CHAPTER 7:
SWOT ANALYSIS OF INDIAN AGROCHEMICAL COMPANIES

7.1 INTRODUCTION:
In this section, the strength, weakness, opportunity and threat analysis of Indian agrochemical companies will be carried out. It is based on extensive experience of the author in the field of agrochemicals and secondary data (Reference 8, 11, 33, 51, 54, 70).

7.1.1 Strength:
1. India has one of the largest resources of scientific and manpower in the world.
2. The standard of education in organic chemistry and chemical engineering in India is very high, and at par with best in the world. As a result we have highly competent organic chemists and chemical engineers who are playing very important role in Indian agrochemical industry.
3. Indian scientists are expert in reverse engineering. They have the capability to develop cost effective method for manufacture of pesticides.
4. The investment cost and manpower cost in India is considerably less than in the advanced countries.
5. The macro-economic management in India has been very sound. India was one of the few countries which were not affected by global economic crisis in 2009.
6. The political situation in India is quite stable as compared to many other countries.

7.1.2 Weakness:
1. Indian agrochemical industry is highly fragmented with many small players.
2. There is no global capacity plant in India.
3. Indian companies are very much dependent on imported raw materials. More than 65% of raw materials used in agrochemical industry are imported.
4. There is power shortage in many states, affecting production.
5. The infrastructure like port, railway and roads are inadequate as compared to other countries.
6. The investment in research and development is very low. No basic research for discovery is being carried out at present.
7. The supply chain management in India is inadequate.
8. Quality is inconsistent. The concept of “Total Quality Management” has not been implemented in agrochemical industry.
9. Less importance is given to environment, safety and health.
10. The cost of finance is high.

7.1.3 Opportunity:
1. The population of India is increasing steadily. We are more than 1.2 billion now and by 2025, India will be the country with maximum population.
2. The cultivable land is decreasing. The net result is that more people have to be fed from less land. Increasing farm productivity is absolute necessity. One way for it is increased use of pesticides. This will drive growth of agrochemicals industry in future.
3. A large number of products are going off patent in coming years. Indian companies will get opportunity to make those products cost effectively and capture market share.
4. There is worldwide trend to move towards efficient and low cost manufacturing locations like India and china.
5. There will be huge opportunity for contract manufacture and contract research.

7.1.4 Threat:
1. India has to face serious competition from China.
2. In many instances, Chinese agrochemical products are cheaper than Indian products.
3. Indian agrochemical companies are highly dependent on imported raw materials. Lack of availability, import restrictions and high price may completely derail Indian companies.
4. New generation patented products introduced by multinational companies will be posing threat to Indian agrochemical companies.

5. Pest resistance observed with some products is adversely affecting market.

6. The advent of biotechnology in the form of genetically modified crops (G.M. crops) will have negative impact on the future of agrochemical industry.