**EXERCISE 18. FARMER AND TRADER PRICING**

|  |  |
| --- | --- |
| *OBJECTIVE*  **After this exercise the participants will be able to:**   * Explain how traders set their prices. | |
| *EQUIPMENT NEEDED*   * Flip chart, marker pens, calculator | *EXPECTED OUTPUTS*   * Farmers have a better understanding of how traders set their prices and what farmers can do to either improve their price negotiating position or to reduce their own costs |
| *TIME*   * 2 hours | *PREPARATION*   * None |

*SUGGESTED PROCEDURE:*

1. Tell the following story (see box on Mr. Khan buys chickens). Use Table 77 to explain the numbers.
2. Afterwards, choose a product that farmers sell and calculate the costs from the market back to the farm.
3. Calculate the costs depending on whether farmers have 10, 100 or 200 units of that product.
4. Also calculate the costs if the market price changes.



