

## 9

## Understanding market mobility: perceptions of smallholder farmers in Bangladesh

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### • Background

This article describes the experience of participatory research with smallholder farmers in central Bangladesh. The research looked at how and why farmers use different markets to sell their products and what could be done to maximize their profit.

Bangladesh is largely an agricultural country with a total area of 147,960 sq. km. With a population of 118.7 million (official estimate, 1994) it is also one of the world's most densely populated countries, with more than 806 people per sq. km. GNP per capita stood at just US\$230 in 1994, making it, by this crude measure, one of the world's poorest nations. In rural areas the poor experience scarce and diminishing resources, insufficient and inadequate physical infrastructure, lack of basic education and health services and, most importantly, a situation of dependency on those who control production assets.

Besides government activities, thousands of Non-Government Organizations (NGO) have been working to improve the socio-economic conditions of the rural poor since independence in 1971. Most of the NGOs concentrate their efforts on organizing groups of small-scale and marginal farmers and landless labourers, providing credit, training, and other support to ensure stability in the production process and overall improvement in living conditions.

Proshika is one of the largest NGOs in Bangladesh, supporting over a million families in nearly 70 000 groups. After several years of intervention, it appeared that poor farmers could improve their access to and control of

local markets by bypassing 'middlemen' and selling their produce directly to consumers and wholesalers. A number of conventional impact assessment and monitoring surveys were carried out by NGOs (including Proshika). Economic empowerment indicators were used to study changes in market mobility<sup>1</sup> and group members' access to various markets for maximising their profits. While the earlier surveys revealed information about marketing outlets in general, they did not address specific issues of market choice, access and profitability.

### • Objectives

Given these gaps in knowledge, the objectives of the study were to understand:

- to whom, and in which markets, group members sell their products;
- which markets or sales outlets provide the best price for products;
- what problems groups face in marketing their produce in those places which offer the highest return; and,
- what steps group members felt would be appropriate to improve their marketing of products to ensure highest profit.

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<sup>1</sup> There is a great variation in market mobility. Not all producers have easy access to a wide range of markets and are often compelled to sell their produces in local markets.

## • Methodology

In order to understand the perceptions of group members, a study was designed using PRA methods. It was decided to select a village where Proshika has intervened for a period of three or more years and where a number of groups are engaged in various income generating activities. Janna village in Manikgong district was purposively selected for the study as meeting these criteria. The PRA tools which were used in this study were:

- Semi structured interviewing;
- Matrix scoring and ranking;
- Problem tree and problem prioritization; and,
- Participatory planning for developing community marketing plans.

The villagers were informed in advance about the PRA exercise and were asked for a time for convenient time for discussion. They decided that it was best for discussions to take place in the evening and this was how the PRA was scheduled. The men who attended the discussions were excited about the topic. However, it was difficult for women to participate because the meetings were large and they were out numbered by men (see below).

After rapport building, the villagers were asked to name products which they sell at different times of the year. They named fourteen different products. These were written on cards and placed on the ground vertically. They were then asked about different marketing outlets. These were written on cards and placed horizontally. This created a market preference matrix and the villagers were asked to score out of ten seeds the following:

- their preference for marketing each product in each market;
- to rank the markets against the criteria of profitability for each marketable item.

Next, the villagers were asked to name the buyers, people who buy directly from the group. Using ten seeds, they were asked to rank buyers according to whom they prefer to sell to and the price a buyer offers for each

product. Finally, discussions were facilitated to elicit the members' views on developing a suitable marketing strategy for enhancing the profitability of their products.

## • Findings

Great diversity in the marketing of agricultural produce was noticed. Overall, the villagers named seven different markets<sup>2</sup>, where the fourteen different products are normally marketed (see Figure 1). Except for processed rice, all the other major field crops (paddy, wheat, pulses, mustard, and jute) are marketed in a hat either inside the village or outside e.g. in the neighbouring villages or towns of Kalampur, Savar and Jayra.

It is important to note that hats and bazaars occur both inside and outside the village. While the hats outside the village generally offer better prices for all agricultural products (Figure 1), the group members prefer to sell many of their products in the hat inside the village mainly because:

- of the difficulties and costs involved in handling the bulk quantity of agricultural produce;
- of the time involved in visiting distant markets;
- of the wages foregone by travelling to other markets;
- members' produce is not harvested or ready for the market at the same time;
- small quantities of each product are produced by individual producers, making it difficult to fill a truck and make visits to more distant markets viable;
- farmers cannot keep up-to-date with fluctuations in prices at markets outside the village; and,
- of insecurity and the risk of robbery when returning from distant markets with money.

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<sup>2</sup> The term *market* is used to define any place where a transaction of goods (selling and buying) takes place. A *hat* is a weekly or quarterly open market which sits in a particular place and where people from surrounding villages come for purchase, sale, and other business transactions. A *bazaar* is a daily market in a particular village. Bazars are generally smaller in size than hats and are mostly visited by people local to the village.

Villagers' prefer coarse rice which is processed from coarse paddy varieties. Coarse rice increases in volume more than fine rice when cooked and so local people find it gives them more energy and staves off hunger. Coarse rice is cheaper than the processed varieties which are favoured by richer and more urban people. Thus, Figure 1 shows that the coarse paddy gets a better price in the village hat whereas the fine paddy fetches a better price in the outside hats.

In the case of potato, the daily village market offers the best prices, but group members tend not to sell their product in the local market. Instead, most potatoes are sold from the field to middlemen. While middlemen offer lower prices, they take care of harvesting, packaging and transporting the potatoes to market. By

accepting a lower price, the group can avoid undertaking these tasks themselves.

