



**POLICY AND INSTITUTIONAL MAPPING
FOR SMALL-SCALE PRODUCERS' PARTICIPATION IN
DYNAMIC MARKETS IN PAKISTAN**

Sargodha and Islamabad

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WORKSHOP REPORT

Shakeel Ahmad Ramay
Sustainable Development Policy Institute (SDPI)

Submitted by
Sustainable Development Policy Institute (SDPI)

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This report records views and opinions shared at the workshop. These may not necessarily reflect the views of the sponsors, the Government of Pakistan or those of the Regoverning Markets Programme as a whole.

SUMMARY

First day of the conference was held at Chak No. 360 North, Sargodha District with the local Kinnow (citrus) farmers to understand the policies and institutions affecting their access to market and a multi stakeholders conference was conducted on the second day in Islamabad with representatives from public sector, civil society, agribusiness sector and academia including media personnel and few farmers from the previous day. A total of around 100 individuals participated in the two-day conference.

On the first day of workshop, farmers were asked to identify key impediments faced by them and subsequently possible solutions to those. All the issues raised were put forward for further discussion in the meeting with multi-stakeholders on the second day.

Various issues affecting farmers from production to marketing were raised through group discussions. Lack of an effective policy framework from government side, strong and exploitative role of middlemen and poorly managed water policy were some key issues raised. The need for stronger government intervention, diversification in production of citrus to secure a good position in global markets and properly managed nurseries were strongly pointed out to secure and safeguard the position of small farmers and strengthen their access in changing agri-food market nationally and internationally. At the end of the session, the formation of an advisory group was announced. This will comprise different stakeholders for collective and coordinated efforts to safeguard the interests of small producers and SMEs.

The two-day workshop was organized as a part of the process of institutional and policy mapping in Pakistan to get perspectives of multi stakeholders and build close coordination among them for strategic interventions to create awareness and protect small producers and SMEs focusing specifically on Kinnow from Sargodha District. The workshops were organized by SDPI with the support from the project **Regoverning Markets** and help from different individuals.

BACKGROUND

With the population of almost 160 million, Pakistan is the 9th largest consumer market. However, only 25 percent of the total population has the taste for processed food and majority of the consumers are from major cities i.e. Karachi, Lahore and Faisalabad. The demand for processed food is on the rise in middle class families of urban and sub-urban areas and it is growing at the rate of 10 percent annually (Ali Khan 2005, Canadian High Commission).

This is in line with the global trend as mentioned by the Euromonitor report. Euromonitor (2004) conducted a study to capture patterns of change, which concluded that the pattern of change is more rapid in lower middle-income and lower-income countries (Table 1). To meet the demands created by such change, food markets are under a process of restructuring. Dynamic retailers, wholesalers and processing business like Wal-Mart, Carrefour, Makro, and Metro etc are strengthening their presence. Inclusion of dynamic entrepreneurs fosters the process of reshaping ways that the food system is governed.

Table 1: Pattern of Change in consumption of Food

Income Category	Oils and fats	Dried food	Dairy products	Breakfast cereals	Ready meals
High Income	1.03	1.86	2.71	3.69	4.54
High Middle Income	6.79	6.35	6.09	9.27	7.28
Lower Middle Income	7.75	9.51	9.79	16.67	9.53
Lower Income	7.50	10.49	10.30	45.06	30.56

Source: Euromonitor, 2004.

Food markets of least developed and developing countries are unorganized and deal mainly with unprocessed and primary food products. Small-scale producers are the main actors in the production base of supply chain and their livelihoods are dependent on this production and the sale of these commodities. These small-scale producers are not well prepared to cope with the challenges of new markets. Public policy makers and businessmen are not able to intervene to enable these changes due to lack of research-based evidence.

It is envisaged that research based data and dialogue among stakeholders can help small-scale producers, businessman and policy makers to anticipate rapid changes in the market. The international Regoverning Markets Program (www.regoverningmarkets.org) was established to provide support and research, which can help all the actors of dynamic market chain. SDPI is leading the Regoverning Markets Program in South Asia in collaboration with the International Institute of Environment and Development, the UK.

The main objective of the Regoverning Markets Program is to provide policy advice and guidance, which can help policy makers, small-scale producers and entrepreneurs to deal with the process of rapid change. It aims to provide strategic advice and guidance to the public sector, agri-food chain actors, civil society organizations including economic

organizations of producers, and development agencies on approaches that can anticipate and manage the impacts of the dynamic changes in local and regional markets.

Regoverning Markets Program has also developed a Policy and Institutional Mapping approach that provides a framework and a set of supportive tools that enable understanding of policies and institutions affecting access of small-scale farmers to modern markets. It helps this understanding to be developed and utilized in an interactive way with the key stakeholders and seeks to identify key entry points for action. This approach has been applied and refined with its implementation in Turkey, Indonesia and South Africa in 2006 and Philippine and Bangladesh 2007.

SDPI has also recently applied and practiced this approach in Pakistan by organized a two-day conference at Sargodha and Islamabad on 2-3 August 2007. The theme of the conference was **“Emerging Food Markets, Small Producers, SMEs and Trade Policy of Pakistan”**.

