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VILLAGE UNIT COOPERATIVE " TANI BHAKTI "

SEWON *

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1. Background Information

Village Unit Cooperative (VUC) "Tani Bhakti" lies in Subdistrict "Sewon", "Bantul" Regency, Yogyakarta Special Region. It lies in the South of Yogyakarta Municipality, around 7 kilometers (4.5 miles) from the town. The area of VUC "Tani Bhakti" covering 4 villages, over than 18000 hectares irrigated land. The biggest part of its population working on agriculture consisted both of land owning farmers and farmer-workers. The rest working on small trading, handicraft, housing construction, becak drivers, smallenterprises, governmental services, etc.

Lurah is the head of local government. He is helped by several *pamong*s or officials. Each village consisting of around 15 sub villages all of those are headed by *Kepala Dukuh*. The average land owned by each farmer is less than a quarter hectare (around .15 hectares) most arable lands are fertile. They are volcanic and irrigated land. The total population is about 53.000 or about 12.000 families. Density of population is around 1600 per square kilometer.

2. Brief History

The VUC "Tani Bhakti" was inacted into a legal body at February the 14 th, 1975. It constitutes a continuation of the so called Village Unit Enterprise (BUUD - Badan Usaha Unit Desa) that started in March 1971. Before the introduction of Village Unit Enterprise, the village cooperatives including the agriculture ones were unpopular due to the mismanagement and another failures. After the introduction of the Village Unit Enterprise the cooperative gaining its popularity, in spite of the bottlenecks rised afterward. The Village Unit Enterprise

* presented in TRAINING WORKSHOP ON SMALL FARMER GROUP FARMING
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was established thru the amalgamation of 4 agricultural primary cooperatives.

The successful village unit enterprises were inacted into the village unit cooperatives. Since the inception of this year (February 1878) besides the existing VUC's were established the Village Unit Enterprises but with a new and another task.

According to the Inpres Number 2/1978 and its executing regulation are mentioned that :

- (1). The tasks of VUC are enlarged not only in agricultural activities but covering another economic activities done by the village people including small trading handicraft, housing construction and housing accessory industries.
- (2). A new model of Village Unit Enterprise is a governmental agency headed by *Camat* or the head of subdistrict, having a duty to develop and to control the VUC.
- (3). The area of VUC is enlarged as well now covering the area of subdistrict or *Kecamatan*.

3. Membership

When the VUC "Tani Bhakti" was inacted in 1975, the actively members were only 220 men. Owing to the increasing popularity of the VUC the members were fastly expanding 630 actively members in 1976/77. In 1977/78 the active members are slightly expanding (684). The potential members ore estimated about 32.000 in this year.

Bisides what so called the active members there are still the passive members and the would-be members or *calon anggota*. The would-be members are the villagers who have benefited the VUC services including credit and rice milling unit services. The main part of the members are still farmer, although the small traders and handicraftmen are still increasing. The biggest part of the members are still the elliterates though the literates those consisting of the young men and young women are still increasing as well.

4. Initiation of the group action

During the initial period, the role and the support of the government were decisive to the VUC's activity. But sooner or later, both the leaders and the members initiatives to develop the VUC are increasing. At the present time, on the other hand, the VUC's support to the government is fastly expanding. The VUC's members are consisted of several groups including general farmers's group, people's cane sugar intensification, small traders, handicraftmen and the general members.

Based on the VUC's leader recommendation the members elected their own leaders groups. The role of those groups and their leaders are very decisive in the agricultural development, particularly, and the rural development generally. At the present time the role of non agricultural groups (small traders and handicraftmen) is relatively increasing.

The government elements including the officials of Department of Agriculture, and of Cooperative Service are very supporting to the rural development. Due to the still lower level of the general average villagers' income, the role of the government capital support (Indonesian Peoples Bank - BRI) constitutes a dominant factor. After the role of the villagers' group had been fastly increasing the development shows us that the role of government capital support is fastly needed. When the need for the government capital support will end, it will depend on many situations and developments including the villagers saving, the private banking, etc.

The joint effort with the other institutions is increasingly developed, including the neighbouring VUC's. Sugar Cane factory, Government Industrial Service, Trade or Commercial Service and Private Enterprises.

In 1977 and 1978 the most expanding efforts are credit activities for small traders (Kredit Candak Kulak) and small industries and the people's cane sugar intensification. At the beginning of this year, due to the several members and leaders' initiative the new effort is started (small industry in furniture), using Rp. 400.000,- initial capital fund. With the introduction of the new model of Village Unit Enterprise and the enlarged effort of VUC's through the Inpres No. 2/1978 will much contribute the development of VUC's, although to the VUC "Tani Bhakti" would not accelerate very much to its development and its development and its members' initiative.

5. The activities of VUC "Tani Bhakti"

Since the beginning up to the present time, the efforts of activities executed by the VUC are as following:

- 1). The allocating unit of farm product inputs
- 2). Supporting unit to the government food buffer-stock.
- 3). Rice Milling Unit.
- 4). People's Cane sugar Intensification (Tebu Rakyat Intensifikasi TRI) unit.
- 5). Lending Unit to small traders and industrialists (Kredit Candak Kulak KCK).

The first two activities i.e. the allocating unit of farm product inputs and supporting unit to the Government Food Buffer Stock (Badan Urusan Logistik - Depot Urusan Logistik - Bulog - Depolog)

were initiated before VUC was in acted. The first two activities were started since the introduction of Badan Usaha Unit Desa or Village Unit Enterprise (an old model).

