ABSTRACT

Statement of Problem

The fifty years post-independence period has seen India becoming self-sufficient in food grains and other agro-products, but export of agricultural commodities has seen very little growth, particularly in the high-value floriculture products. Floriculture products mainly comprise of cut flowers, pot-plants, cut-foliage, seeds, bulbs, tubers, rooted cuttings and dried flowers / leaves. Export-oriented floriculture is a hi-tech activity of growing improved varieties of flowers and ornamental foliage plants, conforming strictly to the international quality standards, either in open field or inside climate controlled greenhouse covers. Hi-tech greenhouses have facilities like heating, cooling, fogging, drip irrigation etc., to create the desired climatic conditions for producing superior quality flowers and ornamental plants. The flowers having a global demand include Rose, Carnation, Gladiolus, Chrysanthemums, Orchids, Anthurium, Gerbera etc. Roses account for about 65 percent of the global trade in cut flowers, and about 95 percent of Indian cut flower projects are growing Roses.

After liberalization, the Government of India identified floriculture as a sunrise industry and accorded it 100 percent export oriented status. The Government of India offers several benefits to new export oriented floriculture units. 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, pre-cooling units, refrigerated vans, greenhouses, improved packaging & quality control, and air-freight subsidy to exporters.

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. Business houses in India have understood this and have adopted hi-tech cultivation of ornamental plants and flowers inside modern greenhouses, particularly around Bangalore, Pune-Nasik belt and Delhi. These include the Tatas, Essar, B.K. Birla, RPG and EID Parrys. Being a hi-tech area, Indian entrepreneurs have largely depended on technical
collaboration with foreign companies, particularly from The Netherlands and Israel. With the GATT promising to open the flood gates for agricultural trade by 2002, India is faced with the added challenge of marketing itself aggressively to gain a competitive edge through agricultural exports.

**Objectives of the Study**

The present study revolves around the overseas marketing of floriculture products and the problems, prospects and strategies for the Indian floriculture industry. As the export-oriented Indian floriculture industry is still in the stage of infancy, it is dogged by numerous problems and constraints. The researcher found it necessary to study these problems, determine the strengths and weaknesses of the Indian floriculture industry and analyze the opportunities and threats that exist for the industry in the global environment, so that appropriate strategies could be formulated for the Indian floriculture industry.

The export potential of Indian floricultural produce has remained untapped due to a variety of reasons, and more particularly due to lack of post-harvest infrastructure, bad domestic roads, high cost of inland & air freight and non-availability of international quality planting material. Floriculture products, particularly cut flowers, being one of the most perishable of the agro-products, require special attention and care during post-harvest handling and transportation.

Export Marketing of cut flowers is a difficult and specialized area, as it is important for those in the marketing chain to have a detailed knowledge of handling a highly perishable product, strictly according to the quality standards of the global market. If one is successful in marketing a highly perishable product like cut-flowers, then it would not be difficult to handle any other agro-product. This is what really interested the researcher to take up this study of the export-oriented Indian floriculture industry, the problems it is presently facing, the existing and future prospects and the strategies required to capture a larger share in the global market pie.
Methodology

Although secondary data was used as a framework for research study, primary data from the industry sources was collected primarily to know the actual nature and quantum of the various parameters under the research study and to substantiate the secondary data and check its accuracy and relevance. A complete survey of the Indian floriculture industry was undertaken and the particular methods used included, personal interview, through questionnaire as well as mailed questionnaire. The respondents of North India were contacted at their offices after prior appointment, while those of the West and South zone the questionnaires were mailed. The respondents showed keen interest in the study and sent back the filled-in questionnaire well in time, these included business houses like B.K. Birla, Essar & Vasavi group of industries.

The questionnaire was divided into 3 parts. The first part consisted of questions of a general nature, particularly relating to the firm. The second part of the questionnaire was structured interview. The third part of the questionnaire was unstructured, with open-ended questions relating to the strategic course of action the industry may take in order to be globally competitive.

Several parameters have been taken into consideration, in order to ascertain the competitive position of Indian floriculture firms in a highly competitive global marketing environment. These parameters relate to strategic decisions of individual floriculture units, relating to the project location, product profile, size of project, management of costs, target markets and many more of such important decisions that help in determining the profitability and viability of export oriented floriculture units. On the basis of the primary and secondary data, the researcher has been able to draw conclusions and suggest strategic course of action, so that the export oriented Indian floriculture industry could be benefited by these findings.

