

Floriculture Development: Enabling Policy for Import Substitution and Export Promotion

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Abstract

Floriculture holds a great business potential in Nepal and its volume has grown by more than 70 folds in the past 25 years. There are 732 floriculture entrepreneurs working across 44 districts and have invested more than 7000 million rupees. The Government of Nepal has also encouraged the entrepreneurs by implementing the Floriculture Promotion Policy in 2012. The paper aims to share the status of floriculture, its existing policy and action plan and some measures that are to be included in the revised policy. The highest transaction value was found in ornamentals plant, shrub and climbers from 2073/74 to 2077/78, followed by marigold and other flower garland except in 2073/74. Export was drastically decreased by 95.2% in 2077/78 as compared to 2070/71, whereas import was increased by 369.31% in 2077/78 in the period. The Policy is aimed to increase the production of flower and flower related products and contribute towards increasing employment opportunity, improving export and import, conserving floriculture related biodiversity and contribute for poverty reduction. Five years (2071/72-2075/76) action plan is also in the policy having allocated budget of about 396.29 million rupees. Amendment in the policy is realized as per existing three government levels and to address some challenges and issues. During the process, there is need of depth review and analysis of the implemented Policy and its action plan followed by wider stakeholders' consultation on the measures that would be included in the policy. Joint venture, partnership and facilitation is crucial for the promotion of floriculture.

Keywords: Floriculture, policy, import, export, transaction

Introduction

Floriculture refers to the cultivation and marketing of ornamental and flowering plants for gardening and floristry, including floral design. Floriculture crops include flowering plants, garden plants, foliage or cut flowers, grasses and cultivated greens (Newman and Collins, 2019). The floriculture holds a great business potential in Nepal. Seasonal flower plants, cut flowers and foliage, ornamental plants,

landscape and gardening, floral arrangements, specific decorations, input supplies, and foreign trades are among important business areas in Nepal (FAN, 2015).

In the past 25 years, floriculture business volume has grown by more than 70 folds. Currently the business is expanding in Pokhara, Narayangad, Hetauda, Biratnagar, Dharan and Dhangadi. There are 732 floriculture entrepreneurs in Nepal and farmers/firms are working across 44

districts. More than 43,000 persons are directly or indirectly involved in this business and have invested more than 7000 million (7 Arab) rupees (FAN, 2021).

The total turn over was about 4 times increased from 688.5 million rupees in 2067/68 (2010 AD) to 2416.4 million rupees in 2075/76 (2019 AD). Even though it was projected that there would be 18% increment in the transaction of floriculture products in 2076/77 (2931 million rupees) as per the higher investment by entrepreneurs in the sector, result was observed into reverse. As a COVID 19 and thereby lockdown situation during 2076/77 (2020 AD), the turn over of floriculture products was reduced by 10.88% (from 2416.4 to 2155.3 million rupees) (Acharya *et al.*, 2021).

The Government of Nepal has also encouraged the private sector entrepreneurs by formulating and implementing the Floriculture Promotion Policy of Nepal in 2012. And, the entrepreneurs are enthusiastically looking forward to an effective implementation of action plans that are backed by strategies of the policy. This sector also demands regulatory and institutional restructuring to create business enabling environment thereby to attract additional investment for its technological modernization and setting up of appropriate infrastructure (FAN, 2015).

Despite high potential of the sector, there are various issues and challenges that need to address for achieving the highest potential of the sector. Some of such issues and challenges are related to deficiency in policy and institutional mechanisms, private sector weaknesses, short comings in value chain development and poor marketing mechanism (FAN, 2015). In the context, this paper aims to share the past and present status of floriculture, its existing policy and action plan and some measures that are to be included in the revised policy, action plan and programs for its import substitution and export promotion.

