An Over View of Fertilizer Marketing

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OVER VIEW

Productivity of fertilizer marketing system requires improvement. Marketing productivity is the ratio of sales or net profit to the marketing costs. This can be achieved by reducing the marketing costs without reducing the service levels. In fertilizer marketing, the marketing costs include costs of extension /promotion, field research, training of salesmen, dealers. Among the major factors that the fertilizer marketing should consider is the large number of small and uneconomical land holdings. Nearly 76.2% Of the 97 million holdings are less than 1.43 hectare.[1] The size of the farm units and the number of operational holdings are given in table no.22.

Table No, 1 Operational holdings and the sizes-1985-86

	Marginal	Small	Medium	Large	Total
No. of holdings (million)	56	18	21	2	97
Percentage	58	19	22	1	100
Size (hect.)	0.39	1.43	5.0	17.0	1.69

Source: Annual Agricultural Census 1985-86. (Agro Stat. 1993 page.183-84). Released by Tamil Nadu Department of Agriculture. It is seen from the table that 58% of the land holdings are less than 0.40 hect. and 77% of the holdings are less than 1.5 hect. which are most uneconomical for cultivation. The All India Average holding is just 1.69 hec. Marketing of the concept of intensive cultivation is the only answer to the situation. The farmers with such meager holdings cannot be motivated for using fertilizer unless the economics of us of fertilizer to them is demonstrated. Most of the farmers do subsistence farming and there is hardly any marketable surplus. Therefore they cannot be motivated by increasing the procurement prices of produce. Promoting the concept of multiple cropping, adoption of HYV, use of proper fertilizers in adequate dosages must become the efforts of the fertilizer marketing system. The statistics also reveals that the aggregate holding size is less than 2 hectare.

In the current marketing system increased attention is paid to large holding farmers and planters who are already convinced about the fertilizer usage.

The fertilizer marketing system should target at the marginal to medium size holdings in developing their marketing mix.

The fertilizer consumption pattern vaiy from state to state depending on the irrigation facilities, marketing efforts of fertilizer manufacturers. In the fertilizer marketing the marketers concentrate on the existing potential demand rather than creating new and basic demand in new areas and traditionally unfertilized crops. The following table provides state wise consumption shares as also the per hectare consumption;

Table No.2

Share of fertilizer consumption & per hect consumption

SL No.	State	Percentage	Consumption kg/hect.
1.	Uttar Pradesh	17.8	139
2.	Andhra Pradesh	12.4	115
3.	Maharastra	10.2	57
4.	Punjab	9.8	162
5.	Madhya Pradesh	6.5	35
6.	Karnataka	6.4	64

7.	Tamil Nadu	6.3	114
8.	West Bengal	6.0	88
9.	Giyarat	5.8	73
10.	Haryana	5.0	108
11.	Bihar	4.9	57
12.	Rajasthan	4.0	27
13.	Orissa	1.7	22
14.	Kerala	1.6	67
15.	J & K	0.3	40
16.	H.P	0.2	32
17.	Assam	0.2	8
18.	Others	0.9	-
	Total	100.0	67

The data in the table no. 18 reflects the wide variation from state to state in the consumption rates and also the consumption share. Utter Pradesh, Madhya Pradesh, Maharastra and Andhra pradesh are the major states with

large geographical area and also large area under cultivation. Both the share of consumption and the rate of consumption in these states are low.

The overall rate of fertilizer consumption is low at 67 kg/hectare as compared to the desired level of lOOkg/hectare. In the neighbouring countries the consumption rates are higher : Bangladesh 110 kg/hect, Pakistan 89 kg/hect .The per hectare consumption in Japan 400 kg,China 307 kg.

National Council of Applied Economic Research (NCAER) while conducting a fertilizer demand study (1978) found that only 55% of the farmers used fertilizers and that only 62% of the total cropped area was fertilized. NCAER classified the states by the induction of adoption (cropped area) as:

Table No.3

Classification of states by index of fertilizer adoption

Index of adoption of fertilizer per cent	**States**
Upto 30	Assam, Madhya Pradesh, R^jashthan Himachal Pradesh, J & K Orissa Maharashtra.
31 to 60	Bihar, Karnataka, Andhra Pradesh Gujarat, Haryana, Uttar Pradesh Tamil Nadu, West Bengal.
Above 60	Kerala, Punjab.