Major Exporters and Importers for Floriculture Products

Commercial floriculture covers practically the entire globe with about 145 nation's active participation. The Netherlands is the major exporter of floriculture
products, followed by Colombia, Israel, Kenya, Ecuador, Italy and Thailand. A rapid growth in floriculture production has been witnessed in a large number of developing nations, driven largely by growing opportunities in high income markets in Europe, North America and Asia. The developing nations emerging as major competitors in the international markets include, Zimbabwe, South Africa, Morocco and Uganda in Africa; Brazil, Costa Rica, Peru and Argentina in South America; and Malaysia, Singapore, South Korea, China, Sri Lanka, Philippines, India, Taiwan and Mauritius in Asia.

Developed nations with a high per capita income are the major markets for floriculture products. Switzerland tops the nations with the highest per capita consumption of cut flowers, followed by Norway, Finland, Austria, Belgium and Germany. The per capita consumption of pot plants is highest in Denmark, followed by Norway, Switzerland, Sweden, Germany and Austria. Europe is the largest market for floriculture products followed by USA and Japan. Among the European nations, Germany is the largest market for floriculture products followed by UK, France, The Netherlands, Switzerland and Italy. Belgium, Luxembourg, Norway, Denmark, Sweden, Austria, Greece, Australia, UAE, Spain, Saudi Arabia and New Zealand are the other nations, which import a sizeable quantity of floriculture products.

**Opportunities for Indian Exporters**

Since a very long time, India has a rich tradition of flower consumption and production. India has the natural distinction of having varied agro-climatic conditions, suited for production of a large species of flowers and plants. India has clear advantage in growing Roses in areas around Bangalore and Pune / Nasik region. Anthurium and Orchids can best be grown around Thiruvananthapuram, Coimbatore and the North East region. Bulbous plants can best be grown in the foothills of the Himalayas. India possesses a vast resource of cheap labour, thus increasing the cost effectiveness of Indian companies in the international market. This low cost advantage can be used for generating cash flows to pay for know-how transformation and consultancy for floriculture projects.
India has easy access to developed and upcoming markets for floriculture products, in the South East Asia, Eastern Europe and Middle East. India has close proximity to important Asian markets like Japan, Hong Kong, Malaysia, Singapore, UAE, Saudi Arabia, Oman, China, Taiwan and Yemen. India is also conveniently located near the markets in Southern hemisphere nations like Australia and New Zealand. India has close proximity to the Russian Federation, which has a growing market for floriculture products.

Though hi-tech commercial floriculture in India is in its infant stage, yet it has received lot of support from the Government. As a result, considerable amount of work has been done in the past decade. The Government offers income and other tax benefits to new export oriented floriculture companies, in the form of income tax holidays and exemption from certain import duties. Provision of soft loans, financial assistance for development of cold chain infrastructure and improved packaging, buyer-seller meets, organizing floriculture trade fairs, provision of subsidies to exporters and increasing the cold room space at major airports, are the other works done by the Government of India to boost floriculture production and exports.

**Problems faced by Indian Exporters**

The following are the major problems faced by Indian exporters:

- Non-availability of good quality planting material in India.
- Non-availability of selected plant-protection chemicals in India.
- High cost of technology.
- Lack of access to technology suited to local conditions.
- Lack of access to information relating to trends and preferences in international markets.
- Costly airfreight.
- Non-availability of air cargo space during peak seasons.
- Non-availability of direct flights to major importing nations.
- Insufficient cold room space at major airports.
- Lack of fumigation facility at major airports.
- Procedural delays in Government offices.
- High rate of EU duty on Indian floriculture products.
- Seasonal demand in European markets.
- Problems of price realizations.
- Interrupted power supply and high power tariff.
- Bad domestic roads.
• Lack of technical personnel.
• High cost of capital.
• Lack of commitment towards quality on the part of few exporters.
• Weak domestic market.
• Lack of professional supporting companies to floriculture.
• Poor handling of flowers during transit.
• Lack of organized marketing, marketing surveys and sales promotion activities.

