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POLICY CHANGES

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## Chapter 1

### The Constitution and Land

The urgent necessity for a programmed development of land in the various States of Malaysia was evident over a long period. But it was since 1955 that the government committed itself to land development as a basic strategy for the upliftment of the economic status of the rural sector. The basis of any land development planning is to originate new policy measures in order to promote and facilitate changes in the existing conditions towards goals laid down in the programmes of development. The goals are economic, social and political and are established to enhance productivity, create employment opportunities, develop human resources and eradicate any imbalances within the various sectors of the country. The operations necessary to bring to fruition these goals require the requisition of suitable land, construction of physical infrastructure, harnessing of human resources and injection of vital inputs. The magnitude of the scale of operation is quite large and requires an efficient and effective administrative machinery. Any deficiency in this respect can lead to a complete breakdown of the development process as witnessed in some developing countries. Of course, the improvement in land administration by itself will not result in better land development for economic development is the creation of a large number of other factors besides the factor of land. A properly administered land distribution system certainly, will ease out some of the

limitations imposed on economic development in the country. Associated with this aspect is land tenure. Land tenure is considered to be the right to the possession, access and use of land resources, and consequently "land tenure is a political concept, and any change in land tenure raises substantial political issues".<sup>1</sup>

It has been aptly stated that "planning is as good as the government which initiates and undertakes it". Hence, there is the necessity to examine the political and administrative background in the formulation of a strategy for economic development. Such an examination is also necessary for the reason that some of the land development projects of the country initiated by the government were not solely motivated by economic goals, but were designed to meet other needs and ends. There is no doubt that the initial objectives which stimulated certain aspects of land development policy had far reaching impacts, and often unforeseen consequences on the overall outcome of land development in the country. In Malaysia two basic objectives influenced the government to institute necessary action for the formulation of a policy for development of land. One of the objectives was to discover ways and means to satisfy the pressing demand for land in the country and the other was to solve the tremendous backlog of land applications which had not been processed during the unsettled conditions of the Second World War, the Japanese Occupation and the Emergency. The two objectives were not readily reconciliable, and to give priority to one would mean obstructing the attainment of the other. But to give both the same weightage would mean

exceeding the limitations of both the administrative and financial resources. In addition, there was also a very significant need for the improvement of land administration in the country. This chapter therefore, will examine the evolution of land development policies in Peninsular Malaysia since the Second World War.

#### Land Administration

Under the constitution, land is a State matter, and the State list includes such matters as land tenure, relation of landlord and tenant, registration of titles and deeds, colonization, land improvement and soil conservation etc. Hence, all aspects of land administration is within the purview of the State government. On this basis the State owns all land rights. Consequently, the State grants the rights to persons ranging from temporary occupation license (TOL) to a title with full rights in perpetuity. The issue of use licenses, permits, land rights and their registration therefore, is carried out by the administration of the State and district offices. The system adopted in performing duties connected with land may vary from State to State, but the normal pattern is to have a controlling officer (a political appointee or the Sultan), an executive officer (State Secretary) who is a civil servant and the department corresponding with the various Federal Ministries. The State Commissioner of Lands may be responsible to the State Authority for the due administration of land matters within the State and have powers conferred upon the Registrar of Titles and Collector of rents and premiums. Each State is divided into

districts with district land officers. The district officer is responsible for the accuracy, recording and implementation of land matters such as land transfer, land acquisition, mortgages, foreclosure, rent collection, transfer etc. He is also authorized to grant titles to an unappropriated rural land less than 10 acres in extent. On the other hand, urban and industrial lots and rural land grants more than 10 acres in extent are forwarded with the officer's recommendation to the State Commissioner of Lands who may grant title, fix rent and record them. Lots with areal extent of more than 50 acres must be approved by the State Council.

The Federal Government, on the other hand, has no direct say in the day-to-day administration of land offices. However, provisions are made whereby "Parliament may, for the purpose only of ensuring uniformity of land and policy, make laws with respect to land tenure, the relation of landlord and tenant, registration of titles and deeds relating to land, transfer of land, mortgages, leases and changes in respect of land, easements and other rights and interests in land, compulsory acquisition of land, rating and valuation of land".<sup>2</sup> Important examples of such laws passed by Parliament, pertinent to the present study are the Land Development Ordinance, 1956, the Land Acquisition Act, 1960, Land Group Settlement Areas Act, 1960 as amended in 1965 and the National Land Code, 1965.

The Federal Constitution also provides for the establishment of a National Land Council which consists of representatives from both the Federal and State Governments with

a complement of 22 members, one for each State and 11 from the Federal Government. It is the duty and function of the Council to formulate, from time to time, in consultation with the Federal and State Governments and the National Finance Council, a national policy for the promotion and control of the utilization of land throughout the country for mining, agriculture, forestry etc., and for the administration of any laws relating to the subject. Both the State and Federal Governments are obliged to follow the policy so formulated.<sup>3</sup> In addition, all governments may seek the advice of the National Land Council in respect of any other matters relating to the utilization of land.<sup>4</sup>

The Federal Constitution also provides that if "after a recommendation from an expert committee and after consultation with the National Finance Council, the National Land Council and the Government of the State concerned, the Yang Di-Pertuan Agong is satisfied that it is conducive to the national interest that a development plan be put into operation in any area or areas in one or more of the States, the Agong may, after publishing the Plan, proclaim the area or areas in one or more of the States as a development area; and thereupon Parliament shall have power to give effect to the development plan or any part thereof, notwithstanding that any of the matters to which the Plan relates are matters with respect to which, apart from this Article, only States would have power to make laws".<sup>5</sup> In this connection 'development plan' means a plan for development, improvement or conservation of the natural resources of a development area, the

exploitation of such resources, or the increase of means of employment in that area. The constitution also provides for some important functions which the Federal Government can effectively utilize and effect land uses. One such provision is the acquisition of land for Federal purposes whereby "if the Federal Government is satisfied that land in a State, not being alienated land, is needed for federal purposes, that Government may, after consultation with the State Government, require the State Government, and it shall then be the duty of that Government, to cause to be made to the Federation, or to such public authority as the Federal Government may direct, such grant of the land as the Federal Government may direct".<sup>6</sup> It is relevant to note that this provision is seldom used. To a great extent the Government's apathy in this respect can be explained by the fact that all State Governments have accepted the National Land Code as the main Act governing land and land matters. Such acceptance can be unhealthy for extensive land development as envisaged by the Federal Government for an examination of the land alienation and suitability maps of the country indicates the existence of large tracts of suitable land straddling two or three State boundaries. In the case of Pahang Tenggara Project, for example, it would have been most convenient from an administrative point of view, if the project had been extended to include some of the areas which are equally suitable for development in the adjacent eastern parts of Negri Sembilan and in northern Johore. The non-extension of the project into these areas which are suitable shows the reluctance



of the Federal Government to exercise its constitutional power. Then again in 1970, the Organizational Committee established the Muda Authority with powers over land matters, but the Authority has remained very cautious in exercising this power until Parliament can affirm its existence.<sup>7</sup>

The National Land Code replaced at least seven separate systems of land laws practised in the various States of the Federation. The Act which came into operation on 18th May 1966 (Act of Parliament No. 56 of 1965) was introduced to bring about a uniform land system within the States of Johore, Kedah, Kelantan, Malacca, Negri Sembilan, Pahang, Penang, Perak, Perlis, Selangor, and Trengganu, while separate laws are in operation in the other Malaysian States. It is relevant to note that in the past only Selangor, Perak, Negri Sembilan and Pahang - members of the former Federated Malay States - had uniform land laws, but the other States had their own land laws. The Federated Malay States were bound by the Land Code of 1926 which consolidated the leasehold system and finally established it as the only system of land tenure for these States. In 1965 it was repealed by the Land Code, 1965. The National Land Code, 1965, Section 40 declares that there is and shall be vested solely in the State Authority the entire property in -

- (a) all State land within the territory of the State
- (b) all mineral and rock material within or upon  
any land in the State the rights to which have  
not been specifically disposed by the State Authority.

The 'State Authority' in the Act means, in the Malay States, the Ruler of the State and 'State land' means all land in the State other than (a) alienated land (b) reserved land and (c) any land under the provision of any law relating of forests (whether passed before or after the commencement of the Act) is for the time being reserved forest. This clearly indicates that in reality all lands in the State which have not been alienated to private persons belong to the State.

Even in the National Land Code, therefore, the executive powers of the Central Government and its officers are limited, and indeed these are so few and restrictive that the Federal Government sometimes finds it difficult to interfere in the land administration of the State even if it is in the national interest to do so. As land is undoubtedly one of the most important subjects left under State jurisdiction, it is but natural for the State Governments to be jealous of their constitutional rights in this matter. It is also for this reason that the powers of the Federal Government and its officers have been clearly laid down in the National Land Code. Under the Code, the Federal Land Commissioner has no statutory powers in the State land administration, and he acts only in the role of coordinator and consultant. He may consult and correspond with any State Commissioner for the expressed purposes of consultation concerning the administration of the Code; with the approval of the State Commissioner, enter within and inspect the records of any Land Registry or Office in any State and finally, with the concurrence

of the State Commissioner issue such circulars relating to the administration of the Code.<sup>8</sup> As land is vested in the State Authority the powers of alienation of State land is exercised by the State Executive Councils, comprising of practising politicians, on the advice and recommendation of the State Commissioner of Lands and Mines. There are occasions where such advice had been totally ignored for political consideration.

Two provisions in the constitution however, give the Federal Government a fairly wide power and authority over land management. One is the responsibility given for carrying out official surveys for all land titles. According to Article 93 (1) and (2) the Federal Government may "conduct such inquiry (whether by Commission or otherwise), authorise such surveys and collect and publish such statistics as it thinks fit ..... and it shall be the duty of the Government of a State, and of all officers and authorities thereof, to assist the Federal Government in the execution of its powers under this Article."<sup>9</sup> The registration of a title must await the completion of the survey and in turn an individual's right to land depends on the registration. The other provision is Federal grants. The Constitution provides for the making of grants to the States, the annual loan requirements of the State etc. These grants therefore, bestow on the Federal Government some authority over land administration.

### Land Alienation

In Peninsular Malaysia, all unalienated land in each State is vested in the Ruler-in-Council, and the alienation and issue of titles to such lands are vested likewise. Map 1 indicates the distribution of different types of land alienation in Peninsular Malaysia and Appendix A shows the areal extent of each category as at mid-1969. The interpolation of the Land Capability Map, the Land Classification Map and the Land Alienation Map is an important exercise in order to obtain the availability of land for development and the correct utilization of the available land. It is observed that 9,600,000 acres or 30 per cent of the total acreage of Peninsular Malaysia (32,500,000) have been alienated for agriculture. Of this approximately 70 per cent are in small holdings and about 30 per cent in estates. The remaining acreage is in jungle.

In the past, alienation of State land was regulated by the various State Land Laws and procedures prescribed under their respective land rules. Such a system might have been suitable when it was first introduced in the late 19th century when the population was markedly lower. Demand for land, however, has been out-stripping the capacity of most land offices in the country. At the time of independence (August 1957) there were 200,000 land applications awaiting necessary action. It was reported by the Commissioner of Lands and Mines that by the end of 1962, the number of outstanding applications in all land offices excluding Kelantan and Trengganu totalled 135,555. In May 1967 the State of Johore

made a survey of pending cases in the State and Table 1.1 shows the backlog of land applications.

TABLE 1.1 BACKLOG OF LAND APPLICATIONS, STATE OF JOHORE, MAY 1967

	<u>Number of Cases</u>	<u>Acres</u>
Land application below ten acres	5,189	21,949
Land application ten acres and above	329	89,337
Application for land in new villages	2,181	
Application for pocket land	448	1,254
Illegal occupation of State land	6,305	23,951
Application for title of land	1,292	11,118
Application for change of condition	586	
Approved application with unpaid rent	2,510	

Source: Survey of Land Administration in Johore, Commissioner of Lands and Mines, Johore, 1969.

It is also reported that Johore was able to reduce this backlog by June 1969. However, it is observed that the majority of the States still have a very large number of outstanding applications. Although it has been often assured by the authorities concerned that the process of land alienation and distribution through government aided land development projects would ease the situation it must be noted that by the end of 1970, the number of families that had been placed in FELDA and fringe schemes

were 22,000 and 25,000 respectively. With the closure of the application books, the actual demand for land resulting from the natural growth of population must have increased considerably.

The slow progress of land alienation and the resulting confusion, which was already evident at the time of self-government in 1955, activated the Government to set up a Committee to look into the process of land alienation in the country and make necessary recommendations for improvements. The Report submitted in 1957, emphatically observed that "the method of land alienation in Malaya since the war has commonly been such as to cause the most work, the most trouble and confusion, take the most time, cost the most money, create bothersome bottle-necks and produces the poorest economic results for the individual concerned and for the community".<sup>10</sup> One of the fundamental causes for this situation was the initiation of alienation by an individual and not by an organization or agency which could be expected to be in a better position to have an overall view of the selected area. Invariably, almost all the applications were made for personal gains to the individual without the least regard to public interest. The applicant requested for the land he wanted, with boundaries he wished, for the area that he liked irrespective of whether it is economically viable or not, for his own purpose without giving any consideration to the interest of anyone else.<sup>11</sup> Under these conditions of alienation, the applicant who had the most money and knowledge about land would be in a more favourable position to obtain land rather than those who are really in need of such.

On this consideration it can be conjectured that the demand for land was probably much greater than the number indicated by reported figures.

The Commission's condemnation of the method of land alienation in the country as cumbersome and unwieldy is justifiable. The problems arising out of ad hoc alienation had also been recognized earlier, and instructions issued to stop such a procedure had more or less been ignored. For example, although instructions to land officers had specified that land to smallholders should not be given out in isolated lots but one tract should be given and developed at any one time, these were not strictly adhered to by either the land officers or the State Authorities. As a result, applications for State land were received for scattered areas of various sizes and shapes. By entertaining such applications, without prior planning of the alienation of such areas to smallholders, the land offices were inundated with thousands of individual cases which they were unable to process. In certain land offices it was discovered that applications had not even been registered in the Register of Applications but had been left to rot in some corner of the premises.<sup>12</sup>

The system under which land alienation was initiated by the applicants and not by the administration left much to be desired. In view of the shortcomings mentioned earlier, the Commission was of the opinion that in a modern State the initiation of land alienation should rest with the State and

that haphazard settlement should be avoided. Accordingly, it recommended that areas of land suitable for alienation should be located and an initial rough appraisal of the land for its economic viability should be made prior to dividing in into suitable units. Appraising the land ahead of the receipt of application would definitely enable a proper plan to be devised with reference to all natural features, and provision could also be made for all public requirements and facilities such as road reservations, village sites, school sites etc.<sup>13</sup> Such an approach clearly indicates a system of planned settlement. The Commission was also of the opinion that although planned settlement should be the mode of pattern for the future, the existing method of haphazard settlement could not be entirely abandoned. It was observed that many settlers would need additional areas to build up their holdings to economically viable units in order to obtain a fair living standard. It was also agreed that areas of land close to existing settlements could also be retained for this purpose wherever possible. Furthermore, the interests of all classes of land-seekers would also have to be considered and accordingly, the administration should aim at preserving a reasonable degree of contentment among intending and potential applicants for land.<sup>14</sup> It must be mentioned that this was probably the first time that planned land settlement had been suggested as a means of overcoming the problems created by poor land alienation and administration in Peninsular Malaysia.



Under the National Land Code, the alienation of State land therefore, is carried out by the State Authority, and is disposed in perpetuity or for a term not exceeding ninety-nine years. Land alienated for purposes other than agriculture includes, mining land, town land, urban and industrial land, aborigine reserves and Malay reserves including grazing reserves, forest and game reserves. The National Land Code has definite provisions as to the terms and conditions under which the State grants land. The extent of the leasehold ownership as given in the Code provides that any person or body to whom land has been alienated ..... shall be entitled to the exclusive use of so much of the column of air-space above the surface of the land and so much below the surface.<sup>15</sup> Rent is another important condition under which land is granted and accordingly the alienation of state land will be in consideration of the payment of an annual rent.<sup>16</sup> As the rent payable in respect of any alienated land is a debt due to the State Authority, non-payment of rent may mean the forfeiture of the land. Conditions pertaining to the use of alienated land is another important provision in the Code. In this connection the Code recognized three categories of land use viz agriculture, building and industry. Agriculture is defined as "the cultivation of any crop (including tree cultivation for the purpose of their produce), market-gardening and the breeding and keeping of livestock and fish".<sup>16</sup> When land is alienated under the category 'agriculture' it must be used for this purpose only and the bona fide commencement of cultivation of land shall

be made within twelve months of the relevant date and the whole area of land must be brought under cultivation within three years.<sup>17</sup> Three other significant conditions stipulated under this category of land use are forest, the area under cultivation must be maintained and cultivated according to the rules of good husbandry. Second, it must be under continuous cultivation and third, no building may be erected on the land other than for certain specific purposes. The specific purposes mentioned are for the occupation of the lawful owner, his servants or employees or for the purpose of carrying out the agricultural activities. All these conditions and stipulations suggest a control over land use in general and a greater controlling power for the State in the planning of land use, for upon any breach arising of any condition to which any alienated land is for the time being subject, the land shall become liable to forfeiture to the State Authority.<sup>18</sup>

The Land (Group Settlement Areas) Act, 1966

Amended by

Land (Group Settlement Areas) (Amendment) Act No. 51/65

This is a highly significant Act which affected the existing land holding and alienation policy relationships between the Federal Government and the State Governments, and made it possible for the Federal Government to undertake large-scale development schemes. The main purpose of the Act was to establish group settlement areas which also required an uniformity of law and policy with respect not only to the establishment of group

settlement areas but also to the conditions of alienation and occupation of such lands. Under this Act the State Authority (Ruler or Governor of the State) may permit the Development Authority to develop any State land as a group settlement area for which purpose the State Authority may make an agreement with the Development Authority relating to -

- (a) the location and area of site;
- (b) the division of such land into rural and urban settlement areas;
- (c) the appropriate crop or crops to be grown;
- (d) the size of holdings and the number, nature and size of parcels thereof;
- (e) the rate at which premium, rent and other charges are to be collected;
- (f) the terms and conditions upon which the Development Authority may own or occupy housing sites within any urban settlement area.

Under the declaration by the State Authority the area in question to be developed as a Group settlement area, the land is vested in the Federal Authority. The Authority then can proceed with the development of the area maintaining all ownership records and title until such time as the settler has paid his loan and other obligations in full. When the payment of loan is carried out in full the developed land is re-vested in the State and a title to a specific lot is re-issued to the settler.

Three other important aspects which have a direct bearing on the present study are: the definition of 'rural' and 'urban', the occupation of rural holdings and the prevention of subdivision and fragmentation. A rural holding may be of such as the Minister may approve and shall comprise one or more parcels of land within a rural settlement area for occupation by one individual holder, and all rural holdings shall, as far as possible, be of equal area.<sup>19</sup> An urban holding, on the other hand, may comprise one or more parcels of land in an urban settlement area for occupation by a person or persons or corporation for one or more purposes as may be specified by the Commissioner (Offices appointed by the State Authority) with the approval of the State Authority.<sup>20</sup>

Definite qualifications are stipulated in the Act for the occupation of a rural holding. Accordingly, no person, other than a citizen is eligible for the occupation of a holding so long as such a holding continues to be State land. The amount of land already owned by the settler or his wife is also taken into consideration. This requirement shows that no person who is an owner or a co-owner of any land other than

- (a) country land not exceeding two acres in area or
- (b) a single plot of town land used solely for his own residential purposes, or
- (c) both such country and town land

is eligible to occupy a rural holding so long as such holding continues to be a State Land. However, if the group settlement

area is for the purpose of supplementing the existing uneconomic small holding, the Minister may direct that the maximum of two acres specified be increased to not more than six acres. In this connection any land held separately by husband and wife is aggregated. The occupation and subsequent utilization of the land including the types of crops to be planted is subject to the control of the Manager (appointed by the Development Authority) after consultation with the State Authority).

Specific preventive measures are embodied in the Act against sub-division of holding. A rural holding is alienated only to one individual person and no joint ownership is permitted. Moreover no land comprised in a rural holding be subdivided at any time and no rural holding can either be held by way of undivided shares or leased or sublet in whole or in parts.<sup>21</sup> On the death of a settler the land is transmitted only to a single owner and if defaulted the holding shall be disposed and proceeds of sale of holding will be dealt with according to law.

National Land Rehabilitation and Consolidation Authority Act, 1966

This is an Act to incorporate the National Land Rehabilitation and Consolidation Authority (FELCRA) to be charged with the responsibility for the rehabilitation and development of any areas within the States of Malaya. The Authority's activities and functions are governed by the Land (Group Settlement Areas (Amendment) Act, 1965 discussed earlier, and needs no elaboration here. FELCRA's activities are examined at length in Chapter 3.

