



SMALL FARMER GROUP MARKETING IN ASIA

UNITED NATIONS
AND SOCIAL COMMISSION FOR ASIA
AND THE PACIFIC

A X(5-012):
658.8:63 Uni
1983 c.3



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ECONOMIC AND SOCIAL COMMISSION FOR ASIA
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September 1983

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Foreword

With limited land to till, the small farmer faces constraints in his economic progress in terms of both production and disposal of his surplus output. In fact, marketing may even be the major obstacle to his progress, since without remunerative sales there are no incentives for other than subsistence production.

In view of the importance of marketing for small farmers, the Economic and Social Commission for Asia and the Pacific (ESCAP), in collaboration with the Food and Agriculture Organization of the United Nations (FAO), undertook activities in 1981 to stimulate greater concern for their marketing difficulties. The project stressed the formation of homogeneous groups of small farmers bound by a common desire to seek markets offering worthwhile prices for their products. Having observed the success in several such groups in countries of the region, the Agriculture Division of the ESCAP secretariat sought to encourage similar behaviour by bringing together leaders of small farmers groups to learn from these successful groups how to stimulate and conduct remunerative collective marketing activities.

This approach is illuminated in the case stories presented in this publication. I should like to express our gratitude for the generous financial support of the Government of Netherlands in this important area of our activities and similar work in agricultural and rural development.



S.A.M.S. Kibria
Executive Secretary

Acknowledgements and note

Acknowledgements

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Note

Currency exchange rates:

As of July 1981 one US dollar was equivalent to:

Rs. (India)	8.9
MS (Malaysia)	2.5
Rs. (Nepal)	12.0
₱ (Philippines)	7.9
Won (Republic of Korea)	868.0
Rs. (Sri Lanka)	19.0
Baht (Thailand)	23.0

Introduction

The case stories on marketing activities undertaken by small farmer groups which appear in this publication resulted from a ESCAP/FAO project on the subject in 1981. The project was supported by funds from the Government of the Netherlands. The primary purpose of the project was to introduce a methodology for training existing or prospective leaders of small farmer groups in order to improve their marketing activities. The essence of this methodology, which has been termed the “farmer-trains-farmer” approach, is to encourage and mobilize individuals and groups who have successfully planned and carried out an activity to teach their peers how to undertake similar activities. In this case, the general methodology was to expose leaders of small farmer groups to marketing activities successfully planned and pursued by progressive marketing groups. Nine Asian countries participated in the project: Bangladesh, India, Indonesia, Malaysia, Nepal, Philippines, Republic of Korea, Sri Lanka and Thailand.

The Case Stories

Seven case stories are presented in this volume. These stories were selected from among 32 such stories which were prepared during the course of the project. The seven case stories represent a variety of marketing activities conducted by small farmer groups including the marketing of sugarcane (India), pineapples (Malaysia), chicken and hogs (Philippines), cucumbers (Republic of Korea), fruits, vegetables and paddy (Sri Lanka), and rubber (Thailand). In addition, a case story of mixed-marketing is presented from Nepal.

The case stories presented here were purposefully written from the point of view of a small farmer leader whose group had successfully undertaken a marketing activity. The stories were to be used to train small farmer leaders and development workers how to stimulate initiatives to undertake marketing activities and how to successfully conduct them.

The case stories were requested to include information in terms of: (a) background information (village situation and socio-economic structure), (b) history of the group marketing activities, (c) group membership (including their socio-economic status and economic involvement with the group), (d) organization of the group (including reasons for initial formation, social and financial structure, leader’s role), (e) activities of the

group (marketing procedures including collection, grading, packing, transport, bargaining or pricing processes, distribution of returns to members), (f) problems experienced and their resolution, (g) decision-making processes, and (h) the support services received by the group. The case stories were also to include details of the financial success of the group undertaking and its evaluation from the point of view of the factors thought to have been responsible for it.

The style of the case stories was chosen to appeal to farmers or development workers who would read and use them. The most appropriate style has been found to be that of a simple success story written in the first person singular or plural from the farmer leader's point of view. Considerable emphasis was placed on how problems were overcome and how activities were conducted so as to contribute to a positive learning experience for the reader. These were originally written in the national language or a local dialect of the participating country. The stories that appear here are translations of the originals.

Common Elements for Successful Group Marketing

The ESCAP/FAO small farmer group marketing project identified four common elements considered necessary for emulating successful small farmer group marketing activities. These element (leadership, group homogeneity, planning at the local-level and government support) are discussed below.

Leadership

Strong leadership is an important factor for forming a successful group and directing the group toward a desired objective. Leadership might be provided from outside by a change agent, but in most of the successful cases the leaders came from within the village. The common characteristics of such leaders were: (a) A spirit of self-sacrifice in respect of time and effort and the ability to set a good example for other fellow members and (b) A firm determination to solve whatever problems the group faced.

Group homogeneity

For successful group performance, homogeneity of the group members appears to be essential. Group homogeneity ensures a common view of problems which allows a rapid identification of mechanisms to overcome them. It also functions to create a common social will, as small farmers come to recognize that their set of problems and solutions are different from those of relatively better-off farmers. For marketing activities, it was observed that the increased product volume marketed by a group overcame prices constraints related to unremunerative prices thereby stimulating individual efforts to increase productivity.

Planning at the local-level

Successful farmers' group activities must be initiated according to the priorities set by the members themselves in order to solve their problems. In this spirit, it was observed that planning at the local-level contributed in developing self-reliance which was the most important element in sustaining successful group activities.

It was also noted that for effective planning, training of the small farmers was required on how to make a proper plan. Such training included the following points:

- (a) The collection of existing information by the members and the systematic presentation of that information as a basis for planning

- (b) The introduction and use of future planning, including facts and figures for group activities and village development, with a 2-5 year time span and
- (c) An assessment of members' contribution in terms of labour, finance and sacrifice of time for the fulfilment of the plan.

The presentation of simple, illustrated planning guidelines and a sample plan which had been followed by other small farmer groups was reported by small farmer leaders to be useful for teaching planning concepts.

Government support

Support from institutional or non-institutional sources not found in all cases to be the most essential factor for the success of small farmer group activities. However, government support was helpful in initiating and organizing many successful small farmer activities. Such supporting activities was observed to be useful until the time came when the groups had established their leadership patterns and could stand on their own. This especially important when government and outside supports are in the field of management services, credit, marketing and infrastructure development.

In conclusion, it was noted by the participants in the Small Farmer Group Marketing project that one simple, cost effective technique of stimulating specified group marketing activities was through learning from the experience of groups which had successfully engaged in such activities. The case stories which follow reflect this realization.

1 INDIA

Group marketing of sugarcane at Warana Nagar

Methodology of Group Action

In a society composed of numerous small economic units there are several instances when a group of people by organizing themselves in a formal or informal co-operative method have improved their economic position. The idea of group effort for the solution of a number of economic and social problems has been in vogue in different ways even before the formal group method through co-operative action came into being. The significance of the group method is that individuals or households with small resources cannot accomplish their objective within the market framework. Such persons, be it through the supply of credit or through selling their produce or through getting their essential consumer needs or input supplies are exploited by the private money-lenders and traders. However, such small farmers have improved their economic performance after they have organized their credit and marketing needs by group action.

In India there are numerous examples where the small farmers have improved their economic position through group action. Indeed, in their situation group action is the only method of their emancipation from the hold of private agencies. What is needed is to stimulate such persons to organize for the solution of their problems. In this country since most of these small farmers are in extreme indebtedness and their solution lay in provision of credit through the group method, the organized credit co-operative movement started in this country. However, apart from group action for provision of credit, today group action for marketing their produce and other areas of economic activities has considerably widened.

In recent years, a number of measures have been taken to increase the production potential of small farmers which have succeeded in increasing their production. However, it has been observed that due to their limited resources, they are not able to get remunerative prices of their produce, hence, the benefits of increased production goes to the money-lender trader rather than to the small farmers. There are also other reasons for small farmers not being able to take advantage of modern marketing methods. First,

their holding power is too weak: they are in urgent need of cash and they want to dispose with their produce as early as they can within the village or its neighbourhood. Second, they do not have any storage facilities in which their product can be safely stored. Third, the market where they can fetch a better price for their produce is located quite far away from their village and they do not have any transportation facility for going to the market. Further, most of these small farmers are uneducated and illiterate and they do not have knowledge of marketing or market information. Moreover, if they do venture to go to the marketing centres, they are exploited by the various marketing 'Dalals' and agents operating there. However, small farmers could get advantages of the marketing system if they join together into a group and sell their produce through the group agency. Co-operative marketing is precisely intended for this purpose and, indeed, wherever farmers have organized into such a group they have received due return of their produce.

Example of Warana Nagar

Warana Nagar group action is a shining example of how small farmers can improve their economic position. The Warana Nagar experience is an advanced stage of group action for the solution of not only their marketing problem, which was indeed the starting point of group action, but extending group action for improvement of their general economic condition. Today the small farmers of Warana Nagar not only receive a better price for their sugarcane produce but they have developed other group activities for improving their economic condition. Their story is a worthy example for demonstration to small farmers in other areas. It needs no emphasis that the key to the success of group action largely depends on the leader of the group. This is palpably evident in Warana Nagar where the soul behind the whole group action has been the dedication and devotion of Shri Tatyasaheb Kore – himself a small farmer of that region.

Warana Nagar and its neighbouring villages are located in a rugged hilly terrain in Kolhapur District. The large number of farmers of this area are small farmers producing sugarcane. This area has been famous for cultivating sugarcane for production of jaggery. These small farmers were mercilessly exploited by the private traders, and gur manufacturers and their condition is completely at the mercy of the gur manufacturers. The private traders exploited them not only by paying them very low prices for their sugarcane, but kept them in perpetual bondage through the methods of finance advances and other devious ways. On several occasions the farmers had to burn their sugarcane in desperation.

During the early fifties, a ray of hope was sown among the sugarcane producers of Maharashtra when a co-operative sugar factory was formed by the small sugarcane producers in Pravara Nagar. The success achieved by this co-operative soon spread in other areas of Maharashtra. Today there are about 60 co-operative sugar factories in Maharashtra.

Tatyasaheb Kore's Story

I was burning with zeal to do something for alleviating the condition of the small sugarcane producers of this area. I took upon myself that if group action had achieved so much success in Pravara Nagar why could the same not be achieved by the small farmers of Warana Nagar also.

Organizing a group activity in the situation where a large number of small farmers are uneducated, illiterate and under the influence of money lenders and private traders is

not an easy job. Indeed I had to face numerous difficulties of moving from village to village in adverse conditions, many times there was risk to my life. This area was inhabited by a sizeable criminal element and it was not ordinarily safe to move. I received threats to my life several times. But undaunted by such fears I went ahead in my mission to organize a group and collect the requisite amount of capital from them to set up a co-operative sugar factory. It took quite some time and I had to face numerous difficulties. But due to my zeal and support of a few friends I ultimately did succeed in shaping the Warana Nagar Co-operative Sugar Factory which today has enabled not only the sugarcane grower to get a maximum price for his sugarcane but has triggered off numerous developmental activities for all-round development of the small farmers of this area. Once I demonstrated the success of group action to sugarcane growers, I started getting more support from a number of well meaning people in that area. I as many others in Maharashtra, have received inspiration in group action by writings of the great saint Tukaram – “. . . Let us co-operate with one another . . . Let us follow the right path.”

I believe that small farmers should not depend on government for their improvement. They should themselves sit together, put their heads together, make out suitable schemes and should execute those schemes. I believe that this is the only way in which India's economic development can be achieved and I relentlessly pursued my belief and am restless in organizing people into as many productive activities as possible. Indeed it is my firm conviction in this belief that today an island of rural development with an agro-industrial, educational and cultural complex has come up in Warana Nagar. What has been achieved in Warana is the cherished goal of rural development, all over. Indeed the school and college, the gymnasium and the orchestra which have been developed here as a result of group action is a model for all-round rural development in other undeveloped areas.

My initial impulse arose out of the extremely hazardous condition of the farmers of this area who had neither a good condition of agricultural production nor a market structure to provide them with a reasonable return. Agriculture in this area was too much dependent on the rains which often failed causing instability of agricultural production. I was particularly anguished to see the condition of sugarcane growers who had to depend on the usurious traders. I noticed that unassured production and very low and fluctuating market prices were two great hurdles in the economic uplift of the farmers of this area. The unprecedented depression of 1951 had virtually ruined the farmers of this area and they had to burn their sugarcane rather than make gur which had to be sold at throw-away prices. An idea came to me that the farmers of this area can be lifted from this calamitous state if they organize into a co-operative and in 1954 the idea took deep roots into my mind that a co-operative sugar factory could be the first step towards economic uplift of the farmers of this area and for the overall development of the farmers of this region. I knew it was a tremendous task to organize illiterate and orthodox farmers into a co-operative group. My firm faith in this method coupled with assistance of a few devoted social workers gave me strength. I started moving from village to village and convinced the people of the merits of group action for solution to their problems. It was indeed very difficult to collect cash for the share-capital. But once they were convinced, the farmers did not hesitate in selling their ornaments and livestock and other movable property for raising the requisite share-capital.

Objectives

With the ceaseless efforts of myself and my colleagues I was able to collect the

requisite amount of share-capital for registration of a co-operative sugar factory in Warana Nagar on 27 September 1955. The salient features of the aims and objectives of this co-operative society were:

1. To improve the economic condition of the agricultural producers through co-operative processing and marketing of their agricultural produce especially of sugarcane and products obtained therefrom.
2. To undertake such other activities as are incidental and essential for the above objectives.
3. To undertake all such activities as are conducive to all-round development and welfare of the people residing in the area of operation of the factory.

It might give misgiving to the people that the sugar factory exists only for the sugarcane growers. But, as will be evident from the objectives of the society, it was not intended only for sugarcane growers. The idea of bringing people together into a co-operative group was to make the co-operative sugar factory a nucleus of all-round development for the people of this area.

With my ceaseless and persistent effort, the co-operative sugar factory started functioning from 1 November 1959 with a crushing capacity of 1,000 tonnes of sugar per day. At the moment the authorized share-capital is Rs. 1.50 crores (10 million units) comprising of 15,000 shares of Rs. 1,000 each. There are 13,500 shares held by producer-members from 66 villages. A producer-member is one who must hold at least one-half acre of sugarcane. It will be seen from the land holding of the members of this factory that 85 per cent of the members of this factory are small farmers – holding less than 2 acres of cane.

Management

The position of the Board of Management of the sugar factory is as follows:

1. 15 elected producer-members
2. 2 elected representatives of co-operative societies
3. 1 nominee of the Maharashtra State Co-operative Bank
4. 1 nominee of the bank providing crop loans to purchaseer-members
5. 1 nominee of the Director of Sugar, Maharashtra State
6. 1 nominee from the approved union of employees of the Karkhana
7. 1 nominee from the backward class
8. The Managing Director of the factory as an ex-officio member.

The Board of Directors functions through various sub-committees formed for various functions like purchase, works, harvest, etc. An attempt has been made in the style of management so that the management and administration is in constant touch with the farmers. Indeed maximum association and involvement of members is the key to the success of this society. The Managing Director guides and co-ordinates all activities by making day-to-day consultations and discussions with various departments.

Standards

From the beginning I was burning with enthusiasm that whatever would be done will be the 'best' available in the country. I took necessary pains to see that the factory is most modern and the society is managed in the most efficient manner. Today I am proud to say that the management of this society is the best that one can possibly think of in the socio-cultural milieu of this country. I made no compromise with standards and efficiency of management.

I could observe in the beginning itself that the success of this factory very much depends on the quality of raw-material supplied by the members. The society therefore gave top priority to the cultivation of sugarcane. It provided all the facilities of farm guidance for improving quality of sugarcane production based on modern and scientific methods of cultivation. Cane seedling, fertilizers, modern agricultural implements like tractors and bull-dozers are provided to the members along with technical guidance. Soil analysis of members' farms is carried out to ascertain the correct doses of fertilizers. As a result sugarcane production in this area has increased from an average of 25 tonnes per acre in 1959-60 to 36 tonnes per acre in 1979-80 with a recovery percentage of 12 per cent which is one of the highest in the country. Being myself a farmer I realise that both in the interest of members as well as for the efficient functioning of the co-operative sugar factory it is essential that sugarcane must be harvested at the time of maximum sugar recovery and that the interval between the cutting and crushing must be at a minimum. The sugar factory therefore prepares a harvesting schedule. The harvesting department of the factory takes cane samples from each and every plot which is tested in the laboratory and then a harvest programme is fixed purely on this data. Once that is determined, care is taken that there is no deviation from this programme.

I also realise that it is essential for the efficient functioning of the sugar factory that the sugarcane is transported to the factory on time. Looking at the condition of the rural roads and the difficulties which the small farmers may have to face in arranging their own transportation, the factory arranges for the transportation of the sugarcane from the farmers' field to the factory. The factory invests Rs. 5 to 6 lakh (100,000 units) each year for the improvement of roads in the area. In addition the factory is a nucleus of total development of this area.

