

## Centre and States should create conducive business climate: CAPEXIL



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*India's granite industry has seen a slump in its fortunes in recent years with delays in getting leases and environmental clearances cited by companies as being among some of the major factors impeding growth.*

*R. Veeramani, Chairman of Gem Granites and head of the granite, natural stones and products panel of CAPEXIL, talks to The Hindu on several issues.*

### **How has the industry been performing on the export front?**

Last year, India exported Rs.12,334.54 crore worth of granite and marble products, slate stone and other stones against Rs.12,067.99 crore in the corresponding period of the previous year. When compared with 2013-14, growth was 2.21 per cent against 23.56 per cent. Though it is a positive growth, it has declined.

### **Is it true we have lost our traditional markets to lesser known countries?**

Most of the granite companies are export oriented. Red tape and bureaucratic procedures have delayed clearances of our products from various ports. China is able to beat us with regard to time and cost due to proximity to its clients.

While we take roughly three weeks to make a single trip to Japan, China makes two to three trips. Due to these aspects, we have lost the traditionally prime markets such as Japan and Korea to China. Even the exports to Italy have reduced. Our exports to Japan,

compared to 20 to 25 years ago, is now less than one per cent of the volume. Similarly, the shipment to Italy got reduced by about 80 per cent.

The slump in exports to Italy is due to the emergence of the huge varieties of granites from Brazil, China and many South American and African countries. Even Middle East countries such as Saudi Arabia and Iran have become large producers of granite, limestone, marble and the like.

The next big market for Indian materials used to be North America, that is, both the U.S. and Canada. The market was shared equally by India and Brazil. Now the position has changed drastically, with Brazil commanding about 80 per cent of the U.S. market and 20 per cent held by India.

### **Why the tide has shifted in favour of Brazil?**

Depreciating currency and user friendly policy has resulted in cost reduction of material from Brazil. Besides, they have huge deposits of granite blocks. In comparison, the Indian granite deposits look very small and weak. Weather conditions in India have also led to huge rejections and less recovery of export worthy materials.

### **What are the threats?**

Our stone industry is facing a serious threat from the new trend of using artificial stones in kitchens and bathrooms and floorings as an interior material. Out of the total stone industry for buildings, it is estimated that the new architectural stones (that some call as quartz stones, some call as agglomerates etc. and by various names and brands) is about 30 per cent of the market.

### **What do you expect from the State and Central governments?**

Since last year, we have been seeing consistently a decline in export of granites from India. Our policy makers and various State Governments have to visualise the present global situation and trend and realise the serious threats it poses to the industry. The officials have to come out quickly with a flexible policy and also reduce the royalty rates.

### **Can you describe the reasons for fall in the export prices?**

Due to the gloomy economic conditions, prices are falling. Competition from other countries is also hampering our trade. Unfortunately, the transportation cost in India, from the production centre or from the factory to the Port is very much prohibitive compared to other countries.

Equally, the finance cost in India is the highest among stone producing countries. These are some of the major contributing factors resulting in fall in exports.

### **How about other countries? Or they not affected by economic slowdown?**

Countries such as Japan, China and many European countries are still facing economic problems. The construction industry has slowed down in these countries. They are in survival mode.

Granites and marbles are only decorative products, which are not essential and more fashion oriented. It cannot be compared with other minerals or other essential products.

If need be, people can even live happily without granite or marbles substituted with various other cheaper products, which are locally available or cheaply sourced from other countries of the world.

### **We are hearing much about Madurai stones. Can you explain why they are not in demand?**

One of the serious things that affects the Indian exports in the recent times is the adverse news about the stoppage of production in Madurai district in Tamil Nadu for the last three years. There are over 1,200 varieties of granites available in the world.

India has so far developed about 180 varieties of granites from States such as Andhra Pradesh, Telangana, Rajasthan, Karnataka, Tamil Nadu, Kerala, Odisha, Madhya Pradesh, Uttar Pradesh, Chattisgarh and Gujarat.

The major entrepreneurs and exporters from Tamil Nadu are also operating in other States. Tamil Nadu accounts for about 30 varieties of marketable granites, though about 10 varieties account only from black. From Madurai district alone, there are about 10 varieties of granites that were noticed since the last 10 to 15 years only. These stones were originally used for local purposes such as road laying, house building, temple construction and making pillars. They were not exported, though the stone activity was very much active in and around Madurai district.

After the introduction of the new technology in granites of using epoxy and resin for strengthening the granite and closing the porosity of the surface, the Madurai stones became popular.

### **What are the strengths of Madurai stones?**

Unlike the stones from Andhra Pradesh, Karnataka, Odisha and Telangana, the Madurai stones are soft, less in density with high porosity with higher water absorbing character. Hence, these stones are not used even now for external wall cladding in high-rise buildings, whereas all other stones from most of the States are used for external wall cladding. Now, since last three years, there is no production or any shipment and with adverse negative publicity in media, regardless of other issues connected in Madurai.

Foreigners are making negative campaigning in media about Madurai materials such as it is not dependable, associated with lots of uncertainty and is delayed due to unreliable supply sources.

## **Is it possible to rebuild the Madurai image?**

Most likely, it will be a herculean task to rebuild the lost market in the near future, as many as other similar materials have emerged from other countries and as well as from other parts of India.

Now, with the changing fashions and preference of the architects coupled with economic conditions in many parts of the world, the granite industry from India is not well presentable due to these kinds of negative factors.

Many States do not have investment-friendly or long-term policy frame work. The frequent changes in policy also seriously affect the growth of the industry. Now, we should all be happy that India has the largest mining equipment in various States and large number of modern processing factories, even better than in many developed countries.

## **What is your advice to the officials concerned?**

The world can survive without Indian materials, since there are as many as 100 varieties from many countries and even at cheaper prices.

Even the royalty rates are on a higher side — about 250 to 500 per cent higher than other countries.

Countries such as China, Russia and many others are giving long-term leases and renewals automatically. Manufacturing factories, which are having advanced technology and producing value addition products for exports, are lending meritorious support to their countries.

But in our country, we are still suffering due to delay and inadequate non-supportive policies.

Many Indian materials, which are used to be in big demand, do not enjoy the demand now, due to fashion change and emergence of new materials at cheaper prices.

If we don't wake up now, we will be lost forever.

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