This chapter gives a brief general introduction to the research, its background, the research aims and finally the structure of the thesis.

1.1 Background to the study

The world production of floriculture is growing at a rate of 10 percent per year. There are currently, over 50 countries that are active in floriculture production on a large scale. The total area under floriculture in the world, both under protected area and open, is presently estimated to be around 628,972 hectares. In terms of production value, the Netherlands (Euro 3901 million), the United States (Euro 2992 million), Japan (Euro 2987 million), Italy (Euro 1627 million), Germany (Euro 1289 million) and Canada (Euro 1067 million) are the largest producers of cut flowers and plants. However, due to stagnation in production in these traditionally recognized centers, developing countries have emerged as large production centers in the past few decades. This is further supported by low production cost and seasonal advantages in the developing countries, which ensures supply of floriculture products throughout the year. Some of the major developing country producers and exporters of cut flowers and plants are Colombia, South Korea, Kenya, Israel, Ecuador, Poland, Ethiopia, Costa Rica, Thailand, India, China, Zimbabwe, and Mexico. The economies of some of these countries are even dependent on floriculture industry, such as Colombia and Kenya.

With China (286,068 ha) and India (161,000 ha) having the majority of the world acreage under cut flowers and plants production, the Asia-Pacific region has the major share (75 percent) of the total world area under floriculture production. Europe has a 10 percent share in the world area under floriculture. The acreage under flower cultivation in Africa is very small (1.5 percent). With around 2200 ha, Kenya is the largest producer of flowers and plants in Africa, followed by South Africa and Zimbabwe both growing over 1000 ha of flowers. Latin America has an 8 percent share in the world area under floriculture, with Mexico having the largest area under flower production (21,129 ha).

Government of India has identified Floriculture as the sunrise industry and accorded it 100% export oriented status. Owing to steady increase in demand of flowers, Floriculture has
become one of the important commercial trades in Agriculture. Hence Commercial Floriculture has emerged as a Hi-Tech activity, taking place under controlled climatic conditions inside Greenhouse. Floriculture in India is being viewed as high growth Industry. Commercial Floriculture is becoming important from the export angle. The liberalization of industrial and trade policies paved the way for the development of export oriented production of cut flowers. The new seed policy has already made it feasible to import planting material of international varieties. It has been found that Commercial Floriculture has higher potential per unit area than most of the field crops and therefore a lucrative business. Indian Floriculture Industry has shifting from traditional flowers to cut flowers for export purposes. The liberalized economy has given an impetus to Indian Entrepreneurs for establishing export oriented floriculture units under controlled climatic conditions. Agricultural and Processed Food Products Export Development Authority (APEDA), is responsible for export promotion of Floriculture in India.

The government of India offers tax benefits to new export oriented floriculture companies in the form of income-tax holidays and exemption from certain import duties. Agricultural and Processed Food Products Export Development Authority (APEDA), responsible for export promotion and development of floriculture in India, grants subsidies for establishing cold storage, precooling units, refrigerated vans and green houses, and air freight subsidy to exports. It has been found that commercial floriculture has higher potential per unit area than most of the field crops and is therefore a lucrative business.

Commercial floriculture in India is going through a paradigm shift, where traditional flower cultivation is giving way to modern hi-tech flower cultivation, which is evident from India's rising production and exports. Exports of floricultural products have been growing at a CAGR of 15 percent over the past decade. However, the growth of the industry has been significantly affected by the recent global recession largely due to decline in demand in all major markets. India's exports of floricultural products in the year 2007-08 decreased by 41 percent to US$ 84.5 million (Rs. 340 crores), from US$ 144 million (Rs. 653 crores) in 2006-07, which further decreased by 5.18 percent in the year 2008-09 to US$ 80.19 million. However, in 2008-09, in rupee terms, export of floriculture from India increased marginally.

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Commercial Floriculture industry in India is export oriented. Even though the Indian floriculture industry is in an infant state, there has been a significant rise in floricultural exports. Indian floriculture industry has been shifting from traditional flowers to cut flowers for export purposes. The liberalized economy has given an impetus to the Indian entrepreneurs for establishing export oriented floriculture units under controlled climatic conditions. In India, Maharashtra, Karnataka, Andhra Pradesh and Haryana have emerged as major floriculture centers in recent times.