Floriculture: trend and current status

The Figure 1 shows that over the years from 2073/74 to 2075/2076, there was an increase with the growth rate of 17.31 percent (from 1896.40 to 2224.73 million rupees) and 8.61 percent (from 2224.73 to 2416.37 million rupees) respectively. But, during the period from 2075/76 to 2077/78, there was drastic reduction by 10.89 percent (from 2416.37 to 2153.28 million rupees) and 24.42 percent (from 2153.28 to 1627.40 million rupees) respectively. This turnover reduction in 2076/2077 and 2077/78 was due to COVID 19 and lock down situation. Acharya *et al.* (2021) also reported that various commodities of the industry were severely impacted loss ranging from 65% to 97% in terms of value in 2076/77.

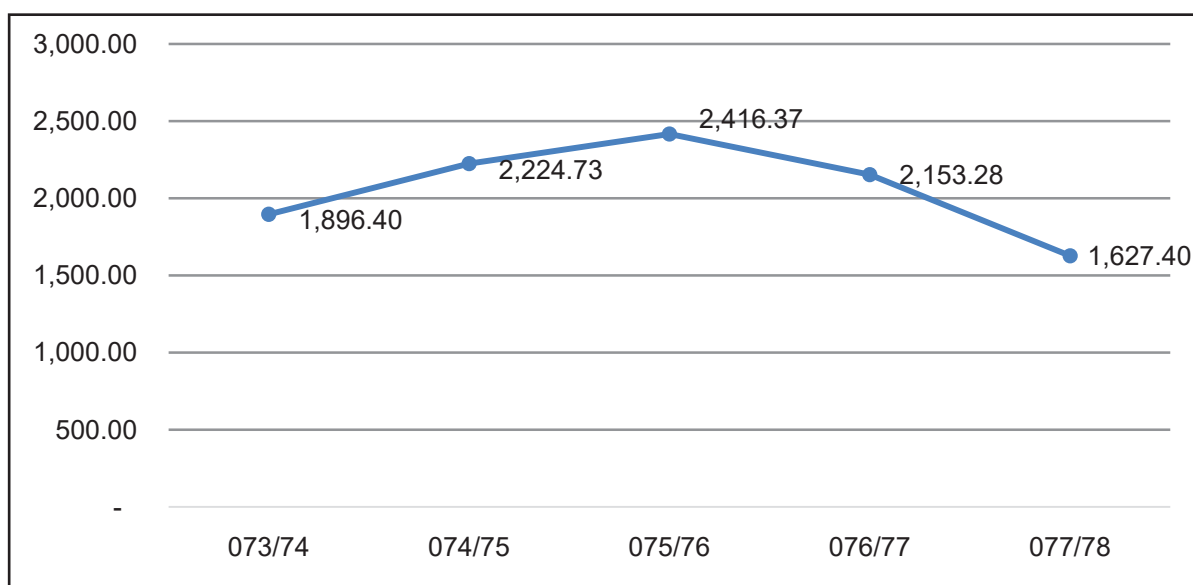


Figure 1. Yearly turnover of floriculture products in Nepal (million rupees)

Similarly, the commodity wise transaction of floriculture products of Nepal is given in Table 1. The highest transaction value was found in “ornamentals plant, shrub & climbers” commodity during all the five fiscal years from 2073/74 to 2077/78, followed by “marigold and other flower garland” in all the fiscal years except in 2073/74.

Figure 2 shows that in 2077/78, the highest transaction percent (29.54) was found in “ornamentals plant, shrub & climbers”, followed by “marigold and other flower garland” (22.04), "others (tissue culture, agro equipments, carpet grass, rhizome, bulb, etc.)" (13.84), "landscape and gardening" (12.88), "seasonal flowers" (12.28), "cut flowers and foliage" (5.28) and "open flowers" (4.15).

