

Banking Cement Commercial Vehicle Cotton & Cotton Yarn Component Business Process Management (BPM) Construction Education Apparel Industry Chlor-Alkali CRAMS Industry Crude Oil Gems & Jewellery Coal Natural Gas Pipe Telecom-Wireless Power Generation Manganese Ore Pharmaceutical Refining & Marketing Retail Freight Transport Shipping Sugar Tractor Telecom Tower Two Wheeler Tyre Pesticides Seed Industry Steel Automobile Energy Sources Renewable Energy Sources Paper Housing Finance Passenger Vehicle Hospital Industry Roads & Highways Zinc & Lead Shipbuilding Aluminum Banking Express Service Steel Roads Freight Transport Gems & Jewellery Edible Industry Passenger Vehicle

The Indian Pesticides Industry

November
2012



Rising population along with limited area for cultivation has put enormous pressure on the agriculture sector in the country to provide food for population. India has around 140 million hectares of gross cultivable land of which about 50 million hectares of land is sowed twice during the year (Kharif and Rabi seasons). Over the years, farmers have started using techniques to enhance farm produce and pesticides have been one of the major inputs. Over the period FY05-11, the domestic pesticide market has grown at a CAGR of about 16%.

Domestic pesticide market growing at healthy pace

Below normal and inconsistent rainfall affected pesticide consumption in FY13

The agriculture industry in India, barring wheat segment, is highly dependent on monsoon as area under irrigation is relatively low. For e.g. rice production in India mainly depends on monsoon as only 50% of rice cultivable area is under irrigation, compared to 91% in case of wheat. While the quantum of rainfall is important, the timing and the geographical distribution are also important factors to ensure good agricultural output. Delayed arrival and poor south-west monsoon led to below normal rainfall in the country led to draught like situation in major crop producing states like West Bengal, Uttar Pradesh, Madhya Pradesh, Gujarat, Coastal Karnataka and Kerala. CARE Research expects the domestic pesticide market to grow by lower single digit during FY13.

With introduction of Genetically Modified (GM) crops like BT cotton, rice has emerged as the key pesticide consuming crop pushing cotton to the second position followed by horticulture crops. The growth in the adoption of GM crops has led to reduction in usage of insecticides. This poses a threat to the pesticide industry. Pesticide companies have started focusing and promoting pesticide usage for other categories like herbicide and fungicide. The demand for fungicide will stem from increase in the production of horticulture crops.

Fungicide and herbicide categories to drive growth in the future

Exports will continue to provide cushion to the pesticide industry

During the period FY09 to FY12, exports of pesticide from India grew at a CAGR of 13% in value terms. With strong global demand for pesticides and India being the low cost producer, exports of pesticides from the country are expected to remain buoyant. Moreover, depreciation in the value of rupee against other currencies will prove beneficial for the domestic pesticide companies. CARE Research expects exports of pesticides to grow in the range of 10-12% in FY13.

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Bayer Crop Science Ltd.

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