# APPENDIX A

## Estimated Areas of Alienated and Gazetted Land Categories in Acres for Peninsular Malaysia (Mid-1969 Land Capability Classification Programme Statistics)

State	Stateland		Alienated for Agriculture		Alienated for Mining		Malay Reserves		Grazing Reserves	
	Acres	Percent of Total State Land	Acres	Percent of Total Agriculture	Acres	Percent of Total Mining	Acres	Percent of Total Malay Reserves	Acres	Percent of Total Grazing Reserves
Perlis	6,624	.1%	126,684	1.3%	1,242	.3%	12,420	.3%	414	.7%
Kedah	28,773	.4%	1,084,473	11.3%	6,210	1.6%	315,675	7.3%	12,834	21.9%
Perak	325,197	4.0%	1,483,155	15.4%	198,306	51.1%	1,291,887	29.8%	8,694	14.8%
Penang and Prov. Wellesley	15,111	.2%	205,551	2.1%	-	-	-	-	-	-
Kelantan	283,176	3.5%	796,743	8.3%	1,656	.4%	1,773,162	41.0%	11,385	19.4%
Selangor	240,327	3.0%	980,973	10.2%	72,657	18.7%	109,917	2.5%	1,035	1.8%
Malacca	14,283	.2%	345,483	3.6%	1,035	.3%	-	-	-	-
Negri Sembilan	132,273	1.6%	696,555	7.2%	6,417	1.7%	97,497	2.3%	7,038	12.0%
Pahang	4,337,478	54.0%	1,198,530	12.5%	47,610	12.3%	539,235	12.5%	7,245	12.4%
Johore	844,767	10.5%	2,159,424	22.4%	40,986	10.6%	185,265	4.3%	9,522	16.3%
Trengganu	1,805,454	22.5%	544,410	5.7%	11,592	3.0%	3,105	.1%	414	.7%
Peninsular Malaysian Total	8,033,463	100.0%	9,621,981	100.0%	387,711	100.0%	4,328,163	100.0%	58,581	100.0%
	24.75%		29.65%		1.19%		13.33%		0.18%	

Source: Preliminary data, Economic Planning Unit, Kuala Lumpur, Malaysia.

APPENDIX A (cont.)

Aborigine Reserve		Forest Reserves		Game Reserves		Alienated/Reserved for other purposes		Total	
Acres	Percent of Total Aborigine Reserves	Acres	Percent of Total Forest Reserves	Acres	Percent of Total Game Reserves	Acres	Percent of Total Other Purposes	Acres	Percent of Grand Total
-	-	51,336	.6%	-	-	2,898	1.1%	201,618	.6%
-	-	861,948	10.5%	-	-	29,601	11.3%	2,339,514	7.2%
14,490	21.5%	1,778,130	21.7%	15,939	1.1%	37,881	14.4%	5,153,679	15.9%
-	-	13,248	.2%	-	-	19,251	7.3%	253,161	.8%
-	-	578,151	7.1%	261,234	17.4%	14,283	5.4%	3,719,790	11.5%
6,210	9.2%	508,806	6.2%	18,216	1.2%	42,435	16.1%	1,980,576	6.1%
1,035	1.5%	33,120	.4%	-	-	13,248	5.0%	408,204	1.3%
15,318	22.7%	664,263	8.1%	-	-	22,770	8.7%	1,642,131	5.1%
18,630	27.6%	1,878,111	22.9%	828,621	55.2%	14,283	5.4%	8,869,743	27.3%
9,522	14.1%	1,219,023	14.9%	167,463	11.2%	57,132	21.7%	4,693,104	14.5%
2,277	3.4%	609,822	7.4%	210,105	14.0%	9,108	3.5%	3,196,287	9.8%
67,482	100.0%	8,195,958	100.0%	1,501,578	100.0%	262,890	100.0%	32,457,807	100.0%
0.21%		25.25%		4.63%		0.81%		100%	

## Chapter 2

### Land Development Policies and Procedure

Land is one of the readily available resources of Malaysia and is followed by manpower. In most South and Southeast Asian countries there exists a close relationship between man and land which can be utilized to achieve the government's economic and social objectives. Land development is not bound by formidable constraints as is the case with industrial development. But it is important to establish basic policies that will provide the necessary incentives to both the settlers and the administrators. Land development to be successful require a strong and effective central body with ample flexibility to cope with any situation that may arise, and with sufficient scope for independent decision making. Tun Dr. Ismail bin Datuk Abdul Rahman, initiated a proposal, in March 1955, for the creation of an independent Authority under Federal auspices to undertake land development schemes and relieve to some extent the State Governments of their responsibilities for this aspect of land. In May 1955, the proposal was discussed with the Mentri Besars and Resident Commissioners and it received the approval of the majority of the State and settlement Governments. Prior to the final decision, the Federal Government thought it was expedient to obtain an examination of the proposal by a Working Party.



The Working Party

The Government set up a Working Party, in August 1955, with the following terms of reference.

- (a) To assess the need in the various States and Settlements for assistance from the Federal Government in the development of new areas for land settlement, and in the light of this assessment
- (b) To make recommendations with special reference to financial and administrative aspects, on the most suitable organization for providing such assistance.

In its findings the Working Party was emphatic of the need for planned development in the country and concluded that the traditional methods of development and expansion of agricultural land as in the past by large estates and by Malay and Chinese smallholders, would not probably take place on the scale that prevailed in the early years of the 20th century. The less rapid expansion of the large estates during this period can be explained by the reluctance of the owners, mainly Europeans, to increase their investments because of the doubts over the future economic policies of the country. This reluctance is to be expected for nationalizing of foreign-owned assets was a common feature in many of the newly emergent countries, and this was the underlying concern of the foreign investors in the country. To this could probably be added the lack of confidence in an indigenous

government. According to the Working Party the development by smallholders had also lost impetus due to the fact that many of the Chinese smallholders were forced to live under circumscribed conditions of New Villages during the emergency whilst in the areas settled mainly by Malays, population growth had reduced the area available for further expansion and development. Under these circumstances therefore, the Working Party emphasized the vital necessity for "the land resources to be carefully assessed and husbanded". Furthermore, the Working Party was of the opinion that "large areas for new development should be alienated only after being planned". The International Bank for Reconstruction and Development (IBRD) too, was already aware of the need for planned agricultural development and expansion in the country. In view of this need the IBRD recommended that a land use survey should be set up so as to overcome what it considered as one of the serious handicaps in the planning of Land development in Peninsular Malaysia, namely, the inadequacy of data on agricultural patterns and agricultural potentialities.<sup>1</sup>

Some of the suggestions and recommendations of the Working Party are noteworthy in that their proper implementation would certainly rectify, to a degree, some of the shortcomings of the traditional agricultural sector. The comprehension and emphasis of the fact that there is a vital need for planned and co-ordinated development of land to ensure that economic development went hand in hand with social development is laudable. Associated with this is the opinion that if steps are to be taken to open up

new areas, then it is essential that provision of roads, schools, health services etc. should be an integral part of any plan from the beginning. The Working Party also considered that economic development must be adequately co-ordinated and controlled to a greater degree to ensure that the size of holdings is adequate, that steps are taken to prevent fragmentation, that a settler should have, in addition to a cash crop, one or more subsidiary crops, and that a reasonable standard of agriculture and animal husbandry is maintained. The control of the size of holding, the prevention of fragmentation and the introduction of cash crops are significant considerations for the country in order to develop the economy of the rural segment. That the size of holding controls the earning capacity of the settlers needs no elaboration. But some may consider that the smaller the holding the more intensively or frequently will it be cropped, and consequently, a higher output with a smaller holding. It must however, be emphasized that under the existing conditions of smallholdings, intensification reduces the output per man-hour. This is especially so where land is intensified under pressure of increased population where agricultural labour increases at a higher rate than agricultural output. Fragmentation, on the other hand, has been one of the greatest constraints in South and Southeast Asian countries. Besides other factors the increasing population growth aided by the laws of inheritance has perpetuated subdivision and fragmentation of holdings to sizes which are presently uneconomic and less amenable to the introduction of

improvements and modern technology. Whatever steps taken towards the prevention of fragmentation is a rational one to safe-guard the future economic viability of the settler holdings.

The need for Federal assistance was also assessed by the Working Party from the results of a questionnaire circulated in the various States and Settlements. It was evident that in the east coast States of Pahang, Kelantan, Trengganu, and also in Kedah and Johore, there was sufficient land available for development. In the other States the availability however, was not so favourable, as the Working Party considered availability of land in terms of blocks of 2,000 acres. Large areas of such acreage were available in Pahang, especially in Temerloh and Bentong districts. In Kelantan such availability was greatest in Tanah Merah district. In Kedah land of poor quality was available, especially in the foothill areas amounting to over 100,000 acres. In Trengganu and Johore sufficient land was available for further development. Although land was available for development the demand was high. In Pahang, Kelantan and Trengganu there was an urgent need for land among those living in the more densely populated areas. The demand for land can be appreciated from the fact that in Pahang alone there were applications for 30,000 acres pending in the land office. In Trengganu there were 13,246 applications awaiting necessary action, and in Kedah and Perlis there were 15,000 and 9,000 applications respectively for land. It is therefore, evident that with the exception of Selangor, Malacca and Johore, there was the urgent need for land in the

other States. Furthermore, the administration in almost all the States did not either have the necessary complement of staff to deal with the large number of applications or the finance to carry out the work. In view of the staff and finance inadequacies, the Working Party was of the opinion that most of the States would require Federal assistance if they were to open up new areas speedily.

With the recognition of the country's need for planned land development, the Working Party recommended a suitable organization to implement such a programme satisfactorily. In connection with Federal assistance, the Working Party was of the opinion that a Federal Authority with powers of financing and carrying out individual schemes would be too remote from the State and the people who are to be assisted. This conclusion was based on the fact that under the Federation of Malaya Agreement, the development of land within a State is a State matter and "it would seem desirable that a land development scheme in any area should be conceived, put into effect and carried to fruition by a local agency with the fullest knowledge and co-operation of the local population".<sup>2</sup> In its recommendation therefore, the Working Party considered that the organization for providing Federal assistance for land development schemes should be decentralized i.e. Local Development Authorities, set up by the Ruler-in-Council, for each scheme, would be responsible for the planning and execution of the projects. The Federal Land Development Authority, on the other hand, would be responsible for the contribution of

funds and resources to such schemes as may be approved on mutually agreed terms. These Boards or Local Authorities could therefore, seek financial assistances from the Federal Land Development Authority.

It is evident that the powers and functions of the Local Development Authorities were very much broader than the above provisions would seem to suggest. It was intended that the Local Authorities should endeavour to develop and organize farming communities within each development area to the stage when they would become economically and socially viable entities. 'Rural communities' within the context of the Report included not only the peasantry with few acres each, but also the educated Malays in order to evolve a class of farmers fully competent to develop medium-size holdings up to 100 acres capable of generating further employment. This class of settlers would form a middle-class farming community bridging the gap between the large estate development and the peasant smallholdings, and was expected to enrich the country both economically and socially. With this objective in mind, the Working Party strongly suggested that the Local Development Authorities should not limit their Land development functions to assisting smallholders but to extend such aid and assistance to persons interested in opening medium-size holdings up to 100 acres. It can therefore, be observed that the special functions of the Local Land Development Authority are not confined solely to the upliftment of the economic status of the landless and the poor peasantry, but also to aid the relatively

well-to-do. By this process it was envisaged to enhance the national wealth and strengthen further the position and role of the middle-class which was a relatively small stratum in Malaysian society.

Another important aspect discussed by the Working Party was whether the Local Development Authority should concern itself with land that had already been alienated but was being inefficiently utilized or developed, especially in those areas which had been long settled and would benefit through redevelopment. This implied, in a way, the introduction of some form of "land reform" measures, although this was considered as secondary to the opening up of new State Land. Another question discussed by the Working Party was whether the Local Authority could interest itself in the consolidation of holdings. This draws attention to the fact that the problem of uneconomic holdings due to excessive subdivision or fragmentation was recognized. But because of possible repercussions on the existing popular feeling, the Working Party considered this aspect should be avoided by the Local Authorities, and should confine itself to simple projects in order to reduce the problems that may arise and also to minimize the number of unknown factors. It is rather unfortunate that the Working Party considered the problem of uneconomic holdings and the rectification of fragmentation as matters not concerning development but rather as problems of administration, and as such the Local Authority should not concern itself with such schemes. The mere recognition of the fact of subdivision

and fragmentation indicates the awareness where the farmers were concerned, the incessant subdivision of the family holdings made the individual farms usually much too small to permit the acquisition of sufficient wealth to invest in improvements to enhance its productivity. Table 2.1 indicates the degree of fragmentation at that time. It is evident that at least 55 per cent of all farms consists of two or more parcels. Under these circumstances such an attitude of the Working Party appears to be the avoidance of one of the major problems plaguing the rural sector.

TABLE 2.1 NUMBER OF PARCELS COMPRISING FARMS BY TENURE STATUS (1960)\*

Tenure	Number of Parcels						10 & over
	1	2	3	4	5	5-9	
Owner	263,456	132,340	67,122	34,202	15,286	13,448	1,058
Temporary Occupation Licence	18,580	15,836	2,176	492	44	32	0
Tenant	44,922	33,790	7,492	2,516	666	506	22
Other Single Tenure	26,274	19,938	4,582	1,220	344	188	2
Owner/Tenant	36,836	2,858	14,278	9,274	5,030	4,884	512
Other Mixed Tenure	59,512	3,484	24,410	16,272	7,758	7,192	396
Total	449,650	208,246	120,060	63,976	29,128	26,250	1,990

\* Source: Agricultural Census, 1960



It is a fact that future fragmentation and creating of uneconomic holdings can be solved administratively, but the problem of solving the existing situation can be one of active development. The avoidance of this problem is understandable but the attitude can be considered negative, especially in view of the urgency of the problem. Emphasis must be made that the number of people with uneconomic holdings was far greater than the number who can be resettled in new holdings in about two decades (vide Table 2.2).

TABLE 2.2 BREAKDOWN OF FARMS BY SIZE (1960)\*

Size	Number	Percentage	Area (acres)	Percentage
Less than 1 acre	45,892	10.2	31,277	1.4
1 - $1\frac{3}{4}$	79,666	17.7	115,085	5.1
2 - $2\frac{3}{4}$	78,014	17.3	193,569	8.6
3 - $3\frac{3}{4}$	57,426	12.9	200,514	9.0
4 - $4\frac{3}{4}$	41,726	9.3	189,935	8.5
5 - $7\frac{3}{4}$	72,074	16.0	446,247	19.9
$7\frac{1}{2}$ - $9\frac{3}{4}$	28,678	6.4	256,155	11.4
Below 10 acres	403,446	89.4	1,432,782	63.9

\* Source: Agricultural Census, 1960

The Working Party, in fact, had missed the ideal opportunity to lay the foundation for the stabilization or elimination of an important land problem where politics and economics became involved with each other on the issue. This can be substantiated

from Asia and Latin America where rapid increase of rural population causing continuous subdivision of holdings has given rise to politically explosive situations.

The recommendations of the Working Party can be considered as cautious. For example, it was felt that a land development scheme would not be successful if a settler came to a new area still thinking of his distant kampung as his home. This idea was based on the assumption that a settler could never secure permanent acceptance in a community of a different social structure and customs. Based on this apprehension, the Working Party advised the Local Development Authorities either to undertake the expansion of existing kampung areas by peripheral development thereby obtaining new settlers from the overflow of the existing kampungs or by the movement of complete community units into new areas. It was also envisaged that once a whole community has been successfully established in a new area, there would be pressure by others to join it, and that the Local Authorities should therefore, wait for this growth to arise naturally rather than attempt to create it by the introduction of individual settlers from afar who might not readily fit into the existing community. The above recommendations merit an analysis here.

The recommendations suggest that insufficient account of the local conditions has been taken, and also an inadequate understanding of the farmers in general, and more specifically, their socio-economic background. It appears that the conclusions

were influenced more by conditions prevailing in other tropical non-Asian countries rather than on the particular conditions in the area under consideration. It must be stressed that measures cannot be recommended just because they have been successful elsewhere, perhaps in connection with quite different characteristics and different densities of population. This is a general mistake made by many policy makers in the past, and had also led to much confusion in most developing countries. The Working Party's position is understandable for they were faced with the serious limitation of lack of adequate data. Under the then prevailing circumstances therefore, the recommendations were bound to be based on intuitive theoretical rationalization or on conditions prevailing in other countries. For example, the conclusion that the rural community in Peninsular Malaysia is so diversified that settlers would find it difficult to accept and adapt a new environment is untenable. Highly heterogenous rural communities do exist in several African countries, and it is so even in Indonesia and the Philippines. But the rural community of Peninsular Malaysia is relatively homogenous, and can be considered to have very little differences within the community. Furthermore, the fact that the development of modern Malaysia is relatively new and a large number of settlements cannot be traced back to more than three or four generations, indicates that the pioneering spirit exhibited by the earlier generations would not completely disappear within this comparatively short period of time. Hence, the mixing of communities and the acceptance of

one another in new areas is unlikely to be alien to their lives in the existing Malaysian scene. With more responsiveness and greater flexibility in their approach, the Working Party would have contributed much to lay a firmer foundation for land development in Malaysia. In this connection a relevant quote is "Myrdal holds that development is not a mechanical process of adding to capital stock, human stalls, technological knowledge and artifices but a matter of institutional change, of attitude and behaviour patterns .... that distinguish a human society from a colony of ants. Changes in these intangibles can be brought about by an understanding of the springs of human action in the less-developed countries. And equally with the observable, measurable economic facts, the values governing the behaviour and attitudes of individual as well as group, become the subject for analysis and policy. To have these out for reasons of exigency and analytical neatness is, according to Myrdal, tantamount to evading the issue".<sup>3</sup> It must be emphasized that if the existing agricultural pattern is to be changed there should be a determined effort to change the whole structure of the peasantry which already indicates a high potential for growth and development.

It has been suggested that the projects should concentrate on the development of peripheral areas around already established settlements. Land development, it is observed, was accepted partly as an effort to relieve the congestion in the already developed land, and partly, to satisfy the demand for additional land. The fringe and peripheral type of development

recommended does not solve the problem for the reason that if land was available within the existing areas where such pressures were present, then the problems would not have initially arisen. Moreover, it is evident that there is already a definite pressure on the kampung lands leading to smaller and smaller holdings giving lower per capita incomes.

The Working Party also considered the crops to be grown in the selected areas. Basing their rationale on the Gezira Scheme, a conclusion was made that "additional profit-making elements which may provide the key to the success of a scheme in the Federation are likely to be found in the selection of the highest yielding materials on the best soils, in the use of Central processing and marketing to improve the product of a smallholder and possibly in mechanization". Furthermore, it was the opinion that the Local Authority should only plan as the main crop, only crops which are well-established in the country, and in which the unknown factors can be kept to a minimum. The main crops recommended were rubber and coconuts but in specific areas oil palm, pineapple, coffee, tea, cocoa and paddy may be grown. Subsidiary crops were also recommended, and it was considered desirable to make provision for dusun or paddy land to supplement the main cash crop.

The introduction of additional profit-making elements was a good strategy, but limiting it to crops which are well-established in the country indicates the over-cautious attitude of the Working Party. The emphasis on rubber and coconuts and

the provision of dusun or paddy land to supplement the main crop suggests the perpetuation of the traditional agricultural pattern. Undoubtedly, rubber and coconuts are ecologically well-adapted to peasant farming practices, and according to the recommendation the dusun or paddy land becomes the appurtenance of the main holding. Such a pattern have successfully maintained traditional type of economy, but the present day objective is to revise the peasantry's existing level of livelihood. The inherent deficiency of rubber as a peasant crop catering to the world market need no elaboration. But the smallholders' viability to obtain a good market price due to the lower and variable quality of their product, and the lack of bargaining power is wellknown. In addition, the pattern suggested needs the divided interest in farming both types of holdings. Under these conditions both the rubber and dusun or paddy are bound to suffer. Underemployment in the farming sector is a fact, but this does not mean that such labour could be utilized for the newly settled areas at its maximum for there would be an insufficient supply of labour to meet the demands of both rubber and dusun or paddy in seasons of high labour requirements. Rubber demands more efficient cultivation and maintenance practices in order to obtain a better product - for the competitive market. Hence, the divided labour inputs between these lands can bring about labour shortages, and will detract from both the value and quality and also from the quantity of the cash crop. Land development means much more than the attempt to perpetuate the existing agricultural pattern.

In the present circumstances the 'unknown' is far superior to the 'known'. All economic activities contain an element of risk, and a well-established assumption in economic theory is that people act rationally to maximize a certain advantage. The Working Party was well aware of the price and income fluctuations associated with rubber. The advantage of factor land was available, and to maximize this advantage would have been a more rational view. Restructuring the existing traditional pattern with emphasis on newer crops would therefore, have laid a better foundation from the very beginning of land development and resettlement for the country.

