FUTURE TRADING IN FLORICULTURE SECTOR: ISSUES AND OPPORTUNITIES FOR SUSTAINABLE FARM DEVELOPMENT

T. Raj Pravin*
Assistant Professor, Department of Agricultural Extension, Faculty of Agriculture, Annamalai University, Annamalai Nagar - 608 002, Tamil Nadu, India.

1. Introduction

The future trading on commodity markets introduced in farm sector of our nation is a great success. The farming community, value addition industry, farm research and extension systems, Indian consumer community and the organized retail industry are the key beneficiaries of this trading process. The new price discovery mechanisms, knowledge on Supply and demand situation, data on present status of farm inventory coupled with ware house management and logistics support of our nation had undergone a sea change in their functioning due to the creation of this future trading platforms. Domestic industries and international trading community are able to function effectively with the minimum interference of informal agents like the middleman and commission agents. This future trading platform has also assisted the national agricultural network in developing and designing market led extension strategies thereby assisting the farming community to cultivate crops satisfying the requirements and needs of domestic and international consumers. The producer’s share in consumer rupee has risen over years as the middleman, commission agents, hoarders, black marketers are not able to restrict the movement of agricultural commodities and thereby create a crisis situation in Indian food grain market. However future trading needs to be extended and enlarged to new floriculture produce so as to improve the standard of living of small and marginal farmers in this sector.

2. Future trading in floriculture: Issues and needed mechanisms

Indian floriculture industry is emerging as one of the key sunrise sectors of our nation. The service sector growth has contributed positively to floriculture sector development. Domestic financial institutional investments, entry of many foreign players in the Indian markets, rise of domestic manufacturing sector and private agricultural investments are bringing about a drastic change in this sector. However the absence of institutional future trading mechanisms in the floriculture sector is affecting its growth in a major way. Middlemen, commission agents, domestic informal marketing chains still occupy a
dominant position in the floral value chain. Absence of proper institutional marketing mechanism is also affecting the lives of millions of floriculture farmers. This situation affects the credit flow, supply chain management, investment in cold storage and warehousing in a big way. So to solve the present day problems in floriculture sector and to put proper institutional marketing mechanisms in place, future markets on floriculture sector need to be opened up in India on a major way, the perishable nature of flowers, vagaries of monsoon remain as prospective challenge and threat to these institutional mechanisms. The openings of future market in dry flower sales, floral value added products, cut flowers which have a longer shelf life that can be transported to longer destinations across the world can be initiated and explored. Being high valued commodities with huge monetary component involved it will definitely pave way for huge monetary rewards associated with all stakeholders in this sector.

The next issue to be addressed is many of the floriculture products are raised through bulbs, corms or seed materials of public funded research systems or from the traditional farming habitats in our nation. The trade in floriculture seed market is yet to be regulated in a major way. The opening of future markets will improve the seed supply, quality of seeds with proper certification procedures even at grass root levels. This development will pave way for production of quality floriculture products capable of meeting the domestic demands and international prescribed standards. The private and public extension systems, input agencies in floricultural trade need to in tune with this development to be even more competitive to satisfy the future changing needs of Indian floriculture farmers.

The third opportunity is creation of new insurance facilities, mortgage mechanisms, newer procedures on future trading periods based on meteorological conditions depending on shelf life of floriculture products. A new methodology for effective functioning of floriculture future markets, institutional mechanism of financial services involving banking and insurance sectors, networking between diverse stakeholders in floriculture trade need to be established in this new future marketing mechanism. The use of crop protection agencies for carrying out certification, quarantine in export and import destinations need to be created even in remote regional markets for the success of this new institutional mechanism. Agriculture and revenue departments, logistics and ware housing sector, financial services need to linked and interrelated for carrying out floricultural future trade across diverse geographies and distant boundaries. This new future trading platform on floriculture industry is sure to give a facelift to this sector paving way for improved farm earnings and aid in prosperity to millions of small and marginal floriculture farmers across the length and breadth of our nation paving way for a sustainable agricultural development.

3. Strategies for sustainable development
- The future markets in floriculture is a new need for Indian small and marginal farm communities. So to satisfy the needs of Indian floriculture farmers the government should design and develop new future markets on floriculture products in the near future. The central and state horticulture departments, state agricultural universities, horticultural boards should be made as stakeholders in this new marketing process for effective functioning and participation.
of Indian farmers across varied geographies.

- Financial services, meteorological departments, retail industry at domestic and international markets, logistics and warehousing institutions should be made as partners in opening future markets for floriculture products and services.

- A floriculture future market on identified major floriculture crops must be initiated in major metropolitan cities which are connected to important floricultural markets across the world and this collective trading experience and expertise can be used effectively for bringing many floriculture crops and products in its fold. Success and failure stories, case studies of all stakeholders should be documented for carrying out further marketing research and extension related activities.

- Floriculture future markets will definitely change the horticulture landscape of India paving way for color revolution in Indian farm sector. The present situation of huge indebtedness will be replaced by bringing more monetary remuneration to our Indian flower farmers with this new marketing mechanisms for the sale of their horticulture produces in an effective manner.

So the need of hour is to create new future market for floriculture sectors in commodity markets their by raise the standards of living of our floriculture farmers.