

on how to look at the industry. There is no point for India to lose out any plant for just not being paid adequately. In that way the industry would be stopped and we will have to look at the international market. We are really happy that Govt has taken this matter seriously and is putting efforts in making a long term policy for urea also, which actually will help bring about stability. It will take care of the brown field and green expansions! So we hope that will happen.

How is the industry and your company working on farmers' reach-out programmes?

I think the fertilizer industry is very well placed to look at sharing knowledge and technical know how with farmers. For e.g. DSCL is into sugar business, so in that we do lot of extension work. We do the same in fertilizer sector also. We have Hariyali Kisan Bazars and the seed business, so we do extension work everywhere. But there is immense potential for extension in the fertiliser sector. For e.g. we manufacture urea but we also import and sell DAP, SSP, MOP. We manufacture soluble fertilizers. Within this we have 500-600 retailers and 10,000 retailers; we are trying to work out a way for educating the retailers, who are the first point of contacts with the farmers. In India, most farming families own less than 2 ha of land. So reaching to these large numbers of families is a very big challenge with everyone. It is something which has to be done and private sector can deliver better than the government. So how do we reach the last mile, I think is the biggest challenge?

What according to you are the major issues and concerns for the development of the fertilizer sector in India?

There are issues with the government and there are issues with the farmer. If you look at the issues with the government, the fertilizer sector is something which cannot be controlled since 1977 when RPS came into picture. In this game of fertilizer management, there are three parties involved. First is the government, second is the farmer and third is the industry. Now, if we want a situation, where the government subsidy is lowest, the farmers do not pay the cost of produce and we want a viable industry, it can't happen. So, there has to be a balance between the three. Two years ago why did the subsidy go so high? Because the international prices went up and India had to pay the price. Over the last 10-15 years there has been no growth in the fertilizer industry in the country. With no growth, we are banking on imports. So we are happily giving the profits away to the outside companies, but do not give a fair return to the fertiliser industry in the country. In the last 6-7 years, Urea import has gone up from 0.5 million tonnes to 7 million tonnes. It is growing 2-3 per cent every year. Where today, consumption is 27-28 million tonnes, 2-3 per cent of increment per year is equivalent to one factory per year and one factory requires the investment of around 4500 crores. Why has this not come up before, because the business has not been remunerative enough for anyone to invest the money? So we have taken up these issues with the government, and suggested that we make a rational policy by which the industry gets

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Fertiliser plays a very critical role to ensure good production. It happens to be a key element for farmers and this is what the farmer needs to be aware of to increase the yield and productivity so as to finally bring about an increase in his income.

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satisfactory returns to get the self sufficiency in the manufacture of fertilizers in the country, so that we don't have to keep banking on outside resources and each time when India enters the international market, there are cartels operating, which pop up the prices and we end up paying higher prices to foreign companies. We don't pay even 25 per cent of that price to our Indian companies. Second issue is, which ultimately is also the govt issue, is to subsidise the farmer. The Government knows detailed elements of the cost of every company. Then why it is not giving proper returns? No one is expanding, no one is growing in this field because the business is not viable. Another issue is of reimbursing the subsidy given to farmers. But at least the Government should give us the money in time. The Government in the last couple of years started giving fertiliser bonds to the industry. Now it tells us to sell the bonds in the market and get the cash flow going. The companies tend to lose money on those bonds because interest rates are much lower than what the market was willing to accept. This is unfair. So we have taken up with Government that look "you are supposed to give us the money as you want to subsidise the farmer, but give us money, not bonds. If you are giving bonds, don't make us lose money on it".

What is the fertilizer use efficiency in India and what should be done to improve the situation?

There are two-to-three angles on this. One is imparting knowledge to the farmers which the industry is doing. When you apply fertiliser on soil, particular quantity and frequency of water also has to be applied. Unfortunately in many states where water and electricity are free like in Punjab, over flooding happens due to which the fertilizer gets leached down deeper in the soil and is not used by the plants. Today it is estimated that 50-60 percent of urea is leached. I think with the policies changing, focus in this direction is required to improve the fertilizer use efficiency in India. It also depends on the method of application. So, we have to find new technologies which largely depend on mechanization.

How do you see the competitive environment in this sector? Competition is definitely there and I think consumer today has a choice. Today P&K can be imported from anywhere by anyone. This is where credibility and trust comes in. Our company's ethical standards in that are pushing very