

The Duke MBA Global Consulting Practicum 2010

Project Summary



Project Title: Improving Price Points for Indian Farmers

Client Information:

- CECOEDECON <http://www.cecoedecon.org/>
- Sharad Joshi, Secretary/Founder, cecoedecon@gmail.com

Period of Performance: December 2009 - April 2010

Duke MBA Team:

- Carolina Ferrari (Fuqua'11)
- Chris Geurtsen (Fuqua'11)
- Tatiana Benitez Manoel (Fuqua' 11)
- Tyler Marcus (Fuqua'11)
- Nina Yoshimura (Fuqua'11)
- David Watts (Fuqua'11)

Instructor: Pranab Majumder / Erin Worsham

Partner Description:

The Center for Community Economics and Development Consultants Society (CECOEDECON) is among the largest and most well-established NGOs based in Jaipur, having operated for over 28 years and in over 100 villages across the District of Rajasthan.

Problem Statement:

CECOEDECON was increasingly frustrated with what seemed to be farmers' inability to capitalize on increases in food prices. Additionally, there were concerns about whether or not the new commodities market in India was contributing to inflation.

Objectives:

- To help Rajasthani farmers benefit from inflation by retaining higher price points.
- To determine if Futures are causing inflation.

Approach / Methodology:

- 1) Field interviews with small farmers, professors, politicians, cooperatives, commodity traders.
 - Farmers: to understand their perception about the spot and future commodity market / financial status / practical understanding
 - Professors: to find studies and data connecting future market to inflation / theoretical understanding
 - Politicians: understand current and future public policies related to strengthen small farmers' selling and purchasing power
 - Cooperative: to determine best practices that strengthen businesses' selling and purchasing power
 - Commodity traders: how the spot and future market works and who the players are in the market
- 2) Analysis of collected data to determine key issues, including:
 - If future markets cause price inflation
 - If small farmers participate in the future markets
 - If small farmers could take advantage of the existence of future markets without playing on it



- What is limiting farmers from increasing their selling and purchasing power

Recommendations: (based on three key issues the team discovered)

1. Warehousing

- a. Lack of affordable warehousing impedes farmers from selling crops at optimal timing
 - i. *Recommendation*
 1. Create alternative warehousing services by lowering the risks involved
 2. Diversify portfolio of stored crops to reduce risk (e.g., require participants to collectively store crops that tend to have opposite pricing trends → mitigate total risk)
 3. Charge less interest fees to farmers

2. Liquidity

- a. Immediate need for cash prevents farmers from selling at optimal timing/price
 - i. *Recommendation*
 1. Utilize KSSs to form co-ops
 2. Tailor to external clients' custom needs
 3. Amass products by utilizing KSSs' ability to centralize resources to specific buyers

3. Information

- a. Insufficient access to information prevents (some) farmers from selling at optimal prices
 - i. *Recommendation*
 1. Facilitate government program to provide IT access and therefore access to market information
 2. Insure farmers are involved and can benefit from such services

Results Achieved:

A detailed report that CECOEDECON will use to lobby the government in favor of small farmers and a set of implementable plans.