Source : Report of the high powered committee on fertilizer consumer price, p.40. Published by The Fertilizers Association of India, New Delhi. Based on the sample data of the farmers enquiry, NBAER, identified, the reasons for inability of farmers for use of fertilizers of 45% of the farmers as;

Table No.4 What makes farmers use fertilizers

Sl.No.	**Reasons**	**Percentage of Farmers**
1	Not aware of fertilizers	10.8
2	Consider fertilizer harmful to soils	9.8
3	Non -availability of credit	17.5
4	No facility for irrigation	48.1
5	Others (non availability of fertilizers,uncertainty of profit)	13.8
	Total	100.0

Source: Report of high powered committee on fertilizer prices of GOI (1988) p.40.

From the table no. 19 it is seen that the primary reason for nonuse is due to lack of adequate promotional effort and credit availability. The survey also revealed that the majority of non-users had small operational holdings. These are good indicators for improving the fertilizer marketing system.

There is vast scope for increasing consumption in M.P., A.P. T.N. and Orissa where a large number of districts have a very low consumption rates due to inadequate logistics.

Fertilizer marketing assumes special significance in view of the large scale zone-wise imbalance between production & consumption of fertilizers:

Table No. 5

Zone- wise production* consumption and *gap* 199293

Zones	**Nitrogen 000T**	**Phosphate 000T**
East		
Consumption	1104	369
Production	591	403
Difference	-513	+34
North		
Consumption	3253	755
Production	1983	103
Difference	-1270	-652
South		
Consumption	1986	850
Production	1318	830
Difference	-663	+20
West		
Consumption	2092	899
Production	3539	985
Difference	+1447	+86
All India		
Consumption	8035	2873
Production	7431	2321
Difference	-1004	-552

Source: Fertilizer News Sept 1993 page 89.

The table no.3 brings out the significant differences between production and consumption Zone wise. Only western zone is surplus in production of Nitrogen compared to the consumption needs of the zone due to location of large scale fertilizer plants in this region (IFFCO, KRIBCO, RCF, GSFC, and GNVC,)

All the other zones are deficient, aggregating to a deficiency of over 10 lack tonnes on an all India basis. With the growth in consumption the deficiency would

further deepen and even the western zone would not be in surplus. This indicates the urgent need for stepping up the production capacity of Nitrogen.

In case of Phosphates east, west and south appear to be surplus. This is largely due to the lower levels of application. With the intensive marketing efforts with a view to promote the use of phosphate the consumption rate would pick up faster than the production rate thereby widening the gap between production and consumption further. Additional production capacities have to be generated in Phosphate also. With a view to maintain the tempo of consumption and bridge the gap between supply and demand, imports are arranged. In case of Nitrogen GOI arranges the imports and utilizes the existing channels for distribution, since the product is under control. In case of phosphates marketers can arrange imports directly.

On an all India basis both Nitrogen and Phosphates are imported to fill the gap between consumption and indigenous production. Products in the form of Urea, DAP and complex are imported depending on the availability and the prices in the global market. Until recently this was being arranged by GOI. After the decontrol marketers are free to arrange imports of phosphates. However for products (Urea) that are still under control GOI makes the arrangements. Due to zonal imbalances products are required to be transported from zones having excess to the deficit Zones. Logistics becomes a major effort in the fertilizer marketing operations.

The strategic role of marketing management and application of marketing principles in the fertilizer industry is yet to be appreciated in India.

A systematic approach to identify the potential markets, understand the needs and capability and the motivation factors of farmers have not been attempted.

Until recently fertilizer marketing was considered synonymous with distribution and as a result of this, promotion, extension, marketing research activities continued to be at a low ebb.

The concern for the marginal and small farmers has not been adequate. The marketing mix consisting of the 4P's, has not been adequately managed to keep the interest of both marketer and the final consumer, at equal levels. This has largely been due to the controls exercised by the GOI in the area of product mix, pricing and distribution.

FERTILIZERS PRODUCTS AND THEIR PROPERTIES

The objective of this section is to briefly introduce the concept of chemical fertilizers, its forms, analysis, range of products manufactured indigenously and also bring about the vital role played by the nutrients individually and in combination in crop development. The importance of maintaining balanced usage & the marketing efforts needed to promote balanced application in the context of decontrol of phosphate & potash are brought out. Variations in the prices of the nutrients cause imbalance in usage.

For development of plants, sixteen elements are essential. These are; Carbon, Hydrogen & Oxygen (absorbed by the plants from atmosphere and water), nitrogen, phosphate, potash, Sulphur, calcium, magnesium, boron, copper, iron, zinc, manganese, molybdenum and chlorine.

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