

# The role of intermediary distributors in Balochistan Province, Pakistan <Part 2>

## The role and merits and demerits of intermediary distributors

In the previous issue of this series, an overview of agricultural product distribution in Balochistan Province, Pakistan and the major intermediary distributors were introduced. In this issue, we explain conditions that could be difficult for farmers under agricultural product distribution in Balochistan and the role of intermediary distributors under these conditions.

One of the characteristics of Balochistan Province is its complex topography, poor market access, insufficient distribution facilities, limited number of public markets and market management organizations (AAINews No.114, 2021). Despite these conditions, one of the factors that has enabled Balochistan to remain a major fruit-producing province in Pakistan could be the role played by intermediary distributors. Since almost 70% of the farmers in Balochistan are small-scale farmers (Agriculture Census, 2010), it is difficult for them to obtain market information outside the province, to negotiate for prices, and to handle distribution to markets and consumers in other provinces. Therefore, many farmers are considered to rely on intermediary distributors to distribute their products to out-of-province markets. According to a 2021 study, approximately 70% of the fruit produced in Balochistan is distributed to areas outside the province by intermediary distributors (IFPRI, 2021).

As for the institutional aspect, the Balochistan Agricultural Produce Market Act, 1991, provides for fair sales transactions of agricultural products in order to protect farmers. However, this act does not provide adequate support for small-scale farmers in Balochistan, where public markets are few and transactions are often conducted outside of the province. There is also a Balochistan Marketing Information System, managed by Balochistan Province, which provides market information. But the system is written in English, which the majority of farmers cannot read, and is updated infrequently, thus it cannot be said to be a useful source of market information for farmers. Consequently, farmers tend to rely on the distributors and neighboring farmers for market information (ITC, 2020). The role of intermediary distributors is essential for farmers to fill in the gaps in distribution infrastructures and lack of market information.

Intermediary distributors are involved with farmers at the production stage as well as the distribution of products. Due to the complexity of the topography of Balochistan, farmers do not have adequate access to agricultural production materials such as pesticides and fertilizers. In addition, public agricultural extension services do not reach farmers sufficiently, so farmers are not able to make effective use of inputs. Therefore, farmers do not have enough choice and tend to rely on the pre-harvest contractors (PHC) for the input sources and farming techniques. Furthermore, due to the lack of banking services in Balochistan, farmers are forced to rely on the commission agents (CA) to finance the purchase of inputs.

As explained above, this shows the importance of the role of intermediary distributors in agriculture of Balochistan, such as the PHC and CA, who bridge the distribution gaps from production to price formation and sales to the markets outside the province. On the other hand, intermediary distributors seem to have the dominant position over farmers in commercial transactions. It is also pointed out that the agricultural advice provided by intermediary distributors tends to focus on economical benefits and is lacking in local resource management perspectives, which may have a negative impact on the sustainability of agricultural production. For instance, one of the longstanding issues in Balochistan is groundwater depletion, which is considered to be caused by market-demand-driven irrigation for agricultural production. Additionally, intermediary distributors intervene from production to distribution, resulting in little scope for marketing, reduction of production and distribution costs, and limited opportunities for self-help in agribusiness management.

There is no doubt as to the importance of the role played by intermediary distributors in Balochistan. The relationship between farmers and intermediary distributors is unlikely to change significantly under the conditions mentioned above. However, considering the medium- and long-term benefits for them, it is important to improve the quality of public agricultural extension services, to help farmers broaden their self-help efforts in agricultural management, and to provide farmers with the opportunity to learn various production technologies.