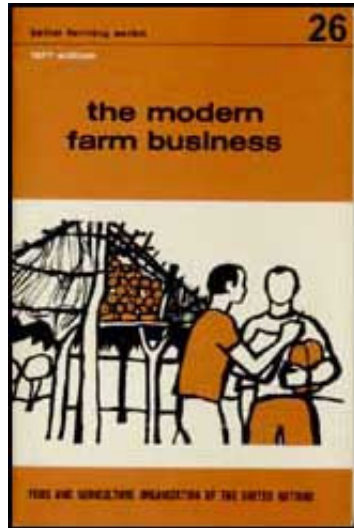


[Home](#)"" """"> [ar](#).[cn](#).[de](#).[en](#).[es](#).[fr](#).[id](#).[it](#).[ph](#).[po](#).[ru](#).[sw](#)



Better Farming Series 26 - The Modern Farm Business (FAO - INADES, 1977, 55 p.)



(introduction...)



Preface



Introduction - What have we learned during this two- year course?



Part 1 - The modern farm business









Part 2 - What a modern farm business does



Part 3 - What can a farmer do to earn more money?




Part 4 - The farmer's expenses

-  *(introduction...)* Yearly production costs
-  Investment
-  When is an expense profitable?
-  Part 5 - Can a modern farmer succeed by himself?
-  Conclusion: Farmers are responsible for the future of their village
-  Suggested question paper



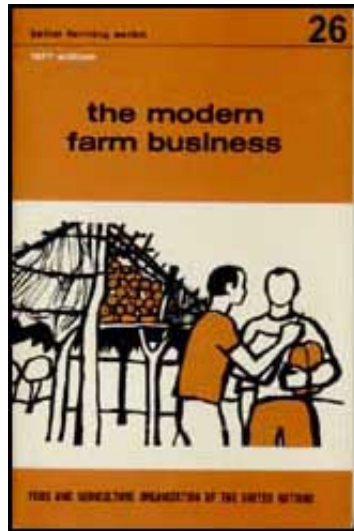
[Home](#)"" """"> [ar](#).[cn](#).[de](#).[en](#).[es](#).[fr](#).[id](#).[it](#).[ph](#).[po](#).[ru](#).[sw](#)

---

 Better Farming Series 26 - The Modern Farm Business (FAO - INADES, 1977, 55 p.)

➔  *(introduction...)*

 Preface



- 📄 Introduction - What have we learned during this two- year course?
- 📄 Part 1 - The modern farm business
- 📄 Part 2 - What a modern farm business does
- 📄 Part 3 - What can a farmer do to earn more money?
- 📄 Part 4 - The farmer's expenses
- 📄 Part 5 - Can a modern farmer succeed by himself?
- 📄 Conclusion: Farmers are responsible for the future of their village
- 📄 Suggested question paper

Published by arrangement with the

Institut africain pour le dveloppement conomique et social  
B.P. 8008, Abidjan, Cte d'Ivoire

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED  
NATIONS

Rome 1977

FAO Economic and Social/Development Series No. 3/26

First published 1977

Reprinted 1983

P-69

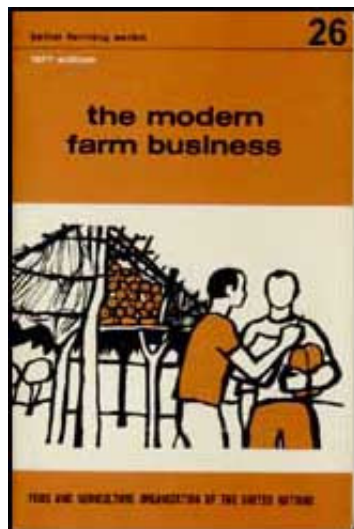
ISBN 92-5-100154-5

© French edition, Institut africain pour le dveloppement  
conomique et social (INADES) 1971

© English edition, FAO 1977



[Home](#)"" """"> [ar](#).[cn](#).[de](#).[en](#).[es](#).[fr](#).[id](#).[it](#).[ph](#).[po](#).[ru](#).[sw](#)



Better Farming Series 26 - The Modern Farm Business (FAO - INADES, 1977, 55 p.)



(*introduction...*)



Preface



Introduction - What have we learned during this two- year course?



Part 1 - The modern farm business




Part 2 - What a modern farm business does



Part 3 - What can a farmer do to

 ~~earn more money?~~  
Part 4 - The farmer's expenses

 Part 5 - Can a modern farmer  
succeed by himself?

 Conclusion: Farmers are responsible  
for the future of their village

  Suggested question paper

## **Suggested question paper**

### **ANSWER THE FOLLOWING QUESTIONS**

What is the chief difference between the traditional farm of the old days and modern farm of today?

What makes up a modern farm business?

Why do farmers need more money nowadays?

How can a farmer increase his output?

What should a farmer do to sell his produce at a good price?

What are the farmer's two kinds of expense for his business?

In your village or region are there any cooperative groups?

What do these groups do?



[Home](#) [ar](#) [cn](#) [de](#) [en](#) [es](#) [fr](#) [id](#) [it](#) [ph](#) [po](#) [ru](#) [sw](#)

---

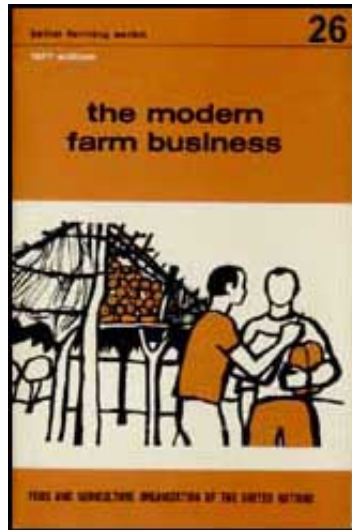


Better Farming Series 26 - The Modern  
Farm Business (FAO - INADES, 1977,  
55 p.)



(*introduction...*)





## Preface



Introduction - What have we learned during this two- year course?



Part 1 - The modern farm business



Part 2 - What a modern farm business does



Part 3 - What can a farmer do to earn more money?