As I have pointed out earlier, I have created a system in which the quality of sugarcane production is given highest importance and, as a result, sugarcane production in this area has increased by five times since its inception. The number of producer-members has increased from 1768 to 7667. As the members have increased I took efforts in increasing the crushing capacity of the factory from 1,000 TCD to 2,000 TCD in 1969-70. Since the membership of the society has increased I have taken further steps for increasing the crushing capacity to 3,000 TCD.

One of the ways to give more returns to the farmers and to secure more funds for other developmental activities, was to embark on two projects for utilization of the by-products. I have already initiated steps for establishing a distillery and a paper factory by using molasses and baggasse. I am planning to do all this without any external assistance. Although there were initial difficulties in mobilizing the people and resources, as soon as initial success was achieved more people responded to our request and have contributed towards the development of the factory by making non-refundable deposits. Once group effort resulted in creating a sound nucleus for further development, I started planning and pursuing other schemes for further improving the condition of the small

sugarcane producers and extending the benefit of group action to others who were not sugarcane producers. Indeed, organizing the small sugarcane producers was just the beginning of group action. Getting a remunerative price for the sugarcane produce for the people was indeed the most immediate and urgent problem in the early fifties. Once a group was formed and initial success achieved, I started several other group ventures for all-round development of the people of this area.

Today Warana Nagar does not look like a primitive village, which it was until the fifties. Now it looks like a modern township with wide metal roads, with fluorescent lighting and modern houses with all modern amenities. The factory has constructed 430 quarters for its workers and staff. In addition, two room tenements have been also built.

Workers' Welfare

I have been conscious that the benefits of increased income may not all be distributed to the sugarcane growers nonly, but to all those working for the factory who share its benefits. I have taken personal care to see that the workers and employees working in the factory are happy and contented.

One of the reasons for slow and inefficient work in the rural areas is lack of health and medical facilities. I therefore took steps to construct a well equipped hospital for medical care of the employees of the factory. Besides regular medical facilities provided in the hospital I also arranged for medical camps such as eye and dental care in which I invite specialists from outside. The medical facilities of the factory are also available to the producer-members and their families. While I have been able to provide medical care only for the people working in the factory and the members of the co-operative factory it is my cherished dream to provide medical facilities to the entire inhabitants of the area as soon as possible. I am quite conscious that the ultimate objective of a co-operative endeavour should be to enable worker's to get other things of life in order to raise their standard and quality of life which is completely absent in the rural set-up. Once people's income has increased, their various other requirements develop and I have set-up a number of small co-operative societies such as flour mills, firewood and gas supply co-operatives, credit facilities and consumers stores. Today all these are working very satisfactorily on the basis of group action and most of the amenities available to an urban household is available to the people of Warana Nagar also.

Group Action for Women's Employment

I have been always thinking of schemes and activities which could create more gainful employment opportunities and raise income. I was particularly struck by the fact that while men-folk work, the women in the family are not engaged in gainful employment. I took steps to organize women's group for undertaking suitable and practicable activities within the socio-economic framework. Today the women's group is producing papad, pickles, masalas, school uniforms and a woman in this area in earning Rs. 5 to Rs. 6 a day by working in her leisure time.

Group Action for Irrigation

One of the reasons for poverty and low income of the people of this area is the lack of adequate water supply for cultivation. I was particularly struck by this scourge after the three consecutive drought years from 1972 to 1975. I am not a theoretician

or specialist in any area. But I could perceive that opening of a sugar factory was not enough for improving the lot of the people. The central focus of my thinking has been to explore and organize such activities which could enable the people to raise their income. It is true that the co-operative sugar factory enabled the people to receive a better price for their sugarcane production. But in the absence of an adequate water supply, sugarcane cultivation was not stable and the yield was rather low. I therefore started conceiving measures for conservation and better utilization of the available water supply. Warana River is the only source of water supply in this area. But it is not a perennial river. Some storage weirs were in existence. But these were not adequate for the increasing demand of water. Three consecutive drought years had brought down yield of sugarcane from 38.80 tonnes in 1968-69 to barely 17 tonnes in 1972-73.

Some government schemes for minor irrigation were chalked out. But under the rigmarole of the government the schemes were not implemented for several years. I took this opportunity to tell the government that if the government was not in a position to do it right now, the co-operative sugar factory could invest its money and complete the project if the government reimbursed the money to the factory subsequently. With great effort the government agreed to this scheme and I initiated efforts for the construction of three additional weirs and for increasing the capacity of existing weirs by raising their height. It cost the factory Rs. 42 lakh to complete the scheme and thus a new vista of government – co-operative co-operation – started.

It was indeed quite a substantial amount for the factory to invest Rs. 42 lakh for irrigation purposes. But it was more than paid back when it gave immediate returns in the form of increased sugarcane production from 2 lakh tonnes to 3.50 lakh tonnes. Besides construction of weirs, the factory took up construction of new wells on an extensive scale. It organized and promoted lift irrigation schemes wherever they could possibly be located. We have also taken up construction of percolation tanks. I visualize considerable expansion of economic activities with the completion of the Warana Nagar Irrigation Project which is under construction.

Group Action for Supplementary Income

My efforts in establishing a co-operative sugar factory did increase income to the small sugarcane growers. But I was considerably worried for the large number of people who were not cultivating sugarcane. The successful operation of the co-operative sugar factory gave me a lot of confidence in thinking of other schemes of development for raising the income of the small farmers and landless labourers. The problem indeed was to find some means of earning income.

Poultry

By this time poultry farming was developing in certain parts of Maharashtra and I could see that if these small farmers, landless labourers and unemployed educated persons could be organized to run a poultry farm they would get some opportunity for earning income. I was also concerned to improve the condition of the workers working in the co-operative sugar factory. Whereas the factory did take care to make reasonable payments to them and extend other facilities, I found that their condition could be considerably bettered if the workers of the factory and their family members did poultry farming. So I initiated efforts for forming two poultry farming societies namely Shri Warana Kombadi Sahakari Sangh, Ltd. and Sahyadri Kukkut Palan Society, Ltd. The first is for the agriculturists, landless labourers and educated unemployed persons of the area

and the second one is for members of other employees of Warna Co-operative Sugar Factory. The factory provided initial capital and leadership to the poultry farms.

The Sahyadri Poultry Farm is a model of the centralized pattern. Here the chicks and birds are reared in centralized sheds. Indeed, poultry farming as a supplementary source of income has considerably caught up in this area with the efforts of Warna Kombadi Sahakari Sangh, Ltd. This society has 137 A—Class members holding a share of Rs. 1,000 each and the B—Class members hold a share of Rs. 100. There is a difference between the facilities extended by the society to the two class of members. A—Class members are provided accommodation in the shed constructed at the poultry farm of the society on a rental basis. The society takes care of rearing the birds and marketing of eggs and chicks. The B—Class members are provided chicks by the society and they rear them at their home or on their own farm. The society provides all medical and marketing facilities. This has enabled a large number of small farmers in the area to raise their income by Rs. 200 per month. The society organizes training courses for the farmers and their family members in the know-how of poultry farming/keeping and veterinary services. My experience has been that my efforts in organizing and encouraging small farmers in poultry keeping has considerably raised the income level of landless labourers, small farmers and other unemployed people. The one thing that I ensured from the beginning itself was assured marketing of eggs and birds. The entire birds and eggs are pooled from different villages in Warana Nagar where they are collected by a marketing organization.

Co-operative Dairy

It is true that poultry farming did improve the economic condition of some people. I was not content with this alone. There were quite a few people who were not attracted towards the poultry business. I was thinking of some activity in which more and more people would get opportunities of earning income. Traditionally people have been used to keeping cows and buffaloes and selling their milk. However, in the absence of an organized marketing system for this purpose they did not get adequate return for their produce. I therefore conceived that a Dairy Co-operative Society could ensure the milk producers of getting a reasonable return and at the same time promote the dairy business in this area. I therefore took efforts in 1968 to organize Shri Warana Sahakari Doodh Utpadak Prakriya Sangh on the lines of the Anand and Mohasana Dairy Projects. The dairy society has a planned capacity of 80,000 litres of milk per day and it collects, processes and markets the milk enabling the small milk producers to get a fair return on their produce.

While the marketing of the milk of the existing milk producers was the immediate impulse for setting up the dairy plant, I have taken a number of stops for increasing milk production of the farmers. I have convinced the farmers to go in for cross-breeding of their buffaloes. I have started a breeding centre and veterinary service which are provided to the producer-members. By now our group effort for setting up the co-operative dairy project has gained popularity and wide acceptance and many people have increased their income by producing and selling milk.

Co-operative Consumers Society

Being located in an interior rural area, people here had considerable difficulty in buying their consumer requirements as well as requisites for agricultural inputs. The only nearest market for making these purchases was Kolhapur — 16 miles away and the whole day had to be wasted for doing any marketing. Private traders were using all kinds

of malpractices and although people in this area had raised their income, they were not getting the proportionate benefit on their income which is due to suitable shopping facilities. I therefore initiated steps for organizing consumers co-operative stores with the main object to cater to the needs of the rural masses by providing essential commodities of good quality at reasonable prices. Departmental stores named Warana Bazar started functioning on 2 April 1978. The mother co-operative, namely the sugar factory, has provided a suitable building for rent to the consumer society. Besides, the sugar factory has contributed Rs. one lac as share-capital to the society. It may be worth noting that Departmental Stores of the type existing in Warana Nagar are the first of their kind in the country. These stores are being managed with modern management practices. Experience has shown that about 2,000 persons visit the stores every day mostly from the rural areas. The name of Warana Bazar has so much spread that even people from cities like Kolhapur and Sangli make purchases in this bazar. Its annual sales has increased over a crore of rupees. The consumer society also runs a petrol pump and is a government nominee for gur distribution. My experience is organizing and running a modern shop in a rural setting has indeed greatly enlivened the atmosphere of this area and enabled the people to adopt a modern purchasing system.

Educational and Cultural Development

While successful operation of several of my attempts for economic improvement of the small man had considerably emboldened me and strengthened my belief in group action, I was not content with the quality of life. I had the vision of a society in which people are well-educated, skillful and competent in doing their job. I got a survey conducted and found that only 10 per cent of the children of this area had the opportunity of receiving college education. The poor farmers could not afford to send their children to colleges in Kolhapur and Sangli. I felt the need for a well integrated educational system in where a high quality of instruction could be provided to those who are to pursue education. I therefore conceived of a first rate kindergarten, high school and college in the area. Today indeed the whole educational complex of Warana Nagar is an envy to a urban dweller. In order to promote these educational activities I promoted an educational society as another venture. The sugar factory provided initial assistance by the creation of infrastructure for the educational activity. The school and college located here can be ranked as one of the best educational institutions anywhere. I took pains to get reputed teachers from different places recruited for this purpose. The college has established an excellent record in Shivaji University, Kolhapur. Seventy-two per cent of the students of this college come from backward communities. It has all the facilities – arts, science and commerce. It really gives me great satisfaction when I find that a poor hawker's son or a poor barber's son gets the opportunity for medical and other technical education. The educational society provides various facilities to the poor students. Today the college has 1500 students on its roll and the school has about 700 students. The entire cost of the educational complex of Rs. 45 lakh has been raised from donations from the farmers. The sugarcane producers and the factory workers contribute one Rupee per tonne of sugarcane and one per cent of their salary towards the education fund.

In addition to the educational complex in Warana Nagar I am trying to locate one Montessori school in every village. I have already succeeded in doing so in 48 villages in this area. The co-operative sugar factory helps in construction and maintenance of these schools.

Children's Orchestra

Indeed, I feel greatly thrilled when I watch village children playing high-level, sophisticated music in their orchestra. I will quote below from a report of the Times of India (30.6.1975).

“50 children from an inconspicuous village kept the audience of connoisseurs, cynics and purists spellbound with their amazing musical talent at a concert at the Ravindra Natya Mandir in Bombay. This is a unique thing in a rural setting that children between the ages of 4 and 14 handled nearly 60 musical instructions and played with ease and efficiency. The measure of attraction it has drawn will be evident from the fact that 15 of the children participated in the International Children Festival in Czechoslovakia and the Warana Children's team was adjudged as the best.”

The above description of some of the group activities have considerably widened the horizon of economic and social life of the people of this area. I felt that it was necessary to give modern institutional support for conducting these economic and social activities and I organized group action for setting up an Agro Industrial Co-operative Bank. Shri Warana Sahakari Bank provided loans to the farmers for all kind of agricultural development and has inculcated banking habits among the rural people. The bank is functioning very efficiently with a deposit of Rs. 340 lakh and each year it has declared a dividend of 12 per cent.

Besides the above, I have initiated efforts through group action for several activities to the promote general welfare of the people. Some of these notable activities are listed below:

- 1) 100 percent of the workers of the co-operative sugar factory have undergone birth control operations and it is spreading fast among the rural population.
- 2) I take special efforts to practice temperance among the people of this area.
- 3) I have initiated efforts for construction of houses for the landless labourers.
- 4) Assistance is given to cultivators who have newly acquired land (The sugar factory has constructed a well-equipped a modern gymnasium).
- 5) Gobar gas plants are being promoted and assisted in the villages.

My achievements have given me the conviction that in rural areas consisting of a large number of small farmers and landless labourers, group action can completely transform the people's life from a level of poverty and squalor to one of prosperity and cheerfulness. As I had conceived, the cooperative sugar factory was just sowing the seed of group action. Today, after 21 years, I see that my firm belief and sustained efforts for group action has completely revolutionized the life and activities of this place. One thing has led to another and it is moving at faster speed by its own momentum. I might have been the catalyst, but the real force behind the whole set of achievements has been group action.

2 MALAYSIA

Group marketing of pineapples at Parit Tasrif, Pontian

My name is Duki bin Kasdi. I live at Parit Tasrif Village which is about 10 miles from Pontian town. Before reaching the village we have to go through 8 miles of public road and 2 miles of farm road. I have been living in this village since I was born in 1939 and I am 42 years old now. I live with my wife and 7 children and also my parents, altogether 11 in the household. My education is up to standard 4 in a Malay Primary School. Five of my 7 children are still schooling, some in a primary school and some in a secondary school. Both of these schools are about 1.5 miles from the house.

This kampong (village) was started by two newcomers in 1927. From year to year the population increased and up to now there are 350 people from 60 farm families. All the residents are of Malay origin though the majority are from Bugis and Javanese groups. We are all descendents from our grandparents who migrated from Indonesia. Even now the Bugis and Javanese dialects are still being used apart from the Malay National Language. Nearly 95 percent of the population here have their livelihood dependent on agriculture. The village occupies about 4 square miles. The soil condition here is nearly all peat soil. I started to improve my own livelihood and be on my own about 22 years ago. In the beginning I inherited 3 acres of land. The land is planted with rubber. In view of the fact that living conditions are such a challenge, I began to diversify into the cultivation of other crops. Just to depend on rubber is not sufficient. Tapping the 3 acre rubber holding is my permanent occupation every day, and in the afternoon I use my spare time to cultivate cash crops like chilly, cabbage, ginger and onions. Apart from these, I also plant some pineapples (red variety) on rented land. From the result of my efforts, I now own an additional 11 acres. It is my hope to improve further all these efforts which I have started. In addition, I would like to encourage and provide moral support to other farmers.

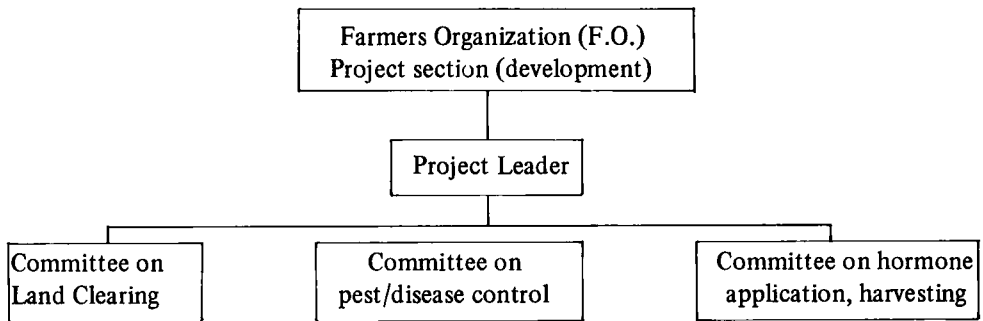
With this success, I started to plan a proper agricultural system to make sure that the success would be further enhanced and could be enjoyed by the whole farming community in the village. I started this system since 1978 beginning at the farm level; that

is, to make sure that all the produce is of high quality. Second comes transportation. I bought a station wagon to transport all the agricultural produce. Lastly comes marketing. With these 3 important factors, I have been commuting twice a week to Johor Bahru market which is 47 miles away to market and sell all my own agricultural produce and also those from other farmers.

In this village, we had set up a small agricultural unit called Parit Tasrif as far back as 1973. This unit is under the administration of Pontian Selatan Farmers Organization (F.O.) which has its office in the Farmers Development Centre, Jalan Parit Masjid, Pontian, 19 km away from here. This organization is like a "mother" body to us in helping to improve the agricultural sector. Apart from the services provided by the F.O., we are also taught to work together in our work. This F.O. also carries out a number of business activities which are connected with the needs of farmers. Examples of these are development projects, credit, savings, marketing and supply of agricultural inputs. This concept of service and business which is being practised by the F.O. is different from other bodies which are more interested in making profit.

