

## **SULA: MAKING WINE INDUSTRY A NEW DESTINATION FOR YOUNG AGRIPRENEURS IN INDIA**

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Indian agriculture is witnessing a growing disinterest of youth in agriculture sector. In the contrary, the present situation of this sector especially demands the innovativeness, creativity and enthusiasm of youths of the nation. Realizing and utilizing the vast range of opportunities in primary and secondary agriculture can combat the present challenge of youth disinterest in agriculture and youth unemployment simultaneously, by absorbing the massive demographic force into this sector. This would benefit Indian agriculture in turn by giving it a chance to modernize and revitalize. Grapes (*Vitis* sp.) cultivation is one of the most remunerative farming enterprises in India. India has the distinction of achieving the highest productivity in grapes in the world, with an average yield of 21.8 Metric tonnes/hectare (MT/ha). Maharashtra is the leading state in production of grapes in the whole country with around 88 per cent of total production. Area under grapes in Maharashtra is 86 thousand ha and production is around 2050 thousand MT of grapes annually (NHB, 2016). There is a phenomenal rise in export of grapes from India from 54,049.87 tonnes during 2005-2006 to 1,07,257.85 MT in 2014-2015 valuing Rs. 1,086.51 crores (APEDA, 2016), out of which nearly 99 per cent is exported from Maharashtra. With regard to both grapes production and export, Nashik district is at forefront in the state. The exports from Nashik were 48,465 metric tonnes in 2013 contributing around 70 per cent of Maharashtra's total grapes export (APEDA, 2016). In the transitional phase of Indian agriculture from subsistence farming to commercialization this crop certainly offers tremendous opportunity for Indian farmers and

agripreneurs. However, there is still enormous gap in awareness and motivation among Indian educated youth to take up agro based industries as their profession. Fortunately, there are some exceptions that are setting examples for youth of the nations to engage in agripreneurship. One such pioneering endeavor is taken up by Mr. Rajeev Suresh Samant, the founder and Chief Executive Officer (CEO) of Sula Vineyards which is presently, one of Asia's largest wineries.

### **Rise of Sula**

After receiving degrees in economics and engineering management from Stanford University, USA, Mr. Samant joined the Oracle Corporation which he left after couple of years only to come back to his roots in Nashik in India. Initially he started with mango cultivation in his family's 20 acres plot. However, it did not take him long to realize that climatic condition in Nashik is perfect for growing wine grapes. He immediately pursued the idea and met Kerry Damskey, a master winemaker from California. In 1997, the duo took the revolutionary step of setting up the first ever winery in the region which is situated 180 km northeast of Mumbai in Nashik. They started cultivation of such grapes varieties which were never grown in India before like French variety like Sauvignon Blanc and Californian variety like Chenin Blanc. In 1998, Sula Vineyard was established which launched their first wines in 2000 and soon got acclaimed for producing India's best white wines. The name of the company was inspired by Samant's mother's name "Sulabha" that symbolizes the rich Indian heritage. They are the first in the country to use an Indian logo for wines.

### **Paving the way for Indian wine industry**

Wine making in India is a sunrise industry. However, some historians claim that wine has been prevalent in India for many thousands of years, in fact 5,000 years according to some Vedic scriptures. Unfortunately India has neither realized nor considered the potential of this industry in both domestic as well as export market. In spite of having favourable agro-climatic conditions to grow wine grapes in certain parts of the country, India has never taken any initiative to produce enough quantity of wine until recently. Only one per cent of around 123,000 acres of vineyards across India are used for growing wine grapes. Out of total grapes production, more than 80 per cent is destined for fresh consumption and the rest for wine and raisin making (ILO, 2015). In this regard, Sula Winery has definitely taken a path breaking step by realizing that agro-climatic conditions of Nashik is naturally blessed with characteristics in favour of setting up winery. Situated at an altitude of 600 metres above sea

