

## **POLICY IMPLEMENTATION OF AGRICULTURAL WAREHOUSE RECEIPT SYSTEM OF AGRICULTURAL PRODUCTS IN EAST JAVA**

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### **Abstract**

This research examines various variables in the implementation of Warehouse Receipt System in East Java in 6 SRG sample districts. The method used is Decision Matrix Analysis (DMA) with 5 price variables, infrastructure, cost, government support, and warehouse receipt utilization. SRG in general in the area of study has not been well utilized, therefore it is necessary: (1) comprehensive efforts, integrated and accelerated by all stakeholders, especially from relevant agencies. (2) government support in terms of socializing the benefits and uses of SRG in the marketing of farmer's results and income. (3) the existence of new institution such as small warehouse of container unit in central area or at remote location so that it can accommodate small farmers and distance of distant business location. (4) Provision of transportation to assist in transportation of goods. (5) management of SRG, since SRG has been built with central allocation fund, while those who provide land is the region, the uncertainty of making local governments halfhearted in managing SRG. (6) maintenance of sustainable infrastructure for future development.

**Keywords:** Warehouse Receipt System, Decision Matrix Analysis, Infrastructure, price, government support, cost, utilization of SRG

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### **INTRODUCTION**

The general problem of agribusiness in Indonesia, especially those experienced by small farmers, is the fall of prices during the harvest season. Farmers cannot keep their crops longer because they are running out of cost and do not have adequate storage facilities. These conditions are very beneficial to middlemen and moneylenders who then make big profits from farmers' difficulties. The middlemen, who had been the merchants of big traders or managers of large private warehouses [1].

Farmers are faced with the problem of cost requirements for the planting period, as well as daily necessities. Therefore there is no option for farmers other than to sell the harvest even though the market price is low and unprofitable. Another factor that also contributed to the background is related to the storage of crops that require a relatively large place, in addition because the harvest is a type of goods susceptible to damage, for example caused by pests it is necessary treatment to maintain the quality of the goods [2].

One of the characteristics of agricultural commodities is its seasonal production. Related to the nature of the seasonal production is the phenomenon of the decline in agricultural commodity prices that have been relatively latent problems and harm the farmers. Based on the phenomenon, it is necessary an alternative marketing model that allows farmers to postpone the sale as well as to obtain cash to meet the sustainability of farming and family needs

The recent phenomenon based on the survey of rice prices soared, price shifts in some regions ranged from Rp.7.500 / kg to Rp.12.300,- /kg. Similarly, the price of husked paddy rice ranges from Rp.3.200 / kg to Rp.5.100 / kg fluctuating prices have an impact on the economy and the availability of food. The description that has been described shows a situation that often occurs and is one of the business risks faced by agricultural business actors that the price of food commodities will be low at the time of harvest, this potentially harm the farmers. To anticipate the incident, there should be a breakthrough in the pattern of marketing and management of the results so that farmers are still likely to continue to reap the benefits

One alternative that can be selected by farmers to face the above problem is through a warehouse receipt system. Such efforts can be made to overcome business risks such as delaying the sale of food commodities until the price increases again [3]. Nevertheless, the sale delay resulted in farmers having difficulty obtaining working capital in the next planting season. Therefore, it needs an innovation in the form of warehouse receipt financing that use inventory of material as collateral (inventory collateral).

Based on this and the real condition, the implementation of SRG has not been implemented optimally, therefore SRG development and implementation needs to be done. In East Java has not been reported and has not been fully run and utilized well or not as expected this because many factors that influence among others many farmers who do not understand about warehouse receipts, and the role of government to develop a warehouse receipt as an alternative to overcome the price of fluctuating and in order to achieve less food security, including the

socialization of warehouse receipt is also less so that farmers and society in general have not fully know the benefits of warehouse receipt system.

The implementation of SRG runs relatively slowly, not as expected by the government in addition to the above development of warehouse development is also slow; there are 99 warehouses in SRG spread in Indonesia and 30 of them are located in East Java [4]. The above warehouses are storage facilities which until now have not been fully utilized properly by the farmers this condition that underlies the researchers for more in-depth and further studies to build a successful SRG especially in terms of implementation of Warehouse Receipt System in Java East.

## RESEARCH METHODS

The research location is purposively determined in East Java, considering East Java has implemented Warehouse Receipt System.

Sample in this research is farmer / farmer group that utilize warehouse and that does not utilize warehouse and some side that directly related to warehouse receipt system. And a decent sample size in a study between 30-500 [5].

