

ROLE OF COOPERATION IN THE IMPROVEMENT OF THE AGRICULTURAL ECONOMY

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ABSTRACT

Indonesia is an agricultural country rich in natural resources and livelihood of the Indonesian population of predominantly agricultural products. In the development of the agricultural economy caused by a problem in the field of agriculture as well as in the availability of venture capital that will be used by farmers in the provision of seeds and fertilizer as well as maintenance until production is required for the role of cooperatives in alleviating bebab of farmers.

According to the Act - Act No. 25 in 1992, said that "Cooperatives are business entities whose members - the person or legal entity which bases its cooperative activities based on the principle of cooperation as well as people's economic movement based on the principle of the family" With the role of cooperatives in the provision of soft loans in the availability of venture capital and cooperatives can play a role in the marketing of agricultural products. In addition to the effort, this study also describes the effect of the economy toward ter cooperative farmers and also to the social and cultural life of society. And the role of cooperatives in

increasing the incomes of farming communities and also its role in the sustainability of agriculture and social life.

KEY WORDS : agriculture, farmers

I. Background

Indonesia's population continues to increase, from statistical data in 2014 that the total area of Indonesia 1,919,440 which consists of land and oceans 93.000 1.82644 million. State of Indonesia as an agricultural country said this was due largely Indonesian population works in agriculture and natural resources are diverse and have a fairly wide area.

In the agricultural sector GDP increase is a sector that needs to be considered because Indonesia is an agricultural country. The agricultural country, agriculture has an important role in both the economy or subsistence or food, with the increasing population, food consumption will also be increased so as to boost the economy for farmers.

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revealed that the agricultural sector's contribution to Gross Domestic Product (GDP) has been declining since the period 2003 to 2013 from 15.19 percent to 14.43 percent or below average other sectors. This may be due to a lack of cooperative role in the provision of capital in agriculture either as seeds, fertilizers and lack of knowledge about agriculture as well as in the marketing of agricultural products in which farmers can only rely on middlemen who come to agricultural products at a low price.

To realize the goal of populist economic development, especially in the agricultural sector, it is necessary to prepare a strategic policy to increase or accelerate the growth of the agricultural sector and this may be a growing point for other sectors eg the industrial sector, particularly the increase in income and welfare of the community through the cooperative. One way to achieve these objectives is the development of co-operative well-planned and related to the development of other economic sectors, especially in rural areas.

II.LITERATURE REVIEW

A. Definition Cooperative

Cooperative is an organized movement that is driven by ideals - ideals of the people reach an advanced society, equitable and prosperous as mandated by the 1945 Constitution, particularly Article 33 paragraph (1) which states that:

"The economy is structured as a joint effort based on the principle of family". And "wake-up company that is in accordance with the cooperative". Because the impulse ideals - ideals that the people, laws - laws on cooperatives No. 25 of 1992 states that in addition to the cooperative business entities are also economic movement. "

Law - Law No. 25, 1992, gives the definition of "Cooperative is a business entity consisting of people - person or legal entity which bases its cooperative activities based on the principle of cooperation as well as people's economic movement based on the principle of the family". Based on the limitations of cooperatives, cooperative Indonesia contains five elements as follows:

- Cooperatives are business entities (Business Enterprise)
- Cooperative is a collection of people - and the people or entities - legal entity cooperative
- Indonesia Cooperative is a cooperative that works based on the "principle - the principle of cooperation".
- Cooperative Indonesia is "Movement of People's Economy".
- Cooperative Indonesia "based on the principle of kinship"

So that the agricultural sector can be increased and following the competition an increasingly competitive atmosphere where in

2015 has been the era of free trade, so the existence of the cooperative efforts required to be able to compete with other businesses, because these institutions are considered sufficient representatif in empowering farming community's economy.

With the role of community agricultural cooperatives to the economy resulting in a significant improvement to the acceleration of the regional economy, and therefore the need for partnerships in the development of cooperatives. Partnership in question is in the form of participation of all elements related to the development of cooperatives.

Improvement of a business largely depends on the existence of cooperatives. According to an International organization of cooperatives provide a more detailed definition of cooperatives and international impact given by the ILO as follows: "Cooperative defined as an association of persons usually of limited means, who have voluntarily joined together to Achieve a common economic end thorough the formation of a democratically controlled business organization, making equitable contribution to the capital required and accepting a fair share of risk and benefits of undertaking".