From the social objective of creating new and more dynamic communities, it has generally been accepted that such communities could best be created under new environmental conditions, so that the constraints of the old and traditional villages would be reduced and the prospects of moulding new communities with modern attitudes would be greater. The idea was excellent, but it was rather unfortunate that a serious programme was not initiated, for it is stated that the various local Authorities "should not endeavour to initiate solutions before the specific problems develop".<sup>4</sup> The creation of new and more dynamic communities necessitates that those in the know and those in power should initiate and not necessarily confine their activities to solve problems as they arise. Leadership is much more than mere problem solving which can be conveniently carried out by middle-level administrators with sufficient

financial resources. The recommendation that problems should be solved at the local level shows an incomprehension of the nature and extent of the rural problem which the Working Party was entrusted to solve, for there was very little attempt to visualise the problem as a national one that needed solutions on a national scale.

#### The National Land Council

When Malaya achieved independence the National Land Council (NLC) was set up to look into the various land policies of the country, including land development which formed a major item of discussion at its meeting, especially during the first few years of its establishment. The establishment of the NLC was significant for its decisions under Article 91 (5) of the Constitution was binding on both the Federal and State Governments. In one of the first Working papers prepared by the Minister of Natural Resources, it was recognized that Peninsular Malaysia was essentially a primary producer with land as its most important source of wealth. It was also stressed that any increase in the national wealth of the country must come, in a large measure, from the wider and better use of the land resources. The better utilization of land was considered important because of the demographic structure which was, and still is, essentially within the young age-group, with prospects of early entry into marriageable age. The new families resulting from such a population structure must invariably depend entirely on land



resources for their livelihood, in fact their whole existence, as job opportunities in the other sectors were not forthcoming rapidly. If employment opportunities were not available to these new families or if they were denied of land for farming, they would be forced to enter into Temporary Occupation Licences or illegal occupation of State land as the only alternative. Such an alternative would certainly, worsen the existing problems of land administration. As Peninsular Malaysia was in the final phase of suppressing the insurgency during the period under consideration, it was feared that if the land situation in the country was not improved and greater opportunity given the youths, they would fall prey to communist propaganda, and thus prolong the emergency which the country could ill afford.<sup>5</sup> In view of the above fears, there was the general concensus in favour of a more rational land development programme.

The NLC fully endorsed the Government's policy of considering land as the primary source of wealth which must not be permitted to deteriorate but allowed to improve and increase where possible. Hence, the initial objective of the NLC was to organize a fitting land administration in order to conserve the natural resources. With this in view the NLC laid down the necessary principles for proper land use:

1. to increase the total yield from present resources.
2. to increase and improve the resources themselves, and
3. to ensure wherever possible that land is put to  
use for which it is best suited in order to

maintain a maximum yield over as long a period as possible.

It was recognized that the pattern of land development for the country should not be limited to providing for the population at the then existing level of development of the farming sector. This was an important conclusion for the reason that it would be useless for the country as a whole to create a further 100,000 families capable only of a hand-to-mouth existence at subsistence level with an average income of \$60 per month. The object then was to have families, both of smallholder and a type of estate labourers, who will receive a socially acceptable income which will be adequate for educational expenditure of the children, besides others. To meet such an objective, a different type of smallholding development was envisaged in which economically viable units would be utilized to form larger clusters of estates in which the infrastructural requirements could be met at reasonable cost. This would cause, on the one hand, the termination of the old system of alienating one or two acres as usually requested by individual applicants, and on the other, the inauguration of a model whereby the applicants must apply for land in areas reserved for such development. It would also mean a change in the old pattern of estate development of self-contained labour lines with a social life far divorced from the society at large. Since the development of the settled families should not be restricted to only one generation but carried forward to future generations, it was emphatic that

fragmentation or sub-division of these smallholdings be controlled.<sup>6</sup>

Since land development was to be integrated with the social development of the rural communities, it was necessary that the development of new areas should be through the establishment of villages or kampungs, and not by means of scattered holdings and dwellings. Such a pattern of settlement development was considered essential for the economic provision of essential service such as schools and other community facilities. The acceptance of the fact that land must continue to be developed by capitalist enterprises necessitated that such development should be planned very carefully if it is to be on the basis of smallholdings. Such a procedure was socially desirable and economically necessary, for the 'estates' thus created would not only provide employment opportunities among the smallholder communities, but also, allow the introduction of improved stock material and techniques. These 'smallholder estates' could also serve as a means to attract rural industries and trade, and in turn would possibly emerge as processing and marketing centres. From the social point of view this type of development was also desirable, for it would prevent the 'estate' workers living in isolation away from the other communities. However, at this stage, the planner had very little expertise to depend on and very little experience to fall back on. Hence, it was a fairly satisfactory method to pursue estate development concurrently with smallholder development. But the undesirable element of the proposal, from a national, political or social viewpoint,

was the inherent implication that different ethnic communities would remain distinct and separate. From the proposal it appeared that estate development would continue to depend on non-Malay labour and the smallholding development would be mainly for Malays. It would certainly, have been more rational, equitable and diplomatic to have all communities participating in the various types of development rather than to limit one group to one type.

The Minister of National Resources was also of the view that 'fringe' development ought to be continued in order to make existing uneconomic holdings of the peasantry more viable. This was considered more equitable and politic in order to avoid giving the impression that those already established in the State schemes would be worse off compared to the settlers in the new land development projects. In order to implement this programme, it was essential that a survey of existing holdings in the already developed areas be carried out, and that all land suitable for development be frozen, except where applications had already been submitted by landowners with sub-standard holdings. Besides the above proposal for fringe development, other fringe development by alienation to newcomers was considered undesirable as it would derange both planned land development by diffusing government efforts and the settlers. In the meantime it was decided that those families already established in the old areas were to be prevented from enlarging their sub-standard holdings.<sup>7</sup> It is observed that these restrictions were made on the incorrect

assumption that the government through its various agencies were able to resettle all those people who were either landless or held sub-standard holdings.

In view of the arguments presented by the Minister of Natural Resources, the National Land Council

1. agreed on the need for immediate comprehensive and concentrated efforts by the Federal and State Governments to start and maintain the maximum land development possible;
2. recommended to all Governments, the adoption of planned land development
  - a) by establishing holding of economic size, and if possible and desirable, creating complementary estates
  - b) based on a proper use of soils and conforming to the topography
  - c) with kampungs and villages properly furnished with social and other services as the centre
  - d) with no scattered habitations, and
  - e) with processing and marketing facilities as part of the development.
3. the restriction of fringe development areas by -
  - a) bringing existing holdings up to the size considered to be the 'economic holding' in those areas
  - b) providing economic holdings for members of

families already established on the economic holdings in the area, and therefore,

- c) refusing applications for scattered holdings from other persons.

The above resolutions, in brief, recognized the urgency of the problem facing the country arising from the rapid growth of population. The estimation then was that by the end of 1964 or just prior to the end of the Second Malaysia Plan, more than 250,000 new households would have come into existence. It was also believed then that although there were attempts to expand the industrial base in the urban areas, the expansion would not be able to absorb the major portion of those coming into the labour market and as such they would have to be absorbed into agriculture. Even if 80 per cent of the estimated number were to be absorbed into agriculture by 1965, and if they were given economic size holdings of 8 acres each, then by the same year 1.6 million acres of land would have to be developed.

On the basis of the memorandum from the Minister of Rural Development, who was also the Deputy Prime Minister and the regular Chairman of the NLC, the Council passed Papers 12 and 13 which became the foremost document outlining the guiding principles in the implementation of land development projects in Peninsular Malaysia since 1960. Because of the far-reaching impact and implications of these decisions, it is imperative that some of the relevant resolutions be examined.

One of the more important policy decisions of the NLC was the specific delimitation of the functions and spheres of activity of the Federal Land Development Authority (FELDA) and the various State Authorities, especially with regard to the location of areas to be developed. It was concluded that the State should concentrate on the development of relatively more necessiable areas where there was already a known demand for land through pressure of population from adjacent developed areas. On the other hand, the Council was of the opinion that FELDA should concentrate on the development of more remote areas which could only be opened up by a mass transfer of population and the establishment of new public facilities services. The FELDA projects were to be particularly limited to people without means or employment.

With reference to future land development projects the NLC agreed that

- a) the first priority in new land development was the settling of the people who are landless or substantially so and who were in danger of becoming a burden on the State unless they could become cultivators.
- b) people who already had adequate land or other resources merely seeking opportunities for expansion or investment had no immediate claim to consideration by Government, and accordingly, the normal Application Books for country or

rural land should be closed for the time being.

- c) the whole effort of the State Land Authorities should be directed to the creation of two types of Group Settlement Area schemes, first, to develop self-contained agricultural settlements, in virgin areas, based on central villages and comprising standard lots of an economic size and second, in 'fringe areas' i.e. residual areas of State land adjacent to existing kampungs of smaller standard lots to supplement existing uneconomic holdings. In developing these areas, subsidised settlements were to be given to those people with inadequate means and non-subsidised settlements for those who had sufficient means to bear the whole expense of development.

With the acceptance of the National Land Council's resolution, two new types of land development projects, besides those of FELDA, were introduced viz. the State Group Settlement Schemes and the Fringe Alienation Schemes. It must, however, be noted that the principles and workings of the State Group Settlement Schemes were very much similar to those of the FELDA sponsored schemes prior to 1960. In this context, the post-1960 FELDA schemes could be considered to be a new introduction.

The NLC's conclusions and recommendations can be considered very comprehensive, and evidently, laid a firm foundation for land development in Malaysia. In its recommendations



the NLC insisted on planned land development as the basis to meet the increasing demand for land, in order to absorb part of the growing population and provide indirect employment for others and create a more prosperous society. Its emphasis on the economic size of holding for the settlers indicates the degree of comprehension of the prevailing problem. The approach where both economic and social aspects were considered, was a step in the correct direction and the use of land according to soils and topography indicates that the proper choice of crop was to be made. The processing and marketing facilities were considered as part of the general development programme, and these were to be supplied by means of co-operative methods mainly run by the smallholders. It must be emphasized that although the co-operative method can be considered satisfactory whether it is the correct approach depends on the crop grown. Another significant recommendation was the provision of economic holdings for members of families. This certainly, is an important means of eliminating landlessness and fragmentation of holdings in the present and the future.

#### The Minister of Commerce and Industry's Proposal

The Minister of Commerce and Industry approached the problem of rural development from another angle by demonstrating the need for planting a million acres of high yielding rubber at the rate of 100,000 acres per annum. According to this proposal the planting of rubber should as far as possible be done according

to the traditional method which the smallholders have employed to open up their own land, and not by the more rapid but expensive method of assistance from the government as practised under FELDA. It was concluded that the total cost of opening up a million acres of land through FELDA would be prohibitive.<sup>9</sup> The conflicting views of the Ministry of Commerce and the Ministry of Rural Development summarised the needs for land development, from both the political and the financial standpoints. Although it was generally recognized that land development would contribute much to alleviate the problems of rapid population growth and increasing unemployment, the area of land to be developed and the total cost of such development would make the whole programme unrealistic. The adjustment of political needs to financial limitations with reference to land development was the main concern of the government during the few years prior to the launching of the Second Five Year Development Plan (1961-65). At this stage of the present study an analysis of the financial implications of land development becomes relevant.

#### The Problem of Finance

The financial dilemma of the decision-makers was an acute one. Opinions and fears seemed to vary. The Ministry of Commerce and Industry feared the heavy public investment involved in land development but was confident of the ability of the smallholders to develop their own land with the minimum of government assistance. The Ministry of Rural Development which

was created in 1959, on the other hand, stated that no real assessment had been made of the extent and incidence of rural poverty and it was therefore, most difficult to say conclusively whether new lands can or cannot be opened up by the unaided efforts of the rakyat.<sup>10</sup> The Ministry was also of the opinion that the incidence of illegal occupation of State land in Peninsular Malaysia suggested that the common rural peasant was prepared to clear and plant land by his own efforts, provided that he was able to evade government charges. However, the labour and financial resources of such cultivators, it was argued, were normally sufficient only for the development of two or three acres of traditional smallholdings which were economically inadequate to support the family. In brief, the resources available to the peasantry were obviously insufficient to develop economic holdings of six to eight acres of high-yielding cash crops.<sup>11</sup>

To reduce the cost of land development to the State or Federal Governments, the Johore State Government submitted a proposal in 1959. According to this report, the total cash cost of development during the first seven years would come to M\$954 per settler, and the amount due as unpaid premiums and rents for eight years at standard rates would amount to M\$1,552 plus another M\$495 interest at six per cent per annum for eight years. The Johore report, because of the apparently low cost figures for development, is worthy of consideration. In the proposal, the settler was required to use his own labour to provide both food

and shelter for his family. The suggested model was similar to the old traditional pattern of pioneering in opening up new areas. However, since the settlers were required to open up a larger area than his ancestors did, and also encouraged to use high-yielding materials requiring more efficient farm maintenance and supervision, he would require some form of government assistance. It was proposed that the government assistance to settlers should consist of first, a period of grace for rent and other government dues, and second, the government to meet the cost of high-yielding materials supplied, cover crops and fertilizers. The first item would not cause the government any financial commitment but the latter required the provision of a fairly large investment by the Government.

Under the above system of assistance, the government would provide a 'hire-purchase' scheme for land development. It would charge neither premium nor rent while the settler was establishing himself in the scheme, but would recover its costs by 'easy payments' once the land was in full bearing. Such a general scheme could take more than one form. At its simplest, it would be in the form just described in which the subsidy was restricted to the first proposal where no actual cash was involved. By extending this concept, the scheme could be made to embrace the second, and if these were adequate reasons it could be made to include even housing and living costs. The actual amount of the subsidy however, would depend on the availability of revenue surpluses or loan funds. Furthermore,

if the need for land development was sufficiently urgent and if rural poverty could be shown to be severe, the scheme could be converted to the provision of an outright land grant in respect of the first proposal, with the government having complete flexibility in levelling repayment charges. Another variable factor could be the period of repayment through which the incidence of the burden on the settler could be varied within wider limits. For this purpose terms between 10 to 35 years were considered appropriate.

#### Administration Policy

Implementation of any development programme requires an adequately trained staff. In fact, the availability of staff is an important factor as the availability of funds. In the late fifties the supply of trained manpower to meet the staffing needs was extremely low, and the initial problems was how to use to the fullest capacity the limited manpower available in the various land offices. In fact, the role and function of the land offices cannot be under-estimated for these offices can make a significant contribution to the initial tasks associated with land development. It was the opinion that if the existing trained staff of the 87 Land Offices in the country were relieved of all other duties, they would be able to cope up with the development of the Group Settlement Schemes of some 3,000 acres each. On this rationale there existed the possibility to develop a total of about 250,000 acres under the supervision of the then

existing staff. Although it would have been a difficult proposition for each office to supervise more than one scheme, it would not have been a problem if the staffing position was improved. It was however, recognized that not all the Land Offices were able to adhere to the above general principle as some of the districts did not have the necessary land for development. But such a situation would not, in any way, negate the workability of the proposition of each office developing at least one scheme. Under these circumstances, those districts that have more land would have only to increase their land office staff correspondingly. The Ministry of Rural Development correctly emphasized that the above principle could only be implemented smoothly if the land offices were freed of unnecessary duties, and moreover, the proposal was within the scope of the NLO decision as expressed in Paper No. 4.<sup>12</sup> Under these circumstances, it would be merely an administrative convenience with little consequence and importance if the clearance of the arrears of work in the various land offices were spread over a period of six or seven years as "the absolute and overriding priority is the development of land" without which at least a quarter million families would remain poor. Moreover, the effective implementation of land development also needed the solutions to the problems of illegal occupation and uncultivated alienated land.

The Minister of Rural Development however, was of the opinion that under normal circumstances it would have been

desirable if the arrears of land application were cleared and irregularities and illegalities prevented, prior to embarking, in earnest, on land development. Although the intention was good, the general shortage of staff in the various land offices gave no choice or alternative. There was also, little likelihood during the period under consideration that adequate number of additional trained men would be recruited. Under these circumstances the only available alternative was to freeze, at least for the time being, any land office action on the arrears and irregularities in land applications. With such an action it would have been possible to divert the staff to the more important and pressing task of new development. The implementation of such an action, after due consideration, would probably prevent another tangle of irregularities and arrears in respect of new lands, and it would also be possible to achieve an orderly and properly documented occupation of a million acres of land within a period of seven years. Consequent to the achievement of such a result, the staff could be deployed to clear the arrears.<sup>13</sup>

## Chapter 3

### Land Development Types

A number of agencies has been established in Malaysia for the development of land for agricultural purposes, and it is but logical, at least in principle, that these agencies plan and implement different types of land schemes. The establishment of a number of agencies was a necessity and so were the various types, for the reason that each agency and each type was established with definite objectives. The objectives of land development in the country are many but highly inter-related. Some of these objectives include (a) redressing economic and social inequalities (b) providing employment opportunities (c) developing human resources (d) increasing productivity of land (e) increasing national income (f) redistribution of concentrated population (g) land for the landless etc. No single type of land development can be evolved to achieve only one objective, for the attainment of one leads directly or indirectly to generate the fulfillment of others, singly or severally. Whatever the final result is the socio-economic upliftment of the poor and enhanced revenue to the country. Hence, a common goal is to be achieved by different means which is reflected in the different types of approach. The common factor running through all the types is land, for it is through factor land that the various objectives are to be attained. The means and procedures involved in the implementation varies, and it is this variability that gives distinct characteristics to a



project which can be employed to categorise land development in Malaysia into types.

Based on the implementation criterion all land development in the country can be broadly grouped into public ventures and private ventures. The public sector land development projects can again be grouped into two major categories viz. Federal projects and State projects. Both these types of major schemes can be classified into another two groups on the basis of whether the schemes are for resettlement purposes or not. The schemes with settlements include (a) the FELDA scheme which are of two types viz. plantation (oil palm) and smallholder (rubber), and (b) the FELCRA schemes which are divided into youth schemes and fringe schemes. The schemes without resettlement includes RISDA, and COOP which can be considered to be of the plantation type. The State controlled projects too can be categorised into two major groups viz. schemes with resettlement and schemes without. The schemes with settlement include public estates, smallholder schemes, joint-venture schemes and youth schemes. The schemes without settlement are the controlled alienation schemes and fringe schemes.

For the purpose of the present study the following can be considered to cover the whole programme of land development and resettlement in Malaysia. Initially, there are the FELDA schemes, State land development schemes and the Youth land development schemes. These involve the physical transfer of people to new environments and the participants are entitled

ultimately to the ownership of the land. Although these three types have some common features, some variability due to their respective sizes and the marital status of the settlers is evident. The FELDA schemes are generally more than 4,000 acres in size with centralised settlements having a high standard of infrastructure and other services. The State land development schemes are similar to FELDA schemes but are smaller in size or scale.

Another important difference between the two types lies in their financing methods. The FELDA schemes are financed by the Federal Government but the financial provision for the State schemes are from the State with Federal subsidies. The Youth schemes, on the other hand, are much similar to the State schemes, but the difference lies in that the participation is restricted to unmarried and unemployed youths. Very few fringe alienation schemes are in existence now but between the years 1961 and 1965 more than 40 per cent of the public sector participation was in this form. The third major type of land development is based on estates with wage earning labour and the joint-venture projects are carried out by State and private corporations.

and other services. In some land development schemes are

#### The Federal Land Development Authority (FELDA)\*

FELDA was established in 1957.<sup>1</sup> Its function in the beginning was "to promote and assist the investigation, formulation and carrying out of projects for the development and settlement of land in the Federation". This was the beginning, but with just over two decades of existence, FELDA has successfully

and other services. In some land development schemes are

developed and planted nearly a million acres of new land and resettled 41,288 families, and has now evolved to be the biggest and the most significant land development agency in Malaysia. It is evident that from the very outset the policy-makers' intention was to utilize FELDA as the means to achieve both economic expansion and social development in the field of land settlement. But they were also aware that FELDA should not be promoted too aggressively at the beginning. During the formative period between 1957 and 1960 therefore, FELDA's main functions were limited to making available Federal funds to State Governments and to promote and assist the development of land which was implemented by other local agencies. Even at this state FELDA envisaged that the basis for the new land development programme should be large and medium size holdings and family holdings. The strategy contemplated to realize the desired result was to finance groups of owner-farmers in order to evolve a stable and prosperous land owning groups of peasantry enjoying through cooperative institutions the advantages of large-scale agriculture. With this in view it was suggested that the major crops should be rubber, coconuts, oil palm, cocoa and pineapples.

