



GRANITE INDUSTRIES IN ANDHRA PRADESH- A CASE STUDY

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ABSTRACT

India is a major exporter of natural stone, which is the second largest foreign exchange earner for India besides iron ore in minerals category. Ever since the government of India announced granite as a thrust sector in 1990, the granite industry has taken a new turn. Today, granite has emerged as a major foreign exchange earner. The granite industry in the drought-prone Prakasam district has carved out a niche for itself in meeting the global standards in processing and exporting polished granite products to the U.S. and to the European and West Asian countries. The industry expects the State government to continue subsidy on royalty announced in the wake of the 2008 global economic slowdown. Both Union and State governments should announce a special economic package to protect the granite industry in the wake of reports that global economic growth would slow down in 2012 and even India and China, which had quickly recovered last time, would find the going tough this time. The government had provided 40 per cent subsidy on royalty in 2009-10 and 20 per cent in 2010-11. Buyers demand a price reduction of 20 per cent. Galaxy units used to export about 90 per cent of their product to China. There are about 50 granite quarries at Chimakurthi. The global recession has had its impact on the dollar-rich galaxy granite units at Chimakurthi which are either closed down or have slashed their production by 60-70 per cent taking away the lustre of the village.

INTRODUCTION:

The granite industry in India is concentrated mainly in the states of Karnataka, Andhra Pradesh, Tamil Nadu and Rajasthan. Realising the huge potential of granite, many other states have set up granite units. These include Orissa, Madhya Pradesh, Assam, Gujarat, Maharashtra and Bihar. The demand for natural stones can have a number of reasons. Apart from the aesthetic beauty associated with them, there are some specific qualities that make them all the more useful. For example, sandstone and granite are used widely for their comprehensive strength. Some other qualities of granite like durability give it preference in architectural ornamental works. The Indian stone industry is spread throughout the length and breadth of the country. The journey of the processing industry started with circular saw machines;



and gradually, because of constant upgradation of technology, it has graduated to using gang saws and circular wire saws. The latest resin lines, polishing lines and other top-of-the-range equipment that we use today have enabled us to meet the international quality standards. Even in today's mining sector, diamond wires are being used, dispensing the traditional blasting method. There are more than 20,000 units functioning all over India with a huge investment of more than Rs 50,000 crores and providing job opportunities to more than 15 lakhs people. There are about 50 granite quarries at Chimakurthi. While 20,000 persons work on contract basis, about 5000 work on salary basis. Contract workers, who used to get Rs. 132 per day, faced a worse situation. Only 20 per cent of workers are finding work, others are loitering with empty pockets. The workers from Orissa might return home after January. In a chain reaction, the recession affected even small businesses at Chimakurthi.

OBJECTIVE OF THE STUDY:

1. To study the granite industry in India.
2. To explain the Andhra Pradesh granite industry.

Andhra Pradesh granite industry in dire straits

Government urged to cut royalty tax by 50 p.c. and also power tariff

The district, which prospered on all fronts with the advent of granite quarry industry in the recent past, is now reeling under acute crisis as there is no demand in the national and international markets. Following the demand from the China and Japan, several entrepreneurs had entered the granite quarry business by investing huge amounts and opened quarries in various parts of the district. The granite industry had done roaring business till last year when crisis hit the sector as there was no demand from the international market. In the last two months, around 60 per cent of the granite industry stopped production, he said and added that the granite quarry owners were struggling hard to repay bank loans and power bills as there was no business for them.

Drop in sales

He said that they used to sell every month around 60,000 to 70,000 cubic metres of granite. Now, it had come down to 10,000 cubic metres per month, he maintained.

60,000 lose jobs

The granite industry was providing employment to around 60,000 personnel, including labour force, in 187 granite quarries and around 90



granite polishing and cutting units in the district. The crisis had forced denial of employment to several thousands of labour, he complained. He urged the government to bail out the industry by reducing the royalty tax by at least 50 per cent. At present, the granite industry was paying Rs. 1,750 per cubic metre as royalty tax, he said and also appealed to the government to reduce the power tariff to the industry.

