



Justification

In Thailand's economic development according to the National Economic and Social Development Plans 1-7, we can see that the country economic expansion is at a satisfactory level. But if we consider the economic expansion plan in detail, we see that the expansion occurred mainly in the industry sectors, the

construction sectors and the service sectors, while the agricultural sectors expanded at an anticipated lower rate. (table 1)



Table 1 The development of the National Economic and Social Development Plans 1-7

	Mean Plan 1				Mean Plan 5		Mean Plan 7
Economic expansion rate (Percent)	8.07	7.25	6.50	7.47	5.37	10.91	7.80
Agriculture Industry Construction Service	6.33 11.17 12.88 7.89	3.69 10.06 6.67 8.36	4.21 11.26 2.82 6.40	3.99 8.48 5.51 10.53	3.31 5.70 6.23 7.33	4.18 15.57 17.77 6.11	3.22 10.09 9.54 8.02

Source : Office of The National Economic and Social Development Commission,

Bank of Thailand

The economic expansion mentioned are regarded as positive effect in general. Nevertheless the



expansion also originated an imbalance in essential development which means there is an imbalance of incomes among various different household's levels throughout the

countryside and the city. When the National Economic and Social Development Plan 7 was completely conducted, the state government initially gave importance to decreasing the income gap between rural and citydweller by developing methods to improve the income of rural people. These methods include enhancing the development of the local agricultural industry.

As an example the state government suggested one method for increasing income of people in the rural area was to increase the number of products available from



their crop. This diversification world solve the problem of oversupply as well as reduce reliance on seasonal income. As a result the Department of Agricultural Extension developed a training program to give agricultural housewife's groups preserved food training. In this program, agricultural products are transformed for consumption at home and the surplus will be sold to add income to the rural family .



In 1997, Thailand encountered a lots of problems with the economic slowdown. 1997's economic growth rate of 6.7 % to paled in comparison

with the previous average 5 year growth rate of 8 % Moreover,

during 1997 - 1998 Thailand faced serious unemployment and income distribution problems. therefore the development of local cottage food



programs was seen as another method to solve or relieve these problems. Beside this, development of the local agricultural industry

is also congruent with an annual budget policy taken special measures to solve critical problem. These special measures addressed two local agricultural industry circumstances.

- 1) The method of increasing the capability of export in order to support the agricultural industry and transform agricultural product to get higher value, and have productive advantages. Support efficient increase and technical production of potential export industry, expand domestic market, promote export market expansion to be variety and implement exporting and develop the standards of product.
- 2) The method of decreasing the social impact from the economic crisis by using the agricultural industry or local industry as an implement to relieve unemployment and support producing jobs particularly in rural areas. (Annual budget Department, 1998)

Thus the study of the local agricultural industry in terms of organizational structure, production, financing, marketing, including the problems and obstacles of housewife's groups are regarded as necessary for local agricultural development. This will serve as a guideline to increase the capability of the local agricultural industry.



Purposes of the study

1. To know the current condition of local transformed food industry by emphasizing group enterprise (housewife's groups) in terms of production marketing, fund mobilization, form of organizing, business expansion potential of housewife's groups, and the problem and obstacles of local transformed food industry.



2. To make an improvement of production structure for marketing and organization management which are appropriate to each individual enterprise group (housewife's groups) by creating strength and competitive possibility.



1. Scope of research

The study of Improving of Cottage Food Industry is scoped to study the local transformed food industry which focuses on individual enterprise and individual product in order to know the conditions of production and marketing. Beside this, the study also attempt to find out the factual problems and obstacles of each individual enterprise and each individual product.

2. To make an improvement of production structure for marketing and organization management which are appropriate to each individual enterprise group (housewife's groups) by creating strength and competitive possibility.

Data used for studying



The study will focus on field data collections which came from investigation and interview from local food industry enterprise, Mahasarakham. The second data shall relate to the primary data in terms of production and marketing of local food industry such as technical production, production method, production standards, fund sources. All these data are collected from Department of Agricultural Extension, Province of Agricultural Extension office, District of Agricultural Extension office, Department of Agricultural and the Office of Healthy

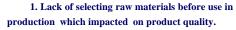
Sampling d

- 1. Local Transformed Food Products
- Select local transformed food products to study by consideration from the amount of produces, potential expansions of production and marketing by consideration with housing officials in order to choose possible enterprise for potential development to be beneficial toward enterprise
 - 2. Enterprise
- Select 2 enterprise sampling by purposive sampling focusing on probable housewife's groups in term of business



Problems

Production Problems















2. Production management, producers still lacked knowledge of production hygiene which impacted on asking for the *or yor mark* (the mark given by the Food and Medicine Control Commission as an approval of dispensation) according to the Food Act 1979. This act assigns that there must be building and place of production in conformity with what the Ministry of Public Health has determined by primary inspection of Good Manufacturing Practice (GMP).





- 3. Lack of instruments and equipment for production.
- Qualities of products produced were not consistent and did not meet the market need.





Management Problems

- Administrative and managerial structures were laid out by state officials, therefore the housewife's groups did not quite understand the structures mentioned. It resulted in management within the group.
- 2. The committee and group members did not trust one another, particularly in financial administration and management of the group.
- 3. The group lacked knowledge of production,marketing and accounting.

Marketing Problems



1. There were rather limited markets to buy products because the *or yor mark* had not been given and, based on the study of factors influencing consumers to buy mulberry tea leaves, they mainly thought of the *or yor mark* given.



- 2. The group did not have knowledge of advertisements and publication of the products to be known.
 - 3. The group did not have any marketing coordinator.





4. The products did not meet the standards of packed mulberry tea leaves. This made tea packs non-standardized and tea unable to dissolve well as it should.

Suggestion for Improvement

Production

The group's production has to be improved in several significant aspects. Buildings or plants and places of production have to be conformity with the regulations determined by the Ministry of Public Health in the aspect of primary inspection on Good Manufacturing Production (GMP) It consists of license section, buildings and places section, hygiene section, production section and quality control section. In addition, according to the Food Act 1979, the products produced by the group at the present have to be given with the or yor mark, definitely products in the form of tea pack. This is regarded as a drink filled in the bottle with firmly closed lid in the instantly-made form.

The group has to ask for approval of the or yor. chor phor dor. mark. Consequently, the group has to improve in the aspect of production in order to receive the or yor mark.

Management

Most organizations are managed according to state officials' advice while the group did not understand. Therefore, organization management is mostly operated in the form of administration without dividing duties to perform as persons have been assigned already. And as some problems occurred, the committee and members did not trust one another in financial administration and management due to lack of keeping clear accounts. So, it is appropriate to give knowledge of production, marketing, management and accounting possibly by relying on state agencies to help. However, in giving knowledge there should be follow-ups and they should enable the group to really perform all tasks.

Marketing

Products produced by the group at the present has to be given the *or yor mark*. according the law. But the group has not operated this matter. It is expected that the opportunity to extend markets of the group is rather limited. It is possible to extend to the lower markets. In case the group wants to extend market, it is necessary for the group to improve production first because consumers give importance to the *or yor mark*. And vessels for filling products have to be truly clean. Consumers also think of the taste, mostly involved with production. So, marketing will be able to extend When production has been improved first. And after improving products and receiving

the *or yor mark*, it is expected that markets will be extended. But the markets may be rather limited because taste is a factor resulting in consumers' selection of buying products.