

“Highway Entrepreneurship - The Case Study of Banana Chips Producers at National Highway No.6”



Sayyed Akhatar Ali

Assistant Professor,

Ramachandran International Institute of Management, Pune.

ar.sayyed@gmail.com

Abstract:

By 2015, Jalgaon district in Maharashtra has become the world's seventh largest producer of Banana if it were a 'country'. This, itself shows the Banana cultivation capacity of the district. In the current environment, Jalgaon Banana farmers are facing huge competition. Previously, Only Maharashtra was producing the Banana for sale and other states were producing banana with the intent of self consumption and the use of Banana leaves as replacement of plates. Now, as the production capacity of some states has increased drastically, they also started to distribute banana to the non banana producing states. Due to such competition, banana producers have to find some other ways to survive.

Following case study focuses on 1) How banana producers turned themselves into an entrepreneur with the least investment. 2) How banana chips production has been proven into new way of generating revenue. 3) How highway plays a crucial role in their business. & 4) Why do we call it as a Highway Entrepreneurship.

The case study is based on secondary data and personal unstructured interviews conducted.

The case is an attempt to highlight how these small banana producers are finding the way to not only sell-out their production, generate revenue but also to survive in the competitive market.

Keywords: Highway entrepreneurship, banana chips, banana producers.

Introduction:

Introduction to Banana fruit Industry:

Following are the facts and figures about Banana Fruit Industry.

- Banana is India's largest & Maharashtra's second largest produced fruit & second largest exported fruit of the country.
- Banana contributes 37% to total fruit production in India.¹ Maharashtra alone produces 25% of total production in India.²
- Jalgaon District itself produces around 3.4 million tones banana, which accounts for around 70% of Maharashtra and around 12% of India's annual output. By 2015, Jalgaon district in Maharashtra has become the world's seventh largest producer of Banana if it were a 'country'.³
- The perishable level of Banana is higher than other fruits and certain times traders are unable to sell the entire production. The study will help to find a new market.

- Banana market is still searching for the ground to grow. The study will help to improve existing market & to improve distribution channel of Banana Industry.

After Tamil Nadu, Maharashtra stands second largest producing state and Jalgaon is highest banana producing district of the country. Jalgaon is also known as a Banana Capital of India.

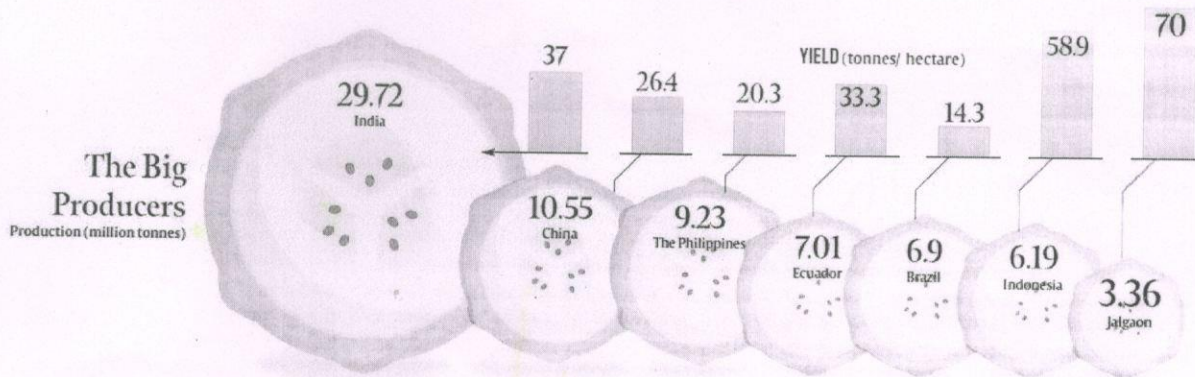


Fig: Country-wise production of Banana & their comparison with Jalgaon District, published in Indian Express news article on 16th July 2015

Jalgaon Banana Traders sell around 80% of their production out of the district. Apart from Maharashtra, North Indian states like Delhi, Haryana, Punjab and Rajasthan are major buyers of Jalgaon Banana.

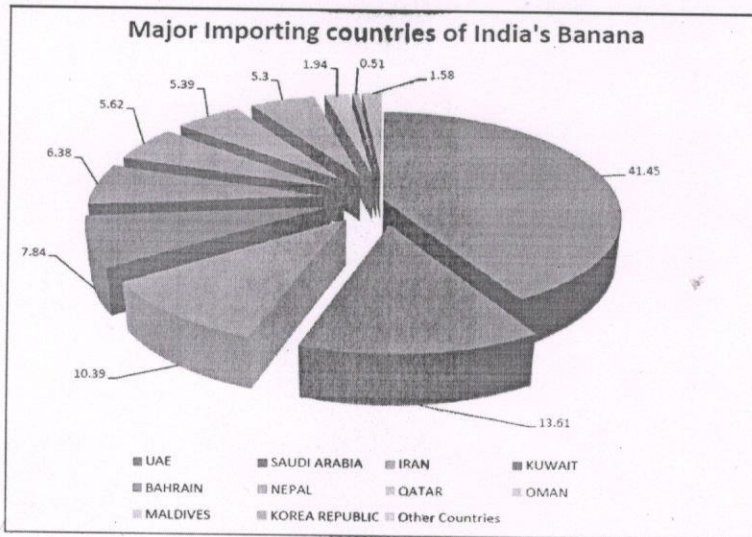


Fig: Major Importing countries of India's banana in Asia (figures indicate % of import).⁴

The above diagram highlights the huge need of banana in Asia. UAE imports around 41 % of the total import in Asia. India is the largest exporter of Banana to all Asian countries.