Data collection techniques include using discussion / FGD, the respondents in the key informants consist of representatives: farmers who use SRG and farmers who do not use SRG and the agencies and agencies associated with SRG with the stages:

1. Identify clusters based on Residency.
2. SRG warehouse in East Java represented 6 Residency areas and each Residency will be taken 1 District to become SRG Sample Warehouse.
3. Area of determination is based on areas that have SRG Warehouse randomly (Sampang District, Situbondo, Probolinggo, Nganjuk, Madiun, Tuban)
4. To determine the respondent is done intentionally to the key informant

Analysis of SRG Implementation using Decision Matrix Analysis (DMA) method consists of variables:

X1= Commodity prices

X2 = Facilities (means of infrastructure)

X3 = SRG Related Costs

X4 = Government Support

X5 = Utilization of SRG

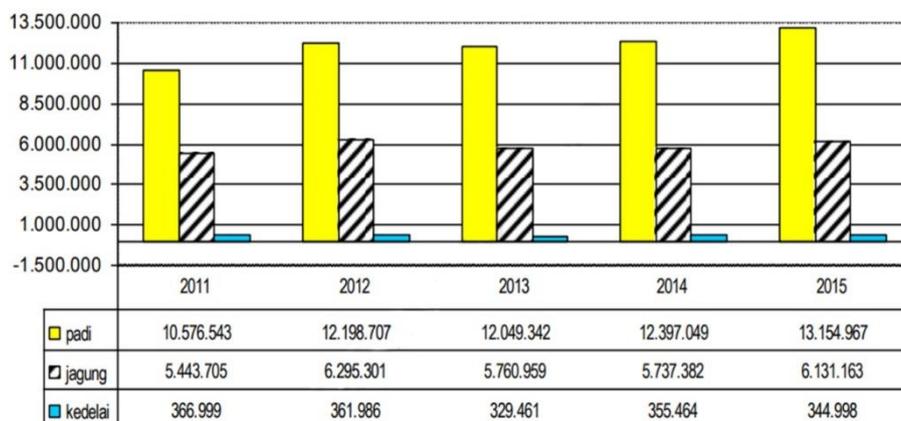
An assessment score used with a scale starting from 1- 5

No	Variables	Indicator	Grade 1-5
1.	Commodity prices	Price fluctuations Prices at harvest Market price information of a region Price shrinkage during harvest and post harvest	
2.	Warehouse Facilities and Infrastructure	Feasibility condition from the side of storage capacity Warehouse distance to production centers / farmers / traders / commodities producers Supporting facilities such as blower, dryer and sieving machines, scales, etc. Operational and warehouse management services	
3.	Related Costs of Warehouse Receipt. (Component fee charged to warehouse user in order to warehouse receipt)	Storage cost Administrative costs Freight and unloading costs Depreciation costs of commodities stored in the warehouse	
4	Support	It is easy access to credit from the banking sector Socialization and extension to farmers / users Help the physical construction of warehouses Assistance for farmers in implementing SRG	
5	Utilization of Warehouse Receipt (Use of Warehouse Receipt by Farmers)	Guarantee / collateral at the Bank Sold or transferable For sale in auction market Saved in the hope of getting better prices with current conditions	

## RESULTS AND DISCUSSION

### 1. Potential Agricultural Commodities In East Java

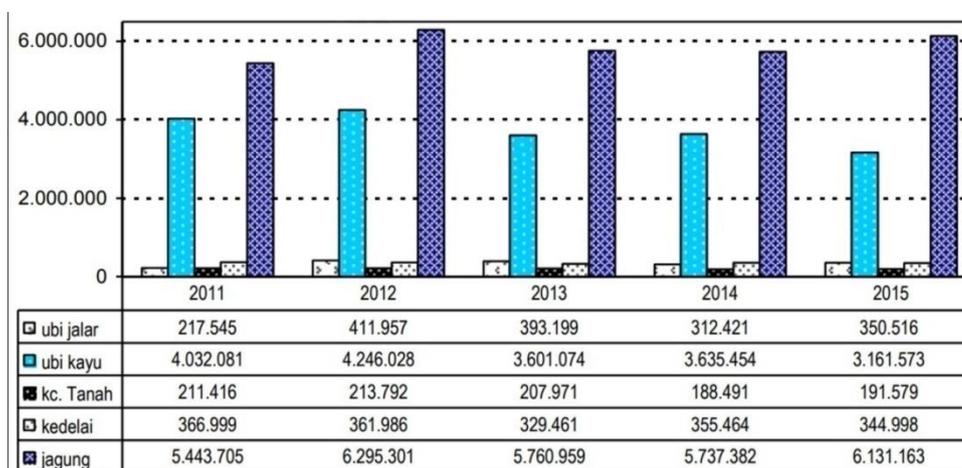
In Indonesia, rice is the staple food for most of the population. Therefore, rice becomes a strategic and political commodity in national development in general and especially in the development of agriculture sector in East Java. Its existence becomes a necessity so the government always focuses its attention on this type of commodity. As it is known that demand for rice will continue to increase in line with the increase of population, the increase of public income and growth of industrial sector which use rice as raw material. The figure below shows the production of rice, corn and soybeans in East Java.



