

Prospects and Challenges of Floriculture Business in Federal Nepal

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Abstract

Floriculture sector is one of the most emerging sectors of agriculture in Nepal and is steadily growing for about three decades and has hit NPR 2250 million in the fiscal year 2017/18. However, the major business is concentrated in Kathmandu district in particular and Pradesh 3 in general. There is discrepancy in district wise coverage of flower business but with federalism, a new opportunity can be seen in the horizon. There seems immense opportunity in the internal as well as external markets. To tap this opportunity, Floriculture Association of Nepal should collaborate with governments at all level and research organization and universities. The Center and Pradesh government may be helpful in policy making to address the challenges while the local government may get involved in action oriented works such as establishing parks and livelihood programs. Research organization and universities may help find answers to the production problem or access newer market and develop expertise within the country.

Keywords: Ornamental, FAN, decoration, beautification, nursery

1. Introduction

Floriculture sector is one of the most emerging sectors of agriculture in Nepal and is steadily growing for about three decades and has hit NPR 2250 million in the fiscal year 2017/18 (FAN, 2019). This sector has contributed to Nepalese economy and by and large it is a private sector driven although significant government support was extended in the recent years (Pun and Tripathi, 2016). Floriculture business in Nepal has been in existence as an organized sector led by Floriculture Association of Nepal (FAN) for about three decades although informally it existed for about seven decades (Pun, 1997). The growth of this sector is steady and is meeting most of the internal demand but has not been able to grow steadily in the external markets.

The major concentration of this business is in Kathmandu valley, obviously because it is the capital. It's the seat of the government and also head office of major private and corporate houses. Now, that the country has become federal, there are 7 Pradesh and 753 local governments in addition to the central government. It will be interesting to see the situation of this sector across the country.

The understanding of the current situation of floriculture business in various Pradesh of the country will be essential to formulate strategy for the future. It will not only help to identify unmet internal markets and reach out to them but will also help expand the current internal markets and eventually access external markets.

2. Materials and Methods

This paper has been prepared by reviewing papers published with regards to Nepalese floriculture. The information gathered were synthesized based on the present federal form of government in Nepal. This paper has also focused on prospects, challenges and way forward of this sector.

3. Results

3.1 Growth of Floriculture Business

Floriculture business in Nepal is growing steadily from an annual turnover of NPR 18 million in 1994 to NPR 2250 million at present (Table 1a). The annual turnover in various product and services have grown steadily (Table 1b), However, the growth of product or services of floriculture business in Nepal is different, some such as seasonal flowers and seeds are growing much faster than others such as loose flowers (Table 1c). The export market is not steady and rather inconsistent.

Table 1a: Floriculture business in Nepal (NPR crores)

Year	1993/94	2005/06	2008/09	2011/12	2015/16	2017/18
Total value	1.8	23.0	56.0	105.32	151.39	225.24

Table 1b: Product/Service wise distribution of floriculture business in 2017/18

S.N.	Description	Amount (NPR in crores)
1	Seasonal Flowers and Seeds	30.28
2	Ornamental Plants	58.25
3	Cut flowers and foliage	31.25
4	Landscaping and gardening	23.81
5	Loose Flowers	10.23
6	Marigold	38.5
7	Input Supplies (Silpouline, Materials and Equipment's)	18.53
8	Others (carpet grass, bulbs, rhizomes, tuber, tissue culture plantlets etc.	11.58
9	EXPORT	2.37
10	TOTAL	225.24

Source: FAN, 2019

S.N.	Description	1993/94	2005/06	2011/12	2017/18
1	Seasonal Flowers and Seeds	0.30	2.50	16.56	30.28
2	Ornamental Plants	0.26	10.0	32.0	58.25
3	Cut flowers and foliage	0.22	2.0	16.0	31.25
4	Landscaping and gardening	NA	2.5	12.0	23.81
5	Loose Flowers	0.32	2.0	4.5	10.23
6	Marigold	NA	NA	NA	38.5
7	Input Supplies (Silpouline, Materials and Equipment's)	NA	2.0	7.5	18.53
8	Others (carpet grass, bulbs, rhizomes, tuber, tissue culture plantlets etc.)	NA	2.0	5.8	11.58
9	EXPORT	NA	NA	10.96	2.37