Workshop at Sargodha

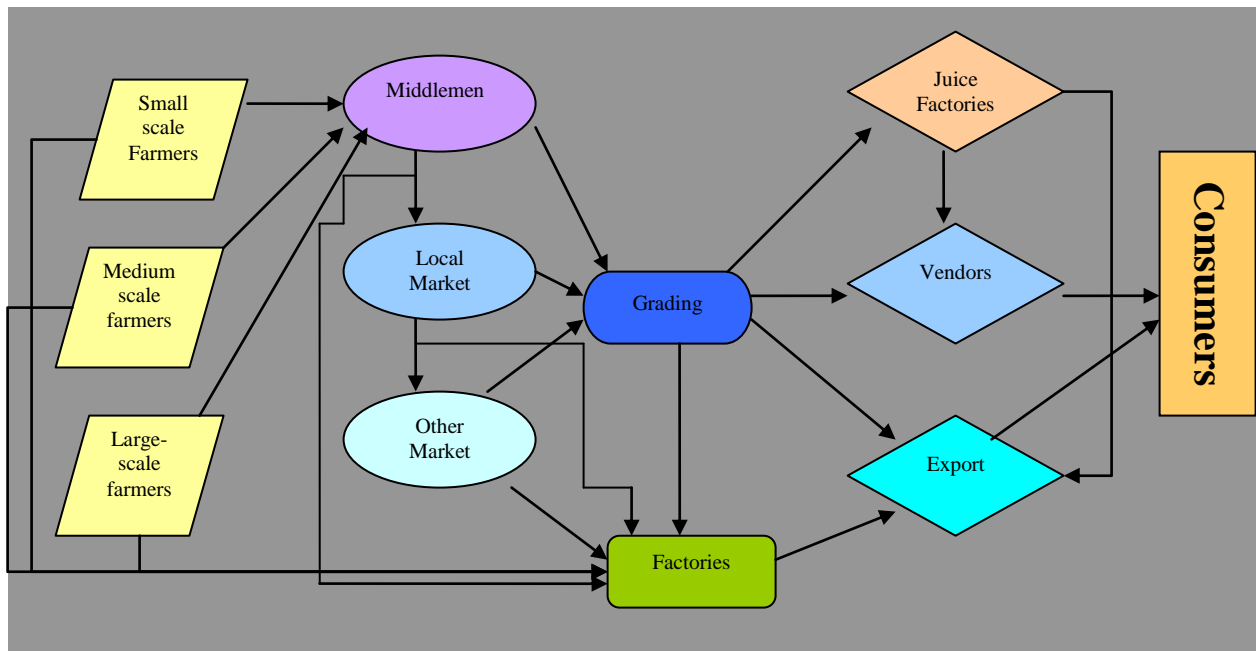
Farmers' workshop was held at Chak No 360 North, 25 Kilometers away from main city of Sargodha. The village was selected due to quality citrus production and diversity in producers, i.e. small, medium and large producers and the establishment of processing and juice industry in close vicinity. The area also experienced rapid emergence of exports of citrus in the past few years. For organizing the workshop a large number of people and departments e.g. farmers, contractors, civil society, local extension department, horticulture department, agriculture credit department of national bank and research institute of citrus were contacted. SDPI and these departments and people worked closely to make the workshop fruitful. This exercise was made possible by the identification of right stakeholders for this first workshop.

A large number of participants were present in workshop from different walks. The participants included 40 farmers, 6 traders, 4 contractors, managing director of Pakistan Horticulture Development and Export Board (PHDEB) of Pakistan, 2 transporters, 1 agriculture credit officer, 2 input suppliers and extension officer of the area. The programme started with welcome remarks from a local elder. Mr. Sajid Kazmi from SDPI welcomed all participants and briefly described the goals and objectives of Regoverning Markets Program. Following Mr. Kazmi, Shakeel Ahmad Ramay from SDPI updated the participants about the latest development in food markets with special focus of citrus market. He highlighted problems of citrus producers and importance of citrus industry in national economy. Participants agreed to the proposed agenda and plan of meeting.

As was planned, first of all the supply chain of citrus was mapped out with rigorous participation of all participants. Facilitators from SDPI did not participate in discussion and they let participants identify the key players of chain. They just wrote cards and constructed supply chain on charts, which were pasted on wall. Farmers also started

debate on the problems. Facilitators at that point interrupted and suggested the participants discuss these problems in designated sessions.

Figure 1: Value Chain Map for citrus trading in Pakistan



Participants completed the process of identification of key players of chain within due time. The keys players included producers, contractors, processors, exporters, juice producers, vendors and consumers. It was identified that the contractor has the most exploitative and powerful role in the chain. Contractor is the one who sets the clock and the rest has to follow. Producers (small, medium and large) sell their immature product to contractors. It was mentioned by the participants that about 95% of total produce goes to contractors. Only 5% of total produce goes directly to factories, which comes from large producers. Social set up prohibits the producers to sell their product directly to vendors or processors. Participants also discussed the emerging threats and opportunities due to involvement of modern retailers in chain. However, modern retailers have not developed direct links with the producers and they are also dependent on contractors. It was envisaged that direct link between producers and modern retailers will benefit both the parties in terms of price. The main constraint to develop direct link is quality and supply of product.

Group Discussion

Next session of program started after the completion of supply chain mapping. The participants were divided in four groups. Each group was facilitated by SDPI facilitators

who did not participate in discussion and acted as observers. Objectives of the group discussions were briefly summarized before the start of formal group discussion. Each selected group leader presented findings of the group.



Question for discussion was;

What are the obstacles, which hinder inclusion of farmers in modern supply chain?

Group leaders facilitated discussion of their respective groups. Level of farmers' participation was of high quality. They raised their concerns and problems regarding market structure and performance. The discussion lasted for one hour and after the completion of discussion, group leaders presented findings of their respective groups.