During the formative period, FELDA had to face a number of limitations and problems imposed by lack of co-operation, shortage of staff, lack of surveys and inadequate co-ordination. With its emphasis on large-scale planned land development for smallholders, FELDA strongly felt the inadequacy of co-ordination and direction at the national level and indicated that the

cumulative effect of these was the lowering of the pace of development. However, in 1959 FELDA issued a short policy statement titled "No Need to be Poor" containing not only guiding principles for successful land development, but also FELDA's logic to support its concept on creating economically viable farming units and prosperous settlers. According to this report, "there is land, there are people, there are crops, there is the knowledge. The problem is to bring these together, so that Malaya may become yet richer".<sup>2</sup> The objective of FELDA, it is observed, is to create conditions under which Malaysian farmers can obtain more wealth for the country and for themselves by the development of new land. It will therefore, help create wealth to farmers and the nation through the development of 'group family farms' and block planted, for later division or cooperative ownership, on land which is the best, is of a size suitable to carry the cost of expert supervision and control and is near enough to markets in order to compete with others. The farms were to be sufficiently large to employ fully the farmer and his family in order to maximize returns and control subdivision. The crops envisaged to be grown were those which under each situation would give the farmers the highest yield and would be processed, graded and marketed so as to obtain the best market price. It was also expected that the State would provide schools, roads, and a fair share of public expenditure and would ensure through terms of land title, security for the peoples' money which will be lent through the FELDA. FELDA was also emphatic that the best

land and the best farmers should be chosen, for "Land Settlement is not slum clearance and it is not unemployment relief". It is FELDA's policy to bring the best farmers onto the best land to provide the necessary opportunities for "those who have initiative, not charity for those who haven't".

FELDA was created as a statutory body and not as a government department. It was considered that if a land development project was to be implemented following normal government practice and procedure, any funds loaned to a local implementing body would require annual reference to a State legislative and this might operate to the detriment of the local body since it would have no guarantee of continued financial assistance. Moreover, land development in Malaysia as envisaged in 1956 was basically a commercial enterprise, and hence, should be removed from day-to-day financial routine and political changes.<sup>3</sup> It must however, be emphasized that whatever its relationship with the government, FELDA was initially established more as a means of channelling Federal funds to local implementing bodies or agencies rather than as an agency directly engaged in land development and resettlement of people. There was a number of reasons for the emphasis of this role at that time. Land development was partly intended to be a 'short cut' for solving the backlog of land applications in the various states which required a high degree of financial assistance from the Federal government. There was also the consideration that land development planning and implementation should be decentralized. To emphasize this policy

the Ordinance, 1956, stipulated that FELDA shall "not promote, carry out, assist or participate in any land development project in any State before it had been consulted or invited by the Local Boards which were responsible for the administration and establishment of schemes".<sup>4</sup> Furthermore, land was a State prerogative, and it was the opinion that a land development project in any area should be conceived and implemented by a local agency with the fullest knowledge and cooperation of the local population.<sup>5</sup>

A fear also existed that a Federal Authority charged with the duty not only of financing individual schemes, but also having the executive authority for implementing them would become far too remote from the State and the people it was endeavouring to assist. These fears were based on the failure of land development schemes in Africa due partly to remote central control. The major cause for the failure however, was the lack of adequate communication. Malaysia is a smaller country and had an efficient means of communication even during the period under consideration. In fact, the transport and communication network was far superior to that of contemporary British colonial territories of Africa. Since the question of centralisation and decentralisation was project essentially related to the problem of adequate communication, the basic difference between Peninsular Malaysia and some of the African countries should have been given greater weightage prior to arriving at any concrete decision, whether, but also having the executive authority for implementing them would become far too remote from the State and the people it was endeavouring to assist. By 1960, however, new political developments led to a number of other changes in the functions of FELDA. With the assist. These fears were based on the failure of land development

termination of the emergency in that year, the entire Government machinery was directed towards the development of the country as a whole with special emphasis on rural development. Consequently, the Government created a new Ministry of Rural Development. Since Land development was to play a highly significant role in rural development it was found necessary to review the role of FELDA within the national rural development programme. In December 1961 therefore, a Special Committee was appointed to examine the then existing structure and organization of FELDA, review its achievements and make necessary recommendations for its improvement. The changes which were subsequently effected on the recommendation of the Special Committee marked the beginning of a new era for FELDA.

The Committee was fully aware that FELDA had progressed to some extent even with the limited resources available to them. But it was of the opinion that FELDA is unlikely to develop sufficient potential and efficiency to deal with the increased demands of land development, which will certainly be imposed on it, as a result of the national rural development programme. Hence, a number of changes were recommended for various reasons. When FELDA was first established in 1956, its responsibility to the Minister, according to the Land Development Ordinance, 1956, was rather loose. The Minister could give directions to FELDA only after consultation with it, and then only of a general nature. This procedure naturally resulted in delays in the execution of the land development programme. Since 1961 however, FELDA was

placed within the structure of the new Ministry of Rural Development, and the Minister was given unqualified powers to issue directions without prior consultation. FELDA therefore, lost much of its former independence and autonomy.<sup>6</sup> The original FELDA Board could be regarded as a 'policy making' committee, but with the establishment of the Ministry of Rural Development, the policy was laid down by the Minister and it became the function of FELDA to implement and not initiate policy. There are a number of reasons for this change. FELDA was set up to obtain quick results but its anticipated rate of progress, independent of government, did not take place. In fact, the reverse was true if one examines the achievements carefully. The autonomous position of FELDA and the need for assistance from other government departments were not compatible, and resulted in much confusion, duplication of effort and loss of efficiency. Since the main functions of the Ministry of Rural Development were to co-ordinate all other Ministries, Departments and State Governments in their efforts within the national rural development programme, it was unable to achieve this in respect of FELDA, which was no more than a department within the Ministry, yet because of its independent status, was outside the controlling influence of such co-ordination. In view of this fact and also the need for FELDA to obtain speedy assistance from other government departments, FELDA's autonomy was reduced.

There was also important political considerations for the changes. Since independence in 1957, politics and politicians



entered the national economic development programme with greater enthusiasm and vigour. Under the existing conditions the negotiation for land to be developed by FELDA was mainly a political one in the first instance, and the ultimate decision to release such land was also essentially a political one to be taken by the State Executive Council. It was therefore, considered that the task of negotiation with the State Governments should no longer be the responsibility of FELDA officials but be raised to a political level between Federal and State Governments. According to this alteration of policy FELDA would carry out the necessary initial investigations of suitable sites for the development of its schemes and the final negotiation for the alienation of land was left to the Ministry and State Governments. Presently, the process of negotiation is carried out between the State Government and FELDA who is ultimately responsible for the success of the schemes. In this connection it must be noted that the land is 'released' to FELDA and not 'alienated' for under the Group Settlement Areas Act FELDA is given the rights to the land as a development agency. FELDA in fact, must give up the rights over the land once settlers have paid their loans and it is up to the State Government to decide as to the title to be issued to the settlers.

The Committee was also of the opinion that much of the delays in development and the lack of progress in the implementation were attributable to the then existing system of divided interest between State and Federal Governments. On the basis of this fact,

the Committee recommended that FELDA should become a "Federal Authority in its entirety, and that all future land development schemes implemented by it, should be, after the initial process of obtaining State land, a purely Federal function",<sup>7</sup> and also recommended that the various State Land Development Boards or Corporations be wound up. These changes were subsequently carried out in 1961, and ushered in a new era when the restructuring of FELDA's position and status within the Ministry and also with reference to other government agencies was initiated.

During the formative period (between 1956 and 1960), FELDA's activities were limited and the expected result of increased land development and resettlement did not materialize. Consequently, FELDA's approach to land development had to be varied considerably, especially those aspects covering settler labour utilization, quality and quantity of work and the time period involved to overcome certain inherent deficiencies in the then existing system of operation. In the beginning FELDA carried out a strategy whereby the settlers moved into each phase of a scheme and carried out the entire range of activities from jungle clearing to planting and maintenance while being housed in a 'transit camp'. Simultaneously, the settlers were engaged in building their houses in the village lots and also developing their subsidiary-crop areas and the dusun lots. Although the settlers were enthusiastic, their performance in jungle clearing, land preparation and the planting of the main crop left much to be desired. Under the then existing conditions of divided interest,

the main crop and the subsidiary-crop holdings which were planted with fruit trees, suffered.

Since 1961 a significant change was instituted, and the settlers were no longer required to carry out jungle clearing as the work was given out on contract. In fact, the settlers now arrive and take over a 'ready-made settlement'. Opinion was expressed that this approach to land development excluded the settlers from the true pioneering stages, and was contrary to almost all the accepted principles of land colonization in Southeast Asia. It must however, be emphasised that although it is not the principle in Southeast Asia, all the land settlement schemes in South Asia, were and are based on the principle whereby the government provides the settlers with ready-made schemes. In Malaysia the new procedure was essential for the reason that commercial-cropping was the basis of land settlement. The earlier schemes were founded on rubber and a poor beginning was bound to retard yields as evident in some cases where the yield was so low that replanting became necessary to make the holdings economically viable. A justifiable decision therefore, had been taken and presently, the settlers move in only after the planting of the main crop had been carried out and the houses constructed. Such a procedure has not only improved the quality of work, but also shortened the development period to a minimum. Through trial and error therefore, FELDA has gained sufficient experience and had profited to a greater degree from the earlier problems.

By 1961 FELDA was in a stronger position to formulate significant policies with the objective of creating prosperous farming communities having economically viable farms. Some of the policies followed to achieve this objective were:

1. Exploit the undeveloped primary and secondary forests of the country that are certified suitable for development by the Department of Agriculture.
2. Have competent full-time management at scheme level to supervise the project from the very beginning.
3. Establish central villages within the development areas consisting of 400 families in each new settlement.
4. Select the best settlers who are Federal citizens between 21 and 50 years of age, married with children, physically fit, landless or with less than five acres and with an agricultural background.
5. Provide financial aid to settlers in the form of subsistence allowance for a period of two years.
6. Encourage collective work wherever necessary and practical.
7. Ensure efficient processing and marketing through co-operatively owned factories.
8. Arrange for the provision of basic community services from the beginning.
9. Create nuclei of local council comprising farmers' representatives.

Another significant result of the new policies was the appointment of two FELDA committees - the Technical Investigation Committee and the Technical Planning Committee - by the Minister of Rural Development in 1961. The main functions of these Committees was to co-ordinate all services required in the planning, establishment and operation of FELDA schemes at Federal level. The Technical Committee assessed the suitability of land offered by the State or selected for development by FELDA. With its establishment, FELDA was able to obtain mineral, agricultural and forestry clearance with the minimum of delays. The Technical Planning Committee, on the other hand, co-ordinated the departments providing the major services in FELDA schemes such as roads, schools, water supply, police posts etc. During their period of existence these Committee contributed much to solve most problems as the approach was 'open discussion'. Presently, these two Committees are no longer in existence as the required co-ordination is now maintained on a more 'direct approach basis'.

With the policy changes, the major task of the settlers from the time of their arrival into the scheme is the maintenance of the main crop. It was however, evident that there was a wide variation in the maintenance standards of the holdings. During this period FELDA attempted to bring about a more uniform standard of maintenance by introducing the gotong-royong method of work. Under this method the settlers were made to work in groups thereby making 'group pressure' as the strong motivation force to make the settlers keep a certain degree of maintenance. This method also

facilitated the supervision and training of settlers for the reason that such action was carried on a group basis rather than individually. The gotong-royong method was replaced by individual holdings only after a maintenance period of about four years, by which time the main crop had passed critical stages of growth and development.

Another significant development was the introduction of a system of subsistence credits to the settlers. Cash loans were given the settlers to enable them to buy their daily necessities during the unproductive period of the settlement. Such a system of cash loans were to continue until the settler rubber was in production. A serious deficiency of such a system was that the settlers considered themselves entitled to a monthly allowance as a matter of right irrespective of the number of days worked or the quality and quantity of work performed. Since 1962 FELDA abolished the monthly allowance system and replaced it with a scheme whereby the allowance had to be "earned" and was dependent on the settler working a minimum number of days of stipulated work. Further changes were made to institutionalize the subsistence credit system in 1966. It was decided that the settlers should not be provided with loans unless they perform a certain set task in the holdings. Consequently, the settlers were granted a minimum of \$69.60 per month for a 24 working days. This amount was raised to \$84.00 in 1974 and to \$100.00 in 1975 because of the prevailing inflationary conditions in the country. The significant change is that with the introduction of this system

they never obtained a 'charity allowance' as in the past.

Oil palm was first introduced to FELDA schemes in 1961 and emphasis must be made that this was the first time that it had been adopted as a smallholder crop in Malaysia. Prior to this introduction, oil palm was essentially a plantation crop and the majority of the plantations were foreign-owned. At that time oil palm schemes on a smallholder basis was considered undesirable for the reason that (a) it is a new crop to the smallholders, (b) economies of scale are pertinent to the crop, (c) quality control and organization requirements are more exacting and demanding, and (d) processing involves heavy investment and a continuous supply of fruits must be available to the factory for efficient operation. Although these reasons are still valid, FELDA's co-operative approach to oil palm growing has been highly successful and presently, it has become its major revenue earning crop with 119 schemes growing oil palm, occupying 278,415 acres.

An important policy decision taken during the mid-sixties was in respect of processing and marketing of products from the schemes. In its approach to successful land development and settlement FELDA was aware of the necessity for the complete integration of production, processing and marketing. A decision was therefore, taken to service its settlers with the most efficient processing methods at a minimum cost in order to maximize returns to settlers' labour. Prior to 1968, FELDA's agricultural commodities outturned from its various schemes were disposed by its Processing Division through private

marketing channels. With the accelerated expansion of land development the production too, increased rapidly necessitating a greater development of processing facilities. With this development FELDA established its own Marketing Department in 1968 in order to market its agricultural commodities of rubber, palm oil and palm kernel. With the establishment of the Marketing Department FELDA completed its full involvement providing a completely integrated system of agricultural development.

#### The Group Settlement Schemes

The Group Settlement Schemes are small-scale FELDA type schemes which are financed and implemented by the various State governments. It came into being with the implementation of the Group Settlement Areas Act. The NLC was also in agreement with the provisions of the Act and approved that in appropriate circumstances land development should be by the method of Group Settlement. This approval was based on the three conclusions of the Working Party viz.

1. that the Group Settlement method of development is particularly suitable for fringe areas i.e. where the settlers have established homes and means of livelihood.
2. that self-contained agricultural settlement type of Group Settlement Areas are best established in close proximity to already densely populated areas and by settlers who have sufficient means to maintain



themselves during the development period.

3. that in remote areas development should be by the FELDA methods.

State Group Settlement Schemes therefore, were restricted to the accessible areas where there was already a demand for land due to a high degree of population pressure. Generally, there are two kinds of such schemes. First, in virgin areas such schemes were to be developed as "self-contained agricultural settlements based on central villages and comprising standard lots of an economic size". Second, in 'fringe areas' or State land contiguous to existing kampongs, "satellite settlements of smaller standard lots to supplement the existing uneconomic kampongs".

There is little information available on the workings of the two types of Group Settlement schemes, but within a year of passing and the implementation of the Act, the Government found it necessary to request a Special Committee to review the policy of the Government on Group Settlements, and to make recommendations as the Committee thought necessary. The appointment of a committee within a brief period of implementation indicates that matters were not progressing satisfactorily. The Committee discovered that the Group Settlement Schemes as implemented on the ground, especially those projects related to the self-contained agricultural settlements in new areas, was designed as a financial short-cut to produce schemes similar to those of FELDA but at a lower cost. This clearly indicates that the Group Settlement

Schemes were nothing more than poor attempts at duplicating FELDA schemes. This view is adequately affirmed by the fact that the State Governments requested for both housing and subsistence allowances in order to make their schemes a success although such provisions were not specifically provided for in the proposal for the creation of the schemes.

Besides the above general weakness, the Group Settlement Schemes had a number of other deficiencies. First, although it was recommended that the settlements should be established in close proximity to populated areas, it was discovered that all areas earmarked for such projects were sited in remote locations. Such a location was inevitable for the reason that it was difficult to obtain 4,000 acres, the average size of a scheme, near existing settlements. The location, being at a greater distance from the already existing lines of communication and villages, required the establishment of public services as in FELDA schemes to transfer and resettle the people. Second, since there was no provision for either subsistence or housing allowances, the settlers were forced to find alternative sources of income elsewhere outside the Scheme. The result was the settlers' inability to carry out full-time work on their holdings. Third, the lack of provision of adequate housing facilities made the settlers to live on their agricultural holdings rather than in the 'village' area. This situation made it difficult for the officers to enforce proper discipline and supervision which was further aggravated by the absence of access roads linking the

agricultural holdings. Fourth, the area felled, developed and tended by each settler was far too large for the average family, and the task more impracticable without any financial assistance from the State. It must be emphasised that unless the work is adequately supervised and the agricultural holdings correctly maintained and the settlers motivated to give their full-time for the necessary tasks, land development is bound to fail. Finally, the rather loose control and supervision by the limited number of land office staff who had neither the training nor the experience for such work was totally insufficient to make the schemes successful ventures.

On the basis of the existing weaknesses of the State Group Settlement Schemes, it was recommended that all future land development projects involving the physical transfer and resettlement of people should be left to FELDA and that the Group Settlement Schemes should be discontinued. However, there were three such schemes which were already in advanced stages of development in the State of Johore which the Committee recommended to be handed over to FELDA, and if necessary, to be started all over again even if the costs of the undertaking would be comparatively higher. The loan obligations accepted by the State Governments in respect of these schemes were to be transferred to FELDA which would be provided with additional funds in order to develop the projects in accordance with its normal procedure. Based on these recommendations, the NLC resolved to discontinue all Group Settlement Schemes in July 1961.

### The Fringe Alienation Schemes

By 1960 a decision had been arrived at that the existing land development and resettlement programme was inadequate to cater for the rising demand for land, and consequently, a new type of land development projects termed the Fringe Alienation Schemes were inaugurated. With the discontinuance of the Group Settlement Schemes therefore, only two types of land development schemes existed in the country - the FELDA schemes and the Fringe Alienation Schemes. These Schemes are also implemented by the State Governments but are financed by Federal grants and loans. The objective of the whole programme was to establish these schemes, based on rubber, to supplement the uneconomic holdings of the farmers. The very objective demands that these schemes be located in proximity to already established agricultural settlements.

The fringe schemes were not intended to be more than 2,000 acres in extent and the participants were those who already possess holdings which are not economically viable. Within the Malaysian context, uneconomic holdings meant those holdings less than eight acres in extent. As the schemes are for those already in possession of agricultural land, they were expected to work in the schemes on a part-time basis whilst continuing to farm their own holdings. Hence, the participants were expected to commute regularly from their kampongs. Such a procedure entails that the schemes must not be situated more than three miles distance from the kampong.

The NLC, when it endorsed the principle and approved the fringe alienation programme, it also resolved to allocate M\$49,560,000 as Federal subsidy for the establishment of schemes for the period 1960 to 1970. The money was to be provided either as a loan to cover the costs of survey fees, felling, clearing etc. or as outright grants to cover the cost of planting material and fertilizers. The loans were not to exceed \$330 per acre to meet the cost of specified items, and interest was to be charged at a rate not exceeding 5 per cent per annum, over a period of six years. The State Governments, on the other hand, were expected to repay the Federal grant in equal instalments over a period of 15 years. In addition to the loan an outright grant was to be made by the Federal Government equivalent to \$262 per acre to cover the costs of planting material, cover crops and fertilizers. Since no subsistence allowance was to be paid, the loans and grants would represent the total sum of federal financial commitment.

The State subsidy was in the form of a waiver for a period of nine years of premium and rent, and the interest waived, together with accrued interest for nine years, was to be recovered by a consolidated annual charge in perpetuity. In addition, the State was to bear the cost of administration of the Land Office functions, cost of any necessary expansion of staff, housing etc. No additional personnel were provided by the Federal Government for the implementation of the fringe schemes. The State Governments incurred the initial costs of development from their own funds and

the Federal grants were released only on the approval of the Federal technical departments and after the Ministry of Land and Mines was satisfied with the progress of the schemes. This is a valid requirement in order to safeguard the interests of the Federal Government, and also to guarantee that the schemes were effectively maintained and managed, and the money is utilized only for approved schemes. Another requirement was that visiting agents, experienced in rubber planting, be employed by the State Governments for the inspection of schemes every six months and their reports and recommendations to be submitted to both the State Governments concerned and the Minister of Land and Mines.

From its inception up to 1967 the Federal grants and loans for the fringe schemes in the various States amounted to M\$31 million. It is relevant to note that only eight of the eleven Peninsular Malaysian States took advantage of the Federal Government's financial assistance viz. Pahang, Negri Sembilan, Perak, Malacca, Kedah, Johore, Perlis and Trengganu. Penang, Selangor and Kelantan did not, for different reasons, accept any assistance from the Federal Government. Penang has no land available for fringe schemes and Selangor, one of the most prosperous States, had adequate funds of its own to finance any land development programme in the State. Kelantan, on the other hand, declined any Federal assistance for political reasons. It is observed that during the period under consideration, Kelantan was administered by the Pan Malayan Islamic Party (PMIP). As an opposition party at the Federal level, the PMIP refused to accept

any grants or loans from the Central Alliance Party Government, for purposes of land development under the fringe scheme, instead, decided to formulate its own land development projects.