Because the land here is of peat and since it is suitable only for cultivation of moris and red pineapple varieties, it was thus planned in 1979 to have a pineapple (variety moris) project on a group basis. An amount of M\$14,400 was provided. This project was started on farmers' land totalling 23 acres. There were 9 participants. Input supplies such as suckers, insecticides, weedicides and fertilizers were provided. I was appointed to be chief in this project. Each acre was provided with 8,000 suckers worth M\$328, 2 gallons of paraquat worth M\$66, 1 pack of krover worth M\$82, 2 bags of urea worth M\$57, 2 bags of mixed fertilizers (30:1:32) worth M\$45.50, 2 bags of lime worth M\$16, 3.125 kg. of trosi (copper sulphate) worth M\$7.40 and 2 tins of Auxin Anna worth M\$22.80. The value of the allocation came to M\$634.70 per acre.

At the initial stage I had a number of meetings with the participants and officers from the F.O. to determine when the project could be started. All works such as land clearing, planting and fertilizing were done by the farmers themselves. I only helped to make sure all work followed the schedule. Three committees were set up by the participants, each one of them being assigned to one of the committees: namely (a) land clearing, (b) pest/disease control and (c) hormone application, harvesting and other works. The committees helped me as project leader and officers from the F.O. to control and supervise the project. The organization set-up was as shown below:



Each committee was managed by 3 members including the unit chief. The aims were:

- (a) to facilitate supervision, and extension,
- (b) to help participants discuss their problems,
- (c) to serve as a communication link with the F.O. through the unit chief,
- (d) to facilitate supply of agricultural inputs to the farm level.

As a project leader I was fully responsible to manage the project. The responsibilities given to me were:

- (a) to follow all the instructions given by the F.O. on the schedule for planting, fertilizing, hormone treatment, harvesting, etc.,
- (b) to bring problems relating to pineapple production and other matters to the F.O.,
- (c) to provide guidance to the participants on pineapple grading,
- (d) to receive payments from sales of pineapples on behalf of participants.

The committee which has to do with marketing was the committee on hormone treatment and harvesting. The main duties were:

- (a) to determine the schedule for hormone treatment,
- (b) to give instructions to participants to follow the schedule for hormone treatment,
- (c) to recommend good quality hormone. Usually Anaa (Alpha Naphthyl Acetic Acid) is used: 1 tablet for 1 plant,
- (d) to determine the quantity of pineapples to be harvested for each lorry load,
- (e) to ascertain young fruits or over-ripened fruits of poor quality.

The selling stage commenced after the project was implemented for 11 months. At this stage I played an important role together with an officer from the F.O. in determining the schedule for the pineapples to be marketed. After the schedule was determined, the officer and the lorry from F.O. came to my place. All the pineapple fruits had to be graded before being loaded into the lorry. The fruits (moris variety) are marketed to Singapore because the market is guaranteed and the price, following grade A, B and C, is also good.

After the scheduled time was determined, the participants plucked the fruits that were ripe. Ripe fruits will have 5 to 6 "eyes" turning reddish yellow. There are fruits which have not changed colour but are already ripe. They are also plucked. The harvested fruits have a ½ foot stalk remaining. This is to prevent the fruits from rapid deterioration and also to facilitate handling.

The fruits are brought from the farm to the various collection centres located about 1.5 miles away. For each harvest, 5 labourers are used. Two of them are to harvest the fruits and collect them at the road side of the farm. The cost for hiring each labourer is M\$15. For carrying the fruits, another 3 persons are required. The fruits are transported by bicycles which have special wire nettings to hold them. Each bicycle can carry about 170 fruits. The cost for carrying each bicycle load is M\$3.50.

The fruits are collected at a place which is accessible by the F.O. lorry. The fruits are classified by the farmers themselves according to the following grades:

<i>Grade</i>	<i>Length</i>	<i>Height</i>
A1	more than 12 inches	more than 3 kati
A	10 – 12 inches	2½ – 3 kati
B	8 – 10 inches	2 – 2½ kati
C	6 – 8 inches	1½ – 2 kati
D	6 inches	less than 1½ kati

Note: One kati is 1.33 pounds.

The maximum numbers of fruit which can be loaded in a 3 ton lorry is about 2500 fruit. Usually between 2 to 3 participants share a lorry. The fruits are graded according to each participant’s production. The purpose for grading is to facilitate selling to the wholesaler. The fruits which are graded by the farmers will again be graded by the F.O. This is done by the lorry drivers. They have considerable experience and skill in doing this. Temporary receipts are issued to each producer. This is based on the numbers of fruit for each grade.

The fruits are sent to the wholesaler in Singapore. The fruits are again graded by the wholesaler in the presence of F.O.’s employees. Rotten fruits are not accepted. The F.O. does not receive cash payment straight away. Payment is received at the time of the next consignment.

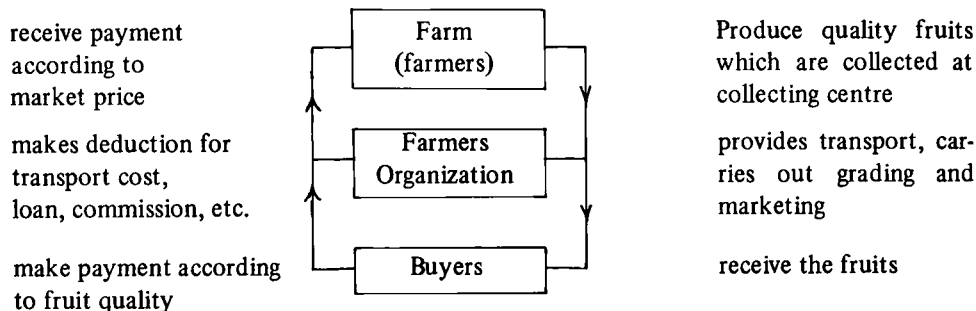
The farmers who sell the fruits receive their payments 2 to 3 days later. Each participant or the project leader collects the payment on behalf of other participants. The price, which is fixed earlier, is determined by the buyer. The buyer has to depend on the market price and quality of fruits. However, because the F.O. is the permanent supplier there is not much fluctuation in the price.

The general price for the fruits are as follows:

- Grade A1 = 40 – 45 cts/fruit
- Grade A = 30 – 39 cts/fruit
- Grade B = 18 – 22 cts/fruit
- Grade C = 8 – 12 cts/fruit
- Grade D = 5 – 7 cts/fruit

The F.O. makes payments to the farmers after making various deductions for transport cost to Singapore, loan repayment, commission (about 1 cent per fruit), etc.

The organization for these 3 levels can be shown below:



In the marketing of pineapples at these 3 levels some problems have arisen. Among them are:

a) Field-level

- (i) Over-ripe condition of the fruits when they are plucked at the farm. This will hasten deterioration and hence lower their quality. The wholesaler will not like the fruits.
- (ii) Farms which are located far away will have the fruits transported further. This will result in some spoiled fruits.
- (iii) Farmers are not able to keep to the dates which have been fixed. It is possible there is bad weather or farmers have other things to attend to. Fruits cannot be plucked and this will upset the transport arrangement of the F.O. and also lessen the confidence of the wholesaler to the F.O.
- (iv) Too many fruits are plucked which cannot be taken by the lorry. The remaining fruits have to be marketed on subsequent days. The fruit quality is bound to deteriorate.
- (v) The condition of the farm road is not good. Farmers are forced to bear additional costs.

b) Farmers Organization level

- (i) The F.O. is forced to make advance payments to the farmers for the fruits which are marketed.
- (ii) There are farmers who are not too happy with the low prices offered. This is because too many fruits are rejected or there have been some errors in counting the fruits.

c) Wholesaler level

- (i) The wholesaler in Singapore regrades the pineapple fruits. Sometimes, there are differences in the grading. Usually grade A fruits will go to grade B and grade B to grade C.
- (ii) There are also differences in the number of fruits. This is difficult to determine whether some mistakes have been made at the farm or at the wholesaler level. When this happens, farmers are likely to get a low price.
- (iii) The wholesaler is not able to pay cash for the fruits delivered.
- (iv) The wholesaler rejects fruits which are too young, over-ripe, spoiled and of poor quality. This will reduce the number of fruits sent.
- (v) During the peak season, the price will come down.

Various efforts have been made to overcome the problems facing the farmers. Co-operation at the farm level and by the management is necessary. Such co-operation includes:

- (i) To be more certain on the timing of their production at the farm level.
- (ii) To send quality fruits according to the requirements to the wholesaler.

- (iii) To send fruits according to a fixed schedule.
- (iv) To liaise more often with the unit chief so as to discuss problems.
- (v) To be more careful in counting the fruits.
- (vi) To bring the fruits as quickly as possible to the wholesaler so that fruit quality will not deteriorate.
- (vii) To acquire more wholesalers for moris variety pineapples.

For each sale the farmers are able to receive about M\$300 after making deductions for transport expenses to Singapore (about M\$100) and labour costs (M\$60). If planning follows the schedule, the fruits can be harvested once every 3 months. This means the farmers will get an additional income of about M\$100 per month. Most of the farmers who plant the moris variety pineapple are rubber tappers. In my case, I get a total income of about M\$7,000 a year.

The success of this project has become an example to other farmer members to change their small cropping pattern to one that is having a proper system of cropping, production and marketing. It is here that we need small agricultural unit groups to carry out group projects which can be profitable.

In order to promote agricultural activities on a wider scale in this village, I have tried to interest other members to obtain sources of fund from other financing agencies like banks. With the interest on and success of this project one new project has also been carried out. This is known as the "Pineapple Credit Scheme". The variety cultivated is the "red" variety. This is a pilot project of both the Agricultural Bank of Malaysia and the Pontian Selatan F.O. The fund is provided by the Bank and the co-ordination work is handled by the F.O. which became the local credit centre. This project has 7 participants working on 30 acres and a fund of M\$7,825. The loan is to pay for expenses which are not covered by the subsidy from the pineapple rehabilitation unit.

This project is also meant to follow a system of channelling credit known as supervised credit. Up to now 85 per cent of the participants have succeeded and have paid off the credit taken. With such kind of projects, the members are able to learn how to manage group projects systematically and successfully. They are able to follow a schedule which has been planned. This includes planting, fertilizing, hormone application and the use of modern techniques and correct methods. Apart from this, studies can be carried out by the participants themselves on the high cost of expenditures and income which they can get. From this the farmers and I are able to evaluate whether this project is going to be profitable or otherwise.

With the completion of many agricultural projects under the West Johore Intergrated Project, I believe agricultural development can be doubled especially when there are improved and more access farm roads to bring agricultural produce from the hinterlands. With this, farmers in the area will be able to have more income because of lesser transportation costs. I believe more farmers will be interested in modern agriculture. With a proper system and programme and with the encouragement from government agencies, I feel we farmers will have better success in the future. As an example, through processing rubber on a group basis and by providing good quality control, a good and stable market has been achieved. Before we were experiencing low prices, with this system the problem will not arise again. Apart from this, we all have been able to instill a spirit of co-operation and extend mutual help to one another.

3

NEPAL

Group mixed-marketing activities at Tupche Panchayat of Nuwakot

I am Bhava Nath Rijal. I am 51 years old. I am a Brahmin by caste. Traditionally my family has performed priestly jobs. At present, however, I am a small farmer. My major source of income is agriculture.

I live in Tupche Panchayat of Nuwakot district in Bagmati zone. The district headquarters is Bidur which is located 75 kilometers west of Kathmandu, the capital of Nepal. A hilly metallic road connects Bidur with Kathmandu. Trisuli Bazar is 7 kilometers south of Tupche. This Bazar has traditionally served as an important intersection for various mountain foot trails. There is a gravel road connecting Trisuli Bazar with Trisuli Hydro-Electric dam. Tupche lies on the bank of river Trisuli very near the hydro-electric dam.

Tupche Panchayat consists of 25 small villages. The total area is about 19 square kilometers. The attitude ranges from 660 to 1,400 meters above mean sea level. Most of the panchayat consists of steep sloping terraced fields. However, there are also flat paddy fields on the banks of Trisuli River.

The population of Tupche Panchayat is 5,400. The number of households is 854. The total land is 17,830 *ropanis* (20 ropanis is one hectar), out of which 8,000 ropanis are irrigated. About 90 per cent of the rainfall occurs during the monsoon (May-October). The average annual rainfall is 3,000 mm. The climate varies from temperate to tropical to subtropical. Religionwise, the population is divided about half and half between Hinduism and Buddhism. The main castes are Brahmin, Tanang, Magar and Gurung.

Maize, paddy and millets are the principal crops of Tupche panchayat. The farming system is mixed consisting of cereals, vegetables, livestock, poultry and fruits. The average size of the farm holding is very small. More than 94 per cent of the farm families hold less than one hectare of land. Thus, most of the farming is at a subsistence level.

The social structure of my village panchayat is very much caste-oriented. The village society is basically divided in four castes – Brahmin, Chhetri, Vaish, Chhudra.

People follow a Hindu-Buddhist way of life. The power structure is concentrated in the hands of big landholders who also serve as village moneylenders.

Formation of Group Number 8

I am the leader of group number 8 of small farmers in Tupche panchayat. Ours was also the first group organized for small farmers. I have been the leader of the group from the very beginning. The history of the formation of our group, however, is very interesting.

I vividly remember the days when government and other officials used to visit our village. Their points of contacts were the big landholders or Pradhan Pancha (head) of the village panchayat. They never bothered about us despite the fact that most of us living in the village were small farmers. The government facilities were given to big landholders or to persons recommended by them. The lot of small farmers was exploitation.

I also vividly remember March 1976 when a tall, self-confident person of about 30 years came to our village. He was the chief of the Small Farmer Development Project of the Agricultural Development Bank. He possessed rich experience and training about the agriculture of our country. He seemed very dedicated and firm in his purpose. His name was Chandra Kant Adhikari. He had established his office in a hay-roofed hut.

Mr. Adhikari kept meeting small farmers to explain to them about the objectives of the small farmer development project. However, the small farmers of my village were very sceptical of government programmes. They had not been able to reap any benefits from most of the development programmes sponsored by the government in the past.

We all looked at Mr. Adhikari as one more government functionary who had come to our village to exploit us. We did not take him very seriously. However, Mr. Adhikari did not lose his courage and determination. He went from door to door. He visited tea shops where we used to gather in the evenings to persuade us to form into groups. His efforts continued unabated.

In the meantime one very strange thing happened in our village. We noticed that even the big officers of the Agriculture Development Bank who came to our village were trying to establish direct contact with small farmers. This gave us the feeling that perhaps the government was serious about improving the lot of small farmers. Above all, the honest dedication and seriousness of purpose of Mr. Adhikari impressed us. We found that he was trying to identify himself more and more with the small farmers of our village.

I still remember very well the evening of 10 April 1976 when nine of us got together in my house and decided to form into a group. The big landholders and moneylenders threatened us. They even wanted us to return the loans we had taken from them at once. They even threatened to confiscate our land. Mr. Adhikari always gave us his support. Thus started Group Number 8.

Membership

Our group consisted of only nine members for the first year. We received prompt financial assistance and other help from the Small Farmer Development Project. This motivated others to join our group. Sixteen new members joined the group in the second year. The total strength of the group became 25.

Our group is rather homogeneous. There are 23 Brahmins and only 2 Chhetris. There are 150 members in the family of 25 group members. This gives an average of 6 members per family. About half of them are engaged in agriculture. About one-tenth of the family members are employed, either as labourers at the hydro-electric project of Trisuli and Devighat or as employees in various offices. Some members are even engaged full-time in performing priestly jobs.

One-third of the total family members are literate. This means that two-thirds of the family members cannot even read and write. The total landholding of our group is about 260 ropanis (13 hectares). This gives an average landholding of 10.4 ropanis (½ hectare) per family. About half of the total land only is irrigated.

There is nobody in the group or in the group member's family who has passed the School Leaving Certificate.

Group Organization and Decision Making

I have been serving as the leader of the group from the very beginning. I secured 95 per cent of the voice votes during the elections of the leader. I have often wondered why the group members support me so much. I think the main reason is that I do not dictate decisions. I have always tried to solve problems through group discussions. I try to arrive at consensus in our group. Moreover, I do not give undue favours to any particular member of the group. I try to distribute equitably all the facilities and services received from various organizations. I intend to continue this style of leadership based on group participation in decision making.

Mr. Kailash Nath Paudel works as the deputy leader of our group. He is an educated person. He also teaches at the local school. Our group has given him the responsibility of keeping all the accounts of the group. He also serves as secretary to the group.

I have always believed that all the members of the group should take responsibility for the activities of the group. This is essential to promote group cohesion and identification. Members of the group have been given responsibility for the activities as given below:

Bhav Nath Rajal (Group Leader)

Over-all co-ordination with Small Farmer Development Project and other support organizations, activities related to loans and other group activities.

Kailash Nath (Deputy Leader-cum-Secretary)

Keeping of all the accounts and correspondence.

Toya Nath

Health, Sanitation, Latrine Construction and Supervision.

Narayan Rijal

Livestock and Veterinray Services.

Chuda Mani

Insecticides, etc.

Minnath

Food and Cash Crops.

