

# Overview of Agrochemicals Sector

India Chem 2021  
March 2021



# Agenda

1. Overview of Agrochemicals Industry 03
2. Driving Growth & developing India as a Mfg. hub 07

# *Overview of Global & Indian Agrochemicals Industry*

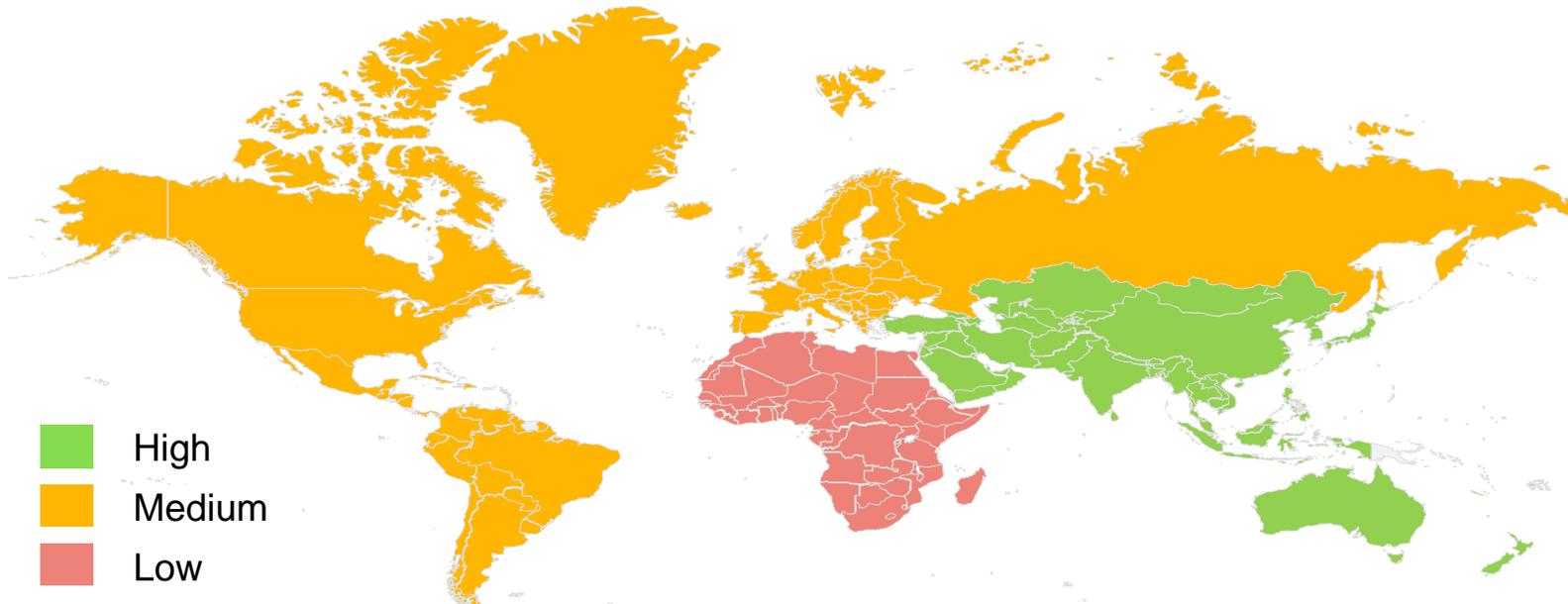
# An Overview of Global Agrochemicals Industry

**The Agrochemicals Industry is valued at around USD 208.6 Bn (2020) and is projected to reach USD 246.1 Bn in 2025 growing at a CAGR of 3.4%**

## Key highlights of the Global Agrochemicals Industry

- Growing demand for food supply due to the rapid growth in the human population has triggered agricultural intensification during the last few decades
- While North America is the fastest growing market, Asia Pacific is the largest market of agrochemicals
- The industry highly competitive market with the presence of several multinational companies.

