

CHAPTER III

MARKETING OF PADI IN BLOCK B4

For padi, the survey was based on last season crop, that was roughly between June and September, 1965. This was because the present main padi crop was either in the process of ripening or harvesting. As a result it was impossible to get the total gross yield per lot operated by different farmers and other data regarding the sale of padi. However, through interviews, the writer is convinced that the marketing pattern for padi and the problems faced by the farmers then were not much different, if at all there was a difference, from those of today.

PRODUCT AND PRODUCTION

The following have been considered under this heading:-

- (a) Characteristics
- (b) Quality and Uses
- (c) Nature of Production.

Characteristics

There were two main varieties of padi grown in the off-season of 1965, that was between June and September. They were Malinja and Mahsuri. Compared to industrial goods, padi is rather bulky in nature, which means that transport cost is high. Unlike some other farm products, padi is much less perishable but its quality must still be maintained. Like most other farm products, it is seasonal in supply. In Sekinehan since the introduction of double cropping of padi, supply comes roughly in May/April and September/October. This then gives rise to transport problems.

Quality and Uses

The quality of padi from both varieties is comparable to most Malayan varieties. It is of about the same size and produces rice just as good if not better than most Malayan varieties. However proper farm management, particularly with regards to water-control is of utmost importance if the efforts are to be fully rewarded. Unless special care is taken about diseases and pest-control and water-control, most of padi will either be empty or produce a high degree of brokenness. Padi can be stored away much longer than most farm products without lowering the quality if good storage facilities are available.

Generally the quality of padi of off-season, 1965, was not so good mainly because the farmers either neglected the instructions or did not know the requirements, say when the water could be drained without adverse effects on padi. Farmers also harvested padi when it was not fully ripe and never properly dried before it was marketed. All these contributed to rather low quality padi.

Padi is milled to produce rice which is the staple foodstuff of most people in Malaysia. Rice is used chiefly, indeed almost entirely, for direct human consumption. Although rice can be ground into flour and ground rice is used in cake-mixtures, it can not be made into bread; hence rice eaters usually boil their rice and eat it with curry.

Nature of Production

The whole irrigation area of Sekinchan is divided into 16 Blocks and each of these is in turn divided into lots of mostly 3 acres each though some along cross bunds and main canal are of more than 3 acres. Lots in Block S4 are of 3 or 4 acres each in size.

Out of 25 farmers interviewed, only 1 or 4% of the total operated 2 lots of 3 acres each; 20 farmers or 80% of the total, each operated a lot of 3 acres in size; 2 farmers or 8% of the total each operated a plot of 4 acres in size while the remaining 2 farmers each operated half a lot of 1½ acres in size. The writer understands that there were farmers who operated even 3 lots, either owned or rented, but the number of such farmers was very small.

From the above it can safely be concluded that production was on a small scale indeed. In line with this, labour input came mainly from family, though occasionally hired labour was engaged especially during harvesting period.

SUPPLY AND DEMAND

These can be seen in terms of the following:-

- (a) Gross Yield and Amount Marketed.
- (b) Frequency and Time of Supply
- (c) Variation and Trend of Volume Marketed.
- (d) Supply and Demand.

Gross Yield and Amount Marketed

Field investigation shows gross yield of padi varied from lot to lot depending on how well the farmer managed the farm. On the average the gross yield per lot of 3 acres in size was about 60 pikuls. Out of this between 20 to 30 pikuls were retained for home consumption depending on the number of people in the family, the rest were sold mainly to the local cooperative rice mill societies ltd.

In theory the hired Malay labourers were paid in kind for every pikul harvested and carried to the farmers' house though in practice the farmer paid them in cash according to the amount of padi they were supposed to collect valued at prevailing market price. The following was the rough rate normally followed:

- (i) 13 katies per pikul if the distance is 2 miles.
- (ii) 12 " " " " " " " 1½ miles.
- (iii) 10 " " " " " " " 1 mile.

Frequency and Time of Supply

Last padi crop (between June to September or October, 1965) was harvested in September and early October. Padi is harvested only once unlike chili, long beans or others. But as the farmers did not plant at the same time the padi ripened at different time with the result that harvesting period stretched for about one month or more. Even an individual farmer would take one week or more to harvest 3 acres of padi. At the beginning of the harvesting period on the whole little padi was harvested and hence little supply. As time passed by more was harvested until it reached maximum somewhere in the middle of the period. Then towards the end of the period, less and less padi was harvested and marketed. Padi which was meant for sale was not stored in the house for more than a week. The sooner it was marketed the better since little weight was lost, so they said.