Source: FAN 2019

3.2 Distribution of Flower Business in Different States of Nepal

Flower farms or nursery is mostly located in State 3 (381) followed by State 1 (68) and 2 (54) whereas the least is in Karnali State (02) (Table 2). The other State are in between. Similarly, maximum florist shop is also located in State 3 (45) followed by State 1(12) and Gandaki State (06). State 5 and Sudur Paschim State have one each with no florist shops in State 2 and Karnali State. The wholesale of cut flowers and foliage is located only in State 3.

Name of Pradesh	Number of flower farms/nursery	Number of florist shops	Number of wholesale centers
State 1	68	12	NIL
State 2	54	NIL	NIL
State 3	381	45	05
Gandaki State	22	06	NIL
State 5	24	01	NIL
State 6	02	NIL	NIL
State 7	10	01	NIL

Source: Nepal Commercial Floriculture Survey 2015/16

3.3 District Wise Distribution of Flower Business in Nepal

The maximum presence of flower business in the districts has been found in State 3 (12 out of 13 districts) and 2 (7 out of 8 districts) (Table 3). However, the least presence was found in Karnali State (2 out of 10 districts) whereas other four States are in between.

Name of State	Number of Districts	Districts with presence of flower business
1	14	07
2	8	07
3	13	12
Gandaki	11	06
5	12	06
Karnali	10	02
Sudur Paschim	09	04

Source: Nepal Commercial Floriculture Survey 2015/16

3.4 District Chapters of FAN

The FAN has been able to form district chapters in 4 districts and an adhoc committee in 1 (Table 4). However, these districts are limited to only four States only.

S.N.	Name of State	District committee	Status of district committee	Year of establishment
1	Gandaki	Kaski	Elected	2063
2	3	Kavre	Elected	2072
3	3	Chitwan	Elected	2072
4	1	Sunsari	Elected	2074
5	5	Rupandehi	Adhoc	2074

Source: Nepal Commercial Floriculture Survey 2015/16

3.5 Infrastructure Support for Promotion of Floriculture by the Government

The government of Nepal as per floriculture policy planned to support promotion of floriculture for 5 years but supported for 4 years only until financial year 2017/18. This support helped to increase production area both in greenhouse and open field (Table 5). For example, cut flowers under greenhouse was increased to about 2 ha and nursery about 2.3 ha with this support whereas marigold growers increased their production by little over 4.0 ha (20 ropanis=1ha). In addition, wholesalers, florists and a farmer were supported with various sizes of chiller. These chillers are expected to reduce postharvest losses of cut flowers.

S.N.	Type of support	Type of private sector	Area or Quantity
1	Greenhouse	Nursery plant grower	22582m ²
2	Greenhouse	Cut flower grower	19144m ²
3	Marigold open field	Farmer	62 ropanis
4	Chiller	Florist	26nos
5	Chiller	Wholesaler	2nos
6	Chiller	Farmer	1nos
7	Model flower shop	Florist	1nos

Source: FAN 2019

3.6 Increase in Cut Flower Production Area with Government Support

Greenhouse support for cut flowers enabled increasing production area of various type of cut flowers (Table 6). The highest increase in area was in gerbera followed by carnation and rose with the quantity of plants planted.