Picture 1. Rice, Corn and Soybean Production 2011-2015 (Ton)

As shown in figure 5 of rice production in 2015 is 13.15 million tons of GKG, while rice production in 2014 is 12.40 million tons of GKG, so there is an increase in rice production of 757.92 thousand tons (6.11 percent). The increase in rice production was due to an increase in harvested area of 79.44 thousand hectares (3.83 percent) and productivity level of 1.32 quintal / hectare (2.21 percent). Rice production in the period 2011-2015 on average has increased.

In addition to the National Paddy barn, East Java Province is also the region's highest corn production center in Indonesia as presented in the picture ... below with harvested area reaching 1.2 million hectares in 2015. In East Java province, corn commodities are mostly marketed to meet the supply food processing industries including for animal feed industry. In some communities there are still people who consume corn as an additional staple food mixed with rice. Maize production in East Java, in the form of dry pipines, during the period 2011-2015 fluctuated. In 2012, corn production again increased by 851.60 thousand tons (15.64 percent).



Picture 2. Production of Palawija Year 2011-2015 (Ton)

In 2013, a production decline of 534.34 thousand tons (-8.49 percent). The decrease in production in 2013 occurred due to the decrease of harvested area of 32.98 thousand hectares (-2.68 percent) and productivity of 3.05 quintal / hectare (-5.97 percent).

Maize production in 2014 again declined by 23.58 thousand tons (-0.41 percent) compared to 2013. This production decline was due to decreased productivity by 0.31 quintal / hectare (-0.65 percent) from 48.03 quintal / hectare to 47.72 quintals / hectare, while the harvested area increased by 2.76 thousand hectares (0.23 percent) from 1,199 million hectares to 1,202 million hectares.

Maize production in 2015 in East Java amounted to 6.13 million tons of dry beans or increased by 393.78 thousand tons (6.86 percent) compared to 2014. The increase in production was due to increased productivity of 2.80 quintals / hectare (5,87 percent) from 47.72 quintal / hectare to 50.52 quintal / hectare and increased harvested area by 11.35 thousand hectares (0.94 percent) from 1.20 million hectares to 1.21 million hectares [4].

Thus, East Java is a province contributing grain and corn production that contributes to the availability of food in Indonesia. Related to the above, SRG is expected to be one of the measurement instruments of national food stock availability such as rice, grain, and corn. The existing SRG throughout Indonesia has a well-integrated Integrated Warehouse Information System (IS-WARE) so that the government can monitor and know the availability of commodities in each of Indonesia's SRG warehouses. This data information can be an instrument that helps the government in decision-making on policies such as related to food distribution to various regions and import policy in order to stabilize national food availability.

## 2. Implementation of SRG Implementation in East Java

The development of SRG in East Java has stagnated, in some study areas it is found that SRG warehouses are no longer functioning properly, existing warehouses are empty and there is no work activity, others since the warehouse is built until now there is no activity in some parts of the building there are already damaged such as damage to the roof and others as well as environmental conditions that seem dirty and not maintained. Factors affecting the implementation of SRG are complex: prices, infrastructure, costs and government support. In this research is divided into two study groups: farmers who take advantage of SRG and who do not utilize SRG.

