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Success story of major flowers in Raipur city: Value Chain on flowers for marketing

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Abstract

This study was carried out in Raipur city with the objective to find out the Value chain of major flowers in the study area. The value-addition for marketing flowers includes adoption of postharvest technology and improved logistics. About 60 percent flowers were traded through channel I (Grower-Retailer-Consumer) and 20 percent through channel II (Grower-Wholesaler-Consumer). Gladiolus and marigold was the most profitable loose and cut flower in the study area. Value-added products from floriculture includes essential from fresh flower products bouquets, arrangements, etc. Large size bouquets were the most profitable followed by small and medium size bouquets. Study resulted that value addition of flower is more profitable as compared to loose and cut flowers. Large size of marigold garland more profitable than the small size garlands. The B.C ratio were 1:1.44 and 1:1.33, respectively. For the car decoration three packages were offered by the traders. Most profitable package were large size packages involving more number of bouquets. It was found that car decoration was highly profitable as compared to garland & bouquet.

Keywords: marketing channel, value addition

Introduction

Floriculture is a fast emerging competitive industry and cultivation of flowers for commercial purposes is common to many countries (Taj, *et.al*, 2013) [4]. The progresses in production and trading of flower across the world have necessitated the emergence of technologies to enhance the economy of its cultivation, marketing and storage. This has resulted in the introduction of new techniques and technologies from the production process till it reach the stage of final consumption (Ozkan *et al*, 1997; Sayin 2003) [1, 3]. A large number of small and marginal farmers as well as small traders (forming the unorganized sector) are seeking out a living in the sector compared to hi-tech floriculture. The traditional flowers are grown in all districts of the state. The packaging and transportation of flowers from the farms to the retail markets at present is very unscientific. The flowers, depending on the kind, are packed in gunny bags, bamboo baskets, simple cartons or just wrapped in old newspapers and transported to markets by road, rail or by air. Value added advantage in floriculture is very high because flowers, especially for export markets are a high value commodity. The difference is not percentage incremental but a quantum jump in multiple digits, making floriculture as the fastest and most lucrative form of agriculture in India. The cut-flowers retailers play a critical role in the market, since they contribute in uncovering hidden consumer preferences, perspectives and satisfaction, as source of value-adding and performance of the overall value chain. The area, production and productivity of major flowers in Chhattisgarh is shown in Table 1. The total area of major flowers shows initially increasing than decreasing from year 2013 – 14 to 2015 – 16. Total production shows increasing from year 2013-14 to 2015-16. Maximum annual growth trend was observed during 2014 -15 in areas and production. But productivity shows initially increasing than decreasing from year 2013-14 to 2015-16.

Table 1: Area, Production and Productivity of major flowers in Chhattisgarh

| S. No | Major flowers Name | 2013-14 | | | 2014-15 | | | 2015-16 | | |
|-------|--------------------|-----------|-----------------|-------------------|-----------|-----------------|-------------------|-----------|-----------------|-------------------|
| | | Area (ha) | Production (MT) | Productivity (MT) | Area (ha) | Production (MT) | Productivity (MT) | Area (ha) | Production (MT) | Productivity (MT) |
| 1 | Marigold | 3663 | 26158 | 7.14 | 4007 | 29270 | 7.3 | 4419 | 30502 | 6.9 |
| 2 | Rose | 957 | 2568 | 2.68 | 1050 | 2904 | 2.77 | 921 | 2780 | 3.02 |
| 3 | Tuberose | 1405 | 5535 | 3.93 | 1498 | 5901 | 3.94 | 1501 | 5407 | 3.7 |
| 4 | Gladiolus | 1665 | 5767 | 3.46 | 1791 | 5994 | 3.35 | 1875 | 5999 | 3.2 |
| 5 | Total | 7690 | 40028 | 17.21 | 8346 | 44069 | 17.36 | 8716 | 44688 | 16.82 |

Source: Krishi darshika, IGKV, Raipur 2.

Material and Methods

For the purpose of the present study flower market of different location at Raipur city was selected purposively. Both wholesale as well as retail markets were chosen for the study. "Flower market" gives the impression of the homogeneous segment with uniform rules and characters governing it. However, these are two distinctly different product ranges within it cut flowers and traditional flowers. Both these products were covered in this report although the details are varying on different parameters depending upon their relevance and requirement. One consultant, four wholesalers, eight retailers and 100 consumers were interviewed randomly for the present study. The methodology employed for collection of primary data in the present study mainly consisted of structured interviews with consumers, wholesalers, retailers and consultants, involved with floriculture.

Results

Marketing channel of flower (market of Raipur city)

For successful marketing of flowers, well-developed markets and well-organised marketing system is necessary. There are four marketing channel of major flowers.

