

Improving farmer services by understanding their information needs

Agriculture in South Asia is caught in a low productivity equilibrium. Despite being the lowest contributor to GDP (compared to Industry and Services sectors), it employs the largest share of labor, the majority of whom are smallholders and landless laborers. Compounded by additional factors, inter alia, inefficient markets and high information asymmetry, the majority of those engaged in the sector are poor.

Agriculture in these countries is highly politicized and resolving structural and institutional problems such as land fragmentation are difficult. Government interventions (from subsidies to setting up minimum retail prices) compound to these problems. For example subsidies are often poorly targeted and prone to leakage. Despite this, various innovations have provided work-arounds to at least partly address some of these problems. For example contract farming arose to address problems of land fragmentation. Similarly information asymmetry and/ or knowledge/ information gaps (due to ineffective extension) are being addressed through various specialized services.

This paper examines the information requirements of the farmers, in three countries (Bangladesh, India and Sri Lanka), using a multi-country non-representative survey of farmers as well as in-depth qualitative studies. The results offer interesting possibilities for improving existing services (private and public) targeting farmers.

KEY RECOMMENDATIONS

Establish mobile-phone accessible classifieds so that smallholders and buyers/traders can connect. Supplement the service with reputational rankings to facilitate trust.

Encourage “small-recharge” prepaid pull models for information services. This suits smallholders with their irregular income patterns and time-variant information needs.

Rethink how fertilizer subsidies work to address farmer concerns. Address transparency concerns regarding fertilizer related information especially subsidies through customized information services

Establishment of electronic or mobile classifieds with a reputation ranking for smallholders to connect with buyers

Agriculture markets in developing countries often fail to clear, leading to wastage, loss of income for farmers and high prices for consumers. The data shows that farmers seek information on traders and collectors (i.e. buyers), and buyers seek information on sources (farmers) and costs of agriculture produce. Often this information is sourced through existing social networks which are limited in geographic scope and dependent on personal recommendations. There is a lack of services that can meet the high demand for

such information. An electronic form of classifieds accessible through mobile phones is a possible solution. Such classifieds must have a reputational ranking system (similar to amazon.com) to facilitate trust.

Encourage “small-recharge” prepaid pull models for information services.

The information needs of farmers differ throughout the crop cycle. For example farmers have a high demand for market price information only during the deciding, harvesting and selling stages. The latter two in particular, often constitute a short period of time especially for perishable crops. This

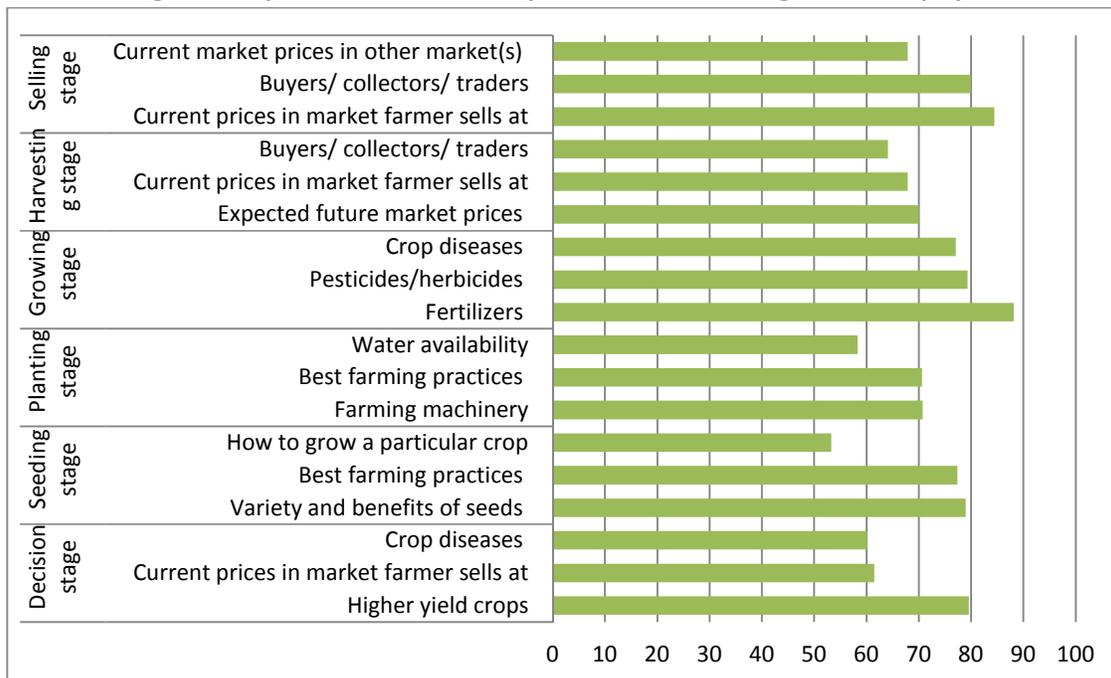
suggests that farmers might prefer services that offer such information on a “pull” basis rather than via a “push” mechanism. In fact this would fit with the spending patterns of the poor on mobile services, often via small-denomination reloads, which is suited to their irregular income patterns. Such a prepaid model, which enables farmers to pay for just the information that they want, when they want it, might be more successful as compared to the more common subscription based services. Such a system could work by providing farmers credit either for a certain number of information requests or for a set (short) time period.

Rethink how fertilizer subsidies work to address farmer concerns.

The survey findings indicate that farmers have the most demand for fertilizer related information (sources, costs, subsidies). The qualitative studies corroborated this finding. In all three surveyed countries, fertilizer subsidies make up a significant portion of the funds allocated for agriculture. However existing sources of information related to

fertilizers are felt to be unreliable. This is an opportunity for government to rethink how farmers are made aware of fertilizer subsidies and possible rethink how the subsidy is targeted and applied. A better delivery and monitoring system for supplying the fertilizer subsidy may result in the subsidy being utilized in a more optimum manner. In Sri Lanka, for example farmers complain about the sub-standard quality of the fertilizers supplied under the subsidy. In some parts of India, farmers complain that that they are unaware of the allotment of fertilizers they have been assigned and that there are leakages in the system due to the lack of transparency. The answer might be a voucher system that allows farmers to choose the fertilizer they wish to use. If the farmer wants to utilize a higher quality fertilizer, he will then just bear the additional cost beyond what the subsidy might cover, rather than having to pay the entire amount under the current system. Similarly transparency issues could be partly tackled by a mobile phone service that directly informs farmers of their allotments.

Figure 1: Top three information requirements in each stage of the crop cycle



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