The import demand of Banana is also there in American, Australian and European countries.

Need of the Study:

It is always observed that the banana producers/ farmers and traders neglect the growing business trends and follow the traditional selling and marketing methods. Though, India has an ample scope being an exporter of banana across the world. But some societies and firms believe in exporting and adopting the contemporary methods. Out of the total production of banana, Jalgaon district produce more than 3.4 million tones banana every year. i.e. 70% of Maharashtra's production, but out of total production of banana in Maharashtra, up to 25 to 40% is being wasted due to bad handling⁵ & insufficient cold storage facilities.⁶

Jalgaon, being a largest producing district of banana face the huge problem in selling out the production. Looking towards the demand of Banana processed products, banana producers have initiated a business of freshly made banana chips at highways itself. It created a need of the study of this business model and also creates the following objectives.

Objectives of the Study:

Following are the objectives behind the study

1. How banana producers turned themselves into an entrepreneur with the least investment?
2. How banana chips production has been proven into new way of generating revenue?
3. How highway plays a crucial role in their business?
4. What are the various hurdles for the banana chips producers? &
5. Why do we call it as a Highway Entrepreneurship?

Significance & Scope of the Study:

The study is an attempt to **describe** how banana producers/ farmers of Jalgaon converted the regular homemade snacks into a product for **not only** generating revenue but also to sell-out the unsold production. This will generate the scope for **understanding the methods** they are using to produce and sell the banana chips. It will also give them the popularity and scope for sell their products on a larger scale.

The geographical scope of the **case study** was limited to Highway No. 6 especially between Jalgaon to Bhusawal. There are possibilities that **study may not** represent the entire population. The study conducted & secondary data analysis will definitely **highlight these** budding entrepreneurs.

Discussion:

The Reason:

Jalgaon Banana Producers/ **Farmers** produce the banana throughout the year. It takes around 16 months time to produce a green banana. **The perishability** of ready banana is pretty high. Banana producers and farmers produce banana in all three banana **cropping** seasons, i.e. Navatibagh, Pilbagh & Kandebagh. But the huge amount of production gets wasted **every year**. Over that, a huge supply chain always makes their sale of banana difficult. Following are the supply **chain followed** by banana traders and marketers of Jalgaon.

- Farmers >> **Groups/ Societies** >> Agents (Agencies) >> Suppliers/ Wholesalers >> Retailers >> Customers
- Farmers >> Groups/ **Societies** >> Suppliers/ Wholesalers >> Retailers >> Customers
- Farmers >> Agents (**Agencies**) >> Suppliers/ Wholesalers >> Retailers >> Customers

- Farmers >> Groups/ Societies (Online) >> Retailers >> Customers.

Such huge supply chains keep the farmers away from the profit they deserve. It creates huge losses for the farmer /producers and certain time they are unable to pay the loans.

The idea:

Raw banana chips are pretty famous and traditional snacks in many houses of Jalgaon rural area. The ladies at home use slicer to make thin slices of raw banana and then fry it in the edible oil. After frying it properly, they sprinkle salt, red chili powder or some dry herbs for flavouring. It is considered as a tasty snack at various places. These chips are easily available for farmers and producers but the other households have to purchase the raw banana from the market and then prepare it. Or else they have to purchase the packed Banana chips.

With the help of the ladies, the producers/ farmers have brought the product to the local market. The highway was preferred market as maximum farms surround highway only. At every 500 meters of road we find at least one such entrepreneur.

The Investment:

The major investment **required for them** is a Vessel, a slicer, a knife, edible oil and salt, red chili powder or some dry herbs. To the farmers and producers, banana is available free of cost. Some of the farmers use old Chullah (Kiln) as a stove in place of gas. It saves much more cost of them.

Other than that they require packaging cost. Even that is in packaging of Kgs, means 1 Kg, 2 Kg and 5 Kg. With such Investment, they started the business.

The Highway:

As the farms surround highway they sell the banana chips directly to customers on the highway. Most of the people do a private commuting for jobs and businesses as well as several trucks go to the various part of the country from the same route. The farmers sell the chips to the individuals as well as sale it to the wholesalers of the big cities. They usually sell their chips in the cost of Rs. 90/- to Rs. 120/- per kg. Such chips have been sold in Rs. 200/- to Rs.300/- per kgs. The organized sectors sell the 90gm chips in Rs. 40/-. That goes around Rs. 400/- to Rs. 500/- per kg.

The Hurdle:

The usual selling cost of the chips is Rs. 90/- to Rs. 120/- per kg. But these chips are sold in Rs. 200/- to Rs.500/- per kgs; A difference of more than a double. If they make a supply chain to sell the banana chips to bigger cities, they will be able to make much profit. The barrier in front of them is to expand the business. If they succeed, they will get a better profit margin. This will solve the problems related to loans and survival.



The Highway Entrepreneurs (Conclusion):

As the larger part of the business happens on Highway and the farmers and producers depend on highway to sell their produced banana chips. This becomes a big reason we call them the Highway Entrepreneurs. The small household snack is being sold on the highway. It needs a pretty small investment to start a business. There is a huge scope this particular business has but they are unable to gain the deserved profit.

References:

¹ Jain Irrigation: <http://www.jains.com/Tissue/tissueculture.htm>

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⁴ APEDA (Agricultural & Processed Food Products Export Development authority): <http://apeda.gov.in/agriexchange/market%20profile/MOA/Product/Banana.pdf>

⁵ <http://www.msamb.com/export/mahabanana.htm>

⁶ Economic Times Article: http://articles.economictimes.indiatimes.com/2013-11-28/news/44547246_1_cold-storage-facilities-wastage-cold-chain-infrastructure

