

CHAPTER II

THE MARKETING OF PADI BY FARMERS IN BLOCK S2

The marketing of padi by farmers in Block S2 follows more or less a standard pattern. Harvesting which precedes all the other services of marketing is immediately followed by threshing. (The farmers in Block S2 do not winnow their padi). Having packed the threshed padi in gunny sacks they are then transported to the farmer's house by bicycles or light motor-cycles after which the padi is spread to dry in the compound of the farmer's house. Before padi is sold to a co-operative mill, the padi is first stored for a few days either in a specially-made store house or in the farmer's house itself. The period of storing depends on the availability of lorries; the earlier lorries become available to the farmers the earlier they dispose of their padi.

Harvesting

Harvesting which is the cutting of padi stalks about six inches from the ground with a saw-edged sickle as has already been mentioned is the first of a series of services performed in the marketing of padi. This is done by holding the padi stalks with the left hand and running the sickle through the lower portion of the stalks with the right hand. Harvesting is a highly labour-intensive operation; mechanization has not yet paved its way into this field in Block S2.

Threshing

Threshing, the purpose of which is to separate padi grains from the stalks, immediately follows harvesting. Like harvesting, threshing is performed in the fields. Threshing is done by beating the padi stalks handful at a time against the rough-surfaced walls of a large square wooden tub. Threshing is not a separate and distinct process by itself but is performed in conjunction with harvesting.

The joint process of harvesting and threshing because of its time-consuming nature is never performed by a single person. Farmers either assisted by members of their families or hired workers work in groups of as small as two persons and as large as eight persons. Most of the farmers hire workers to harvest and thresh their padi usually Malays from the neighbouring villages of Sungai Leman and Sungai Burong.

In the joint process of harvesting and threshing division of labour is practised, for example, where farmers hire four workers two of them will concern themselves with harvesting whilst the other two will concentrate their efforts on threshing.

Packing

The service of packing in the marketing of padi in Block S2 is performed at two stages of the marketing process. The first packing is undertaken in the fields when the padi after being threshed is packed into gunny sacks to be transported and stored in the farmer's house before subjecting it to the other services of marketing. For those farmers who hire workers for harvesting and threshing this service of packing is performed by the workers who are contractually bound to do so under the terms of their hire-of-labour contracts entered into with the farmers.

The second packing is performed in the farmer's house where, padi from the field after having been dried, are packed into gunny sacks to be transported for sale to a co-operative mill or to a shop-keeper. Packing at this stage of the marketing process is done by the farmer himself with or without the assistance of members of his family. Each gunny sack contains 100 katis of padi.

Drying

Not all of the padi brought from the fields after harvesting and threshing is wet i.e. having a moisture content of more than 13%. In a few instances the padi is perfectly dry containing 13% or less of moisture making it fit to be sold to a co-operative mill without the necessity of subjecting it to the process of drying.

It is a ruling of the Federal Government under Bil Coop. T.K. 13/15/91 of 18-3-1964 (See Appendix V) that for a farmer to be paid the Guaranteed Minimum Price of \$16.00 per pikul for his padi, his padi must measure up to the specifications of "good, clean, dry padi" which specifies that a farmer's padi must not only have a moisture content of not exceeding 13% but it must also be free from dirt and other impurities. A co-operative mill has the right to refuse a farmer's padi if it contains more than 18% of moisture and/or a large amount of impurities. It is solely for this reason that farmers in Block S2 subject their padi to the process of drying before selling them to a co-operative mill.

However, during the survey when the use of the moisture measuring meter was abolished by the co-operative mills following a village-wide resentment of its use, the farmers in Block S2 relieved themselves of the burden of drying their padi after harvesting except for those padi which has been soaked by rain-water in which case drying became an indispensable marketing service.

Drying padi takes the form of spreading them sparsely on

the drying place and exposing them to the sun. The drying place is either a specially-made one of concrete as big as a badminton court or just mats laid on the bare ground. The padi is frequently raked so that all sides of a padi grain are exposed to the sun.

With the on and off of sunshine and rain, it usually takes between four days and one week for a pikul of padi to be sufficiently dry i.e. having a moisture content of 13% to 18%.

Transporting

The transporting of padi occurs at two stages of the marketing process - (i) from the field to the farmer's house and (ii) from the farmer's house to the rice mill. In the first case, the popular vehicles used are bicycles and light motor-cycles of Japanese make. For those farmers who hire workers to harvest and thresh their padi the transportation of padi from the fields to their houses is undertaken by the hired workers who are contractually bound to do so under the terms of their hire-of-labour contracts entered into with the farmers.

There are two methods of wage payment in vogue among the farmers in Block S2 viz. (i) payment in padi calculated on the basis of one pikul of padi harvested, threshed, packed and transported to the farmer's house and, (ii) payment in money on a daily basis. For the first method of wage payment the wage rate varies from farmer to farmer depending on (i) the worker's bargaining power, (ii) the distance between the farmer's farm and house and (iii) the farmer's relationship with the workers (e.g. old friends etc.) The rate of wages ranges from 8 katis per pikul of padi to 14 katis per pikul. Payment which is effected at the end of the day is made in padi but the workers can convert their payments of padi into cash at the rate of \$13.80 per pikul if they so wish.

In the second method of wage payment where the workers' wages are paid in cash on a daily basis the wage rate too differs between farmers for the same reasons aforementioned and it ranges from \$4.00 to \$5.00 per day. Under this method of wage payment the workers are usually under close supervision of the farmers in order to prevent them from shirking from their duties.