By the end of 1967, 426 fringe schemes had been established covering an area of 123,791 acres with 25,802 participating families. Almost 33 per cent of the acreage was developed in Pahang, 20 per cent in Perak and 16 per cent in Negri Sembilan. Table 3.1 indicates the pace of development of fringe schemes for the period 1961 to 1967. It is evident that the pace of development was rather irregular with two marked periods of accelerated development. Between early 1961 and early 1964, the number of schemes established and acreages developed were large. In 1961, the first year of implementation only 39 schemes covering an area of 21,000 acres were established, but in 1962 and 1963 the number had risen to 140 and 153 schemes covering 52,000 acres and 50,000 acres respectively. The second period from 1964 to 1967 showed a lower pace of development with only nine schemes having an acreage of only 1,286 acres established for the year 1967. The rapid rate of establishment of schemes during the first period can be attributed to political factors and the genuine eagerness of the various State Governments to help the economically depressed rural folks to increase the size of their holdings. It is observed that although the District Officers directly carry out the actual implementation the initiative for the establishment of a fringe scheme is made by a State Assemblyman whose motives are largely political. In a way the fringe schemes

TABLE 3.1 FRINGE ALIENATION SCHEMES IN PENINSULAR MALAYSIA 1961-67

STATE	1961			1962			1963			1964		
	a	b	c	a	b	c	a	b	c	a	b	c
Pahang	18	8,115	1,221	67	22,201	3,316	52	14,858	2,210	25	-	-
N.Sembilan	19	8,348	2,071	17	4,760	1,366	28	3,961	1,257	5	672	213
Perak	-	-	-	33	6,996	1,730	31	11,886	3,371	10	3,815	1,167
Malacca	-	-	-	2	1,098	256	6	4,076	834	4	1,028	261
Kedah	1	600	100	7	3,757	674	1	632	96	4	1,797	362
Johore	1	928	116	1	41	10	5	1,743	311	-	-	-
Perlis	-	-	-	-	-	-	-	-	-	2	829	205
Trengganu	-	-	-	13	7,249	1,336	30	9,486	1,733	-	-	-
Total	39	17,991	3,508	140	46,102	8,688	153	46,642	9,812	50	8,141	2,208

STATE	1965			1966			1967			TOTAL		
	a	b	c	a	b	c	a	b	c	a	b	c
Pahang	-	-	-	2	200	58	3	-	-	167	45,374	6,805
N.Sembilan	-	-	-	6	711	203	5	-	-	80	18,452	5,110
Perak	-	-	-	5	349	373	-	-	-	79	23,046	6,641
Malacca	10	1,040	207	1	-	70	1	-	-	24	7,242	1,581
Kedah	2	405	85	1	-	28	-	-	-	16	7,191	1,345
Johore	2	588	111	-	-	-	-	-	-	9	3,300	548
Perlis	3	1,580	341	1	-	115	-	-	-	6	2,409	661
Trengganu	-	-	-	2	42	42	-	-	-	45	16,777	3,111
Total	17	3,613	744	18	1,302	889	9	-	-	426	123,791	25,802

a ... number of fringe schemes

b ... acreage planted with rubber

c ... number of participants

Source: Ministry of Lands and Mines, Kuala Lumpur.



became a means of ensuring popularity for the politicians of the ruling party who had an eye for re-election when the time arrives. It is perhaps not a strange coincidence that in the two years preceding the election of 1964, 329 fringe schemes were opened in comparison to only 42 schemes in the two years following. The slower rate of development after 1964 can be attributed partly to the waning interest of the politicians but the major cause was the poor performance of the schemes. It was evident by then that the earlier schemes were hastily initiated with the goal of opening the maximum number of schemes and given little attention to the problems and limitations of management and supervision. Hence, much effort had to be devoted to the improvement of the existing schemes rather than to opening up of new ones. In fact, the central government was so dissatisfied with the performance of the fringe alienation schemes that it created a new federal authority, the National Land Rehabilitation and Consolidation Authority, 1966, one of the major functions of which was to rehabilitate and redevelop these fringe schemes that had failed.

There is no doubt that the fringe alienation programme had not achieved its goals, and the establishment of NLCRA later known as FELCRA indicates the government's recognition of its general failure. Emphasis however, must be made that the programme had been successful to a certain degree in distribution of land to those who had uneconomic holdings and to those who were landless. But the lack of expected progress and development shows that the major objective of alleviating the income level of the

participants had not been attained, and will be unattainable with the existing state of the schemes. A number of factors can be attributed to the failure of the fringe alienation programme. The very basis of the programme appears to be inadequate to bring about the desired result. A fundamental principle is the stipulation that schemes should not be more than three miles from the participants' villages. This provision was founded on the assumption that the participants were not entirely landless, and that they would be able to devote the afternoons to work their fringe scheme lots. Such a stipulation and such an assumption indicate the lack of realization of the existence of a large number of uneconomic holdings, and the paucity of land, contiguous or in close proximity to the village, for further expansion. Moreover, the mere availability of unutilized land, in an area with a pressing demand for more land, does not suggest its suitability to agriculture for if it was, then it would have been already used for the purpose. The suitable land therefore, was located further away from the village, certainly at a distance of more than three miles, indicating that the very areas needing fringe schemes are those where land is unavailable. This is clearly evident from the fact that in Negri Sembilan and Malacca some of the schemes are situated more than 20 miles from the participants' villages.

The non-residence of the participants was another factor that had an adverse effect on the success of the fringe schemes. The situation was aggravated by the fact that the

participants had to divide the working time between their own holdings and the fringe holdings. In the absence of the participants' vigilance the fringe holdings were subjected to damage from wild animals from the bordering forests, and also to fire hazards especially during the drought seasons. Part-time work, in addition, was not conducive to adequate maintenance and other activities connected with the young rubber trees which in fact were neglected due to the participants' divided interest. Although they might have had the time for tending the additional holdings yet there was insufficient energy and strength to work for long hours which is not their norm. Furthermore, part-time work on the fringe schemes was less practicable in areas where the participants were paddy farmers. The high labour demands for paddy during the critical periods naturally led to the temporary abandonment of the fringe lots for weeks and sometimes for months, and the result under such a situation given the equatorial environmental conditions needs no elaboration. Such adverse effects commonly occur when paddy is a single crop but when double-cropping is introduced the situation is bound to worsen manifold, and the participants would have hardly any time at their disposal for the fringe scheme lots.

Inadequate management and supervision, to a greater degree had also contributed to the limited success of the fringe schemes. The responsibility for planning and implementation of the fringe scheme was with the District Officer and his staff. But their pre-occupation with other duties left little time for

the administration of the schemes. In addition, the majority of the staff did not have the necessary training and experience for land development work. The inadequacies of the staff were enhanced by insufficiently trained field assistants not only in the main crop rubber, but also in personal relations. The latter aspect was very significant by the resentment shown by the older and more experienced participants to the young supervisors who were not much over 20 years of age. Quantitatively too, the number of persons detailed to supervise the schemes were inadequate. For example, in the District of Temerloh, Pahang, there were in 1964 one District Officer, two Assistant District Officers, one Assistant Supervisor and 18 Field Assistants to look after 34 Fringe schemes covering 16,500 acres with 2,460 participating families. It is observed that even the system of Visiting Agents failed to ensure an adequate supervision. It has been reported that some States did not appoint the required number of Visiting Agents. The lack of personnel in the Ministry of Lands and Mines also led to the mere 'noting and filing' of the Visiting Agents' reports which in turn led to low quality inspections and reports from them. In the State of Pahang, in 1966, only 64 of the 139 schemes were visited and the majority of 64 schemes were not visited twice a year as laid down in the regulations.

The inadequate supervision of the Fringe schemes was further aggravated by the frequent transfer of personnel from the District Office depleting whatever experience was available.

In order to overcome this situation and the attendant problem the Malacca State government in 1963 relieved the District Officer of its responsibilities for Fringe schemes and brought them under the direct control of the State Commissioner of Lands and Mines. A full-time supervisor and manager were appointed to look after the schemes. Such action had brought promising results and the Malacca Schemes are now considered to be amongst the best in the country.

The intentions of the Fringe programme are commendable for the schemes attempt to raise the income level of those who have economically less viable holdings due mainly to fragmentation over the years. The limitations that led to the failure of these schemes were noted earlier, but there are certainly some important advantages which can be utilized as guides for the future. The initial advantage is that it costs the Government much less as the Fringe schemes do not involve the resettlement or transfer of the participants. In fact, the assistance given by the Government is in the form of planting stock, fertilizers and a cash loan of M\$310 per acre. The entire range of activities from planting to maintenance is the responsibility of the participants. The second advantage arises from the first as far as there is no transfer or resettlement of the participants social dislocation is at a minimum, and whatever changes that do take place due to the impact of the scheme will be gradual. Under these circumstances the investment on social amenities and settler development is non-existence or is minimal. The disadvantages however, outweighs the advantages. It is evident

from the earlier sections that land development is a highly integrated complex process and its success demands a holistic consideration of both the land and the man. It is a fact that there exists an immense demand for land, but this does not mean that the farmers can be sufficiently motivated by little assistance from the government to work on marginal land and make their ventures a success. The participants are in no position to incur any additional investment when they are already under a great strain trying to maintain themselves and their families. If the participants were able to bear additional investment on land then the Fringe schemes would not have come into existence. It is therefore, not a wonder that at least 40 per cent of the schemes are complete failures requiring rehabilitation.

As indicated earlier the financial provision for the development of Fringe schemes covered the 10-year period of 1960-70. Realizing its limited success, and with the establishment of FELCRA as a full-fledged land development agency, the task of developing Fringe schemes was handed over to it. Although these schemes still maintain many of the earlier characteristics and are still even to this date referred to as Fringe schemes there are some differences. Under the point system, the participants are jointly selected by the State Government and FELDA, and they are required to work as casual labourers in the scheme if needed. Each participant is given a share equivalent to eight acres in the scheme which is managed by FELCRA as a co-operative venture. FELCRA opened its first Fringe scheme in 1970, and by the end of 1977 has developed 31 schemes covering an area of 40,411 acres involving 1,681 participants.

## Chapter 4

### Settler Selection and Intake

#### Selection of Settlers

The settlers are the backbone of the FELDA projects. Eventually it is they who can make any scheme a success or a failure. Such a dependence necessitates a cautious approach to settler selection and intake as any incorrect judgement in this direction can depress or nullify the economic viability of a scheme. In respect of settler intake, the Federal Government's and State Government's stipulation is that about 20 per cent of all places in a FELDA scheme be made available to ex-servicemen possessing minimum qualifications, and the State Government's requirement is that 50 per cent of the settlers (other than ex-servicemen) should be from the State in which the scheme is situated provided that the prospective settlers have minimum qualifications. Within this framework FELDA has adopted certain procedures and criteria in order to obtain the correct type of settlers.

Prior to the establishment of the Bilut Valley Scheme (1959) there was no single or uniform system for the selection of settlers. The general policy guidelines however, were based on the Working Party's recommendation that the settlers should have the necessary agricultural background or experience for the crop which is to be developed. As early as 1956, FELDA in one of their policy statements admitted that there is no single test for selecting persons for development schemes, but indicated that "a family background is probably essential, but the man must also

have initiative".

The preference by both the Working Party and the Policy statement was for those applicants with an agricultural background. But the former insisted on settlers having actual experience in the crop to be grown in the scheme. FELDA, on the other hand, was more flexible and emphasized a general agricultural background. FELDA's inclusion of initiative as an important characteristic in the selection is rather revealing for it was interested only in those who were "prepared to help themselves". Initiative is certainly one of the important qualities that should be had by a prospective settler, but to consider "the surest sign of initiative is to have saved money for a definite object" is rather vague. If savings were used as a criterion, a high percentage of those to be helped and assisted within the Malaysian rural sector, for which purpose FELDA was created, would be automatically disqualified. Such a selection or elimination system would certainly, favour those who are already above the minimum standard of living level. Although those who did not have savings were not completely left out, the evidence of initiative of such persons had to be based on recommendations of the penghulus or ketua kampung. The experience of Ayer Lanas however, proved that this system was unreliable as there was a tendency for recommendations to be given to known trouble makers in the village in order to get rid of them.

Despite many recommendations and policy statements, there were no general guidelines for the selection of settlers in most of the pre-1960 schemes. In 1961, FELDA agreed that in



the future development projects the first priority would be given to people who were landless (or substantially so), and who were in danger of becoming a burden to the state unless they would become cultivators. FELDA was aware that a settlement scheme is planned with the aim of creating a new living community, with roots in the new soil. Such an action entails the bringing together not only true farmers, but also others with proper initiative, onto land which is to give the highest possible return and also social stability. Successful land development and settlement within this context demands that suitable persons be selected. Consequently, a fairly rigid system of selection had to be adopted for settlers who wish to participate in FELDA schemes. In the process much consideration was given to the selection of people whose needs are most pressing and "the type of people who are likely to put up with difficult conditions and work hard in order to fulfill the economic and social objectives".

There is no doubt that the main criteria that need consideration for selection are a candidate's suitability and his need for land. However, through the years many changes were made. Between the years 1961 and 1964 a preliminary selection of applicants was based on the particulars submitted in the respective applications. These particulars by way of prerequisites included

- i. Malaysian citizens or State nationals.
- ii. Age 21 to 50 years.
- iii. Married, preferably with children.
- iv. Landless or with rural land holdings of less than

two acres.

- v. Agricultural background.
- vi. Physically fit.

At the actual interview, the applicant's suitability was assessed on a point system for certain desirable qualities and qualifications possessed by them. The breakdown of this point system was as follows:

	Maximum points
i. Age of applicants (21 to 50)	20
ii. Married preferably with children	20
iii. Landless or with rural land holdings of less than two acres	20
iv. Agricultural background	20
v. Physical fitness	20
Total	<u>100</u>

It is observed that those who were landless, around 35 years of age with a large number of dependents, physically fit and possessing additional skills were given relatively higher points than others. The maximum number of points a candidate may obtain was 100 but any candidate obtaining less than 50 points was disqualified from selection. This point system prevailed up to 1964. But in 1965, although the same criteria were maintained, the maximum number of points a candidate may obtain was reduced to 50 giving 10 points to each of the five criteria. Any candidate obtaining less than 25 points was disqualified from selection. The age criterion too was changed and those between

25 and 35 years received the maximum number of points. The point system that came into operation in 1965 is given below.

	Maximum point
i. Age of applicant (25 to 35)	10
ii. Married preferably with children	10
iii. Landless or with rural land holdings of less than two acres	10
iv. Agricultural background	10
v. Physical fitness	10
Total	<u>50</u>

In 1966 an additional criterion viz "without serious criminal records" was added, but points were awarded for certain desirable qualities and qualifications possessed by the applicant with special emphasis on age, family size, landownership and skills. The points awarded for certain desirable qualities and qualifications covered the following

Age. A maximum of 10 points at ages 28, 29 and 30, the points decreasing in number with any rise or fall in age.

Family Size. A maximum of five points at the rate of one point per child.

Landlessness. A maximum of five points for complete non-ownership decreasing to zero points for ownership of more than two acres.

Skill. Two points for every skill and trade. The maximum number of points allotted under this criterion is ten.

It is observed that under the 1966 point system the maximum number of points an applicant may obtain was reduced to 30, and those who obtain less than 15 points were disqualified.

In 1967, on the other hand, emphasis was laid on a candidate's suitability and his need for land for agricultural purposes. The maximum number of points a candidate may obtain remained the same as for 1966, but to keep a balance between suitability and need, certain criteria were quantified according to FELDA's requirements. The detailed point system that came into being is given in Appendix 4.1.

In 1968 the total number of points assigned was increased to 35 but those who obtained less than 20 points were disqualified.

The points awarded were as follows:

	Maximum point
i. Age of applicant (21 to 45)	10
ii. Number of children	5
iii. Agricultural background	10
iv. Landless or with rural land holdings of less than two acres	5
v. Physical fitness	<u>5</u>
	Total <u>35</u>

Details of points awarded under age criterion were:

Age	Point	Age	Point
21	4	25	8
22	5	26	9
23	6	27	10
24	7	28	10

Age	Point	Age	Point
29	10	38	4
30	9	39	4
31	8	40	3
32	7	41	3
33	7	42	2
34	6	43	2
35	6	44	1
36	5	45	1
37	5		

It is observed that those who were less than 21 years old and more than 45 years old were disqualified. The criterion 'number of children' was awarded the following points:

No. of Children	Points
5 and over	5
4	4
3	3
2	2
1	1
0	0

Those who obtain less than 20 points were also disqualified from selection.

Between the years 1969 to June 1974 the total number of points a candidate may obtain was again brought down to 30 but the disqualification limit of less than 20 points was maintained.

The points were awarded as follows:

	Maximum points
i. Age (18 to 35)	10
ii. Number of children	5 (one point per child up to five children)
iii. Skills/Experience	6
iv. Landless or with rural holdings of less than two acres	5
v. Educational level	4
Total	<u>30</u>

It is evident that the National Operations Council (NOC) in 1969 approved that in respect of the age criterion only applicants in the 18 to 35 years age group be considered for selection, with the exception that for ex-servicemen the upper age limit would be 40 years. Consequently, the most number of points was allotted to the age factor, and FELDA gave priority to candidates within the age group 23 to 26 in response to the NOC's concern of the high rate of unemployment in the less than 26 year group.

The relevant point allocation was:

Age	Point	Age	Point
18	5	30	6
19	6	31	5
20	7	32	4
21	8	33	3
22	9	34	2
23 to 26	10	35	1
27	9	36 to 40	1 (ex-servicemen)

Prerequisites in vogue for selection of applicants to become FELDA settlers are indicated in Appendix 4.2. It is observed that in the earlier systems only the applicant (husband) was required to be present at the interview. Presently, both husband and wife are required to be present. The maximum number of points allotted to a candidate husband is 27 while the point allocation to his wife is 13. The maximum number of points that can be earned by both candidate husband and his wife therefore, is 40. Any candidate family obtaining less than 25 points is disqualified from selection. It is also evident that some modifications and widening of some of the earlier criteria has been carried out. The selection committee is now guided by a given set of four criteria which can be grouped as two 'Suitability Criteria' and two 'Need Criteria'. Points are given for each criterion in order to assess the suitability or need of the applicant. The four main criteria employed are:

1. Suitability Criteria
  - i. Age of applicant
  - ii. Skills/Experience
2. Need Criteria
  - i. Family size
  - ii. Land ownership

The age of the applicant is given a high priority. This is evident even in the earlier system. But the earlier systems with reference to age were not practicable for a number of valid

reasons. The maximum age limit of 50 years<sup>1</sup> was unsuitable from both the aspects of the physical capability of the settlers to cope up with the arduous task of pioneering and the repayment of loans by settlers. Rubber takes nearly seven years to come into maturity and loan repayments have to be made within 16 years. A settler therefore, will need at least 23 years after resettlement to repay FELDA. If he was 50 years at time of entry he would be 73 years before he could clear his debts. The need to reduce the upper age limit for applicants however, was recognized by the NLC as early as 1960 when it recommended the upper limit to be 45 years. But FELDA adopted this suggestion only in 1964. In the following year FELDA awarded the maximum 10 points for those between the ages 28 and 30 years as compared to 35 and 36 years previously. In 1969, FELDA again revised its entry qualifications for settlers in respect of age whereby only applicants between the ages 18 and 35 were considered for resettlement in its schemes. This change was made in response to the NOC's decision that in respect of age only applicants in the 18 to 35 years group should be considered for selection. Presently, FELDA gives priority to candidates within the age group 23 to 26 who receive the maximum of 10 points. This change was brought not only because of NOC's concern mentioned earlier but also, to make FELDA operations more rational. If the oldest settler is 35 years of age at the time of entry, he would be around 53 years at time of full loan repayment and not 65 or 73.

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<sup>1</sup> It must be noted that this age limit was abandoned quite early by FELDA.



Exceptions however, are made only in the case of ex-servicemen where the upper limit is raised to 40 years. It must be noted that applicants who are younger than 23 years secure a progressively lesser number of points on a pyramidal structure. A breakdown of settlers according to age groups of schemes examined is given in Table 4.1, 4.2 and 4.3 in order to comprehend the past and present trends as a result of changes in the 'age criterion for selection'.