Chimakurthimandal is one of the important mandal in Prakasam district which is located in East side of the district, where world top quality galaxy granite (gabbro) is available. Gabbro is an igneous rock belonging to younger intrusive (proterozoic age). Chimakurthi igneous body is in crescent shaped hill range with Southern convexity at its centre and two protruding arms on either side. The mining belt of Chimakurthi black Galaxy Granite (Gabbro) is confined to the Southern plains, which reach a low altitude of around 60 meters near the Ongole – Podili State highway. The area in general witnesses to a topographic relief of around 570 meters. The water course in the area is ephemeral in nature. The streams originating on the Eastern flanks of Chimakurthi hill range drain into big tank called Peddacheruvu. The streams originating on the South Western flanks join into Musi River. The streams originating on the Northern Concave portion joins the Dornapuvagu. The NagarjunaSagarJawaharCanal passes through the valley between the Ervakonda and the SariviKonda hill range and crosses the Chimankurthi black Granite belt.

India has the potential to reach the number one position in exports of natural stone products.

Taking note of the potential of the domestic and international natural stone industry, a few visionaries of stone industry joined together and formed All India Granites and Stone Association (AIGSA) way back in 1983 to promote the natural stones of India. The sole object of the Association was to promote stones of India across the globe and to resolve the domestic problems faced by the mining sector. It was not an easy task for them, as the mining sector, which was an unorganised sector, faced many problems and challenges. In the past 30 years, AIGSA has grown from strength to strength with the co-operation and support of its members. During these 30 years, AIGSA has achieved many landmarks and has membership from all the sectors of the natural stone industry of India. Initially, 70-80 per cent of rough dimensional blocks were exported to Japan, Italy and other countries. Till 1990, many countries did not know about Indian granite resources, as Indian blocks were processed in Italy and exported as Italian products.



Now the Indian industry has acquired state-of-the-art technology in the field of processing. This technology is at par with the technology employed in other parts of the world; and our products, which are well accepted all over the world, are being used in many big projects across the globe. Today, India is exporting to more than 90 countries in the world.

AIGSA works as a bridge between the industry, the state and the central government. The Association has been recognised by the government and has been nominated in various committees constituted by the central government like Granite Development Council, Planning Commission and National Board of MSME, etc. Due to the efforts made by AIGSA, the mining and processing sectors have developed considerably. We are currently exporting 70-80 per cent of finished goods after value addition. AIGSA has played a significant role in framing Granite Conservation and Development Rules (GCDR-1999) by ministry of mines, government of India, for promotion of granite industry in the country. Each state had been following its own rules, and AIGSA felt the necessity to bring a uniform rule in the country. GCDR 1999 was the first step to bring a uniform policy for the granite industry in the country. It is unfortunate that in spite of AIGSA's effort to bring a uniform policy, many states are still not following the GCDR rules, due to which the growth of granite industry has slowed down.

STONA 2014

During 1987-2012, AIGSA conducted ten editions of international stone fair at Bangalore. It has recently announced the 11th international granite and stone fair – STONA 2014 – to be held at Bangalore International Exhibition Centre (BIEC), Bangalore, from 12_15th February 2014. The salient features of this fair are as follows:

Total Stall Area at the Fair	22,000 sq mts
Number of Exhibitors	600
Country Pavilion	Italy, Turkey and China
Other Overseas Parties	Saudi Arabia, Dubai, Vietnam and Ukraine
Visitors	15,000 + per day
Buyers Delegation	African and East European Country



Achievements of STONA

When AIGSA held the first STONA fair, India's export of rough dimensional blocks totalled Rs 50 crore. After ten STONA fairs, the country's export of rough blocks and finished goods crossed the Rs 9,000 crore mark after value addition.