### a. Farmers who take advantage of SRG

**Table 1. Implementation Utilizing SRG**

Respon- den	X1	Average X1	X2	Average X2	X3	Average X3	X4	Average X4	X5	Average X5	Total	Tota Average
<b>Probolinggo</b>												
<b>R1</b>	12	3	15	3.75	11	2.75	14	3.5	10	2.5	62	15.5
<b>R2</b>	12	3	15	3.75	13	3.25	12	3	10	2.5	62	15.5
<b>R3</b>	13	3.25	13	3.25	11	2.75	13	3.25	10	2.5	60	15
<b>R4</b>	12	3	12	3	11	2.75	13	3.25	11	2.75	59	14.75
<b>R5</b>	12	3	13	3.25	11	2.75	12	3	9	2.25	57	14.25
<b>R6</b>	15	3.75	15	3.75	12	3	15	3.75	12	3	69	17.25
<b>R7</b>	12	3	12	3	11	2.75	12	3	10	2.5	57	14.25
<b>R8</b>	10	2.5	12	3	11	2.75	14	3.5	10	2.5	57	14.25
<b>R9</b>	11	2.75	9	2.25	9	2.25	11	2.75	9	2.25	49	12.25
<b>R10</b>	12	3	13	3.25	10	2.5	11	2.75	9	2.25	55	13.75
<b>Total</b>	121	30.25	129	32.25	110	27.5	127	31.75	100	25	587	146.75
<b>Sampang</b>												
<b>R1</b>	12	3	15	3.75	11	2.75	15	3.75	11	2.75	64	16
<b>R2</b>	13	3.25	15	3.75	12	3	16	4	11	2.75	67	16.75
<b>R3</b>	12	3	14	3.5	12	3	15	3.75	11	2.75	64	16
<b>Total</b>	37	9.25	44	11	35	8.75	46	11.5	33	8.25	195	48.75
<b>Nganjuk</b>												
<b>R1</b>	12	3	13	3.25	11	2.75	14	3.5	11	2.75	61	15.25
<b>R2</b>	11	2.75	13	3.25	10	2.5	12	3	10	2.5	56	14
<b>R3</b>	12	3	13	3.25	11	2.75	12	3	11	2.75	59	14.75
<b>Total</b>	35	8.75	39	9.75	32	8	38	9.5	32	8	176	44

Respon- den	X1	Average X1	X2	Average X2	X3	Average X3	X4	Average X4	X5	Average X5	Total	Tota Average
<b>Madiun</b>												
R1	12	3	16	4	10	2.5	15	3.75	8	2	61	15.25
R2	10	2.5	13	3.25	10	2.5	15	3.75	8	2	56	14
R3	13	3.25	15	3.75	8	2	18	4.5	13	3.25	67	16.75
R4	12	3	12	3	9	2.25	15	3.75	10	2.5	58	14.5
R5	12	3	12	3	9	2.25	12	3	8	2	53	13.25
R6	13	3.25	12	3	10	2.5	14	3.5	11	2.75	60	15
R7	8	2	12	3	10	2.5	14	3.5	10	2.5	54	13.5
R8	9	2.25	13	3.25	8	2	15	3.75	9	2.25	54	13.5
R9	11	2.75	13	3.25	10	2.5	14	3.5	10	2.5	58	14.5
R10	12	3	13	3.25	10	2.5	15	3.75	10	2.5	60	15
<b>Total</b>	112	28	131	32.75	94	23.5	147	36.75	97	24.25	581	145.25
<b>Tuban</b>												
R1	9	2.25	16	4	10	2.5	15	3.75	11	2.75	61	15.25
R2	10	2.5	14	3.5	10	2.5	15	3.75	12	3	61	15.25
R3	11	2.75	13	3.25	8	2	14	3.5	10	2.5	56	14
R4	11	2.75	14	3.5	10	2.5	13	3.25	12	3	60	15
R5	10	2.5	15	3.75	9	2.25	15	3.75	11	2.75	60	15
R6	10	2.5	14	3.5	9	2.25	13	3.25	10	2.5	56	14
R7	11	2.75	15	3.75	10	2.5	12	3	13	3.25	61	15.25
R8	11	2.75	13	3.25	8	2	14	3.5	10	2.5	56	14
R9	10	2.5	14	3.5	9	2.25	13	3.25	11	2.75	57	14.25
R10	11	2.75	14	3.5	8	2	14	3.5	12	3	59	14.75
<b>Total</b>	104	26	142	35.5	91	22.75	138	34.5	112	28	587	146.75
<b>Grand Total</b>	409	102.25	485	121.2	362	90.5	496	124	374	93.5	2126	531.5

Source: data primer processed 2017.

Description R1, R2 ... ff: respondents using SRG

From the table above, farmers using SRG for districts:

- 1) Probolinggo the main factor influencing the implementation of SRG is (X2) = 129 and total average value of 32.25 ie infrastructure, which become consideration of farmers utilizing SRG warehouse because of the feasibility of storage capacity, facility and service operation and warehouse distance.
- 2) While for the Sampang regency the main factor influencing the implementation of SRG is (X4) = 46 and total average value of 11.5 , ie government support, the amount of support from the government in providing easy access to mortgage credit, physical warehouse development assistance, socialization and assistance for farmers very determining the implementation of SRG.
- 3) Nganjuk District factors affecting the implementation of SRG is (X2) = 39 and total average value of 9.75, i.e. infrastructure facilities.
- 4) Madiun Regency factor affecting SRG implementation is (X4) = 147 and total average value of 36.75, in the form of government support
- 5) And for the Tuban district the factors affecting the implementation of SRG are (X2) = 142 and total average value of 35.5 , ie infrastructure. There are several additional facilities such as dryer which originally only 1 unit with a capacity of 8 tons increased by 1 unit again with the same capacity, a total of 16 tons. The addition of dryer is very helpful to farmers in drying the main grain during the rainy season, in addition to this SRG Tuban has 1 unit of truck and 1 unit of tricycle, where this vehicle is used to transport the results from farmers to the warehouse, this is what makes farmers interested in storing goods at warehouse .