Tirth Nath

Distribution of services received from various organizations and loan realization.

The group meeting is held on the first Saturday of every month. Every member of the group is required to be present in this meeting. Programmes as well as problems are presented by members. They are extensively discussed. About 10 members of the group are active participants. All the decisions are made jointly. However, there have been times when we had to take the help of Mr. Chandra Kant Adhikari, the chief of the Small Farmer Development Project, for certain problems. His valuable advice and support have indeed helped a lot in solving our problems.

The presence of Mr. Tirth Nath, the Pradhan Panch (head) of Tupche Panchayat, as a member of our group is indeed an asset for the group. He is himself a small farmer. He has devoted all his energies in improving the lot of small farmers. Our group is very much lucky. During my discussions with him the other day, I remember him telling me "Bhavathji, we small farmers must unite and fight against exploitation, injustice and oppression. This is the only way to our socio-economic upliftment. Above all, we must try to become self-reliant. Today, as Pradhan Panch I am fighting for what I believe. Tomorrow, I may not be Pradhan Panch but I shall continue my fight".

Support Services

The following are the village-level institutions that directly or indirectly provide support services to our group:

Tupche Village Panchayat: Local level authority which serves as a political as well as development unit. Mr. Tirth Nath, a member of our group, is the elected Pradhan Pancha of the village panchayat.

Tupche Co-operative Society: This society established in 1959, serves as an intermediary for providing loan to small farmers who are also the members of the society. A commission of 4 per cent is charged by this society on all the loans. It also markets agricultural inputs to the farmers of the area. The regulations require that all the Agricultural Development Bank loans should be channelled through this society. Mr. Anha Kaji Shrestha is the manager.

Small Farmer Development Project Office: This office serves as the main link between the various support organizations and the small farmers. Mr. Chandra Kant Adhikari has been the chief of the Project from the very beginning, i.e., March 1976.

Agriculture Sub-Centre: This is the agency of the Ministry of Agriculture headed by a Junior Technician. Its functions are to provide advice, extension and support services. Veterinary services are provided by a Vet Subcentre.

Schools: There are five primary schools in the Tupche Panchayat. There is also one lower secondary school. A high school has been planned. Primary schools are fully funded by the government whereas the lower secondary school is partly funded.

Intergroup Projects: There are two inter-group projects. One of them is cottage industry operated by Group 20 in collaboration with six other groups. It has 111

members with an investment of Rs. 105,000. Our group is actively associated with this project. Our deputy leader serves as the chief of the project. Another intergroup project is a rice mill operated by small farmers.

Hydro-Power Dams: There is unit number one of Trisuli Hydro Power Project near our village. This was completed a few years ago. It provides seasonal employment to our people during the rainy season when there are floods and landslides causing damage to the dam. About 15 kilometers away, Devighat Hydro-Electric Dam is being constructed. This will also provide employment opportunities to our people.

In addition to the above, there are family planning motivators and women workers of the Local Development Ministry stationed in our panchayat.

In Bidur, about 7 kilometers away, are located most of the district-level offices of various government agencies, including the office of the Chief District Officer. The office of Marketing Development Services Project of the Agricultural Marketing services department is also stationed there.

Group Activities

Our group is engaged basically in three types of activities, which include individual member-oriented activities, group-oriented activities and inter-group oriented activities. As regard individual activities of the members, the emphasis is on increasing food production. Most of the members of our group cannot produce enough to feed their family for 12 months. They have been exploited by moneylenders for consumption loans at interest rates ranging from 48 to 72 per cent. The individual projects of the members have helped improve their income. Other individual projects are related to livestock. In fact buffalo farming by individual members have accounted for the highest amounts of loan taken by our group. The income of our group members has gone up through the sale of milk, curd and butter.

The group oriented activities consist of group savings and a group orchard. As regards group saving, every member of our group is required to save Rs. 5 per month. So far, our total group saving has amounted to Rs. 16,671. The idea of group saving is to help our members in time of need. In the beginning we deposited our savings in the Agriculture Development Bank. But the interest we received was very little in comparison to the interest paid by our members to moneylenders. Therefore, we decided to invest our group savings for emergency loans to our members for the following purposes: (a) Loans related to death in the family (up to six months interest free), (b) Loans related to delivery of babies (2 per cent per month), (c) Loans related to illness (3 per cent per months) and (d) Loans for other purposes (4 per cent per month). The group has also entrusted a petty cash fund of Rs. 200 to me which can be used for emergency help to members at my discretion.

Our group saving is not only in cash but also in kind. I still remember the days when we sold paddy at a very low price after harvesting. But we were buying rice at high rates during the dry season from the market. To solve this problem, our group decided to save 5 pathi (about 12 kg.) of rice during the month of Marg (November-December). So far, we have saved 6.5 Muri (about 310 kg.) of rice. The members can borrow rice from this savings for emergency and religious purposes. They have to pay 25 per cent more for the loans they take in kind.

The co-operative society has built a 100 metric tons capacity godown for storing

our products. The society charges a small rent. But we can get loans from the bank on the pledge of our goods stored in the godown. This way we are not required to sell our paddy at a low price of Rs. 80 per 40 kg. after harvesting. Instead we store it in the co-operative godown and sell at the time when we can get the best price of Rs. 120 per 40 kg. of paddy.

Our group was awarded Rs. 300 for best performance. We also collected some money through group religious activities. We put all this money in our group savings. We are indeed proud of our group savings.

The most important group activity we are doing is the orchard. In one of our monthly meeting in 1977, we decided to start a group orchard. But we had no land. We approached the village panchayat to give us 10 ropanis ($\frac{1}{2}$ hectare) of fallow land. The Project Chief Mr. Adhikari and the Pradhan Panch played positive roles in this respect. We had the land made available to us. We also bought a small plot of land adjoining the fallow land. This way we got the fallow land registered in the group's name.

In the beginning we invested Rs. 800 from our group savings to buy fruit plants. But the construction of a boundary wall and the purchase of fertilizers and insecticides were not possible from our group savings. Therefore we took a loan of Rs. 10,251 from the Agricultural Development Bank.

The big landholders did not like our orchard venture. I still remember the days when they used to uproot our fruit trees at night. Our group had to employ a night watchman to prevent such mischief. We had to pay Rs. 150 per month to the watchman. Today, we have a stonewall around our orchard. We have planted the following fruits: pineapple (1,100 trees), banana (1,000 trees), mango (105 trees), pears (5 trees), peach (5 trees) and lichi (2 trees). The pineapple and banana trees have already started production. Last year our income was Rs. 1,820 from the orchard. This year the banana crop is not so good. Therefore the group has contracted out the banana crop for Rs. 800 to me. The lack of irrigation facilities in our orchard has become a big problem. The northern part is rocky. Hence, all the trees have not produced fruit so far. The total income from the group orchard so far has been Rs. 2,620. This has not been enough to repay our loan in time.

The intergroup activities consist of a cottage industry started by 7 groups with a membership of 111 and an investment of Rs. 104,764. There are 20 looms, 10 for training purposes and 10 for production purposes. There are 25 employees. All the 25 members of our group are the members of this project. The per member loan for the project in our group is Rs. 942. Our deputy leader is the Chairman of this project whereas I serve as adviser. This project has not become a success mainly because of the lack of marketing opportunities for our products. We have established our own sales depot in the village. The sales are mostly on credit to members. The intergroup project is a symbol of unity for small farmers.

A detailed picture of the activities of our group is given in Table 1. The production loan has been for paddy, maize, wheat, and so forth. The group loans have been for horticulture and industry. The recovery rate for individual loans has been fairly good.

Table 1**Activities of Group Number 8 of Tupche Panchayat (1975/76 - 1980/81)**

<i>Activity</i>	<i>Loans received</i>	<i>Loans repaid</i>	<i>Outstanding balance</i>
1. Paddy farming	8,915.53	6,010.53	2,905.00
2. Maize farming	7,335.23	2,346.00	4,989.23
3. Wheat farming	1,360.51	1,360.51	—
4. Buffalo	84,935.00	35,510.90	49,425.00
5. Goat	5,396.00	4,785.00	611.00
6. Ox	6,848.00	5,648.00	1,200.00
7. Horticulture (individual)	4,000.00	—	4,000.00
8. Horticulture (group)	10,251.50	—	10,251.00
9. Consumption loan	800.00	400.00	400.00
10. Irrigation	1,456.00	83.00	1,373.00
11. Intergroup industry	23,568.50	—	23,568.50
Total	154,866.27	56,143.94	98,722.33

Our group is also engaged in various social activities. These activities are:

Drinking Water: Construction of a water supply system with piped water brought from 1,000 meter distance and distributed in 6 places.

Health: Construction of latrines in each houses and bringing about health consciousness.

Family Planning: 12 persons of our group have permanent sterilization. Others use temporary means of family planning. But some members feel that family planning leads to weakness.

Training: 16 members of our group have participated in 23 types of training programmes ranging from 1 to 41 days.

Adult Education: Classes are being run by our deputy leader to promote adult education.

Road Construction: Construction and maintenance of roads at the time of the Durga Puja festival.

Afforestation: Every member has planted 5 fruit trees in their yard.

Elimination of Social Evils: We have tried to discourage too much expenditure during festivals, marriages, deaths, etc.

Marketing Activities

Ours is basically a village level subsistence economy. There is very little surplus to be marketed. As regards production at the individual level, the surplus, if any, is marketed in the village or at Trisuli Bazar.

The individual members of our group sell their product like paddy, wheat, oil seeds, potatoes, vegetables, milk and ghee (shortening) either direct to consumers or to middlemen in the weekly markets. The price paid by such middlemen is generally low. Their weighing and measurement system is also defective. However, they pay in cash. This motivates small farmers to sell their product even at lower prices.

The group orchard project is the only example of group marketing by us. In the beginning, our orchard production was small and we could sell it in the local village. However, as our fruit production increased, so increased our marketing needs.

As regards to the products we have to sell, we have fruits, especially pineapple and banana. Our products are sweet and tasty compared to competing products. But we do not do any grading or packing.

As regards price, we sell pineapple at Rs. 4.80 per kg. in the Tupche village. This can fetch up to Rs. 8 per kg. in Kathmandu. As regards banana, we sell it at Tupche for Rs. 3 per dozen whereas this fetches about Rs. 6 per dozen in Kathmandu.

We have not undertaken any promotional activities for our products. However, last year we took our products for sale in Bharikuti Mandap Exhibition organized during Durga Puja. We have not spent any money on advertising.

As regards marketing of our products, transportation is the biggest hurdle. It is too expensive to take our goods to Kathmandu. Trisuli Bazar serves as our main market. In our village, the Agriculture Marketing Service Department has constructed a shed for a weekly bazar. In the beginning this was a success. However, during the rainy season this bazar is deserted. Most of the people who have anything to sell prefer to go to Trisuli Bazar. This is mainly because they can buy essential goods like salt, kesorene and cloths at cheaper prices at Trisuli Bazar.

Devighat Hydro-Electric Project, which is under construction, can serve as an important market for our fruits. The marketing of banana, however, has never been a problem. Agents visit our home to buy them. But the price we get is very low. Pineapple so far is consumed locally. There are about 5 tea stalls and 4 grocery stores which sell our fruits in the village. The visitors or trainees who come to Tupche for studying small farmer development are also important customers for our fruits.

The import of banana and pineapple from India to Kathmandu has adversely affected the marketing of our products. The big size Indian pineapples are being sold at Rs. 3 to 4 each and the Singapore banana at Rs. 4 to 5 per dozen in Kathmandu. We try to sell our product in local markets and do not take them to Kathmandu for marketing.

A fruit processing plant near our village is needed to motivate our farmers to produce more. All the members of our group agree that marketing is going to be the biggest challenge of tomorrow for our fruit production.

Financial Success

Our group members are not yet able to produce enough to feed their family all the year round. However, before the formation of the group, they could produce only four months food. Today, they are producing at least 8 months food. In some cases, the production of paddy has increased threefold and of maize fourfold. We have adopted new varieties of seeds.

From the group orchard activity, we have earned Rs. 2,620 so far. In the future, with increased yield from our orchard, we expect to earn much more.

From livestock, the income of our group members have gone up from Rs. 30,000 before the formation of the group to Rs. 65,000 today. Similarly landownership has increased from 118 ropanis (6 hectares) to 230 ropanis (12 hectares).

Cereal production has also increased substantially. It has gone up as follows:

<i>Before 1976</i>	<i>Today</i>
1. Rice 250 Muri	500 Muri (1 Muri = 47.63 kg.)
2. Maize 200 Muri	350 Muri (1 Muri = 68 kg.)
3. Millets 125 Muri	200 Muri (1 Muri = 65.77 kg.)

Probably, the most important indicator of the financial success of our group is reflected by the position of debt from moneylenders. At present, there are only 17 members who owe money to moneylenders. Before the formation of the group we all owed money to them. The outstanding amount of such loans before the formation of the group was Rs. 76,900. Today this amount has gone down to Rs. 55,000. Our members should be able to pay back the money borrowed from moneylenders in a few years time.

There used to be about 20 per cent big farmers in our village before the formation of our group. Today, they have gone down to 10 per cent. Similarly, small farmers have improved their lot. Some of them, about 5 per cent, can be regarded as big farmers.

Our group savings also reflect our success. So far we have saved Rs. 16,671 in cash. Our savings in kind has also become substantial.

Problems Faced by the Group

Our group, especially in marketing, faces the following problems:

1. We must increase our production to generate sufficient surplus for marketing purposes. Low production in our orchard has become a big problem.
2. Irrigation facilities in our orchard are not sufficient. We cannot increase production unless we improve and add to our irrigation facilities.
3. Our fruit trees get attacked by various diseases. This year our banana crop almost failed because of disease attack. We urgently need extension services and insecticides.
4. We lack an agency of small farmers to market our products. At present our marketing efforts are scattered among various groups. An intergroup project for marketing is needed.
5. Transportation problems have really hindered our marketing efforts. It is too expensive and troublesome to take our products to Kathmandu. The prices we get in the local market are low.
6. We would very much like to receive cheap loans. The terms of loan need to be made soft.

7. Loans should also be provided to purchase land by the group. At present this facility is not available. The loan procedure should be simplified.
8. Veterinary services are insufficient. Such services need to be extended and increased.
9. At present the marketing system in our village is of a temporary nature. Even the weekly bazar is not a success. Some permanent marketing system needs to be developed.

These are the major problems we face. There are many more. Because of the lack of time today, I shall discuss them some other day. One thing is sure, marketing problems for the group will be more challenging in coming years.

Reasons for Success

The main reasons for the success of our group may be enumerated as follows:

1. We are very homogeneous ethnically and castewise.
2. Mr. Chandra Kant Adhikari, the project chief, is the most important factor of our success. His dedication and hard work always inspired us. He has helped us whenever we needed his help.
3. Our group has made all the decisions collectively. This has kept us all together.
4. Our group members have a self-reliant spirit and are willing to take responsibilities. We all have social spirit. We feel that we are helping ourselves through group efforts.
5. We were the pioneer group of small farmers. Therefore our group received all the help from the various government agencies.
6. Our nearness to the Small Farmer Development Project Office and the Co-operative Society is also responsible for our success.
7. The group saving programme has motivated us to stay together. We are not afraid of losing our lands to moneylenders.
8. Our members are bold enough to speak up against injustice and oppression. The group's spirit is pronounced and there is a sense of belongingness.
9. Last, but not the least, the presence of Mr. Tirth Nath, the Pradhan Panch, as a member of our group has been an important factor in our success. The granting of land by the panchayat for our orchard owes a lot to his efforts.

The success of our group is entirely due to the hard work, co-operation, unity, and group spirit of our members. We have problems. We will face many more problems in the future. But we will face them bravely and turn challenges into meaningful opportunities.

4

PHILIPPINES

Group marketing of poultry and livestock at Sorosoro Ibaba Cooperative, Batangas City

My name is Sofronio Coliyat and I live in Sorosoro Ibaba, a barangay about 110 kilometers south of Manila. Like many of the farmers here, I have in my own backyard a small chicken and piggery project to supplement my income from farming. From the earnings of my backyard project I was able to improve my house, buy a refrigerator and put aside a little savings for my children's education. Moreover, because my wife and children are involved with the project, we are now closer to one another more than ever.

The same, I can safely say, holds true for most of the families in our barangay. The additional income derived from livestock and poultry raising improved the quality of our life and made our barangay progressive. Unlike our neighbouring barangays of Sorosoro Ilaya and Sorosoro Calzada, we have only to turn on the faucet in our kitchens and running water comes out of it; push on a button and an electric fan purrs.

The extra income, the little comforts of life, the prosperity of our community, I am proud to say, are the result of hardwork as well as co-operation.

Background Information

Our barangay is one of three barangays that got their names from a hill called Sorosoro. As the name implies, ours is located on the lower slopes; Sorosoro Ilaya is further up going to the interior, while Sorosoro Calzada is on the plain at the foot of the hill near the national highway. A winding, dusty, feeder road connects our barangay to the main road leading to Batangas City, some 15 minutes ride away, at a distance of about 10 kilometers.

