New Chairman of CCFI seeks strong action against spurious manufacturers

Mr. R.G. Agarwal after being elected as President of CCFI takes to Agricultute Today and shares his views:


R.G. Agarwal

What are the major challenges facing the Indian pesticides industry?

In my opinion the most serious problem is probably pertaining to the implementation of various provisions of the Insecticides Act. The Act was enacted with the intention of providing quality agro chemicals to the farmers and accordingly various provisions were framed therein. But if the ground reality is analysed, in my opinion, we have hardly achieved the objectives of Insecticides Act.

Today, each state is implementing the Act on its whims and fancies suitable to them without respecting the objectives, provisions or the spirit of the Act. In this Act, there is one provision to draw the samples of the manufacturers from factories as well as from the market for quality analysis. But the way the sampling is done gives rise to the suspicion. Most of the sampling is done from 30 leading good companies of the country who manufacture quality products for their own reputation, while the unscrupulous manufacturers are cheating the farmers by selling spurious sub-standard products freely and there is no body to check them. There may be more than 300 formulators in the country but hardly any sampling is done from their products who are the real fly by night operators and culprits, while the Act was made to check them but unfortunately, it is not happening. The Government should develop a procedure by which they draw the maximum samples of such companies instead of only of reputed companies. As per the estimate there is sale of more than Rs. 1200 crores of spurious and duplicate pesticides and the maximum sale takes place in backward states of UP, Bihar, Jharkhand, Bengal etc. There was a Parliamentary Committee constituted in 2002 under the Ministry of Chemicals and Fertilizers to review the problems of agrochemicals and the industry and as mentioned in their report that there is more than Rs.90,000 crores crop loss is due to various pests, diseses, weeds, rodents and storage etc. Today any crop we talk about, we have the highest acreage. May be we are number one or number two producer of vegetables, fruits, milk, food grains etc. in the world, but if we talk about per hectare yield, we stand nowhere in the world. Our paddy per hectare yield is 30 qtl/hec while China is 62 quintal/hec and there is a direct relation between use of chemicals fertilizers and pesticides as well as new technologies which is evident from these. The Chinese consumption of fertilizers and chemicals is almost double of our country and so is their yield.

There are other issues like the conditions of our SPTLs/RPTLs, which is pathetic. They do not have the required facilities of analysis in terms of instruments, methodology and manpower. It is further learnt that there are frequent transfers of trained, technical persons. People are posted in labs, who may never have analysed and worked in laboratories for an analytical job without any training. After Association representatives visited some laboratories and found that even though sophisticated instruments like HPLC/GLC have been purchased but they have never been put to use for analysis. They are lying idle. The issue was taken up at the Central Government level, but surprinsgly in the last four years inspite of Association's regular follow up nothing has been done, which shows that definitely something is wrong somewhere. The industry is constantly demanding chromatographs for analysed samples, but in vain.

I think in this situation the urgent need is to modernize the laboratories, as today they do not have the facilities and instruments while the new technology is coming day by day, where they do not even know how to test; how to analyse the samples. We would like to cite an example that a multinational company in India introduced a new generation product last year. The State Laboratories were not having infrastructure and tested the sample manually. It is a big question mark when the laboratory is not having the test facility how they could test the product? The need of the hour is, these laboratories should be certified by an agency like NABL and must have NABL accredition certificate.

Unfortunately, it is very painful that more than 1000 samples of the leading Indian and Multinational companies are failed in the State Laboratories.

Beyond the LOC

Pakistan Seeds and Pesticides Market

Improving relations at diplomatic level between India and Pakistan have raised the hopes for India Inc as well as its counterpart in Pakistan. Both the countries have similar agro climates, cropping patterns and markets and so provide the huge opportunities to the agribusiness companies to do business without major changes in product portfolio and other strategies. Various organizations, both in India and Pakistan, have started looking for the alternative routes available to do business. For Indian companies currently the most common existing trading route is through Dubai, but China is also fast emerging as the viable base, as more and more Indian companies are entering Chinese market. But slowly as the political environment is getting better in Afghanistan, this is also coming up as an option for entry into Pakistan till the direct trade between India-Pakistan opens up.