Indian Stone Industry – Present Scenario

Our journey has not been smooth all the way, and we are still facing many difficulties in promoting the global stone industry. AIGSA has been playing a very important role in co-ordinating the industry with central and state governments for the formation of an appropriate policy for the industry. With our concerted efforts, India has become the seventh largest stone exporter in the world, behind China, Italy, Turkey, Egypt, Greece and Brazil. We have the largest resources of granite and natural stones. With assistance from the government, we can surely become the topmost stone exporter in the world.

EXPORTS OF GRANITE & NATURAL STONE PRODUCTS
 VALUE : RS. MILLION
 SOURCE : MOC EXPORT IMPORT DATA BANK

DESCRIPTION	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13**
	VALUE												
GRANITE &	19540.00	20463.10	24605.80	26538.00	25622.70	34905.91	47248.42	42874.80	48149.00	49927.50	53841.20	63815.2	75740.6
MARBLES AND	2362.00	2085.10	2291.50	1992.60	1683.40	1668.91	1784.73	2914.20	2293.40	2030.30	2027.20	2433.5	3145.3
OTHER STONES &	1650.00	2663.90	3502.30	4096.20	5275.30	6937.57	10640.45	12816.70	9776.60	8616.30	8542.30	12186	12841.5
SLATE STONE	1436.00	933.50	1391.50	1459.80	1855.10	2107.40	2350.41	2110.10	2072.10	1980.70	1455.80	1534.8	1469.4
GRAND TOTAL	24988.00	26145.60	31791.10	34086.60	34436.50	45619.79	62024.01	60715.80	62291.10	62554.80	65866.50	79969.50	93196.80

**Data for 2012-13: Provisional

Indian Stone Deposits

The industry expects the State government to continue subsidy on royalty announced in the wake of the 2008 global economic slowdown:

Granite industry, the pride of Prakasam district with foreign exchange earnings of over Rs. 400 crore, is now under compulsion to shed its overdependence on China, which accounts for a major share of import of rough blocks, and double up efforts to add more indigenous processing capacities.



“There is a compelling reason to reduce our dependence on India's biggest neighbour in the wake of unfavourable business environment,” says Galaxy Granite Owners Association (GGOA) general secretary M.A. Azeem while overseeing the lifting of rough block by derrick crane from the pit to the surface level. The Building Product Special Economic Zone promoted by the Andhra Pradesh Industrial Infrastructure Development Corporation at Gullapalli in the district is providing the congenial atmosphere for more indigenous processing of granite to step up export of finished products to the U.S., Europe as also West Asian countries, feels GGOA treasurer Sidda Sudheer Reddy, who is all set to ground his Gang Saw unit Jyothi Exports (P) Ltd at the SEZ soon. In addition to Seven Gang Saw units functioning in the Ongole-Chimakurthi sector, three more units are expected to be added in over a year, GGOA functionaries say.

Delegation

“We are planning to go in a delegation to Hyderabad in December to urge the State government to grant special package to nurture the industry which provides direct and indirect employment to 50,000 persons in the wake of slowing down of exports to China,” Mr. Azeem, owner of Shaheen Granites, told The Hindu.

China in a spot

“Traders in China, who have been importing over 80 per cent of the total production of rough blocks per year in Chimakurthi, are in a tight spot due to the more stringent condition of opening Letter of Credit (LC) imposed by banks there,” Hamsa Minerals (P) Ltd general manager N. Chandrasekar Reddy says.

“The import duty, which was 10 per cent earlier, has been increased to 38 per cent by China to meet WTO obligations,” Madhukan Granites general manager S. Mallikarjun adds. “The traders, who used to select nine out of 10 blocks shown earlier, are looking for quality and marking only four to five blocks offered to them now,” he adds. The industry expects the State government to continue subsidy on royalty announced in the wake of the 2008 global economic slowdown. Both Union and State governments should announce a special economic package to protect the granite industry in the wake of reports that global economic growth would slow down in 2012 and even India and China, which had quickly recovered last time, would find the going tough this time. The government had provided 40 per cent subsidy on royalty in 2009-10 and 20 per cent in 2010-11.