There are no big landowners in our barangay. Land ownership is more or less evenly distributed to about 350 households scattered in two villages. The biggest landowner has six hectares; some have two to three hectares each; and the rest, one hectare or less. Generally, the owner or his immediate family tills the land he owns; hence, tenants are few.

Because the terrain is a rolling one with little stretches of flat land, only a few hectares are planted to rice. To supplement this, we grow other crops like corn, coffee and vegetables. Coconut, mango and other fruit trees also dot the area.

Over the years as the produce of the land began to lag behind the rising cost of living and the demands of growing families, many of us turned to other economic activities that might provide additional income. The most popular and widely accepted were backyard chicken and hog raising. Although cattle fattening was also engaged in, the practice was not widespread due to the limited supply of cows and the high cost of buying one. The returns, moreover, were long in coming.

On the other hand, we were more attracted to chicken and hog raising which offered better turn-over over a relatively shorter period of time. Broilers, for instance, can be ready for the market in seven weeks. Hogs, also, can be marketed after six months.

As we learned the chicken and hog business in the course of time, we realized that the projects can only be made more profitable, if engaged in on a commercial scale. The only trouble was that we did not have the capital to finance one. As it turned out, the well-to-do farmers were the ones who made money on the venture. For most of us who undertook the projects at a lesser scale, we were a little disappointed. We found out that the traders and the high cost of marketing practically corner much of our profits.

Marketing Conditions

Take my case as an example. I would go to Batangas City and buy 200 heads of one day old chicks for my backyard poultry. Over the seven week growing period of the chickens, I would make several trips to the city to purchase supplies as the need arose. I only bought a few bags of feeds at a time because of my limited capital. Besides, I did not have the space at home to store a bigger volume of feed because it was liable to be borrowed by neighbours. I was not encouraged to buy in bulk, either. The dealer, for one, did not offer discounts. The jeepney driver plying the route to our barangay on his part, charged ₱1.50 per bag as long as I transported only a few bags. Once the cargo exceeded 10 bags, I was slapped with the rental of the whole vehicle, in which case, I had to pay more than ₱1.50 per bag.

During the peak months (from October to January), my trips to the city were more often. Day-old chicks and feed were scarce as they were already allocated by the dealers to their big and choice customers. If ever they were available, the price I payed for them was higher. This affected my would be profits.

When my broilers were ready for the market, I would contact buyers at the city. Because I could only offer a small volume of business, big buyers usually were reluctant to deal with me. My recourse was to go to small traders who agreed to buy my fowls at lower prices. Passed on to me were the transportation and other expenses in collecting the fowls. More often, I was just asked to bring my chickens to the trader in the city. This meant that I had to hire my own transportation. Again, I was at the mercy of the trader. For after delivering the chickens, I was told to come back the following week as it just happened that he had no cash at that moment. I was lucky if after a week I was paid for my fowls. Usually, it takes several weeks before I was finally paid. I had to sell, because broilers, after seven weeks, are likely to eat away the expected profits.

The accumulated expenses on transportation and other expenses alone represented a good portion of what otherwise would have been my net income. Jeepney fares were

₱1.00 a person one way, plus lunch and other expenses costing ₱4.80. The average cost of my trip to the city and back to our barangay with, say, two bags of feeds as cargo, would amount to around ₱10.00. If I multiply this amount by eight trips; that is, from the time I started the project up to the time I collected the proceeds from my sale of 200 heads of broilers, the total would be ₱80.00. This amount was about 16 per cent of my expected net profits of ₱500.00. I am using 1979 prices, by the way.

Although the sum appears to be small, if there are 100 small growers in our barangay who would be each spending such an amount for one growing period, the overall cost would be quite big. This is not counting the lost opportunity during the peak months when we could not get our supplies, nor the relatively lower prices our broilers command because of unscrupulous buyers. This is not counting, also, the 25 percent interest many of us pay to creditors who advance us money payable in two months just so we could finance our project.

In the case of my hogs, my expenses were not so much. For feed, I utilized what was available in the barangay like rice bran, corn, vegetables and food leftovers. Whatever amount I saved in commercial feeds and transportation cost, however, was offset by what I lost when I disposed of my hogs. The buyer in Batangas City would come over to my house and offer me an amount for the pigs by merely looking at them. Very seldom was a weight scale used, and if it was used, the price I usually get was lower than the current price because transportation and other costs were taken into consideration. At any rate, the price offered was more than twice the original cost of the piglets, so I sold. Later on, I would vaguely wonder if the profits I made were worth the money and labour I put into the project. I bought the piglet at a certain price, spent for it while it grows, and then I got the whole amount back after selling it.

Initiation of Group Action

We realized, of course, that if we, the small raisers in our barangay, could pool our resources and act collectively as one, we could reduce our costs considerably thereby increasing our profits. We could, for instance, buy the feeds in bulk direct from the millers. With a minimum of 100 bags per order, the millers are willing to delivery the feeds to our barangay regularly and at a discounted price at that. We could do the same in buying day-old chicks. By purchasing them in big volumes from the big farms, we could be assured of lower prices, a steady supply and free delivery. In marketing our broilers and hogs, the same could also be devised. Because we could then offer a big volume and steady supply, we could negotiate effectively with big and reliable buyers not only in Batangas City and other towns in the province, even buyers from as far as Metro Manila.

All these things were explored in our group discussions whenever gatherings occurred. To do something about it, however, was a different matter. We were willing to co-operate with one another, but, please, let someone else take the first steps. And so we went about our ways.

Then one day in January 1969, something happened. Seven prominent residents decided to do something about it. They pooled together their capital and established a store in our barangay with feed as the main item. It was an instant success. In less than a year, they reported profits of more than their combined investments. We patronized the store for the simple reason that it was right in our midst; hence, sparing us the trouble of going all the way to Batangas City for the purchase of our supplies.

While we were able to save time and effort by purchasing from the new store, the price of the feed, however, remained high – the same cost as if we bought them in Batangas City. Transportation expense, it seemed, had been added to the price of the feeds. We found ourselves, thus, confronted with the same problem as before: how to reduce our costs and how to dispose of our chickens and hogs at favourable prices.

In a way the new store proved to be a blessing in disguise. It demonstrated to us what group action can do, like attaining a larger capital by pooling together the resources of each member. Its profits in less than a year also explained better in actual figures what we could have saved, in feed alone, had we undertaken the activity ourselves.

But above all, Mr. Victoriano Barte, a fellow farmer got disappointed enough with the store's high prices so that he began to talk on the need of organizing ourselves into an association. Specifically, he wanted an association of farmers who would sell to its members the feed they need at prices competitive with those in Batangas City. In addition, he wanted the association to handle the marketing of the members' broilers and hogs.

I did not need a lot of convincing before I, myself, began entertaining the same idea. Together with Mang Victor, we approached our barangay captain. Like myself, our barangay captain was just waiting for somebody to take the first steps. He readily gave ₱500.00 as his share capital after we informed him that our proposal called for a minimum of ₱200.00 paid in capital for each members.

Before the week was out, we were able to convince 24 more farmers to put up a minimum of ₱200.00 each. As the idea caught on, there was no need for us to go from house to house anymore. The following week, the farmers were trooping to my house to deposit their share capital, for by then I was designated temporary treasurer. In two weeks, I was able to accumulate an amount of ₱14,400.00 contributed by 67 prospective members.

Meanwhile, Mang Victor contacted the extension worker of the Bureau of Agricultural Extension in Batangas City, who readily agreed to help to formally organize our association. On 19 March 1969, after attending a five day training seminar, the 67 members elected a nine-member board of directors to run our association. The Elected president and auditor, respectively, were Mang Victor and I. Our barangay captain who begged off from the nomination, remained an ordinary but very active member.

We named our association as the Sorosoro Ibaba Farmers Association, Inc. It was subsequently registered with the Securities and Exchange Commission on 27 May 1969.

Membership

Many of the non-members were skeptical about our plans and activities. The seven owners of the store, particularly, were loud in their claims that our organization would not last long. By the sheer number of owners alone, they claimed, we were bound to quarrel among ourselves. They overlooked, however, the determination of our leaders and the support they enjoyed from the membership.

There was one time when an unexpected delivery of supplies required an immediate cash payment of around ₱15,000.00. Since it was Sunday, and no bank was open, Mang Victor and I went visiting our members. In less than one hour we were able to pay the amount.

In 1972 when our organization suffered its first loss after three consecutive years of making money, our members acted swiftly and decisively. Without waiting for the regular election, they convened a special meeting and went on to replace the members of the board with a new set.

A look into the composition of our membership would reveal no impressive qualifications of each member. The majority of us are in our forties and fifties; only a few are in their thirties. In terms of education, we can not boast of higher attainment. Most of us have reached only the elementary grades; a few have reached high school; and only one has acquired a college diploma.

Among the nine members of the board, eight, including Mang Victor, our president, are 3rd or 4th graders, while one has reached second year high school. The latter served as the board's secretary. I am the long college graduate. At that time I was working in Manila and came home only during weekends.

Aside from age and the lack of high educational attainment as common factors, it is a fact that our occupation as farmers and small-scale chicken and hog raisers primarily accounted for our unity and co-operation. Cultivating the land we own, we are aware of the long toil and hardship we have to put into the land just so we can earn a living. And now with small poultry and piggery projects as a source of additional income for us, these have become an important aspect of our lives. When another opportunity to further increase our income from these projects through our association presents itself, it is natural that we will close ranks and support the move. In other words, a common need binds us together.

Activities of the Group

With ₱14,400.00 as the initial capital, we began to build a warehouse that also served as a store. The task was made easier by the co-operation of some members. One member leased his vacant lot to us for 10 years at ₱10.00 a year. Another member constructed the warehouse for a consideration of ₱2,000.00 only – almost at cost, considering the labour and materials.

Simultaneous with the building for our store, Mang Victor and I proceeded to register our association. In addition, we negotiated with the San Miguel Corporation for a regular delivery of feeds to our barangay. We also successfully concluded an agreement with the Philippine Coconut Authority (PCA) where we get copra meal, a supplementary feed, at government subsidized prices. For the supply of day-old chicks, we contacted three companies and entered an agreement with them. These companies were Robina, Vitarich and Republic Consolidated. Lastly, we were able to locate a big and steady buyer from Cavite who promised to buy our broilers and hogs from source at prices slightly higher than those then prevailing in Batangas City.

At the opening of our store, we duly informed our members about what we had done. We also submitted for ratification our policies which actually had been agreed all along during the information and organizational period. Among the more important ones were the following:

- 1) All purchases will be in cash for the meantime so that capital can be rolled over;
- 2) Prices will be the same or slightly lower than those in Batangas City;

- 3) Although feeds will be the main bulk of supply, consumer items also will sold;
- 4) All broilers and hogs will be marketed by the association and only a small commission will be charged for this service;
- 5) Patronage refund will be given more weight than capital in the distribution of profits; and
- 6) As soon as its finances allow, the association itself will capitalize broiler projects for members.

It was a sacrifice for us elected directors during the first few months. Each of us took turns each day of the week tending the store, for we employed only a utility boy then. Our president, who acted as manager at the same time, worked harder than most of us. He did not receive any salary nor collect any reimbursements for his expenses whenever he went away to attend to purchases and deliveries. Per diems during meetings were also done away with. We agreed not to receive any remunerations – not until after the operation became stable and profitable. Later on, the Board gave Mang Victor a three centavo commission for every kilo of broilers sold in lieu of a fixed salary.

Our agreement with PCA proved to be most beneficial. The subsidized copra meal gave us good profits. In the whole Batangas province, ours was the only outlet that sold items at a low price, resulting in outside customers flocking to us. Our buyer from Cavite proved also to be a good choice. He did not only buy our broilers and hogs at favorable prices, he willingly advanced us money whenever we were in need. San Miguel, Vitarich, and Republic Consolidated, on the other hand, eventually accorded us a 15-day credit, whereas in the initial months the deals were strictly cash on delivery basis.

The year 1969 (our first year of operation) saw our association realize a net profit of ₱10,021.98. For capital invested by each member, we set aside 47 percent of the total income as interest on capital for an aggregate of ₱4,810.55. For purchases made by the members, we also allocated a total patronage refund of ₱4,827.36.

Realizing the need for more capital in order to expand the operation, Mang Victor proposed to the assembly (which reluctantly accepted) that whatever interest on capital and patronage refund declared will be in the meantime withheld and treated as additional paid in capital. Although dividends were to be declared every year, the actual distribution of cash was to commence only after two years. Therefore the interest on capital and the patronage refund for 1969 was to be received in 1971; for 1970, in 1972, and so forth.

This decision was a big boost to our association. Coupled with new capitalization from new members which had more than doubled, we accumulated enough capital to implement some of our delayed projects. We now allowed members to buy on credit up to the amount of their capital contribution. And we expanded the “paiwi” contract growing system for broilers which the association financed and which became the mainstay of our business.

In 1970 and 1971 the association made net profits of ₱13,566.48 and ₱20,830.91 respectively. But in 1972 it suffered its first loss. I do not know if it was a coincidence or not, but it happened that in 1972 an entire new set of officers governed our organization. Except for the vice president who became the president and general manager, all the rest of the original directors during the preceding assembly meeting declined nominations in order to give way to others.

It was reported that we lost something like ₱8.40 per ₱100.00 capitalization. The main reason we incurred a loss was attributed to the sudden drop of prices of hogs and broilers. In part, it was also traced to the bad judgement of the president/manager who, among others, contracted another company for the supply of feed and day-old chicks. The feed, it seemed was of low quality. The chicks, if turned out, had a high mortality rate. The weight of the broilers after seven weeks, moreover, did not live up to expectation.

At this point in time, the Samahang Nayon (farmers' co-operative) Program was in full swing and we were encouraged by the Co-operative Development Officer of Batangas to convert our association into a Samahang Nayon so that it could avail itself of the exemptions and privileges given to co-operatives. Dismayed over the dismal operations of our association during the year, the membership held a special meeting and decided to change our association into a Samahang Nayon. It also replaced the board of directors with a new set composed mostly of the original directors. Mang Victor and the rest including myself, were called upon once more to hold our previous positions.

Sorosoro Ibaba Samahang Nayon, Inc. was registered with the Ministry of Local Government and Community Development on 4 September 1973.

Somehow the job seemed easy compared to the first year. All we had to do was continue where we had left off. We had to borrow, however, about ₱50,000.00 cash from several affluent members to help us tide over. And we had to campaign for additional capitalization.

Meanwhile, prices of hogs and broilers picked up and business once again flourished. Our organization, too, began to recoup its losses. By the end of 1973 our Samahang Nayon was able to pay off its debts and register a net income, to boot.

During the period 1973 to 1978, our group as a Samahang Nayon (SN) continued to chalk up profits. When a ricemill in the vicinity was offered for sale, our SN bought it. The SN also acquired a small truck as its operations expanded. Another assets of our SN were stocks worth ₱18,000.00 and ₱1,000.00 respectively, paid to the co-operative Rural Bank of Batangas, Inc. and the Batangas Area Marketing Co-operative, Inc.

In the later part of 1978, the Co-operative Development Officer of the province advised us again to register our SN as a full-fledged co-operative since our membership and capitalization had already expanded beyond the limits of an SN. In compliance, we registered our SN as a co-operative on 6 November 1978.

The next regular assembly meeting which fell on 26 March 1979 saw some changes in the composition of the Board. Mang Victor, who had earlier expressed his desire to retire, did not run as president. Except for the year 1972, he had served our organization as president/manager since 1969.

For my part I was saddled now with a new and greater responsibility. I was elected president/manager. As a consequence I had to resign from my job in Manila and devote my time to our co-operative and my backyard farm.

Today under my management, our co-operative has shown consistent profits from 1979 to 1980. As of 30 December 1980 its paid up capital was pegged at ₱249,000.00 distributed to 323 members. Its assets has grown by almost 100 percent – from ₱367,000.00 when I took over management, to ₱736,999.00.

Details of the Operation

The "paiwi" system for broilers is actually a contract growing scheme whereby our association finances the broiler projects of the members. First we provide a member with a minimum of 200 head of day-old chicks. For the rest of the 45-day growing period, we also provide the feed and medicine needed. The price of the chicks, feed and medicine are noted down in the individual ledgers of the members. Since we control the distribution of the day-old chicks, we also know when these are ready for the market. Accordingly, our buyer is informed. On the day the buyer comes, all he has to do is weigh the broilers and then pay our cashier the corresponding amount. Beforehand, a director who is permanently assigned to this particular activity, had already made the rounds, contacted the members, and prepared their broilers for assemblage.

After the cost of the chicks, feed and medicine are deducted from the proceeds, the difference is then divided equally into two. One-half goes to the member concerned and the other half goes to the association. With only the chicken coop and labour as his capital, the member is satisfied. The empty feed sacks are his for conversion into cash. He can also sell the chicken manure to a buyer our association has a deal with. All risks like pests, effective the mortality rate of the chicks during the growing stage are shouldered by the association.

Naturally, there are members and non-members who have their own operating capital and need not join the "paiwi" system. They get their day-old chicks elsewhere because all the chicks are already earmarked for the "paiwi". Actually, Robina, Vitarich, and Republic Consolidated, for reasons of their own, limit their supply to us; hence, we are always short of day-old chicks. Because of limited capital, we can not go elsewhere. At any rate, our members and non-members get their feed and other supplies from us. The members either get these on credit up to the amount of their capital contribution or in cash. For non-members, the transaction is on a cash basis and they do not get patronage refunds.

