
of entrepreneurship awareness programmes and helping the
granite units in identifying business opportunities is useful in the
broader interest of the industry. However they have expressed
the view that the government has not anything in this direction.
They are all of the opinion that Government has not helped the granite units in getting technical help needed by them.

5.27 The infrastructure provided by the Government for the granite industry is found inadequate by the granite units covered by the study. Majority of the 16 granite units have expressed their dissatisfaction about the infrastructure provided by the Government. In addition to better infrastructure facilities for the technical and other staff should be provide by the Government. Further the granite units expect interest free loan and subsidy on the loan for their granite industry. Less priority needs of the granite units relate to the Government help in getting necessary machines and equipment etc.

5.28 The granite units covered by the study have pleaded for the Government to simplify the procedures in getting license verification for their granite business. The time involved in getting the license varied from a minimum of 1 month to a maximum of 18 months or more. In general the granite units have expressed their unhappiness about the Government’s measures to strengthen the granite industry.
Hypotheses and the Research Findings

1. The researcher’s findings have positively proved the first hypothesis about the infrastructure inadequacies. The hypothesis maintained that the infrastructure inadequacies affected the operations of the granite units. This has been amply proved by the fact that infrastructure relating to transport, power supply, supply of kerosene, and training facilities for the skillful manpower have all been found in adequate. In relation to the requirements of the granite units. The responses obtained from the respondent units are fully in conformity with the stated hypothesis in the thesis.

2. The second hypothesis states that the “Government’s policies towards the granite mining and marketing have been favorable” This hypothesis is proved wrong in the light of the research findings. All the probing questions posed to the respondent granite units have provided an unanimous response that the Government policies towards the granite units have not been helpful and they are unsatisfactory relating to licensing policies, royalty payment, taxes or in getting technical assistance and training etc., all the 25 granite units have expressed the view that the Government has not helped in identifying business opportunities to them, hence the stated hypothesis is proved wrong by the research findings.
Suggestions

Granite marketing

Effective strategy of marketing of granite should be evolved. Innovative methods of marketing needs to adopted by the granite units. They should study the users requirements, trends, price ranges, feasibility, economics of transportation, etc.

Exporters have to focus their attention in obtaining feedback from local architects and builders. This would be of great help in ascertaining what type of stones can be used in a particular country. A close look at climatic conditions and conventional uses like interior, exterior, flooring, wall cladding, interior decoration, paneling etc. is essential. Import duty and other taxes for such items must be examined. Analysis of finish and prices must be made for existing stones. The existing distribution channels must be studied in greater detail. Import profile with data.

Specifications of stones would be of great assistance. Based on this similar stones can be offered on the market to match the colours, sizes, finishes etc.

Modern marketing techniques should be followed strictly. Enquiries through periodicals and magazines should be address expeditiously. Advertisements in magazines should be devised with little text but with effective message and use of internet must be given
proper attention. Fair participation is an important tool to get into new markets. Impressive brochure and visiting cards leave a lasting impression on the buyer.

Exporters of granite with adequate quarrying and processing facilities can think of opening a warehouse abroad as a joint venture with a foreign company.

Indian exporters have been supplying stones to big foreign importers who sell stones to retailers. If our exporters contact retailers in one country and take their orders and export to three retailers, better market prospects would emerge with respect to price, payment terms, etc.

A consortium approach of marketing specially for exclusive type of granite stones should be undertaken.

Indian exporters of granite should follow the example of USA in setting up design units for granites. It would be significant advantage to exporters to have design centres for overseas buyers.

It would be advantageous for new entrant to take assistance of an international marketing consultant to identify appropriate market in venturing into export.

In view of the growing international demand for Indian granite a separate “export promotion council” for granite should setup.
Encouraging domestic demand the domestic market should be encouraged by lowering the excise duty on the second sales from 100 per cent export oriented units. This will help the processing companies to achieve higher capacity utilization and more domestic demand. It will also help the granite stone industry to expand faster.

The levy of central excise duty on rejected granite sold domestically by exports should be avoided so that the domestic consumption of the product would increase without payment of duty.

It is important to have alertness, flexibility and aggressive marketing capabilities. Companies who are able to adjust to the constantly changing scenario in the competitive world markets can survive.

Blind acceptance of extending open credit without analyzing the credit worthiness of buyers should be avoided. The unethical practice of undercutting each other with prices and other terms ought to be stopped. The granite companies should share the market information among themselves and try to participate in trade fairs around the world.

The government measures in setting up Granite Development Council with exports to help the industry to solve the present problems and encourage the sector is a welcome step. The associations of granite units should be strengthened to meet the ever-growing needs of the
industry. Consortiums among the companies should be formed. A centralized data base ought to be maintained with details of the world market pertaining to the stone industry which will help monitor the marketing trends and economical scale of the operations.

**Granite processing and availability of the blocks.**

The granite processing units are facing the problem of non-availability of best quality blocks for processing. Exporting of blocks is found more advantageous due to high value realization and hence processing companies are finding it difficult to buy certain colour granite blocks as per their requirement. Exporters prefer the first quality blocks which are free from defects and larger in size. Hence the local processing factories have to depend on smaller size blocks which result 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. Some other countries by better quality granite from India and process them and sell in the world market. Indian exporters are at disadvantage in terms of competitiveness due to this reason.

