

telenor

An introduction to Agriculture Commodity Trade

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Sourcing

Packing

Transport

Lot Auction

Shifting

Store / Process



Agents buy the produce from the farmer and provides harvesting help

Agents arrange packing and loading

Owner: transporter or local packager

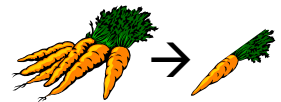
Seller: professional auctioneer hired by market commissioner
Buyer: Middlemen

Owner: Middlemen
Transporters earn a fixed fee for carrying from one end of market to the other

Owner: Middlemen
Some produce must be processed (sugar cane, bananas) others should be sold asap

Value Chain

Lot split



Consumer



Grocery Shop Distributor Market Retail



Owner: a shop
Buyer: you and me

Owner: A buyer may be representing one or more shops. He rents a car / van to take the produce to the shop

Seller: Market retailers
Buyer: Distributors or shops directly (in some cases consumers)

Seller: Auctioneer hired by Middlemen
Buyer: Market retailers
Single case / crate sales



Challenge: Locked market situation with little capital and strangled access to markets

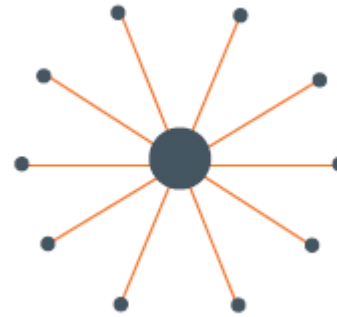
- Limited communication and little access to capital hinders business in emerging markets
- Traveling great distances is often only way to get information
- Not a developed banking system that allows non-line of sight transactions
- Lack of standards & certification
- Isolated & uninformed farmers & traders have little bargaining power with middlemen
- Huge inefficiencies

1 to 2 hours travel from Dhaka – glimpses of Rural area

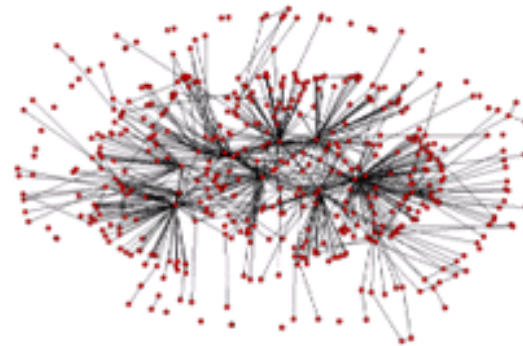


Concept

- Initial idea:
Buy and sell agric produce and product using the mobile
- Remove market friction and market inefficiencies
- Step 1: Start with market information
- Step 2: Open up for trading of produce and input products



Today:
Centralized
& fixed power
Structures



Tomorrow:
Many to many,
automatic



Summary:

- Adding value rather than replacing the existing
- Introduce certification and grading
- Introduce mobile payment using easypaisa
- Hope to create many-many/peer-peer market on the mobile phone
- Become the way of doing business for agriculture globally

Farmer – Further categorization

- Farmers can be large or small depending on the area under their cultivation i.e production capacity
- Farmers can also be categorized according to their geographical remoteness – Remote, Rural and Semi Urban (see Mouza information)
- Farmers can either belong to the Top 5 Produce club or the Other Produce club
- Farmers can be categorized according to whether they are serving local markets or exporting or both

Issues faced by farmers

- Lack of information and access to markets
 - Do not have access to Pricing information and thus suffer from lack of competitiveness
 - Farmer get 65% of consumer price of produce in non perishable
 - 25-55% for perishable commodities produced
 - Reasons: lack of marketing facilities & remoteness from organized markets
- Needs money to activate business
 - Borrows money from Middlemen, Neighbours to buy fertilizer, seeds and
 - Few alternatives available – ZTBL giving loans but outreach is an issue