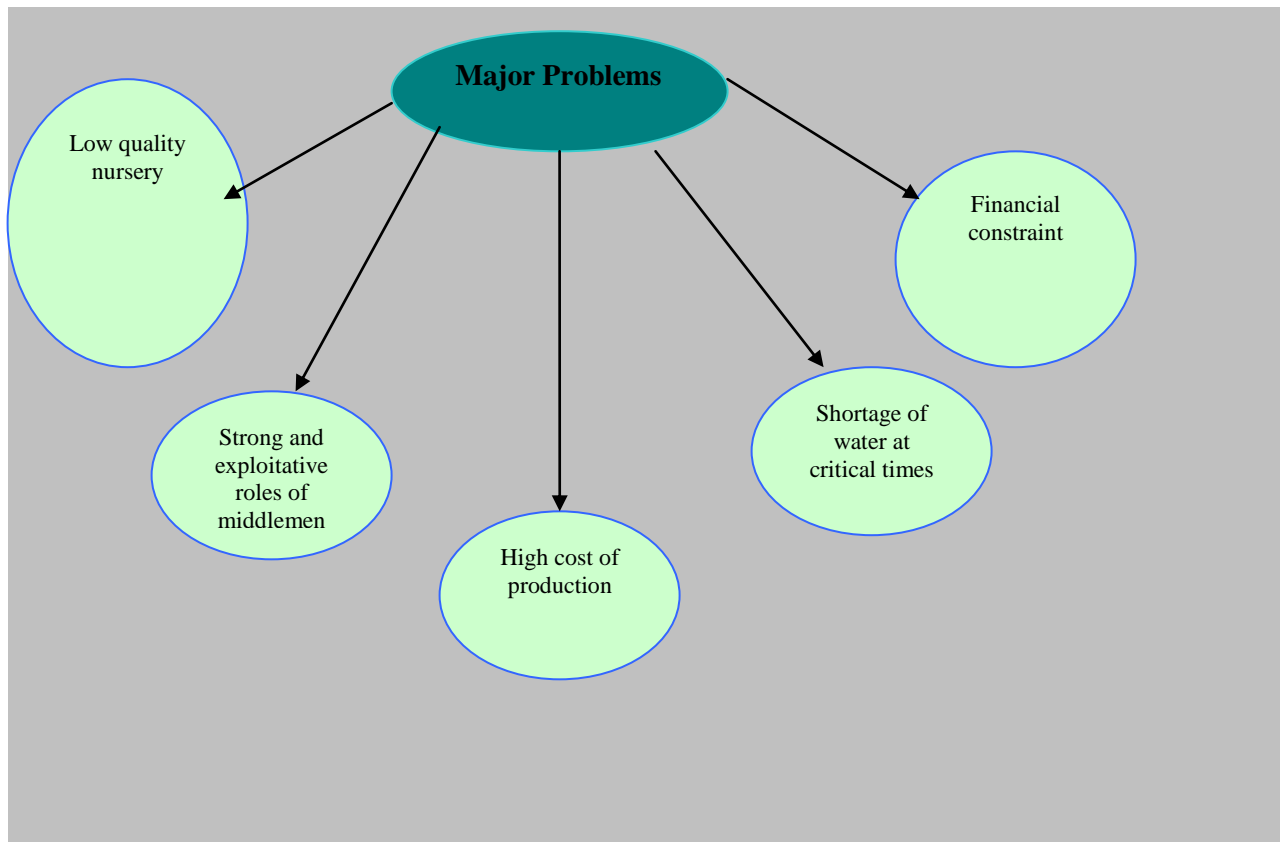
Findings of group discussion

<p><u>GROUP 1</u></p> <ul style="list-style-type: none"> • Water Shortage • Monopoly of contractor • Lack of Funding • Lack of proper guidance from government • Lack of transportation facilities to take goods to market • High cost of production; expensive seeds, fertilizers and pesticides • High tax rate • Theft problem 	<p><u>GROUP 2</u></p> <ul style="list-style-type: none"> • Water shortage • Expensive fertilizers and pesticides • Adulteration problem in fertilizers and pesticides • Dependence on contractors • High Tax rate • Salinity and water logging • Poor condition of local market • Lack of high tech machinery • Marketing Problem • Less attention given to citrus farming by government
<p><u>GROUP 3</u></p> <ul style="list-style-type: none"> • Water Shortage • Non-availability of good quality fertilizers and pesticides at the right time • Exploitative role of contractor • Lack of awareness among farmers regarding proper farming method • No fixed rate for products • Non-availability of proper nursery • Theft problem and lack of insurance policy • Not getting payment regularly from the middlemen 	<p><u>GROUP 4</u></p> <ul style="list-style-type: none"> • Water Shortage • Inefficiency of the agriculture department • Expensive and bad quality fertilizers and pesticides • Exploitative role of contractor • Non-availability of authorized nurseries • No security for theft problem • Powers mostly vested upon middlemen • Non-availability of high tech machinery due to its high cost • Lack of processing factories

Farmers identified a number of barriers and issues related to citrus which included, shortage of water, non-availability of quality inputs, low quality nursery, exploitative role of contractor, high tax rate and inefficiency of agriculture department. Farmers criticized water policy and scheduling of water by government and irrigation department. They said that their production was greatly hampered by non-availability of water on time. Flowering of plants is most critical time for good and quality produce but non-availability of water makes it impossible to get good produce. Time allocation for citrus orchards is not according to need. Farmers also questioned the timely availability and quality of inputs. Inputs are usually of inferior quality and are not available on time. Adulteration is common practice in fertilizers, insecticides and pesticides. Low quality nursery was considered main contributor to low yield. Although government had established citrus research institutes at Sargodha but it was unable to deliver. Farmers had to bring plants from distant places, which increased cost per plant. High tax rate on citrus further complicated the situation.

Second session concluded with the ranking of most key problems by farmers. The key problems identified by farmers were;

1. Water shortage
2. Exploitative role of contractor
3. High cost of production
4. Financial constraints
5. Low quality of nurseries



At that point facilitators changed the sequence of program. Farmers requested to work on solutions of identified problems prior to work on individual problems. So the facilitators honoured their request and farmers were divided in four groups again. The solutions, which they identified were:

