CHAPTER X

PROBLEMS AND PROSPECTS OF THE FLORICULTURE INDUSTRY IN THOVALAI

Thovalai has been acclaimed as an environmentally favoured region for floriculture. The quality of flowers it produces and the competitive advantages enjoyed by them both in the local and international markets are in fact matchless. However, the investigator has immensely been burdened by an avalanche of problems which are threatening to whittle down the flower industry of Thovalai to nothing in course of time, if caution is not exercised in fostering its growth by drawing out a plan which is national and futuristic in perspective. This study on flower production in Thovalai has made it possible for the investigator to bring to the focus of attention of the government in particular and the researchers in general the following problems which are threatening to assume baffling dimensions.

10.1 The Growing Real-Estate Business and its Threat to Flower Plantations

In Tamil Nadu the real estate business has been the centre of
attraction for unscrupulous land brokers who are notorious for their speculative trade practices. They convert paddy fields, coconut farms and flower plantations into building sites which could be sold at fancy prices. Land owners who are interested on big money are prepared to sell their farms and go in for any other lucrative business with the sales proceeds. It is disheartening to note that 17 flower producers have so far sold out their flower farms, the size of which ranges from 15 cents to 75 cents, in the year 2006. Such sales have increased to 19 in the year 2007.

The Government of Tamil Nadu should enact legislations to put a stop to such trade practices in Tamil Nadu in general and Thovalai in particular. The environmentalists around agree on all hands that it is urgent to declare illegal any attempt to convert cultivable agricultural land into housing plots.

10.2 Poor and Outmoded Post Harvest Handling of Flowers

Flowers unlike any other product are highly perishable. They become thoroughly useless, if they are not scientifically treated as soon as they are harvested. The flower producers in Thovalai do not have opportunities for updating their knowledge on the scientific handling of flowers. The need of the hour is to establish a research station at Thovalai, which can introduce scientifically proven techniques of flower production.
10.3 Crop Risks

Being an agricultural crop, flower plants and their growers are faced with the problems of poor productivity, depending on the weather conditions like continuous rainfall, excessive rise or fall in temperature and susceptibility to attacks by pests. This is particularly important in the Indian context since over 50 per cent of the area under flower cultivation have aging plants which are susceptible to adverse weather, temperature, pest attack and the like.

Consequently, the grower faces to risk of poor crop both in terms of quantity and quality, which in turn can cause huge financial losses to the growers. Also in the case of floriculture, the quality risk due to bad weather, pest attacks, has a direct impact on the price risk since a poor quality flower will command a lower price, thus affecting the grower realizations.

Growers have used a variety of strategies to reduce the exposure to production risks including, crop diversification intercropping, investment in quality pesticides. However, based on the feedback received from the Thovalai floriculture industry, there is a strong case for developing a crop insurance scheme to help the flower growers mitigate the risks of a bad crop in terms of quantity.

10.4 Crop Insurance for Floriculture

Crop insurance has been, treated for all practical purpose as a
bonanza by the farmers of all over the world. But it is conspicuous by its absence among flower producers in Thovalai. Though floriculture form an integral part of agriculture it is nothing but a grave injustice that crop insurance facilities are denied to floriculturists. The crop insurance schemes, if popularized among floriculturists would enable them to manage their crop loss, yield loss, loss and damage to floriculture plants due to adverse weather, rainfall and flood attacks. In Thovalai as the profit margin which the flower producers are getting is changing from time to time, they are not irked by the absence of facilities for insurance during these days of cut throat competition. The profit margins hitherto enjoyed are threatening to take a downswing. Any threat to their profits will result in disastrous consequences. This will result in sudden disappearance of the flower plantations and the consequent fall in the annual production of flowers.

10.5 Problems of Export-oriented Units in Floriculture

At the global level the Indian floriculture industry has registered unprecedented growth. A number of corporate houses have entered the fray in the last three to five years for flower production. The world market in floriculture is estimated at US $ 50 billion. The floriculture industry is growing at a rate of 17 per cent per annum. The consumption of ornamental flowers plants is generally by the affluent classes of people in societies. Higher standards of living and the growing desire to live in an environment
friendly atmosphere have led to changes of far reaching significance in the floriculture industry of India. The export of cut flowers has been identified as a thrust area at the national level.

Dried flowers and plants have a two third share of this market, followed by cut flowers (17 per cent) and live plants (13 per cent). The South Indian Floricultural Association (SIFA) informed that for the first time India has managed to make its dominant presence (60 per cent) in the Australian market felt. After the first phase of troubles and turmoil the second phase is taking India into more competitive markets like Japan, Australia, and Taiwan. Last year India successfully challenged Holland in exporting roses to Japan (85 per cent). In the world leading exporting countries in floriculture are Netherlands, Columbia, Italy, Israel and Kenya.

Netherlands’s share in floriculture is occupying the top most place in the world followed by Columbia, Italy, Israel and Kenya. Commercial floriculture industry in India is export oriented. Even though the Indian floriculture industry is in an infant stage, there has been a significant rise in floricultural exports.

The flowers produced in Thovalai are excellent in quality. They compete favourably with flowers from any other nation. In spite of these advantages enjoyed it is unfortunate that Thovalai has not been identified as a region worthy of being developed, for floriculture exports. If the central and
state governments take proper steps for the development of floriculture in Thovalai along scientific lines, very soon Thovalai will shoot into national prominence with regard to the production of quality flowers.

10.6 Financial Bottlenecks in Floriculture

The bitter experiences of flower producers during the last few years show how financial bottlenecks have impaired the growth trajectory of the flower industry. The credit support from the banks has touched only a fringe of their total needs. Banks at the same time complain that it is very risky and dangerous to lend money to farmers in general and floriculturists in Thovalai in particular. Under these circumstances, in spite of the pressure exerted on banks by the central bank, the commercial banks in and around Thovalai either follow delaying tactics or cleverly avoid farmers for loan purposes.

(i) Large outlay and term-loan requirement required sanction from regional or head office; (ii) due to lack of technical manpower at regional, zonal or head office to appraise, banks seek outside opinion from government, NABARD, fellow bankers for feasibility study, which takes time; (iii) both bankers and entrepreneurs being new in this business, calling or furnishing additional data takes time; (iv) most of the project reports provide more data and status of floriculture at global level and lack essential details specific to the project site. Sometimes, project reports are incomplete at the
time of submission as no land deal has been finalized by then and water and electricity connections only been applied for; (v) many units deviated from the sanctioned outlays and interestingly, these deviations were observed in case of unidentifiable purposes like land development, civil works, local machinery, where chances of corruption are more; (vi) many a times, amount of loan sanctioned by the bank was higher than that envisaged by National Bank for Agriculture and Rural Development (NABARD), sometimes due to pressure from parties and separate appraisal parameters and standards adopted by the banks and NABARD.¹