

Problem of Price Competition in Marble Industry of Rajasthan

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Abstract

Marble industry is providing direct or indirect employment to almost 15% people in Udaipur and Rajsamand district of Rajasthan state. It is really very important that marble industry run smoothly so that the whole economy of this region can thrive. From the last decade the industry is witnessing problems related to intensive price competition that has led to decline in the profit margin. Traders are ready to sale their product at very low prices. They cut down their prices and grab customer of others. Catching each other's customer is eventually leading to low margin. When operating profit squeezes it becomes extremely difficult to cover the fixed overheads which are quite high in marble sector. With decline in demand of marble due to the rise of different substitutable products price competition intensified. More than required outlets and factories are there to do the trading so there is trader surplus which is leading to unhealthy price competition among traders. This problem has been studied in this research. Level of price competition being faced by small scale marble units and medium scale marble units has been separately as well as collectively analyzed in this research.

Key words: price competition, small scale marble units, medium scale marble units

1- Introduction:

Marble is a very smooth and glossy stone which is used mainly for the flooring in houses as well as in commercial areas. White spotless marble is popularly used in making sculptures and handicraft items.

Marble production and consumption in Europe is continuously increasing over the last two decades with an annual increase rate of 7% by which projected demand for dimensional marble was estimated to be 600,000 tons for the year (Harold and Taylor, 1993).¹

Waste management is a big task for marble units. Million tons of quarrying waste is produced by marble units. Marble sludge/slurry waste pollutes and damages the environment produced in sawing and polishing processes. This waste is being used for making concrete and bricks. So this problem is quite reducing through proper management (Mamta et al. 2013).²

Water pollution is increasing due to disposal of liquid marble waste. Effluent water must be treated and detrimental substance should be removed by implanting effluent treatment plant either by each marble unit or by the group of units located in vicinity (Stockhausen, 2003)³

One of the major waste generating industries is the marble quarry and production industry by which around 70% of this precious mineral resource is wasted in the mining, processing, and polishing procedures. Marble waste is generated during quarrying operations in the form of rock fragments and being dumped either in nearby empty pits, roads, riverbeds,

pasturelands, agricultural fields or landfills leading to wide spreading environmental pollution (Akbulut H and Gurer C., 2003).⁴

Marble industry has been growing from three decades in South Rajasthan but from the last decade decline is being witnessed in the volume of trade in marble. The growth rate was quite high earlier but most of the industries working in marble mining, cutting, polishing, processing and trading are now struggling. There are so many problems which can be discussed but for the sake of precision it was decided to study price competition which is posing problems for marble units making it difficult to trade and make profit.

2- Research objectives:

- a) To study the level of price competition problem in marble industry of Rajasthan.
- b) To study the level of price competition problem faced by small scale marble units and medium scale marble units.

3- Research hypothesis:

H1. There is no significant problem of price competition in marble industry of Rajasthan.

H2. There is no significant difference in problem of price competition faced by small scale marble units and medium scale marble units.

4- Research methodology:

60 small scale marble units and 60 medium-scale marble units were identified randomly and their owners were interviewed related to the price competition in marble sector. To what extent did you feel that competition related to the price is posing problem for their development. Their opinion was collected on 0 to 4 point scale where (0 means no price competition problem and 4 means high price competition problem).

5- Research analysis:

Opinion of 60 scale marble units owners and 60 medium-scale marble units owners has been mentioned ahead in the table related to the level of price competition problem they feel.

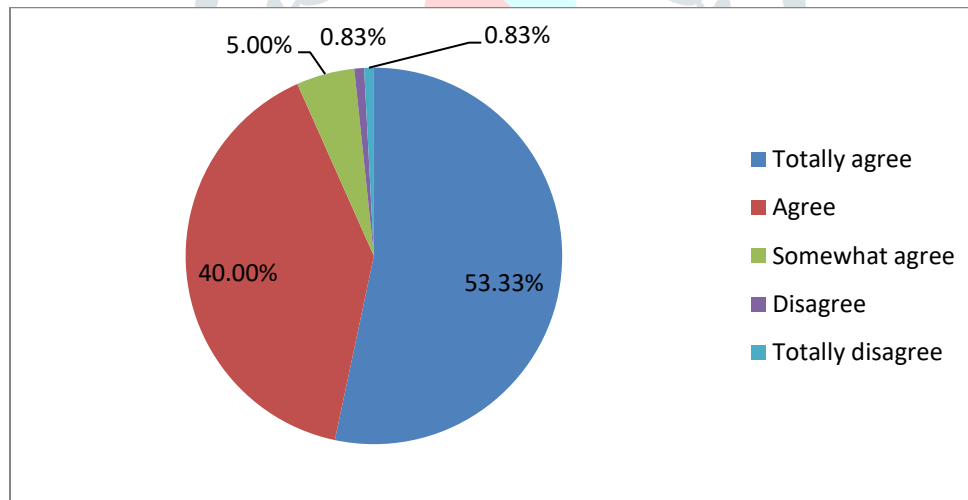
Table 1: Level of price competition problem

