



UNIVERSITI PUTRA MALAYSIA

**RURAL POVERTY AND INDEBTEDNESS :
A STUDY IN THREE THAI VILLAGES IN NONGBUA DISTRICT ,
NAKHONSAWAN PROVINCE**

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NAKHONSAWAN PROVINCE

By

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
ALRO	Agricultural Land Reform Office
BAAC	Bank for Agriculture and Agricultural Cooperatives
FAO	The Food and Agriculture Organization of the United Nation
GDP	Gross Domestic Product
GNP	Gross National Product
GO	Government Organizations
HYV	High Yielding Varieties
ILO	International Labour Organization
NESDB	National Economic and Social Development Board
NGO	Non-Governmental Organizations

UNIT OF MEASUREMENTS

US\$ 1.00	=	25.0 baht
1 hectare	=	6.25 rai
1 acre	=	2.5 rai



Abstract of dissertation submitted to the Senate of
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January 1995

Chairman: Associate Professor Dr. Nazaruddin Mohd. Jali

Faculty : Human Ecology

This study investigates the nature and characteristics of rural indebtedness and poverty in three selected villages in Thailand.

The study reveals that the commercialization of agriculture increased farmers' investment costs for farming which were not necessary during the subsistence period. Their way of life also changed and tended to rely on the outside market for most things, even food which they used to produce themselves.

The deforestation in the study areas had caused severe environmental degradation. Poor soil condition was the main factor contributing directly to low incomes, thus affecting the large number of poor in the villages.



The commercialization of agriculture also pushed farmers to require credit. However, lack of land titles deterred many farmers from approaching institutional sources of credit, which provide loans with low interest rates. Many farmers were found to be indebted as a consequence of either production investments or consumption costs. The main reasons were high expenditure for both farm inputs and household consumption, and low yields caused by drought and pests.

The main solution to poverty and indebtedness of farmers was to find additional work: non-farm and off-farm earnings.

Factors associated with farmers indebtedness and poverty were: 1) political factors: government programmes; 2) economic factors: the lack of land or land title, credit accessibility, and price fluctuation; 3) physical factors: drought and pests, ecological degradation, and poor soil conditions; and, 4) personal attributes, such as gambling, extravagance, laziness, drinking and drug addiction.

Suggestions to solve the problem of poverty and indebtedness are to apply the 'safety-first' principle by sustainable agriculture, such as agroforestry or integrated farming. To deal with risks of oversupply and low prices, farmers, especially the poor, should be involved in several sub-enterprises and direct marketing. Finally, credit unions,



cooperatives, and savings groups should be strengthened to ensure sustainable development of farmers in terms of self-reliance instead of having to rely on the capital of outsiders.



Abstrak Dissertasi yang Dikemukakan kepada Senat
Universiti Pertanian Malaysia Sebagai Memenuhi Syarat untuk
Ijazah Doktor Falsafah

**KEMISKINAN DAN KETERHUTANGAN LUAR BANDAR:
SATU KAJIAN DI TIGA BUAH KAMPUNG THAILAND
DI DAERAH NONGBUA, WILAYAH NAKHONSAWAN**

Oleh

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Januari, 1995

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Kajian ini meneliti kewujudan dan keadaan masalah
keterhutangan dan kemiskinan di kawasan luar bandar di tiga
buah kampung di negeri Thai.

Kajian menunjukkan bahawa pengenalan pertanian komersial
telah mengakibatkan kos pelaburan petani meningkat. Semasa
zaman pertanian sara diri dahulu, keadaan sedemikian tidak
semestinya berlaku. Cara hidup mereka juga berubah. Kini mereka
mula bergantung kepada pasar luar bagi mengisi kebanyakan
keperluan mereka. Ini termasuk makanan yang dahulu mereka
hasilkan sendiri.

Kemusnahan hutan di kawasan kajian telah mengakibatkan
kerusakan teruk ke atas alam sekitar. Keadaan tanah yang tidak
subur merupakan faktor utama yang secara langsung



bertanggungjawab terhadap pendapatan yang kecil. Keadaan ini menekan hidupan ramai penduduk kampung.

Pertanian komersial juga telah menyebabkan petani memerlukan kredit. Bagaimanapun, ketiadaan geran tanah menyebabkan petani tidak dapat mendampingi institusi-institusi sumber kredit yang boleh membekalkan pinjaman dengan faedah yang rendah. Ramai petani didapati berhutang untuk memenuhi keperluan pelaburan atau perbelanjaan biasa. Punca utama masalah ini ialah perbelanjaan yang tinggi bagi keperluan input pertanian dan saraan keluarga. Di samping itu pengeluaran tanaman pula rendah akibat kemarau dan musuh tanaman.