The other suitability criterion, skills, too have undergone some changes. The original 'agricultural background' has been qualified to include "preferable with some additional and useful skills" and include skills such as business, tailoring, carpentry etc. The maximum number of points an applicant receives is 6, and is given to those with agricultural and trade skills. Experience in rubber and oil palm receives a maximum of 6 points each, and experience in dusun or vegetables receives one point each. Priority therefore, will be given to those applicants who have the necessary skills to suit the agricultural requirements and the trade service requirements of the project. Such a change has resulted in the intake of settlers from a wide background spectrum. Although the majority who apply are agriculturists and have experience in rubber, a fair percentage from other vocations too, have been completely absorbed in the schemes. In fact, field examination indicates that some of the highly successful settlers are from vocations other than agricultural. Their success clearly demonstrates the judiciousness of the

TABLE 4.1 PERCENTAGE BREAKDOWN OF SETTLERS ACCORDING TO AGE GROUPS. INDIVIDUAL SCHEMES

	AGE GROUP								Non Response
	Below 20 years	20 & below 25	25 & below 30	30 & below 35	35 & below 40	40 & below 45	45 & below 50	50 & above 50	
Jengka I	(0) 0.0	(4) 7.4	(5) 9.3	(20) 37.0	(10) 18.5	(14) 25.9	(1) 1.9	(0) 0.0	(0) 0.0
Kg. Chahaya Baharu	(1) 1.4	(0) 0.0	(4) 5.6	(4) 5.6	(8) 11.3	(17) 23.9	(13) 18.3	(23) 32.4	(1) 1.4
Taib Andak	(2) 2.9	(2) 2.9	(1) 1.4	(4) 5.8	(4) 5.8	(10) 14.5	(16) 23.2	(14) 20.3	(16) 23.2
Bukit Besar	(0) 0.0	(1) 1.2	(1) 1.2	(7) 8.1	(24) 27.9	(23) 26.7	(17) 19.8	(12) 14.0	(1) 1.2
Tenang Besut	(0) 0.0	(1) 2.5	(4) 10.0	(8) 20.0	(3) 7.5	(7) 17.5	(10) 25.0	(7) 17.5	(0) 0.0
Seberang Tayor	(0) 0.0	(4) 4.7	(14) 16.5	(13) 15.3	(18) 21.2	(13) 15.3	(13) 15.3	(10) 11.8	(0) 0.0
Bukit Goh	(0) 0.0	(4) 3.8	(19) 18.1	(42) 40.0	(24) 22.9	(12) 11.4	(2) 1.9	(1) 1.0	(1) 1.0
Chalok Barat	(0) 0.0	(4) 3.8	(39) 37.1	(47) 44.8	(11) 10.5	(3) 2.9	(1) 1.0	(0) 0.0	(0) 0.0
Jerangau	(0) 0.0	(8) 5.3	(10) 6.6	(27) 17.8	(41) 27.0	(30) 19.7	(25) 16.4	(10) 6.6	(1) 0.7
Tenang	(0) 0.0	(0) 0.0	(2) 50.0	(2) 50.0	(0) 0.0	(0) 0.0	(0) 0.0	(0) 0.0	(0) 0.0
Pasak	(0) 0.0	(0) 0.0	(3) 4.9	(8) 13.1	(16) 26.2	(16) 26.2	(4) 6.6	(14) 23.0	(0) 0.0

TABLE 4.2 PERCENTAGE BREAKDOWN OF SETTLERS ACCORDING TO AGE GROUPS. ALL SCHEMES

AGE GROUP	Jengka I	Kg. Chahaya Baharu	Taib Andak	Bukit Besar	Tenang Besut	Seberang Tayor	Bukit Goh	Chalok Barat	Jerangan	Tenang	Pasak	Percent of all Schemes
Below 20 years	0.0	33.3	66.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
20 & below 25	14.3	0.0	7.1	3.6	3.6	14.3	14.3	14.3	28.6	0.0	0.0	3.3
25 & below 30	4.9	3.9	1.0	1.0	3.9	13.6	18.4	37.9	9.7	1.9	2.9	12.3
30 & below 35	10.9	2.2	2.2	3.8	4.4	7.1	23.0	25.7	14.8	1.1	4.4	21.9
35 & below 40	6.3	5.0	2.5	15.0	1.9	11.3	15.0	6.9	25.6	0.0	10.0	19.1
40 & below 45	25.9	23.9	14.5	26.7	17.5	15.3	11.4	2.9	20.5	0.0	11.0	17.5
45 & below 50	1.0	12.7	15.7	16.7	9.8	12.7	2.0	1.0	24.5	0.0	3.9	12.2
50 & above 50	0.0	25.3	15.4	13.2	7.7	11.0	1.1	0.0	11.0	0.0	15.4	10.9
Non Response	0.0	5.0	80.0	5.0	0.0	0.0	5.0	0.0	5.0	0.0	0.0	2.4

TABLE 4.3 BREAKDOWN OF SETTLERS ACCORDING TO AGE GROUP IN TWO REPRESENTATIVE RUBBER AND OIL PALM SCHEMES AS AT END OF 1974

FELDA Gedangsa				
Phase	Age Group	Entry Date	No. of Settlers	% of Total
I	22-31	-	-	-
	32-41	8.8.1962	14	13.59
	42-51	8.8.1962	74	71.85
	52-61	8.8.1962	14	13.59
	62-71	8.8.1962	1	0.97
	Total		103	100%
II	22-31	-	-	-
	32-41	24.2.1964	28	29.17
	42-51	24.2.1964	50	52.08
	52-61	24.2.1964	17	17.71
	62-71	24.2.1964	1	1.04
	Total		96	100%
III	22-31	11.2.1968	1	0.64
	32-41	11.2.1968	116	74.84
	42-51	11.2.1968	31	20.00
	52-61	11.2.1968	7	4.52
	62-71	-	-	-
	Total		155	100%
IV	22-31	-	-	-
	32-41	2.12.1970	16	10.06
	42-51	2.12.1970	94	59.12
	52-61	2.12.1970	47	29.56
	62-71	2.12.1970	2	1.26
	Total		159	100%
Grand Total			513	
FELDA Jengka II				
Phase	Age Group	Entry Date	No. of Settlers	% of Total
I	22-31	1.10.1970	69	71.13
	32-41	1.10.1970	28	28.87
	42-51	-	-	-
	Total		97	100%
II	22-31	Oct./Dec. 1970	130	52.00
	32-41	Oct./Dec. 1970	117	46.80
	42-51	Oct./Dec. 1970	3	1.20
	Total		250	100%
Grand Total			347	

expansion of the skill criterion to encompass a wider sphere. Table 4.4 gives the breakdown of settler background for the FELDA schemes examined and Table 4.5 gives the same information for a few selected schemes as supplied by FELDA. It indicates the present trends, and also endorses the thesis that specific experience in the crop grown is not a fundamental requirement to become a successful settler in a FELDA scheme.

A recent introduction, included only in 1970, is the awarding of a maximum of four points for educational qualifications. The maximum is normally awarded to those with a Lower Certificate of Education or higher qualifications. The two reasons for the incorporation of this criterion are initially, to provide employment opportunities for school dropouts and second, to provide the FELDA schemes with a more literate group of settlers who could participate more meaningfully and efficiently in management affairs.

The two need criteria, family size and land ownership, are given a maximum of five points each. The family size indicates the applicants need, and one point is awarded per child up to five children. Unmarried applicants are not accepted. Table 4.6, 4.7 indicates the number of children per settler family for the schemes examined and 4.8 gives the similar information as supplied by FELDA. It is evident that there is a progressive decline in the number of children per family in the newer schemes as compared with the older schemes. The advantages of a smaller family size needs no elaboration here.

The ownership of land, on the other hand, indicates not

TABLE 4.4 PERCENTAGE BREAKDOWN OF SETTLER BACKGROUND - OCCUPATION BY TYPE OF WORK

	OCCUPATION					
	Agriculture	Industry	Labourer	Casual Worker	Others	Non Response
Jengka I	48.1	3.7	24.1	3.7	20.4	0.0
Kg. Chahaya Baharu	26.8	0.0	39.4	0.0	33.8	0.0
Taib Andak	20.3	1.4	47.8	2.9	26.1	1.4
Bukit Besar	36.0	1.2	37.2	2.3	22.1	1.2
Tenang Besut	67.5	0.0	12.5	2.5	17.5	0.0
Seberang Tayor	36.5	0.0	18.8	3.5	38.8	2.4
Bukit Goh	61.0	0.0	21.0	2.9	15.2	0.0
Chalok Barat	47.6	0.0	24.8	1.0	26.7	0.0
Jerangau	47.4	2.6	13.2	2.6	30.3	3.9
Tenang	50.0	0.0	25.0	0.0	25.0	0.0
Pasak	47.5	3.3	26.2	0.0	21.3	1.6
Percent of all Schemes	43.8	1.2	25.5	2.2	26.1	1.3

TABLE 4.5 SETTLERS BACKGROUND FOR A FEW SELECTED FELDA SCHEMES - NUMBER AND PERCENTAGE ACCORDING TO PROFESSION

	Rubber Tapper	Casual Labourer	Padi Planter	Fisherman	Farmer	Civil Defence and Armed Forces	Carpenter	Driver	Kampung Worker	Shopkeeper	Others *	Total
Jengka I, Pahang	209 (42%)	115 (23%)	73 (15%)	18 (4%)	5 (1%)	4 (1%)	8 (2%)	7 (1%)	41 (8%)	6 (1%)	12 (2%)	498
Bukit Besar, Johore	144 (37%)	97 (25%)	5 (1%)	25 (6%)	32 (8%)	31 (8%)	- -	9 (2%)	25 (6%)	9 (2%)	21 (5%)	398
Ulu Tebrau, Johore	97 (22%)	57 (13%)	-	12 (3%)	204 (46%)	13 (3%)	3 (1%)	14 (3%)	17 (4%)	4 (1%)	21 (4%)	442
Pasak, Johore	48 (18%)	87 (32%)	-	17 (6%)	9 (3%)	28 (10%)	3 (1%)	3 (1%)	62 (23%)	2 (1%)	13 (5%)	272

\* Include barbers, guards, trishaw peddlers, temporary teachers, mandors and unspecified jobs.

TABLE 4.6 NUMBER OF CHILDREN PER FAMILY. INDIVIDUAL SCHEMES

	CHILDREN					
	None	One	Two	Three	Four	Five & Above
Jengka I	3.7	14.8	18.5	27.8	13.0	22.2
Kg. Chahaya Baharu	8.5	15.5	9.9	15.5	26.8	23.9
Taib Andak	1.4	7.2	15.9	21.7	23.2	30.4
Bukit Besar	7.0	5.8	10.5	20.9	23.3	32.6
Tenang Besut	10.0	7.5	17.5	12.5	22.5	30.0
Seberang Tayor	11.8	12.9	20.0	16.5	12.9	25.9
Bukit Goh	21.9	21.9	18.1	17.1	8.6	12.4
Chalok Barat	11.4	12.4	24.8	24.8	10.5	16.4
Jerangau	15.1	18.4	23.7	17.8	5.9	19.1
Tenang	25.0	0.0	50.0	0.0	0.0	25.0
Pasak	3.3	9.8	16.4	29.4	18.0	23.0



TABLE 4.7 NUMBER OF CHILDREN PER FAMILY. ALL SCHEMES (%)

CHILDREN	Jengka I	Kg. Chahaya Baharu	Taib Andak	Bukit Besar	Tenang Besut	Seberang Tayar	Bukit Goh	Chalok Barat	Jerangan	Tenang	Pasak	% in all Schemes
None	2.2	6.7	1.1	6.7	4.4	11.1	25.6	13.3	25.0	1.1	2.2	10.8
One	7.1	9.7	4.4	4.4	2.7	9.7	20.4	11.5	24.8	0.0	5.3	13.5
Two	6.5	4.5	7.1	5.8	4.5	11.0	12.3	16.9	23.4	1.3	6.5	18.4
Three	8.9	6.5	8.9	10.7	3.0	8.3	10.7	15.5	16.1	0.0	10.7	20.1
Four	5.6	15.3	12.9	16.1	7.3	8.9	7.3	8.9	7.3	0.0	8.9	14.8
Five and above	6.4	9.1	11.2	15.0	6.4	11.8	7.0	9.1	15.8	0.5	7.5	22.4

TABLE 4.8 SETTLERS: FAMILY SIZE (END 1976)

No. of Children	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14 & above	Total
Bilut Valley																
No. of settlers	11	24	35	35	50	64	94	69	56	36	20	14	4	0	2	514
% of Total	2.1	4.7	6.8	6.8	9.7	12.5	18.3	13.4	10.9	7.0	3.9	2.7	0.8	0.0	0.4	100
Jengka Two																
No. of settlers	5	13	50	76	70	40	31	18	5	4	0	0	0	1	0	313
% of Total	1.6	4.2	16.0	24.3	22.4	12.8	9.9	5.8	1.6	1.3	0.0	0.0	0.0	0.3	0.0	100

only an urgent economic need but also the government's policy and national objective of giving land to the landless. Applicants without any land of their own are awarded a maximum of five points. From this maximum the scoring rate is progressively reduced by one point for every half-acre owned. No points are given to those who possess more than two acres of land. In fact, any family possessing more than two acres of rural land holding and / or in excess of one lot of town land is disqualified from selection in accordance with the provisions of (G.S.A.) Act of 1960 under Section 19(2) which states:

"No person who is a proprietor or co-proprietor of any land other than -

- a) country land not exceeding two acres in area or
- b) a single plot of town land used solely for his own residential use or
- c) both such country or town land

shall be eligible to occupy a rural holding so long as such holding continued to be state land".

Although selections are based on the point system, FELDA usually observes the Federal Government's and State Government's stipulation and requirement. Irrespective of the basis of selection all applicants have to be interviewed and their names approved by the State Legislative in which the scheme is located. Interviews are carried out periodically in various parts of the country by a Selection Board normally comprising the Regional Secretary, Chief Settler Affairs Officer and the District Officer or his representative. The final selection however, is made by FELDA on the point system given earlier.

### Interviews

The selection process has been highly streamlined for efficient and quick disposal. But it is observed that the waiting period between the date of submission of applications and the interviews varies from State to State. This variation is due mainly to the degree to which land development is already taking place and the number of approved projects for each State. In the State of Johore where schemes are being developed, the chances of being interviewed and resettled early are definitely greater compared to those applicants from States where there are fewer or no schemes being opened. Those applicants from the more populated States where the availability offered is low will be definitely at a disadvantage. This is evident from the fact that during the first half of 1970 FELDA carried out interviews in four different States viz. Pahang, Negri Sembilan, Malacca and Perak. From Table 4.9 it can be observed that the number of absentees in Negri Sembilan and Malacca were rather high.

TABLE 4.9 ABSENTEEISM AT SETTLER INTERVIEWS, 1970

STATE	NO. CALLED	ABSENTEES
Pahang	464	4
Negri Sembilan	1,061	344
Malacca	383	153
Perak	424	-

This high incidence of absenteeism in Negri Sembilan and Malacca can be explained by the longer waiting period between submission of application and the interviews. Applicants who were tired of waiting to be interviewed, and resettled, probably have found other jobs elsewhere or have changed their residences. The State origin of settlers in schemes examined is indicated in Table 4.10.

It is also observed that successful candidates are not admitted into the scheme immediately after interviews. Table 4.11 indicates the period between interview and admission to schemes of 11,827 settlers. It is evident that there is a great variation in the period separating interviews and entry. Less than 58 per cent were admitted earlier than one year and nearly 13 per cent were admitted after a lapse of more than two years. A fairly long delay is evident even as late as 1975. Applications were opened for a three-month period from 1st December 1973 to 28th February 1974, and the total number of applications received was 28,612. Of these 19,546 applicants were found to be successful to become FELDA Settlers, but as late as April 1975 only 7,225 applicants had been processed (vide Table 4.12). By the end of 1976 there were over 18,000 selected settler candidates on the waiting lists. Under these circumstance FELDA had decided to stop temporarily the acceptance of new applications. However, new settler application is expected to be reopened in 1978.

TABLE 4.10 STATE ORIGIN OF SETTLERS (p.c.)

SCHEME	Trengganu	Singapore	Perlis	Penang	Negri Sembilan	Malacca	Kedah	Johore	Kelantan	Pahang	Selangor	Perak	Unspecified
Jengka I	3.7	0.0	3.7	5.6	1.9	1.9	13.0	11.1	7.4	5.6	1.9	22.2	22.2
Kg. Chahaya Baharu	0.0	1.4	0.0	0.0	1.4	1.4	0.0	93.0	0.0	0.0	0.0	2.8	0.0
Taib Andak	0.0	0.0	0.0	0.0	0.0	0.0	1.4	97.1	0.0	0.0	0.0	0.0	1.4
Bukit Besar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	96.5	0.0	0.0	2.3	0.0	1.2
Tenang Besut	92.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.0	2.5	0.0	2.5
Seberang Tayor	90.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.4	0.0	0.0	0.0	0.0
Bukit Goh	6.7	0.0	0.0	5.7	3.8	5.7	14.3	1.9	27.6	23.8	5.7	3.8	1.0
Chalok Barat	95.2	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.9	0.0	0.0	1.0	0.0
Jerangau	86.8	0.0	0.0	0.0	0.0	0.0	0.0	0.7	12.5	0.0	0.0	0.0	0.0
Tenang	75.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.0	0.0	0.0	0.0	0.0
Pasak	0.0	4.9	0.0	0.0	0.0	0.0	0.0	95.1	0.0	0.0	0.0	0.0	0.0
% of total Interviewed	43.2	0.5	0.2	1.1	0.7	1.0	2.8	34.0	7.8	3.5	1.2	2.3	1.9

TABLE 4.11 PERIOD BETWEEN INTERVIEW AND ENTERING SCHEME

YEAR	NUMBER	PERCENTAGE
After 6 months or less	2,158	18.25
Between 6 months and one year	3,346	28.29
Between 1 year and 1½ years	901	7.62
Between 1½ and 2 years	1,108	9.37
Between 2 and 2½ years	405	3.42
Between 2½ and 3 years	516	4.36
Between 3 and 3½ years	155	2.45
Between 3½ and 4 years	290	
4 years and over	365	3.09
Not available	2,583	21.84
	11,827	

TABLE 4.12 SUCCESSFUL SETTLER APPLICANTS BY AGE GROUP AND ORIGIN AS AT APRIL 1975

STATE	AGE GROUP					TOTAL
	18-20	21-25	26-30	31-35	36-40	
Perlis	-	6	16	14	3	39
Kedah	5	300	691	339	9	1,344
Penang	-	13	73	77	19	182
Perak	4	299	858	434	42	1,637
Selangor	-	-	-	-	-	-
Negri Sembilan	3	86	195	193	50	527
Malacca	1	21	59	65	17	163
Johore	-	-	-	-	-	-
Pahang	-	-	-	-	-	-
Trengganu	4	513	1,057	566	61	2,201
Kelantan	-	197	719	214	2	1,132
Total	17	1,435	3,668	1,902	203	7,225

### Settler Intake

FELDA is a highly successful land developer. Whether the same success has been maintained in its settler intake activities is doubtful. Figure 4.1 indicates the Settler intake for the period 1959 to 1977, and Table 4.13 indicates the racial composition of settlers in the schemes examined. It is evident that there is a cumulative increase in the emplacement of settlers in the various schemes. Such a progress is inevitable with FELDA's experience and the resulting increase in the pace of development of the other processes. However, it is emphatic that the progress has not been up to the standards FELDA maintains in other connected spheres of development. Unlike in land development where a spectacular progress has been shown, the intake progress has not only been low but also inconsistent. An examination of the yearly settler intake shows that FELDA has not fully accomplished the important task of maintaining a balance between land development and settler intake. Land development and settler placement are the two major parts that make the whole objective for which FELDA was created. The result of the lack of integration of these two aspects needs no elaboration here. But an early examination of the settler intake does not confer the correct perspective for better understanding of the position with regard to settler intake.

As a normal practice the intake of settlers into a scheme is scheduled to coincide with the phasing of development of the main crop area. The Phase I settlers normally enter the scheme in the latter half of the second year of development.