S.N.	Crops	Area (m ²)	Planting materials planted
1	Rose	2708	18956
2	Gerbera	9880	67144
3	Carnation	4732	58500
4	Chrysanthemum	1008	NA
5	Limonium	200	NA
6	Cymbidium	616	NA
	TOTAL	19144	

Source: FAN 2019

4. Discussion

4.1 Growth of Floriculture Business

The steady growth of floriculture business was made possible with early support from Federation of Nepalese Chambers of Commerce and Industry (FNCCI), US Agency for International Development (USAID) and Government of Nepal (GoN) (Pun, 1997). The support from GoN became more evident in 2006 after incorporating floriculture under then Ministry of Agriculture and Cooperatives now Ministry of Agriculture and Livestock Development. However, significant support began only after fiscal year 2014-15. In Nepal, there are 697 plant nurseries today and about 43,000 people are directly or indirectly involved in this sector (FAN, 2019). This sector has tremendous scope

because it has unmet internal and export market and the domestic market is increasing annually at an average rate of 10%. The external market is, however, not steady and fluctuates and has not been able to increase steadily for last several decades.

4.2 Distribution of Flower Business in Different Pradesh of Nepal

In 2016, the total plant nurseries were reported to be 561 (now that has increased to 697) and were listed as per the district (CBS, 2016). The distribution pattern of nurseries or florist shops is highly in favor of State such as 3 and 1. The State such as Karnali and Sudur Paschim has very few flower or nurseries due to less awareness of the use of flowers and ornamental plants. However, things are changing for the better due to internet access, social media and improvement in living conditions.

4.3 District Wise Distribution of Flower Business in Nepal

In Nepal, there are 77 districts (earlier 75 districts only) and 44 of these districts have the presence of floriculture business (CBS, 2016). Among the 7 States, good presence of this sector is in State 2 and 3. The other States falls far behind and the worst presence is in Karnali State while rest of the States are in between. However, this is also an opportunity to increase the flower or ornamentals production capacity within the district and also an opportunity for the already flower or ornamentals producing districts to create markets in the districts where there is no presence of flower market. This also means creating new markets and expanding domestic markets. The major districts for floriculture business are Kathmandu, Lalitpur, Morang, Kaski and Bhaktapur in terms of number of floriculture farms.

4.4 District Chapters of FAN

Currently, district chapters of FAN are only in five districts and these five districts are under four States such as 1, 3, Gandaki and 5) (CBS, 2016). There are no district chapters in other State such as 2, Karnali and Sudur Paschim. It is therefore important for FAN to set up district chapters at least in State capitals where there is no district chapters within the State.

4.5 Infrastructure Support for Promotion of Floriculture by the Government

The government of Nepal under the floriculture promotion policy has supported financial grant for greenhouses, marigold farming and chillers (FAN, 2019). This grant has resulted increased production area of ornamental plants, marigold and cut flowers. The increase in production of ornamental plants is expected to reduce import of ornamentals, increased production of marigold is expected to reduce import of marigold and increase in cut flower is expected to cater to local market demand and built foundation to access external markets.

4.6 Increase in Cut Flower Production Area with Government Support

The main cut flowers that is being grown with this support are carnation, rose and gerbera (FAN, 2019). The output from this cut flowers will supplement for internal market during winter but can be used for external market during spring, summer and autumn when production is adequate. Carnation has been identified as one of the most competitive cut flowers from Nepal for external markets especially for middle east market.

Major new internal markets in different region of the country can be boosted by federalism in Nepal (Pun, 2019). Currently, there are 753 local governments, 7 states and 1 central government. There will be official program in the country almost on a daily basis and this will create demand for flowers. The representative districts of three States which had the lowest consumption of flowers before federalism (State 2, Karnali and Sudur Paschim) in 2016 may have significant increase in flowers consumption since last 1 year after election in all 3 levels of government. The current structure of governance at the State and local level has created demand for all kinds of flowers/services and will ultimately play a catalytic role in increasing demand. The challenge is to provide the goods and services as desired at different maturity of the flower/ornamentals market.

5. Prospects

The prospects of floriculture business are good because of following factors.

- Younger population buy flowers and they have significant population size.
- Public spending increasing for development of parks and urban greenery.
- Taking advantage of climatic and floral diversity.
- Reaching to untapped internal as well as external markets.
- Reliable and direct access to Dubai Flower market (hub of flower market in the Middle East).

6. Challenges

There are some challenges in this sector and are as stated below.