Definition cooperative raised by the ILO, there are six elements contained in the cooperative as follows:

- Cooperative is a gathering of people - people (Association of persons).
- Merging people - the person based on volunteerism (Voluntarily joined together).
- There are economic objectives to be achieved (to Achieve a common economic end).
- Cooperative formed is a business organization (entity) that is monitored and controlled democratically (formation of a democratically controlled business organization)
- There is a fair contribution to the capital required (making equitable contribution to the capital required)
- Members of the cooperative receive the balance of risks and benefits (Accepting a fair share of the risk and benefits of the undertaking).

In order to increase the GDP of a region cooperative development is necessary because it is one of the strategies of each regional head of economic development. The existence of cooperatives has been known so far as an institution that is considered able to help people in solving problems in order to reach the ideal of enhancing the well-being of the people.

Cooperative is an autonomous institution that organization, and being in the socio-economic environment, where the existence of the cooperative can benefit each member, administrator and leader and all members,

administrators and leaders to formulate goals autonomously and realize objectives through work by activities that have been agreed upon and can be carried out jointly. In the opinion of Sukamdiyo (5: 1997),

First, cooperation is seen as an institution that operates a certain business activities, and those activities are needed by the community. Business activity may be referred to the financial needs of the service or credit, or marketing activities or other activities. At this level are usually cooperative menyediakan services business activities that are not provided by other business organization or other business institutions can not implement them due to regulatory barriers. This can be seen in the role of several credit unions in the provision of funds is relatively easy for members compared to the procedure to be followed to obtain funds from banks.

Secondly, the cooperative has become an alternative to other business organizations. In this condition, people have felt that the benefits and role of koperasilebih good compared to other institutions, the involvement of members (or not members) with the cooperative is due consideration rasioanal who viewed the cooperative is able to provide better service. Cooperative who has been in this condition assessed to be at a level more high visible role for society. Some KUD for

some certain business activities were identified were able to provide the benefits and role which is better than the other business institutions,thus Similarly, the credit cooperatives.

Third, the cooperative into an organization owned by its members. This sense of ownership is considered to have been a major factor that led to the cooperative is able to survive on a range of difficult conditions, by relying on the loyalty of members and kesediaaan members to jointly cooperative experiencing difficulties. As an illustration, when conditions banks became uncertain with very high interest rates, the loyalty of cooperative members make the members do not move existing funds in the cooperative to the bank. The consideration is that the relationship with the credit unions which have longstanding, and to date the credit union is able to serve, member-owned organizations, and the uncertainty of the attractiveness of bank interest.

According to Prof. Marvin, A. Schaars, a professor from the University of Wisconsin, Madison, USA, provides a definition "A Cooperative is a voluntary business is owned and controlled by members of patrons, and operated for them and by them an a non-profit or cost basis". Which means, "Cooperative is an entity that voluntarily owned and controlled by members who are also its customers and

operated by them and for them on a nonprofit basis or on the basis of cost".

TYPES AND FORMS OF COOPERATION

In everyday life there are two (2) types of cooperatives are quite known to the public, namely KUD (Koperasi Unit Desa) and KSP (Credit Unions), which grew and flourished during the reign of the new order. While KSP (Credit Unions) grow and thrive in the current era of globalization. Village Unit Cooperatives very existence helps the economy because of the cooperative unit adheres to the principle of family village.

I.1. TYPES OF COOPERATION

a. Types of Cooperatives by Function:

1. Cooperative Consumption

The cooperative was founded to meet the general needs of its members daily. What is certain goods sold in the cooperative should be cheaper slammed in another place, because the cooperative aims for the welfare of its members.

2. Cooperative Services

The cooperative was founded to provide financial services in the form of loans to its members. Of interest are set to be lower than borrow money other places.

3. Cooperative Production

Its business is helping supply of raw materials, production equipment supply, helping

to produce certain types of goods and help sell and market these productions. Members should consist of similar production units.

b. Cooperative based on the level and broad daerahkerja

1. Primary Cooperative

Primary Cooperative is a cooperative that is a minimum of a membership of 20 individuals.

2. Cooperative Secondary

Cooperative which consists of a combination of cooperative bodies and has a wide working area compared to the primary cooperatives.

c. Cooperative By Type Efforts

1. Credit Unions (KSP)

Cooperative which has a single business that accommodates ni Melaya member savings and borrowing. Members who save (store) will get a fee for the borrower and charged services. The amount of services for savers and borrowers are determined through members. from meeting here, cooperative business activities can be said to be "of, by, and for the members."

2. Business Multipurpose Cooperative (KSU)

Cooperative that its business manifold. For example, savings and loan business unit, the unit stores to serve the daily needs of members as well with the needs of society, the production

unit

3. Cooperative Consumption

Cooperative whose scope of business providing the daily needs of members. The need is for example the need groceries, clothing, home furnishings.

