

ABSTRACT

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PADDY MARKETING EFFICIENCY OF COOPERATIVES,

IN CHIANG MAI PROVINCE, CROP YEAR 1998/99

BY

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This research was conducted 1) to investigate paddy market structures and number of the cooperatives' members, marketing function, price setting and farmers' shares; 2) to study paddy marketing efficiency of the cooperatives and to compare marketing efficiency by analyzing marketing costs and marketing margins; and 3) to find out problems and obstacles to marketing of the cooperatives.

Primary data were gathered by means of interview schedules from managers or representatives of Sanpatong Agricultural Cooperative, Ltd., Phrao Agricultural Cooperative, Ltd., Sankampang Agricultural Cooperative, Ltd., and Maetang Settlement Cooperative, Ltd. Descriptive analysis was used together with quantitative analysis by means of percentage and arithmetic mean.

The results revealed that in the crop year 1998/99 the members of Sanpatong Agricultural Cooperative sold 76.36 percent of paddy to the cooperative, all of which was stored for processing; 74.44 percent was processed. The members of Phrao Agricultural Cooperative sold 87.64 percent of paddy to the cooperative; 92.16 percent was processed. The members of Sankampang Agricultural Cooperative sold 64.18 percent of paddy to the cooperative which later

sold all of it to a trader with a contract made one year in advance. The members of Maetang Settlement Cooperative sold 88.78 percent of paddy to the cooperative which sold 56.06 percent to another trader.

The four cooperatives were found to set prices of paddy by considering local prices as well as inquiring cooperatives and agricultural cooperatives buying large quantities of paddy. Sanpatong Agricultural Cooperative's average buying price was 6.99 baht/kg ; selling price, 9.09 baht/kg; and farmer's share, 76.90 percent. Phrao Agricultural Cooperative's average buying price was 9.55 baht/kg; selling price, 10.55 baht/kg; and farmers' share, 90.52 percent. Sankampang Agricultural Cooperative's average buying price was 6.17 baht/kg; selling price, 8 baht/kg; and farmers' share, 88.14 percent. Maetang Settlement Cooperative's average buying price was 6.06 baht/kg; selling price, 8.36 baht/kg; and farmers' share, 72.49 percent.

Marketing costs were found to have resulted from storage costs, committee's per diem, costs of labor and sacks. Maetang Settlement Cooperative had the highest marketing costs and marketing margins, followed by Sankampang Agricultural Cooperative, Sanpatong Agricultural Cooperative and Phrao Agricultural Cooperative i.e. marketing costs were 0.96, 0.83, 0.80 and 0.74 baht/kg and marketing margins were 2.30, 2.10, 1.83 and 1 baht/kg respectively.

For paddy marketing efficiency of the cooperatives, based on the ratio between the prices received and the highest marketing costs, Phrao Agricultural Cooperative was found to have highest efficiency, followed by Sanpatong Agricultural Cooperative, Sankampang Agricultural Cooperative and Meatang Settlement Cooperative i.e. 1,425.68, 1,136.25, 963.86 and 870.83.

For paddy marketing efficiency of the cooperatives, based on the lowest marketing costs, Phrao Agricultural Cooperative was found to have highest efficiency, followed by Sanpatong Agricultural Cooperative, Sankampang Agricultural Cooperative and Maetang Settlement Cooperative.

Based on the lowest marketing margin, Phrao Agricultural Cooperative was found to have highest paddy marketing efficiency, followed by Sankampang Agricultural Cooperative, Sanpatong Agricultural Cooperative and Maetang Settlement Cooperative.

Based on number of market users, Maetang Settlement Cooperative was found to have highest efficiency, followed by Phrao Agricultural Cooperative, Sanpatong Agricultural Cooperative and Sankampang Agricultural Cooperative.

Based on quantities of paddy received, Phrao Agricultural Cooperative was found to have highest efficiency, followed by Maetang Settlement Cooperative, Sanpatong Agricultural Cooperative and Sankampang Agricultural Cooperative i.e. 57.65, 51.48, 35.58 and 26.66 percent respectively.

The four cooperatives' problems included purchasing problem i.e. undesirable kinds of paddy were mixed with the paddy sold to the cooperatives; selling problem i.e. the cooperatives collecting paddy and selling it to a trader did not have bargaining power; storage problem i.e. insufficient storage, especially during harvesting seasons; paddy quality problem i.e. paddy sold during harvesting seasons had over 15% humidity; and investment problem i.e. when purchasing paddy, the cooperatives could not pay the members immediately due to little capital investment, causing the members to sell their produce to other traders. To improve the marketing system, the cooperatives should plan for paddy production and amounts expected to receive and sell so that they will look for possible markets beforehand. Besides, the produce should be graded before being sold.