As soon as their broilers are ready for the market, the non-members inform the manager or the director in charge of marketing so that their broilers can be included when the buyer comes around. We only get a small commission (5 centavos per kilo), for after all we are making money from the feed purchased from us. In fact in 1969, this is precisely how we generated profits. Aside from profits in the selling of feed, other income in the form of commissions, came from the sale of hogs and broilers.

We started the "paiwi" system for hogs in 1979. The supply of piglets and sows are bought from members or non-members who have breeders. In turn, we allocate the piglets to members. As in the case of broilers, we finance the project in the form of piglets or sows, feed and medicine. We take all the risks. On an appointed day, we sell them and the resulting profits are divided equally. For members and non-members who finance their own projects, we charge a commission of ₱1.00 per head from the sale of the hogs.

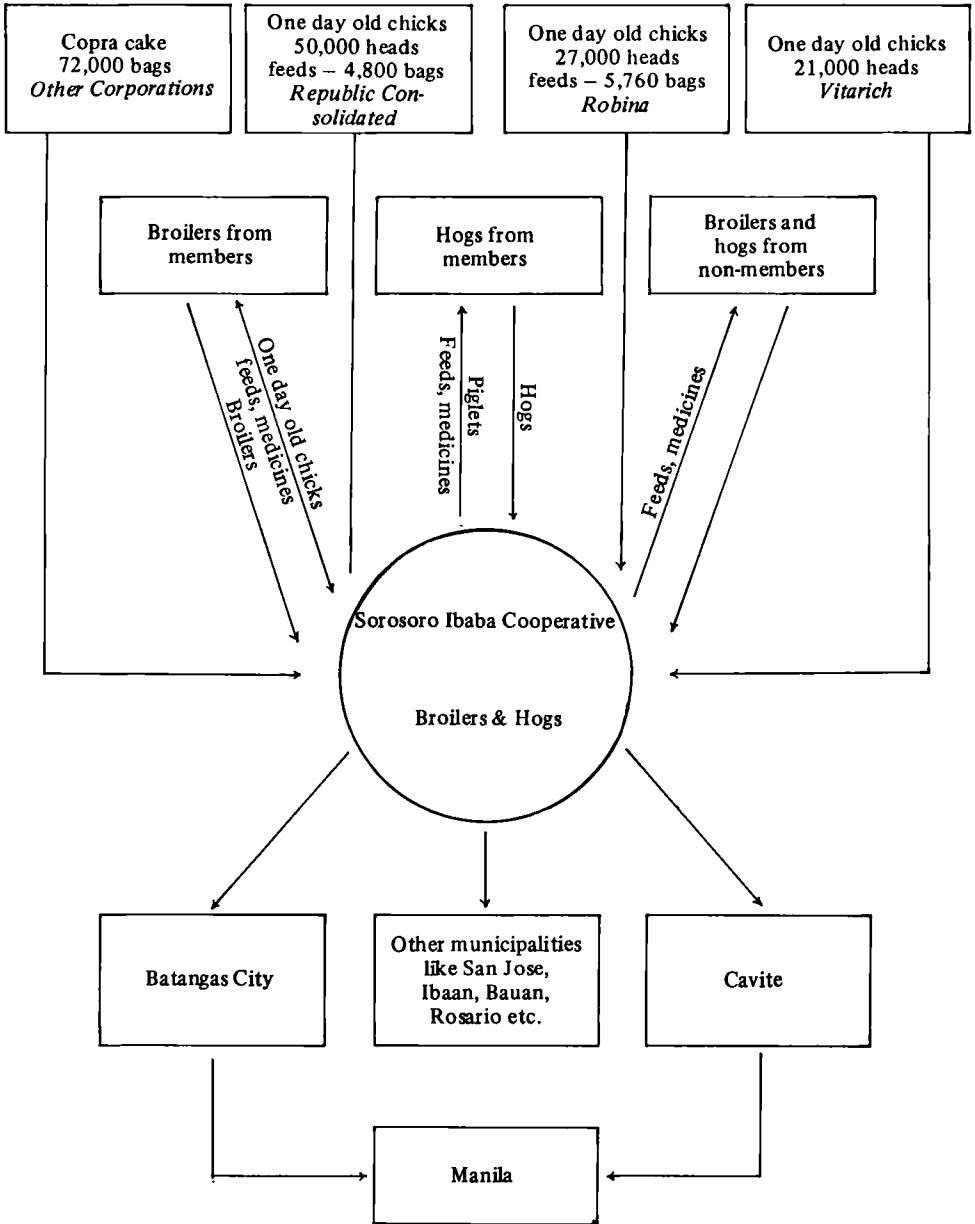
In 1980, our co-operative was able to distribute for "paiwi" a total of 98,200 heads of day-old chicks to our members. Of the total, 50,200 head, worth ₱150,181.00, were purchased from Republic Consolidated; 27,000 head, worth ₱77,722.80, were from Vitarich; and 21,000 head, worth ₱58,206.80, were from Robina. Our members purchase chicks an average of six times a year.

"Paiwi" for hogs in the same year numbered 514 piglets and 15 sows. These were

worth ₱161,708.40 at the time of their distribution. Members participate in this project an average of three times a year.

Members and non-members in the same year also bought from our co-operative a total of 10,560 bags of feed and 72,000 bags of copra cake. Our system of marketing for 1980 is shown in the accompanying chart.

Marketing Flow : 1980



Documentation of Financial Success

Allocation of net income, 1969-1980 (in ₱)

<i>Year</i>	<i>Interest on capital</i>	<i>Patronage refund</i>	<i>Reserve fund</i>	<i>Others</i>	<i>Total net income</i>
1969	4,810.55	4,827.36	384.07	—	10,021.98
1970	6,511.91	7,054.57	—	—	13,566.48
1971	6,249.27	10,832.07	3,749.57	—	20,830.91
1972	N E G A T I V E (LOSS)				
1973	5,937.90	10,327.03	3,574.74	—	19,859.67
1974	11,416.85	19,789.20	6,850.11	—	38,056.16
1975	18,284.21	31,692.62	10,970.52	—	60,947.35
1976	22,456.71	38,924.96	13,474.03	—	74,855.70
1977	42,768.16	74,131.11	15,871.00	9,790.00	142,560.27
1978	16,662.22	32,090.40	8,536.08	4,423.00	61,711.52
1979	22,955.22	74,197.37	16,925.02	7,171.00	121,248.61
1980	*	*	*	*	153,140.53

* Not allocated at time of writing.

It can be seen from the preceding table that our co-operative made money over the years. Its success, however, is reflected best in the members' general well being and the barangay they live in. Consider the following:

— With ₱500.00 as his paid up capital, one member accumulated enough patronage refund and interest on capital so that after three years his original investment had grown to ₱6,000.00. Armed with this amount, the member successfully negotiated with the Batangas Electric Co-operative for the latter's services to be extended to our barangay. It can be said, thus, that electricity reached our locality because of our co-operative. That particular member is our barangay captain.

— No passenger jeepneys that ply the Sorosoro — Batangas City route were owned by the residents before. Today, 10 or 15 of these jeepneys are now owned by some of our residents. All owners claimed, respectively, that without their hog and poultry projects and their co-operative increasing their income, they could not have raised enough cash to buy one.

— Our source of water before was a deep well. It was a back-breaking job pumping water, especially when there are pig pens to often clean. Today each of the two villages in our barangay have their own elevated tanks (7 in all) so that water is now pumped into every household by electricity. Initiated by the Ministry of Local Government and Community Development, the waterworks system became possible because of the increased income of our residents and, in one case, through the intervention of our co-operative organization. For, after all, installing a water system and maintaining it costs money. The cost of the installation of one elevated tank in one village was advanced by our co-operative.

— Thanks again to our chicken and piggery projects and our co-operative, more and more houses made of hollow blocks and cement and sturdier materials are now lining our barangay where houses made of nipa and wood before were predominant.

– Before the feeder road that connects our barangay to the national highway was more of a trail rather than a road. We had it widened and smoothed through cooperative efforts; the more affluent residents gave monetary contributions. We are still maintaining it – without the help of our local government.

– College education is now within the reach of our sons and daughters while a few years back their chances to go to college, for financial reasons, were dim.

– And for the first time in our life, we can now afford some luxuries in our homes like a refrigerator, electric fan, stereo and television set. No magic is involved in this, considering that in one growing period (7 weeks) for broilers, members generally report a net earnings of ₱3,000.00 from the proceeds of 600 heads of “paiwi” broilers. We have now reached a point where poultry and hog raising has become the major source of income while farming the fields has become a secondary source.

Evaluation

If I were to evaluate what made our organization successful compared to our neighboring barangays, whose organizations rose and fell and remain fallen, the first thing that comes into my mind is the honesty and sincerity of our leaders. Without these traits, I doubt if our organization would have succeeded at all.

While leaders must have sincerity and honesty, they must, at the same time, be able to deliver. Meaning, they must possess some business acumen to make any venture profitable. We were lucky to have leaders with such traits.

Hand in hand with the traits of the leaders is the quality of the general membership. When we started our organization, the 67 original members were heart and soul sold to the organization. Largely through their support, the organization was able to weather the difficulties of the initial years. Today I can also say that the members are quite aware of their duties and responsibilities as evidenced by an almost 100 percent turnout at every assembly meeting which is held twice a year. The crisis of 1972 speaks well of how members react to support our organization.

Despite the absence of support services from financial institutions, our organization has managed to succeed financially. Our relationship with banks is that of a depositor only. Because we can not comply with the many requirements for borrowing money from banks, we find it easier to borrow from our members instead.

The ingredients of a successful organization, therefore, are strong and honest leadership added to a militant and self-reliant membership. Mixed with a little luck, it can do no wrong.

5

REPUBLIC OF KOREA

Group marketing of cucumbers at Munmyong-dong

Village Conditions

Munmyong-dong is a small village situated about 24 km north-west of Daegu, the capital city of the Gyeonbug province, and about 10 km from Seongju where the county administration office is located.

The northwest and east sides of the village are surrounded by the Gaya mountain ranges, and the wide Hoopo plain extends to the Southeast of the village.

About four hundred years ago during the Yi Dynasty, a Mr. Moon and his family moved into the village, and thereafter many households with the family names of Shin, Kwon, Kim and Chung settled in here, developing the village into present Munmyong-dong.

The village had suffered from traditional poverty due to unstable farming resulting from unfavourable topographical conditions of the region. Most of the arable land in the village belongs to the flooded districts of the Nakdong river.

In recent times, an embankment was constructed over the Baekchun river, a tributary of the Nakdong river. The Daldong reservoir was established about 30 years ago, thus realizing relatively stabilized farming in Munmyong-dong. Still the village had a low income level due to traditional farming centered around rice and barley. It was characterized by stagnation and inertia prevalent in rural areas before the 1960s.

Currently the number of households in the village stands at 150, more than 90 per cent of which are farm households. The total cultivated land in the village consists of 100 ha of paddy fields and 22 ha of upland area. Average cultivated land per farm household is a little smaller than the national average of one ha. The village's population is 890 persons, consisting of 438 males and 452 females. The village enjoys a relatively high education level, more than 40 per cent of adults having had formal schooling in senior high schools or colleges.

Personal History of Mr. Kim Il Yong, Leader of the Munmyong Cucumber Farming Group.

I was born in Munmyong-dong, Yongam-myun, Seongju Gun on 3 December 1941 and completed the elementary and junior high school course in my home town. Upon graduation from junior high school in 1956, I was engaged in farming to help my parents, thus giving up continuation of my studies at a higher level. I got married fifteen years ago and thereafter began independent farming with 0.9 ha of paddy field and 0.2 ha of upland area inherited from my parents.

Now I am the head of a family consisting of my wife, one boy and two daughters. Thanks to strenuous efforts rendered so far, I was able to expand my cultivated land by purchasing an additional 0.3 ha of paddy field, 0.2 ha of upland area and some forest land. I cultivate rice and barley as well as fresh vegetables having high profitability. I work very hard to be an innovative, high-income farmer.

In the past, many young people left for urban centers, but I am still engaged in farming, feeling a call to my work and taking pride in my vocation.

In an effort to realize high-income farming and construct an affluent village, I carry out many works entrusted by villagers without any complaint even if my capability is not sufficient.

I have served as the president of the Farming Promotion Society of my village (two years), the manager of the Forestry Kye (8 years), a director of the Agricultural Primary Co-operative (two years), and a director of the Yongam Junior High School (three years). Now I have been working for five years as the leader of the Moonmyong Cucumber Farming Group.

In recognition of my services, I have been cited five times, namely a citation from the governor of Geongbuk province, a prize from the manager of the Goongbuk provincial branch office of the NACF (National Agricultural Cooperative Federation), a prize from the manager of Seongju country branch office of the NACF, a prize from the president of the Yongam primary co-operative, and a prize from the Chief of Yongam county office.

I understand that these prizes were given to me, with a view to lashing me into fresh exertion. Therefore, I pledge myself to do my best in order to successfully implement various projects for my village.

The Organization and Operation of the Munmyong Cucumber Farming Group

Before the 1960s, the farmers in the village cultivated only rice and barley. They paid little attention to the growing of cash crops, thereby suffering from poverty. Watermelon cultivation was introduced in Seongju district in the early 1960s and the cultivation expanded greatly in six to seven years. This expansion has made the Seongju area the largest watermelon producing area throughout the country.

The farm income in the village has increased greatly due to the watermelon cultivation. But farmers have experienced a decrease in the yield of watermelon resulting from continuous cropping and an especially severe loss the rice cultivation following the watermelon crop. This is because there is little time for transplanting early maturing rice varieties right after harvesting watermelon. Continuous watermelon cropping has also resulted in an excessive absorption of the soil nutrient.

In view of this undesirable development, the farmers in the village looked for a new crop to substitute for watermelon. Since 1971, cucumber cultivation has been introduced in the village, because cucumbers are suited to the topographical condition of this area and do not interfere with the cultivation of rice.

I started the cultivation of cucumber in 1971. Afterwards I tried to make other neighborhood farmers understand the merits of cucumber cultivation. Because of my efforts the number of farmers growing cucumber increased year after year. The number stood at more than 50 farmers in 1975.

We came to know that the soil condition of the village is ideal for the cultivation of cucumber and that the cucumbers produced in the village are sold at a higher price than those of other areas due to their far superior taste and quality.

In the year of 1975, a total of 52 farm households cultivated cucumbers in vinyl houses. The facilities for vinyl houses were expanded with an average size per house standing on 100 pyong (330 m²). At this time, a marketing problem emerged as a result of the mass production of cucumbers. The cucumbers are produced by a large amount of farming expenditures and hard working during the winter. But the villagers have often experienced a sharp decrease in the price of cucumbers in the spring and sometimes had to sell cucumbers at a cheap price due to the manipulation of prices by private traders.

I have discussed with neighborhood farmers how to sell cucumbers at a proper price and tried to grasp the cucumber marketing situation by visiting various markets. Consequently, we came to the conclusion that it is best for us to realize planned shipment of cucumbers by uniting together.

Without delay I called a meeting of cucumber growers in the village and explained the background of the problem. All the farmers at the meeting agreed to establish a cucumber farming group and requested the president of the Yongam Primary Cooperative to extend support for fostering farming groups.

In the autumn of 1975 we organized the Munmyong cucumber farming group with the participation of 52 horticultural farmers. I assumed the leadership. Various posts including deputy leader, manager, purchasing section chief, marketing section chief, and technical guidance section chief were chosen among member farmers to operate the farming group in an effective way.

Member farmers have conducted various activities on a joint basis. The joint works include the establishment of vinyl houses, sowing, rearing of seedlings, introduction of forcing culture, and application of agro-pesticides and fertilizers. Many problems which emerged in the process of cultivation were solved by exchanging knowledge gained through experience, thereby overcoming various risks involved for cultivation of cucumbers an individual farms.

In an effort to select seeds of high quality, we have had talks with invited specialists from famous seed and seedling firms. We have also visited advanced farming areas for study every year. Member farmers have been divided into two groups, and have sold every other day cucumbers on a joint basis in order to reduce the loss to growers resulting from individual selling, unplanned shipment, and selling of cucumbers on the field. Consequently, we have solved many problems which emerged before the operation of the farming group and realized many economic benefits.

The Yongam Primary Co-operative has rendered indispensable support for the

fostering of the farming group and expansion of co-operative marketing. Since 1975 it has extended loans of 45 million won for vinyl house construction and farming loans amounting to more than 100 million won.

Operation of the Field Co-operative Marketing Center

With the operation of the Munmyong cucumber farming group, there has been great improvement in financial support, cultivation technology, and co-operative marketing. As a result, economic benefits to member farmers has improved and the total member households increased to 86 in 1977.

As there was some limitation in terms of marketing volume to ship cucumbers to the nearby small cities of Seongju and Oegwan, most cucumbers have been transported to the distant large cities of Daegu and Kimchun, thereby increasing marketing costs and deteriorating the commodity's quality. Furthermore, private middlemen infiltrated into the village, playing tricks to increase their own profit. Accordingly, we met bottlenecks in the marketing of cucumbers produced on a large scale and thus our endeavour to expand co-operative marketing has been threatened.