- a. Lack of internal and external market information.
- b. Lack of easy access to finance at lower interest rate.
- c. Lack of technical back stopping and relevant research in floriculture.
- d. Lack of access to inputs such as new and popular cultivars of cut flowers and ornamentals or nutrition such as liquid fertilizers.
- e. Lack of efficient coordination between industry, research and extension services.

7. Way Forward

Federalism in Nepal has brought a big change particularly in governance system and floriculture could be a sector that benefits from this change. It simply means, more government, more programs and more consumption of flowers across the country unlike before the federal Nepal. However, to enjoy the fruit of prosperity all the stakeholders need to play their part effectively.

7.1 Floriculture Association of Nepal

The apex body of flower business in Nepal is FAN and has its office in Lalitpur Metropolitan. It represents the association to the commodity association of FNCCI and also to relevant Ministry of the government. It has four district chapters and one adhoc district chapter. These 4+1 chapters represents 4 States such as States 1, 3, Gandaki and 5. FAN needs to activate its district chapters and through them reach out to other districts in these State and collaborate with the State governments and municipalities. In, other un represented State, FAN must identify the district (possibly district that has the State capital) and form an adhoc committee at the earliest

to support FAN as the contact point to Pradesh government and municipalities in that State. FAN may play an important role in commercialization of floriculture business by catering to need of the municipalities. It can also play significant role in helping with the establishment and maintenance of public parks in the municipalities and also maintaining greenery especially in metropolitan, sub-metropolitan and municipal cities. Many public parks within Kathmandu or elsewhere is not being properly managed and it is mainly due to lack of skilled human resources and sometimes budget. FAN can help human resource of these parks within municipalities to be trained in gardening and propagation of flowers and ornamentals (Pun, 2019).

FAN should motivate its cut flower committee and collaborate with relevant government ministries for support to explore export destination. In this fiscal year, attempt should be made to identify at least two destinations one each in South Asia and Middle East. Quality cut flowers from those who have been supported by government or others can be used to access external markets. FAN should also coordinate with relevant government organizations to overcome challenges as mentioned above.

7.2 Government at Center, States and Local

The Ministry of Agriculture and Livestock Development at the Center and States can ask FAN to plan for the promotion of floriculture in the country or in their State respectively (Pun, 2019). The need for a center that is dedicated to floriculture development (adaptive research and training) as is prevalent now as Floriculture Development Center, Godavari (it has been kept under State 3) should be a farm under central government. The central government may support FAN in exploring export markets, support with floriculture business friendly policy and supporting with the logistics such as refrigerated vehicle and refrigerated facility at the cargo section at the Tribhuvan International Airport, Kathmandu. However, in State, floriculture development program can be integrated in an integrated agriculture or horticulture farm and focus on those crops that are important in the concerned Pradesh. The support of GoN both at Center and State is critical for expansion of internal markets and exploration of external markets. The local governments can collaborate with FAN in development and maintenance of public parks and urban greenery. Besides, FAN can also support local governments for livelihood promotion by training interested citizens and helping them to identify what to grow/how to grow and help them reach to market.

7.3 Research Organization and Universities

Floriculture is not getting adequate research support from both the research organizations and universities of Nepal (Pun, 2017). This is impeding both the productivity and quality production of cut flowers and ornamentals. Besides, it also reduces chances for development of skilled subject matter specialist due to lack of research and exposure. There got to be better collaboration between FAN and research organization/universities so that research is based on the need of the sector (Pun, 2019). FAN should also work closely with Trade and Export Promotion Center (TEPC) for research support to identify external markets. Strong research is critical to the growth of floriculture sector of Nepal for lucrative external market especially in the middle east.

8. Conclusion

Floriculture business in Nepal is growing steadily but it has potential to reach out to the external markets too. However, government and private sector collaboration is essential to overcome the

challenges. Nepalese cut flowers or ornamentals penetration in the external markets will bring a quantum jump in the turnover in this sector and will generate opportunities for higher investments.

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