
APPENDIX

Statistics published by the Fertilizer Association of India reveal an increase in the quantity of fertilizers distributed during 1974-75 over: 1973-74, but a decline in consumption.

The distribution of all straight and complex fertilizer materials increased by 5 per cent mainly on account of the 14 per cent increase (in terms of N) of nitrogenous fertilizers because the distribution of phosphatic fertilizers actually decreased by 9 per cent*. The indigenous production of phosphatic fertilizers during 1974-75 was higher than in the previous year and the supply position was on the whole better. The decline in distribution was, therefore, attributed to slack demand.

The consumption estimates for 1974-75 as published in June 1975 showed a decline of 3.3 per cent in the consumption of all fertilizers; nitrogenous fertilizers 0.5 per cent and phosphatic fertilizers 17.5 per cent.** A subsequent estimate, circulated by the Fertilizer Association of India, through its newsletter to its members in August, 1975, puts the decline in the consumption of all fertilizers at 8.7 per cent and potash at 5.8 per cent.*** The first assessment of consumption was based on estimates for the rabi crop provided by manufacturers at the request of the Fertilizer Association of India. The second set of estimates were on firmer grounds and were put out during the half yearly Zonal Conference. Both estimates refer to the offtake.

While the offtake of fertilizers, which relates to the amounts secured by the dealers, is referred to as consumption, it is in fact always higher than actual consumption by farmers. The extent of the difference varies from year to year and it would be difficult to say what it might have been in 1974-75. While the principal reason for the slow offtake was the slack demand for fertilizers, two other reasons are also identified: (i) there was an expectation that the Government might revise the fertilizer prices downward after the June 1974 increase, which the Government subsequently did in mid-July; and (ii) dealers were unhappy with the commission allowed to them and wanted it increased, which also was done but much later. A pick up in offtake more recently is attributed, at least in part, to the 10 per cent decrease in fertilizer prices and the better commission allowed to the dealers.

*Fertilizer Marketing News, Vol.No.6, Fertilizer Association of India, June 1975, page 9.

**Ibid.

***Fertilizer Association of India, Newsletter, Aug. 13, 1975.

The Fertilizer Association of India carried out a study to assess the reasons for the decline in fertilizer consumption and their results were as follows:

States	Dominant reason for the decline in fertilizer consumption
Andhra Pradesh, Bihar, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu and Uttar Pradesh.	Physical controls.
Gujarat, Kerala and West Bengal	Price increase.
Not the most significant factor in any State, but the second most important in Andhra Pradesh, Gujarat, Madhya Pradesh and Uttar Pradesh,	Credit constraints.

The physical controls included, the "card/permit system, restriction on inter-district or even inter-block movements, limitations of quantities to be released against cards, renewal of dealership registration certificates only on production of sales tax clearance certificates and linking of release of P and K with N".

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