

# 19 Trade is Blooming: The Case of Ramesh Flowers in India

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## Overview

India has exported dried flowers and plants for the last 40 years, and today it is one of the leading countries in the field, with exports valued at about Rs100 crores<sup>41</sup> per annum. India exports about 500 varieties of dried flowers to 20 countries, and they are highly in demand in the UK and USA. Dried flowers are the most promising sector of the floriculture industry because they are more easily transported and exported than fresh cut flowers, which are perishable and need special cold chain technology and rapid air transportation to reach distant markets in good condition (Indiamart, n.d.). While dried flowers are still a small part of the total floriculture industry, they have already established a significant presence in the world market and are poised for greater growth as demand for natural products increases.

This case study is about one firm – Ramesh Flowers<sup>42</sup> – that started as a small cottage industry in 1982 and has grown into a globally recognised enterprise that provides employment and income to thousands of rural and urban poor women in the collection and processing of dried flowers for export.

## Flower power: Ramesh Flowers

### History and purpose

Ramesh Flowers Private Limited is a first generation enterprise started in the 1980s by Mahendra Raj Singhwi with an investment of only US\$1,200. At the time, although the Government was strongly promoting small rural and agro-industries, policies and support programmes were largely focused on *khadi* (hand-spun and hand-woven cloth) and handicrafts; the dried flower industry was largely ignored and had no special support from governmental or other agencies. However, some of Mr Singhwi's family members were in the dry flowers export business and he saw an opportunity and jumped at it.

While business motives were obviously of importance, Ramesh Flowers also had other objectives, including social and environmental ones. These included creating income for rural poor people in the collection of wild plants that would otherwise be wasted, creating jobs for urban poor women

in processing the plants and conserving the environment through sourcing mainly wild plants that could be easily replaced, rather than cultivating flowers and plants on farmland, which is the case with fresh flowers for export.

## Structure and development

Eighty per cent of the plants collected by a huge network of women and men farmers all over India are agricultural waste. After the cotton harvest, the pod generally goes to waste, but it is a raw material for Ramesh Flowers. The central factory deals only with the main suppliers who deliver the goods to the Ramesh warehouse and are paid directly. For example, there is one main supplier located in Calcutta who covers the local belt of Bihar, Orissa and Assam. There are similar main suppliers in other areas, including Madhya Pradesh and Kerala. Below the main suppliers there are many sub-suppliers – individual agents through whom the materials are collected. The agents pay the farmers/gatherers.

As the raw materials are waste botanicals, quality is a challenge. However, there are still parameters by which materials can be judged and that are used by Ramesh Flowers before they pay their suppliers. The price of each botanical depends on its nature. Some are costly and others are very cheap.

Export markets were initially set up in the days before the internet. Ramesh Flowers used telex and would write to the consulates of various countries to get contact details of possible customers. Step-by-step, these contacts were used to source more customers, and eyes and ears were always open to follow market developments. Ramesh Flowers eventually launched a website, but no major customers have been secured through this means.

Initially, wholesalers and importers were used to supply the export market, but in 2000 goods began to be shipped directly to retailers as well. There is also a US warehouse that helps with sales and logistics in that country. Consignments are shipped to many renowned retail chain stores around the world including Walmart, IKEA, ASDA, Bhs, Kmart, Jo Anns and Aldi. Thus, Ramesh Flowers has very definitely targeted mainstream export markets, rather than aiming at fair trade or niche markets in the North. The company won the President's Award for Outstanding Export Performance for 1995–96. It also won the Agricultural and Processed Food Product Export Development Authority (APEDA) Export Award for Outstanding Export Performance from 1994 to 2001/2002 and from 2003 to 2007.

Although no government support was received in the early years, from 2005 onwards Ramesh Flowers received a freight subsidy from APEDA, as well as an incentive of 5 per cent on the export value (fob). From a small start, Ramesh Flowers now has a turnover of US\$17.5 million and gives

work to thousands of poor rural women and men in collecting plants, as well as in its factory (see below). It remains a family business, with five family members involved.

### **Impact at the factory level**

The factory where dried flowers are processed and packaged is located near the port of Tuticorin. The facilities are vast and employ almost 2,000 workers, 95 per cent of whom are women. There is an administrative staff of 150 people, all men.

Women work for nine hours a day and even though the dried flower industry is not covered under the Minimum Wages Act, they are paid at the national floor level of Rs80 per day and on a monthly basis. This is much better than is given by other dried flower industries operating in the region and compares favourably with alternative forms of employment such as in fish processing and salt mining. Working conditions are also better than in other industries open to poorer women.

Women workers receive regular on-the-job training. They are all covered under accident insurance (up to Rs50,000). They are entitled to 84 days maternity leave paid by employee state insurance and benefit from an Employee Provident Fund as per the statutory requirements. In addition, workers are given a marriage gift of Rs3,000. There is a higher education scheme and a free notebook scheme for workers' children, as well as crèches in the factory. Workers are also given subsidised travel to and from work.

In the same way as the process of sourcing of raw materials is environmentally sound, the factory itself is ecologically sustainable. For example, solar heating is used to boil water for dyeing and a greenhouse is used to provide solar heat for drying plants.

### **Lessons learned and future directions**

Clearly this has been a very successful enterprise that has experienced a huge rate of growth over a 20-year period and built up sustainable mainstream export markets with little or no assistance from government, NGOs or international development agencies. It has, however, benefited from ideas and support from its commercial buyers.

Undoubtedly, it has helped thousands of poor rural women and men through enabling them to turn agricultural waste into a source of income. It has provided good wages and working conditions for nearly 2,000 poor urban women in its factory. Some of the programmes put in place in support of children's education will obviously contribute to a better standard of living for the next generation.

At the environmental level, focusing on wild plants that can easily be replaced, and on agricultural waste such as cotton pods, provides a sustainable source of supply and prevents diversion of land from food crops to non-food export crops. The use of solar energy in the factory is also environmentally commendable.

The management notes several keys to its success. These include:

- A skilled workforce, undoubtedly helped by on-the-job training opportunities (it is also believed that the largely female workforce brings qualities of patience, waste consciousness, involvement and creativity);
- Vast facilities that benefit from being located near to a port, thus reducing transport costs;
- A huge inventory of raw materials and climatic conditions that are favourable to production for most of the year, thus helping with a regular supply of goods to external buyers;
- Recognition by the Government of India, which has honoured Ramesh Flowers with awards, and also by a worldwide network of well-known chain stores.

To this one might add that there was obviously a great deal of vision and co-ordination skills on the part of management. Combined with a sense of social and environmental concern, this led to a 'win-win' situation. It is also interesting to note that as the dried flower industry did not benefit from government support programmes for small industry, it was much less affected than others when these programmes were suspended when the economy was liberalised.

In spite of the economic recession and huge pressure on prices, Ramesh Flowers has a good inflow of orders and new market opportunities continue to arise. There is, however, a major challenge as regards labour availability because other industries in the region – fishing, spinning mills, etc. – are competing for women workers.

## Reference

Indiamart (n.d.). 'Dry Flower Industry', <http://www.dry-flowers.net/dry-flower-industry.html>