Overall of the above table the main factors affecting farmers in the implementation of SRG is (X4), which is support of government support with a total value of 496 and total average value of 124. According to farmers the reason of using SRG the ease of access to obtain credit from bank, as a solution to the lack of capital often faced by farmers. The existence of physical construction of warehouses and facilities owned cause one form of interest of farmers to do the storage. Socialization on the community conducted by the government to postpone the sale of stored products warehouse in order to get a better price so that farmers benefit from their business. Socialization is needed to provide an understanding of the benefits of warehouse receipt but not enough socialization of assistance to farmers in applying SRG is necessary for sustainability so that the SRG policy as mandated in Law No.9 of 2006 and which has been amended by Act No.9 of 2011 which among others food availability and price stabilization are achieved.

The second factor as a whole that influences is (X2) is SRG related costs include: a) storage costs, b) administrative costs, c) freight and loading costs, d) depreciation costs of stored commodities in warehouse. These four costs determine the farmers' choice to utilize SRG in East Java. According to farmers the cost is indeed burdensome but can still be covered from the sale of goods after the save. In region of Tuban, the government imposed a regulation on the exemption of storage and administration fees. This policy motivates farmers to keep their warehouses in addition to that, the Tuban government provides transportation facilities in the form of trucking equipment to facilitate farmers in depositing their goods in warehouses and farmers are only burdened by replacing the cost of fuel oil (BBM), the facility is intended to reduce freight costs and unloading and loading.

Another factor that is quite affecting farmers in the utilization of SRG is (X1 =) is the price of commodities. Knowledge of farmers enough to information the market price of a region at harvest time and the tendency of the price to fall during the harvest is a consideration of farmers to postpone the sale by storing warehouse. Generally farmers who do the storage are those which relative has wide area of ample land and financial enough to have venture capital.

## b. Farmers who did not take the advantage of SRG

**Tabel 2.Implementation of unutilized SRG**

Respondent	X1	Average X1	X2	Average X2	X3	Average X3	X4	Average X4	X5	Average X5	Total	Total Average
<b>Probolinggo</b>												
RT1	10	2.5	11	2.75	12	3	9	2.25	7	1.75	49	12.25
RT2	9	2.25	9	2.25	10	2.5	10	2.5	5	1.25	43	10.75
RT3	12	3	10	2.5	8	2	9	2.25	8	2	47	11.75
RT4	8	2	8	2	8	2	9	2.25	6	1.5	39	9.75
RT5	10	2.5	10	2.5	10	2.5	9	2.25	9	2.25	48	12
RT6	12	3	11	2.75	11	2.75	9	2.25	8	2	51	12.75
RT7	8	2	12	3	10	2.5	8	2	7	1.75	45	11.25
RT8	11	2.75	12	3	12	3	12	3	8	2	55	13.75
RT9	9	2.25	10	2.5	10	2.5	9	2.25	8	2	46	11.5
RT10	10	2.5	11	2.75	9	2.25	11	2.75	8	2	49	12.25
<b>Total</b>	99	24.75	104	26	100	25	95	23.75	74	18.5	472	118
<b>Sampang</b>												
RT1	12	3	12	3	9	2.25	9	2.25	7	1.75	49	12.25
RT2	11	2.75	13	3.25	10	2.5	9	2.25	7	1.75	50	12.5
RT3	10	2.5	13	3.25	9	2.25	9	2.25	7	1.75	48	12
RT4	12	3	11	2.75	11	2.75	9	2.25	9	2.25	52	13
RT5	10	2.5	13	3.25	11	2.75	9	2.25	9	2.25	52	13
RT6	9	2.25	12	3	10	2.5	7	1.75	8	2	46	11.5
RT7	10	2.5	12	3	10	2.5	7	1.75	8	2	47	11.75

Respondent	X1	Average X1	X2	Average X2	X3	Average X3	X4	Average X4	X5	Average X5	Total	Total Average
RT8	11	2.75	12	3	11	2.75	9	2.25	8	2	51	12.75
RT9	9	2.25	11	2.75	10	2.5	7	1.75	9	2.25	46	11.5
RT10	10	2.5	11	2.75	9	2.25	7	1.75	9	2.25	46	11.5
<b>Total</b>	<b>94</b>	<b>23.5</b>	<b>109</b>	<b>27.25</b>	<b>91</b>	<b>22.75</b>	<b>75</b>	<b>18.75</b>	<b>72</b>	<b>18</b>	<b>441</b>	<b>110.25</b>

