

PRESENT STATUS AND PROBLEMS OF OWNER OPERATORS IN THE MUDA AREA

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ABSTRACT

About fifteen years have passed since the farmers became engaged in rice double cropping culture in the Muda area. In the mean time in this agricultural society, the following three situations have developed conspicuously: a rapid differentiation of peasantry, the large inroads made by the contractors into the production process, and the gradual diffusion of mechanization among owner operators and part owner-part tenant operators.

Under these conditions the outlook for the owner operators should be analyzed namely, the prospects for those farmers who will bear the process of rice production by their own labor and equipment. Under the current conditions, their paddy fields are considerably larger than the average and they own a pedestrian tractor for which they paid a sum of money ranging from M\$1,600 to 5,000. This paper reports the present conditions of farm management for these farmers and points out their problems.

Paddy production of owner operators

In 1985 the situation of farm management in 97 households in the irrigation service block ACRBD-4 in the Muda area was surveyed.

During this survey, it became clear that the farmers who owned a pedestrian tractor became comparatively wealthy as evidenced by better housing as well as clothes of good quality.

Table 1 lists the farmers who own a pedestrian tractor among 97 farmers. They bought new or secondhand pedestrian tractors between 1972 and 1984, and paid for them a sum of M\$1,600 to 5,000. Among these farmers, 6 typical owner operators, namely farmers who own more than 75% of cultivated paddy fields were selected.

Table 2 shows the situation of paddy production by one of the farmers, Mr. J. who owns three paddy lots. From each lot he harvested 52, 61, 84 guni, or a total of 197 guni (a "guni", the jute bag for paddy has a capacity of 83.6 kg on the average). These 197 guni are equivalent to approximately 1.63 tons of paddy and the production capacity was a little less than 3.8 t/ha. This figure nearly corresponds to 4 tons of average production capacity in the Muda area. After he contributed 19 guni as (Islamic) donation "Zakat" and kept 19 guni for his household, he sold 159 guni to the LPN (National Paddy and Rice Authority).

By this sale, he earned M\$4,803.16 for paddy, M\$1,715.84 as the subsidy, in all M\$6,519.

Similar tables for the 2nd crop were prepared in the case of the other 5 farmers and the annual gross income was calculated, as indicated in Table 3.

This table shows that the farmers who cultivate 3.1 ha on an average, own more than 75% of the fields and have a pedestrian tractor earned M\$8,888.75 for paddy, M\$3,160.85 as subsidy, in all about M\$12,050 on the average from both crops in 1985.

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Table 1 Owners of pedestrian tractor

No.	*No. of B.F.I.S.	Head of household	Year of purchase	Pedestrian tractor		Farm area		Total (relong)	Memorandum
				Price when purchas- ed (M\$)	Name of maker	Area owned (relong)	Area rented (relong)		
1	41	A	1978	2,000		5.00	5.00	Kg. Telaga Batu	
2	45	B	1979	2,000		5.00	5.00	Kg. Telaga Batu	
3	59	C	1978	2,700	KUBOTA	6.75	6.75	Kg. Telaga Batu	
4	64	D	1973	5,000		4.00	4.50	Kg. Bagan, Mk. Jeram	
5	70	E	1981	2,500	KUBOTA	9.00	9.00	Mg. Tanjung Musang	
6	76	F	1974	1,600		12.50	12.50	Kg. Kota Rentang	
7	79	G	1976	3,100	KUBOTA	7.50	2.00	9.50 Kg. Telage Batu	
8	82	H	1980	3,000		1.25	9.00	10.25 Kg. Bagan, Mk. Jeram	
9	85	I	1972	1,700	KUBOTA	14.75	14.75	Kg. Budi, Mk. Jeram	
10	89	J	1974	3,000	KUBOTA	10.00	2.00	12.00 Kg. Telaga Batu	
11	95	K	1983	4,800		3.00	8.00	11.00 Kg. Kepala Sepuluh	
12	96	L	1976	3,000	KUBOTA	9.00	9.00	Kg. Telage Batu	
13	97	M	1984	3,500	SUZUE	10.00	3.25	13.25 Kg. Telaga Batu	

*No. of questionnaires of "Basic Farm Information Survey"

Table 2 Paddy production of each farmholding

First crop, 1985 (Farmer J.)