4. Cooperative Production

Production cooperative is a cooperative whose scope of business making the goods (manufacture) and selling the jointly-sama. Anggota cooperative generally own efforts and through cooperative members get funding and marketing.

I.2. FORMS OF COOPERATION

According to Regulation 60 of 1959 that the cooperative form is divided into two forms namely:

1. Primary Cooperative

Cooperative is the primary form of cooperative whose members consist of people with the number of members a minimum of 20 people, who have in common activities, interests, goals and needs of the economy.

2. Cooperative Secondary

Cooperatives formed by at least three cooperatives are legal entities both primary and secondary. By taking the example of the cooperative that is known now, meaning the center of the cooperative established by at least three primary cooperatives.

II. Cooperative Purpose

We know that the information we get from farmers in conducting agricultural sector at the present time is terms of the availability of seeds and fertilizer problem that costs soaring and often empty in the market. So is the case with the marketing problems faced due to production facilities and infrastructure that do not support the development of the agricultural sector. If we look at Indonesia's laws and regulations set forth in Article 3 of Law No. 25 in 1992, said that the purpose of the cooperative is

- Promoting the welfare of cooperative members and the community (Promote the welfare of members of Cooperatives and community)
- Participate in developing national economic order (Participate in building a national economic order) in order to create a society that is prosperous, just and developed with still based on Pancasila and the 1945 Constitution.

III. Function And Role of Cooperatives

Running a business, we can not be separated from management functions because in a company have an organization consisting of existing employees in the company. All members of the existing organization has a function, and the role of each in running the organization as well as with cooperative organizations. In cooperatives that exist in

Indonesia has a function and a role as follows:

1. Develop and build the capability and potential of cooperative members in particular and society in general to improve the socio-economic welfare.
2. Participate actively (role Actively) in order to increase and improve the quality of life of members of the cooperative and community.
3. Strengthen and mengkokohkan economy as the basic resilience of the Indonesian people and the strength of the national economy by the cooperative as a cornerstone of his teacher.
4. Trying to realize and develop the national economy which is a joint venture based on the democratic principle of the family and economists. In carrying out the functions and role of the cooperative depends on what the sector needs to be developed in the development of an area so that the existence of a cooperative is beneficial in improving the economy of society.

B. Definition of Agricultural Economics

Indonesia is an agricultural country and agriculture is one sector that is dominant in the life of Indonesian society. It can be seen from the majority of the population who are farmers and supported by soil fertility conditions and tropical climates can grow a variety of crops. Agriculture in Indonesia is divided into two, namely:

1. Agricultural crops (rubber, palm oil, etc.).
2. Agricultural crops (rice, beans, corn, etc.).

The science of agricultural economics is a science related to the good management of the availability of capital, seed, fertilizer and marketing of agricultural production. Along with the times in which the development of agricultural economics increasingly gained a place after the formation of the Association of Indonesian Agricultural Economics (PERHEPI) in February 1969 in Ciawi, Bogor.

According Mubyarto 2003, said that the agricultural economy is the study of phenomena and problems related to agriculture both macro and micro. In Indonesia, agricultural problems caused by the lack of government's role in empowering the agricultural sector, where this can we see the lack of agricultural policy for empowerment of farmers and agricultural infrastructure such as: capital of farmers, fertilizers and pesticides, agricultural extension workers, and agricultural markets.

I. Problem In Agricultural Economics

In carrying out agricultural activities, many of the problems faced by the farmers that we know very influential on the availability of capital, seeds, fertilizers and marketing.

The sustainability of agriculture is strongly influenced by the yields obtained by

farmers and prices give a traders. Income derived dari agriculture is expected to be sufficient lives of farmers. Problems faced by farmers in general are weak in terms of Capital resulted in a low level of use of inputs for farmers generally have a narrow land area and because of being pressured financial problems when the production of agricultural products declined. Besides the production of quality agricultural sector is still low, due to the pattern of Indonesian agriculture is still oriented to meet the needs of the family (subsistence), If the results of market-oriented agricultural community is then farmers will try to make improvements to agricultural output.

Still length of the chain of the agricultural trade system, causing farmers can not enjoy better prices, because traders have taken profits from the sale are too large.

In addition to the internal problems faced by farmers in the field of management of agriculture, problems that also affect the availability of supporting factors such as infrastructure, rural economic institutions, the intensity of illumination, and government policies that give effect to an increase in activities in agriculture and increase farmers' access on demand market.

The high rate of population growth of Indonesian society while the land is fixed. This causes the existing agricultural land will be

converted into residential land. If this happens, it is expected that the role of government in finding a solution to conduct training in the field of agricultural science undertaken by PPL to effect improvements in the pattern of agricultural development for example do Diversification of Agriculture.