**Situbondo**

RT1	12	3	14	3.5	13	3.25	11	2.75	12	3	62	15.5
RT2	8	2	9	2.25	8	2	9	2.25	8	2	42	10.5
RT3	10	2.5	8	2	12	3	10	2.5	8	2	48	12
RT4	10	2.5	10	2.5	10	2.5	12	3	7	1.75	49	12.25
RT5	9	2.25	12	3	9	2.25	11	2.75	7	1.75	48	12
RT6	9	2.25	11	2.75	9	2.25	11	2.75	8	2	48	12
RT7	11	2.75	9	2.25	10	2.5	11	2.75	7	1.75	48	12
RT8	11	2.75	10	2.5	9	2.25	10	2.5	7	1.75	47	11.75
RT9	9	2.25	11	2.75	10	2.5	10	2.5	8	2	48	12
RT10	9	2.25	10	2.5	11	2.75	11	2.75	8	2	49	12.25
<b>Total</b>	<b>98</b>	<b>24.5</b>	<b>104</b>	<b>26</b>	<b>101</b>	<b>25.25</b>	<b>106</b>	<b>26.5</b>	<b>80</b>	<b>20</b>	<b>489</b>	<b>122.25</b>

**Nganjuk**

RT1	11	2.75	10	2.5	12	3	13	3.25	8	2	54	13.5
RT2	9	2.25	11	2.75	10	2.5	12	3	9	2.25	51	12.75
RT4	10	2.5	11	2.75	12	3	11	2.75	9	2.25	53	13.25
RT5	10	2.5	11	2.75	12	3	11	2.75	9	2.25	53	13.25
RT6	10	2.5	11	2.75	11	2.75	11	2.75	7	1.75	50	12.5
RT7	10	2.5	10	2.5	10	2.5	12	3	8	2	50	12.5
RT8	10	2.5	9	2.25	9	2.25	12	3	9	2.25	49	12.25
RT9	9	2.25	11	2.75	11	2.75	12	3	9	2.25	52	13
RT9	8	2	12	3	12	3	14	3.5	8	2	54	13.5
RT10	8	2	10	2.5	10	2.5	11	2.75	8	2	47	11.75
<b>Total</b>	<b>95</b>	<b>23.75</b>	<b>145</b>	<b>36.25</b>	<b>141</b>	<b>35.25</b>	<b>157</b>	<b>39.25</b>	<b>116</b>	<b>29</b>	<b>689</b>	<b>163.5</b>

**Madiun**

RT1	8	2	13	3.25	14	3.5	14	3.5	7	1.75	56	14
RT2	8	2	12	3	13	3.25	13	3.25	8	2	54	13.5
RT3	11	2.75	14	3.5	14	3.5	12	3	6	1.5	57	14.25
RT4	8	2	13	3.25	14	3.5	13	3.25	7	1.75	55	13.75
RT5	11	2.75	13	3.25	13	3.25	14	3.5	8	2	59	14.75
RT6	8	2	13	3.25	13	3.25	14	3.5	5	1.25	53	13.25
RT7	12	3	12	3	12	3	15	3.75	8	2	59	14.75
RT8	11	2.75	15	3.75	14	3.5	13	3.25	6	1.5	59	14.75
RT9	8	2	13	3.25	14	3.5	13	3.25	6	1.5	54	13.5
RT10	9	2.25	14	3.5	13	3.25	14	3.5	5	1.25	55	13.75
<b>Total</b>	<b>94</b>	<b>23.5</b>	<b>132</b>	<b>33</b>	<b>134</b>	<b>33.5</b>	<b>135</b>	<b>33.75</b>	<b>66</b>	<b>16.5</b>	<b>561</b>	<b>140.25</b>

Respondent	X1	Average X1	X2	Average X2	X3	Average X3	X4	Average X4	X5	Average X5	Total	Total Average
<b>Tuban</b>												
<b>RT1</b>	11	2.75	11	2.75	12	3	13	3.25	8	2	55	13.75
<b>RT2</b>	9	2.25	10	2.5	11	2.75	12	3	7	1.75	49	12.25
<b>RT3</b>	10	2.5	10	2.5	12	3	11	2.75	9	2.25	52	13
<b>RT4</b>	9	2.25	12	3	12	3	13	3.25	8	2	54	13.5
<b>RT5</b>	9	2.25	10	2.5	10	2.5	12	3	7	1.75	48	12
<b>RT6</b>	9	2.25	10	2.5	11	2.75	12	3	9	2.25	51	12.75
<b>RT7</b>	9	2.25	11	2.75	11	2.75	12	3	8	2	51	12.75
<b>RT8</b>	9	2.25	11	2.75	7	1.75	12	3	7	1.75	46	11.5
<b>RT9</b>	9	2.25	13	3.25	10	2.5	14	3.5	9	2.25	55	13.75
<b>RT10</b>	8	2	11	2.75	9	2.25	13	3.25	9	2.25	50	12.5
<b>Total</b>	92	23	109	27.25	105	26.25	124	31	81	20.25	511	127.75
<b>GandTotal</b>	582	145.5	675	168.75	649	162.25	661	165.25	466	116.5	3033	758.25

Source: data primer processed 2017.