Besides exports of vegetables, sugar, spices, tea and other agro commodities, Pakistan offers a huge opportunity for Indian Seeds and Agrochemical industries. There is almost every seed that is sold in India ahs the acceptability in Pakistan, as the soil types, cropping patterns and agro-climatic conditions are almost identical in major agricultural belt of Pakistan i.e. Punjab, what we have in our Punjab. And the fact that the hybridization program has not taken much roots there and biotech non-starter, the seeds industry in India, riding on the strength of successful biotech and hybridization programs, can offer very high quality and low cost seeds to Pakistan, compared to the costs at which the country currently imports from Australia and elsewhere. In our recent visit to Pakistan and the extensive discussions that we had at all the levels in the Government and Industry, we realized the huge scope for business opportunities in seeds, pesticides and farm machinery sectors between the two countries.

The cotton for example is the principal cash crop, both in India and Pakistan. Cotton holds special significance for Pakistan, as its more than 50% of exports, currently are comprised of textiles. But, till date not a single cotton hybrid has been developed. Biotechnology policy has not been finalized till date. While in India not only hybrid seeds in cotton have shown strong benefits, but more than 60% acreage are already under hybrid seeds. And the mesmerizing success of BT cotton seeds is for all of us to see. In the areas, where Bt cotton is not permitted, farmers are smuggling it from other States.

In Pakistan, though the cotton yields have traditionally been higher than India, but the gap is fast narrowing down from what used to be 2:1 to currently just about 30% higher than cotton yields in India. But, in the time to come, say in next five years, India may overtake in cotton yields. Similarly the success of Indian hybrid seeds in maize, paddy, bajra and vegetables – tomato, chilly, brinjal, cauliflowers, cabbage, radish, carrot, bhendi, melons and many other vegetables is remarkable.

There is great demand for all these seeds in Pakistan. Our interaction with major agri-input companies in Lahore, Multan and Karachi and with dealers and progressive farmers in interior around Multan confirmed our analysis of the kind of potential that exists. On price factor again, there is strong competitiveness of Indian seeds, averaging 30% – 40 % costlier in most seeds.

The major Indian hybrid seeds, which have great potential for Pakistan market are sunflower, maize, paddy, cotton, gourds, bhendi, tomato, chilly, brinjal, cauliflowers, cabbage, radish, carrot, melons etc. Currently, there are exports to the tune of $15 million, but the same hold potential for $100 – 150 million annually.

Looking at the similarity of cropping patterns and agro-climatic conditions in Pakistan with India, level of development in Pakistan

Table 1

Kharif (summer crops)	
Sowing season	April – June
Harvesting season	October – December
Main Kharif Crops:	
Crops	Rice, Sugarcane, Cotton, Maize, Bajra, Jawar
Vegetables	Brinjal, Ladyfinger, Tinda, Pumpkins, bitterguard
Rabi (winter crops)	
Sowing season	October – December
Harvesting season	April – May
Main Rabi Crops:	
Crops	Wheat, Gram, Tobacco, Rapeseed, Barley, Mustard
Vegetables	Turnips, Carrot, Cauliflower, Potato, Tomato, Radish, Peas, Onion.