## Global Agrochemicals Market: Market Growth Rate, By Region, 2019



Source: Mordor Intelligence, PwC Analysis  
Overview of Agrochemicals Sector  
PwC

## Trends in Global Agrochemicals Industry

Global growth of agrochemicals market can be attributed to increasing adoption in developing nations



Strong research funding by key manufacturers for new products is expected to drive growth in next 5 years



Production of sustainable bio-based agricultural products is projected to increase due to increasing instances of ban on several pesticides/fertilizers



Higher instances of ban on Crop protection Chemicals in major regions like North America & Europe has slowed overall growth rate of agrochemicals in these markets



Recent research studies indicate that the increasing usage of agrochemicals in both developed and developing nations is with the aim of attaining higher crop yields



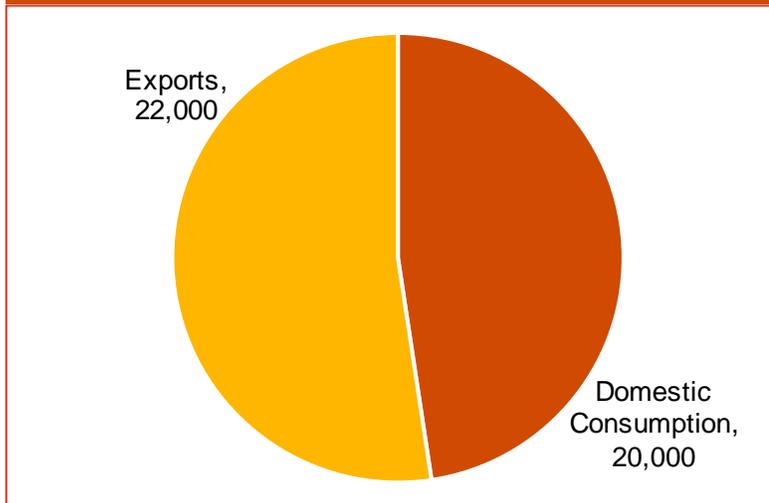
# An Overview of Indian Agrochemicals Industry

**Indian Agrochemicals Industry was valued at around Rs. 42,000 Crore (~6 Billion USD) in 2019-20 and is expected to grow at a CAGR of around 8% till 2025**

## Key highlights of Indian Agrochemicals Industry

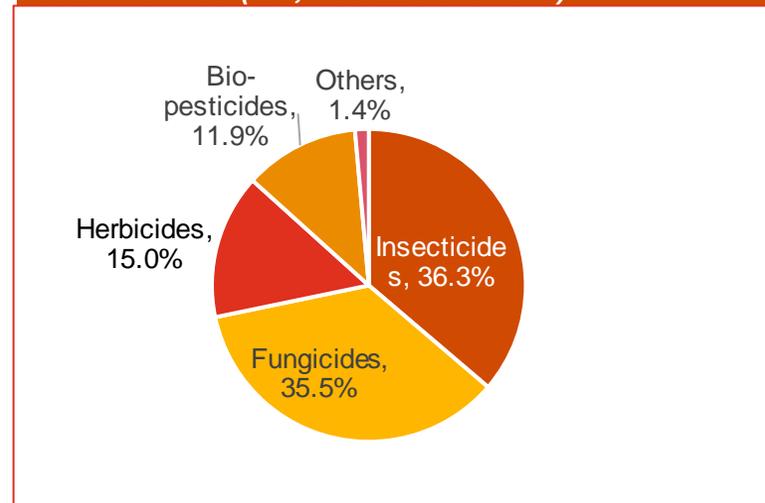
- Indian is the fifth largest producer and the fourth largest exporter of agrochemicals
- Inadequate use of agrochemicals can lead to ~25-30% yield losses in medium to long term
- Scientific, timely and sustainable use of agrochemicals is essential to ensure food security and enhance farmer income

## Consumption vs. Exports in 2019 (Rs. Crore)



Source: PwC Research

## Consumption of Agrochemicals by Segments in India – FY'19 (MT, Technical Grade)



Source: Statistical database, Directorate of Plant Protection, Quarantine and Storage

## Trends in Indian Agrochemicals Industry

Increasing focus towards digital avenues has improved decision making and enhanced traceability across the value chain



Evolving models like direct selling through FPOs and direct-to-consumer (D2C) platforms like e-commerce are impacting the entire ecosystem



Increasing focus on diversification into specialty nutrients products such as biofertilizers, bio-stimulants, micronutrients and organic products



Monetization of farming services such as spraying of agrochemicals and direct-to-farm delivery of agri-inputs



Increasing interest of farmers towards solutions like 'product as a service', mobile app based advisory, market information etc.



