

Making markets work for smallholder farmers

Sorghum and pearl millet are generally grown by resource poor farmers (owning less than 2 ha land) in semi-arid and marginal environments. Sorghum grain generally used as food, is also used as poultry and livestock feed, and for manufacturing alcohol and starch. In recent years, demand for non-food uses of sorghum is growing, the main constraint to industry being the lack of availability of sorghum in bulk quantities and assured supplies. The combined effects of supply, demand and policy factors have often depressed the prices of sorghum in relation to other grains. The dispersed pattern of production implies that marketing costs can be high when left to individual producers and the transaction costs of collection from individual farmers are also high and hence non-remunerative to the processors/ traders.

ICRISAT is implementing a project with funding support from CFC/FAO in collaboration with partners/stakeholders from India, China and Thailand. The main objectives are to increase production and productivity of sorghum and millet through supply of improved cultivars; package of practices reducing per unit cost of production; developing infrastructure at villages for drying and storage; formation of Farmers' Associations; training farmers in scientific storage methods, grading and bulking of grain, and improving supply chains through backward and forward linkages with input suppliers and processors.

Timely harvesting, drying, scientific storage, grading and bulking practices enhanced the quality of grain, further adding to their value. The backward and forward linkages was a win-win situation for both the farmers and the end users. Backward linkages assured easy access to improved technology, quality inputs and formal credit (low interest rates); while the forward linkages led to easy access to markets, improved bargaining power, lower marketing and transaction costs and farmers' access to market information.



For the processor it meant reduction in transaction cost, assured supply of produce, guaranteed purity and origin ensured (grains from particular locality with specified qualities), and overcoming seasonality (making grain available to some extent during all seasons). The Farmers Association members facilitate the bulking of grains by the members in the godown, participate in the buyers meet, discuss procurement projections and negotiate prices on a regular basis apart from the negotiations with the bankers for produce market loans for the stored produce.

The model of bulk marketing is now being enhanced with formal / informal agreements between the Farmers Association and the poultry feed manufacturers. The alcohol manufacturing industry is also tying up with farmers for the purchase of grain. The upscaling of this model will benefit small-scale sorghum and millet producers.

For more information contact the CFC Team: c.gowda@cgiar.org; a.alur@cgiar.org; p.partha@cgiar.org; c.reddy@cgiar.org; or b.reddy@cgiar.org