

Constraints analysis and identification of strategies for the cut flower producers

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ABSTRACT

The study was conducted in Pune and Satara districts of Maharashtra with the objective to identify the constraints and to propose strategies for promoting the entrepreneurship among the cut flowers producer. It was found that 42 per cent of the cut flower producers had high level of constraints. Various kinds of problems related to the labour, markets, supporting agencies as well as credit are coming up accompanying the potentials of the industry. To mitigate these constraints, govt. and private sectors should formulate integrated approaches of supportive services and appropriate infrastructure facilities.

INTRODUCTION

Floriculture, till recently considered to be a simple garden activity to get flowers for religious offering and home decoration, has emerged as an important agri-business enterprise. Floriculture as a catchword on the agricultural front is entering a higher growth phase in India. It has blossomed into a profitable agri-business, both for domestic and export market. India has several advantages in floriculture, particularly cut flowers and endowed with suitable agro-climatic conditions and low cost of agricultural land etc. As a result of liberalisation of Indian economy, there is a craze for export of cut flowers like rose, gerbera, anthurium, orchids, etc. An area of about 66,000 hectares is devoted exclusively to production of various types of flowers in the country (Sundaram, 2003). Greenhouse technology being highly capital intensive, added with high cost of finance and dependence on expensive imported technology with high risk makes the cut flower producer to behave as a true entrepreneur.

However, due to its recent emergence as a potential and precise avenue, the cut flower industry is yet to reap its fruit. Though it is a commercial and hi-tech crop cut flower producers do not reap its potentialities since they are not equipped with expected knowledge of updated technologies. Various kinds of problems related to the labour, markets, supporting agencies as well as credit are

coming up accompanying the potentials of the industry. On the other side, various steps are being taken by government and private sector to ride over these constraints. For instance, 'Agricultural Export Zone' (AEZ) for flower export has been identified by Government of India under EXIM POLICY 2002-07. These efforts along with effective strategies can make a big difference in the ultimate output of the industry.

In this context, it is worth to study the constraints of cut flower producers and propose strategies for their entrepreneurship development, so that those who are concerned with these entrepreneurs like scientists, development workers, policy makers and planners can appropriately work for the development of cut flower producers.

Hence, this study was undertaken with the following objectives: to identify the constraints faced by the cut flower producers while running the enterprise and to propose strategies for promoting the entrepreneurship among the cut flower producers.

METHODOLOGY

The present investigation was carried out in Junnar, Maval and Khed taluks of Pune district and in Satara and Koregaon taluks of Satara district in Maharashtra. Cut flower producers, who produce the gerbera cut flower in polyhouse units under green house conditions were selected at random by using simple

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random sampling at the rate of 60 producers in each district. In all, 120 farmers were selected for this study from the five taluks. The data were collected through a well-structured and pre-tested interview schedule.

RESULTS AND DISCUSSION

The findings of the present study as well as relevant discussion have been summarized under following heads:

Constraints faced by the cut flower producers:

It could be observed from the Table 1 that low price in the local markets was the major constraint faced by 46.67 per cent of the cut flower producers. Here, they referred Pune and Satara as the local markets in the study area. As perceived by the cut flower producers, out of these two local markets, Pune market was the potential market with high level of consumption than that of Satara. Even with their potentialities, they had to bear the eventualities of low and fluctuating prices as compared to the distant markets like Delhi, Hyderabad, Mumbai and Kolkata. These local markets were perceived as very significant for the cut flower producers. It requires about Rs. 70 to 100 per box to send the cut flowers to the distant markets. Whereas, it costs about only Rs.20 to 30 per box to transport to the local markets. But due to the low price and consistent fluctuations, these markets were perceived as the last option by the producers for selling their cut flowers.

Another major constraint faced by 43.33 per cent of

the cut flower producers was the lack of extension functionaries. Supports in terms of knowledge and technology from the Extension Officers of the State Department of Agriculture were perceived as insufficient and ineffective. This may be because of the major role of extension was played by agencies like private input agencies, Hi-tech Cells of District Central Cooperative Banks and Horticulture Training Centre. But most of the cut flower producers were seeking the extension support from government extension functionaries due to their quality of reliability and non-profit orientation.

In case of market related constraints, another major constraint perceived by the two-fifth (40 per cent) of the cut flower producers was the price fluctuation in the markets. Due to their perishability and seasonal consumption, cut flowers face frequent price fluctuations in the markets. Demand use to be higher during the festival season starting from 14th of February to the end of March and July to the first fortnight of November. But it gets low price during April to June and November to February. This drastic seasonal fluctuation in the price fetched brings down the average annual income generated from the enterprise. The same constraint was also observed by Karthikeyan (1997).

As observed in the Table 1, the next major constraint faced by 17.50 per cent of the cut flower producers was high interest rate of the credit. Most of them had borrowed the credit from District Central Cooperative Banks. Even though DCCBs are playing a key role in the financial supporting aspect, their rate of interest on the credit provided is high (13.5 per cent). DCCBs disburse their credit through Primary Cooperative Credit Societies at village level, which charges 3.5 per cent more interest in addition to the 10 per cent interest rates charged by DCCBs. This makes credit at total interest rate of 13.5 per cent, which was perceived as too costly to afford.