“The winter months are normally lean season for us. The impact of ongoing economic slowdown in the U.S. and Europe, among other countries, on the granite industry here will be known by January/February 2012,” opines Southern Rocks Minerals (P) Ltd marketing manager Srinivasa Rao. The company, a 100 per cent export-oriented unit, produces state-of-the-art monuments and exports them to the U.S. as also European countries. Monument makers have switched to payment in Euros instead of the U.S. dollars in view of huge fluctuation in exchange rate. “Movement of more than 15,000 CBM granite blocks has been held up at different places because of discrepancies in measurements. Efforts are on to settle the issue fast,” The granite production during 2010-11 was 3,70,682 CBM as against 3,34,466 the previous year.

Discom sees hope

Taking note of the industry’s concern, Andhra Pradesh Southern Power Distribution Company Limited Superintending Engineer H. Harinatha Rao said the state government was making efforts to purchase 10 million units (MUs) from other States. “If the efforts bear fruit, we will be able to avoid emergency load relief. While the demand for power in the district is seven MUs, the availability is only 5.8 MUs now.”

Power-cut pushes granite industry to the brink

The granite industry in the drought-prone Prakasam district has carved out a niche for itself in meeting the global standards in processing and exporting polished granite products to the U.S. and to the European and West Asian countries. But the prolonged power cuts have pushed into deep trouble the processing units -- gangsaw units, cutter units and tiles manufacturers -- in the growth centre here set up by the Andhra Pradesh Industrial Infrastructure Corporation and elsewhere in the district at a time when the country very much needs to add indigenous processing capacities to compete in the era of globalisation.

“We are completely clueless about how to run our units with power usage restriction of 60 per cent of the sanctioned load, further power cut between 6.00 p.m. and 10.00 p.m. and 30 per cent penalty for load violation,” lamented APIIC Growth Centre Association general secretary “Our units are being run to 40 per cent of the power load capacity as against the ideal running of up to 80 per cent of the load capacity to break even,” said Mr. Reddy, a joint partner in Rajarajeswari Granites. “The situation has



turned from bad to worse since the power cuts are being enforced from September 2011.”

As many as 300 of the 700 processing units have closed down in the district with the APIIC growth centre accounting for 50 such units unable to service debt and pay wages to workers, explained Mr. Rao, who runs Swarna Andhra granites at the growth centre. Association joint secretary Alla Ravi, who owns the Gowrishankar Granites, said only 4,000 workers were being engaged by the units at the growth centre now as against 10,000 workers in September 2011.

Ruling out running of the units with generators, they said: “we are not in a position to pass on the additional power cost to buyers.” “We cannot sustain our units with generator, which costs Rs. 17 per unit as against electricity charge of Rs. 6.50 per unit,” they said.

Ready to pay more

They said the units were ready to pay a little more if the State government ensured power by purchasing it from outside the State in the overall interest of the industry, which earned the country precious foreign exchange. Presenting a rosy picture in the future, Andhra Pradesh Southern Power Distribution Company Limited Superintending Engineer H. Harinatha Rao said the power position would ease during the year as additional 1400 MW capacity would be added at Krishnapatnam and Bhupalpally. Efforts were on to tap solar energy to augment another 1000 mw power in the next three to four months, he added.