<p><u>GROUP 1</u></p> <ul style="list-style-type: none"> • Agricultural research should be done and applied into practice • Government should subsidize the rate of fertilizers, pesticides and seeds so that farmers have easy access to them • Proper laws should be implemented to check the problem of adulteration • Water should be properly distributed during the sowing season • Tax rates should be lowered on small-scale farmers • Government should give more attention to citrus farming and need to improve condition of the local markets • Right kind of plantation needs to be done to overcome the problem of water logging and salinity and agriculture department should help in this regard 	<p><u>GROUP 2</u></p> <ul style="list-style-type: none"> • Need to clean irrigation channels and properly maintain them • Seeds and plants should be properly checked by the nursery and then distribute them to farmers • Markets should provide materials such as fertilizers at the rate fixed by government • Need proper guidance from the agriculture department regarding proper method of farming • Strong action should be taken against those involved in adulteration of fertilizers • Government should make a provision of distributing good quality fertilizers and pesticides at reasonable rates • Middlemen should act fairly as they play an important role in the chain
<p><u>GROUP 3</u></p> <ul style="list-style-type: none"> • Government needs to take proper action to solve the problem of water shortage in the region • Government and NGOs working in this sector should regularly check the situation of farmers to better understand their problems and help accordingly • Agriculture Bank's branches should be opened at different villages and credit should be provided at low interest rates • Price of fruit should be fixed according to their size and quality • Farmers should plant and farm within their budget • Burden on farmers should be lessened by government by lowering prices of diesel, fertilizers and pesticides 	<p><u>GROUP 4</u></p> <ul style="list-style-type: none"> • Abundant water should be provided to farmers and special attention should be given to the problem of canal water • Prices of diesel and fertilizers should be reduced and there should be no adulteration in fertilizers • Plants from nurseries should be made easily accessible to farmers • Government should directly buy from farmers and middlemen should be removed from the supply chain • Research team from the agriculture department should be easily accessible by farmers • Latest agriculture machinery should be provided on easy terms to farmers • Farmers Union should be established for the benefit of small scale producers

Now once again farmers were divided in four groups and each group was given one preferred problem.

First Group: Water shortage

Second Group: Exploitative role of contractors

Third Group: High cost of production

Fourth Group: Financial constraints

Each group was assigned to work on causes and possible ways to solve these problems. The specific questions were:

Q1: Reasons of problem

Q2: Possible way outs and required intervention from government or private sector

First Group: Water Shortage

First group discussed the reasons and possible ways out to solve the problem. It was found out during discussion that water shortage was a common phenomenon in the country. The main reasons pointed out were poor policy of federal government and provincial irrigation department, lining of canals and water courses, closing of canals at critical time, traditional watering practices and lack of modern technologies. Both the federal government and provincial irrigation department have the same mandate but most of the time, their water policies contradict with each other. More interestingly policy formulation is responsibility of the federal government and is implemented by provincial government. Lack of coordination is prominent feature of policy formulation and implementation. Canals and watercourses are not properly lined due to which most of water is wasted during the flow. It greatly affects the efficiency of water flow and use. Closing of canals further aggravates the situation. Farmers are practicing old traditional flooding method to irrigate fields. They lack access to modern water saving technologies due to lack of resources.

Farmers also suggested solutions, which could contribute positively to solving these problems. They urged the need for coordination between policy making and implementation bodies. They considered it a first step in the right direction. Lining of canals and watercourses was demanded urgently which would decrease water losses during the flow. Change in water scheduling was envisaged as most critical. They strongly recommended that availability of water should be ensured during flowering and fruiting period. Subsidized modern technology was demanded so that they improved water use efficiency.

Second Group: Exploitative role of contractor

Second group preferred to work on exploitative role of the contractor. Farmers raised concerns about market infrastructure and working methods. They said that citrus market was not properly working and farmers could not work independently. Contractor's role is very interesting and complicated in the chain. He is the most powerful player and sets the rules according to his will. Farmers and other players of chain are all dependent on him.

Contractor buys immature orchards well below the market price. He determines the price and the farmer has no say at all. It was highlighted that the contractor worked with at least a 50% margin. Farmers pointed out that they can't sell their produce directly to processors, factories and market due to strong network of contractors. If farmers take

their product directly to market, they have to face many problems due to close links of contractors with commission agents, transporters and market committees. Commission agents refuse to buy due to self created low demand. Transporters want early unloading and market committees pressurize to vacate market soon. All these factors compel farmers to sell their produce at low price and they have to wait for a long time to get their payments.

As was mentioned above, contractors prefer to purchase immature orchards. Contractors the use time span till ripening for marketing and bargaining with different processors, factories, market agents and exporters. In this way, he secures his margin and reduces the element of risk. Farmers also mentioned that contractors usually extend harvesting which greatly hampers production in next season.

Farmers insisted on strong government interventions to regulate the market. There should be proper regulations, which determine the role of each player in the chain. Government should also fix the contractors margins, which should be justifiable. Farmers also stressed the need for laws which bind the contractors to harvest produce at due time. Farmers suggested government procurement as an alternative of contractor. There should be improvement in market access facilities specially construction and maintenance of roads and provision of modern vehicles to reduce time and cost of transportation. Farmers also demanded the inclusion of farmers in market committees to weaken the role of exploitative agents of chain. Inclusion of modern retailers in the chain was considered a good indicator to minimize the role of contractors. It was envisaged that modern retailers could only help if they buy directly from farmers. Farmers unanimously agreed to form cooperative societies of farmers to combat exploitative forces of the market.

Third Group: High cost of production

High cost of production is other major problem and it was discussed by the third group. The group pointed out the inability of government to provide quality inputs at reasonable price. Prices of inputs like fertilizers and pesticides are usually very high and out of reach of poor farmers. Adulteration further worsens the situation and makes it difficult for small farmers to get good production. Discussion revealed that hoarding by traders is common practice. Traders, by hoarding, create artificial shortage and sell inputs at higher prices. Farmers usually use fertilizers and without any consultation with experts and cross recommended limits. Extension department is responsible for disseminating information about the required quantity and timing. However the extension department does not work according to its mandate.

Government should provide quality input at lower prices and also control adulteration by enforcing strict laws. Timely availability should also be ensured so that farmers can get good production by applying timely inputs. Extension department should educate people about input use and time. Department should arrange training workshops and farm level meetings to educate farmers.