① Lot No.	Production of each paddy lot				Total	Average	N.B.
	1	2	3	4			
② Lot size (rlg.)	4.0	6.0	5.0		⑩ 15.0		
③ do. (ha)	1.15	1.73	1.44		⑪ 4.32		
④ Yield (guni)	52	61	84		⑫ 197		
⑤ Weight of 1 guni (kg)	80	85	83			82.8 (⑫÷⑬)	
⑥ Total yield (kg)	4,160	5,185	6,972		⑭ 16,317		
⑦ Yield per rlg. (kg)	1,040	864.2	1,394.4			1,087.8 (⑭÷⑮)	
⑧ Yield per ha (kg)	3,617.4	299.7	4,841.7			3,771.1 (⑭÷⑯)	
⑨ Gross weight of paddy sold (kg)	3,760	3,060	6,308		⑰ 13,128		
⑩ Weight of bag and impurities (kg)	546	540	1,368		⑱ 2,454	12.5 (⑱÷⑲)	Avg. kg of guni and impurities per guni
⑪ Ratio ⑩/⑨ (%)	14.5	17.6	21.7				
⑫ Net weight of paddy sold (kg)	2,914	2,520	4,940		⑳ 10,374		
⑬ Paddy price per 100 kg (M\$)	46.3	46.3	46.3				
⑭ Total receipts (M\$)	1,349.18	1,166.76	2,287.22		㉑ 4,803.16	30.2 (㉑÷159)	Avg. price per guni
⑮ Total subsidy received (M\$)	481.97	416.80	817.08		㉒ 1,715.84	10.8 (㉒÷159)	159=⑲-⑳-19
⑯ Zakat (guni)	5	6	8		㉓ 19		

Table 3 Annual gross income 1985

Unit: M\$

Farmer's code No.	Annual gross income	Breakdown	
		Receipts for paddy	Subsidy
1 (No. 9 of Table 1)	16,065.69	11,835.57	4,230.12
2 (No. 7 of Table 1)	11,449.41	8,501.10	2,948.31
3 (No.13 of Table 1)	11,458.40	8,442.94	3,015.46
4 (No. 3 of Table 1)	5,849.27	4,309.64	1,539.63
5 (No. 5 of Table 1)	13,398.09	9,871.61	3,526.48
6 (No.10 of Table 1)	14,076.75	10,371.65	3,705.10
Average	12,049.60	8,888.75	3,160.85

Expenditure for paddy production

Table 4 indicates the main expenditures incurred for paddy production in the rice year 1985.

Table 4 Annual main expenditures for paddy production 1985

Unit: M\$

Item	Household No.					
	1	2	3	4	5	6
① Seeds	260.0	50.0			120.0	125.0
Nursery plot	1st plowing				55.0	
	2nd plowing				45.0	
② Main field Plowing	1st plowing				585.0	
	2nd plowing				495.0	
	Sub-total	809.0	514.0	627.5	546.0	1,180.0
	Ratio ②/① (%)	14.7	11.2	13.3	24.4	23.8
③ Transport of seedlings	70.0	10.0				
Hired labor	865.8	920.0	746.5	130.0	1,255.0	1,040.0
④ Expenditure for food and drinks	180.0	100.0	80.0	50.0		
Trans-planting	Sub-total	1,045.8	1,020.0	826.5	180.0	1,255.0
	Ratio ④/① (%)	19.0	22.1	17.5	8.0	25.3
⑤ Chem-icals	Pests and diseases			4.5		
	Weedicide	48.6	63.0	4.2		48.0
Hired labor	311.5	389.0	118.5	40.0	315.0	98.0
⑥ Combine harvester charge	1,917.0	1,040.0	1,153.8	877.5	1,170.0	1,625.0
Harvesting	Sub-total	2,228.5	1,419.0	1,272.3	917.5	1,485.0
	Ratio ⑥/① (%)	40.4	31.0	27.0	40.9	30.0
Field to lorry or house	57.0	30.0				
⑦ Lorry to LPN	672.5	432.0	432.5	258.0	524.0	542.0
Trans-plantation	Sub-total	729.5	462.0	432.5	258.0	524.0
	Ratio ⑦/① (%)	13.2	10.0	9.2	11.5	10.6
⑧ Depreciation of pedestrian tractor	170.0	310.0	350.0	270.0	250.0	300.0
⑨ Land rent		653.2	1,061.5			653.2
⑩ Water utilization cost	151.5	96.0	136.5	70.5	93.0	123.0
⑪ Total	5,512.9	4,607.2	4,711.0	2,242.0	4,955.0	4,564.2

These figures do not represent the production cost for which the capital interest, free supply of fertilizers and chemicals, etc. should be added to the items of this Table. The objective of the survey was to analyze the living standard of the owner operators based on the income and expenditure of cash.