# Challenges of Indian Agrochemicals Industry

*Indian Agrochemicals Industry is facing few challenges which can limit its growth in future*

## Lack of awareness

- Average farmer lacks scientific knowledge of agronomy and agrochemical usage
- High reliance on recommendations by agrochemical dealers
- Imbalance in agrochemical usage has been limiting the crop yields

## High reliance on generic molecules

- Low adoption of specialty molecules due to unaffordability and awareness
- Preference towards the use of time-tested genetic molecules
- High R&D costs and complex registration process limiting improved products in the market

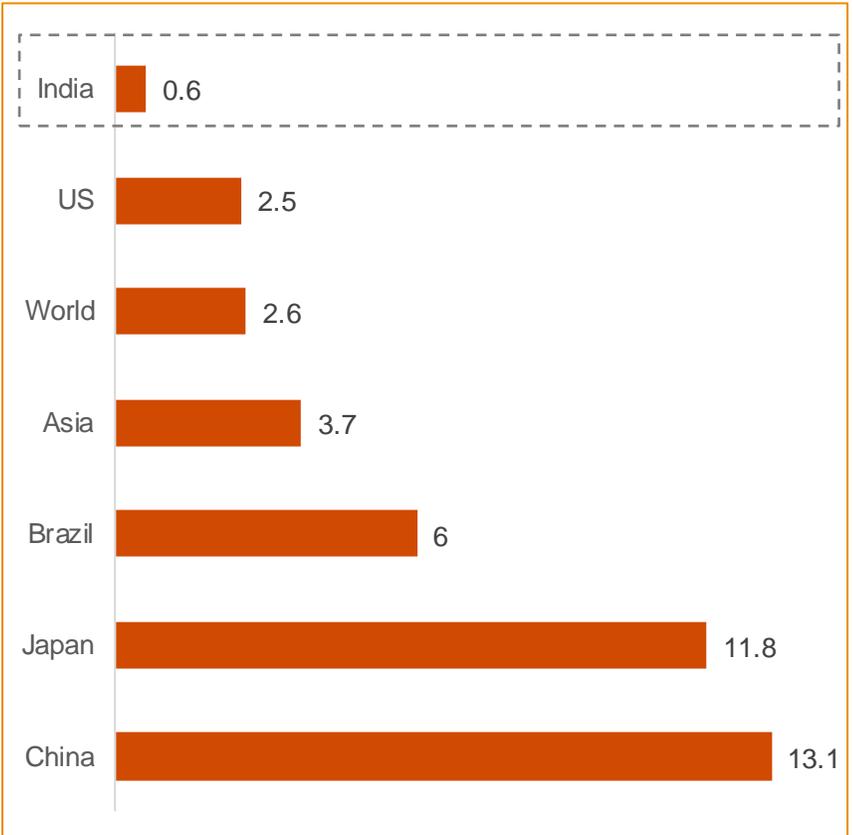
## Regulatory challenges

- Complex, costly and time-consuming registration process
- Registration of new molecules remains a forte of large global players
- Only 273 molecules registered in India, compared to 473 molecules in EU and 527 molecules in Japan
- Limited efforts towards improving R&D infrastructure and registration process

## Low usage of agrochemicals

- Only 0.6 kg/ha of agrochemical is used in India (6 times lower than the average usage in Asia & 4 times lower than global average)
- High reliance on generic and bulky products imply significant gap between current and optimal usage