S. No.	Score in small scale marble units	Score in medium scale marble units	Average score
1	4	2	3
2	3	2	2.5
3	3	2	2.5
4	4	2	3
5	4	2	3
6	4	3	3.5
7	3	2	2.5
8	3	3	3
9	4	3	3.5
10	4	4	4
11	4	3	3.5
12	3	3	3
13	3	3	3
14	4	4	4
15	3	4	3.5
16	3	4	3.5
17	3	3	3
18	4	4	4
19	3	4	3.5
20	4	4	4
21	4	3	3.5
22	4	3	3.5
23	4	4	4
24	4	3	3.5
25	3	3	3
26	4	4	4
27	3	3	3
28	3	3	3
29	4	4	4
30	4	3	3.5
31	4	4	4
32	3	4	3.5
33	4	3	3.5
34	4	3	3.5
35	4	4	4
36	4	3	3.5
37	3	4	3.5
38	3	3	3
39	4	4	4
40	3	4	3.5
41	3	4	3.5
42	3	3	3
43	4	4	4
44	3	3	3
45	4	3	3.5
46	4	3	3.5
47	4	4	4
48	4	4	4
49	4	3	3.5
50	3	1	2
51	4	4	4
52	4	4	4

53	3	4	3.5
54	3	0	1.5
55	3	4	3.5
56	4	4	4
57	3	4	3.5
58	4	4	4
59	4	4	4
60	4	4	4
Avg.	3.58	3.30	3.44

Table 2: Problem of price competition faced by marble enterprises

Category	Points	No. of small scale & medium scale marble businessmen
Totally agree	4	64
Agree	3	48
Somewhat agree	2	6
Disagree	1	1
Totally disagree	0	1
Total		120

Chart 1: Problem of price competition faced by all marble units

In all 93.33% of the respondents feel price competition is really very severe and it is big hurdle in growth of trade related to marble. While 5% were somewhat agree and 1.67% disagree and having the opinion that price competition is not a problem in marble sector. In all this problem of price competition in marble units was 86% including both small scale and medium scale enterprises.

The overall impact of price competition as a problem to the marble units was 86% to assess whether this is significant T test was done. It shows t value is 11.07 which is more than its table value 1.96 it confirms there is significant problem of price competition in marble industry of Rajasthan and it need to be address in order to support the marble industry.

T Test

N	df	Mean	SD	t	Sig (2-tailed)
120	119	3.44	0.71	11.07	0.00

Small scale marble units felt the level of price competition problem at 89.50% whereas 82.50% score was given by the medium scale marble units for the problem of price competition. There was a difference of around 7% to assess whether this difference is significant or not Z test was done which shows Z value 2.47 is more than table value (2.00) and the P value here is also 0.01 which is also less than 0.05 it confirms that the difference is quite high and it is significantly affecting more to the small scale marble units.

Z Test

Category	N	Mean	SD	Z statistics	P value
Score in small scale marble units	60	3.58	0.50	2.47	0.01
Score in medium scale marble units	60	3.30	0.73		

6- Research conclusion and suggestions:

Unhealthy price competition is severely affecting marble enterprises. Big problem of price competition can be resolved can be resolved with increased role of marble association. It has to lay down the standard for business and trade so that undue price competition may not take place.

Association must facilitate small and medium scale marble units to provide them the platform where they can display and sale their products more comfortably at affordable prices.

Trade fair and stone fair need to be organized by the association in assistance with the state government so that they can get good number of customers and it will automatically lead to healthy competition and increased demand of marble.

7- References:

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