Description RT1, RT2..... RTn: respondents not using SRG

From the table above for farmers who do not use SRG for districts:

- 1) Probolinggo the main factor influencing the implementation of SRG is (X2 = 104) and total average value to 26, the same thing with Sampang (X2 = 109) total average value to 27.25, the means of infrastructure, from this factor is the most dominant is the distance for farmers cannot store their goods in warehouse when the warehouse distance where his business is far away the cost of transport becomes a major consideration.
- 2) While for the other 4 districts, the main factors affecting the implementation of SRG are government support such as socialization and assistance to farmers. The four districts are Situbondo (X4 = 106) total average value to 26.5, Nganjuk (X4 = 157) total average value to 39.25, Madiun (X4 = 135) total average value to 33.75, and Tuban (X4 = 124) total average value to 31.
- 3) Overall based on the above table the main reasons farmers do not use SRG associated with facilities and infrastructure with a total value of X2 = 675 and total average value to 186.75, these factors include feasibility, facilities and warehouse capacity, as well as warehouse distance, warehouse operations services. Generally farmers do not have the means of storing individual results in their homes, this should be a driver to utilize SRG but they prefer not to save for various reasons such as the necessities of life and business capital.

The feasibility of a warehouse built by the government during a field survey found several warehouses in disrepair and some are in good condition. Real conditions since the warehouse was built in the period of 2009 - 2011, only had time to operate until 2012 the rest until now the warehouses are not utilized again by farmers; even there are warehouses that switch function utilized by merchant only to dry grain without any receipt. Also found in some areas of the warehouse area made the center of souvenirs and food stalls even worse in front of the warehouse area made a garbage dump cause a bad smell of less. Average facilities owned by SRG warehouse is feasible although with limited capacity such as drying tool maximum capacity of 8 tons this is a separate constraint when rainy season amount of grain or maize into the warehouse is quite abundant while the dryer is limited energy, fuel source electricity and LPG.

The heaviest factor felt by farmers is the distance. SRG warehouse locations away from their business places lead to large hauling and hauling costs so that they are reluctant to store grain or corn in the warehouse and prefer to sell directly to the middlemen both in yield and with the system of slash. According to farmers the distance is one of the most important obstacles, this is reasoned because with a long distance farmers cannot store their goods in the warehouse because it will increase transportation costs and affect the total expenditure

In East Java there is an inappropriate location of warehouses such as in Situbondo district where warehouses are located in the middle of towns near residential areas and where they operate will cause air pollution and environmental pollution. Also found warehouses are far from the central areas of rice and corn as in Sampang

district, warehouse location is in the northern region (Sokobanah and Banyuates) beachside while grain and corn production centers are ± 80 km south. The location is far enough this caused farmers do not use SRG warehouse.

In the operation of the warehouse management service plays an important role determining the successful implementation of SRG implementation, because the manager directly connected with the warehouse users, and has a considerable responsibility to the goods stored, bear the risk of any damage to the goods. Prior to the issuance of the warehouse management receipt must control the quality of the goods to be stored therefore quality testing is required as a condition of storage of goods.

The process of entering the warehouse until the rising of the rishi is perceived by the farmer is very long and convoluted the farmers so take a shortcut that is considered practical by selling directly to the collecting traders who at any time come to the villages. These traders are considered to help farmers in marketing.

In addition to the above factors other reasons farmers do not use SRG are: (X4 = 661 and total average value of 165,25) support from the government, according to farmers support in the form of socialization and assistance, and ignorance about the SRG determines success in the implementation of SRG. Based on the survey in the field, the lack of government socialization to farmers resulted in the farmers not having enough information about SRG including the lack of assistance to farmers. So far, socialization has been impressed individually and not well coordinated among stakeholders. The Trade Service can not socialize itself should join hands with the Department of Agriculture in this case is the Field Agricultural Extension (PPL), the extension is the spearhead of agricultural development in an area while SRG is the domain of the Department of Trade and therefore should go hand in hand in order to succeed the implementation SRG and the government should have held a more aggressive socialization so that farmers are more aware and understand the SRG.