Part 4 - The farmer's expenses



Part 5 - Can a modern farmer succeed by himself?



Conclusion: Farmers are responsible for the future of their village

Suggested question paper

## Preface



This manual is a translation and adaptation of "L'entreprise agricole moderne - l'agriculteur chef d'entreprise," published by the Agri- Service- Afrique of the Institut africain pour le développement conomique et social (INADES), and forms part of a series. Grateful acknowledgement is made to the publishers for making available this text, which it is hoped will find widespread use at the intermediate level of agricultural education and training in English- speaking countries.

The original texts were prepared for an African environment and this is naturally reflected in the English version. However, it is expected that many of the manuals of the series- a list of which will be found on the inside front cover- will also be of value for training in many other parts of the world. Adaptations can be made to the text where necessary owing to different climatic and ecological conditions.

Applications for permission to issue this manual in other

languages are welcomed. Such applications should be addressed to: Director, Publications Division, Food and Agriculture Organization of the United Nations, Via delle Terme di Caracalla, 00100 Rome, Italy.

The author of this English version is Mr. A.J. Henderson, former Chief of the FAO Editorial Branch.



[Home](#) [ar](#) [.cn](#) [.de](#) [.en](#) [.es](#) [.fr](#) [.id](#) [.it](#) [.ph](#) [.po](#) [.ru](#) [.sw](#)

---



Better Farming Series 26 - The Modern Farm Business (FAO - INADES, 1977, 55 p.)



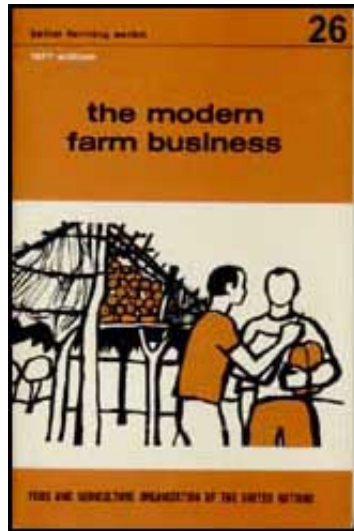
*(introduction...)*



Preface



Introduction - What have we



learned during this two- year course?



Part 1 - The modern farm business



Part 2 - What a modern farm business does



Part 3 - What can a farmer do to earn more money?



Part 4 - The farmer's expenses



Part 5 - Can a modern farmer succeed by himself?



Conclusion: Farmers are responsible for the future of their village



Suggested question paper

**Introduction - What have we learned during this two-year course?**

## We learned more about:

- Plants and the way to grow them.

In the first year we studied the root, the stem, the leaves, the fruits.

In the second year we studied how to grow certain plants: groundnuts, cotton, millet, or coffee, cocoa, yams.

- The soil and how to work it.

We saw what must be done to conserve good soil and to improve its fertility.

- Animals and how to raise them.

In the first year we studied how to feed and look after animals, how to house them and breed them.

In the second year we studied cattle breeding and sheep breeding, or how to keep chickens.

So from these two years of the Better Farming Series we have learned the techniques of crop farming and of animal husbandry.

All farmers need a good knowledge of crop farming techniques and animal husbandry techniques.

If they don't know these techniques, they will not be good farmers.

But is it enough for farmers to know only the techniques of farming?

No, a farmer must also know how to organize and manage his farm business.

## The farmer is a businessman

A farmer is not only a man who works with his hands.

He must also work with his head.

He must think in order to know how to manage his business better.

He must be a business manager.

At one time, on traditional farms, village people worked to produce whatever would satisfy the needs of their families and of the local inhabitants, that is to say: food and drink, clothes (from local cotton or animal hides), housing (from dried earth and millet stalks). This was subsistence farming.

Now, on a modern farm, farmers still produce part of their own food. But more and more they produce crops that can be sold, such as coffee and cotton. Nowadays farmers work to earn

money (see Part 2: What a Modern Farm Business Does).

A good farmer must organize and manage his business so as to earn more money.

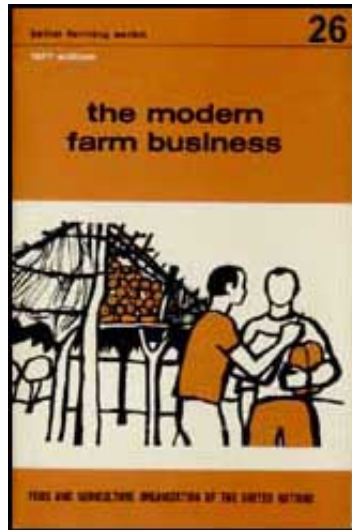
- He must know how to earn more money. We shall study this on Part 3.
- He must know how to spend his money better, how to make better use of his money. We shall study this on Part 4: The farmer's expense.
- He must join with other farmers to make better progress. We shall study this on Part 5.




[Home](#)"" """"> [ar](#).[cn](#).[de](#).[en](#).[es](#).[fr](#).[id](#).[it](#).[ph](#).[po](#).[ru](#).[sw](#)




Better Farming Series 26 - The Modern




## Farm Business (FAO - INADES, 1977, 55 p.)


 (introduction...)

 Preface


 Introduction - What have we learned during this two- year course?

➔  Part 1 - The modern farm business

 Part 2 - What a modern farm business does

 Part 3 - What can a farmer do to earn more money?

 Part 4 - The farmer's expenses

 Part 5 - Can a modern farmer succeed by himself?





Conclusion: Farmers are responsible  
for the future of their village  
Suggested question paper

## **Part 1 - The modern farm business**

In the first booklet of the second year we made a farm business survey.

We saw that a farm business is made up of various elements.

- First, there are the workers.

That is, the farmer who holds the land and the animals.

He is the head of the business.

Next, there are the members of his family who work on the farm.

There are also perhaps some labourers who work on the farm and get a wage.

- On many farms there are animals.

There are chickens, sheep, goats.

Often too there are oxen, cows, pigs.

In some places there are donkeys or horses; near the deserts there are camels.

Often farmers do not concern themselves with these animals. But all the same all the animals are a part of the farm.

They may produce milk, they may yield meat, and some may provide work- animal power for tilling or transport.