Table 1. Commodity wise transaction of floriculture products (million rupees)

S.N.	Particular	073/74	074/75	075/76	076/77	077/78
1	Seasonal flowers	275.30	302.86	333.15	281.73	199.89
2	Ornamental plant, shrub & climbers	529.70	582.66	640.92	577.37	480.69
3	Cut flowers & foliage	283.90	312.32	343.56	290.59	85.89
4	Landscape and gardening	216.50	238.13	261.94	221.51	209.55
5	Open flowers (loose flowers)	93.00	102.33	112.57	90.80	67.54
6	Marigold and other flower garland	220.00	385.25	398.50	364.03	358.65
7	Others (tissue culture, agro equipments, carpet grass, rhizome, bulb etc.)	278.00	301.17	325.73	327.28	225.19
	Total	1,896.40	2,224.73	2,416.37	2,153.28	1,627.40

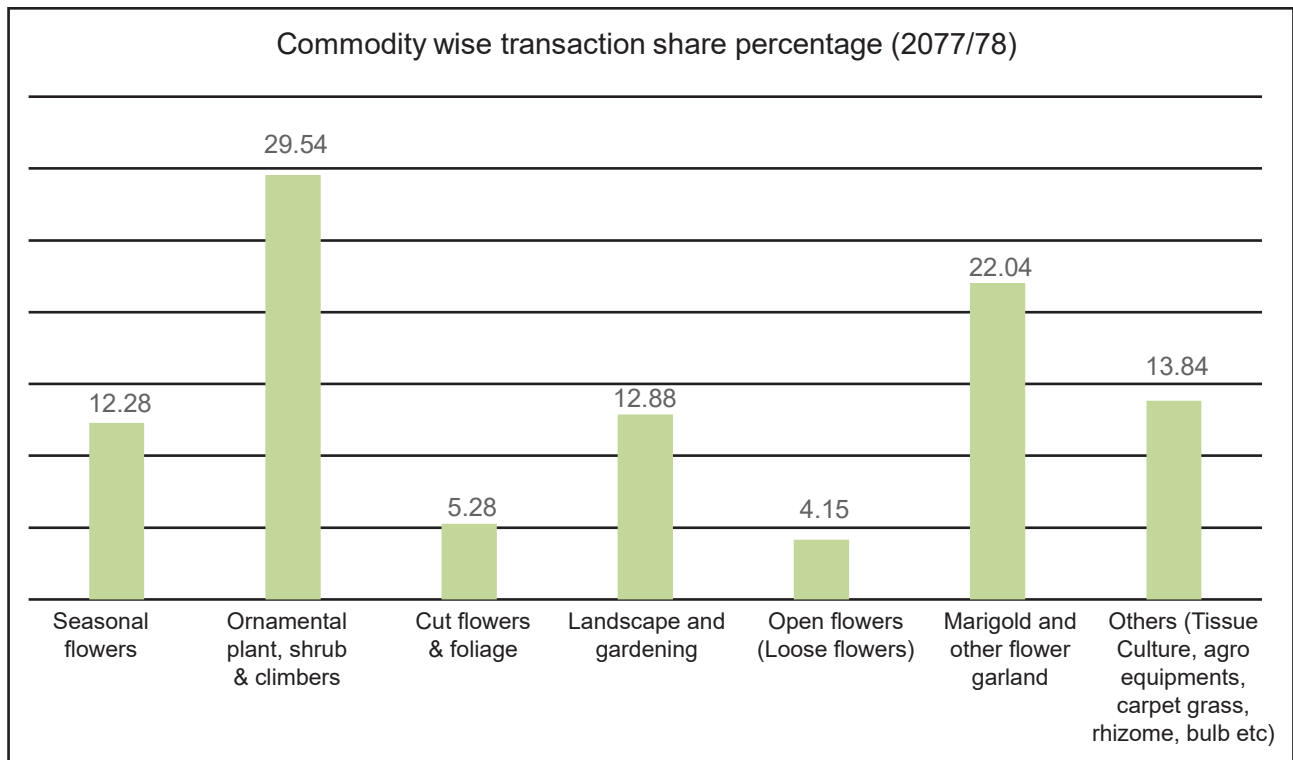


Figure 2. Commodity wise transaction share percentage in 2077/78

Moreover in an average, domestic market is growing annually between 10 to 15 percent. Growth in Nepal's exports of floriculture products to foreign countries is not encouraging. Figure 3 shows the import and export scenario of floriculture commodity from 2070/71 to 2077/78. Export was drastically decreased by