Marketing of cut flowers is still at the early stage of growth or development. Marketing of Agriculture as well as Horticulture produce has always been an issue of concern in India. Floriculture in India is being viewed as a high growth Industry. Commercial Floriculture has gained importance over the years.

The worldwide floriculture sector is competitive. Barriers to both entering and exiting the sector are low. The costs of switching between suppliers or buyers and between flower varieties are also low. The flower production in most developing countries is destined for developed countries: the domestic market in developing countries is negligible. The sustainability of the industry is therefore determined by the competitive advantages and the strategic behavior. Porter’s approach is well suited to analyse the competitive advantages. it is very clear that an industry will be excluded from international chains if the capabilities in the supply bases are insufficient to meet the international demand standards – which include a competitive price. Theories on how to derive a strategic scope and how to derive a strategic advantage are also available. Cooperation and customer-oriented support seems to be more beneficial, as is a chain governed by foreign buyers or investment. However, the question is: will any competitive advantage be sustainable?

1.2 Aims of the Research

The objective of this study is to find out whether indian floriculture industry is sustainable and can it compete in the international markets. The main of the research is to evaluate and propose strategies for sustainability of Indian floriculture firms. Market growth and competitive advantage will be used as indicators for sustainability. In this study, only the economic development will be taken into account for sustainability.
It will also provide an overview of floriculture worldwide. The research will identify and compare the major managerial challenges, problems, export barriers and impediments floriculture industry in Pune face during their growth and internationalization processes. The aim of the research is to investigate marketing strategies and to provide a timely analysis of trends, opportunities and export potential of flowers from India. It will analyze how international trade is currently done with respect to floriculture and propose strategies that would help in boosting the floriculture export. The research will identify the major international and domestic floriculture companies in Pune and also investigate and propose international orientation and marketing strategies that they could follow. To carry out exploratory research of the problems faced by the floriculture companies in Pune to export and find probable solutions to them. The research will try to give an insight into the floriculture production and marketing processes and also the steps taken by the local Governments, Chambers of commerce and industries, company associations, and local municipal corporations to make Pune the floriculture export Capital of India.

The macro level analysis will be done by using PESTLE analysis. The micro level analysis will be done Using Porter's Porters five force model. SWOT analysis framework is employed to give a more in-depth strategic insight into the sector's current development, emphasizing its internal strengths, weaknesses, and external opportunities and threats facing the floriculture industry in Pune. The conclusion is directed to the usefulness of the theoretical approaches for analyzing the sustainable development of the floriculture industry in Pune. Porters generic strategies will be used to propose future strategies for developing competitive advantage and growth in order to be sustainable.

1.3 Structure of the Thesis
The rest of the thesis is structured in the following way. Chapter 2 gives an overview of the global and Indian floriculture industry. Chapter 3 provides an in-depth literature review on theory of Sustainability, internalization, competitiveness, Porters five force analysis and SWOT. The aims of research, research methodology, research design and hypotheses are introduced in chapter 4. The next chapter i.e. chapter 5 presents the research observations with findings and the results of testing the hypothesis. This chapter of the thesis presents in detail the data analysis, discussions, implications and results of the survey that was conducted.
on the floriculture firms in Pune. This chapter also presents the results of hypothesis testing. Chapter 6 of the thesis presents the analysis and discussion based on the results and literature review chapters. This chapter presents the micro, macro and SWOT analysis of the floriculture industry. The macro analysis is presented using PESTLE analysis and micro analysis is presented using Porter’s Five force model. All the three analysis are integrated to propose alternate long term strategies for ensuring economic sustainability, growth and competitive advantages. Based on the results a model showing relation between competitive advantage and market growth as factors of sustainability is presented in the last sections of the chapter. The final chapter 7 of the thesis presents the summary & conclusions of the findings and the generic strategy selection model presented in the previous chapter. The final chapter of the thesis and presents the summary and conclusions of the findings and the generic strategy selection model presented in the previous chapter. Implications for academics, government and managers are also presented. This chapter also points out the limitations of this research and also identifies areas & scope for further research work. The thesis ends with the appendix and bibliography.