An additional 1600 MW power would be bought from the Northern Grid also to meet the ever-increasing demand for power, he explained. “While the demand for power in the district is seven MUs, the availability is only 6.5 MUs now,” he added. Geology and Mineral Resources of Prakasam District, Andhra Pradesh

Prakasam district has come into prominence as a granite producing district in the State in recent years, thanks to the discovery of what is known as “Galaxy Granite” in the Chimakurthy area of the District; this unique type won international recognition. The granite bearing areas in the district can be divided geologically into parts, the southern part falling in the mica-schist belt and the northern part forming a part of the granite terrain (Statement-5). Black granite deposits around Chimakurthy basically are anorthosite gabbro pyroxenites which have intruded into biotite-hornblende scheme. The rocks



are of black colour and medium grained and take good polish. Some places near Chimakurthy and R.L.Puram, the anorthositegabbro-pyroxenite has developed crystal of bronzite (a pyroxene which is golden yellow in colour). The golden yellow crystal stuffed sky, hence the name Galaxy granite. This variety is being quarried around Chimakurthy and R.L.Puram whereas the black gabbroic-pyroxenite is being quarried near Budavada. Good deposits of coloured granites occur around Uppumangaluru and Kodidena. These are mainly hypersthene granites which form extensive hillocks; and these are being worked. Apart from this, syenites from Elchur are also being quarried as dimensional stones.

Indian Stone Deposits

India is a treasure trove of stone deposits. Our country probably has the largest reserves of granites and natural stones in the world. India accounts for 20 per cent of the total world reserves in granites, marbles, sandstone, slate, etc. (approximately 1,690 million cu m). We have over 160 shades of granite colours. Unfortunately, most of the reserves are located in forests and restricted hilly areas. Today, Karnataka, Andhra Pradesh, Tamil Nadu and Rajasthan are the top producers of granite and marble. Jharkhand, Chhattisgarh, Madhya Pradesh, Orissa, Kerala and Gujarat are the emerging states. Because of various restrictions, such as poor state rules and environmental concerns, we are able to exploit a dismal 3 per cent of our resources.

The granite, marble, slate and sandstone mining and processing industries located in various parts of the country are as follows:

- Karnataka – Kanakapura, Kollegal, Chamarajanaar, Nanjangudu, Mysore, Hassan, Ilakkal, Tumkur, Sira, Bangalore, etc
- Tamil Nadu – Hosur, Salem, Krishnagiri, Madurai, Shivakashi, Chennai, Pondicherry, etc
- Andhra Pradesh – Chittor, Prakasam, Vizag, etc.
- Rajasthan – Jalore, Jaipur, Kishnagarh, Rajasmand, Abu Road and Jaislmer
- Parts of Orissa, Gujarat, Haryana, Madhya Pradesh and Himachal Pradesh
- Granite deposits are also present in many parts of West Bengal, UP and Jharkhand



CONCLUSION:

There is a boom in construction activity in India and across the globe. Stone has found a place in various applications, such as construction, interior decoration, monument and memorials artefacts and garden items. In view of this, the processing industry has started its operation throughout the length and breadth of the country.

Mining industry cannot keep pace with processing industry. There is a huge shortage of raw materials in the country due to which prices of rough blocks have shot up. No new leases have been granted and the industry is facing many obstacles, such as reserve forest, tiger reserve, wild life sanctuary, national parks, Western Ghats and the Aravali region. All these factors have resulted in a shortage of raw materials for the developing industry.

The Exim policy has hit the 'last nail in the coffin' of stone industry. The industry has been facing a license system for the import of rough dimensional blocks. There is red-tapism in the license system; black marketing of licenses. These have resulted in the downfall of the industry. Shortcomings in the present license system do not provide level playing field for the Indian stone industry on the international market. The license system is also creating monopolists – big mine-owners and those who fulfill the criteria for procuring the licenses. The Indian stone industry is facing many obstacles. Policy paralysis has adversely affected the growth of the industry. Our industry has not been recognised by the central and state governments and is not finding any place in both the central and state budgets. Various encouraging packages and assistance have been given to other industries; for example, the textile and sugar industries. But the government does not give enough attention to stone industry. The Indian stone industry still comes under 'minor minerals' in spite of the huge investments made in the field of processing and mining. We have been treated at par with sand mining and crushers used for road making! All this has slowed down the growth of the industry.

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