95.2% (from 30 to 5 million rupees) in 2077/78 as compared to 2070/71), whereas import was increased by 369.31% (from 82 to 385 million rupees) in 2077/78 as compared to 2070/71. In 2077/78, import was also increased by 43.29% (from 269 to 385 million rupees) as compared to last year (2076/77)

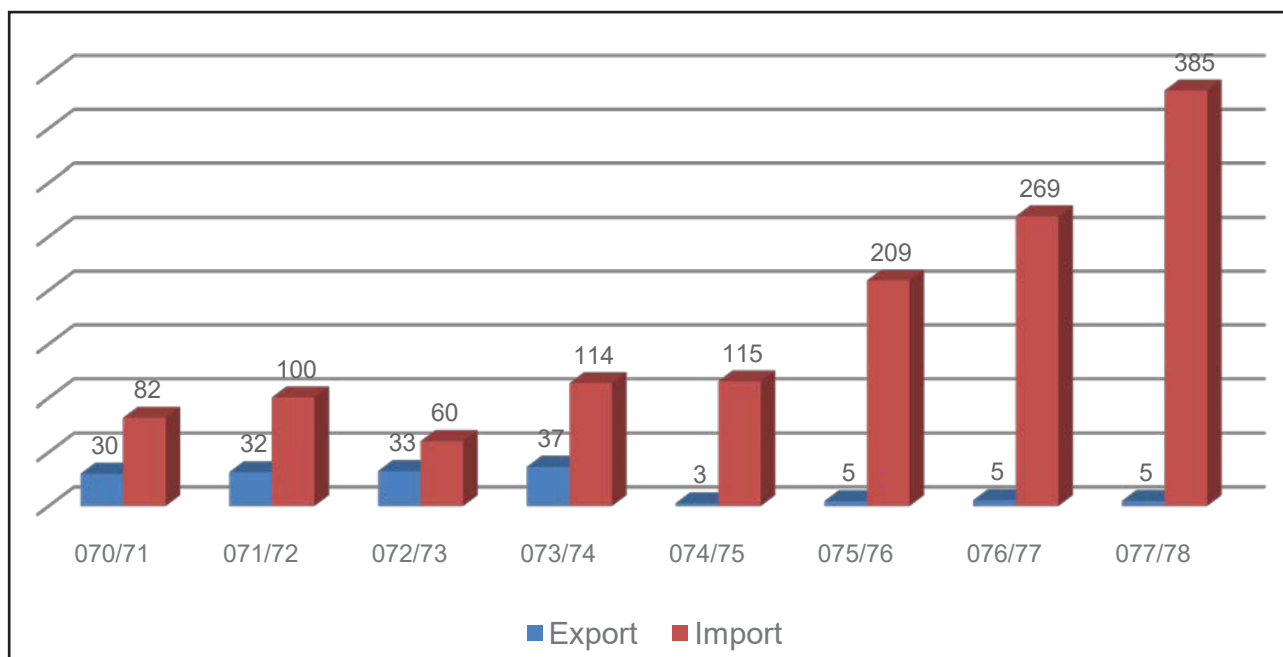


Figure 3. Import and export of floriculture commodity (million rupees)

Floriculture Promotion Policy

Floriculture Promotion Policy, 2012 including its action plan

Floriculture Promotion Policy, 2012 promulgated by the Government of Nepal on 14 December 2012, aims to increase the production of flower and flower related products and contribute towards increasing employment opportunity, improving export and import, conserving floriculture related biodiversity and contribute for poverty reduction. The policy has followings objectives:

- Increase the production and productivity of flowers and flower related products
- Increase the involvement of private sector in floriculture production and management in order to make them competitive in the internal market as well as for export promotion

- Conserve and promote local genetic resources of floriculture in Nepal

For the effective implementation of the policy, the policy envisages for the formation of twelve members' Floriculture Business Development Coordination Committee under the coordination of secretary of Ministry of Agriculture Development with representation of private sector, sector ministries and civil society organizations. Besides, the policy has identified three financing mechanism for implementation of the policy which includes (a) financial support from national and international agencies and federations after taking necessary approval from the government (b) service charge for providing different advisory and consulting services in relation to floriculture production and marketing and (c) grant and other funds from Government of Nepal or other agencies.

