

## DETERMINANT OF EXCHANGE RATE AND INSTITUTIONAL RICE FARMER

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### Abstract

The main problem is often faced by the farmers, especially producers of rice farmers now is the low level of sales prices of rice especially during the peak harvest season, because of the environment and the weather is usually in conjunction with the rainy season. Another cause of low grain prices that is small scale rice farming, limited facilities and infrastructure of production and post harvest. Objectives: (1) assess the institutional role of farmers in exchange rates, (2) identify factors driving and inhibiting the dynamics of farmer institutions. Research location is Jember and Banyuwangi Region. The results showed, the exchange rate is influenced farmers' age, education, experience, area and status of land management. Institutional conditions that encourage farmers member-owned institution, means of production are met mainly fertilizer and factors inhibiting the limited institutional capital owned by farmers.

Key words: *institutions, exchange rates, farmers, rice*

### Introduction

Issue price of rice decreased drastically at harvest time (market GLUT), is still a classic dilemma of the agricultural sector (and Syafa'at Sudaryanto, 2002). Even sometimes grain prices fell and farmers under the base price of grain. The expected benefits of the basic price is the price that farmers are able to protect farmers from the abundance of rice production at harvest, rather than year-round price guarantee (Amang and Palm, 2001). In other words, evaluate the success of the operation rests on the ability of the base price of the base price year-round price guarantee is not quite right. One important factor is often mentioned in discussions on a variety of literature; seminars, workshops and others, why do farmers receive low prices for agricultural commodities, because it is the low bargaining power of farmers (bargaining power).

Associated with the bargaining power of farmers, Kompas (2007); Nainggolan and Rachmat (2003) stated that one of the main problem producers are facing farmers, especially rice farmers today is the low level of sales price of grain, especially during the peak harvest season for the environment and weather is usually in conjunction with the rainy season. Another cause of low grain prices include small-scale rice farming with an average of less than 0.3 hectares, limited facilities and infrastructure for

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