I took pains to solve this problem and called a meeting of member farmers to discuss this matter without hitting upon an excellent idea. Thereafter, in the course of discussion at another meeting of member farmers attended by the president of the Yongam Primary Co-operative, a farmer suggested an idea for establishing a field co-operative marketing center.

We visited the Seongju County Cooperative to put the idea into practice and requested help. Upon hearing our explanation about the plan, the people at the county co-operative pledged readily to render maximum support to our plan. In April 1977 a field co-operative marketing center was established at Munmyong-dong which had a tent and salesmen, including an auctioneer from the Seongju Country Co-operative and Yongam Primary Co-operative.

From 1977 to 1980 the Field Co-operative Marketing Center operated very successfully, stocked with about 90 per cent of total cucumbers produced by members farmers. About 20 to 30 dealers from distant Daegu, Kimchun and Oegwan participated in the daily auction, thus making the transaction there very brisk and returning large economic benefits to member farmers.

The direct as well as indirect economic benefit accrued in 1980 to member farmers can be estimated as follows:

- (a) Reduction of transportation cost
 - 95 trucks (4 MT) x 30,000 won = 2,850 thousand won
- (b) Reduction of labour cost
 - Labour cost for 2 months of shipment to large cities
1,650 mandays x 1,500 won = 2,475 thousand won
- (c) Reduction of Expenditures
 - Transportation fee for shippers
1,650 persons x 1,000 won = 1,650 thousand won

- Board and lodging fee for shippers
1,650 persons x 2,000 won = 3,300 thousand won
- (d) Difference in commissions on sales
 - Large city co-operative marketing center
184,500 thousand won x 6 per cent = 11,070 thousand won (A)
 - Field co-operative marketing center
184,500 thousand won x 5 per cent = 9,225 thousand won (B)
 - Total difference (A – B) = 1,845 thousand won
- (e) Difference in auction prices between the Field Co-operative Marketing Center and large city co-operative marketing centers
1,285 thousand cucumbers (annual shipment) x 2 won = 4,570 thousand won
- (f) Prevention of loss to commodity's quality
184,500 thousand won (annual total sales) x 1 per cent = 1,845 thousand won
- (g) Grand total: 20,185 thousand won

Guidance and Support to the Munmyong Cucumber Farming Group and the Field Co-operative Marketing Center

Guidance and support was contributed from the following sources:

- (a) Yongam Primary Co-operative
 - Timely support for funds and agricultural inputs
 - Guidance on the expansion of cultivated land and planned shipment
 - Attraction of merchants at auction
 - Operation of the field marketing center
- (b) Seongju county branch office of the NACF
 - General business guidance on the operation of the field marketing center
 - Furnishing speedy information on the auction prices in major cities
- (c) Seongju County Office
 - Formulation and co-ordination of the major producing area development plan.
 - Enlightenment and guidance to farmers and merchants on selling of cucumbers in the field
- (d) Seongju County Office of the ORD (Office of Rural Development)
 - Guidance on cultivation technology by station specialists.

Future Plans

Primarily we are planning to increase the income of participating members farmers by expanding the cultivation of cucumbers in an area badly damaged by the continuous cropping of watermelon. And we also contemplate improving the operation of the farming group by changing the present cropping system of cucumber – rice – barley to the year-round, high-income system of cucumber – rice – lettuce or garlic and chrysanthemum.

It is envisioned that the function of the Field Co-operative Marketing Center will be strengthened through the diversification of crops and that sorting and grading activities for commodities will be intensified. This would increase the speed of commodities and guarantee the quality of those sold at the Center.

Furthermore, we are going to sell completely graded farm products by developing a unique package and label system for the Munmyong-dong farming group in line with the diversification and mass production of handled products. We are determined to develop our Field Co-operative Marketing Center as a model for others in our country.

6

SRI LANKA

Group marketing of fruits, vegetables and paddy by the Wellangiriya Youth Colonization Scheme

Our colonization scheme is known as the Wellangiriya Youth Farm. Everybody in the farm calls me “Jaye”, but my full name is E.P. Jayasekara. Before I came to Wellangiriya I was resident in Bihalpola. Along with my parents, there were eight members in our family. I am the eldest. My father was also a farmer. From my small days, I showed interest in farming. During my young days, there was another youth scheme in Bihalpola. It was called The Godagama Young Farmers’ Club. I was a member in this club for some time. In 1964, I was the Secretary of this club. I also served as President of the club during the year 1966. It is during this time that the groundwork was laid for my entry into the Wellangiriya Youth Settlement Scheme. It started with our reading a gazette notification of the Government at the local post office. Also, the Village Headman (Gramasevaka) of our area encouraged us to become participants in this settlement scheme. Ultimately, he chose me as one of the members of a group selected to settle down in Wellangiriya under the government sponsored Youth Colonization and Settlement Scheme of Wellangiriya.

I Become a Colonist Farmer

I came to Wellangiriya in 1967. The climate of this region is that of a normal dry zone area. It is hot and dry. One boundary line of this Youth Settlement in the Deduru Oya River. Even though this settlement scheme had been started as far back as in 1965 (that is, before I and my fellow villagers came to this farm), it had really not gone off the ground. The entire area was covered with coarse ‘illuk’ and ‘manna’ grass. Only about seven to eight acres were being cultivated. Chillies, snake gourd and similar low country varieties of vegetables were being grown on the basis of irrigated water supplies from the Deduru Oya.

The first thing we wanted to do was to clear away the illuk and manna jungle. We worked in teams to clear the land. These teams were formed, financed and managed by our local co-operative society. The co-operative was receiving a payment from the

government at the rate of Rs. 2.50 per day per settler farmer. This money was directed towards land preparation, seed purchases, as well as for our subsistence. During this period, we promptly cleared 60 acres which constituted something like seven-eighths of the land area that we were required to clear. Out of this acreage, we marked out 40 acres for the cultivation of paddy since this area could be gravity irrigated and the rest of the land was earmarked for the production of subsidiary food crops. The Colonization Officer in charge of the scheme participated with us and helped us to make decisions about land-use and the appropriate cultivation programme.

We Organize Ourselves

At this stage, we set up a formal committee to look after the affairs of our Youth Settlement. I was appointed the Secretary of this Committee which was commenced during the 1970/71 agricultural year. The Colonization Officer was the ex-officio President of this Committee. A set of committee members were also elected to represent the membership as a smaller group. We met every month and discussed the problems pertaining to the farm and the farmers. At the start, the state provided us fertilizers, seeds and seedlings, insecticides and pesticides. Water supplies came from the irrigation system which was a diversion of the Deduru Oya waters. This diversion was by means of a water pumping scheme by the Department of Irrigation. This irrigation system had not been developed too well at that time. Yet, we were able to obtain sufficient irrigation water for some parts of the land area which we had cleared.

At each of these meetings, we took inventory of these requirements of inputs and equipment. These requirements were conveyed by us to the local co-operative society so that they could be supplied through the co-operative system. In the first season, we got a yield of about 2,000 bushels of paddy from the cultivated land area and a yield per acre of about 40 to 50 bushels per acre. All the output became the property of the co-operative society since we all worked and served on the basis of a group that was financed by the co-operative society. The co-operative society sold all this paddy to the government under the guaranteed price scheme for paddy.

In the early stage, traders only rarely visited the Wellangiriya Colony to buy up the fruit and vegetable produce. Therefore, the local co-operative society decided to move these periodic supplies of fruit and vegetable produce to the Hettipola and Weerapokuna fairs for sale. We collected the produce in the co-operative store premises after moving the supplies by head load or by cart to this point. Once all supplies were gathered at this central spot, we moved it by the tractor belonging to the co-operative society to the local fairs. We harvested the produce only on the day before it was moved to the fair. Therefore, the produce was often quite fresh. There was no need to store it too long. The volume of produce was relatively small. Therefore, we did not find it necessary to grade the produce. The decision about which market fair to take the produce was made only after a committee decision. If the supply was very small, we preferred to move it to Weerapokuna since it is closer to Wellangiriya. If there was a large volume of supplies, it seemed profitable to move as far as Hettipola which is 12 miles away from Wellangiriya. Traders come to Hettipola from places as far as Colombo, Nelimada, Hegombo and Kandy. The Weerapokuna fair was not very popular among these traders; they come from quite far and avoided this place since supplies were insufficient.

Our decision about where to move the produce was, therefore, on the basis of the supply available; if the volume was high we took it to Weerapokuna. An additional advantage at the Hettipola fair was that farmers could enter the fairgrounds and make

arrangements for their sales well in time before the traders were allowed to come in. The advantage of early entry is that farmers had time to sort out their produce and come to some form of prior agreements, understanding or some notion of the prices at which they would bargain with traders for various qualities of produce.

Our Success in Co-operative Farming Encourages Private Ownership

We are proud to record the fact that from our very first crop of paddy, the co-operative society had a savings account opened from the profits. Thus, our society was in the enviable position of having investment funds which could be utilized for further development. Due to this success, certain individualistic ideas developed among the members of this society for the private ownership of communal property that the state had given for the cultivation of crops on the basis of a co-operative effort. This idea became stronger as time went on and the members saw the profitability of cultivation on an individual basis within this scheme. In other words, what began as a co-operative effort under state patronage was increasingly being pushed towards the notion of private property. The members were beginning to see the possibility of gains through individual cultivation and were very enthusiastic about the apportionment of the land for private ownership. Group effort was turning into a desire for individual gains. The culmination of this movement was the allocation of land in terms of private holdings during the year 1971. Each member was allocated half an acre for a homestead, two acres of irrigated lands for paddy cultivation and two acres of highland for subsidiary food crops, making a total of 4½ acres in the three different locations. All homesteads are situated adjacent to one another. Similarly, the paddy tracts constituted one *yaya* (field) which is irrigated by gravity.

Even though the land was allocated on the basis of private holdings, our membership in the society continued while we cultivated the land on the basis of individual decisions. At this stage, we formed another society in addition to the existing one. In the former, we still continued with the discussion of agricultural activities. The new society was to look at community issues such as schooling, housing, roads and pathways, marriage festivals, other social activities.

The Agricultural Development Authority Comes in to Help

During the year 1980 our agricultural activities received a fillip. Under the leadership of Mr. Wijesinghe, the Agricultural Manager of the Agricultural Development Authority, we were able to obtain water pumps on a purchase scheme based on a bank loan. The bank loan was for two-thirds of the value of the item purchased. Our farmers purchased 15 water pumps and 5 bought tractors. I also purchased a hand tractor under this scheme. One of the bigger problems that arose with private land ownership was an increase in the output of the farm which led to the problem of sharing out the tractor belonging to the co-operative society for moving the produce to the market places. Previously, since we had communal ownership of land, and because of the limited volume of supply for sale, it was possible for us to move the produce to the market fairs without much complication or conflict. The provision of the hand tractor on a loan scheme was, therefore, a big boon. We were able to minimize our problems of produce transport by increasing our transportation capacity and by improving the control we had over our marketing functions. It is now possible for me to move my produce to the market as well as rent the services of my tractor to my fellow farmers. They bring the produce from their fields either by head load or by bicycle to my home. I move this produce

along with that of mine to the market place. Two or three of my fellow farmers accompany me to the fair on these days. They come by bicycle.

From the Yala (April to August) season of 1969 the number of traders coming to this settlement increased gradually. Traders who come to Wellangiriya generally visit my home first. They convey to me information regarding the quantities of goods required and the prices they are prepared to pay. These messages are transmitted by me to other members of the youth scheme. On receipt of this information from me, my fellow farmers begin to move their produce to my home, after discussing prices with me.

For the last 5 years there has been a strong demand for the chillies produced within this scheme. This is because the traders have a preference for the quality produce we are able to give. Very often, they have even shown an interest in extending finance to those who require it in anticipation of our selling the produce to them. However, our members have not been too needy as to begin to depend on those traders for finances. Most of the produce bought by these traders is packed by them into baskets. By evening, they move this produce by ox-cart, hand tractors, tractors and lorries, to Chilaw, Kandy, Colombo and other cities. During the Yala harvest, it is not surprising to see 3 to 4 lorries coming each day to our youth settlement scheme.

How Group Marketing Began

There was an incident which occurred once that is of particular significance to us. It encouraged us to undertake group marketing activities. It was a chance occurrence. Once the whole volume of produce required by a particular trader was amassed at my home. This trader endeavoured to come down on the price he was prepared to pay for the various items. He was trying to bargain with me and to pay unit prices lower than what we had initially talked of. I was unhappy. I discussed the matter with my fellow farmers. They, too, encouraged me to take the firm stand I proposed to them because I felt cheated. Accordingly, I refused to load the lorry until he acceded to the prices we had originally bargained for. He refused to change his stand about buying prices. Ultimately, he left the stock and went away. Since we had taken a firm decision to not come down on price, we did not want to change our attitude even though we were now in difficulty. We had harvested a large volume of produce. This had to be shifted to the nearest market. Shifting it was a considerable problem. I had to enjoin the reluctant support of those farmers who had brought in the supplies. They were too busy to come with me to sell the produce; they had other work. With some effort, I was able to get enough people to help me move the produce to the Hettipola market the following day. Our problems were still not over. The same trader was there waiting for us. He had gathered support against us among the other traders, all of whom refused to purchase our produce except at the prices the initial trader who came to Wellangiriya had previously offered. It was clear to us that there was a group effort on their part to teach us a lesson. We had, therefore, to face the issue again. I decided to stand firm. I refused to give in. Accordingly, we reloaded our produce and attempted to move this out of the fair grounds. When the traders realized that we were definitely not going to give in, there was division among their ranks. One person actually came again to bargain with us. He negotiated with us for the purchase of the total load at a higher price but yet not at the price we initially asked for. We continued to remain adamant. As we were moving out he agreed to accept our terms. We unloaded the produce, collected our money and went away. From this day, it was clear that group action was the solution against these rapacious traders.

The main source of our information on market conditions was the newspaper. Members get into the habit of purchasing different kinds of newspapers in search of market information. They began to exchange these newspapers. As a general rule, their inquisitiveness increased. Everybody began to ask questions about prices and price trends, tastes and dislikes of consumers, the areas from which buyers came, what the different groups of people wanted, etc. Another medium was the radio. People began to faithfully listen to broadcasts about prices. Especially the market report on the prices and supplies at the Pettah market, which follows immediately after the afternoon news, is a very popular news item among Wellangiriya farmers. Also, when our members do go to the town, they always find out about prevailing prices at the various market points and fairs. This information, they transmit to our settlement village. From the study of all the evidence available, I began to see that we were obtaining prices which were better than the reported Colombo Wholesale Market prices. I do not know why. It may be that our produce does not go to Colombo but gets distributed to Kandy, Negombo and Chilaw where prices may be much higher.

Our Group Marketing Activities

Firstly, as I have already explained, we get a lot of information on market conditions. We tend to share this information and to centralize it at one or two points. I am one of those who are kept well informed.

Secondly, all of us clearly agree that our bargaining with the trader should be on a collective basis. We avoid individual or separate bargaining when the traders come. Most often, this collective bargaining is done by me with the aid of one or two persons. This is, I believe, the basic power we have in obtaining fair and reasonable prices. This procedure prevents the trader from dividing us and thereby ruling us.

Thirdly, we have an informal system of providing loans during periods of hardship. This is not an organized form of lending. But, we recognize that the collective power of the group can only be maintained by supporting weaker members during times of hardship and stress. Otherwise, they begin to be dependent more and more on the outside trader. We realize that we must not let this happen. For, if it does, we will become poorer as a group.

Fourthly, we began to store our paddy during the period of the main harvest during both Maha and Yala. For, during the harvesting season, prices tend to fall quite sharply. So we use the storage facilities in the local co-operative store to keep our paddy until prices become attractive. This is not done as a formal group activity. Yet, there is general group acceptance of this strategy and the members have been able to withstand the urge to sell off. I have done a lot of brainwashing and preaching to induce members to follow this practice. It constitutes part of our accepted group marketing strategy. Furthermore, when prices are at a premium, we can give a trader a full lorry load. This is advantageous to the trader, too. He, therefore, likes to come to us. This is also the case with our vegetable produce. We often can give a full lorry load. We try to do it that way because traders find this attractive. Then they begin to have confidence and faith in us and to come again. We generally have a steady clientele.

Our Future Plans

In accordance with our general philosophy, we believe that the best marketing strategy for us to adopt is to try to increase the number of traders coming in to Wellan-

giriya. Therefore, what we should do, I believe, is to widen the range of produce that we cultivate as well as ensure stability of supplies. We want to assure traders that they will get the volume of produce they desire year after year. By following a conscious plan of satisfying traders, we propose to increase our links with the outside world by attracting more traders. This is likely to, in turn, help us to improve our agriculture further.

7 THAILAND

Group marketing of rubber by the Muang Trang Agricultural Co-operative

My name is Nguan Teeka. I am the present chairman of the Muang Trang Agricultural Co-operative. I am very pleased to have this opportunity to tell you the story of our group's effort in the marketing of rubber.