Table 2: Marketing channel of Flowers

| S. No. | Channel-I (60%) | Channel-II (20%) | Channel-III (10%) | Channel-IV (10%) |
|--------|-----------------|------------------|-------------------|------------------|
| 1. | Grower | Grower | Grower | Grower |
| 2. | Wholesaler | Retailer | Consumer | Exporter |
| 3. | Retailer | Consumer | - | - |
| 4. | Consumer | - | - | - |

Table 3: Economics of Bouquets (BOOKEY)

| S. No | Particulars | Small (Rs.) | Medium (Rs.) | Large (Rs.) |
|-------|---------------|-------------|--------------|-------------|
| 1. | Raw material | 39 | 62 | 73 |
| 2. | Labour charge | 5 | 6 | 7 |
| 3. | Other | 3 | 2.5 | 4 |
| 4. | Total cost | 47 | 70.5 | 84 |
| 5. | Selling price | 150 | 200 | 300 |
| 6. | Net income | 103 | 129.5 | 216 |
| 7. | B:C Ratio | 1:2.19 | 1:1.84 | 1:2.57 |

Economics of marigold of garland

Large size marigold garland was profitable than small size garlands. The total cost for large garland and small of marigold were Rs.9 and Rs.6 respectively. The net profit for large garland and small of marigold was Rs. 13 and Rs. 8 and the B.C ratio were 1:1.44 and 1:1.33 respectively (Table 4) and (Table 5).

Table 4: Cost of production of 1 large garland of marigold.

| S. No | Description | Price(Rs) |
|-------|---------------------------|-----------|
| 1. | Raw material | 7 |
| 2. | Labour and other charge | 2 |
| 3. | Total cost | 9 |
| 4. | Selling price(1 garland) | 22 |
| 5. | Net Income | 13 |
| 6. | B:C Ratio | 1:1.44 |

Table 5: Cost of production of 1 Small Garland of marigold.

| S. No | Description | Price(Rs) |
|-------|--------------------------|-----------|
| 1. | Raw material | 5 |
| 2. | Labour and other charges | 1 |
| 3. | Total cost | 6 |
| 4. | Selling price | 16 |
| 5. | Net income | 8 |
| 6. | B:C Ratio | 1:1.33 |

About maximum 60 per cent flowers were traded through channel I and 20 percent through channel II, 10 per cent, 10 per cent through channel-III and IV, respectively (Table 2).

Value addition of flower

This chapter was concerned with the assessment of value addition by flower producers, local traders, wholesalers and retailers for different flowers (such as marigold, rose, gladiolus and tuberose). Value addition was mainly interpreted as the difference between the total expenses involved in making or buying of a commodity and the total revenue accruing from its sales, Value addition activities were mainly concerned with the change of utilities. For those reasons this chapter goes through the cost and return at different levels that were incurred and obtained by flower producers, local traders, wholesalers, retailers and finally estimation of value addition at different levels.

Economics of bouquets

Large size bouquets were the most profitable followed by small and medium size bouquets. Study resulted that value addition of flower is more profitable as compared to loose and cut flowers. The total cost for small, medium and large bouquets were Rs.47, Rs.70.5 and Rs.84, respectively. The net income in case of small, medium and large size bouquets were Rs.103, Rs. 129.5 and Rs.216. And B:C ratio was 1:2.19, 1:1.84 and 1:2.57, respectively (Table 3).

Economics of car decoration

For the car decoration three packages were offered by the traders. Most Profitable packages were large size packages involving more number of bouquets. It was found that car decoration was best profitable as compared to Garland & Bouquet. The total cost for small, medium and large size of car was Rs.380, Rs.450 and Rs.1200, respectively. The calculated net profit in case of decoration of small, medium and large size of car were Rs. 820, Rs. 1050 and Rs. 3300 and B:C ratio were 1:2.16, 1:2.33 and 1:2.75, respectively. Cost analysis for car decoration shown in Table 6.

Table 6: Car Decoration

| S. No | Particulars | Small (Rs)/Car | Medium (Rs)/Car | Large (Rs)/Car |
|-------|--------------------|----------------|-----------------|----------------|
| 1. | Raw Material | | | |
| | Rose | 300 | 200 | - |
| | Bookey | - | 150 | 1000 |
| 2. | Labour Charge | 50 | 60 | 100. |
| 3. | Other | 30 | 40 | 100 |
| 4. | Total Cost | 380 | 450 | 1200 |
| 5. | Sell price | 1200 | 1500 | 4500 |
| 6. | Net income(Profit) | 820 | 1050 | 3300 |
| 7. | B:C ratio | 1:2.16 | 1:2.33 | 1:2.75 |

Conclusion

1. The marketing channel of flower grower maximum 60 % flowers were traded through channel I and 20 % through channel II, 10 %, 10 % through channel-III and IV, respectively.
2. The cost of value addition of flowers calculated for small, medium and large bouquets were 47, 70.5 and 84 Rs. respectively. The net income was 103, 129.5 and 216 Rs. and B:C ratio was 1:2.19, 1:1.84 and 1:2.57, respectively.
3. In case of large garland and small of marigold were Rs.9 and Rs.6 respectively. The net profit was Rs. 13 and Rs. 8 and the B.C ratio was 1:1.44 and 1:1.33, respectively.
4. Similarly small, medium and large sizes of car decoration were 380, 450 and 1200 Rs. respectively. The net profit were 820, 1050 and 3300 Rs. and B:C ratio were 1:2.16, 1:2.33 and 1:2.75, respectively.

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