Animals can produce, so they are part of the farm business.

- All the land that belongs to the farmer is likewise part of the farm business, that is: the ground where vegetables are grown- the garden; the tree plantations, for example, coffee plantations, oil palms, mango trees, papaws; the cultivated fields of cotton, rice, yams, millet, groundnuts, maize; fields that are left to rest or are not cultivated, the fallows; land

where animals come to feed- the pastures.

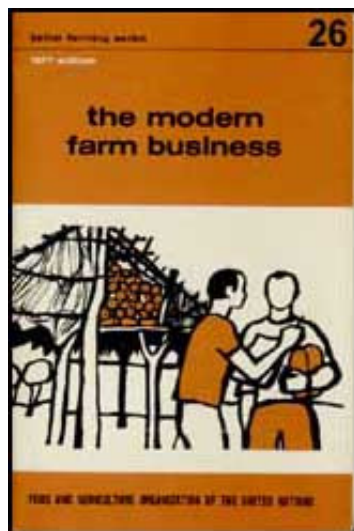
All this land which produces plants is part of the farm business.

- The farmer's tools are part of the farm business: machete, hoe, plough, seed drill, cart, sprayer, thresher, pulping machine.
- The buildings are part of the farm business, for instance, those made to shelter animals or keep tools in.
- The installations and arrangements made by the farmer are part of the farm business: the compost pit, the place for manure, the well, the irrigated rice fields.

The farm business is a whole made up of workers, animals, land, tools, buildings and installations.



[Home](#)"" """"> [ar](#).[cn](#).[de](#).[en](#).[es](#).[fr](#).[id](#).[it](#).[ph](#).[po](#).[ru](#).[sw](#)



Better Farming Series 26 - The Modern Farm Business (FAO - INADES, 1977, 55 p.)



(*introduction...*)



Preface



Introduction - What have we learned during this two- year course?








Part 1 - The modern farm business



Part 2 - What a modern farm business does



Part 3 - What can a farmer do to

-  ~~earn more money?~~
-  Part 4 - The farmer's expenses
-  Part 5 - Can a modern farmer succeed by himself?
-  Conclusion: Farmers are responsible for the future of their village
-  Suggested question paper

## **Part 2 - What a modern farm business does**

First of all, the farm provides goods that are necessary to the farmer and his family.

The farm provides food for all the family, food such as yams, cassava, maize, okra, pimento, millet, rice, bananas, groundnuts, goat meat or mutton, chicken, and so on.

The farmer and his family eat the food produced by his farm.

This is what is called farm consumption.

Even now a farmer and his family buy little food. They eat the millet or the yams grown on the farm, the meat of sheep and chickens raised on the farm.

But more and more modern farms supply produce that is sold.

Why?

The farmer and his family need money, for nowadays, in the modern world, you cannot get shorts or a shirt without money; you cannot get a cooking pot or a bicycle without money.

To get all these goods, to meet his family's needs, the farmer must sell a lot in order to get more money.

- The farm sells food products to tom people.

Nowadays there are many people living in towns. These town people do not till the land. They have to buy everything they eat. Even in the villages there are people who do not till the land, such as teachers, nurses, dealers. Farmers must provide food products for all the people who do not work on the land. Farmers earn money by selling millet, cassava, rice, meat. With this money, they can better satisfy their own needs.

- The farm sells produce that is exported to foreign countries.

More and more African farmers grow cash crops, that is, crops which are sold to foreign countries, for example, coffee, cocoa, bananas, pineapples, groundnuts. These products are bought by countries which do not grow them themselves. By selling coffee, cocoa, groundnuts, farmers earn money. With this money, • they can better satisfy their own needs.

- The farm sell produce for factories.

Farmers also grow produce that is used and treated in factories, such as cotton, which is turned into cloth, or sisal, which is turned into string. By selling such products for industry, farmers earn money. With this money, they can better satisfy their own needs.

Farmers and their families have new needs.

They buy a part of their food: fish, salt, beer, sugar.

They need clothes: shorts, shirts, trousers, dresses, clothes for children going to school.

They need furniture for the house, and household articles such as matches, crockery, paraffin lamps, soap.

They want better and nicer houses. For these, they need sheet iron and cement, doors and windows made by a joiner.

Villagers get about more and more, they take a taxi or travel by motorcoach, or buy bicycles.

Many village children now go to school. Books, exercise books,



pencils must be bought for them.

To learn the news of their country or of other countries, farmers may wish to buy radio sets or newspapers.

To satisfy all these new needs, farmers need more money. So they must earn more money by working on their farm.



[Home](#)"" """"> [ar](#).[cn](#).[de](#).[en](#).[es](#).[fr](#).[id](#).[it](#).[ph](#).[po](#).[ru](#).[sw](#)

---



Better Farming Series 26 - The Modern Farm Business (FAO - INADES, 1977, 55 p.)



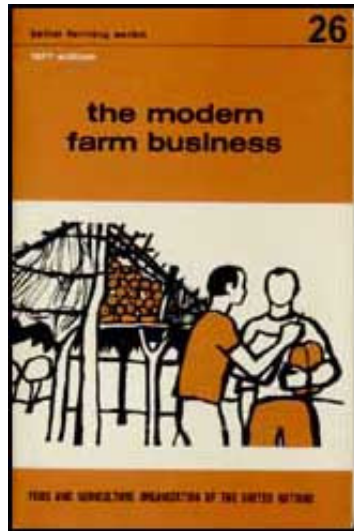
(*introduction...*)



Preface



Introduction - What have we learned during this two- year



course?



Part 1 - The modern farm business



Part 2 - What a modern farm business does



Part 3 - What can a farmer do to earn more money?



Part 4 - The farmer's expenses



Part 5 - Can a modern farmer succeed by himself?



Conclusion: Farmers are responsible for the future of their village



Suggested question paper

## **Part 3 - What can a farmer do to earn more money?**

A better choice of crops

The farmer should produce what sells well. He must choose crops that bring in a lot of money.

For example:

Bikai farms 1 hectare.

He plants yams.

He works hard and well.

He harvests 8 000 kg of yams.