In the case of milk, eggs, and poultry, the villagers prefer to sell them either from home to the interested buyers or at the local hat. This is due to the perishable nature of these products. For the same reasons, vegetables are sold at local markets. The group members reported that vegetables always fetch better prices than other field crops. In order of profitability they ranked agricultural products as follows: vegetables, jute, pulses, wheat and milk.

It was further reported by the producers that the entire crop of tobacco is purchased by the tobacco companies (e.g. Aziz Biri Company) from the village when the crop is green.

**Figure 1. Market preference matrix.** Markets are scored out of 10, according to members' preference to sell their products in that place (a score of 10 indicates that the market is preferred by the members). The profitability of each market (shown in parentheses) is also scored out of 10 (a score of 1 indicates that the market is the most profitable).

Product	Markets						
	Inside bazaar	Inside hat	Outside bazaar	Outside hat	Sold from the field	Jayra <sup>3</sup> hat	Home
Processed rice	8 (1)		2 (2)				
Paddy		7 (1)		3 (2)			
Wheat		6 (2)		4 (1)			
Pulses		5 (2)		5 (1)			
Mustard		4 (2)		6 (1)			
Jute		5 (2)		5 (1)			
Potato	1 (1)	1 (2)			8 (3)		
Vegetable	3 (3)	3 (2)		2 (1)	2 (4)		
Tobacco					10 (1)		
Cattle				5 (1)		5 (2)	
Poultry		7 (2)		3 (1)			
Egg		3 (2)					7 (2)
Milk	8 (1)						2 (2)
Cottage industry		6 (1)		4 (2)			

<sup>3</sup> A weekly market, known as the Jayra hat, sits in Jarya village. Villagers sell only cattle in this hat.

**Figure 2: Buyer preference matrix.** Buyers are scored out of 10, according to members' preference to sell their products to them (a score of 10 indicates that the market is preferred by the members). The profit received from each buyer (shown in parentheses) is also scored out of 10 (a score of 1 indicates that the market is the most profitable).

Product	Buyers			
	Direct consumer	Bapari/Faria <sup>4</sup>	Butcher	Company
Processed rice	8 (1)	2 (2)		
Paddy	7 (1)	3 (2)		
Wheat	2 (1)	8 (2)		
Pulses	2 (1)	8 (2)		
Mustard	1 (1)	9 (2)		
Jute		10 (1)		
Potato	2 (1)	8 (2)		
Vegetable	3 (1)	7 (2)		
Tobacco				10 (1)
Cattle	4 (1)	4 (1)	2 (2)	
Poultry	3 (1)	7 (2)		
Egg	2 (1)	8 (2)		
Milk	2 (1)	8 (2)		
Cottage	4 (1)	6 (2)		

<sup>4</sup> Bapari/Faria are the middlemen who purchase products from small producers and sell them to large buyers known as Mohajan.

A close look at the buyer preference matrix (Figure 2) reveals that, in general, domestic consumers from the locality offer a better price for all products than those offered by businessmen (Faria/Bapari). It is also clear from the same matrix that, except for processed rice and paddy, producers sell their produce to middlemen for less than could be obtained elsewhere. This is because there are not many local buyers in small villages and it is not possible to store large quantities of commodities, like wheat, potato, pulses, mustard, etc. as they might spoil. Thus, although they get a lower price, producers sell to bapari where they can get rid of bulk quantities and receive a one-off payment in cash. This matrix quickly generated a discussion as to how to ensure more profit by combining the efforts of different producers.

### • **Future prospects**

After the exercises, the group members and other villagers realised for the first time that they had been losing money by not channelling their products to the most appropriate markets. The discussion generated the following findings which could be further discussed and developed into a collective marketing plan:

- Group members can come together and market their products collectively at distant markets by hiring trucks.
- Members can plan their harvest so that the final product can be marketed together and at the same time.
- External support (e.g from NGOs) to help develop new markets.
- Collective marketing plan could generate employment for two to three unemployed village youths. They could work for the producers in marketing their products and would be paid from the extra profit earned in the process.
- Collaborative action among the producers would enable them to eliminate the middlemen (Bapari) and increase their profits by reaching the businessmen (Mohajan) directly.

### **The role of women**

This study did not adequately explore the role of women in the marketing of agricultural and

cottage products. Women have distinct roles in production and marketing of products at household and farm level. An earlier impact assessment study of Proshika's development interventions showed that many women members (including widowed, divorced, and separated women) had successfully established small businesses e.g fishery ponds, cattle fattening, poultry, puffed rice making, etc., using credit from Proshika. All these products are marketed by the women, mostly at the household level. Thus the price is controlled, to a great extent, by the outsiders who come to purchase the products periodically. Due to the restricted mobility of women in Bangladesh and their dependency on others for marketing their products, women do not always receive fair prices for their products.

It is essential to explore the role and contribution of women in production and marketing of agricultural and cottage products. Exclusive participatory study with women is likely to reveal patterns different to those presented here. Our experiences of facilitating participatory studies with women suggests that it is always better to have separate discussions with women during their leisure time.

### • **Conclusion**

From the participatory exercises carried out with the farmers, it is apparent that smallholder and marginal farmers could improve and stabilize their production through better analysis of existing and new market options. A lack of understanding of alternative market opportunities enables middlemen to control production, particularly in the agricultural sector.

Few NGOs promote marketing opportunities as a way of bridging the gap between producers and consumers. This is particularly relevant for the agricultural sector. Where they can't sell their produce, small farmers are compelled to pay interest on their credit for longer, or they are forced to sell their products in the existing markets in the local areas. This tends to strengthen the role of middlemen. This study indicates how farmers can begin to orient themselves towards new and better market opportunities and the role that NGOs can play in supporting this process.

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