The allocating unit of farm product inputs to execute in purchasing and saling of seeds, fertilizers and pestisides/insectisides. In 1976/77 allocating over than 19 tons of seeds (over than Rp. 3 millions) getting a profit over than Rp. 350 thousands. Allocating fertilizers (artificial fertilizers) almost or nearly 400 tons with over than Rp. 388,000,- profit. The total profit of this unit Rp. 746,905 or nearly Rd, 750,000,-. In 1977/78 distributing over than 15 tons of seed with Rp, 5,330,- prafit, 250 tons of fertilizers with Rp. 250,190,- profit. Allocating pestisides and insectisides (Edquid and cristal) with over than Rp. 50,000,- profit. In 1977/78 the total profit of this unit was over than Rp. 300,000,-.

Supporting unit to the government food buffer stock and its related effort (Rice Milling Unit) getting :

1976/77	Rp. 157.350,- profit.
1977/78	Rp. 108.693,- loss.

People's cane Sugar Intensification Unit was incepted in 1976/77. It was a pilot project in Yogyakarta Special Region thru the group initiative.

It was only \pm 53 hectares. Due to their success, in 1977/78 was fastly enlarged into 163 hectares. Over than triples. In 1977/78 more than 1800 farmers were committed. The VUC besides its ability to increase the farmers' activities committed to the VUC, it was able to enlarge the VUC's members' saving. as well. In 1976/77 Rp. 530,000,- additional saving was created and in 1977/78 over than Rp. 1.5 million. Based on the members' initiative, it was planned to marketize their own sugar outputs for getting more profit. At the present time, TRI or Peoples Cane Sugar Intensification is fastly expanded not only in Yogyakarta Special Regions, but to another regions as well including central and East Java.

Lending Unit to small traders and handicraftmen or KCK was started in 1976/77, with the governmental capital support (Inpres) Rp 500,000,- and members' saving Rp. 355,000,-. The number of the debtors was over than 250 people and over than Rp. 8 millions turn-over. In 1977/78 the governmental capital support (Inpres) stage II was added, so that the total capital becoming Rp 1.2 million 53 debtors from 638 were dropped and 164 debtors were included. The capital turnover over than Rp. 16 millions, twice than preceding year 30% of the debtors getting Rp. 15.000 each, 40% getting Rp. 10,000,- and the rest getting < Rp. 5000.- each.

The last effort unit created in this year is a small industry in furniture, using the initial capital Rp. 400,000,-. Some problems are

rising because each of experience, It is hoped that all of those problems are solved and this unit will be extended thru learning of this experience. All capital used in most of those effort units is supplied thru government bank i.e. BRI. More capital contribution will be needed after some or all of those effort units enhanced or intensified.

6. Problems Incountered

At the beginning period, the problems encountered were those of technical ones such as the late coming of fertilizers comparing to the farmers need, inferior quality rice given to the government, less productive use of capital lended to the debtors, lack of administrative experience of most of the lending unit personnels, and others.

The most serious dilemma confronted up to the present time which is not satisfactorily solved yet is the dilemma of the still limited efforts and the number of people committed so that the revenue is still far below the need of fund to motivate the VUC's manager and workers in one hand, and at the other hand, if those efforts and the people committed are enlarged both in their volumes and their qualities, the skill and the quality of the managers and the workers of VUC are still very limited in executing of the enlarged efforts.

By the use of Inpres No 2/1978 and its implementation, that most serious dilemma will much be reduced. In that Inpres, VUC's effort will be enlarged and the developing unit (a new model of BUUD) is created. Thru educational effort both formal and nonformal that dilemma will be solved slowly and gradually. It will take a long time and the continuous effort, because using of the educational one. Another serious problem encoentered by our people as a whole is the influence of negative aspects of monetization and rationalization i.e. the problem of individualization and some times the problem of selfishness. This problem will be solved thru educational effort *in sensuabstracto*, including schooling, extention, mass media and various kinds of courses. The next less serious ploblem is the relatively more complicated administrative execution applied by the Department (c.q. Cooperative Service) to the VUC. VUC "Tani Bhakti" has tried to reduce such problem by enviting the accountant to try to simplify the administration into the moresmodest one. This simplified administrative model will be executed in the next year.]

7. Decision making

The general policy of the VUC made by the annual plenary session of the members held at least once in every year. Due to the enlarging members of VUC so that the plenary meeting is ineffective, the session is attended only by the representative of each group or

each subvillage. These representatives of all groups and sub villages are around 60 people.

The annual report made by the managers, the leaders and the workers is preceded by the control unit (i.e. Badan Pemeriksa) who correct and many often revise the report.

The report and the planned action are made by the VUC's leaders and some times added and corrected by the plenary meeting. The programs for executing of the general policy stipulated by the plenary session is made and executed by the regular meeting of leaders, managers and the VUC's workers.

Consultation to the Cooperative Service officials, to the Central of VUC's to the local sugar cane factory and others is always implemented.

8. Support Services

The helps and guidance from the government both in organizational aspect and in technical efforts in some ways and another are still needed, so that the VUC becoming able to stand on his own feet and to develop its efforts, economically and rationally. Thru the Inpres No. 2/1978, the help, contribution and guidance from the government will be much needed. Capital fund will be much requested, schooling, courses, extension service, etc. will be much more needed than before.