Fourth Group: Financial constraints & Lack of Quality Nurseries

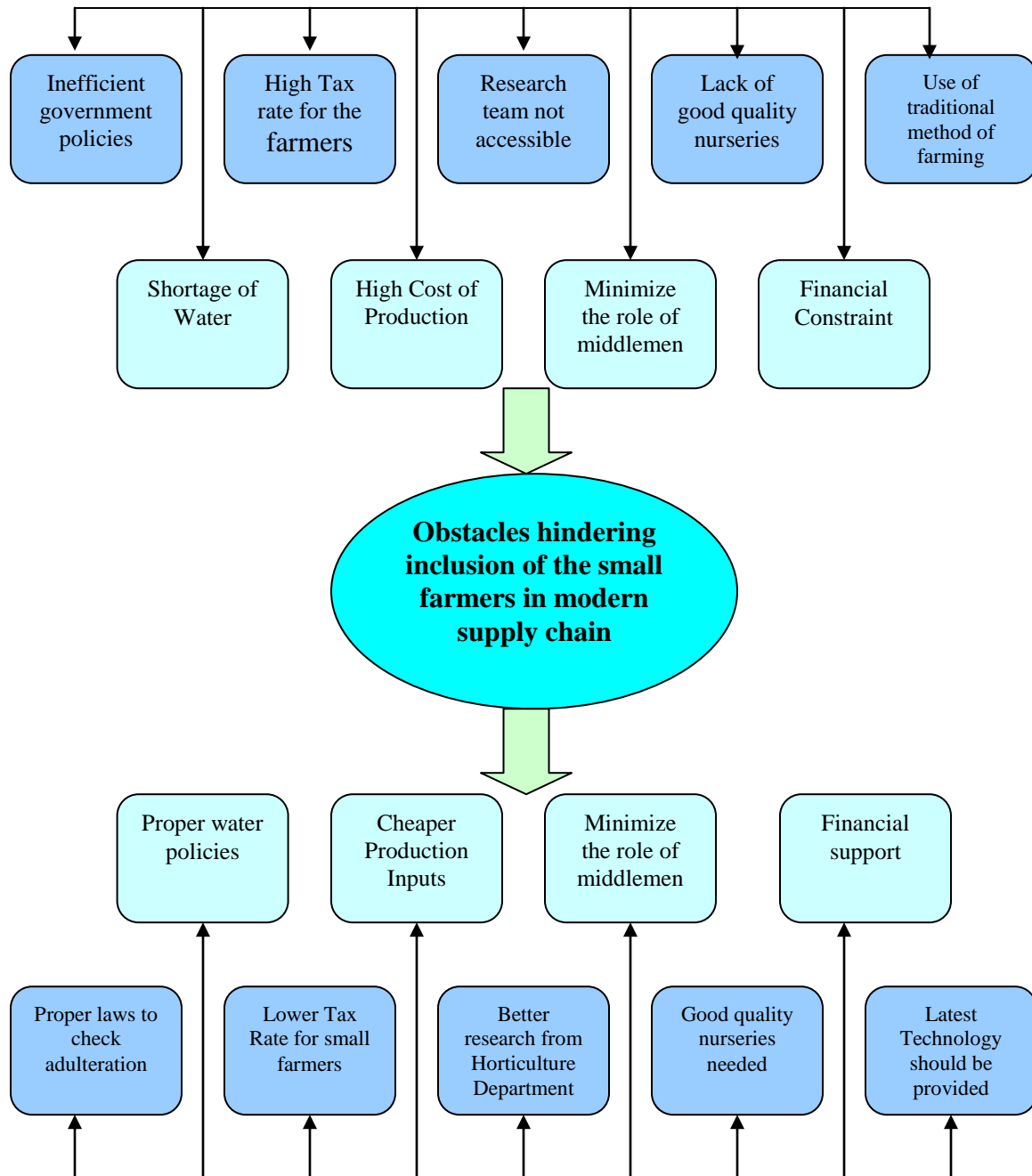
Most of the citrus producers are small and lack resources. Even if banks provide loans to the farmers, the terms and condition of the loan are very strict and most of them have to pledge their assets to the bank as collateral. Taking out a loan is a time consuming process, which farmers cannot afford to waste. Sometimes credit officers and *patwarees* also demand share from the loan and farmers have to again take loan from the contractors to fulfill their requirements. Contractors later on exploit farmers at the time of purchasing fruit orchard and usually purchase at lower price than market prices.

Lack of good quality nurseries from the horticulture department or research institutes have also greatly hampered production. Most of the farmers mentioned that researchers are not available to listen to the problems of the farmers. Farmers have to bring plants from distant nurseries due to inefficiency of the research institute in Sargodha and this has added extra burden on the farmers by increasing cost per plant.

It was demanded that government should provide loans at flexible terms and conditions to small-scale producers. It would be better if all the villages have a branch of Agriculture Bank that provides loan with special and innovative schemes. Farmers suggested it would be better if the research team would go out to the farmers, take note of their problem and come out with the solutions to help increase their production. The concerned department should encourage researchers in carrying out better research, which should be accessible to farmers.

Shakeel Ahmed Ramay from SDPI concluded the programme by thanking everyone for their time, valuable views and suggestions. All the farmers thanked SDPI for coming to their village and listening to their problems and views and expressed their hope of having easy access to the market soon.

Problem Tree



Solution Tree

Second Day Workshop

Second day of the workshop was reserved for multi-stakeholder discussion. For that purpose, different representatives from different departments, ministries, private sector and farming communities were invited. Rigorous process was adopted to identify the right stakeholders from various concerned quarters. After the identification of stakeholders, they were contacted and briefed about the Regoverning Markets Program and the Institutional and Mapping exercise, so that they could contribute constructively and positively. Farmers were invited from Sargodha, which were consulted on the first day.