To feed his family, he stores 2 000 kg of yams

To plant the next year, he keeps 2500 kg.

So he stores altogether 2000 plus 2500 = 4 500 kg.

He can sell 8 000 less 4 500 = 3 500 kg.

Bikai lives a long way from the town.

He sells his yams at the village market.

Not many yams can be sold in the village; there are few buyers.

Yams are not dear.

Bikai sells 800 kg at 8 francs, and 1 500 kg at 7 francs

So Bikai sells 800 kg plus 1 500 kg = 2 300 kg.

He still has for sale 3 500 kg less 2 300 Kg = 1 200 kg.

But nobody buys them.

There are too many yams for sell at the village market

So Bikai's 1 200 kg of yams go bad.

Thus Bikai earned:

$$800 \times 8 = 6400 \text{ francs}$$

$$1500 \times 7 = 10500 \text{ francs}$$

$$16900 \text{ francs}$$

Bikai farms 1 hectare. He has enough food, he can plant the following year, he has earned 16900 francs.

Another example:

Nled farms 1 hectare. He plants  $1/2$  hectare of yams. And he sows  $1/2$  hectare of up/and rice.

He harvests 4 000 kg of yams and 600 kg of paddy (that is, rice with its husks).

To feed his family, he stores 2 000 kg of yams To plant  $1/2$  hectare next year, he keeps 1 200 kg. He also keeps 15 kg of paddy for sowing.

So he stores: a total of  $1\ 200 + 2\ 000 = 3\ 200$  kg of yams, and 15 kg of paddy.

He can sell:

rice:  $600\text{ kg} - 15\text{ kg} = 585\text{ kg}$

yams:  $4\ 000\text{ kg} - 3\ 200\text{ kg} = 800\text{ kg}$ .

Nlend lives a long way from the town. He sells his rice and

yams at the village market. He sells all his yams at 8 francs per kilo. He sells all his rice at 35 francs per kilo.

So Nlend earns:

sale of paddy:  $585 \times 35 = 20\,475$  francs

sale of yams:  $800 \times 8 = 6\,400$  francs.

Altogether, he earns  $20\,475$  plus  $6\,400 = 26\,875$  francs.

Nlend farms 1 hectare. He has enough food, he can plant the following year, he has earned 26 875 francs.

Bikai and Nlend each farm one hectare.

They put aside part of their harvest for food and for planting. Bikai earns 16 900 francs. Nlend earns 26 875 francs. Nlend chose his crops better. He grows rice. Rice stores well.

Rice transports well. Rice sells well. Nlend thinks before planting.

A modern farmer thinks before deciding on his land use.

Nlend says to Bikai: "The modern farmer produces what sells well."

Bikai and Nlend are good farmers, but Nlend earns more than Bikai.

You must think to make a better choice of crops.

Choose crops that bring in a lot of money.

You must produce what sells well.

Producing more by increasing crop yields

In Africa crop yields are often not very high. By working better, you can greatly increase crop yields.

To increase yields, a farmer must do better all his work on the land, and do it at the right time.

For a good yield, the most important work is:

- sowing at the right time

Sowing done at the beginning of the rainy season has every chance of yielding a good harvest; sowing done late in the rainy season will not yield a good harvest. The sowing date is certainly the most important thing in getting a good harvest.

For example, at Anie Mono, in Togo,

cotton sown on 15 June yielded 1 494 kg;  
cotton sown on 1 July yielded 1 106 kg;  
cotton sown on 15 July yielded 886 kg.

For example, in northern Cameroon,

cotton sown on 1 June yielded 800 kg;  
cotton sown on 1 July yielded 400 kg;



cotton sown on 1 August yielded 100 kg.

Sowing at the right time is very important for increasing yields.

- weeding

Weeds grow very fast.

If they are not removed, they take all the food away from the plants, yields are low, and the farmer does not earn much.

Weeding must be done often, at least three times a year.

- sowing selected varieties

For many crops, there are better varieties of seed which have been selected by research institutes. These improved varieties give a better yield.

For example:

Traditional varieties of coffee yield 500 to 700 kg per hectare. The new varieties of selected coffee introduced in Ivory Coast can yield up to 2 000 kg per hectare.

Local varieties of groundnuts often give a maximum yield of 800 to 900 kg. Selected varieties can yield up to 2 000 kg per hectare.

Selected breeds of chickens grow faster than local breeds. If you want to breed chickens that earn money, it is better to buy selected chicks.

- using all the necessary pesticides

Some plants, such as cotton or cocoa, have many diseases. If you do not use pesticides, the plants become diseased, produce much less, and sometimes die.

It is absolutely necessary to use all the pesticides advised by

the extension worker.

A farmer who does not use pesticides can lose half his harvest.

- applying fertilizers

Many fields are now farmed every year. Each year, these fields become a little poorer. There are no longer enough mineral salts in the soil to feed the plants. The soil must be given back its mineral salts; for that, you must give it manure or fertilizers.

Selected varieties of plants demand a lot of food, for they produce a lot. They need more mineral salts to grow well. So it is often necessary to apply fertilizers.

The farmer who does all his work well, who applies fertilizers, gets big yields. He has a bigger harvest, and earns more

money.

Yields must be increased.

Producing more by increasing the area farmed

The farmer who increases the area farmed has more work to do.

How can he do this additional work?

- First of all, he should do all he can to waste less time.

The farmer should work for more hours a day. He should not spend whole days or even weeks in doing nothing. He should use his free time during the dry season in preparing work for the next crop season.

- The farmer should organize his work better.

He should plan well ahead the different jobs he will have to do in each field. He should prepare his tools and the materials he will use. By organizing his work and planning what there is to do, he will be able to do much more work; he will be able to farm bigger fields and increase the area cultivated.

- The farmer should also work faster.

To work faster, the farmer can use two means:

- Work with machines, that is, work with animal power, for instance, till the soil with a plough and two oxen.
- Work with other farmers, that is, do work in common.
- To increase the cultivated area, the farmer can work with machines.