## Agrochemical usage in major regions and countries – 2017 (kg/ha)



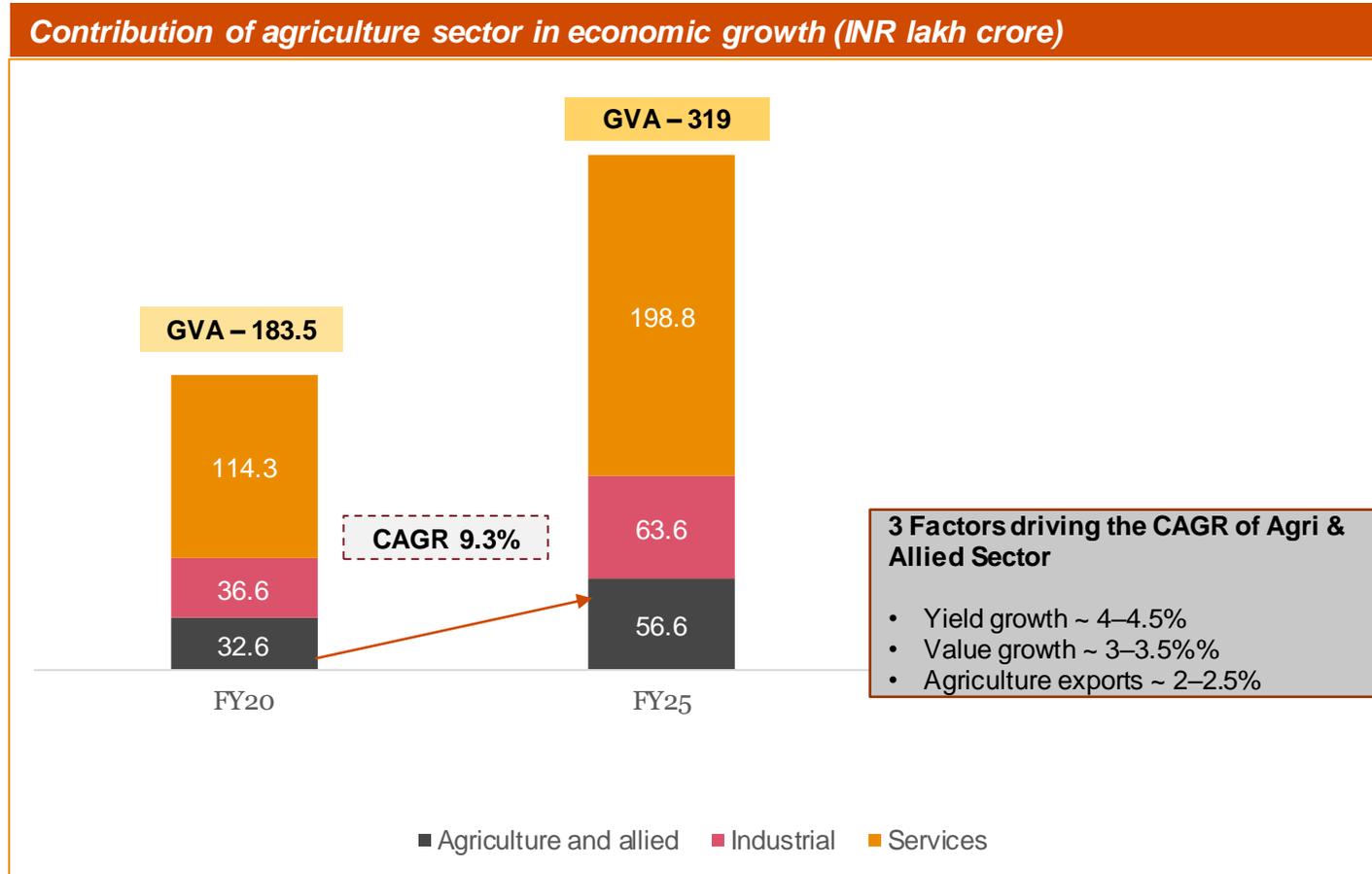
Source: FAOSTAT

Source: European Commission; FAMIC Japan; Ministry of Agriculture and Farmer Welfare; FAOSTAT

*Driving Growth &  
developing India as  
a Global  
Manufacturing hub*

# Role of Agriculture and Agrochemicals in Economic Growth

*Agrochemicals will contribute to economic growth through industrial growth (direct) and improvements in agricultural output (indirect)*

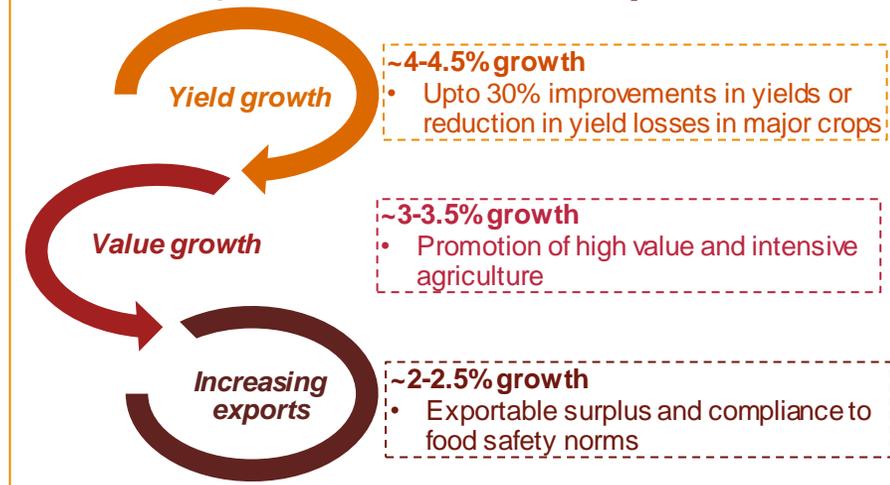


## Role of agrochemicals in economic growth

- Direct incremental growth through enhancement in **Agrochemical Exports**  
~ **INR 16,500 crores**
- Direct incremental growth through increase in **Agrochemical consumption**  
~ **INR 16,000 crores**

