

Marketing of Flowers in Karnataka: Infrastructure, Systems and Economics

Dr. Saswati Bose, Research Officer, NIAM, Jaipur

Study Period – 2008-09

Karnataka is a major floriculture State in the Country and has the highest area under modern cut flowers. The country's first flower auction centre is located in Karnataka. On the export front, its performance has been commendable.

However, the growth within the state has not been uniform across the districts. Some districts/regions have been dominating in the coverage of area, production and productivity and some have lagged behind in the cultivation of flowers. Though floriculture is flourishing both in India as well as in the State, it has not made any remarkable breakthrough in the domestic and international floriculture markets due to various constraints.

Therefore, an attempt has been made to identify the underlying issues impeding the entrepreneurship development potentials, study the problems and prospects of this sector and also suggest appropriate measures for improving the floricultural industry. Since Karnataka is one of the leading States in floriculture in the Country with tremendous potential, it has been selected for the present Study.

Objectives of the Study:

- To assess marketing efficiency of the selected flowers.
- To conduct price spread analysis through major channels
- To study the commodity flow pattern
- Broad survey of grading, standardization, packaging, finance, transportation, wholesale and retail marketing of the selected flowers.
- To identify the constraints and suggest suitable measures
- To explore the potential for Public Private Partnership in Infrastructure development.

Major findings of the Study

The study revealed the decline in area under floriculture in Karnataka in 2007-08 as compared to 2006-07. Also, the growth within the state has not been uniform and is mainly concentrated in few districts. A major constraint that has come up from the Study is lack of organized market for flowers in Karnataka. Although Karnataka has an International flower auction Centre (IFAB), majority of flower growers sell their produce in local Krishna Rajendra Market (KR Market) which is the primary wholesale market but highly unorganized. It is situated near the bus stand and trading of high value cut flowers take place along the road side.

Since flowers are not a notified commodity in Karnataka, there is no regulated market yard for flowers. In the absence of an organized wholesale market, there is lack of proper market infrastructure, post harvest management facilities, market management, market information system etc. This leads to exploitation of the flower growers in the hands of middlemen and getting less remunerative prices. The study also analyzed the vast economic potential that exists in floriculture.

It was observed that the flowers reached the market through various marketing channel for all the three flowers namely rose, gerbera and jasmine. It was found that producers share in Consumer rupee was higher in all the three flowers i.e rose, gerbera and jasmine when he himself brought the product to market and sold to wholesaler or retailer rather than sale through the commission agents. It was highest when the producer sold directly to the retailer as observed in case of rose (58%) and gerbera (61.25%). Thus the shorter the marketing channel, the greater is the farmers share in consumer rupee and price spread was lower.

Producers share in consumer rupee was highest in case of rose followed by Gerbera and Jasmine. Alternately, price spread was lowest in rose followed by Gerbera and Jasmine. Higher the price, lower is the producers share in consumer rupee.

Among all the Channels, Marketing efficiency was highest for the Channel Producer –retailer –wholesaler. Hence this channel was found to be the most efficient. Marketing efficiency was lowest when commission agent was involved in the marketing channel.

Both rose and gerbera were found to be market efficient flowers and fetched handsome returns. Efforts for direct marketing can be strengthened to get higher profits. In case of jasmine, direct marketing by farmers is not being practices. It should be encouraged which may help them to get higher returns.

Suggestions

Since Karnataka is a leading floriculture State in the Country with tremendous potential, efforts are required to increase the area under floriculture across the State by promoting commercial floriculture activities with adequate infrastructure and extension support. Flowers need to be placed under notified commodity and a regulated market yard for flowers need to be established.

There is a need to develop regulation for marketing of flowers to ensure transparency in auction process and better price realization for farmers. The organized wholesale markets for flowers should have proper post harvest and marketing infrastructure facilities like auction platform, electronic weighment pack house, cold storage, proper hygienic condition etc. Private sector should also be encouraged to develop modern markets with sophisticated infrastructure facilities. Such ventures can be taken up under public private partnership mode.

The possibilities of alternative marketing system like contract farming, direct marketing, group marketing etc. should be explored to bring about economies of scale. There is need to develop a proper market information and dissemination system, develop database of trade in floriculture across the State and strengthen efforts to boost export.