Increased agricultural productivity in Indonesia is experiencing a variety of problems where this is caused by several things, among others:

1. Aspects paradigm where agribusiness system should be based shifted to farmers and entrepreneurs, while the role of governments as facilitators and perceived role of local government is still lacking.
2. Aspects of production where the business scale is still small farmers and agricultural land conversion to non agriculture is very high, very minimal irrigation canals and many are damaged, the lack of war of agricultural extension workers, the high human dependence on rice, the traditional agricultural system in which the public farming is still dependent on natural conditions, we still smallholder farmers who have small land sanagat bahkan still many yanag rented land and low agricultural technology farmers.
3. Aspects of distribution where price fluctuations are very high, uneven

distribution management throughout the region, demand from outside the region is very high, which has not been recorded rice reserves.

4. Aspects of consumption where food safety, food insecurity and malnutrition, food diversification as well as people's purchasing power is inadequate.
5. Aspects of coordination where each agency only focus on their respective duties and the lack of role of leader among agencies to cooperate in the improvement of agriculture.
6. Financial aspects where the farmer is very difficult to get funding in agriculture so that farmers are less than the maximum in the improvement of agriculture. (Journal of Defense Studies RI, May 15, 2013 edition).

II. Scope of Agriculture

Based on the development of agricultural activities carried out by the Indonesian peasant society is divided into two types of agriculture are:

- a. **Extractive agriculture**, namely farming is done by simply taking or collecting natural results without the effort of reproduction. This kind of agriculture include fisheries and extraction of forest products.
- b. **Agriculture generative** ie agricultural patterns that require breeding or breeding,

processing, maintenance and other agronomic measures. Based on the stage of development of agriculture generative divided into two groups:

1. Shifting cultivation (shifting cultivation),
2. Agricultural settled (settled agricultured)

Furthermore, based on the economic characteristics inherent in each style agriculture are two categories namely agricultural subsistence farming and commercial farming. Subsistence agriculture is characterized by a lack of access to markets. In other words, agricultural products are produced to meet family consumption only, not for sale. Commercial agriculture was on the side dichotomous subsistence agriculture. Commercial agriculture generally characterize agricultural companies (farm) where the manager has a market-oriented farming. Thus the entire agricultural output is generated entirely sold and not consumed alone.

III. Problems Impact on Growth of Agricultural Economy

In Indonesia Positive impact Indonesia is a country rich in natural resources are abundant, especially related to the agricultural sector, such as; land, water, climate and variety of crops where there is a problem about the high rate of population growth while agricultural land remain and even less.

When existing agricultural land can be put to good use and maximum intensification and diversification of agricultural crops, the agricultural sector has a huge potential in the development of the agricultural sector. The agricultural sector is expected to absorb the labor force due to the increase in population increase where it will have an impact on the decrease in the unemployment rate.

If we compare the condition of agricultural land and many people then this condition should be a very big capital for the government in managing agricultural and empowering communities. In the financial crisis that hit Indonesia in 1998 when it was then of all production sectors in Indonesia had been swept away, but the agricultural sector which can survive and revive the monetary crisis in Indonesia.

Negative Impact Exploration The natural resources without excessive attention to local wisdom and the environment that will lead to reduced and destruction of natural resources owned so will hamper the development of the agricultural sector.

If population growth continues to increase is not in control and supervised it would also cause a serious problem for food needs.

C. The Role of Cooperatives in Agricultural Economics.

At this time the cooperative development received less attention from the government because of the cooperative showed less performance and a better image than ever before. This situation is one proof that the government's commitment is still lacking in the development of cooperatives and the number of farmer cooperatives that are not growing even close because they do not have the capital in its activities. To support the advancement of the agricultural sector, the role of cooperatives very great influence starting from the availability of capital and production factors needed in agricultural activities and the marketing of the products of the agricultural community.

Development of the agricultural sector is a process that must be sustained. The next question how cooperative prospects in the future. Indonesian Society for the existence of the cooperative already familiar, the cooperative is characterized by an establishment or family togetherness. Cooperatives in Indonesia engaged in various fields that point in giving a loan in conducting business activities so as to achieve the welfare of the community, and one of the benefits of cooperatives to agriculture.

Indonesian communities largely live off the farm so that the role of cooperatives have a considerable influence in the beginning does the farm until the end of the farm as expected cooperative activities can be as a container to

accommodate the agricultural products of the community so that the community is no pressure on prices for agricultural production.

Businesses in agriculture is an activity that many obstacles facing them is the application of agricultural management, capital, information, education and technology.

Cooperative is an effort to address the constraints faced by farmers, but until now the role expected by the Cooperative can not be implemented properly and even many cooperatives that can not perform its functions

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