ABSTRACT

The study was conducted in the state of Karnataka in the year 2005-06 with the objective of understanding the fertilizer market, the fertilizer usage and purchase behavior of farmers, the promotional activities taken by various agencies in fertilizer field and the problems faced by farmers in obtaining fertilizers and the variables influencing the fertilizer purchase decision of farmers in the state. A total of 450 farmers from 3 districts namely Tumkur, Mysore and Raichur were randomly selected for the survey on fertilizer usage pattern and personally interviewed to fulfill the objectives of the study. 20 fertilizer outlets each from three selected districts (totally 60 fertilizer outlets) were interviewed to understand the fertilizer market, Also the available secondary data was extensively used for the study.

In India, fertilizers were under government control for a long period of time. Both Essential Commodities Act (ECA) and Fertilizer Control Order (FCO) govern fertilizers. The results of the current study revealed that over a period of time, the distribution of fertilizers has been decontrolled and the prices of the fertilizers are going up year after year. Fertilizers Movement Control Order of 1973 brought the distribution of fertilizers under total government control, but after August 1992 all P and K fertilizers were decontrolled but urea continued to remain under control. After 1991-92 the fertilizers market has undergone phenomenal change with government decisions to slowly phase out the Rs.10500 cr. subsidy given to fertilizers and decontrol it.

With effect from 1 April 2003, Government implemented the “New Fertilizer Policy”, which allowed urea manufacturers to market 50 percent of their production as they wish. There were 11039 fertilizer sale units in Karnataka in 2004-2005 out of which 8984 (81.38 percent) were private owned sale units and 2055 (18.61 percent) number of cooperative fertilizer outlets. Among the existing marketing channels, the channels
having retailer, cooperatives and wholesalers as the market intermediary respectively were the most popular channels among the farmers. The analysis showed that the cooperatives channel was the most efficient channel (price efficiency) serving farmers.

The study emphasized on the psychological aspects of the farmers’ behavior of usage and purchase of fertilizers. The results of the study showed that the farmers are rational in both usage and purchase of fertilizers and the quantity of fertilizers applied per acre is dependent on the crop grown and the expected returns from the crop. The highest quantity of fertilizers was applied for sugarcane (293.8 kgs per acre) and lowest quantity in case of Jowar (72 per acre) and Red gram (57.7 kgs per acre).

The NPK composition of fertilizer application was found to be imbalanced as compared to the recommended dose and the most important factors for this imbalanced application were inadequate returns from the crops and no knowledge among the farmers about the recommended dose. The important sources of information in regard of fertilizers to the farmers were fellow farmers and fertilizer traders. Some of the most important problems faced by the farmers in obtaining fertilizers were lack of credit and lengthy procedures to get the credit, higher prices of the fertilizers and non timely availability of fertilizers.