Variation and Trend of Volume Marketed

The volume marketed varied throughout harvesting period. It increased from the beginning of the period until it reached the maximum in the middle of the period after which the volume marketed decreased again. Thus it followed the supply pattern mentioned earlier, though not all available supply was put on the "market". The greater the supply, the greater the volume marketed would be. And the higher the yield per farmer, the greater the percentage of padi would be marketed since he retained a fixed amount for home consumption until next harvest.

Supply and Demand

The supply of padi is seasonal and inelastic in nature while demand for padi is never seasonal and very inelastic indeed. If forces of supply and demand were allowed to operate freely in the market we would expect to find great fluctuation in price of padi, high when supply is low and low when supply is high. This was the case a few years ago but now the government has fixed the price of "clean, good and dry" padi at \$16.00 per pikul so as to safeguard the farmers from being exploited by unscrupulous middlemen.

SELLING

There were and still are two sale outlets for padi:-

- (a) Local Cooperative Rice Mill Societies Limited.
- (b) Private Padi Dealers in Sekinchan.

Local Cooperative Rice Mill Societies Ltd.

There were and still are four cooperative rice mill societies in Sekinchan. They are Long Yip Cooperative Rice Mill Society Ltd., Long Aik Cooperative Rice Mill Society Ltd., Long Heng Cooperative Rice Mill Society Ltd. and Kian Sit New Village Cooperative Rice Mill Societies Ltd. The farmers were asked to sell padi to these cooperatives which were licensed to purchased padi on behalf of the Government Sponsored Rice Mill, Tanjong Karang. They were the only legal outlets through which farmers could sell their padi.

All the 25 farmers interviewed sold their padi to Long Yip Cooperative Rice Mill Society Ltd. of which they were members. Some expressed that they were more or less forced to sell padi to the cooperative while others (majority) said they had done so on their own free will.

Private Padi Dealers

There were three main private padi dealers mentioned by the farmers to whom they sold their padi. They were Luen Seng, Yong Kee Chan and Tong Ho who were, in fact, owners of provision shops in Sekinchan town. These were illegal padi traders or "peabeli Haran". Out of 25 farmers, 15 admitted that they had in fact sold padi to these private dealers, though the amount was much smaller than that sold to cooperative. Normally out of 40 pikuls of padi for sale, between 5 to 10 pikuls were sold to private dealers, according to the farmers. But the writer has a strong feeling that these farmers knew that this was against the law, and so they purposely refused to admit of ever selling to the private padi dealers. Even if they admitted the figures given were most likely to be smaller than actual. The rest were sold to the Long Yip Cooperative Rice Mill Society Ltd., Sekinchan. The 15 farmers agreed that they were obliged to do so since the shopkeepers allowed them to take goods on credit for the past five months or so.

PRICING

This refers to the:

- (a) Price Fixation
- (b) Actual Price on the Farm
- (c) Private Padi Dealers and the Price

Price Fixation

The forces of supply and demand were no longer operating to determine the price of padi since the Malayan government had fixed it at \$16.00 per pikul for "clean, good and dry padi". This was taken in order to safeguard the interests of the farmers who previously were being exploited by the unscrupulous middlemen. This price was operating only at Government Sponsored Rice Mill Tanjong Karang and other big private Rice Mills such as Haji Ahmad Rice Mill and Lian Seng Rice Mill in Petaling Jaya with license to purchase padi and mill it into rice for sale.

Actual Price on the Farm

At producers' level, price was much lower. According to the farmers interviewed, the price of padi was "fixed", so to speak, by the local cooperatives at \$13.80 per pikul regardless of the degree of dryness, cleanliness and quality of padi. On paper, the cooperatives were supposed to make deductions for moisture contents according to rate established, as follows:-

<u>% of moisture content</u>	<u>Deduction per pikul</u>
13 - 14 %	1 katies
14 - 16 %	5 katies
16 - 18 %	7 katies

If moisture content was below 13%, then there would be no deduction made, and if it was more than 18%, then they would not buy the padi. They used the instantaneous moisture meter (Scotmeccorley) at times, but that was that: no figures taken, no calculations made. And equally instantaneously, the price was fixed at \$13.80 per pikul. It was most unlikely that:-

(i) the remaining \$2.20 went for transport cost and handling charges, reduction in weight due to moisture content and weight of guni sack;

(ii) all farmers had same moisture content in their padi, or same degree of uncleanness or same quality padi;

(iii) the moisture content was well over 18%, padi so bad and so uncleaned, for if so they would not have bought it since the Government Sponsored Rice Mill Tanjong Karang would not buy it.