level in the Western Ghats, Nashik's soil is of volcanic origin, ranging from weathered basalt to red laterite to heavy clay. The heavier soils are closer to the Godavari river beds while the lighter crumbly weathered red soils are closer to the northern hilly part of the region. Vineyards in proximity to hills or rivers have remarkably suitable microclimate for cultivation of wine grapes. The best example is the Dindori region which is particularly famous for growing wine grapes. This region is mostly known for producing Sula's premium red grapes like the Cabernet Sauvignon, Shiraz, Zinfandel, Malbec and Tempranillo. Sula has a significant portion of owned and contracted land in Dindori. The cool nights of Nashik ensure high level of acid in the grapes while warm days ensure optimum ripeness of the grapes, resulting in perfect growing conditions for premium wine grapes. Today, Sula Vineyards is not only the first winery at Nashik but it also paved the way for the emergence of India's Wine Capital, with almost 35 other wineries following their footsteps in the region. Presently, 80 per cent of India's wine is produced in Nashik alone.

### **Growth of Sula**

Presently, Sula is India's leading wine company with a market share of 65 per cent in this industry. Starting with Rs. 3-4 crores as seed capital on the 20 acres offamily plot, today, Sula owns three factories worth Rs. 1,000 crores and buys grapes from 3,000 acres of vineyard. It is home to some of India's latest viticulture innovations and technologies, 25 of the world's finest wine grape varieties that get blended into 28 marvelous flavours of wine and Sula holds capacity of producing 7 million liters of wine annually. One of the major reasons for success of Sula winery is their smart price mechanisms. They have their wines in the range of Rs.750 to 3000 which makes it quite affordable for Indian customers. It has succeeded in drawing consumers from imported wine market to the domestic one which has certainly inspired many entrepreneurs to endorse this industry further in India. It has magnificently prevailed over not only Indian market but also made its way into the World wine market as well. Significant portion of their produce is exported to several countries especially, UK and Japan. Some of their flavours are considered best all across the Asia and not only India.

In 2005, they took Sula one step further by making the winery and vineyards open to the public for educational tours, and also launching their beautiful tasting room which invites visitors to enjoy their wines in the midst of overwhelming views of the vineyards and surrounding Gangapur dam water and Goverdhan hills which are naturally gifted to

landscapes of Nashik. Therefore, Sula has not restricted its scopes to processing and manufacturing but smartly used its location to supplement its business activities with agro-tourism ventures. Today, Sula has the biggest non-religious tourist site in Maharashtra.

### **Sustainable wine making**

Sula is not only a business house that is growing extraordinarily in terms of profitability, but it also takes pride in contributing to a sustainable production and business system. It is one of the most eco-friendly companies in India, with a significant amount of its resources committed to sustainable wine making practices. For instance, it has started using solar power to run the machineries in the firm. Almost 50 per cent of their energy requirements are supplied through solar panels established in the firm. They also contribute to water conservation by meeting 25 per cent of their annual water requirement through rainwater collected during the year at reservoirs, check dams and bore wells. The total storage capacity of their water-harvesting reservoirs is around 30 million liters of water annually. To add on to this, they have also come up with state-of-the-art waste water treatment plants where the runoff water from cleaning and other operations gets treated and used back to irrigate the surrounding vineyards, resulting in 45 per cent reduction in water consumption. They have also set example by utilizing drip irrigation systems to cut down irrigation requirements by 50 per cent compared to the traditional flood irrigation. Sula also manufactures homemade organic compost and farmyard manure through vermiculture which meets 40 per cent of the fertilizer needs. In addition to that, they also use the food waste from their hospitality outlets and byproducts of wine manufacturing unit like grape skins, seeds and stems which constitutes almost 30 to 40 per cent of the harvest yield to generate manures for their vineyards. Recently they have also launched their grape seed oil and grape seed cookies which is another pioneering initiative in India to utilize by products of wine industry. This way, they have adapted a remarkable waste management system and they claim almost nothing goes waste in their firm. They have even taken the initiative to avoid chemical pesticides wherever possible and trained farmers to apply chemicals with due safety measures.