Issues of farmers

- Lack of alternate selling channels
 - Is heavily dependent on the middleman to sell produce
 - Has little or no bargaining power
 - What is not sold is wasted
- For exported goods payment method is cumbersome
 - Payment comes through association or exporter in the form of cash
 - Large sums of cash are hand distributed over large distances
- No insurance against crop loss
 - In case of loss of crop due to force majeure the farmer bears complete brunt
- Dependency on agents and middlemen for buying seeds/ fertilizer/ pesticide
 - In case of remote farmers middlemen are sole source



Rural Marketing imperfections/ Opportunities

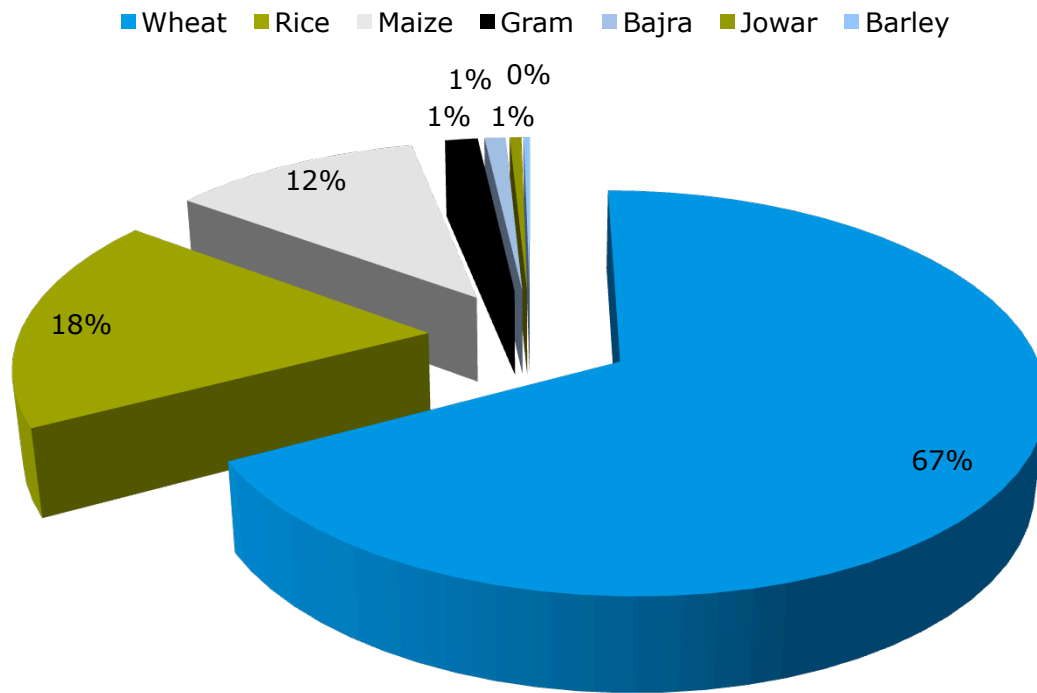
• Short weight of produce
• Mis quotation of rates
• Exploitation of farmers in debt
• Cartel among traders to suppress prices
• Excessive rate of various services
• Un reasonable quality/weight deductions
• Munshaina/charity uncalled
• Hoarding/profiteering
• Topping
• Under cover method of purchase
• False account/transaction record