Conclusions & Marketing Strategies

As per the survey, majority of floriculture firms were established between 1990-1995, when the Government announced incentives to export oriented floriculture units. Majority of the respondents believe that the minimum viable size of a floriculture project should be 2-5 hectares. Overall, the respondents have shown a high level of commitment towards their projects. Rose is the most frequent cut flower exported by floriculture firms, while Ficus is the most frequently exported foliage plant. The most frequent Rose variety exported by the Rose projects under survey is First Red, followed by Noblesse, Ravel, Skyline, White Noblesse, Dream, Konfetti & Toplesse.

More than 50 percent of the firms under the survey had Technical collaboration, while a few of the firms under the survey had Financial collaboration and Buy-back agreement with their collaborators. Majority of the firms under the survey imported planting material & greenhouse structures. Among the 15 factors identified by the researcher, Careful planning of projects & Quality control measures ranked first, with regard to their importance, followed by, Careful selection of plants / varieties, Careful grading & conditioning, Exploring new markets, Need for an organised domestic market & Cooperatively export floriculture products.

Air cargo space ranked first in the order of importance in cooperatively using various cold chain facilities, followed by Refrigerated vans, Grading & packing halls and Cold storage at airports. Majority of the firms under survey said that attempts had been made towards cooperatively using Air cargo space, while some of the firms pointed to the use of Refrigerated vans on a cooperative basis.
Majority of the firms under the survey responded by saying that India certainly has the *Natural advantage* of growing a large number of plants in a variety of climatic and soil conditions, and India does possess the *Cost advantage*, particularly with regard to low cost labour. Among the problems/ disadvantages for the Indian floriculture industry, *Costly air freight* ranked first, followed by *Non-availability of air-cargo space during peak seasons*, *High cost of capital*, *High cost of technology* & *Weak domestic market*.

Among the works done by the Government, *Organizing trade fairs / buyer-seller meets*, was ranked first by the respondents with regard to satisfaction, followed by scheme to provide *Subsidies to exporters for the purchase of refrigerated vans and other cold chain infrastructure*.

Majority of the firms responded positively to the concept of cooperative marketing of floriculture products, under strict quality control and through a common brand, in order to build long-term brand image & loyalty in the international markets.

To the concept, whether a strong domestic market is necessary for quality production and viability of floriculture units, all the units under survey responded positively. To the concept, whether inter-firm rivalry in the domestic market serves as a benchmark for quality production and to effectively gear up firms to compete in the global market arena, about 40 percent responded positively while nearly 30 percent had negative views.

Majority of the firms under the survey believe that The Netherlands is the major competitor for India in the global market place, followed by Kenya, South Korea, Thailand, Zimbabwe, Malaysia and South Africa. Majority of the firms under survey foresee Zimbabwe as India’s potential competitor, followed by Kenya, South Korea, China, Taiwan, Thailand, South Africa & The Netherlands. Majority of firms under the survey believe that the Middle East Nations should be the target market for Indian floriculture products, followed by Japan, Russian Federation, Germany & USA.
After a thorough analysis of the strengths and weaknesses of the Indian floriculture industry, keeping in view the opportunities and threats that are present for the industry, the following strategies have been formulated:

- Careful planning of floriculture projects.
- Maximum utilization of the economies of scale.
- Selection of suitable plants / varieties.
- Up keep of up-to-date information on international requirements / regulations / trends.
- Commitment towards productivity.
- A diverse product-line.
- Commitment towards quality management.
- Adoption of new technologies.
- Careful monitoring of post-harvest handling.
- Quality maintenance during transit and cold chain linkage.
- Exploration of new markets.
- Formation of Exporter’s cooperatives.
- Continuous research and development efforts.
- Promoting common brand name.
- Establish strong, organized domestic market.
- Determination of competitive advantages for a particular region and then exploiting them properly.
- Cost saving efforts.
- Reduction in transit time.
- Exporters should aim the premium markets.
- Infrastructure development and quality standards by the exporters.
- Constant assessment and comparison with better competitors of the world by Indian exporters.
- Need for increasing the share in the world floriculture market.
- Formation of committee for project implementation and maintaining quality standards by the Government.

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