Another factor is (X3 = 649 and total average value of 162,25) cost, the cost component charged to the warehouse user in the framework of the warehouse receipt includes the cost of storage, administration, transport and loading and unloading, and depreciation. Factor cost is what makes farmers are also reluctant to store their goods in warehouse, because the cost is considered to burden the farmers. One district precisely the district of Tuban government imposed a policy that is the exemption of administrative costs, storage, depreciation, while the cost of transport and special costs of loading and unloading is still charged to farmers.

Factors (X1 = 582 and total average value of 145,5) commodity prices; The narrow ownership of farmland plus the low production yield, the fulfillment of the family's living and the subsequent costs of harvesting after the harvest cause the farmer to immediately sell the yield regardless of whether the price is expensive or low because the farmers need cash that can be used immediately for the fulfillment of everything the need for this is the reason for farmers not to implement SRG.

Conditions that are not aligned to farmers and often experienced is the price of agricultural commodities that always fluctuate causing price volatility. In accordance with the law of supply demand when goods (grain, rice, corn) are available on the market in abundance during the harvest while demand for goods remains in the sense of consumption of food needs and for the fixed industry then the price will decrease and vice versa if the quantity of goods available slightly while high demand for both consumption and industry, including uneven harvest between regions in East Java and low production will lead to price increases. This condition is often used by middlemen and speculators to buy as much as possible at farmers when the price is low and sell back when the price is high, if so farmers will forever never be able to enjoy the results of his business.

The last factor (X5 = 466 and total average value of 116,5) is the use of warehouse receipts, from survey farmers are not aware that warehouse receipts can be used for economic transactions such as receipts can be used as collateral in banks to obtain loans, sold and transferred to other parties, sold to the auction market, they are totally blind to it.

## CONCLUSION

1. Farmers using SRG: the main factor affecting farmers in SRG implementation is the lowest cost government support.
2. Farmers who do not take advantage of SRG. The main factor of farmers not implementing SRG is infrastructure because they do not have a storage warehouse in their house so they hasten to sell the result of warehouse receipt factor because they do not know the usefulness of GE as guarantee, sold or transferred, and sold in auction market.

In general, it is concluded that the implementation of policy of Agricultural Warehouse Receipt System in East Java as follows:

1. Not all farmers know SRG yet
2. The narrow land ownership of farmers

3. Warehouse Receipt System is actually good to apply but its application is complicated to be implemented by farmers.
4. Cloud farmers with banking system whose administration tends to be convoluted.
5. Farmers prefer to sell their crops directly because they get cash immediately
6. Warehouse location far from central area
7. High transportation costs
8. Many merchant traders come to the villages
9. Culture borrowed to middlemen or mills of rice / corn is considered a solution in the provision of capital without the need for guarantee / collateral.
10. Farmers never get information or socialization from related agencies is lack of information and facilitation
11. The slash system became the dominant marketing model in the countryside
12. Farmers do not have a means of drying while SRG managers determine the requirements of certain levels of grain, corn that will be stored warehouse
13. There is no market guarantee from the government after 3 months' storage is stored in the warehouse.
14. Farmers sell their own after the goods stored in storage.
15. The existence of saving costs that burden the farmers.

### **Suggestions**

In the framework of SRG development, the strategic partner in the implementation of Warehouse Receipt System between the government through related institutions with the farmers should be established a good cooperation, in an effort to improve the welfare of farmers. And to accelerate the implementation of SRG in various regions it is necessary to formulate a program or activity plan together and the establishment of new institutions in the form of units under the coordination of the Ministry of Trade. The activities undertaken by these institutions are integrated socialization of SRG, increasing commitment and participation of the regions and the private sector, building or developing warehouse management facilities, strengthening farmer institutions and handling post-harvest production, promoting access to finance, and monitoring and evaluation on a regular basis.

Based on the analysis of the above analysis and to support the achievement of policy implementation of Warehouse Receipt System in encouraging the national development rate, as well as the availability of food, some things that can be recommended for the government include:

1. A comprehensive, integrated and accelerated effort by all stakeholders, especially from relevant agencies.
2. Required government support in terms of socialization of SRG profits and uses in the marketing of farmer's results and income.
3. Required new institution such as small warehouse of container unit in central area or at a remote location so that can accommodate small farmers and distant business location distance.
4. Provision of transportation to assist in the transportation of goods.
5. The need for clarity of SRG management, since SRG has been built with central allocation fund, while those who provide land is the region, the uncertainty makes the local government halfhearted in managing the SRG
6. The need for sustainable infrastructure maintenance for future development.
7. There needs to be a review of regulations related to the requirements as a sufficiently burdensome manager.
8. An integrated market and price information system is required.
9. Required government intervention in accommodating and marketing the results

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