

Canada Provides \$32 Million For Fertilizer Imports



Canada's High Commissioner, Mr. R.L. Rogers and Dr. Manmohan Singh, Secretary, Department of Economic Affairs signing a Rs. 27 crores loan agreement for supply of Canadian fertilizer and fertilizer material in 1977/78.

INDIAN EMPHASIS ON INCREASED AGRICULTURAL PRODUCTION:

Agriculture accounts for more than 50 per cent of the Gross National Product of India. It employs almost three-fourths of the population, mostly in the rural areas. Increasing agricultural production is the main focus of India's development plans. Fertilizer plays a key rôle as a major input in this direction, since better farming techniques and technology depend on wider use of fertilizers. In keeping with India's emphasis on expanding and strengthening the country's agricultural economy, Canada is focussing its development cooperation with India on the agricultural sector.

DEVELOPMENT COOPERATION LOAN BETWEEN CANADA AND INDIA FOR IMPORT OF CANADIAN FERTILIZERS:

On October 6, 1977 Canada and India signed a development cooperation agreement under which Canada will provide

India with fertilizers—muriate of potash, urea, and sulphur—according to India's requirements and also meet the related costs for shipping them to India. Thus the largest development loan for fertilizers ever made available by Canada to any country in a single year has been put in place in the amount of C\$32.0 million (approximately Rs. 27.05 crores). This loan carries no interest and is repayable in 50 years including a 10-year grace period. This signifies Canada's continuing interest in the ongoing programme of development cooperation with India. This is the fifth Canadian loan to India for fertilizer purchases by India in as many years.

CONSUMPTION OF FERTILIZERS IN INDIA:

Chemical fertilizers were first used in India towards the end of 19th century. The country first produced its own fertilizers as far back as 1906. There are at present 90 fertilizer manufacturing units in India producing around 2.4 million tons of various types of nitrogenous, phosphatic and composite fertilizers. India is one of the world's nine leading producers now. However, consumption generally outpaces production. India consumed nearly 3.27 million tons of fertilizers in 1976/77 and thus stands as the world's seventh largest consumer of fertilizer. Out of this nearly half of the tonnage had to be imported. India is attempting to have self-sufficiency in major fertilizers by mid-1980s. Even then large quantities of finished fertilizers necessarily have to be imported, especially materials such as potash which are not locally produced.

Against the new loan funds that have been made available, the Minerals & Metals Trading Corporation of India Ltd have already contracted for approximately 315,000 MT of potash amounting to approximately \$25.0 million including freight costs to India from Canada. The balance of the funds are expected to cover the import of urea/sulphur/or more potash depending on the requirements of the Government of India and the availability in Canada.

INDIAN IMPORTS OF FERTILIZERS FROM CANADA:

Canada exports nearly 8.0 million tons of potash to other countries, since Canada's domestic requirements are only of the order of 250,000 tonnes. Next to USA, Japan and Belgium, India is the major importer of Canadian potash both under aid and free foreign exchange. The following illustrates the total import requirements and how much is met by Canada:

Year	Imports from Canada				Total Imports by India	
	Total		Aid-Financed		Potash	Sulphur
	Potash	Sulphur	Potash	Sulphur		
1974/75	363	83	125	—	659	688
1975/76	160	79	57	54	367	562
1976/77	N/A	N/A	89	—	451	N/A
1977/78 (estimates)	400	100	400	100	680	600

N/A—Not available