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International Journal of Commerce and Business Management

Volume 7 | Issue 2 | October, 2014 | 367-371

DOI: 10.15740/HAS/IJCBM/7.2/367-371

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A CASE STUDY

Banana value chains in South India

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Received : 02.04.2014; Accepted : 20.09.2014

ABSTRACT

Two banana value chains (BVC), are illustrated based on research conducted in South India in 2014. BVC1 is the traditional value chain that sources bananas from small farmers for distribution through nearby destination markets in South India. BVC2 - the state-of- art value chain that includes farmers supplying to both major and independent retailers in South India, through a wholesale agencies with some farmer ownership. Farmers in both chains live in relative isolation from the main markets for their bananas. Prices for their bananas depend on the market prices in the city, upon which they have little control. This research paper focuses on how farmers are distanced from key markets; deal with buyers to receive fair prices. In both chains, most cash dealings between farmers and their buyers were completed through a relative/fixed pricing system with little bargaining effort from the farmers. Because of their relative seclusion, farmers relied on the buyers to offer them fair prices that reflect market movements in the city. Farmers in BVC1 based their trust on traditional ethical values to secure banana supply in the villages. In BVC2, farmers' trust in their intermediary developed over time in their relationships and by making comparisons between the prices farmers received for their bananas and the market information they have.

KEY WORDS : Banana value chain, Isolation, Trust

How to cite this paper : Pauline, D. Ann and Ajjan, N. (2014). Banana value chains in South India. *Internat. J. Com. & Bus. Manage.*, 7(2) : 367-371.

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