Solution – Vertical integration in Rural Marketing Function



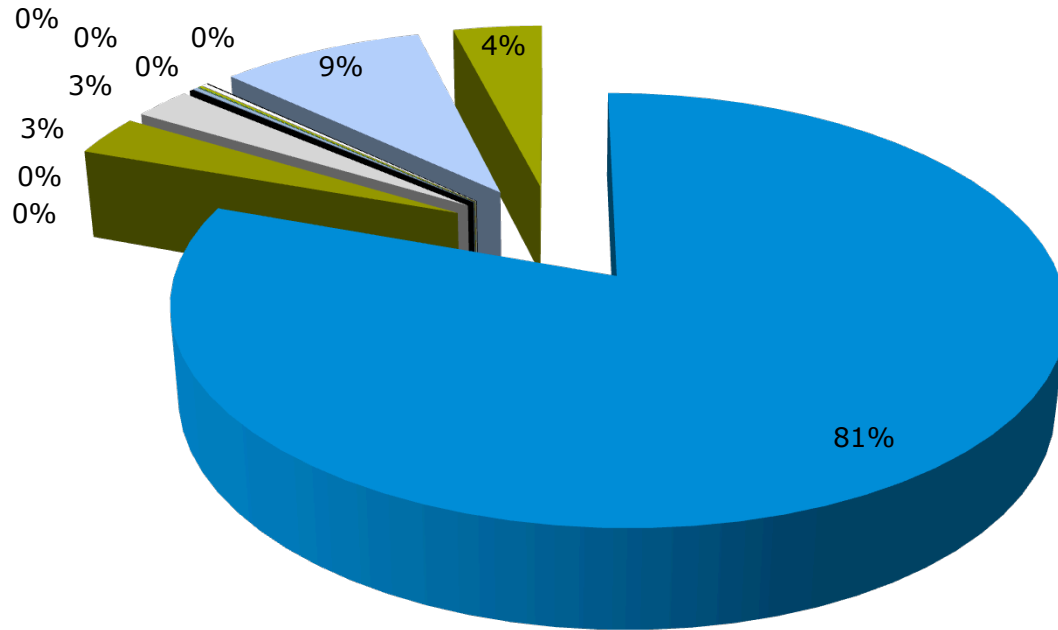
Some interesting facts

Food Crops Production (' 000 tons)



Other Crops production (`000 tons)

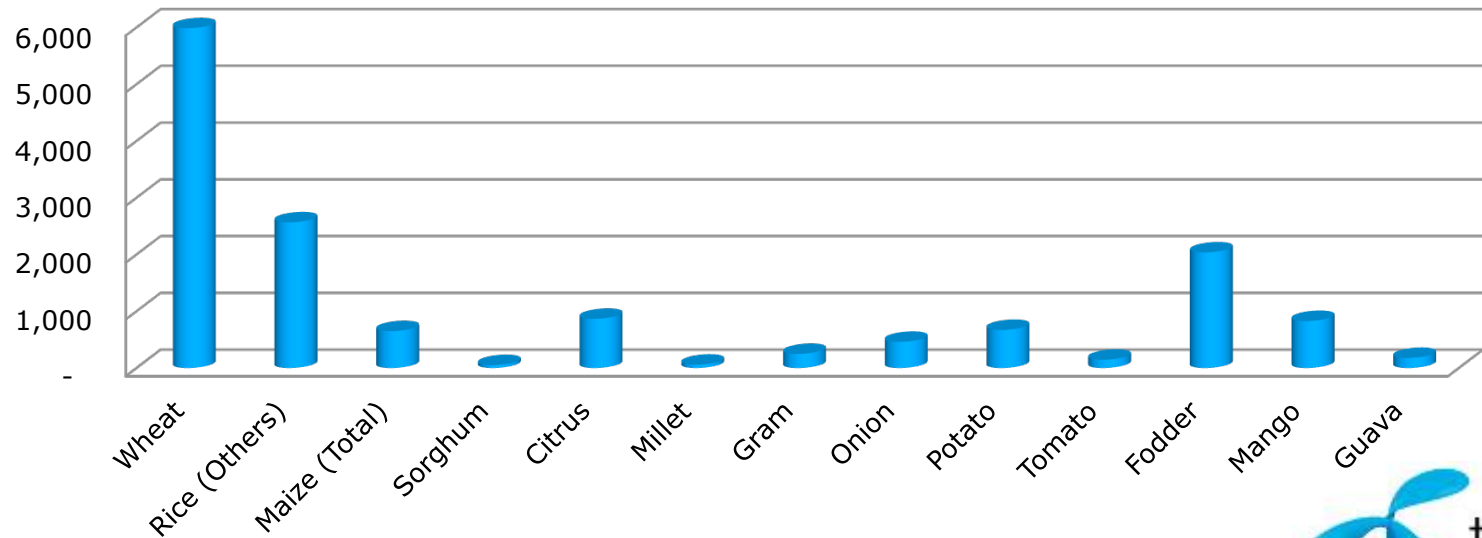
0% ■ Sugarcane ■ Potatoes ■ Onion ■ Chillies ■ Mung ■ Mash
0% ■ Masoor ■ Tobacco ■ R & M Seed** ■ Sesamum ■ All Fruits ■ All Vegetables