It is therefore necessary that the government should ensure the availability of first quality large size granite blocks to the processing industries and the tax benefits under 80 HHC should be extended for the sales made to 100 per cent export oriented units. Further government should issue instructions that all the quarry owners should
supply minimum quantity of granite to processing companies, to say 25 per cent of their export turnover to avail the tax concessions. This will help the processing companies to be more competitive in the export market. More block availability helps the processing units in more production. The government and the industry should aim at expanding the processing capacity of the country to get more value addition.

**Upgradation of Processing Technology**

Modernization of the factory and upgradation of the processing technology by installing new machines will improve the productivity and reduce production cost. Granite dressing and cutting should be done with new devices. A stationary wire saw for dressing the blocks would increase the number of blades used in the gangsaw, thereby producing more slabs. 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 constituted quality and less down time. Processing industry should try to use the new concept of multiple wire saw machine which can be installed at open space near the quarry side for sawing of slabs. This will reduce the material cost considerability as defective slabs and unwanted bushes of the blocks are eliminated at the quarry site.
Mining methods are primitive, manual, slow, wasteful and highly uneconomical in Indian granite industry. Hence there is need for international exposure and technological upgradation quality consciousness, pollution control measures and market exposure of foreign buyers to India's granites. There is need for strong bridge and bandage between the key layers of the industry quarry owners, processor, importers, exporters, architects, craftsmen, policy makers and research and development organizations (R&D). there is also need for technical educational institutions and training facilities for the techno-crafts as well as for mines supervisors and machine operators and also for the entrepreneurs of granite industry.

**Leasing Policy**

There is need for a long term leasing policy. Government should announce such a policy and stop frequent changes of leasing policies as adopted by various state governments. It is fast that granite mining is a high risk area where there is no guarantee on return on investments. The mining of natural product requires a long period of time to develop the land and infrastructure and high investment for economical operations. Hence it is desirable that 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 a common knowledge that for any
quarry a minimum of one year is needed to develop the infrastructure and a minimum of ten years to recover the investment in case the market receives well the particular colour of granite. Therefore, it is desirable to declare long term leasing and avoiding fragmentation of one area will ensure and encourage entry of leading corporate companies into a granite quarrying.

**Simplification of Procedures**

Government should take steps to simplify the procedures of lease agreements, permits for movement of blocks, payment of royalty, etc. Dispatches of granites are held up many times due to delay in getting the permits and particularly during holidays, strikes etc. Highly valuable goods are presently allowed on self-removal scheme, the granite blocks can also be allowed under the same scheme in the place of the present permit system. This procedural improvement would avoid inordinate delays in dispatching blocks and meeting the delivery schedules of the buyers.

The government is presently collecting the permit fees on gross measurement of blocks. There is therefore need for collecting the fees on net measurement of blocks. The companies can produce bill of loading or the invoices to vary the net measurement. Further, permit fees should be on the value of blocks exported instead of the present calculation based on tonnage. The export value varies from colour to
colour. Hence it is unfair to collect the same permit fees for all the colours of granite blocks. Government should also ensure that the granite blocks are measured with allowances as per the international standard rather than individual dictations. More allowance results in loss to both the quarry owner and the government.

Need for Single Window Clearance

The granite units are burdened by the procedural hassles in obtaining clearances from the government for licenses, permits and other compliances with the procedures laid down by the government. This calls for a single window system of clearances and simplification of procedures. Time bound clearances of mining leases and explosive licenses are essential as a single window clearance before the execution of the lease deed.

Infrastructure Development

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

The process of the movement of either the block from the quarries or the containers from the factories to the ports is always cumbersome. Access roads to quarry are not developed which restricts the sizes and the movements of the blocks. Highways too are not sufficient for easy
movement of trucks. The railway system can be improved to move the containers and blocks to measure ports which will ensure high volume of granite movements and less congestion on highways.

The energy requirement of the country is not met adequately. Consistent voltage and reduced cost of energy will help the industry grow. The availability of electricity in areas near the quarries will encourage putting up processing industries in rural areas. Birthing facilities are inadequate in the ports and the waiting time for vessels is more.

**Financial Inadequacies**

The financial institutions charge high interest on the borrowings by the granite units. The high cost of finances reduce the viability of the granite products in the world market. The present interest rate of 9 to 15 per cent for export industries should be brought down to 5 per cent or less. Incentives like liberal working capital norms, longer repayment schedules for loans, etc. should be implemented.

**Transport Restrictions**

There is need for a liberal approach on the part of the Regional Transport Authorities in relation to transporting of granite and granite products. The RTO officials harass the transporter in case of marginal increase in the rate of the granite beyond 5 to 10 tons by way of heavy penalty.
Power Shortage

The Ilkal area is hub of granite quarries and processing units. There granite units have been experiencing shortage of power resulting halting progress of granite production and processing. Power is an important input in granite mining and processing. There is need for a separate power line for this industry. However, KPTCL has not provided a separate power line. The present power supply by the KPTCL is irregular. The granite units have paid the necessary amount for the supply of cable and TC. Another problem followed by the granite units is the insistence by the KPTCL to pay heavy fine in case of exceeding the power consumption permitted limit. The granite units have experienced inordinate delay in getting power connection from the KPTCL. All these grievances of the granite units need for attention by the KPTCL and the state government and ensure steady and adequate supply of power to these granite units.

Supply of Kerosene

Most of the processing units in the study area go in for kerosene cutting of the granite despite the fact that the kerosene cutting decreases the shining of the granite rock. However, the granite processing units are facing the shortage of kerosene and adequate supply of kerosene is not ensured by the government. This has lead to the units resorting to
buying of kerosene in the black market. Food and civil supplier officials harass the units in view of this situation.