First session was opened with the formal introduction of all the participants. Dr. Abid Suleri, Executive Director (Interim) of SDPI briefly presented the background to the Regoverning Markets programme and the current status and change of food markets. He said that the traditional approach of comparative and competitiveness was changing and a customizing approach was replacing old norms of markets. The volume of trade in food has increased by 2.1% but new food items are replacing traditional food items. Demand of fruits and vegetables and fish and meat grew by 300% and 300-400% respectively. Interestingly process of change is more rapid in developing countries than developed countries. However, developed countries are major importers of food. According to the Euromonitor report, demand of food grew more rapidly (28%) in lower middle-income countries. Highest change was recorded in breakfast cereals (45%) followed by ready-made meals (30%).

He mentioned that the modern retailers are strengthening their presence in new food markets. Supermarkets and chain retail outlets are the new realities. The top four chains in the UK now have 50% of the market share, Germany has 55%, France and Spain has 60% each and US has 45%. He emphasized the need of policy interventions from government to protect small producers and SMEs. He also stressed the importance of change in attitude of small producers and entrepreneurs to combat the challenge of emerging new food markets. He said that Pakistan has to reorganize itself in order to compete with modern requirements of the market.

Shakeel Ahmad Ramay updated the audience about the citrus industry of Pakistan. He mentioned that in 1980s citrus replaced mango as one of the leading exporting fruits. Citrus is cultivated on 24% of total fruit cultivated area and citrus production is 34% of the total fruit production. Punjab is the major cultivator of citrus producing almost 95% of the citrus and Sargodha is the main producer in Punjab. This was the reason SDPI spent the first day of the conference with citrus producers in Sargodha. Citrus can be used as fresh fruit or for fresh juice and processed juiced. By-products of it are used in medicines and as an element for fragrance. Mr. Ramay briefly summarized about the first day meeting in Sargodha to update the audience about the exercise for the day.

Trends and Drivers of the Market

Second session started with identification of drivers and trends of market. Participants were requested to write down the drivers and trends. Participants first identified trends and then drivers.

Trends

- Quality concerns of consumers
- Opening of new windows of opportunities
- Inclusion of modern retailers in chain
- Change in government policies
- Increase in demand
- Increase in spending on food items
- Preference for ready made products

Drivers

- Globalization influence
- Increase in income and willingness to spend more
- Change in preference
- Advertising and media exposure
- Modernization of sector

Implications of Trends

- Farmers have to improve quality of their product through adoption of modern technology and knowledge
- Farmers have to sustain supply of product through increase in production.
- There should be improvement in infrastructure to reduce cost of transportation and transaction
- Government has to create producer friendly policy environment
- Cooperative society
- Private-public partnership

Third session started with the open discussion among all the stakeholders. The participants ranked the problems according to what farmers had identified on the first day and as discussed during the open discussion. Afterwards, all the participants were divided in three groups and each group was given one specific question to discuss and identify the reasons for the problems. Further groups also discussed general issues related to citrus market.

However, all stakeholders stressed to work on all the problems so that they can contribute towards all the problems. They argued that for better understanding of the issue, it was important that all groups work on all the problems and then on specific ones because it would lead to more unanimous conclusion and policy recommendations. A moderator from SDPI facilitated each group

Formal discussion within each group started with the selection of group leader. Members of all group actively participated in discussion. Each group wrote down the important points and group leader of each group presented the final findings of each group.

First Group

First group was allocated the problem "Reasons for the shortage of water" but they worked on all problems. Farmers were very concerned and highlighted the importance of water. They were not happy with the government and the irrigation department and blamed them for poor crop production. They mentioned that when the flowering season starts the government stops supplying water. This is the critical time when trees require most water and due to shortage, plants suffer.

Dr. Iqrar Khan, an eminent citrus expert of the country, described the importance of timely supply of water for good citrus production. He said that the sufficient supply of water at the time of flowering could increase citrus production up to 10%. Shortage of water at the time of flowering can severely hamper production and this can lead to 50% loss in total production. He said that poor planning of the government and irrigation department are responsible for the problem. Irrigation department has set a pattern of work that is outdated and the department is not aware of modern requirements of sector and is not ready to accept change.

Second Group

Second group was allocated the problem "exploitative role of middlemen". It was interesting to note that all stakeholders criticized the role of middlemen. Role of middleman in citrus industry is complicated and very exploitative. The important feature is the "no voice" of other stakeholders. Middlemen purchase immature fruit orchard on their own terms and conditions. He usually fixes the price, which is quite below the market price and takes at least a profit margin of 50-60%. He also extends harvesting period, which severely hampers production in the next season and farmers cannot compel him to harvest crop.

Middleman works in a well-organized manner and has close contacts with the market agents, processors and wholesalers. Farmers cannot sell their product directly to these market agents. Agents discourage farmers from direct selling. When farmers bring their product directly to market, they get a very low price. Main reasons of low prices are the insistence of the transporter for early unloading of their vehicle and unwillingness of the agents to purchase. Agents usually pretend that the market has a very low demand and refuses to buy at the price set by the farmers.

Third Group

High cost of production further aggravates the situation for the farmer. Farmers have to buy inputs at higher prices. Government has no control over prices of fertilizers, pesticides and insecticides and traders sell according to their wishes. Even if the

government provides subsidies, the traders will set the price above the market price. Sometimes, traders in order to increase the price and get more profit, will create an artificial scarcity.

Because modern machinery is time and energy efficient and farmers can devote extra time to other things, most of the farmers have started adopting these modern tools but they cost a lot and everyone cannot afford. Likewise, most farmers lack transportation facility to take their products to the market and have to rely on transporters. They have to pay a lot and they cannot afford to buy one for themselves because they are very expensive. This compels farmers to borrow from contractors or banks at high interest rates. Farmers also had to bring good quality plants from other areas and this increased their total cost of production.