### **Social responsibility**

Sula is also well aware of its responsibility towards the farming community who makes it possible for them to serve the desired wine to their customers from farm to glass. They have their owned as well as contracted vineyards where thousands of farmers from the

nearby villages are engaged in producing grapes. This not only secures employment opportunity for them but also assures them a fixed income on regular basis. The farmers are also provided with on-ground training and support on the latest sustainable package of practices of wine grapes. This contract farming system also guarantees secure supply of raw materials to the winery. Therefore, Sula promotes a win-win scenario where both the winery and the farmers are benefitted and grow hand in hand. With their contract farming strategy they have been able to support a number of small farms in Maharashtra and Karnataka by contributing to their sustainable economic development and as well as ensuring them fair livelihoods. A large number of Sula's workers come from disadvantaged communities and have seen a significant change in their standard of living through their tie up with the company. This has been a revolutionary phenomenon in the surrounding villages. Sula employs around 600 employees other than farmers in various sectors like production, manufacturing, hospitality management, public relations and export with two third of them falling in the youth category. Sula's founder, Mr. Rajiv Samant is also a leading advocate for India's wine industry and actively represents the interests of India's wine grapes producers and wine manufacturers to national and state Governments. Besides, it also takes part in developing community infrastructure, conducting educational and training programmes and other social activities.

### **Open learning culture at Sula**

Sula has always maintained an organizational culture that is supportive and promotes open learning at every level. Over the year they have developed a proficient and as well as diverse team with experiences in sales and marketing, management, consulting, finance, hotel management, viticulture, winemaking, design, non-profit and people management. This has been possible only because of their strong commitment towards continuous growth and development. They also provide opportunity for excellent on-the-job training and internship for those who are looking forward to build a career not only in winemaking but also the food and beverage industry as a whole.

### **Why is Sula important for Indian agriculture sector?**

The story of Sula is significant for agriculture sector of India from a number of perspectives. Firstly, it is an extraordinary example of agro-processing industry which is really important in today's agricultural scenario in the country. In spite of being the second largest producer of fruits in the world, India is yet to realize its full potential in terms of utilizing this production boom. According to Ministry of Food Processing Industries (MoFPI,

2016) around 20 to 22 per cent of fruits and vegetables are wasted in the country annually and only 4 per cent of the production is commercially processed. This is in sharp contrast to the extent of processing of fruits in several other developing countries such as Brazil (70%), Malaysia (83%), Philippines (78%) and Thailand (30%). In this circumstance, endeavours taken up by firms like Sula are definitely a shaft of light. Another facet is potential of agriculture sector to grow as agri-business sector. This is the right time for Indian agriculture sector to turn its farmers into agripreneurs and farms into business units. Grapes being one of the most remunerative fruit crops in India have lot of potentials for the agripreneurs to launch their ventures with this crop. This would also create employment opportunities for many people who are in sheer need of it in the areas of production, processing and distribution. Sula has also smartly exemplified the idea of contract farming, eco-friendly agriculture and agro-tourism at their production site. Though wine industry is new to India and requires high initial investment it can be a smart choice for young agripreneurs for its high profitability. For producing 1 litre of wine that sells at the price of at least Rs. 750, approximately only 1 kg of grapes are required that costs Rs. 60 to 80 in domestic market. Even after excluding the manufacturing and packaging costs there is approximately, Rs. 300 to 400 of profit per liter of wine. The profitability increases even more when the produce is exported and this commodity has tremendous scope in export market indeed. Sula can be a pioneering example for young educated youth of the country who have the intelligence and potential to invest in the agribusiness sector. Mr. Rajiv Samant, the founder of Sula winery started his journey at a very young age as well leaving behind his well-paid job as Software engineer in the USA. For attracting youth in agro-based industries, it needs to be intellectually satisfying and economically rewarding. Wine industry promises to meet these demands provided, it is taken up with profound business planning and support.

### **Conclusion**

Sula is one of the premier wine companies in India today that has piloted many other wineries to grow over last decade in the country. It takes pride in turning the Nashik region of Maharashtra into the wine capital of India and making Indian wine prominent in international market. Starting up his enterprise in an industry which was never explored before in India was a bold step for Mr. Rajiv Samant, the founder of Sula. However, his passion and courage paid him back rightly as Sula grew out to be India's largest winery. Sula has set example not only in terms of being a profitable business venture but also by contributing to environmental conservation and social sustainability. It is a business house that grows together with its

farmers by securing a sound livelihood option for them. It has opened a new door for young agripreneurs for realizing the potential of food processing sector of the country. These types of ventures are severely required in the present context of Indian agriculture.

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