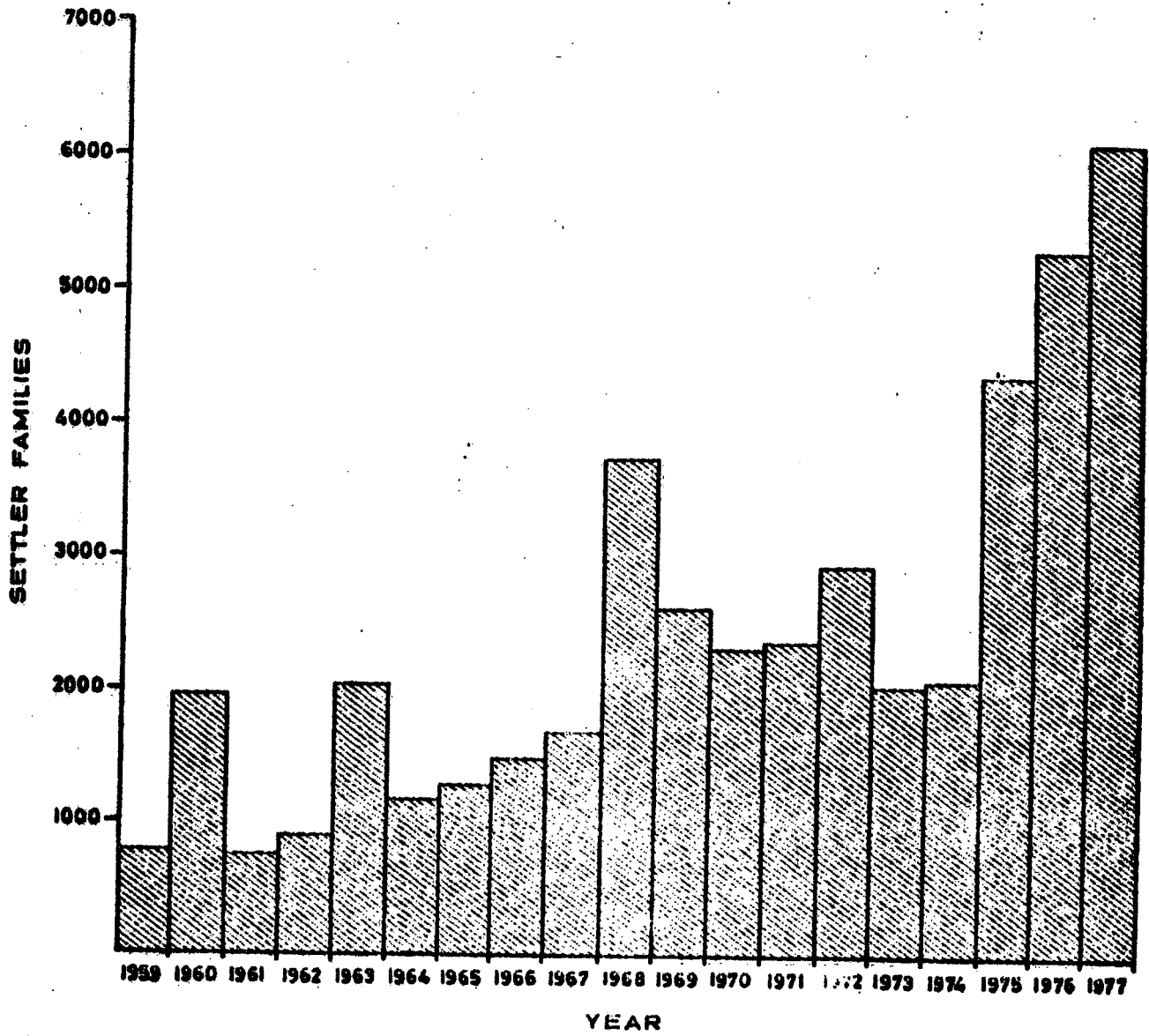


Figure 4.1 Settler Intake for the Period 1959 to 1977



TABLE 4.13 RACIAL COMPOSITION OF SETTLERS. INDIVIDUAL SCHEMES (%)

	RACE				
	Malay	Chinese	Indians	Others	Non Response
Jengka I	100.0	0.0	0.0	0.0	0.0
Kg. Chahaya Baharu	97.2	0.0	0.0	1.4	1.4
Taib Andak	92.8	2.9	0.0	4.3	0.0
Bukit Besar	91.9	1.2	1.2	5.8	0.0
Tenang Besut	95.0	2.5	0.0	0.0	2.5
Seberang Tayor	100.0	0.0	0.0	0.0	0.0
Bukit Goh	99.0	0.0	1.0	0.0	0.0
Chalok Barat	96.2	0.0	0.0	0.0	3.8
Jerangau	99.3	0.0	0.0	0.0	0.7
Tenang	100.0	0.0	0.0	0.0	0.0
Pasak	96.7	0.0	1.6	0.0	1.6
% in all Schemes	97.1	0.5	0.4	1.1	0.9

The first intake is normally 120 families. The two subsequent intakes (for a 3-phase scheme) of 140 families enter in the third and fourth year. Reports indicate that by the end of 1957 all 400 settlers and their families have been introduced to Ayer Lanas giving the scheme a population of 2,038 in March 1958. The moving in of settlers immediately was due to the early method of work whereby all the tasks had to be carried out by the settlers themselves without help of paid or contract labour. A similar situation is evident in the Chalok scheme where work on the ground was started in May 1958, and the selection of settlers was made in June 1958. By 1959, 382 families were settled. It must however, be noted that both these schemes were carried out by the individual State Government Boards with the assistance of FELDA.

In 1960 FELDA hoped to settle 4,662 families, but by June 1960 only 2,530 settler families were moved in. The target set for the Second Five-Year Plan by FELDA was to settle 4,800 farmer families in 12 central villages per year. During the Plan period therefore, 24,000 families would be settled in 60 planned villages. But in 1961 FELDA had been able to place only 715 families in the various schemes, and in 1962 the number of resident settler families in the schemes increased to 3,648. An additional 763 settler families moved in during the second half of the year which brought the total settler families by the end of 1962 to 4,411. On the other hand the year 1963 witnessed the entry of 1,913 new settler families into FELDA schemes. The cumulative total by 30th June 1963 rose to 5,328 families giving

a total population of 28,335. During the second half of the year, 1,512 families moved in giving a cumulative total of 6,840 settler families by the end of 1963. In 1964, 2,043 families were placed in the various phases of 28 schemes. It is therefore, evident that FELDA has not been able to maintain the settler intake quota envisaged in the Second Five-Year Plan. The inability was due to the delays in the phase development of the schemes, and the slow progress of infrastructural development.

The projected intake of settlers during the First Malaysia Plan period was 12,745. The emplacement for 1966 was 1,465 families bringing the cumulative total to 10,320 families settled in FELDA schemes. During the year 1967 a large number of applicants were successful, but their entry was delayed due to insufficient medical facilities for the required examination of the applicants. However, FELDA was able to settle 1,670 families in the schemes. This intake increased the cumulative total to 12,390 - all settled in a span of ten years at the average of approximately 1,239 families per year. On the contrary, the yearly average for the period 1957-1960 was only 793 as compared to 1,074 for the 1961-1965 period. Under the First Malaysia Plan the envisaged average was 2,549 families per year. FELDA also estimated that by the end of 1970 there would be 22,000 families. On the basis of an average of 6.2 persons per family and if all the processes involved moved according to plan FELDA would have settled about 136,000 persons. FELDA was also optimistic that for every 42 rural persons in

Peninsular Malaysia one would be in its schemes. Progress in the settling of families though satisfactory yet was not sufficiently rapid to maintain the good aspirations of FELDA. There were difficulties in housing contracts and an intake of 1,100 families was delayed. But FELDA expected that in 1968 it would record its biggest yet annual intake of 3,000 families.

True to the promise made in May 1967, FELDA was able to settle 3,791 families in 1968. The increased pace in land development had been accompanied by a corresponding increase in the number of families that was settled in the schemes. The largest number to be settled was in the State of Johore which served 1,190 families, and this was followed by 726 in Perak and 578 in Negri Sembilan. The ability to exceed the target of 3,000 set for the year was the result of the increase in the general pace of development of the provision of infrastructure. On the contrary, 2,619 families or 75 per cent of the objective was settled in 1969. The main cause for the shortfall in settler intake for the year was the retarded rate of village development. In fact, the specific cause for the delay was the slow progress in the construction of village roads created by the lack of adequate capacity for such work. Of the 2,619 families that were settled 1,226 were placed in land schemes in the State of Johore, 467 in Negri Sembilan and 349 in Pahang. The Pahang intake was drastically low for the same reasons mentioned earlier. With the addition of the year's intake, the total number of families in FELDA schemes stood at 18,000 giving an approximate population

of 120,000 people.

In 1970 FELDA put up a very impressive programme in respect of land development when compared to that of other years. But the total intake of settler families was on the whole rather unsatisfactory. FELDA's intention was to settle approximately 3,500 families in 1970, but the actual intake was only 2,318. This intake was only 66.2 per cent of the target. It is observed that shortfalls in settler intake was a continuous source of worry to FELDA, and according to them "the objective of land for landless is not being met as rapidly as it should be". The main causes for the shortfalls however, have not changed. The slow rate of infrastructural development for which the public sector service agencies are responsible had been the major obstacle. But to overcome the recurrence of this obstacle, it was agreed in 1970 that the Government set up a special unit of the Public Works Department to service FELDA needs. Even with the very active assistance and cooperation from, and adequate coordination with, other government departments, the settler intake for the Second Malaysia Plan period was disappointingly low.

The original intake target was 20,000 families during the plan period. In 1971 only 2,336 families or approximately 14,000 persons were taken in against a target of 4,000 families. The intake for 1972 was 2,930 families which again was much below the target. Housing contractors found it difficult to obtain materials and this slowed down the rate of construction of settler houses causing a restriction on the number of settlers that could

be taken in. Moreover, the old problem of inability to achieve a more rapid pace of infrastructural development seemed to bug FELDA's endeavours to fulfil the target intake. But the situation showed considerable improvement in Pahang where the Public Works Department had established a special unit to handle FELDA projects. It is rather unfortunate that the establishment of such special units in other States had not taken place early. At this stage another serious problem arose in the form of competing demands for heavy machinery.

During the year 1972, 2,452 applicants were interviewed and 1,931 qualified to become settlers, yet FELDA was unable to place them. In 1973 only 2,060 families were emplaced in FELDA schemes. The main reason for this large decrease is the delays in the construction of settler homes. For similar reasons the number of successful candidates that remained to be settled stood at 1,735. The total number of families settled in all schemes by the end of 1974 was 30,100 giving an increase of 2,050 over 1973. This year too, showed a very unsatisfactory performance in respect of settler intake. Delays in construction of infrastructural service and settler homes continued to plague any attempts to achieve a higher rate of intake. By the end of the plan period (1975) FELDA was able to resettle only 13,779 families which is only 68.8 per cent of the envisaged target. In 1976 however, it was able, for the first time, to exceed its intake target by resettling 5,338 families.

# III

## APPENDIX 4.1 SETTLER SELECTION POINTS SYSTEM (1967)

CRITERION				SUITABILITY/ NEED FACTOR	DETERMINANTS
Age	Points	Age	Points		
21	3	34	6	Suitability	Ability to repay FELDA loan in a maximum period of 15 years.
22	4	35	5		
23	5	36	5		
24	6	37	5		
25	7	38	4		
26	8	39	3	High weighting	To suit demobbed military personnel.
27	9	40	3		
28	10	41	2		
29	10	42	2		
30	10	43	1		
31	9	44	1		
32	8	45	1		
33	7				
No. of Children					
		Points			
5 and above		5	Need.	The larger the family size the greater the need.	
4		4			
3		3			
2		2			
1		1	Moderate weighting.		
0		0			
Land Ownership (acreage)					
		Points			
0		5	Need	The bigger the property the less the need.	
$\frac{1}{2}$		4			
1		3	Moderate weighting.		
$1\frac{1}{2}$		2			
2		1			
Trade (skill)					
		Points			
Rubber		4	Suitability	Skills of advantage in pioneer land settlement Communities.	
Oil Palm		4			
Others		1 (each)	High weighting.		
Combined maximum		10			

## APPENDIX 4.2 SETTLER SELECTION POINT SYSTEM (1974 TO PRESENT)

ELIGIBILITY FACTOR	HUSBAND	TOTAL POINTS	WIFE	TOTAL POINTS
Health factor	Excellent health	6	Excellent health	6
	Moderate health	5	Moderate health	5
	Poor health	2	Poor health	2
	Physically disabled (application will be rejected)	0	Physically disabled	0
	(Full points 6)	6	(Full points 6)	6
Education	Secondary school (Form 1 and above)	4	Secondary school (Form 1 and above)	4
	Primary school (Std. 4 to 6)	2	Primary school (Std. 4 to 6)	2
	Other schooling standards with ability to read and write	1	Other schooling standards with ability to read and write	1
	(Full points 4)	4	(Full points 4)	4
Skill	Business skill	2	Business skill	1
	Barbering skill	2	Tailoring skill	1
	Tailoring skill	2	Embroidery/ knitting skill	1
	Skill in handicraft	2	Weaving skill	1
	Carpentary skill	2	Skill in handicraft	1
	Mechanical trades skill	2		
	Working skill in rubber estates	2		
	Working skill in oil palm estates	2		
	(Full points 6)	6	(Full points 3)	3
Background	Farmers, Fishermen, Ex-servicemen	8		
	Mining workers, Lumbermen	5	No points	
	Labourers, drivers, Office workers and others	3		
	(Full points 8)	8		
Number of children	3 children & above	3		
	2 children	2	No points	
	1 child	1		
	(Full points 3)	3		
Total for Husband		27	Total for Wife	13



## Chapter 5

### Size Concepts

Enhanced income through agricultural development is the ultimate goal of the land settlement programme. Hence, the mere alienation or redistribution of land would not in any way bring about the attainment of such an objective. The agricultural pattern to be evolved must yield a return which commensurate the investment. Since rubber, oil palm and also sugar cane and cocoa are the crops on which agricultural development in the schemes are planned, the success of the whole programme depends on the returns to these crops. The present tendency is to give more importance to oil palm which demands a certain minimum acreage for an efficient output. Sugar cane too, falls into this category. Rubber and cocoa also for other reasons involved in the resettlement process, demand large minimum acreages. As already indicated large acreages are non-available within the proximity of the already existing settlement. The only alternative therefore, is to find land elsewhere. Consequently a simultaneous resettlement of persons becomes an inherent requirement in this development process. Under these circumstances FELDA is confronted with two major problems. The first arises in the identification and selection of agriculturally suitable land for the purpose. The second is the creation of economically viable farms from the selected land. The two problems, in conjunction with the scale and magnitude of the envisaged programme, have given rise to an examination of not only the location/selection aspects but also the different size

concepts of the projects. The terms 'location' and 'selection' needs no explanation, but the term 'size' whilst signifying the normal connotation encompasses the size of scheme, the size of the settlement unit and the size of individual holdings.

Inadequate understanding of land as a resource has led to a belief in some quarters that a very large physical supply of land is available for crops. It must however, be noted that prior to these 'available areas' acquire an economic value they must be 'developed'. This calls for highly favourable economic, social, political and institutional conditions. Moreover, a large investment is necessary in order to create viable farms from these lands, and the justification for such expenditure calls for a higher return from the use of the areas. The development of new lands and crops necessitates much more than mere land clearing and planting. It require the solution of a number of problems including those of transportation and communication, sanitation and health, housing, social services, marketing and international trade. The scope of these problems suggests the inevitable risks associated with new ventures of this type, and the magnitudes of the problems lie on the scale of operations. Hence, the size concept of the venture which bears an intimate relationship to the returns to scale or the economics of scheme size and farm size. This aspect is one of great interest not only to FELDA and other land development agencies but also to the operating settler and the whole nation. Its significance lies in that over the long run the operator must scale that size, or seek the scale level at

which his cost economies must exceed his diseconomies of scale.

Since the rise of the discipline, agricultural production economics, economists have been keenly concerned with farm size as profits increase over the range of such a size concept. Farm management studies too have shown conclusive evidence of constant or increasing returns to size. The business-minded farmer is concerned with the average and marginal costs as they show relationship to the profitability of size of farm. The government and public concern over farm size has been in terms of average costs for different farm sizes and the viable advantage of large as compared to small farm units. The Malaysian farming sector is characterized by a large number of small family farms which are now economically less viable. But they do exist. The diseconomies associated with the traditional small farms are well-known, and the government is quite aware that greater economies exists for large farms. The land development and resettlement programme as presently carried out is closely related to increasing returns to scale. The question of size of scheme, the size of settlement and the size of individual holdings therefore, have been a much considered aspect of the whole programme.

#### Scheme Size

Initially the size of scheme is an important consideration. FELDA prefers the lower limit of the size of a scheme to be about 4,000 acres for 400 families. Surjit Singh observes that the typical FELDA scheme is one with approximately

400 settler families who live in one central village located in the midst of their agricultural holdings.<sup>1</sup> However, it is observed that there are many exceptions and other modifications and variations to this 'ideal' size concept. FELDA's choice is governed to a greater degree by the following considerations:

- i. A scheme with about 3,000 - 4,000 acres of rubber is a desirable management unit for a plantation crop, and within this area the maximum travelling distance for both settlers and staff from the village centre would be about three miles.
- ii. A settlement with 400 families would have a population of approximately 2,000 people which in terms of the government rural development plan (the Red Book) is a qualifying limit for the provision of certain essential services such as a midwife's clinic, a primary school, a police post etc.
- iii. With a population of 2,000 the investment for the provision of piped water supply, village roads and access roads is adequately justified.
- iv. The population would be adequate to support the development of a small commercial centre to service the settlers.

Another consideration that affects the size concept of a scheme is the commutable distance between the various plots assigned to settlers. Since the settlers live in their house

lots located in the central village, the larger the acreage of the scheme, the longer will be the commutable distance between the house and the agricultural lots. But FELDA is quite aware that the settlers must not travel more than two or three miles to their respective agricultural lots as their efficiency will be affected by longer commuting distances. These considerations govern the maximum size of a single scheme to be limited to about 6,500 acres for 600 families. The above maximum and minimum limits are usually adopted for rubber schemes or even for oil palm schemes where processing facilities are available nearby. The present tendency, however, is to develop larger acreages of 10,000 acres especially for oil palm and sugar cane so that processing units can be established within the scheme. Depending on the soil factor the current practice is to grow rubber when the acreage available is less than 7,000 acres and oil palm when it is over 7,000 acres. Unlike rubber which is ecologically a suitable peasant crop, oil palm and sugar cane are more controlled by economies of scale. Hence, the necessity to establish the processing units within such schemes in order to eliminate undue delays in transporting the harvested crop to the mills.

The above concepts have not been static, for example, in 1961, the NLC decided that all areas of land over 2,000 acres in extent were to be earmarked for development by FELDA. Such a decision clearly indicates that FELDA in principle had to develop areas as small as 2,000 acres. It is also relevant to note that from its inception to the early sixties FELDA followed a resettlement

pattern which was widely dispersed throughout the States of Malaysia. This dispersed pattern was suitable and desirable at that time. But with the increasing growth of population and the consequent pressure on land, a stage was reached when it was economically more feasible to develop larger areas in selected locations. The Government therefore, decided in 1962 to concentrate development on a 'region' basis, and subsequently an agreement was reached for the majority of the future land development schemes to be undertaken on a 'concentrated programme' which will have inter alia, the following advantages:

- i. a reduction of the strain on the existing technological and administrative personnel, who are already in short supply, by the planning and implementation of comprehensive large schemes concentrated in one area.
- ii. a lowering of the cost on capital works such as roads, schools, water supply, medical facilities etc. by the operation of economies of scale which would not function effectively if FELDA continues with small schemes throughout the country.

It was decided that the first comprehensive regional programme should be implemented in the Jengka Triangle (Pahang). In 1963, the IBRD identified the project and subsequently provided the necessary technical assistance in 1965 and financial assistance in the form of a loan for its development in 1968. When fully developed the Jengka Triangle hopes to resettle 85,000 people.

The success of a resettlement programme of this magnitude depends on the correct choice of size and the establishment of the settlers within this area. It was proposed that the scheme size for the project should be broadly based on the rural settlements which are characteristically found in Peninsular Malaysia. On this basis the Jengka Triangle would consist of about 100 settler families on approximately 1,200 acres of land each. According to the report such a scheme unit, if compact, would be just over one and one quarter miles square and will be 20 to 25 minutes walking distance across. This is an important consideration for the reason that an area of this size is within walking distance from the settlement (village).

Besides the factors already mentioned for the selection of this size concept for Jengka, three more have been considered. The adaptability to land use was one factor. In the Jengka Triangle the pattern of soil and landforms is complex and the changes from one soil type to the other are the rule. A relatively small scheme therefore, is considered more adaptable to such changes and 'isolated areas of land suitable for rubber, although surrounded by oil palm and forest, can be economically brought into production'. By this means the likelihood of large areas of crops being planted on marginal lands are reduced or avoided. The other factor is the adaptability to management. It was considered that a small scheme unit of the size envisaged afforded new means for effective assignment of management staff. Furthermore, the scheme units are quite small for its control by

relatively inexperienced supervisory personnel. The third factor is the adaptability to infrastructure. FELDA, on the other hand, argued that there is a direct relationship between the basic size concept of the scheme unit and the subsequent planning and total investment of the projects. The consultants' suggestion therefore, was found to be unacceptable. Moreover, if for the same investment cost a larger acreage and a larger number of settler families could be maintained at efficient level, then it is economically unsound to accept a lower acreage.