There are still many farmers in Africa who work only with their own strength. They have few tools, some use only a hoe and a machete. By using only a hoe and a machete you cannot work quickly, you can only farm small fields, you do not get much harvest, you do not earn much money.

Modern farmers who want to cultivate bigger fields use machines and animal power. In that way, the work is done much more quickly.

A farmer who has a pair of oxen and a plough tills his land very quickly. He can also weed with a cultivator drawn by oxen; weeding will be done much faster and the farmer can weed more of ten. The farmer can also have a seed drill drawn by a donkey or an ox. With this seed drill, the farmer will do his sowing quickly, and above all can get it done in good time.

Machines are dear.

One farmer by himself does not have enough money to buy a spraying machine for cotton or cocoa, a pulping machine for coffee, a seed drill for rice.

But several farmers can get together to buy these machines.

- To increase the area cultivated, a farmer can form groups for joint work.

Work in the fields is long and difficult. Sometimes the work must be done at a given moment, in a very short time, such as, for example, sowing at the right time. Often farmers do not manage to get the work done in good time, because they are alone. In order to do all these big jobs in a very short time, they farm small fields; they don't get much harvest.

If farmers get together to do certain difficult jobs such as clearing the land and grubbing trees, such as sowing and

weeding, such as bringing in the harvest, they get on much more quickly, and they can farm bigger fields.

Farmers can also get together to buy and use machines that cost a lot; they can form groups for joint use of their machines.

For example, a group of farmers can buy a winch for clearing the land and grubbing trees in the fields of all the farmers in the group. A group of farmers can buy a seed drill with which all the sowing of all the farmers can be done quickly and at the right time.

By working together, you work faster.

Better selling of produce

The farmer who has cultivated big areas, who has done all the work in the fields well, gets a bigger harvest. But it is not



enough to produce more. You must also sell well, which means:

- selling all the produce that is not used by the farmer and his family; there should be no produce left unsold and going bad.
- selling at a good price.

The farmer who wants to earn more money must sell: all his unused harvest, at a good price.

## SELLING ALL THE UNUSED HARVEST

Often farmers store on their farms a large amount of foodstuffs which will not be eaten, such as yams, taro, cassava. If farmers do not use these yams or taro by eating them, or selling them, it is useless to produce them, and to try to increase the yields or the areas farmed.

The farmer should make more effort to sell everything that can go bad or be wasted. He should apply himself to marketing his produce.

Trying to sell produce is just as much work as weeding or harvesting. The farmer makes an effort to till the ground; in the same way, he should make an effort to sell better.

## SELLING AT A GOOD PRICE

What can a farmer do to sell his produce at a better price?

- He should choose crops that are easy to sell and fetch a high price. We saw on page 17 that Nlend chose to grow less yams and some rice as well, because Nlend sold his rice at a better price. Farmers should do like Nlend, and think before choosing their crops.

They should also choose the best varieties.

For example, in countries where arabica coffee grows, planters should grow arabica rather than robusta, because arabica sells at a higher price per kilo.

For example, Mono cotton has little by little been replaced by Allen cotton, which sells at a higher price.

For export to foreign countries, banana growers now grow the Poyo variety, which sells at a higher price than the Gros Michel variety.

- The farmer must pay great attention to the quality and presentation of his produce.
- To have high- quality products, the farmer must harvest at the right time.

You must not harvest long before the produce is ripe. Nor must you harvest when the produce is too ripe. Often the

harvest must be gathered in several stages; for example: to harvest coffee berries, you must go through the plantation four or five times, every fortnight, to gather the ripe berries only.

- To have high- quality products, they must be sorted.

Sorting means taking out everything bad, taking out everything rotten or mouldy or damaged. Produce must be sorted before selling.

- Products must be graded in several classes.

Products are not all of the same quality. They must be separated into different heaps containing products of very good quality, products of medium quality, products of low quality. The farmer can get a better price for products graded in several classes.

- Products must be well presented and packed.

A well- presented product sells at a better price. The farmer should especially pay attention to packing his produce well in sacks or cases. Then the goods do not get damaged and are protected from dust, rain, mud.

For example:

Mawem has 200 kg of rice to sell. In the village, rice sells at 25 francs per kilo. In town, rice sells at 45 francs per kilo.

Mawem plans to carry his rice to town and sell it there. He finds a lorry. The lorry can carry 1000 kg. The carrier asks 6 000 francs for the job.

Mawem has 200 kg to be carried. So for the transport he spends per kilo  $6000/200 = 30$  francs per kilo.

Mawem has not earned any money by selling his rice in town. He has in fact lost money. He sold the rice in town for 20 francs per kilo more than he could have got in the village. But he has spent 30 francs per kilo for transport. So he has lost  $30 \text{ less } 20 = 10$  francs per kilo.

Mawem thinks what to do. He gets together with his brothers Nack and Nlend. Between them, they have 1000 kg of rice to sell. They take the same lorry. It can carry 1000 kg. The carrier still asks 6 000 francs.

Mawem and his brothers have 1 000 kg of rice. Transport costs them per kilo  $6\,000/1000$  francs = 6 francs.

Mawem and his brothers have made money by selling their rice in town. They sold the rice in town at 20 francs per kilo more than the village price. They have spent 6 francs per kilo for transport. They earned  $20 \text{ less } 6$  francs = 14 francs per

kilo.

By selling his rice in town on his own, Maurem lost 10 francs per kilo. By selling together with his brothers, in a group, Mawem earned 14 francs per kilo.

Protection against dishonest dealers

Many dealers are not very honest. They often try to cheat the farmer when they buy his produce.

How?

A bad dealer can cheat the farmer in these ways:

- on the weight of the harvest;

The dealer uses scales which show less than the true weight. In this way, the dealer can cheat the farmer of 5 or even 10

kg on a sack 80 kg. The farmer by himself cannot check whether the dealer is cheating him.

- on the quality of the produce;

Often the dealer says the harvest is of poor quality. He buys it at a lower price.

- on the price;

The dealer knows that the farmer needs money and is ready to sell even at a very low price. The dealer takes advantage of the weakness of the single farmer; he won't buy the produce except at a very low price.

