

## FLORICULTURE EXPORT MARKETING IN INDIA

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### **Introduction**

In the world the usage of Flowers are varies from nation to nation, in general flowers are using for marriages and funeral also exchange, sharing of love, and offering to GOD which is common in the world. Agriculture sector needs 'well-functioning Market' to drive growth, employment and economic prosperity. The prime objective of the Department of Agricultural Marketing and Agri Business is to help the farmers in marketing their agricultural produce to fair price and to ensure remunerative returns to them. The foremost aim of the Department is regulating trade of agricultural produce most effectively and also by devising and implementing new technologies to reduce post harvest losses through appropriate post-harvest operations including grading, value addition, packaging, processing and transportation so as to get remunerative price to the farmers.

Though Green Revolution initiatives achieved self-sufficiency by increasing food grains production the farmers have not achieved the desired level in marketing front. Agricultural Marketing infrastructure plays a pivotal role in fostering and sustaining the tempo of rural economic development. Marketing is as critical to better performance in agriculture as farming itself. Agri Business is a process, which starts with a decision to produce a saleable farm commodity.

### **India Floriculture Export**

#### **Export Marketing**

The global market for floriculture products was an estimated US\$10 billion for the year 2004 with an 8% annual growth. It is expected to grow to US\$16 billion by 2010. Fresh cut flowers account for around 2/3 of the world trade in floriculture and have been growing at around 8-10% annually.

India's exports of floriculture products for 2004 was estimated at about US\$ 60 million, of which US\$ 11 million was contributed by fresh cut flowers. Over 95% of Indian cut flower exports are different varieties of Rose. India is, thus at present, a negligible player in the international trade in fresh cut flowers Which is dominated by the Netherlands, Columbia and Italy (accounting for about 32%, 10% and 6% respectively of the world trade)

Indian floriculture industry is still in its infancy. Rapid changes that have taken place since the early 1990s, however, suggest that India will be able to improve its position on the world market in the coming decade.

The organized floriculture industry in India is of nascent origin (slightly over a decade old) and is primarily export oriented. India mainly exports roses grown in greenhouses in Maharashtra and around Bangalore in Karnataka and Hosur in Tamil Nadu.

Indian export of fresh cut flowers has been increasing in recent Years, the volume as well as share in international trade is negligible compared to its competitors. India faces a major challenge in terms of infrastructure and awareness among small producers

India has relatively better opportunities for development of the floriculture sector for the following reasons:

- Diverse agro-climatic conditions and geographical locations suited for growing various types of flowers.
- Skilled manpower to absorb the technology and implement the same at a relatively low cost.
- Soil and water supply at most locations.
- Good radiation/sunlight leading to healthier plant growth and better quality flowers.
- Light rains and salubrious climate during winter, the prime export season, leading to sustained high yields.
- Good period of sunlight even during the heavy rains leading to continued plant growth and proper yield.

The two main markets for Indian Fresh cut flowers are Europe and Japan. The EU is believed to consume over 50% of the world's flowers and includes many countries with a relatively high per capita consumption of cut flowers.

Although some of the larger EU consumer sales of floriculture products, especially cut flowers are still increasing. Germany is the biggest consumer of flowers, followed by the UK, France and Italy.

Floriculture has tremendous potential in India. The different types of climatic conditions provide for the possibility of growing almost all the major cut flowers species of the world, whether of tropical, sub-tropical or temperature climate region. However, flowers in India are produced in open field conditions, mostly during the mild winter months without use of and advanced technology. As a result, the quality and quantity available for marketing are heterogeneous and vary according to the prevailing weather conditions.

The Consumer's demand abroad is based on high quality products, with additional requirements for the growing conditions that should be in line with environment/preservation standards, implying reduced use of pesticides and other agro chemicals. The global demand for quality flowers is sustained throughout the year.

### **Important flowers traded in the International market**

The most important flower traded in the International market is still rose. However, Dendranthema, Dianthus, chrysanthemum, Carnation, Gerbera, Dahila, Poinsettia, Orchids, lily, Tulip are the flowers emerging as close competitors to Rose.