Synopsis of production

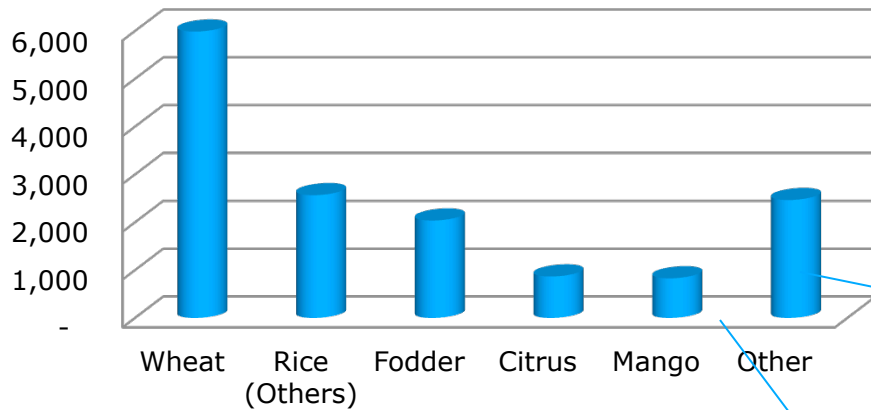
- Wheat, rice and Maize make up 97% of total food production – worth USD 9,204 million
- Sugarcane, Fruits, vegetables and potato make up 97% of total Other Crops production

Annual production in Pakistan (mill USD)

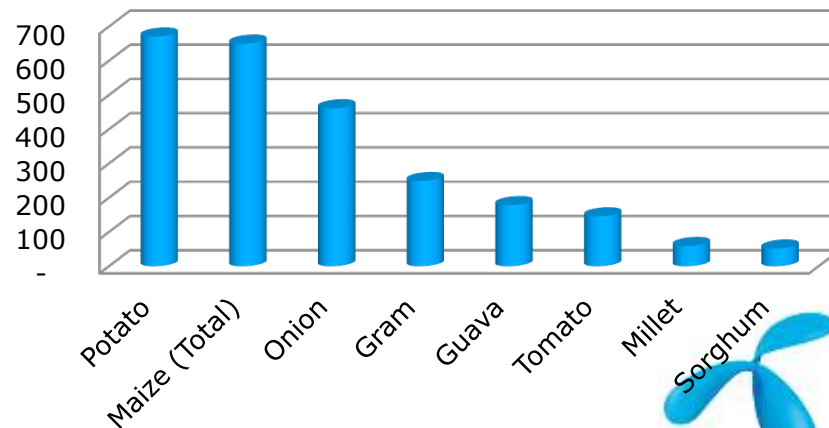


Top 5 annual produce

Top 5 Produce - Annual Production



Other



Products and Services



Products and services - Overview

- **Agriculture Information Service**
 - Pricing information for produce by market
 - Weather information
- **Agriculture Produce transaction service**
 - Buyer can procure directly from farmer
 - Transaction to be done over ACT portal using easy paisa
- **Seed/ Fertilizer transaction service**
 - Farmers can buy directly from the company
 - Existing distribution channel can be used with ACT to organize ordering and easy paisa for payment
- **Agriculture insurance**
 - Cover loss during transportation
 - Loss in crop
- **Microfinance loans**
 - Loans for the farmer to buy seeds/ fertilizers
 - All exchange to take place through ACT using easy paisa



Thank You