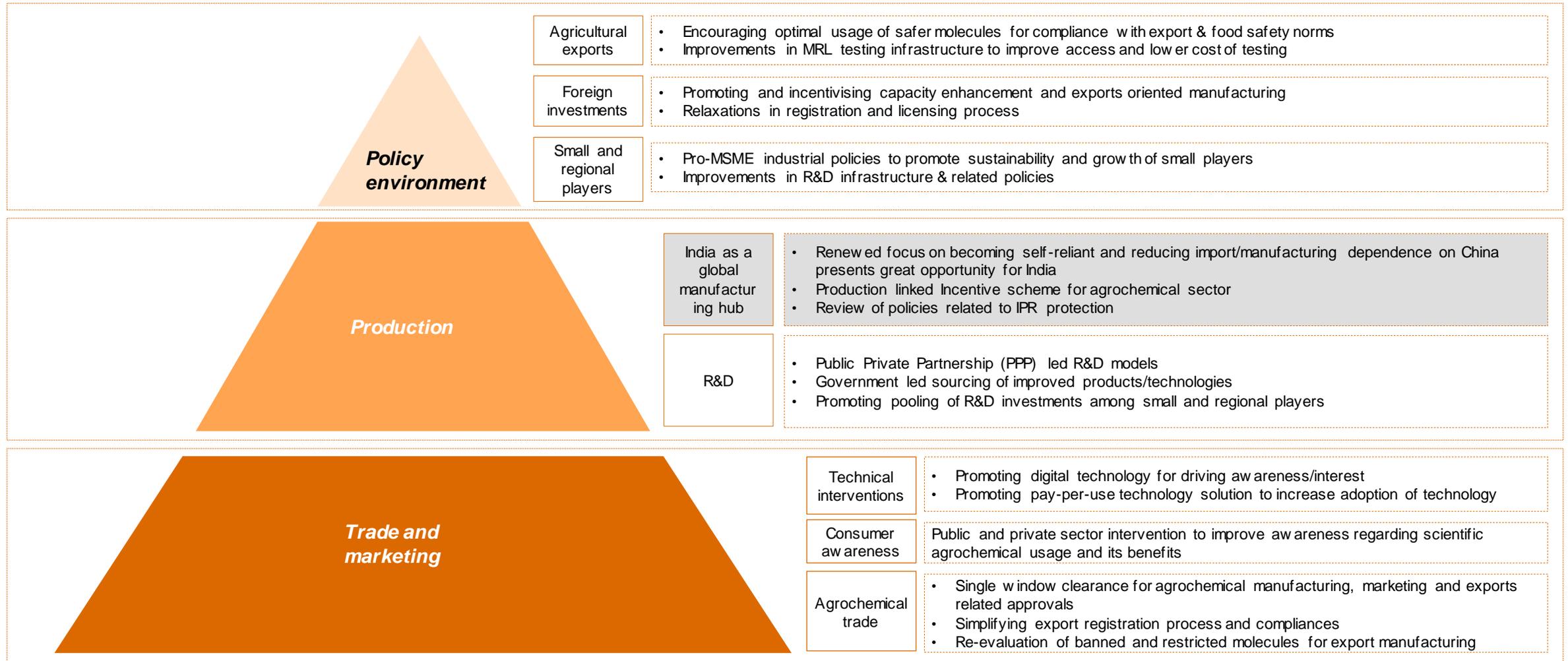
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**Growth in agriculture sector ~ INR 24 lakh crore**



# Growth Drivers for Indian Agrichemical Industry

**Reforms related to trade, marketing, production, manufacturing, product registration, IPR and other policies will drive the growth of the agrochemicals industry and agriculture sector**