After the identification of the reasons for the problems, the groups were again asked to work on the solution to the problems they had discussed earlier. The group members discussed in length about the possible solutions and came out with the followings:

First Group

Water policy should be formulated by consulting all stakeholders

It was noted that when formulating policies, often the stakeholders are not consulted. When the concerned stakeholders are not consulted, the right policies are not formulated and everything falls apart. Therefore, all stakeholders should be consulted, their concerns should be heard and when policies are approved by everyone, they should be supported because it would be of best interest to everyone.

Introduction of new techniques of irrigation

Because of the traditional flooding method, a lot of water is being wasted which otherwise could have been used. The irrigation department should introduce new techniques so that the already scarce water can be wisely utilized. Farmers are unable to buy new machineries, and it would be better if government could do something to reduce prices of new technology and make it easily accessible to small farmers.

Provincial irrigation department should be updated

Provincial irrigation departments have been unable to provide good quality services. The government should reorganize the whole department and strictly enforce proper implementation of the policies.

Rescheduling of water

Farmers have not been getting water at the right time. Therefore, there is a need for rescheduling of water so that plants get enough water at the right season and not during the times they do not need.

Second Group

Regulations to control the role of contractor

Since middlemen have great networks in the market, they rule the market. Government should enact and enforce laws regarding fixed price and strongly monitor so that there is no violation of the rule. They should penalize those who along with middlemen try to take advantage of small producers. This would discourage other retailers to deal with middlemen and eventually their strong presence will fade away.

Marketing policy

Norms and ways of functioning of markets are changing rapidly. Traditional instruments to control markets are losing their grip. Now government has to rethink and go for new marketing policy to cope the challenge of new markets. Government should formulate new marketing policy with special focus to minimize role of middleman and should introduce regulations, which bind the limits of margin. There should be inclusion of small producers in market committees. Government should also try to develop direct linkages between farmers and business community to increase profit margin for farmers.

Procurement by government

If government makes an arrangement to directly buy from the local farmers and export the products or process them on their own, then both the parties would greatly benefit in terms of price. Farmers would get right price for their product and government would get products at lower price than it would have to pay to the middlemen.

Cooperative society of farmers to bargain with contractor

If farmers unite, they can easily minimize the role of contractors in the supply chain. With the farmers' union, farmers would have a stronger voice and it's more likely that the middlemen and the government will fulfill their demands. Middlemen cannot have a stronger impact on the union as compared to an individual so farmers can bargain collectively.

Improvement in infrastructure to facilitate the transportation of product

Due to poor infrastructure, farmers often have difficulty taking their products to bigger markets and have to sell their products at lower cost in the local markets. With improvement in infrastructure, they can be connected to wider areas and they would have more choices and can sell wherever they can earn the most profit.

Establishment of bigger markets in near vicinities

More access to bigger markets in near vicinities would provide farmers with an opportunity to get in good terms with the bigger businesses and retailers. Once they develop a relation with them, they would no longer have to rely on middlemen and get their right share of profit. If it were in the vicinity, farmers would not have to waste money on transportation.

Establishment of linkages between farmers and buyer (factories, processors, modern retailers)

Establishing linkages with factories, processors and modern retailers would take burden of middlemen off the farmers' shoulder. Not only would farmers benefit out of it but also the factories, processors and modern retailers would greatly benefit since middlemen

have been acting as a buyer and seller between the two ends and making more than 50% of the profit.

Third Group

Availability of inputs at cheaper rates

With the availability of inputs at cheaper rates, farmers would greatly benefit. Inputs like diesel, fertilizers and pesticides are often used by the farmers and if provided at cheaper rate, farmers can use their extra money for other purposes. With cheaper inputs, farmers would have a higher profit margin.

Diversification in the products

With the increasing competition, there is a need for the farmers to diversify and move out from just producing one type of fruit. Farmers should try growing more varieties in order to secure its position in the global market. With globalization one can get anything anywhere now so to be on the top of everything farmers should explore more varieties and be able to compete not just nationally but internationally too.

Timely availability

Inputs are not available when needed and are costly if they are available. Traders mostly hoard their supply in order to charge more. Government should strictly check on this matter and make sure that the farmers get inputs at right time and at reasonable price.

Quality assurance

Adulteration is a major problem, so government should enforce strict rules and regulation regarding such practices and severely penalize those involved in such practices.

Loaning at nominal interest rate

Since everything from fertilizers to machineries is expensive and most farmers lack enough funding, government should make a provision to provide loans to the farmers at cheaper interest rate and the terms and condition of the loan should be easy.

Cooperative society of farmers to provide loan

The union can collect a yearly membership fee from the farmers and with the money collected overtime. They can open a bank of their own like the GRAMEEN BANK, providing loans at very low interest rates.

Suggestion

Looking at all the major problems, most of them can only be solved through government enforcement and local farmers would just have to wait and watch but to solve the problem regarding middlemen, farmers have to do something on their part and not fully rely on government. Government would set rules and regulation but since middlemen already have great links and network within the market, the rules and regulations would merely affect their activities. The lack of cooperation among farmers is the major problem here. If they get along with one another and not just think of themselves but

think of everyone, it would help minimize the strong role of middlemen and get the most benefit.

As suggested by one of the farmers, if they form a union of their own, they will have a stronger voice and it's more likely that government will fulfill their demands. The union can collect a yearly membership fee from the farmers and with the money collected overtime, they can open up a retail store of their own in the market where all the member farmers can sell their products and they can even arrange for transportation from the union itself. The union could also collect fruits from farmers and sell them directly to factories as they would have sufficient amount to meet demands of factories.

Once they start, they can slowly build good relations with big markets and factories and no longer would they have to rely on middlemen in bringing their products to consumers. This would no longer force small farmers to sell their products at a lower rate than the market and they would also get right share of profit.