Other important constraints faced by the cut flower producers were non availability of the adequate labourers, high cost of transportation, the lack of consultancy services, lack of training in cut flower production, non-availability of credit at right time and delay in payment by buying agency. This can also be supported by the findings of Gajanan and Subramanyam (2001).

Observing and studying all the above constraints, following strategies with cluster approach were proposed to overcome them and to promote entrepreneurship among the cut flower producers.

Strategies for promotion of entrepreneurship among the cut flower producers:

In simple usual terms, the business cluster approach

Table 1 : Constraints faced by the cut flower producers (n = 120)

Sr. No.	Constraints	Number	Per cent	Ranks
1.	Non availability of the adequate labourers	16	13.33	V
2.	High cost of labour	10	8.33	VIII
3.	Non availability of the credit at right time	1	0.83	X
4.	Credit at high interest	21	17.50	IV
5.	Lack of the consultancy services	11	9.17	VII
6.	Lack of extension functionaries	52	43.33	II
7.	Lack of training in the cut flower production	5	4.17	IX
8.	Price fluctuation	48	40.00	III
9.	Low price in the local market	56	46.67	I
10.	High transportation cost	13	10.83	VI
11.	Delay in payment	6	5.00	XI

means shared ownership or usage of a means of production, e.g. a number of polyhouse units collectively own and use the same consultancy service, transportation facilities, or any other joint activity, where a single cut flower producer finds it difficult to afford expensive infrastructure that may be required. However, while formulating strategy for entrepreneurship development of cut flower producers, the concept of cluster approach is not limited to only a sharing, collaborating and co-operating activity, but also to use this structural cemented relationship among polyhouse units for framing, implementing and evaluating policies, plans, projects, programmes etc.

Provision of marketing facilities:

Collective efforts by producers accompanied by efforts from policy makers and implementing agencies through cluster approach is essential to ride over the problems like low price in the local markets, price fluctuation, high cost of transportation and delay in payment by buying agency. Collaborative and share based marketing and infrastructures facilities like common transportation, flower supermarkets, flower outlets, co-operative and joint contract with commission agents, common purchase of harvesting and packaging materials and instruments etc., may be availed by respective clusters. Marketing outlets should be provided for each cluster in the metropolitan cities like Bangalore, Mumbai, Delhi, Kolkata, Chennai and other major cities like Pune, Lucknow, Agra, Hyderabad etc., where consumption of cut flowers during festival seasons are high. Market related bodies like Maharashtra State Agricultural Marketing Board, Maharashtra Co-operative Flower Development Association, Agricultural Produce Marketing Committees etc. can implement the policies and activities on cut flower marketing on cluster basis in the local markets. This may help to develop better price mechanism. Modern Auction Centres of international standard and cold chain facilities could be established for the group of clusters, which can improve the existing market system of the cut flowers.

Different market related schemes meant for entrepreneurs, exporters, co-operative societies, crop growers association etc., like 'Scheme for Establishment of Agri-Business Support System', providing assistance for establishment of marketing information centres, incentives on experimental consignments for exports, assistance for participation in International Exhibition can be made available by government extension functionaries for each cluster.

Trainings:

The institutions and organizations like State Department of Agriculture, Horticultural Training Centre and Entrepreneurship Development Institute of India may also adopt cluster approach in training the cut flower producers. These institutes at concessional fees can impart training for the group of entrepreneurs from each cluster or specialized area specific and need based training for clusters in formal and informal manner. Specialised training for the government extension functionaries can also be formulated to impart the knowledge on cut flower production and greenhouse management.

Extension Functionaries of the State Department of Agriculture can play a major role by formulating special entrepreneurship development programmes. 'Floriculturist Entrepreneurial Development Programmes' can be drafted to deal with the definite problems of cut flower producers. Programme should deal with the problems of the pre-entry state and the skill required, the problems of running a business and the skills of time management, negotiation etc., which are important. This can be done efficiently if cluster approach is applied in designing Entrepreneurship Development Programmes.

Adequate financial assistance to cut flower producers:

High interest rate on the credit provided by different banks, especially cooperative banks is the major constraint. Credit institutions also may apply cluster approach, wherein they can avail credit facilities to establish polyhouse unit to a group of producers in the cluster. This can help to economize the transaction with win-win situation for both, where these institutions can provide bulk credit at low rate of interest.

Conclusion:

Existence of some constraints at entrepreneurial level affects the emergence of entrepreneur and their performance. Effective steps therefore are needed to be taken to mitigate these constraints. This calls for improvement at each step and subsystem levels. In depth the studies need to be undertaken to examine various problems faced by the cut flower producers to identify these problems in different areas through studies to suggest action-oriented plans and programmes ultimately. An integrated approach should be formulated, where cut flower producer in the clusters are provided not only with supportive services of marketing, but also with appropriate infrastructure facilities.

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