- on the reckoning:

Some dealers make mistakes in multiplying the number of kg by the price per kg. A farmer who can't do his own reckoning



cannot defend himself.

To defend themselves against cheating dealers, farmers should  
ge together in a group. Together they will be stronger and  
can defend themselves.



[Home](#)"" """"> [ar](#).[cn](#).[de](#).[en](#).[es](#).[fr](#).[id](#).[it](#).[ph](#).[po](#).[ru](#).[sw](#)

---



Better Farming Series 26 - The Modern  
Farm Business (FAO - INADES, 1977,  
55 p.)



Part 4 - The farmer's expenses



(*introduction...*)



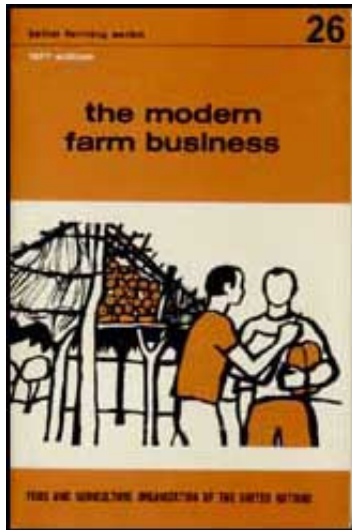
Yearly production costs



Investment



When is an expense profitable?



## **Better Farming Series 26 - The Modern Farm Business (FAO - INADES, 1977, 55 p.)**

### **Part 4 - The farmer's expenses**

So far, we have seen how the farmer can earn more money.

A farmer tries to earn more money in order to have more money to spend, and in this way to meet his needs. Now we shall see how the farmer can use the money he has earned. We are going to study the farmer's expenses.

A farmer has various kinds of expenses.

Expenses for the family

A farmer may buy clothes for his wife, his children, himself: shorts, dresses, shirts, trousers, shoes. He may buy food: salt, sugar, fish, meat, beer, wine. He may buy furniture for his house: a table, chairs, beds. He may buy things for the kitchen: jars, cooking pots. He may buy articles of everyday use such as soap, paraffin, matches. All these expenses are to satisfy the family's needs; they are called consumption expenses (or family expenses). These expenses make up the family budget. They are not expenses for the farm business.

In studying a farmer's expenses, we must keep apart expenses for the family and expenses for the farm business.

Expenses for the farm business

Expenses for the farm business make up the farm budget

There are two chief kinds of expense for the farm business.

- First, there are expenses that come every year.

These are called yearly production costs. They are expenses that have to be met every year, so that the farm can go on working and earn more money.

## **Yearly production costs**

Examples of yearly production costs:

- Buying selected varieties of seed

To get bigger harvests, the farmer must buy each year selected varieties of cotton, or groundnuts, or rice. This expense has to be met each year.

- Buying pesticides

To prevent his plants from becoming diseased, the farmer has to buy pesticides every year to protect cotton or groundnuts, to protect cocoa trees or coffee trees.

- Buying fertilizers

To increase the yield of his crops, the farmer has to buy chemical fertilizers every year to apply to the crops that earn money. The farmer must think carefully before deciding to apply fertilizers. He must be sure that all the other farming jobs have been well done, for example, that sowing was done

at the right time, that weeding has been done often enough, that pesticides have been used. Otherwise, it is useless to spend money on fertilizers.

- Expenses of paying labour
- There are also expenses that do not come- every year.

These expenses have to be met only from time to time. They are expenses for improving the farm business. These expenses increase the farm's productive capacity. Spending money to increase productive capacity is making an investment.

To make an investment means spending money to increase the farm's productive capacity.

## **Investment**

Examples of investment:

- Buying new tools

A farmer buys a plough or a seed drill that is drawn by animals. With this plough or seed drill, the farmer works better and quicker. By this means he can increase the area farmed. He will have increased his productive capacity by buying a plough or a seed drill. He has made an investment.

- Land improvement

The farmer clears some land and grubs up all the trees. He digs irrigation and drainage ditches to make an irrigated rice field. He makes barrier strips and terraces to protect the soil from erosion. All these undertakings are investment because they increase productive capacity.

- Establishment of new plantations

The planter who makes new plantations of coffee trees or

mango trees also makes an investment.

Investment expenses are often very large.

- Some farmers have enough money at hand to pay the full cost of an investment.

Example: Issa is a good farmer, he has had good harvests for several years; he has not spent any money on useless things. Issa has more than 40 000 francs in reserve. Issa wants to get on. He wants to buy a plough and a pair of oxen. The plough costs 8 000 francs and the oxen 20 000 francs. Issa pays cash for the plough and the oxen. Issa can pay for his investment right away because he has money in reserve; he has made savings.

- But many farmers are not like Issa, they have not got enough money to make an investment. They have to ask for



money from banks or credit institutes; they have to borrow money (see Part 4: How a farmer can find the money).

Example:

Marcel wants to get on; he wants to buy a plough and a pair of oxen. The plough costs 8 000 francs, the oxen 20 000 francs. But Marcel has no money. He borrows 28 000 francs from the agricultural credit institute.

The institute lends him the money for five years Each year Marcel is to give back  $28\,000/5$  francs = 5 600 francs to repay his loan.

In addition, he has to pay the agricultural credit institute interest of 5% a year, that is:  $28\,000 \text{ francs} \times 5/100 = 1\,400$  francs

So each year Marcel has to pay the institute 5 600 plus 1 400

francs = 7 000 francs. At the end of five years, he will have paid 7 000 francs x 5 = 35 000 francs

## Complementary Note

The next paragraph's are difficult. If you do not understand, you are not obliged to read them, you can go straight on to "Part 4: How a farmer can find the money".

### **When is an expense profitable?**

A farmer who wants to get on has to spend money for his farm. He has to buy selected varieties of seed, pesticides, fertilizers; he has to invest by buying new tools, improving his land, making new plantations.

But a farmer has to be very careful when he spends money; he must not spend on just anything for the farm.

He must spend only on what will earn money later. When an expense earns a lot of money, we say that it pays, that it is profitable.