The transportation of padi from the farmer's house to a co-operative mill is done² by lorry which is provided free of charge by the co-operative mill.

However, when selling their padi to local shop-keepers¹ the farmers have to provide their own transport. Transportation

¹The names and addresses of these private padi dealers are given in Appendix IV.

²There are 4 co-operative rice mills in Sekinchan. Their names are given in Appendix V.

of padi to the shop-keepers' place of business is undertaken by the farmers themselves by carrying the sacks of padi on their bicycles or motor-cycles.

Storing

The need for storage arises under two circumstances; one is connected with the process of drying and the other is related to the availability of transport facilities.

With the on and off periods of rain and sunshine which is typical of the equatorial climate, the drying of padi cannot be completed within a day but has to be stretched for a number of days usually between four days to one week. Therefore when the padi grains cannot be exposed to the sun during the nights and rainy days they need to be stored.

Padi which has already been dried and packed in gunny sacks needs also to be stored while awaiting the availability of transport facilities. Lorries to transport padi from the farmer's house to the co-operative mill may not be available at the moment they are needed. The simultaneous undertaking of harvesting of padi by the farmers in Sekinchan which results in an increased demand for the services of the limited number of lorries coming in and out of Sekinchan compels some of the farmers to wait for two or three days before lorries are available to transport their padi to the co-operative mills.

Some farmers have specially-made store houses in which to store their padi whilst others do not. For those farmers who do not have any proper store houses they just store their padi in any convenient spot in their house - in the kitchen, in the verandah and even in the bedroom.

Pricing

For "good, clean, dry" padi i.e. padi which contains moisture of not exceeding 13% as well as free from impurities, the Federal Government guarantees a minimum price of \$16.00 per pikul ex-mill. Padi having a moisture content of 18% and above and/or containing a large amount of impurities become ineligible for sale to a co-operative mill. Padi having a moisture content of between 13% and 18% have their weight reduced by the excess in the moisture content for the calculation of payment at the guaranteed minimum price, for example, if a farmer's one pikul of padi contains 16% of moisture i.e. 3% over and above the maximum limit of 13%, 3 katis are deducted from his pikul of padi. In other words he is paid as if he sells only 97 katis of "good, clean, dry" padi to the co-operative mill.

However, at the time of survey this method of payment by the co-operative rice mills for purchases of padi they make from the

farmers ceased to operate following the abolition of the use of the moisture-measuring meter as a result of the village - wide resentment of its use on grounds of (i) farmers dislike the idea of having to bring back home their padi whenever their moisture content exceeds 18% and (ii) farmers claimed that the meter showed two different readings from the same sack of padi - one reading for the side lying on the ground and a different reading for the side turned upwards.

With the abolition of the moisture-measuring meter farmers are paid for their padi at a flat price of \$13.80 per pikul irrespective of the moisture content of the padi which is \$2.20 below that of the guaranteed minimum price of \$16.00.

The farmers are also paid a price of \$13.80 per pikul by the local shop-keepers for sales of padi made to them or for debt repayments.

Financing

The marketing service of financing is primarily concerned with the provision of credit to facilitate the activities of buying and selling and to aid the implementation of the other marketing services of harvesting, threshing, packing and storing etc.

Business transactions in padi are mostly conducted in cash; it rarely happens that farmers have to sell their padi on credit. When selling their padi to local shop-keepers farmers can either elect themselves to be paid in cash or in kind in the form of provisions to the extent of the value of their padi. Farmers do not sell their padi to shop-keepers on credit nor do shop-keepers buy the farmers' padi likewise.

When selling their padi to a co-operative rice mill it sometimes happens especially in periods when the co-operative mill is running short of ready cash, that some of the farmers have to sell their padi on credit to the co-operative rice mill. However, the period of credit is usually short ranging from two to three days.

For those farmers who hire workers to harvest, thresh, pack and transport home their padi, the payment of wages to workers for the performance of these marketing services in some instances is indirectly financed by the local shop-keepers - indirectly in the sense that the shop-keepers do not give out loans specifically to finance these marketing services. The farmers may have earlier borrowed the money for a different purpose such as for the purchase of fertilizers and now use the remainder of the loan for the payment of wages to hired workers. In most instances, however, the farmers do not have to borrow to pay the workers' wages as they can always postpone the payment of wages to 2 or 3 days later until they have received the sales proceeds from their padi.

Risk-bearing

Risk-bearing is inherent in any business activity; the nature and degree of risk, however, differs from one business activity to another. The element of risk inherent in padi marketing is, comparatively speaking, not so great as that inherent in the marketing of vegetables, sweet potatoes or maize.

With the minimum price of padi being guaranteed by the government and with the operation of the Government Reserve Stock of Padi, the farmers do not face the risk of price instability at all. Under normal circumstances, as long as the farmers' padi meet the government's specifications of "good, clean, dry" padi the farmers will be paid the guaranteed minimum price of \$16.00 per pikul by any licensed dealer of padi.

Padi is not an extremely perishable commodity like vegetables and as such the farmers do not face the risk of quality deterioration. With the provision of transportation by the co-operative rice mill the risk of damages to padi due to transportation accidents en route passes from the farmers to the co-operative rice mill. In the case of those farmers selling their padi to the local shop-keepers in which case they have to transport their padi by bicycles or light motor-cycles, the risk of damages to padi while in transit although present is, however, negligible.

Losses of padi through theft, fire or through being eaten by rats are about the only risk the farmers face in the marketing of their padi. Unable to pass these risks to an insurance company (there is no insurance company in this country which is willing to underwrite such risks) the bearing of these risks becomes solely the responsibility of the farmers.