Assuming the moisture content was 18%, the weight of guni sack 2 katies and transport cost from Sekinchan to Tanjong Karang Rice Mill - 20 cents per pikul, handling charges 10 cents per pikul, this would come up to only \$1.74 cents. This meant that the

cooperative could reduce the profit margin and so raise the price per kati.

Private Padi Dealers and the Price

Private padi dealers also bought the padi at \$13.80 per pikul regardless of degree of moisture content, cleanliness and quality. One interesting thing to note is that these dealers sent padi to Rice Mill at Tanjong Karang or the three Rice Mills in Petaling Jaya together with a representative from a local cooperative. The cost of transport from Sekinchan to Government Sponsored Rice Mill Tanjong Karang or to Haji Ahmad Rice Mill, Lin Seng Rice Mill, Selangor Rice Mill, all in Petaling Jaya, was paid by the local cooperatives, including the handling charges. And for the services performed, the dealers were paid a commission of 10 cents or 15 cents per pikul, by the local cooperatives. This was the same thing as saying that the local cooperatives bought padi from the private padi dealers at a price 10 or 15 cents higher than that at producers' level. This suggested that the local cooperatives could buy padi at \$13.90 or \$13.95 and still made enough profit to cover the possible losses or risks. Now, why would not this price be extended to the farmers?

FINANCING

This can be considered under the following:-

- (a) Financing the Farmers
- (b) Financing the Private Padi Dealers
- (c) Financing the Cooperatives

Financing the Farmers

During planting season, many farmers had not sufficient cash to buy factors of production or necessities such as fertilizer, implements, feedstuffs etc. Since there was no cooperative credit society in the area, the only way out would be to take goods on credit from the provision shops. And that was exactly what they did. The amount allowed depended on security and honesty of the farmers, which normally varied from \$200/- to \$500/- worth of goods. This they paid soon after harvest, that was about 4 or 5 months later.

Out of 25 farmers interviewed 23 or 92% of the total took goods on credit while the remaining two did not. None borrowed money from anywhere, though Luen Seng and Co. did give small loans to farmers during emergency. The other two popular provision shops were Yang Kee Chan and Teng Ho. Most farmers agreed that prices of goods, especially the more "expensive" items, tended to be higher a bit as a result of credit system.

Financing the Private Padi Dealers

The only time when farmers could finance the private padi dealers was when they were obliged to sell padi to them and that the value of padi was higher than the debts. Even then the dealers often paid at once especially on farmers' request, otherwise they paid 2 or 3 days later. But this very seldom happened for the debts were greater than the value of padi sold.

Financing the Cooperatives

Cooperatives were supposed to pay the farmers cash immediately after transaction. This rule was followed except only when the cooperative was short of cash due to too much padi bought on the same day. In such situations, the farmers had to wait for one or two days before they were paid. Provided this happened only occasionally, they did not mind it.

GRADING, CLEANING AND DRYING

Out of 25 farmers interviewed, 12 planted Mahsuri, 8 Malinja, 3 Radin India, and ²a combination of Mahsuri and Radin India. According to those who planted two varieties¹ of padi, they did separate the different varieties right from the time they planted them: one portion of the lot, say half, was reserved for each. There was no grading done on the basis of weight or colour since this would be clumsy and did not serve any purpose.

As far as cleaning was concerned, only two admitted they "never clean" their padi at all, while the remainders said that cleaning was actually carried out, though only slightly. The reason for this was that the price of padi was fixed by the Cooperatives at \$13.80 per pikul regardless of whether it was cleaner or less clean or very dirty. So why waste labour and cents, they seemed to say. Generally what they did was to collect the ~~broken~~^{straw} ~~ears~~ from the grains in the wooden tub before putting in the guni sacks. Obviously by this method the padi was far from clean and contained a lot more of tiny ~~broken~~^{straw} ~~ears~~ and other dirt. This was based on the writer's own observation on the field which was not much different from last season padi crop as far as cleaning was concerned. What they should have done was to winnow the grains two or three times in the path of a moderately strong winds and produced "clean padi". Padi for own consumption was winnowed only after being dried at the house.