What makes an expense profitable? Three conditions are necessary to make an expense profitable:

- (1) The increase in output must repay the money spent.
- (2) The increase in output must pay the interest (here reckoned at 5%).
- (3) In addition, the increase in output must leave a profit,

The following two examples show how to reckon the returns on an expense.

In the first example, we show the returns on an expense for

one year (the expense has to be repeated every year).

In the second example, we show the returns on an expense that is required once in several years (it is not repeated in following years).

In the first case:

If the expense is yearly, it will be profitable if:

- (1) the increase in output repays the money spent;
- (2) the increase in output also repays the interest on the money spent;
- (3) in addition, the increase in output leaves a profit.

Example:

In 1970 John sowed 1 hectare of cotton, he did his work well, and he used pesticides, but did not apply any fertilizer. He

harvested 720 kg of cotton, which sold at 30 francs per kilo.  
He earned:  $720 \times 30 \text{ francs} = 21\,600 \text{ francs}$ .

In 1971 John again sowed 1 hectare of cotton, he did his work well, he used pesticides, and applied 100 kg of ammonium sulphate; on this he spent 2500 francs. He harvested 960 kg of cotton, which he sold at 30 francs per kilo. He earned:  $960 \times 30 \text{ francs} = 28\,800 \text{ francs}$ .

Thanks to the fertilizer, he increased his earnings by 28 800 francs less 21 600 francs = 7 200 francs. But he has to repay the cost of the fertilizer: 2 500 francs. He also has to pay the interest on the cost of the fertilizer (interest at 5%):

$$2\,500 \times 5/100 = 125 \text{ francs}$$

This makes a total of: 2 500 francs plus 125 = 2625. So his increased earnings are really: 7200 francs less 2 625 francs =

4 575 francs.

Therefore, the use of fertilizer is profitable because the farmer earns an additional 4 575 francs

In the second case:

If the expense happens once in several years, it will be profitable if:

- (1) the increase in output in all these years repays the money spent.
- (2) if the increase in output in all these years repays the interest on the money spent.
- (3) if the increase in output in all these years leaves a profit.

Example:

In 1968 Karamoko bought a pair of oxen and a plough. He paid 25 000 francs for the oxen and 10 000 francs for the plough.

He spent a total of 35 000 francs. With the two oxen and the plough Karamoko can increase the area cultivated; he will grow crops on another hectare and thus will get a bigger harvest. He will be able to do his work quicker and better, and thus will increase the yield.

The plough and the oxen will last him for 5 years. The yearly cost of the plough and oxen will be:

$35\,000 / 5 \text{ years francs} = 7\,000 \text{ francs a year.}$

The yearly interest on the sum spent must also be included (taking the interest at 5%):

$35\,000 \times 5 / 100 = 1\,750 \text{ francs}$

Each year the increase in output obtained with the plough and oxen should be more than:

7 000 francs plus 1 750 francs = 8 750 francs.

In 1969 Karamoko earned 13 650 francs more.

In 1970 Karamoko earned 18 220 francs more.

In 1971 Karamoko earned 26 400 francs more.

Karamoko has not yet worn out his plough and oxen, but with the money already earned in 3 years he can cover much more than the cost of what he bought. His investment is profitable.

How a farmer can find the money

To get on, a farmer must invest; so he must spend money. But often farmers have no money in reserve. They are obliged to look for the money elsewhere.



Where can a farmer find the money?

To find the money, the farmer has to ask for money. He has to borrow.

To borrow = To ask someone for money. This money has to be returned after a certain time.

To lend = To give money to someone who will return it after a certain time.

The farmer can borrow money from a relative or a friend. But often relatives and friends have no money to lend.

The farmer can borrow money from dealers. But often dealers demand a very high rate of interest. Farmers should not borrow from dealers because they will often be robbed.

The farmer can borrow from a commercial bank. But commercial banks do not readily make loans to individual

farmers, and moreover they ask a high rate of interest.

To get money, farmers should apply to an agricultural credit institute.

In most African countries there are credit institutes that lend money to farmers. These institutes may have different names: they may be called National Agricultural Credit Fund, or else National Agricultural Development Bank. In other countries there are development corporations which lend money to farmers.

These credit institutes make loans at a fairly low rate of interest.

They can make short- term loans, that is, loans for yearly expenses such as buying fertilizers and pesticides. The farmer has to repay the money after the harvest.

They can also make medium- term and long- term loans for investment expenses such as buying tools, improving a plantation. The farmer has to repay the money over a period of 4 or 5 years, or of 10 years.

The agricultural credit institutes do not readily lend money to individual farmers, because sometimes individual farmers do not repay the money. The credit institutes often prefer to lend money to farmers who belong to a cooperative group.

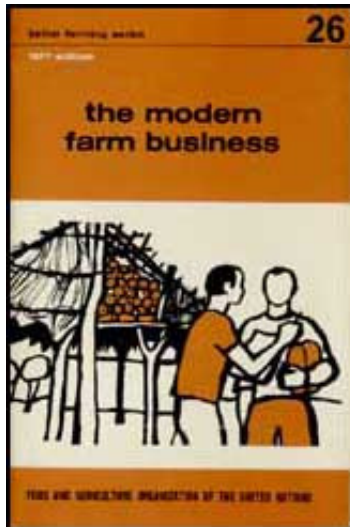
Why?


Because if a farmer cannot repay the money he has borrowed, then the other farmers in the group will repay the money in his place. This is what is called mutual liability. All the farmers in the group undertake to help the one who is in difficulty.

Farmers in a cooperative group get a loan more easily.




[Home](#)"" """"> [ar](#).[cn](#).[de](#).[en](#).[es](#).[fr](#).[id](#).[it](#).[ph](#).[po](#).[ru](#).[sw](#)




 Better Farming Series 26 - The Modern Farm Business (FAO - INADES, 1977, 55 p.)

 (*introduction...*)

 Preface

 Introduction - What have we learned during this two- year course?

 Part 1 - The modern farm business

 Part 2 - What a modern farm business does



Part 3 - What can a farmer do to earn more money?



Part 4 - The farmer's expenses



Part 5 - Can a modern farmer succeed by himself?