Penyelesaian utama kepada masalah kemiskinan dan keterhutangan petani ialah mencari mata pencarian tambahan iaitu kerja di dalam dan di luar ladang. Faktor-faktor yang berkait dengan keterhutangan dan kemiskinan adalah: 1) faktor politik: program-program kerajaan; 2) faktor ekonomi: ketiadaan tanah atau geran, peluang kredit dan turun-naik harga; 3) faktor fizikal: kemarau dan mahluk perosak, kemerosotan ekologi dan tanah yang usang; dan 4) ciri-ciri peribadi seperti berjudi, boros, malas, kaki botol dan penagihan dadah.

Untuk mengatasi masalah kemiskinan dan keterhutangan, petani dicadangkan supaya mengenalkan pendekatan mengutamakan keselamatan dan memastikan pertanian yang berkekalan. Ini boleh dilakukan melalui pertanian bersepadu atau perhutanan tani.



Bagi mengawal risiko kejatuhan harga akibat penghasilan berlebihan, petani-petani terutama yang miskin, hendaklah melibatkan diri dalam beberapa keusahawanan sederhana dan pemasaran langsung. Akhir sekali, pertubuhan kredit, koperasi dan kelompok jimat cermat patut diperteguh bagi menjamin pembangunan berterusan petani agar mereka boleh berdikari dan, sebaliknya, tidak bergantung kepada modal orang luar.

CHAPTER I
INTRODUCTION

Background

The Economy of Thailand

Thailand has a total area of about 514,000 square kilometers. To the north and west, the country is bounded by Laos, Myanmar and the Gulf of Thailand, to the south by Malaysia and to the east by Cambodia and Laos. In 1990, the estimated population was around 54.53 million. Even though in the past Thailand had experienced a high rate of population growth, it started to have a decreasing trend since 1975 (Virunhaphol, 1986; National Statistical Office, 1990).

Over the past three decades, according to Jitsuchon (1989), Thailand experienced a satisfactorily high rate of economic growth. The average annual growth rate of the Thai economy was around 6.6 percent between 1952 and 1988 (Table 1). Combined with success in family planning (which reduced the population growth rate significantly), this led to a satisfactory increase in real per capita income, which showed an average annual growth rate of 3.8 percent during 1970–1986 (Jitsuchon and Sussangkarn, 1989: 7). In 1990, Thailand's per capita Gross Domestic Product (GDP) was about one thousand US dollars.



Table 1

Thailand's Average Real Economic Growth Rates

Year	Agric.	Manuf.	Oth.Ind.	Service	Total
1952-55	4.6	9.2	9.6	7.5	6.6
1956-60	4.1	3.5	11.5	2.3	3.6
1961-65	4.7	11.0	12.2	7.2	7.0
1966-70	3.0	13.6	12.4	12.2	9.4
1971-75	3.8	10.3	1.2	5.6	5.6
1976-80	4.0	9.8	12.5	8.2	7.9
1981-85	4.9	4.6	6.0	6.3	5.6
1986-88	2.2	11.9	7.6	8.4	7.9
1988	8.6	12.4	13.6	10.7	11.0
1952-70	4.1	9.2	11.5	7.2	6.6
1971-88	3.9	8.8	6.6	7.0	6.6

Source: Jitsuchon (1989: 4).

Amidst the overall growth, there has been a gradual but continuous change in the economic structure. Since 1960 the share of agriculture in GDP has continually been falling. The GDP share of agricultural sector declined from 28.3 percent in 1970 to 16.1 percent in 1989. At the same time the share of the manufacturing sector increased from 15.5 percent in 1970 to 23.9 percent in 1989 (Table 2). The major factor

contributing to this production restructuring is the rapid increase of exports and changes in the export component. The manufactured exports expanded quickly compared to that of traditional commodities like agricultural and mineral products, especially during the last decade (Hutaserani and Jitsuchon, 1988).

Table 2

Thailand's GDP Shares by Sector

Year	Agric.	Manuf.	Oth.Ind.	Service	Total
1952-55	40.2	10.9	4.3	44.6	100.0
1956-60	40.2	10.7	5.2	43.9	100.0
1961-65	39.0	12.1	7.1	41.8	100.0
1966-70	32.9	14.3	9.1	43.7	100.0
1971-75	25.6	18.5	8.3	47.5	100.0
1976-80	22.5	21.4	8.7	47.4	100.0
1981-85	20.0	21.4	9.1	49.4	100.0
1986-88	18.2	22.1	9.1	50.6	100.0
1989	16.1	23.9	10.2	49.8	100.0

Source: Jitsuchon (1989: 5).