

Pesticide sector growth rebounds in 2013-14 on good monsoon

fe Bureau

New Delhi, Jan 15: After tepid growth last fiscal, the pesticide sector has staged a sharp rebound in 2013-14 and is growing at more than double the pace from a year before, thanks to plentiful monsoon showers and higher benchmark prices of crops, industry and government officials said.

"We expect at least 15% growth in the pesticide sector this year. This is because monsoon rains were plentiful

as well as wide-spread in 2013, which prompted farmers to start planting in time. The country is expecting a bumper crop as well," Dhanuka Agritech managing director MK Dhankua said.

Currently the sector is worth ₹30,000 crore, including exports, he added.

An agriculture ministry official said the government has raised the minimum support price (MSPs) of crops in the range of 30% to 91% in the last five years. "The sharp hike has been a significant driver of

pesticide use, as farmers now know well the cost of wastage due to pest attacks or plant diseases," he said.

Long stifled by government controls, India's pesticide market has been growing steadily in recent years as farmers have increasingly started to adopt better farm practices, encouraged by a persistent hike in MSP.

However, initial rough weather conditions in the last fiscal affected pesticide consumption and growth in demand was barely 5-7%.



A leaf from a healthy cotton plant (top) and a pest-ridden leaf

According to an industry study, every one rupee spent on pesticide for the groundnut crop saves crop losses worth ₹26. Similarly, the spending and benefit ratio in mustard is 1:12, while in paddy it is 1:7.

"There is huge scope to scale up the pesticide market and only one-third of farmers are using such products. This makes us optimistic about the future of the industry," Dhanuka said.

Demand for weedicides has also risen as chemical weeding is gaining populari-

ty due to soaring labour cost, he added.

Riding high on good shows, Dhanuka Agritech expects to beat its target of 25% growth in revenue and 30% in profits this fiscal, much higher than the pace of the industry's expansion in 2013-14 from a year before.

It had recorded net profit of ₹64.44 crore and a turnover of ₹582.3 crore in the 2012-13 fiscal, while its market cap is roughly ₹950 crore.

The company will invest ₹50 crore on a new manufac-

turing unit at Keshwana in Rajasthan on top of three units in Haryana, Gujarat and J&K which currently produce over 80 plant protection chemicals.

The investment will be funded through internal accruals. Dhanuka also has 37 acres at Dahej in Gujarat for expansion but the company will take a decision in a few years. Dhanuka has tie ups with US and Japanese agrochemical majors, including DuPont and Nissan Chemical Industries.

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