Padi meant for sale was not dried at all (unless it was wet because of rains etc.), in the sense that after being threshed the grains should be spread in the sun for one or two hours before putting them in guni sacks and sold. Only for padi meant for home consumption did they dry it which took place at their houses. Thus seldom the padi sold was "dry", instead it exhibited different degrees of dryness or more appropriately, different degrees of wetness.

¹All these varieties were priced at \$13.80 per pikul while padi Taiwan at \$11.00 per pikul.

PACKING, STORING, WEIGHING AND HANDLING

Padi for sale was put in guni sacks provided by the cooperatives. This padi was very seldom stored in the house for more than one week, before selling. Normally farmers kept in the house only for 2 or 3 days, after which they contacted the local cooperatives which sent their lorries to weigh and pick the padi straight to Rice Mill Tanjong Karang or the three big Rice Mills in Petaling Jaya. The reason for not storing long enough was unanimous: weight goes down with time. And they were correct for unless the instantaneous moisture meter was used and the established rate of moisture content deduction applied then storing would mean less weight which would result in less earnings to farmers. The other reason was that there was no necessity in storing in view of the fact that price of padi was fixed by the government in the first place. Weighing was done at the farmers' houses by means of a weighing instrument called "Daching" in Malay. This was transferable and the most suitable available so long as no cheating done and farmers were literate or intelligent enough as far as weighing was concerned. A guni sack of padi normally weighs between 135 to 150 pikuls. Handling of guni sacks was rather rough but this could not have affected the quality of padi to any appreciable extent.

The portion of padi meant for own consumption was also put in guni sacks owned by farmers themselves after being dried and cleaned at their houses. These then were stacked away on cement floor covered with wooden planks or on wooden floor in some corner of the house. The storage space depended on the size of the house, though generally its capacity¹ was twice the amount normally kept. On the whole there was no serious damage in storage recorded which could be caused by rats, rains (changed colour) and very occasionally theft.

TRANSPORTING

This covers the following:-

- (a) Means of Transport from Field to House.
- (b) Means of Transport from Houses to Tanjong Karang.
- (c) Cost of Transport.

Means of Transport from Field to Houses

It was stated earlier that some farmers hired Malay labourers from nearby areas to harvest the padi. This padi was put in guni sacks and transported on bicycle by the labourers to the farmers' houses. The padi harvested by the farmers was also put in guni sacks and carried either on bicycle or motor-cycle by the

¹If they wanted to, they could have stored the whole of padi harvested in any season.

farmers themselves. Out of 25 farmers interviewed only two used motor-cycles - Honda 175 c.c. Except for the fact that the farmers had to push their bicycles in the padi fields, there was little apparent difficulty in transport since they were and still are expert cyclists. It was amazing to see farmers - young and old, men and women, and even children - cycling away with heavy guni sacks at the back with ease. Improvements of rather poor path and the repairs of some bridges bordering the block in south-west would have certainly facilitated the transport of padi and other products, particularly for central lots and those towards south-west.

Means of Transport from Houses to Tanjong Karang

The farmers sold their padi either to cooperatives or to shopkeepers who were and still are unlicensed private padi dealers. Both group of dealers provided lorries, either owned or hired, for the padi to be transported from houses straight to Tanjong Karang Rice Mill or to the three big Rice Mills in Petaling Jaya (now the Long Yip Cooperative Rice Mill Society sends the padi to Petaling Jaya only because the Tanjong Karang Rice Mill is temporarily closed due to some difficulties). From what could be gathered from the farmers, there was at times quite a problem regarding the transport for they had to wait for two or three days before they could dispose of their padi. This was mainly due to heavy demand for lorries at harvesting time.

Cost of Transport

Transport of padi by hired Malay labourers from fields to houses was only part of the work they were supposed to performed. According to farmers and a few labourers interviewed, they agreed that about a quarter of the wage per pikul of padi harvested would go for carrying the padi.

Transport cost by lorry from houses to Tanjong Karang and Petaling Jaya was in reality paid by the farmers in the form of reduced price for padi.¹ According to regulation, each farmer would be paid the price per pikul of padi after deductions for moisture content, weight of guni sack, handling charges, and transport cost were made. The transport costs by lorry from farmers' houses to Tanjong Karang and Petaling Jaya were 20 cents and 40 cents per pikul respectively. The handling (loading and unloading) charges were 10 cents per pikul to both places. Normally by transport cost we would also include the handling charges.

¹The cooperative rice mill is a merchant, so transport cost is paid by it in case of hired lorry.