### **International trade channels**

Growers and traders exporting cut flowers and foliage to EU send their merchandise either to a wholesaler or to an auction. In this respect, the Netherlands and auctions play a vital role in the trade of flowers destined for both domestic and other European markets. Products handled by agents and import wholesalers are either sold directly to a wholesale buyer or submitted for auction. Export wholesalers re-export the products to other EU countries, where the flowers and foliage find their way to wholesalers and retailers.

Development at retail level show a slowly decreasing market share of traditional outlets like specialised flower shops and street and market stalls. Nevertheless, although retail chains sell more and more flowers, about 50-55% of flowers purchases are still made at specialised flower shops (florists). It is estimated that retail chains have a market share of about 20% While the rest is brought at other places like street vendors and gas stations,

### **Opportunities for India**

The market for cut flowers consists of a range of product groups which offer varying opportunities for countries like India as potential suppliers. It is a highly competitive marketing which importers are continually seeking new, special and different products. They tend not to change easily from one rose supplier to another but co-operation with a company supplying a new product is considered attractive. The market is clearly searching for these kinds of novelties to take over some of the market from the species preponderant at present. A new product also offers the prospect of making higher profits than those gained from selling conventional floriculture products. Demand for foliage varieties is still increasing in Europe, particularly for small leafed foliage for use in cheap bouquets. Furthermore, European importers do not have any reticence about using tropical foliage. Another opportunity exists for India is supplying products during periods when these products are scarce in the market.

### **Opportunities in Tamil Nadu**

#### **Agri Export Zone for Cut Flowers at Hosur**

In Tamil Nadu, Agri Export Zone for cut flowers has been approved and Memorandum of Understanding was signed with Agricultural and Processed food products Export Development Authority (APEDA). In 198.73 acres of land "TANFLORA", a joint venture company of TIDCO and private promoter established infrastructural facilities like Central Packing House comprising of sorting, grading, packaging, cold storage and

marketing facilities at Hosur at a cost of Rs.24.85 crores. During the year 2008-09, the firm M/s.TANFLORA has done a turn over of Rs.7.27 crores profitably.

#### **Agriculture Export Zone for Flowers in Nilgris District**

An Agri Export Zone for flowers at Ooty covering the Nilgiris district is being established with the participation by private promoter at a project cost of Rs.15.89 crores. Memorandum of Understanding has been signed with APEDA. Infrastructure facilities like auction centre, mother plant nursery, common pre-cooling and cold storage, demonstration farm, Agro clinic exclusively for floriculture have been established at Ooty in the 1st phase. Infrastructure facilities like collection centre, grading and packing centre, cold storage, Agri lab etc. are being established at Kothagiri. An information centre for providing technical consultancy and other horticultural information to the growers established at Ooty in the 2<sup>nd</sup> phase. An Electronic Flower Auction centre at a cost of Rs.11 lakhs has also been opened in the Nilgiris. During the year 2008-09, the firm M/s.Nilflora has done a turnover of Rs.1.91 crores.

#### **India has a conducive environment for floriculture exports due to**

Increasing labour cost that is putting pressure on the cost of cultivation of major flower producing countries like the Netherlands, Japan, Taiwan and Israel.

Environment degradation and cost of land which impede further expansion of cut-flowers production in EU countries Increasing demand in their nearer markets of west Asia and South East Asia where the rising standards of living are pushing-up demand for floriculture products.

Dependence of Europe, which is one of the biggest markets on flowers imports during winter months. Better prices expected to be offered by other potential market viz. West Asia. South East Asia, Japan, Hong Kong, Singapore and Korea throughout the year than European market, provided they are supplied with good quality flowers on continuous basis.

#### **Strategies for Developing Floriculture Exports**

With a strong preference for direct marketing and private R&D for developing proprietary products, the future competitiveness of the Indian Industry will depend on the unique selling proposition that the industry will develop:

It can be deduced that the structure and composition of the Indian floriculture industry will undergo major changes with the emergence and small size entrepreneurs in place of big corporate.

In the short run, infrastructure impediments need to be erased paving way for future growth. Developing new products to cater to niche markets is imperative. With direct marketing as the major marketing channel, a variety of products, rather than

concentration on rose production, is required, also, in order to compete, Indian exporters must be able to supply products of consistent quality on a regular basis.