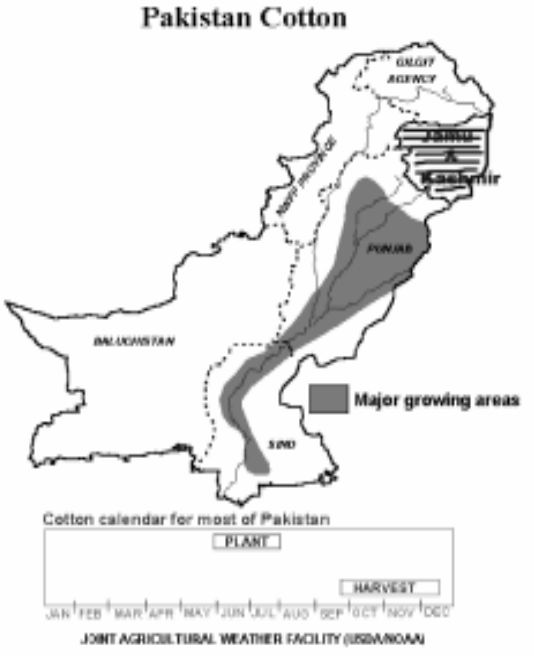
agriculture in general and seeds and pesticide industry in particular, India can add lot of value to the sector. In Pakistan, like India, food-grain covers maximum area which is around 54% of 22 million hectare of total cropped area followed by cash crops like sugarcane, cotton etc. which constitutes nearly 19% of total cropped area in Pakistan. Vegetable, fruits and oilseed crops put together make 14% of total cropped area. In foodgrain, wheat and rice are the major crops and in cash crops sugarcane and cotton are the major crops in Pakistan. Most common crop rotation in Pakistan is wheat-rice and cotton-wheat along with maize-wheat rotation. Similar to cropping season in northern India, in Pakistan also two crops in a year are taken which are Kharif (April-June to October-December) and Rabi (October-December to April-May). Major Crops grown in these seasons are shown in the table 1:

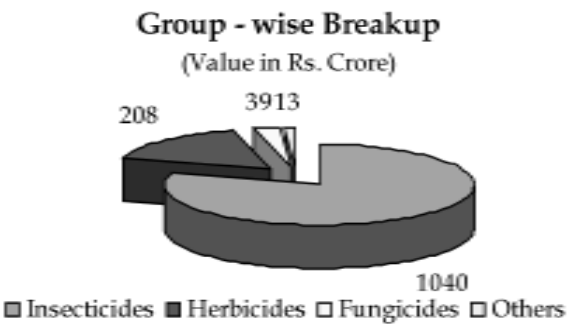
All these resemblance in Indian and Pakistan agriculture is an open opportunity for Indian seeds and crop-protection industry, without changing their existing product portfolios.

The total pesticide market in Pakistan is estimated at the level of Pakistani Rs. 1400 crore. Current market size has grown from the level of Pakistani Rs. 730 crore in year 1990, which shows an average annual growth of 8-9 percent. The composition of industry shows that the industry is in its preliminary growth stage, as insecticide makes around 80%, herbicides contributes around 16% and fungicides 3% of total industry. This break-up of industry is just opposite in the developed nations, where herbicides makes comparatively larger portion of total industry. This compares with Indian agrochemical industry of mid eighties, when insecticide constituted approx. 80% of the market.

In Pakistan the chemical pesticides were used for the first time to combat locust attacks in 1950. In 1954, formulated pesticides amounting to 254 tonnes were imported. That was the beginning of the pesticide business in the country. Growth of pesticide industry in Pakistan started in early sixties. Until 1980, the control of pesticide import was in government hand and distribution was subsidized. Still 100% of technical pesticide in Pakistan is imported and the first technical plant for pesticides production is being put up on the outskirts of Lahore by Ali Akbar Group, who is the country's largest pesticides importer. Only the formulation of various pesticides is done at local level.

Use of pesticide in Pakistan is at present concentrated around Cotton and rice crops. But changing cropping pattern from food-grain to other commercial crops is also adding to the growth of industry as these crops are more prone to various diseases and fungal infections. This mainly includes vegetable crops, sugarcane and corn. Looking at the total geographical area under crops the usage of pesticide in Pakistan is low and provides a scope to increases the usage of pesticide per unit area. Maximum consumption of pesticide is in Punjab province which is also the major cotton growing area of Pakistan, which is followed by Sindh province.





Looking at all these factors it is certain that a rapidly expanding market is available for the Indian crop protection industry, but diplomatic and trade relations with Pakistan are the deciding factors on this front. As both the countries are trying hard to improve their trade relation, now it is up to different players in industry to take action for exploring the market potential for their products.

