

'INDIAN MARKET NEEDS NEW GENERATION PESTICIDES'

DCM Shriram Ltd. is a leading business conglomerate with a group turnover of Rs. 5000 crores (approximately USD 1 billion). Over the past two decades, they have rapidly expanded their portfolio, ventured into new markets and strengthened distribution network. DCM Shriram, is probably one of the very few organisations in the country which have the ability to cater to most input requirements of the farmer and the crop. DCM's portfolio comprises of basic nutrition products, yield enhancement products, crop protection products and improved seed varieties. These are offered on a strong agronomy services platform that provides localized and customized solutions for the farmer. In an interview with Agriculture Today, Mr. Sovan Chakrabarty, Executive Director & Business Head- Shriram Farm Solutions discusses the crop protection scenario in India.

What is broad Indian and global scenario of crop protection business?

Food is the need for life. With population on the increase, and urbanization cutting into the farm land, the pressure is building up on improving crop productivity, which can be done by increasing yields and reducing losses due to pests. Researchers are bringing in high yielding varieties across various crops, which remain threatened by pest attacks. These concerns are across the globe, including India that needs to feed a growing population. The crop protection industry in India currently estimated at \$ 3.8 billion, has had a strong growth in the past, but for the exception of last two years that got affected due to insufficient rain conditions. However, the export has continued to grow at about 14%. The domestic demand is expected to grow at 8-10% p.a. Globally herbicides constitute about 45% followed by fungicides 35% and insecticides 20%. Indian tropical climatic conditions make it conducive for insect pest attack, due to which about 50% of the pesticides consumed in India are Insecticides. Unlike earlier times, the manual labour for hand weeding is getting scarce which is now rapidly increasing the use of herbicides. Also the fungicide segment is on the increase due to today's consumer being vigilant and wanting good quality spotless fruits and vegetables. Indian crop protection industry has good growth prospects. India currently has one of the lowest consumption of crop



protection products @ 0.5 kg/ha compared to world average of 3 kg/ha. Lately, with reports of crops getting heavily damaged by pests, the awareness among farmers will have to improve leading to proper judicious use of pesticides and protecting their precious crop yields from getting destroyed by pest attack. This should offer immense opportunities for future growth of the crop protection industry. India also has available opportunity for global players to tie up with manufacturing hubs in India for their export markets.

What are the major policy and regulatory issues concerning the industry?

India has a robust registration process unlike many other Asian countries. Although it is appreciable that all possible checks are in place for new product registrations, there is a need for getting some simplified norms to shorten the time taken to register new molecules in India. This will put India in the league of progressive countries where new product chemistries are available to farmers for improving their quality crop yields. We need to encourage R&D and ease registration process for development of new molecules. An effective regulatory policy, involving government and industry players together is needed to support the growth momentum. Regulators need to increase their inspection staff to ensure regular checks to contain the growth of spurious products.

What are the new trends in the Indian Crop Protection market?

The Indian market needs new generation pesticides to combat pest attack, the severity of which has also changed over the decades. The industry is seeing new products entering the market, which has been beneficial to the farming community. Apart from the MNCs that bring in their proprietary molecules, Indian companies are tying up with global research companies to introduce new products in the country. There is also a new trend of combination products (ready mix) being introduced in the market which in a way helps the farmer with a single shot application, to address complex pest problems at a given point of time. It addresses the hassle of mixing more than one product in different proportions in his spray tank. The trend of mergers and acquisitions globally still continues and is also seen among Indian players. These strategic alliances increase their marketing and distribution reach or expand into newer product categories.

What are the major challenges to Indian agriculture from the Industry perspective?

Indian agrochemicals industry faces various challenges, firstly in terms of low awareness among farmers on pest problems, agrochemicals and their correct usage. India is a large country with end users spread across the geography, to service the same by effectively managing inventory & distribution costs remains quite a challenge. To add to this, the industry faces the challenge of seasonal nature of the business, dependence on monsoon and with scarce mechanism to forecast pest attacks. We come across lot of feedback from the market including industry players, on spurious pesticides and spiked bio-pesticides which pose a major concern to the industry.

What are the product offerings and largest selling brand of the company?

DCM Shriram has been into the agriculture farming space for many decades. The Farm Solutions Business aims to offer solutions to the farmers for ensuring higher quality yield. There is a wide range of Shriram brand pesticides in the market that aims to offer product solutions for key pests of various crops. Apart from the pesticide products, SFS also offers its range of nutritional products, bulk fertilizers, seeds to the farmers.

How has been the crop protection business of DCM Shriram in the last few years? What is your expansion plan for this financial year?

Last few years have been challenging as well as rewarding for us. The business has grown by 15% CAGR in the last 5 years. In spite of having a wide range of products available with us, we are studying the possibilities of manufacturing/marketing of latest pesticides under the Shriram Brand name. We will look at all options, including development and building cooperation with manufacturing and research companies around the globe.

There is increasing integration between seed and agrochemical businesses globally. What are its challenges?

High yielding varieties coupled with the right chemistries that can protect the crop from pests makes good integration sense. This will surely bring the synergies and energies focussed to tackle the concern of food security by improving crop productivity. The challenge that one can foresee is if the integration loses the focus of the farmer and farm productivity and gets confined to research, it creates monopoly of certain business houses.

There is imbalanced use of agrochemicals in Indian agriculture. Some crops and regions account for major usages. What is industry plan on this count?

The use of agrochemicals in crops is based on crop economics and the pest occurrence and damage it causes to the crop. The awareness among farmers on pest problems and agrochemical products usage is very low. The awareness even in highly progressive regions, does not exceed 50%, whereas many areas the awareness is below 10%. The government is trying to promote farming of various crops, example the initiative on pulses. These activities need to spread to few more areas and crops, to make India self sufficient on cereals as well as other food crops. The industry plays its role by conducting various awareness programs to propagate safe use of pesticides, identify and suggest the correct use of pesticides in the correct doses. Government and industry can work together at the village levels to improve the awareness among the farmers.

How do you foresee Indian crop protection business in next five years?

The Indian crop protection business scenario looks to have a very robust growth in the coming times. The industry is expected to be about \$ 7 billion by 2021. The export business has a big opportunity in the global market with its low cost of production. A look at the policies on export registration will positively support the business. The Industry and Government together can bring about a positive change by creating awareness with farmers that will boost the domestic business and agriculture in India.