There is action plan in the policy with the allocated total budget of about 396.29 million

rupees to implement it for the period of five years (2071/72-2075/76) (2014/15-2018/19). Out of the total budget, about 74% share from Government of Nepal and remaining 26% budget share are of farmers and private sector including FAN (FPP, 2012).

Major achievement

FAN (2019) reported that with the implementation of action plan provisioned in the Floriculture Promotion Policy, during four years period (2071/72-2074/75), following major achievements were found:

Construction of protected green houses

About 41,726 Square meter (83.4 ropani) protected green houses were constructed in which about 54% (22,582 Square meter) were covered by seasonal flower and ornamental plants in the existing nurseries. Remaining about 46% (19,144 Square meter) protected green houses were constructed for rose, carnation, gerbera, limonium, chrysanthemum, orchid farming.

Distribution of chillers and decoration kit set

To maintain postharvest life of cut flowers in the retail shop, twenty six chillers were distributed during the four years' period. Similarly for the promotion of retail shop, two decoration kit sets were also distributed.

Establishment of portable cold room

A portable cold room can be a quick and cost-effective means of providing cold storage for highly perishable commodities. During the period, three portable cold room were established in which two were in wholesale market of flower and one in cut flower production farm.

Expansion of marigold field

About sixty two ropani of land were expanded for the production of marigold flower during the four years' period.

It was also reported that about one hundred fifty seven entrepreneurs were benefitted with the implementation of the action plan (J.B. Tamang, personal communication, March 19, 2022).

Some measures: address in the policy and action plan

Based on different consultations, workshops, meetings and reports, followings are major measures that should be addressed in the revised policy and its aligned action plan.

- ▶ Prioritize floriculture as one of the potential exportable commodities
- ▶ Strengthen technical, financial and human resources of Nepal Agricultural Research Council (NARC), Floriculture Development Center (FDC) and Floriculture Association Nepal (FAN)
- ▶ Infrastructures such as cool chain system, protected/control/semi control green houses and human resource development
- ▶ Identification, documentation, propagation, cultivation/ commercialization of both indigenous and exotic ornamental and flowering plants; and exploration of their potential markets
- ▶ Floriculture Business Development Coordination Committee (as of FPP, 2012) should be functional, meet frequently and expanded to province and local level
- ▶ Persuade government to allocate adequate land to lease for nursery development/floriculture business in each municipality, especially in newly developed municipality and proposed model cities in different areas of the country
- ▶ Subsidized and ease credit and insurance facility
- ▶ Establishment of collection center, common facility center and cold storages (warehouse) at least at district level in public private partnership modal
- ▶ Collective branding, packaging and collective trade mark facilities crucial for export promotion
- ▶ Buy back guarantee from big business houses with minimum assured price to the farmers

- ▶ Conducting research and study to identify consumers preferences in niche markets
- ▶ Promotional activities in major destination markets
- ▶ Opening floriculture sales outlets in potential markets
- ▶ Effective implementation of action plan with strong monitoring and evaluation
- ▶ Needs joint ventures, partnership and facilitation for the promotion of floriculture targeting import substitution and export promotion

Moreover, amendment/revision in the policy needs as per existing government levels (federal, provincial and local) and to address above mentioned issues. During the amendment process, there is need of depth review and analysis of the implemented Floriculture Promotion Policy and its action plan followed by wider stakeholders' consultation on the measures that would be included in the amended policy and action plan.

Conclusion

Floriculture demands regulatory and institutional restructuring to create business enabling environment for its import substitution and export promotion. It is realized that there is crucial to amend Floriculture Promotion Policy, 2012 and its action plan as per the existing three levels of Government, passing away five years' action plan and to address some measures that should be addressed in the revised one. Without joint ventures, partnership and facilitation among the stakeholders; import substitution and export promotion of floriculture commodity might be only slogan.

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