List of Participants Day 1

Serial no.	Name	Address	Phone
1	Mian Ihsan	Farmer Chak No. 360 North	
2	Muhammad Irfan	Farmer Chak No. 360 North	
3	Haji Waris Qureshi	Farmer Chak No. 360 North	
4	Muhammad Ishtiaq	Farmer Chak No. 360 North	
5	Yaqoub Ahmad	Farmer Chak No. 360 North	
6	Abdul Rasheed	Farmer Chak No. 360 North	
7	Muhammad Hussain	Farmer Chak No. 360 North	
8	Abdul Shakoor	Farmer Chak No. 360 North	
9	Hassan Ali	Farmer Chak No. 360 North	
10	Abdul Hafeez	Farmer Chak No. 360 North	
11	Fida Muhammad	Farmer Chak No. 360 North	
12	Faqir Hussain	Farmer Chak No. 360 North	
13	Bahadar Khan	Farmer Chak No. 360 North	
14	Rana Fazal Muhammad	Farmer Chak No. 360 North	
15	Malik Akhter Hussain	Farmer Chak No. 360 North	
16	Habib Ahmad	Farmer Chak No. 360 North	
17	Muhammad Iftekhar	Farmer Chak No. 360 North	
18	Malik Asif	Transporter, Sargodha	
19	Rana Tanvir	Transporter, Sargodha	
20	Waqar Ahmad	Farmer Chak No. 360 North	

21	Baber Ihsan Bajwa	Pakistan Horticulture Development and Export Board	0300-5166696
22	Malik Riaz	Contractor	
23	Muhammad Ali Ranjha	Producer and contractor	
24	Muhammad Ashraf	Agriculture Credit Officer, National Bank, Sargodha	
25	Sajid Kazmi	Consultant, SDPI, Islamabad	sajid@sdpi.org
26	Shakeel Ahmad Ramay	Research Assistant, SDPI, Islamabad	shakeel@sdpi.org
27	M. Asif Sabri	Geo TV	
28	Faheem Ahmed	Geo TV	
29	Ali Ahmed	Business Plus TV	

List of Participants Day 2

1	Mian Ihsan	Farmer Chak No. 360 North	
2	Muhammad Irfan	Farmer Chak No. 360 North	
3	Haji Waris Qureshi	Farmer Chak No. 360 North	
4	Muhammad Ishtiaq	Farmer Chak No. 360 North	
5	Muhammad Imran	Agriculture Extension Officer, Sargodha	
6	Khadim Hussain	Farmer Chak No. 360 North	
7	Mobashir Ijaz Awan	Farmer Chak No. 360 North	
8	Muhammad Ali	Farmer Chak No. 360 North	
9	Mr. Marek Minkiewicz	Managing Director Makro Cash & Carry 5B/III, Gulberg III, Lahore. 54660	marek@makropakistan.org Tel: 042-571 6451 Fax: 042-571 7900 Cell: 0300-8451156
10	Dr. Kausar Ali Zaidi	Ministry of Commerce, Room 434, Block A, Pakistan Sectariat, Islamabad	kausaraliz@yahoo.com Tel: 051-920 5223 03005215345 0300-5215345
11	Mr. M. Iqbal	Managing Director,	miqbal@phdeb.org.pk

		Pakistan Horticulture Development & Export Board (PHDEB), Karachi	Tel: 021-923 0173 Fax: 021-923 2174
12	Shujaat Ali Khan	Sustainable Agriculture Action Group (SAAG) House 494, Street 47, G –10/4 Islamabad	saagpartners@yahoo.com
13	Ms. Saba Anwar	Associate Economist, Pakistan Institute of Development Economics (PIDE) QAU Campus, Islamabad	saba.anwar@yahoo.com Tel: 051-9209279
14	Ahmad Jamal Khan Khetran	Consultant, Innovative Development Strategies (IDS), H # 2, St. 44, F – 8/1, Islamabad	akhetran@gmail.com Tel: 051-2853081 Cell: 0300-8554127
15	Dr. Wajid Pirzada	Chief WTO, MINFAL, 38-W, Khalid Plaza, Blue Area Islamabad	Wto_chief@yahoo.com 051-9206470 9223620-8
16	Zubair Faisal Abbasi	National Project Manager (TIHP-UNDP) Room 621, A- Block, Ministry of Commerce, Pak Secretariat (Islamabad)	tihp@comsats.net.pk Tel: +92-51-9224455 Fax: ++92-51-9216263 Email:
17	Abdul Ghafoor	Lecturer, University of Agriculture (UAF), Faisalabad	ghafooruaf@hotmail.com
18	Malik Muhammad Ali	Farmers Association of Pakistan (FAP), H # 184, St. 36, F – 10/1, Islamabad	alterkempfer@hotmail.com 0333-613 5576
19	Aoun Sahi	The News on Sunday (TNS), 13, Davis Road, Lahore	aounsahi@gmail.com 042-6304745
20	Dr. Sarfraz	University of Arid Agriculture (UAAR), Rawalpindi	sabdul65@yahoo.com 051-9062225 Fax 9290160

21	Mr. Abdul Hafeez	The Network 40-A, Ramzan Plaza, G-9 Markaz, Islamabad	hafeez@thenetwork.org.pk 051-2261085
22	Dr. Pordil Khan	Consultant on Horticulture Policy, Agribusiness Department, MINFAL, Islamabad	
23	Prof. Dr. Mumtaz Khan	University of Agriculture Faisalabad	041-9200161-69
24	Dr. Iqrar Khan	Director General, NIAB, Faisalabad	0300-866 0569
25	Dr. Abdul Hafeez	National Agriculture Research Council, Islamabad	
26	Dr. Abid Q. Suleri	Executive Director, SDPI, Islamabad	Tel: 051-2278 134 Fax: 051-2278 135 suleri@sdpi.org
27	Shakeel Ahmad Ramay	Research Assistant, SDPI, Islamabad	shakeel@sdpi.org
28	M. Asif Sabri	Geo TV	
29	Faheem Ahmed	Geo TV	
30	Ali Ahmed	Business Plus TV	
31	Shamber Alexander	Dawn TV	
32	Mubarik Zeb Khan	Dawn TV	