Conclusion: Farmers are responsible for the future of their village



Suggested question paper

## **Part 5 - Can a modern farmer succeed by himself?**

Farmers should unite and form cooperatives

Modern, go- ahead farmers want to contribute to the development of their village, their region and their country. They should try to get other farmers to make progress to' Then the village as a whole will develop, because everyone is helped by the progress of the others.

## How can you help the development of your village?

A modern farmer who wants to bring about the development of his village can try to form cooperative groups:

- A group for joint work on such jobs as: clearing land and grubbing trees from new land to be farmed; getting the sowing done as quickly as possible, and at the right time for all the farmers of the group; bringing in the harvest, which often takes a very long time; land improvement, as for example, making an irrigated rice field with irrigation channels and checks; making a new plantation of coffee, oil palms, mango trees; mending villagers' houses; digging a well.
- A group for joint buying.

Some machines cost a lot, for example, a coffee berry pulping machine, a small thresher for rice, a seed drill. These tools are

very useful to farmers, but each single farmer cannot buy these tools. Farmers should form a group to buy the equipment jointly, but also to use jointly. Then the farmers of the village will get on without being ruined.

- A joint selling group.

Farmers alone are weak against dealers. Dealers can cheat them over the weight, the quality and the prices. If the farmers of a village make a cooperative selling group they will be strong as against the dealers. They can defend themselves and can get a fair price for their produce.

These sales cooperatives can sell produce in town, where prices are higher.

These cooperative groups buy food crops from the farmers at a good price at harvest time, and sell them some months later in

the hungry season, when prices are high. Thus, the farmers get their money at harvest time.

- Mutual credit groups.

Farmers do not have enough money for investment. They have to borrow, but often the credit institutes will not lend money to farmers on their own; or will only lend small sums at rather high interest rates.

If the farmers have formed a group, the credit institutes are readier to lend money, because all the farmers in the group support the one who gets the loan, and can pay for him if he cannot.

Farmers can also make their own mutual credit fund. Each farmer brings to the fund his money and savings; the mutual fund can then lend this money to these who need it.



- Other groups.

For example, study groups of five or six members to learn farming from the Better Farming booklets.

How to succeed with a group

Many groups have not succeeded.

Why?

Because no thought was given to the following rules. They are essential for the success of a group.

First rule:

The members of the group must be united.

The group is made for the interests of all. In a group a farmer

does not seek his own interests' but the interest of the whole group.

Each must take his share in joint work, such as sorting and transport. All must work. No one must leave work for others to do.

Losses and additional work must be shared, just as much as profits.

For example, in order to break up a group, a dealer offers higher prices to one member of a group. If the offer is accepted, the group is broken up, all the members of the group will lose, even the one who has agreed to sell. Once a group is broken up, the dealer can buy at a lower price. Everyone loses.

A group that is not united is lost.

In a group, everyone must know everyone else. But the group should be open to others to join.

It must also be known and approved by the village elders.

Second rule:

The members of the group must obey the rules of the group.

In a group the members are united. Everyone must obey the rules of the group. If a member does not obey the rules, the group is lost.

An example:

The group decides to sort and grade, and to present its produce in the same way, If everyone does it, the quality of the produce is always the same. Customers trust the produce. If one member of the group does not do it, the quality of the

produce changes, customers no longer trust the produce. The group loses its customers.

Another example:

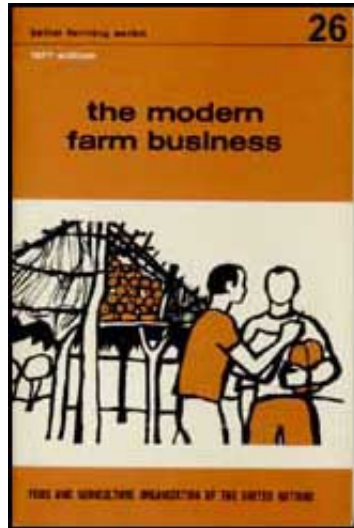
The group decides to sell every Wednesday 1 000 kg of plantains. Each member of the group delivers every Tuesday five bunches of plantains. But several members of the group do not bring their five bunches on Tuesday. The dealer comes, but there are only 800 kg of plantains. The lorry will not be fully loaded. The dealer has wasted his time. The dealer will not want to buy again from the group.


If the rules are not obeyed, all the members of the group suffer. The group is lost.

Without rules which everyone keeps, there is no group.




[Home](#)"" """"> [ar](#).[cn](#).[de](#).[en](#).[es](#).[fr](#).[id](#).[it](#).[ph](#).[po](#).[ru](#).[sw](#)




 Better Farming Series 26 - The Modern Farm Business (FAO - INADES, 1977, 55 p.)


 *(introduction...)*

 Preface

 Introduction - What have we learned during this two- year course?

 Part 1 - The modern farm business

 Part 2 - What a modern farm business does

 Part 3 - What can a farmer do to earn more money?

 Part 4 - The farmer's expenses



Part 5 - Can a modern farmer

succeed by himself?



Conclusion: Farmers are responsible for the future of their village



Suggested question paper

## **Conclusion: Farmers are responsible for the future of their village**

- A village makes no progress if its farmers are not modern.
- If the way of farming remains what it always was, nobody earns much money. The young people won't stay in the village, because they want to earn more money to satisfy all their new needs.
- If the village does not modernize itself, if there are no better houses, if there is no pure water, no dispensary, living conditions are difficult. The young people want to go away to

live in better conditions.

- If there is no life in the village, if there are no groups for work, no associations for leisure, the young people become bored, they are attracted by the life and amusements of town.
- If the people leave, there is no future for the village, little by little, it will die. The farmers, the grown-up men, will become disheartened, they won't want to work for a dying village, they won't make an effort any more for a village whose children have gone away.

To get the young people interested in agriculture, to encourage them to stay in the village, farmers must modernize agriculture. They must build up modern farm businesses that will ensure a better future for the young.

What is a living village?

It is a village which has: modern farm businesses, groups for work and marketing, leisure associations.

It is a village where the living conditions are good: where housing has been improved, where the rules of health are respected, where children and ill people are cared for.