I myself am no expert. I am an ordinary small farmer like you are. My education was only at the higher vocational school level, equivalent to matayom 6. I was born in tambon Natham South, Muang District, Trang Province, but after I married my wife, we moved to settle in Kuan Khun village, tambon, Tub-Tiang which is in the same district. We have 4 children; 3 boys and 1 girl. We own 20 rai (8 acre) of land, of which 10 rai is a rubber plantation and 10 rai (4 acres) is a rice farm. Our income earned from the sale of rubber sheets is about 2,000 baht a month and the income from rice farming and animal raising amounts to 4,000 to 5,000 baht a year.

Most of the inhabitants of my village are small rubber growers, the average size of a family is 6 people.

Background Information

Trang Province is situated in the Southern part of Thailand, about 700 kilometres from Bangkok. The communication between Trang and Bangkok, as well as other southern provinces, is convenient both by railway and plane. It is one of the 14 southern provinces which are well known for rubber production that is a major source of income for Thailand at the present time.

Muang District, Trang Province, which is my home town has a population of 24,153 families or about 144,890 people. The village and tambons are mostly linked by gravel roads. Bicycles and motorcycles are the major means of transportation for both travel and marketing purposes.

The government's district office is situated in tambon Tub-Tieng and consists of government administration at the district level, such as the Agricultural Extension

Services Office, the branch of the Bank for Agriculture and Agricultural Co-operative (BAAC), the branch of the Rubber Replanting Aid Fund Board (RRAFB). There is also an agricultural co-operative, namely Muang Trang Agricultural Co-operative Ltd., established in 1970, and has its operating area covering our village.

I remember that in 1960 rubber growers in the Southern provinces started to plant a new type of rubber tree imported from Malaysia at a high price which yielded a higher grade of latex. But later, in 1961, the implementation of the Government's Rubber Replanting Scheme supported by the Rubber Replanting Aid Fund derived from the rubber export tax led to the rapid expansion of new types of rubber trees in the southern provinces' rubber growing areas. At present, Trang Province ranks as third among the largest rubber growing provinces in the South.

Marketing Conditions

Most of the inhabitants of my village including myself are small rubber growers, each holds only a small size of land. As a result, the quantity of rubber we can produce and sell is rather small. We cannot store the rubber and sell in large quantities because each day we need money for our families, so each grower has to sell his rubber separately. Generally, after the rubber is processed into sheets it will be sold to the market. The practice of rubber marketing in my village are as the following:

(1) Small mobile traders with bicycles or motorcycles travelling around the area collect rubber sheet directly from growers and then sell the rubber to the local merchants. However, very few planters nowadays sell their rubber to these mobiles traders.

(2) Growers accumulate a rather big volume of rubber and then sell it to the dealers in Muang District about 10 kilometres away. The prices the planters receive varies according to the daily market price.

Marketing Problems

As I have mentioned earlier, the rubber growers in our village are small holders producing a small volume of rubber and marketing their produce independently. Our common marketing problems can be concluded as follow:

1. Low price of rubber: – Because we sell our rubber separately, the amount sold each time was small, and sometimes the quality of the rubber was poor; merchants were not very interested in our product. We growers did not have bargaining power and as a result had to sell at a low price.

2. Weighing of rubber: – When we sold our rubber, the transactions were usually unfair. Merchants either altered their scales or used very crude ones. Growers who did not pay attention to the weighing were often cheated and had to agree with whatever the merchants said. In cases where the growers did pay attention, the merchants would sometimes invite them to a meal, leaving the weighing to the merchant's helpers, who then did the cheating.

3. Reduction and estimation of the water content of rubber: – When we sold the rubber, the merchant would weigh the whole batch of rubber sheets, then subtract out the weight of water he thought was in the sheets. Sometimes, when we sold the rubber, some sheets were not completely dry or had a high water content; merchants often used this as an argument to subtract out a large amount of water from the weight of the rubber. The weight they subtracted out was usually greater than the actual weight

of water. But because we did have some moist rubber sheets we could not argue with them.

4. Merchants did not pay for fractions of baht: – It is a custom among rubber growers and buyers, to the disadvantage of the growers, that buyers only pay for round numbers of baht. The last fraction of a baht is discarded. It is true that, from the grower's point of view, the amount of money lost is quite small, but to the merchants who buy from many growers, the amount of money gained this way each year is considerable.

So, in late 1974, I persuaded about 20 of my neighbours to join the co-operative. We called our group the Kuan Kan group, which is the 25th group of the co-operative, and I became the chairman of the group. Later on, in 1976 I became a committeeman on the co-operative board of directors and in 1980, I was elected the chairman.

Historical Background of the Muang Trang Agricultural Co-operative

The co-operative was registered, under the Co-operative Act of 1968, on 1 April 1970 and operations began on 24 June 1970.

Originally, there were 600 members, but at present (31 December 1980) this number has increased to 2,346 members (only 2 people from each family are allowed to become co-operative members).

The co-operative is divided into 41 groups covering 21 tambons. The co-operative owns 62,738 rai of land, on the average. Each family holds 26 rai. About 80 percent of the co-operative land is rubber plantation, 15 percent is rice paddy and the remaining 5 percent is residential area.

Among the co-operative members, 90 percent finished Prathom 4, the remaining 10 percent either have a higher or lower education than Prathom 4.

The operation of the co-operative is like that of a company in that it has a manager, accountants and personnel in charge of money, loans and marketing. The co-operative board of directors oversees the operations of these hired personnel and a co-operative district officer, who is a government official, provides advice on the management of the co-operative.

At the time we joined the co-operative, the only service the co-operative offered to its members was loans and reasonably priced goods, fertilizer, insecticide and feed. It struck me that the co-operative should collectively sell the rubber for its members also because the co-operative can act like a middleman in that it can collect produce from the growers and sell it to the terminal dealer. When the co-operative operates in such a way, it brings the profit that the middleman would have taken back to the growers. But the purpose of the co-operative is not to seek profit like merchants, rather it strives to increase the income of its members as much as possible. If the co-operative does acquire some profits, it will distribute that profit among its members.

From past experience, I have found that for every 100 baht of rubber that the terminal dealer sells, the grower receives 67 baht; transaction costs run around 28 baht and the remaining 5 baht is profit for the merchants.

When I first became a member of the co-operative, the co-operative did not sell rubber for us members because we were afraid we would lose money. We did not have an experienced buying staff to buy rubber from members for the co-operative. We could not

afford to hire such a buyer because our transactions must be honest and there is not enough money gained in such transactions to pay a hired buyer. Still, I thought that the co-operative should try to sell rubber.

Initiation of Group Action

Finally, the board of directors, with help from Khun Charoen Satayamas, then the co-operative provincial officer, contracted a rubber factory which agreed to buy rubber from the co-operative. The money needed to collect rubber from members came from a loan offered by the Co-operatives Promotion Department. The first loan we received was 100,000 baht, with a 2 percent interest rate.

The co-operative collected rubber by buying from members everyday except on holidays. Transactions were conducted at the co-operative office. Rubber was bought unsorted, which is the normal method used in buying rubber from growers. As to the price, the co-operative paid the same price as the other buyers would pay. When a member brought in rubber, personnel hired by the co-operative would weigh the rubber accurately and the co-operative would pay for all the rubber brought in, even for fractions of kilograms and at fractions of baht.

At the same time, I and the members of the board of directors would instruct members, during various meetings, on how to improve the quality of rubber sheets. The co-operative also sold to its members, at a reasonable price, all the materials needed to improve the quality of rubber sheets.

The co-operative paid a higher price for good quality rubber to reward those members who had improved the quality of their rubber in order to provide incentives for those who had not yet done so.

Today, the quality of rubber sheets that members bring in is as follows:

- About 13 percent is 2nd grade rubber
- About 75 percent is 3rd grade rubber
- About 10 percent is 4th grade rubber
- About 2 percent is 5th grade rubber.

When the co-operative collects rubber everyday, in the same manner as that done by merchants, it acquires the profit that the middleman used to take. This profit, after all the transaction costs have been subtracted out, is returned to the members at the end of the year. The money is distributed according to the amount of rubber that each member sold to the co-operative in that year. For example, at the end of the year 1980, the co-operative refunded 10 satang (1/10 of a baht) to its members for each kilogram of rubber the member sold to the co-operative.

Co-operative's Marketing Activities

The co-operative sells its rubber in lots, in the form of smoked rubber sheets. The rubber is sold to the Thai Union Company. On the average, each lot sold weights about 5,000 kilograms.

Everyday, around 10:00 am, co-operative personnel will contact the factory to ask for that day's price of rubber. This information is needed in the estimation of the daily price trend, which is useful in making decisions as to when to sell.

When the co-operative has collected enough rubber and the price of rubber is high enough, the co-operative will agree to sell to the factory. The co-operative will then hire trucks owned by private parties to deliver the rubber to the factory. The delivery fee is about .05 satang per kilogram of rubber. The factory pays cash, but only up to 80 percent of that day's price for 3rd grade rubber is paid at the time of purchase. The rest of the money will be paid after the rubber has been smoked and sorted. The co-operative has 15 days to make its sales decision for each lot of rubber, so the co-operative can wait and sell on the day when the price of rubber is the highest. When the co-operative sells its rubber to the factory, the total amount of money the co-operative receives depends on the quality of the rubber. If the rubber that the members sold to the co-operative is of high quality, the final rubber produced after smoking at the factory will also be of high quality. If the total value of the smoked rubber sheets turns out to be greater than the amount of money the co-operatives received in the first payments, the co-operative will receive a second payment from the factory. In past years, the co-operative has always received this second payment.

Co-operative's Marketing Problems

Problems still remain in the operations of the co-operative. These problems are:

1. The co-operative does not have highly experienced staff to buy rubber from members for the co-operative. Such experienced buying staff are few and their wages are costly. Transactions between the co-operative and its members must be fair, so the co-operative runs a risk of loss.

2. The amount of rubber that the members bring in is still small. Only those members who live near the co-operative office can bring in their rubber for sale. Others who live far away have difficulty transporting their rubber to the co-operative office. Merchants often bribe bus drivers to charge co-operative growers extra fares or not let them use the bus.

3. The co-operative office is far away from the market place. Only loyal members bring their rubber to the office.

4. Crafty merchants will use various tricks to buy rubber from co-operative members. Each day, the merchants will find out what the co-operative's buying price is. Many members must stop at the market on their way to the co-operative office, because these members must transport their rubber with other non co-operative growers, who stop at the market. At the market merchants will offer them a slightly higher price, 10 to 30 satang per kilogram more than the co-operative price. Some members sell to the merchants because of the convenience and also they hope to get a little more money. Most of the time, they are cheated during the weighing of the rubber.

5. Most members do not have their own means of transportation.

6. The co-operative does not own a truck, which is essential in buying and selling rubber.

7. The transportation cost is quite high because the co-operative must rely on transportation owned by private sources.

8. The water content estimation and the sorting of the rubber is still done by the factory. Merchants often subtract out a large weight of water, larger than the actual amount in the rubber. During the sorting, merchants often assign a low grade to the rubber; for example, if the rubber sheet is actually 2nd grade, they will say that it is 3rd grade; if the sheet is 3rd grade, they will say it is 4th grade.

Attempts to Solve the Problems

We can see that most of our problem stem from the fact that the co-operative does not have its own means of transportation. If the co-operative had a truck, it would be able to solve problems 2 through 7 easily. The co-operative has more than 2,000 members; if every member sold their rubber to the co-operative it would have 40,000 kilograms of rubber each day; more than enough to use in bargaining with the factory. Thus, during co-operative meetings, I have always emphasized the importance of selling rubber by the co-operative and I have always asked the members to sacrifice a little convenience for the benefit of all co-operative members. The co-operative needs money to buy the truck, so members should sell more rubber to the co-operative. During those meetings, I would mention, as an example, that I and my group sell our rubber only to the co-operative. At first there were only 20 members in our group, now we have 77 members, responsible for 402 people in our families. We do not pay attention to any of the merchants' tricks; we are all determined to sell only to the co-operative.

My speeches seem to have some effect: the number of members selling their rubber to the co-operative has increased. I believe that given 3 more years we can persuade more than 50 percent of the members to sell their rubber only to the co-operative.

I am very pleased that our co-operative has overcome most of its difficulties. Even though some problems still remain, at least we have brought back to the members the share of the profit that the middleman would have taken from them. Furthermore, I feel that the co-operative acts like a counterweight to balance the scale of justice in our society. The co-operative helps fix the daily price of rubber so merchants can no longer hold down their prices when they buy from non-member growers. Thus the operations of the co-operative is beneficial to the society as a whole.

If we compare the prices of rubber that the co-operative offers to those that merchants offer, we will see that co-operative members always get the higher price.

The table below compares the price per kilogram of 3rd grade rubber for the year 1980.

<i>Month</i>	<i>Market price (Baht)</i>	<i>Co-operative price (Baht)</i>	<i>Difference (Baht)</i>
January	17.62	17.90	+ 0.28
February	17.60	18.45	+ 0.85
March	16.64	18.05	+ 1.41
April	17.01	18.00	+ 0.99
May	16.60	17.94	+ 1.34
June	16.63	17.25	+ 0.62
July	16.88	17.45	+ 0.57
August	17.21	17.54	+ 0.33
September	17.81	18.25	+ 0.44
October	17.82	18.35	+ 0.53
November	17.68	18.31	+ 0.63
December	16.84	17.45	+ 0.61
Average	17.19	17.91	+ 0.72

We can see that, on the average, co-operative growers who sell to the co-operative receive about 72 satang more per kilogram for their rubber than non co-operative growers who sell to merchants.

But, for the operation of the co-operative to be successful, help and participation from members is needed. This means that

1. Committee men on the board of directors must be firm in their ideals. They must be honest and just. They must not use their positions to seek personal gains. They must work for the good of the co-operative as a whole. (In the past, most committeemen have had these noble qualities. There have been some who were less noble. In 1976 some committee men asked for special favors from growers who wished to join the co-operative. Those committee men have since been expelled from our co-operative.)

2. Co-operative meetings must be held regularly to keep the members informed so that problems can be solved as they arise. During these meetings we also urge the members to sell as much rubber to the co-operative as possible. We have even written a motto to urge our members:

“Sell rubber to our co-operative. It is worth the bus fare.
It reduces expenditures. And we can even gain a profit.”

These meetings also serve to bring the co-operative members together.

3. When the members bring in their rubber for sale, we advise them to save some of the money. The co-operative provides banking services for its members. The interest rates that the co-operative gives are as follows:

- (1) Fixed savings for 1 year or more, 12 percent per year
- (2) Fixed savings for 9 months or more, 10 percent per year
- (3) Fixed savings for 6 months or more, 9 percent per year
- (4) Current savings (the member can withdraw his money anytime) 5 percent per year.

The members of our co-operative are aware of the benefits of the savings program, and the amount of money saved has increased steadily, as can be seen in the accumulated savings of the table below.

<i>Year</i>	<i>Fixed savings (Baht)</i>	<i>Current savings (Baht)</i>
1977	316,120.00	71,601.23
1978	507,560.00	158,582.56
1979	818,762.00	398,257.33
1980	768,273.00	251,077.45

4. The money that members save with the co-operative is used to provide loans for other members. The interest rate for such a loan is 13 percent per year. The profit that the co-operative gains from its credit operations is used to finance and expand the operations of the co-operative. With income from this source, the co-operative can afford to borrow less money from outside sources. Originally, the Co-operatives Promo-

tion Department provided a loan to finance the rubber collection program, now our co-operative no longer needs loans from the Co-operatives Promotion Department, as can be seen below.

In 1977 the co-operative borrowed 100,000 baht from the Co-operatives Promotion Department.

In 1978 the co-operative borrowed 100,000 baht from the Co-operatives Promotion Department.

In 1979 the co-operative paid back 100,000 baht and about 2,000 baht interest.

From points that I have mentioned above, we can show with real numbers the success of the co-operative's rubber programme.

Documentation of Financial Success

<i>Year</i>	<i>Weight of rubber Collected (kgs.)</i>	<i>Money used to buy rubber (Baht)</i>	<i>Money gained from sale of rubber (Baht)</i>	<i>Gross profits (Baht)</i>
1976	202,020.00	2,035,079.00	2,051,950.84	16,871.45
1977	184,242.00	2,279,372.29	2,304,949.22	25,576.93
1978	244,670.00	3,261,872.53	3,294,011.10	32,138.57
1979	202,740.00	3,214,584.41	3,257,437.94	42,853.53
1980	135,510.00	2,312,300.27	2,368,737.90	56,437.63
Total	969,182.00	13,103,208.89	13,277,087.00	173,878.11

We can see that the co-operative has acquired a gross profit of 173,878.11 baht. In 1980 alone the co-operative refunded its members 10 satang per kilogram of rubber, amounting to a total of 13,511.00 baht refunded that year. Without our rubber collection program, all this money would have fallen into the hands of merchants.

In conclusion, I must thank ESCAP/FAO for giving me this opportunity to talk about the success of the rubber collection program of the Muang Trang Agricultural Co-operative. It is true, that I and members of our small group have not completely solved all the problems, but we have laid down guidelines and set examples in solving those problems as best as we could. And even though we lack higher education, we still try our hardest so that future generations will find more justice in our society.