First of all industry should analyse the market structure and various molecules in the market, demand for specific molecules, level of competition and major players. It is also needed to study the market in terms of options available for market penetration, alternative strategies at entry level, prevailing distribution channels in Pakistan for pesticides along with the government policy and legal technicalities on agro-chemicals. Given the fact that still a lot has to happen in the development of agriculture sector in South Asia a step in this direction will be of great advantage for the first movers. The barriers are set to get removed sooner than later with improvement in trade relations between the two countries as well as the opertaionalisation of the provisions of agreements under SAFTA and WTO.

M.J. Khan

Crop Care Federation of India elects new body

Sh. R.D. Shroff
CMD, United Phosphorus Ltd.
former Chairman CCFI

BOARD MEMBERS, C C F I

Sh. R.G. Agarwal
CMD Dhanuka Pesticides Ltd.
Chairman, CCFI

Sh. N.D. Gupte
Dy. MD Cheminova
Vice Chairman, CCFI

Mr. Chetan Shah
Managing Director
New Chemi
Industries Ltd.
Vice Chairman, CCFI

DIRECTORS

Sh. Salil Singhal
MD, PI Industries

Sh. S.N. Gupta
CMD, Bharat Rasayan

Sh. N.J. Rathi, MD
Sudarshan Chemicals Ltd.

Sh. N. Sukumar
Hyderabad Chemicals Ltd.

Sh. Anil Kakkar
Excel Crop Care Ltd.

Sh. Harish Mehta
Shriram Fertilizers Ltd.

MR. D.K. JAIN, KANORIA CHEMICALS LTD.
MR. JAYANTI PATEL, MEGHMANI ORGANICS LTD.
MR. AJIT S. GUJRAL, GHARDA CHEMICALS LTD.
MR. D.K. CHOPRA, BIOSTADT INDIA LTD.
MR. P.N. KARLEKAR, ATUL LIMITED
MR. S.S. GULERIA, BAYER CROP SCIENCE LTD.
MR. C.K. SABHARWAL, CROP HEALTH PRODUCTS LTD.
DR. H.V.S. CHAUHAN, INDOFIL CHEMICALS COMAPNY

In a significant move, Crop Care Federation of India (formerly Pesticides Association of India) unanimously elected Mr. RG Agrawal, Chairman and Managing Director, Dhanuka Pesticides Limited, New Delhi as its Chairman. In the Board meeting of CCFI, which took place in New Delhi on 28th September and attended by the outgoing Chairman, Mr. RD Shroff, CMD, United Phosphorus Ltd., Mr. Salil Singhal, MD, PI Industries and both the Vice Chairmen, Mr. ND Gupte, Dy. MD, Cheminova and Mr. Chetan Shah, MD, New Chemi Industries Ltd..

Besides, almost all the Directors of CCFI and some eminent persons from the industry also participated in the AGM, included Mr. KK Unni, MD, Bilag Industries, Mr. CK Sabharwal, MD, Crop Health, Mr. Karlekar, MD, Atul Products, Mr. NJ Rathi, MD, SCIL, Mr. DK Chopra, CEO, Biostadt, Mr. Dipesh Shroff, MD, Excel Crop Care, Mr. HC Agrawal, HPM Industries, Mr. DK Jain, of Kanoria Chemicals, Mr. N. Sukumar, MD, Hyderabad Chemicals, Mr. Jayanti Patel, Director, Meghmani Organic.

In a sudden development, Maj. Gen (retd.) Ravi Verma put in his papers as the Executive Director, Crop Care Federation of India. Though for quite some time the move was on to get a right candidate for the job, as his working style had come under flake, but the sudden resignation came as a surprise. The outgoing Chairman, Mr. RD Shroff during his stint of five years gave this important industry body a new dynamism.

In the changing scenario, where the concept of public private partnership is being implemented, CCFI can play a very proactive role in partnership with the Government in addressing to the challenges that farm sector faces, particularly in farmers training and technology delivery. The industry also faces a major problem of image and it has to do a lot of thinking and actions on that besides the issue of spurious pesticides.

Incidentally the new chairman has always proactively responded to the idea of reclaiming over Rs. 1200 crore market in the hands of the spurious pesticides manufacturers, largely in the Northern and Central parts of the country. May be new team coordinated by Mr. Agrawal aggressively pursues the agenda and prepares detailed plans to address all such issues.