#### **Credit Flow to the Floriculture Sector**

The financial institutions and banks have developed various financial products and necessary expertise to take care of the ever-growing demand for high tech agriculture like floriculture and horticulture.

#### **The Financial Institutions have taken Following Initiative**

Identification of potential borrowers is having good exposure to undertake the venture.

- Selection of floriculture crop with preference patterns of consumers in international market.
- Provision of assistance in preparation of project reports
- Setting up of specialised branches for Agro-Export oriented project
- Simplification of loan formalities, speedy loan availability
- Increasing accessibility to rural youth for taking up floriculture activity

Provision of finance by way of term loan, working capital and pre and post shipment credit for land, greenhouse, planting material, irrigation system, drainage system, grading and packaging shed, pre-cooling and cold storage, refrigerated van, office equipment, free of Indian/foreign consultant for providing technology, cost of import of grafts of varieties which are popular abroad.

#### **Auction Plan for Development of Export of Floriculture Products**

In order to develop the Indian floriculture sector and for becoming a regular supply base for the export market, the following suggestions are offered. Technology for constructing of green house /glass/poly/shade houses, are to be dovetailed to Indian climatic conditions.

Low cost green houses have to be developed using indigenous R&D

- Flower specific area to be identified as part of Agro Export Zone and necessary infrastructure viz. Cold chains, testing & cargo handling facilities and inland container depots to be established.
- Select Indian agriculture universities could establish partnership with overseas research institutes like PTC+, Holland for developing new varieties of flowers and foliage.
- Import duty on inputs, especially on green house equipments currently at around 60% should be brought down to 15% to facilitate economic viability of green houses.
- Indian exporters to diversify into nearby markets viz, Asia-pacific, west Asian market,

- National Horticulture board in consultation with APEDA could develop grant/subsidy programme to fund technology up-gradation.
- Banks to extend long term loans(over 3 Years) to growers/breeders to develop new varieties as has been practice in EU(Rabo Bank report)
- Forming of co-operative societies, Self- help group, and farmers club with help of state and central government.
- ECGC/insurance n to develop appropriate risk mitigation policies for exporters/growers.
- APEDA in association with respective state agencies to orient Indian growers to the need to conform to Union for protection of new varieties of plants (UPOV) and Breeders rights.
- Fresh cut flowers exporters provided a 50% airfreight transport assistance as this would provide a strong boost for increasing fresh cut flower from the country and provide a level playing field for Indian exports.
- Consortium of flower export zone with all kinds of cut flowers, loose flowers should form.

### **Conclusion**

To encourage the floriculture sector, attention should be given equally to production/productivity factors, quality of produce and availability of quality planting material. Shaping up the growth will require highly skilled manpower at the middle and lower levels necessitating training and development. Post-harvest management systems and infrastructure need to be developed. The shelf life of flowers needs considerable improvement On-self management practises must be standardised and research should focus on lowering input costs and on improving low cost indigenous system. Tissue culture and bio-technology hold a lot of promise and should be exploited to ensure better high yielding floral varieties with in -built resistance to plant diseases. Given the problem of pesticide residue, organic horticultural cultivation seems to offer a viable option.

Increasing quality consciousness among farmers and processors and enhancing skills in the areas of grading and standardisation will be crucial for global trade in the WTO regime. In order to survive in the competitive international markets, synchronisation between market trends and production systems is necessary. Creation of a well dispersed infrastructure and efficient storage and transport systems will be crucial factor in harvesting the full potential of the floricultural sector.

In time to come, application of sanitary and phyto-sanitary (SPS) measures by the developed countries would be another aspect governing exports. The SPS agreement harmonises the standards internationally so as to minimise or eliminate the risk of SPS becoming a barrier for trade. Harmony with these measures calls for quality regulation which would benefit export for the long run. Issues like plant protection organisation for

surveillance, certification, and inspection, etc, for the export of flowers should also be properly addressed.

A lot has been done but we have miles to before we can boast of achievements in the floriculture sector. As of now, all we can affirm is that slowly but steadily India is moving towards a Golden Revolution in floriculture industry.

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