

Part II. SOME FEATURES OF MARKETING IN EL-OBEID AREA

An assumption of this study is that marketing poses both incentives and constraints for farmers. Consequently, a farming system analysis cannot neglect the influence of market phenomena. The first research report characterized the relationship between marketing and the farming system in the following terms: (1) The marketing system provisions the farm household with most of its consumption requirements as well as with farm inputs like seeds, seed dressing, insecticides and agricultural tools. The village shop is the source of most consumption goods that are purchased by farming families and is also an important source--but not the only one--for obtaining technical farm inputs. (2) The prices, or anticipated prices, of agricultural products have far-reaching effects on the selection of crops which farmers plant. One evidence of this in recent years is the shift back to producing more millet for subsistence and relatively less cash crops. This change has come about owing to the steady increase in the price of sorghum that is being shipped to the el-Obeid area from the mechanized farming schemes. Another example is the fluctuation in the amount of land planted in groundnuts in relation to the price that this crop will bring in international markets.

In addition, (3) it is appropriate to look at credit as a market phenomenon. Village merchants are accustomed to making loans in cash and in kind. Market forces determine the terms of repayment and the rate of interest. The characteristically high interest rates that rural creditors charge are due to several factors. At the season when the demand for credit is highest (about one month before harvest), the supply of credit is low because the merchant's funds are tied up in hiring agricultural labor. Another factor contributing to high interest rates on loans is that the merchant is a local monopolist. He faces very limited competition from other merchants in the same village. On the contrary, the usual practice is for merchants to divide the village into clienteles, each family doing business with a particular merchant and taking loans from him as well. Finally, since defaults do occur, the high interest rate protects the lender's investment. (4) Non-farm market related roles (e.g., shopkeeping, oil milling, charcoal making and selling, beer making, truck driving, camel transport) provide a second source of income to many farming families.

Such occupations confer a strong advantage to these families in meeting seasonal cash flow requirements. A shop is ideal because it brings an income throughout the year. Moreover, the shopkeeper may feed his family directly from his provisions. Other occupations are performed on a seasonal basis. Many of these take place in the hot, dry season and have a definite significance for farming. The dry-season occupation provides income for the farm family to purchase food and water daily while reserving their cash crop (usually sesame) as a savings. The sesame is sold late in the market season (March-June) and the profit is used to buy animals and feterita and to finance planting and weeding operations for the coming cropping season.

When Report No. 1 was written the study of marketing had only just begun. No attempt was made at that time to sketch the marketing system. Instead, we described the role of the village shopkeeper and the operation of the government crop market at Abu Haraz. In the present report, the aim is to present an overview of rural marketing.