

A CASE STUDY

Agricultural value chain: Concepts, definitions and analysis tool

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ABSTRACT

'Agriculture continues to be a fundamental instrument for sustainable development and poverty reduction' (World Bank, 2008); yet, 'The role of market players constraint in agriculture remain pervasive and they are costly and inequitably distributed, severely limiting smallholders' ability to compete'. Dramatic and uneven control on prices of Agriculture produce have exposed the vulnerability of agricultural value chain in meeting global demand and call for increased investment in agriculture at all levels. The question is how the actors of value chain can be measured, particularly in a challenging milieu where actor/s certainty causes to add some cost along with reduction in available resources. An answer to addressing these constraints goes beyond conventional measures since agriculture has always been difficult to quantify the value chain in agriculture. Here, Key players are actors of market involved in agricultural value chain. It composed of all the actor/participant that has some involvement in commodity whether it is related to production to consumption like farmer, aadiya (middleman), distributor, wholesaler, retailer or consumer etc. it may vary produce to produce and The Cigar Box® is a unique toolkit developed by the Olivier van Lieshout, Marketing Economist, Global Facts, Heuvel 12a, 5101 TD Dongen, The Netherlands. It consists of simple, yet concise spread sheets which help the entrepreneur to calculate cost of goods, margins, contribution, break-even volumes and profitability. For a single product or a complete portfolio of products with the help of given tools. There are seven six-box models. Here we are only studied CB5 for value chain analysis. A unbalanced chain of Agriculture produce not only adds the additional cost to commodity but also put negative pressure on the viability of the agriculture sector and its potential to become a part of the solution to the problem of high gap between actual cost and price to end consumer and the major one is the identification of importance of each actor on the basis of contribution to the market. This paper is designed to help the policymakers/researchers/farmers/ producers to create. Value through opting the best-fit chain. A best fit chain has the optimum number of actor/s that can be able to manage the market activities. Presence of more/less no. of actor/s in market of actually needed leads to up the non-relevant cost and resources. Under this, we try to cover whole in short, via hypothetical example of Tofu product with backward and forward integration among agricultural value chain, primarily focused on actor/s, role and effect on market and product. We started with nitty-gritty introduction of pre-requisites. A principal objective of this paper is to better enable you to use such tools effectively. Research Methodology is based on analysis of secondary data that has been analyzed and interpreted with simple tools for sketch out the conclusions.

KEY WORDS : Agricultural value chain, Cost benefit ratio, Backward –forward integration

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