

POTENTIAL OF THE FARMER ORGANIZATIONS TO FUNCTION AS MARKETING INTERMEDIARIES: STUDY CONDUCTED IN RAJANGANAYA IN ANURADHAPURA DISTRICT

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Agricultural sector is very important in developing countries as it determines the economic and social development of the country. In Sri Lanka, agriculture sector contributes 11.9% to the Gross Domestic Product and it was about Rs. 425.78 billion in 2007. Farmer organizations (FOs) are very important in developing the agricultural sector as it can solve many common problems of the farmer. The objective of this study was to examine the present ways of input purchasing and output marketing adopted by farmers and the problems faced by farmers in input purchasing and output marketing and the potentials of the FOs to intervene in input supply and output marketing.

The present study was carried out in Rajanganaya (right bank) in Anuradhapura district in 2008. Data were collected from a random sample of eight FOs. A random sample of 100 farmers was selected from eight FOs and they were interviewed using a pre-tested questionnaire. Potentials of the FOs to function as marketing intermediary were evaluated using several criteria. Problems faced by farmers in input purchasing, present ways of input purchasing and output marketing, reasons for farmers to choosing a particular source, functions of FOs, level of dedication office bears of FOs, leadership of FOs, financial procedures of FOs, constraints that FOs have to face in functioning as a marketing intermediary, ability of FOs to act as marketing intermediaries, influence of the Government policies on marketing activities of FOs and level of usefulness of marketing information to farmers were the different aspects studied.

The results revealed that FOs, are not involved in marketing of farm produce. Although FOs are dealing with input supply in a limited scale is also not satisfactory. Farmers have purchased inputs from private companies and financial constraint is a serious problem they faced when purchased inputs from private sector. The empirical data indicate that the majority of the output is marketed through the private sector. Reason for choosing above source is the convenience. Majority of the farmers said that the leadership of FOs, the level of dedication of office bears of the FOs and financial procedures adopted by FOs are satisfactory. Most of the farmers and government officers mentioned that weak financial strength of FOs is the main constraint that is prohibiting the FOs function as marketing intermediaries. Nearly 91% of farmers believe that the FOs are capable to act as Marketing intermediaries. Majority of the farmers are with the opinion that some government policies hinder FOs ability to serve as marketing intermediaries.

Based on the findings, it is recommended to improve input supply and output marketing by developing FOs as small business entities. FOs should introduce sales outlets for farm products. Possibilities to provide credit facilities through FOs should be explored. Farmers should be motivated to sign future sales agreements with the FOs. In addition, FOs should maintain reasonable prices for inputs and outputs. Government and private sectors should devote to promote FOs as marketing intermediaries. Actions should be taken to change the attitudes of office bearers and members of FOs in a favorable direction. A process to empower FOs by linking them with other Rural Development Societies and public sector and private sector institutions outside the village is recommended.

Key words: Farmers' organizations, Marketing intermediaries, Input purchasing, Output marketing