The methods adopted during the survey were as follows:

- 1) Attempt to obtain direct answers from the farmers.
- 2) When data were not available for accurate calculation, they were approximated.
- 3) Both the land rent and the depreciation cost of the pedestrian tractor were calculated based on additional surveys. For the estimation of the latter, the straight-line method was adopted and the life of the machine was considered to be 10 years.
- 4) The figures of plowing cost were based on the cost of diesel fuel, engine oil and repair cost for both seasons.

Table 4 roughly shows how much the farmers paid for paddy production in cash in the rice year 1985. After subtracting these figures from the annual gross income listed in Table 3, the following balance was obtained.

No. 1 household	.....	M\$10,552.79
No. 2 household	.....	M\$ 6,842.21
No. 3 household	.....	M\$ 6,747.40
No. 4 household	.....	M\$ 3,607.27
No. 5 household	.....	M\$ 8,443.09
No. 6 household	.....	M\$ 9,512.55

(The average being 7,617.60, about M\$7,600).

The net income in cash of owner paddy farmers in the Muda area is estimated to be M\$7,600 presently. This annual income of M\$7,600 is equal to M\$633 per month and nearly three times as high as that of tenant farmers (M\$223/month).

It is also higher than the median salary of the whole Malay population (Table 5) but lower than that of the non-Malay inhabitants, for which the median is M\$1,024 and 770, respectively.

Table 5 Peninsular Malaysia: household income by ethnic group, 1979 and 1984 (M\$ per month)

Ethnic group		Constant 1970 prices			Current prices		
		1979	1984	Average annual growth rate, 1980-84 (%)	1979	1984	Average annual growth rate, 1980-84 (%)
Bumiputera	mean	296	384	5.3	492	852	11.6
	median	197	262	5.9	237	581	19.6
Chinese	mean	565	678	3.7	938	1,502	9.8
	median	373	462	4.4	620	1,024	10.6
Indian	mean	455	494	1.7	756	1,094	7.7
	median	314	347	2.0	521	770	8.1
All ethnic groups	mean	417	494	3.4	693	1,095	9.6
	median	263	326	4.4	493	723	8.0
Urban	mean	587	695	3.4	975	1,541	9.6
	median	361	463	5.1	600	1,027	11.3
Rural	mean	331	372	2.4	550	824	8.4
	median	222	269	3.9	369	596	10.1

Source: Fifth Malaysia Plan, 1986-1990, p.99.

As a result it is considered that opportunities should be made available for the poor tenants to find an additional source of employment, as emphasized in the "Fifth Malaysia Plan (1986-1990)" which aims at eradicating poverty in the rice-growing areas of the country.

Problems facing owner operators

1 The farmers are not used to keeping a record of the management of their farm. As a result, they are unable to evaluate the productivity of their holding.

2 The harvesting cost amounts to about 35% of all the payments for paddy production, as many farmers in the Muda area rely upon contractors for harvesting. As a result, most of the money paid by the farmers does not remain in the rural area but is diverted to the town. Therefore the farmers should form a group to operate a combine harvester jointly so as to save money.

3 The transplanting cost is high as the farmers depend on human power until low cost and efficient transplanting machines become available.

On the other hand, transplanting without using a machine gives a good opportunity for women or poor peasants to earn an income. Moreover due to technical and economic reasons, it may be difficult to promote the use of transplanting machines presently.

4 The plowing cost is lower when the farmers own a pedestrian tractor than when they rely upon a contractor, as indicated in Table 4. For example as the pedestrian tractor of Farmer No.5 was out of order during the year 1985, he had to pay M\$1,180 as a charge to a contractor.

On the other hand, although the cultivated fields of Farmers No. 1, 2, and 3 are larger than those of Farmer No. 5 their ordinary plowing cost was lower than that of Farmer No. 5. Most of the owners of a pedestrian tractor are able to operate it, but they cannot easily repair it. If they could learn a few mechanical techniques they could save the money spent in a repair shop in town.

In conclusion, to solve these problems, cooperation among farmers should be promoted to improve the efficiency and reduce the cost of farm operations in the Muda area.

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