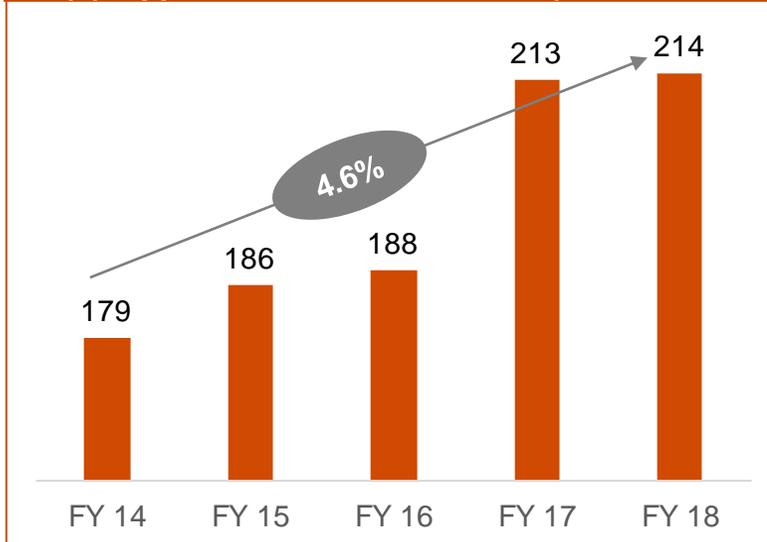
# An Overview of Agrochemicals Manufacturing in India

**India is 4<sup>th</sup> largest producer of agrochemicals globally, and 50% of the growth witnessed by the agrochemical companies in India (in last 5-6 years) has been driven by exports**

## Key highlights

- Both Production and exports of agrochemicals has grown substantially in last decade
- India is net exporter of agrochemicals (13<sup>th</sup> largest) & exports stood at USD 1.8 Bn. in 2018-19 compared to USD 510 Mn. in 2010-11
- Production of agrochemicals has grown at a CAGR of ~5% in last 5 years
- Regulatory ban has impacted the industry over last few years. For instance, the proposed ban on 27 products in 2020, is expected to impact the exports worth ~USD 0.5 Bn.

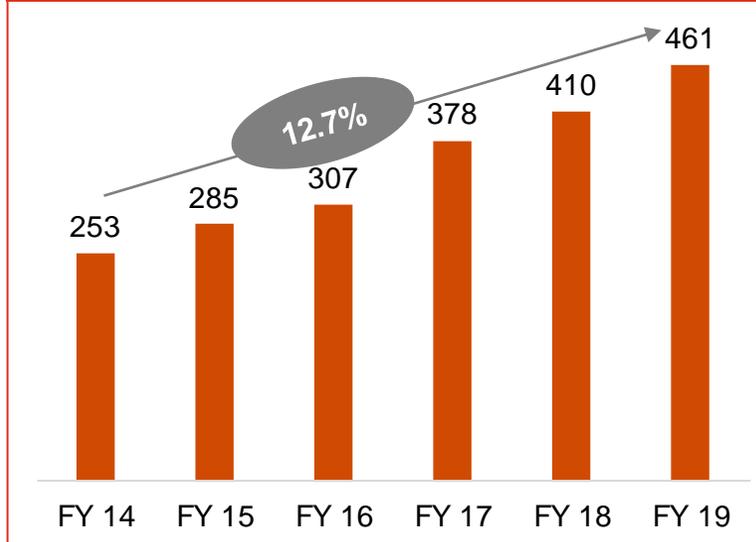
**Production\* of Agrochemicals in India (in '000 MT) (\* Approx. 43 Technical Grades)**



Source: CARE Ratings, PwC Analysis

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**Agrochemicals Exports from India (in '100 MT)**



Source: Statista, PwC Analysis

## Over last decade, India has strengthened Manufacturing ecosystem of Agrochemicals

	2009-10	2018-19
Technical Manufacturers	~125	~145
Formulators	~800	~1000
Distributors	~1.5 Lakhs	~2 Lakhs
Technical Grade Pesticides Mfg.	~60	~80
Capacity Utilization	~58%	~80%

Source: FICCI, Industry Interactions

# India as a Global Manufacturing hub

*India can become “The Global Manufacturing Hub” for Agrochemicals due to number of favorable factors*

## India has unique advantage in catering to Domestic as well as Global Agrochemical Markets



## Sentiments from the Industry

We would need to rebalance our supply chain between China & rest of the world – India included  
- Leading Global Agrochemical Player

Govt. needs to speed-up the process of providing manufacturing/export licenses, so that India can become self sufficient  
- Leading Indian Agrochemical Player

Govt. must help local manufacturers, so that India can scale/ strengthen its agrochemical manufacturing.  
- Industry Association

Govt. needs to focus on strengthening local IPR laws to ensure viability of R&D investments in developing new molecules  
- Leading Global Agrochemical Player

**Owing to above factors & Industry Alignment, India can become a Global Manufacturing Hub for Agrochemicals in Future**

# Thank you

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