

BIZ TIGATION

INTER-UNIVERSITY
BUSINESS CASE COMPETITION

2024



F&B JU
Department of Finance & Banking



FINANCE FEST
2024

FOOD PRICE HIKE

A TALE OF MIDDLEMAN AND POST HARVEST LOSS

Detective Heshela is looking into the issue related to the rising cost of agricultural products.

The rising food cost is a problem which can be broken down into further sub-points. Two of the biggest reasons are the existence of middlemen and the lack of proper post harvest management.

How do middlemen contribute to rising food price?

A significant challenge in the agricultural sector is the presence of multiple intermediaries between farmers and consumers. This multi-layered system, involving 5 to 6 middlemen, leads to increased transaction costs and inflated prices. As a result, consumers often pay 100-300% more for vegetables in urban markets compared to their farm prices.

A report by the Asian Development Bank named "Dysfunctional Horticulture Value Chains and the Need for Modern Marketing Infrastructure: The Case of Bangladesh," further emphasizes this issue. It reveals that farmers receive less than 40% of the final consumer price, while merchants and intermediaries capture a substantial 43%. The remaining 17% is allocated to various expenses like transportation, storage, and packaging.



Agricultural economists attribute this market inefficiency to a breakdown in the supply chain.

This dysfunctionality results in losses for both producers and consumers. In contrast, farmers in developed countries typically receive around 80% of the final retail price, benefiting from efficient market.

How is the lack of proper post harvest management affecting food prices?

Post-harvest loss occurs during the stages between harvesting and consumption, including handling, transportation, storage, processing, marketing, and distribution. It can lead to significant losses in terms of quantity and quality of agricultural produce. Each year, up to 20-44% of fruits and vegetables are wasted in Bangladesh, resulting in estimated annual losses of \$2.4 billion [US-based LixCap] due to insufficient storage facilities. Bangladesh often resorts to importing instead of exporting these products due to the lack of cold chain infrastructure.

Heshela is astonished by the aforementioned reports. She wants to dig deeper into the reasons as to how the middlemen are earning a significant amount of profit. She deduced a few reasonings:

1. High Transportation and Operational Costs: As agricultural products travel longer distances, transportation costs increase, which are often passed on to consumers. Middlemen, who play a crucial role in the supply chain, often exploit this situation by underpaying farmers while maintaining their own profit margins. The poor infrastructure in many rural areas further exacerbates this problem, leading to high post-harvest losses which contribute to price fluctuations and limit the availability of fresh produce in urban markets.

2. Lack of Regulation and Transparency: The absence of effective regulation in the agricultural market allows middlemen to operate with little oversight, leading to a lack of transparency. Many transactions between farmers and middlemen occur without proper documentation, such as receipts or written contracts. This lack of transparency makes it difficult for farmers to challenge unfair pricing practices and for consumers to understand the true cost of food products. Middlemen can manipulate prices to their advantage, further exacerbating the issue of low farmer incomes and high consumer prices.

Detective Heshela is devastated to see how the farmers are being exploited. She wants to come up with a solution to this but needs help from your team! She has recently been introduced with the concept of digitalization and thinks this can be implemented here to reduce the impact of middleman and also ensure better preservation of crops. But she is unsure of the usage of digitalization for the latter cause.

Your Tasks:

1. Carefully craft solutions which tackle both the issues of intermediaries and post harvest losses. There could be two different solutions for two of the issues. However, you are expected to link them both into one proper GTM strategy.
2. Focus on branding and promotional activities which cater to your selected target audience.
3. You are required to do some basic financials and budgeting for your ideas (you do not have to create any financial statements).

INSTRUCTIONS

- The solution has to be submitted in PDF and PPTX format. No other format will be accepted.
- The presentation file should be limited to 17 slides
- Your solution file (Both PDF and PPTX) should be named in the following manner: Team Name_Round 1_Biztigation2024.
(For example: Hilsha Tank_Round 1_Biztigation2024)
- The participant's name or institution's name should not be mentioned on any slide. This rule must be strictly followed or else it will lead to disqualification.
- Submission link: <https://forms.gle/xtyu4LAVZEJmYnCA6>
- The solution must be submitted only through the Google Form. Create a folder in google drive and rename it according to the aforementioned format. Upload both pptx and pdf in that folder. You have to attach google drive link of that folder in the google form. Enable the viewer access for everyone. No other mode of submission is acceptable.
- Usage of AI to craft solution is highly discouraged. Let your creativity shine!
- Not abiding by the rules will result in penalty or disqualification.
- Submission Deadline: **November 5, 2024 [11:59 P.M.]**

The executive panel of Biztigation 2024 holds the authority to update or change any rules and regulations of the competition at any time without any prior notice.

JUDGEMENT CRITERIA

CRITERIA	MARKS
Situation Analysis	10
Target Group Analysis	05
Big Idea	20
Feasibility	20
Incorporating SDG	05
Digitalization	15
Financials	05
Justification	10
Aesthetic sense and Creativity	05
Alternative Evaluation	05