#### The Settlement

A suitable environment for the emplaced people to live in is carefully considered by FELDA, for the people must not be settled in an area which exhibits the unknown or the unfamiliar. FELDA, therefore, attempts as far as possible to create a settlement type which the people are familiar with. FELDA's ideal settlement unit is one with approximately 400 settler families who live in one central village located in the midst of agricultural holdings. In a way FELDA attempts to create a settlement type not far removed from which the people are familiar with. However, it must be noted that there are several projects in which the settlements show departures from the ideal. For example, in Sungei Tiram Scheme in Johore all the settler families live away from the scheme site. In Macap (Malacca), half the settlers reside in the settlement and the other half in a new village outside the scheme. In Kemendore there are two villages within the scheme area. But to provide the



maximum benefits at minimum cost, FELDA has adopted the nucleated type of settlements for its schemes. It must however, be emphasized that the settlements pattern created by FELDA has little relationship to an earlier pattern in that it is not evolutionary. On the other hand, it is emphatic that FELDA does not consider the 400-family unit 'the ideal' settlement. It is considered as a more convenient form, and the concentration of infrastructural facilities creates a semi-urban atmosphere, without the loss of the natural charm, which in turn introduces the settlers to some aspects of urban living. However, under such a size concept the growth of commercial activities is rather inadequate to meet the increasing demands especially when the settlers receive a higher income with the maturity of crops. Under such circumstances the attraction will be to spend the money in the nearest town that can cater to the needs. A good example is Kulai. In this connection Singh has correctly concluded that 'this means that instead of generating more economic activity within the 400-family unit the money is supporting growth of activity elsewhere'.<sup>2</sup>

In contrast to the FELDA settlement size concept the Jengka Triangle consultants recommended a smaller rural type of settlement for the project. Such a rural settlement envisaged consisted of the agricultural lands, a few shops and some public services and facilities supported by the population according to its ability. In this rural setup the settlement unit becomes a social unit with unique characteristics of its own. Such a settlement proposal was made on the conclusion that the settlers

will come from such a settlement unit. In brief it attempts to duplicate the village settlement in the newly developed environment which according to the proposal is a logical extension and continuation of a known settlement pattern. The total population is expected to be about 700 to 800 people or about one-quarter to one-third of the present FELDA settlements. The rationale for smaller settlement units of the rural type was that such settlements, either individually or in combination with other settlement units, would provide all the basic services and facilities for the settlers. In this connection an important conclusion is that many rural communities of Peninsular Malaysia have developed as riverine societies and on this basis the patterns of services is enhanced with many services and facilities shared by adjacent communities. Similarly it was hoped that small villages close to one another can share and support jointly many services, and it would not be necessary to provide completely independent systems of services in Jengka's settlement pattern.

FELDA has disagreed with this size concept. From FELDA's point of view the adoption of such an idea would mean that if the existing FELDA standard of infrastructure were to be provided, it would either result in the costs being totally out of proportion to the objectives or in a reduced standard of services, to exactly the same number of persons who could have been settled in larger units and provided with the standard FELDA services. Moreover, it was considered that the adoption of the traditional type of village as suggested by the consultants can be a backward step in

the process of modernizing the rural sector. On the contrary, it must be emphasized that the 400-family unit was closely related to the holding size and was essentially meant for settlers with eight to ten acres. The commutable distance will conform to expectations only if the holding sizes remain unchanged. Since 1973, the size of holding had been increased by about 20 per cent for rubber and by about 40 per cent for oil palm, and this meant that the settlers had to travel more than  $2\frac{1}{2}$ -3 miles limit to their place of work. The solution to this lies in either reducing the size of the settlement unit or providing the settlers with speedier transport.

In contrast to the older systems of settlements, the present tendency is to create larger settlements rather than smaller ones. The selection of larger settlements is the result of the Government's urbanization policy for Malaysia, and is well exemplified in the Pahang Tenggara project which is being jointly planned with the Pahang Tenggara Development Authority. With such a development it is envisaged that the unemployment problems and the out-migrations, which are common occurrences in the older FELDA settlement schemes, would not occur. However, a study carried out recently by FELDA showed that approximately 50 per cent of the settlers would have to cover travelling distances beyond the  $2\frac{1}{2}$ -3 mile range, and shows that not less than 15 trucks would be required to transport the settlers from the town to their places of work and back. According to Singh 'this, therefore introduces a new dimension in settlement planning. We ourselves are not exactly sure how this is really going to work and as in most projects

involving human reactions, we would have to keep a very close watch on each stage of development'.<sup>3</sup>

#### Size of Holding

Generally the selection of size of holding is controlled to a greater degree by at least five major factors viz. (a) the crop or crops to be grown (b) the expected yield from the crop or crops grown (c) the income level objective (d) the labour capacity of a settler family and (e) the anticipated costs and returns.

There is no difficulty in selecting the crops and also computing the yield. The income level too, can be determined with some accuracy by observing the world demand and price trends.

Determination of the labour capacity is no problem but the determination of costs and returns is most difficult. However, FELDA schemes are public ventures with definite objectives. The size of holding per settler family therefore, is governed to a greater degree by income and employment factors. The acreage per family must be sufficiently high to give the settler an adequate income initially and must be capable of increasing in the long-term to remain attractive in comparison to opportunities elsewhere.

In Malaysia, as in most developing countries, underemployed farm labour contributes to a great extent towards agricultural inefficiency. This factor alone will make general farm mechanization economically wasteful or even redundant. The Government's policy regarding land development and employment clearly endorses this view although it is not specially stated.

As envisaged by FELDA the smaller size limit can also create family-type farming units which can be highly efficient if the settlers are properly educated and adequately trained. If such a favourable situation is brought about the settler incentives to produce can be more effectively utilized to accomplish FELDA's objectives although economics of scale in the production process will be fairly limited. Since each settler family would be given ten acres of agricultural land and a piece of residential lot (quarter acre), each settlement, therefore, works out to FELDA's figure of approximately 4,500 acres. This also means that the size of holding must be limited to an extent which is within the handling capacity of the settler and his immediate family. Such a view, of course, affects the interested and willing settler who is able to manage efficiently more land. A comparatively smaller size holding under these circumstances seems inappropriate, for it may curtail initiative; but it is definitely of greater importance to meet the urgent needs of the landless. On the other hand, by increasing the rubber and oil palm lots from 10 and 12 acres respectively to 12 and 14 acres the average size of a scheme would be increased substantially, but the intake of settlers which is one of the major objectives of FELDA, would be comparatively less. For a given scheme however, keeping the lots at an optimum minimum would mean a step nearer to the goal of solving the urgent problem of landlessness.

In the formative period when rubber was the main crop a six-acre holding was considered economically suitable. In the late fifties therefore, the settlers were given six acres of rubber,

two acres of dusun and a quarter-acre houselot. The decline of rubber prices led to an increase in the size of holding to seven acres and then to eight acres. This of course, is besides the dusun and houselot lands which remain the same as before. Oil palm was introduced in 1961. In the first oil palm scheme at Kulai, 12 $\frac{1}{4}$  acres (10 acres oil palm, 2 acres dusun and  $\frac{1}{4}$  acre houselot) was considered the standard holding size. Subsequently, holdings in oil palm schemes were reduced to eight acres each as it was considered that the earlier size with two acres of dusun was rather excessive. In 1967, in conjunction with the financing of the first stage of the Jengka Triangle project by the World Bank, it was decided that the unit size of holding should be ten acres of oil palm, and that no provision be made for dusun lands. This policy was extended to all other FELDA schemes. Another policy decision was made that all dusun lands should be cultivated with the main crop. Since then, the term 'dusun' was replaced by the term 'reserve'. The reason for the conversion was that the dusun concept was no longer valid in the context of the several failures encountered earlier. As a result, the dusun lands in the eight-acre oil palm schemes have been planted with oil palm to raise the holding size to ten acres. The same principle was applied in respect of rubber holdings of eight acres. Another change was effected in 1973 when the Government decided that holdings shall be increased to 14 acres of oil palm and 12 acres of rubber in order to maintain the settlers' income. It is observed that a 12-acre rubber holding size is too large for one person to handle during

the tapping period. But such a size concept was based on the assumption that a settler's wife would assist him in the tapping and collection of latex from about 700 trees per day on the alternate daily tapping system. However, it is the opinion of FELDA that 'we are fast approaching the upper limit of the holding size in the context of settler family labour which although the same does not hold true for oil palm. A 14-acre oil palm holding would still mean a certain amount of underemployment during the harvesting period'.<sup>4</sup>

#### Land Tenure

Economic activity is the result of the interaction of both economic and institutional factors, and in the process the institutional factors acquire an economic significance. Land tenure is an institution of legal origin but is considered a major economic institution because of the significant role it plays in the prevailing agricultural systems. Land tenure, in fact, indicates the procedure under which individuals or groups of individuals hold and share property rights and determines the varying rights to occupy, control and use land. In the South and Southeast Asian context land is much more than a mere physical factor of production. It is very intricately interwoven with the existing social and cultural institutions, and the social significance of property in the daily life of the people is of a much higher order than its economic importance for land has given the owner social status, political power and other

privileges besides economic stability. The emplaced settlers also had an already established pattern of life centered round the pride of ownership of land. A similar incentive is of importance in the new environment if the settlers are to give their highest efficiency to make any scheme a success. The intention of the Government therefore, is to create the necessary incentive by making the settlers owner-operators ultimately.

It is observed that up to July 1977 no settler had obtained title for the land he had worked. Such a situation is due to the stipulation in the Group Settlement Areas Act which requires that unless and until a settler has repaid his loan to FELDA and paid up the premium, quit rent and survey fees, his status would be that of one who is registered as an occupant in expectation of title. On his meeting the required obligations, FELDA is expected to revert the land with the State Government who is the only authority to issue land titles. The loan repayment period allowed is 15 years from tapping for rubber scheme settlers or break-even point for oil palm settlers.

Rubber was the basis on which the earlier projects were developed and each settler was required to work on his own individual lot as in Ayer Lanas. The settlers cleared the jungle for houselots, established rubber nurseries and also were engaged in felling and clearing of jungle for rubber and subsidiary food crops. But the development sequence in Ayer Lanas had been such that the development of the main crop rubber, which is the major objectives, was adversely affected. The above pattern of cultural



practices was modified to some degree in Bilut. Bilut was the first FELDA scheme where the settlers, after the completion of the construction of their houses, were sent out on collective work to clear up the regenerated undergrowth due to the shortcomings of the contractors. A marked feature at this time was the lack of any surveys to demarcate the individual plots. Consequently, the settlers were reluctant to put in a day's work when the chances were that it would be to somebody else's benefit. Moreover, the extremely difficult task of reclaiming some 3,000 acres by less than 400 workers was itself an achievement, but rather demoralising. The lots were finally allocated by ballot only after a lapse of some twelve months.

Since 1962, the Group method was introduced in the rubber schemes, and this required the settlers to work in groups of between 12 and 15 on blocks ranging from 100 to 200 acres during the first, second and third years of planting. Each group was allocated a specific working area, and members of each group would be given individual lots from the area they had been allocated. The group carried out the usual cultural practices under the guidance of FELDA staff. Such a procedure served two purposes. Initially, it became essentially a training period for the settlers, and second, it ensured proper and adequate maintenance of the rubber trees. The original intention was for the settlers to receive their individual plots by the end of the third year of planting. Subsequently, the distribution was postponed to the end of the fourth year. In majority of cases however, the distribution was

carried out only a few days prior to the beginning of tapping because the Survey Department was unable to meet the rising demands from the various sections of the public sector.

The earlier method of collective work by settlers over the whole area was a failure. The second method of working individual plots never gave the expected results. The block method, on the other hand, was evolved from the experience gathered from the shortcomings of the earlier methods, and was expected to be a more appropriate practice. This expectancy was based on the objective that each settler would work in the same block until they are allocated individual lots of eight acres, within the identical block they had worked. This method appears to be more conducive to work as there is a definite incentive. The incentive lies in that each of the settlers is assured of a lot within the area he originally worked. Within this system each settler is allocated by ballot his individual plot. By the time the settlers receive their individual plots the trees are about four years old, and the settlers more experienced in correct agricultural practices. Hence, they are able to maintain their holdings individually with the guidance and assistance from FELDA staff.

Landholding - settler relationship in the oil palm schemes is quite different from that of the rubber schemes. No individual allocation of holdings is carried out in the schemes for the reason that economies of scale are quite pertinent to the crop. Since FELDA's involvement in oil palm began only in 1961 it had no choice but to draw on the experience and pattern of cultivation

developed by the plantation sector. In addition, the cultural practices are more complicated than those for rubber. Where oil palm is concerned timing of harvesting is a significant factor for maintaining the quality of the produce. Any delay in harvesting could result in off-quality oil. Moreover, the investment on palm oil mills, the mill capacity and transport are the other major considerations that govern the land holding arrangements in oil palm schemes. Palm oil mills must be worked at an optimum on the basis of an anticipated crop. Under-utilization of a mill would mean a severe loss. Inconsistent and irregular harvesting by smallholders can lead to under-utilization thereby incurring great losses. An efficient transport system is a vital necessity in order to deliver fresh fruit bunches (FFB) before substantial deterioration of the fruits sets in. An efficient transport depends on sufficient and regular supplies of FFB. If harvesting is irregular which is bound to be a frequent occurrence among smallholders, then the operations become uneconomic. For these reasons therefore, FELDA's endeavour in oil palm development is largely an estate-based venture, but with certain dissimilarities.

In the oil palm schemes, the concept of co-operative land ownership has been adopted by FELDA whereby the settlers are not given or allocated their individual holdings, but have an equal and uniform share in the ownership and profits of the individual projects. The inexperience of the settlers in oil palm growing and the complex organization involved in its cultivation were the

two important factors that led to the acceptance and adoption of this idea. In the beginning it was the practice to treat the settlers as paid labourers once harvesting commenced. The workers had the freedom and choice to work or not to work but were entitled to a dividend once the break-even point was reached. The dividend was mainly the profit obtained after all the operating costs, loan repayments and state dues had been met. According to FELDA "under this system a settler could continue to get his dividend without lifting a spade. In the case of those settlers who worked, they were only interested in maximising the earnings from labour. One of the biggest drawbacks in this system was that the settlers were not motivated as there was no incentive for settlers to do so. They could harvest the easier areas and still earn the money they needed. They were not concerned with fruit quality as this would only be reflected in the dividend that they share with others at the end of the year. Strange as it might seem, this system did have some very strong supporters".<sup>5</sup>

Whatever the opinion, this system was found to be inadequate and unsatisfactory for the contemplated transformation of the rural sector. In fact, three major reasons can be attributed for the system's inadequacy. The first shortcoming of the system was low income to some or all settlers. Although this disparity became a cause for much complaint, the actual reasons for the variation of incomes were the differences in conscientiousness, age and physical abilities of the settlers to perform the required manual tasks. It has also, been suggested that payment for work done on the

basis of piece rate can be open to suspicions of favouratism. The second disadvantage of the system lies in that it does not generate the necessary motivation for the settlers to carry out extra work with a view to higher incomes. The third reason for the system's deficiency is its inability to create a sense of belonging among the settlers. Lack of a sense of belonging naturally leads to complacency and indifference.

In view of the above reservations the suitability of cooperative land ownership in oil palm schemes was reconsidered. But the ultimate objective is the distribution of land to the landless and any alternative that can be put into effect must not only keep this objective in view, but also consider the factors that led FELDA to accept the cooperative ownership system. The two significant factors that influenced the introduction of the existing system were settlers inexperience and management efficiency. Therefore, any alternative system that is created must also be bound by the same criteria which have not changed significantly. Within the limits of these conditions, FELDA was of the opinion that a three-stage development should be evolved and adopted. It was agreed that in State I the cooperative system would prevail so that more time could be devoted to the training of settlers in the cultivation, maintenance and harvesting of oil palm. Immediately on receipt of the necessary experience, the settlers are introduced to the second stage where the cooperative system is modified to suit the individual requirements. This is a transition stage when the settlers carry out the necessary

practices in smaller areas known as 'field' or 'block'. It is at this stage that the settlers obtain their independence and self-reliance. This system continues for two years, and the settlers are not allocated their individual holdings during the period. Stage three is reached when the settlers are given their individual lots under the block system.

The principle of the block system is the literal handing of each block of about 200 acres to a group of 20 settlers. The block system was first introduced in 1970 by FELDA in its Kampong Soeharta scheme, and also later in Ulu Jempol and Jerangau. This was considered a more efficient system for oil palm schemes because of the physical allocation of the agricultural area to the settlers who are responsible for the management of each block to the respective block members. All production from the block was identified to the block and the settlers in that block received the full value of their production. Under the old system, settlers were identified to a larger area and were not assigned any working area or block. The settlers were instead, organized according to job specialization and were in receipt of two forms of payment. Each settler received payments for labour according to the tasks carried out and also a end of year dividend. On the other hand, under the new system payments are made for the FFB the settler produces - which encourages him to harvest the crops with regularity. The final result of the introduction of the block system is envisaged to be the gradual settler takeover of the functions previously carried out by the field staff, and the

field staff to play progressively the roles of advisers and trainers.

The ultimate goal of the tenure systems adopted for rubber and oil palm is to grant titles to the land they have worked for nearly 20 years. This has now been achieved, and in July 1977, 267 families in the rubber schemes, Kemendore, Machap and Kampung Baru Menggong received titles to the land they have worked. There is no difficulty what-so-ever for the settlers to receive titles in the rubber schemes. However, the situation for oil palm settlers is not so simple for economies of scale limits operations by means of smallholdings. There is, of course, provisions in the Land (Group Settlement Areas) Act for settlers to be recognized as shareholders in a co-operative, and the State Authority may issue titles to a cooperative society. If the prevailing system of tenure in oil palm schemes is to continue then the provisions in the Act can be made use of for the benefit of the settlers. On the other hand, the World Bank was not fully in agreement with this concept, and when financing Stage I of Jengka Project made a condition that the settlers in Jengka should be given the opportunity to work on individual holdings after the tenth year of planting. It is, therefore, obvious that "This introduces a new concept to the administration and tenure aspects of oil palm schemes. If the concept of individual holdings is tried out and found to have no detrimental effects on production quality and efficiency, there is likelihood that it will spread to other FELDA schemes. If it does not, then the Block System

which is essentially of the co-operative type will continue to operate unless, of course, there are other developments".<sup>6</sup>

FELDA's participation in sugarcane was established with the formation of Kilang Gula Felda Perlis Sdn. Bhd. (KGFP) in 1971. It has been the policy of FELDA to approach the whole programme with caution for little is known about the requirement of the crop in the local environment. In addition, economics of scale are involved and the investment in the sugar mill-cum-refinery is quite high. If sugarcane production is on a smallholder basis the risk of an adequate supply of raw cane not forthcoming is greater. Whether it can be successfully developed as a smallholder crop is still not adequately known. For these reasons FELDA as an interim measure follows a settlement policy based on the following conditions:

- i. That the project shall recruit permanent labour and provide housing and other facilities similar to those available in rubber and oil palm scheme.
- ii. On the completion of the development phase of the project workers who have been in permanent employment for a certain specified minimum period would become eligible to a certain portion of the profits of the project.
- iii. Permanent workers who are eligible for participation in profits shall be given the opportunity to purchase the houses built by FELDA.
- iv. The system designed to allow profit participation



and purchase of houses by settlers should be such that it would encourage the workers to continue working in the project.

Such a policy leaves much flexibility to evolve a final approach for land holding with reference to the crop and the investment involved in sugarcane projects.

In the case of the Cocoa Pilot Project at Kota Gelanggi, the approach is essentially that of the commercial estates as the objective is to assess the economic viability of the crop in the new environment. It must however, be noted that where cocoa is concerned economies of scale are not pertinent, and the crop has been highly successful, ecologically and economically, as a smallholder crop in other parts of the world especially in West Africa and Sri Lanka. Whether FELDA will decide to follow these countries is yet to be seen.

Another departure is evident in the adoption of the dusun reserves which are not being converted to rubber and oil palm. It is observed that oil palm is being planted in these reserves in both rubber and oil palm schemes. In fact, in some schemes where rubber is the main crop, oil palm is being planted in the reserves where the soils are suitable and processing facilities are available in close proximity. Under these conditions the settlers have two crops - a main holding of rubber and a subsidiary holding of oil palm. Such a situation however, is present only in rubber schemes where the soils in the reserve area are suitable for oil palm, and the processing facilities

are available in close proximity. On the other hand, when the reserves are not suitable for oil palm the area is planted with rubber. An important concept that is put into practice when converting the 'reserve' is the development of the area as an estate with paid labour, and the ultimate handing over the land to the settlers only when FELDA has recovered all the development costs. This system was mainly devised to avoid an additional period of loan repayment by the settlers. Another variation of the commercial estate system is also been tried out by FELDA. It is observed that the commercial estate system is contrary to the objective of creating a progressive rural sector through the distribution of land to the landless. FELDA was created in order to fulfil this objective, and a pure estate system is unacceptable. Hence, FELDA obtained an agreement with the National Action Council to adopt a modified commercial estate system whereby the estates would be run on a commercial basis but the profits would be shared with the workers (settlers). In this case the land ownership "is traded for participation in profits".<sup>7</sup>

It is observed that there are a number of systems that are being carried out in FELDA schemes. The rubber schemes have no problems for a precedent has been created, and titles have been granted to those who have fulfilled loan obligations to FELDA. In the case of other crops a search for a suitable land tenure system continues. It is emphatic that the land terms systems should vary with the crop, the sociopolitical environment and the investment involved. Concurrently, with the greater growth

momentum in the schemes the dynamics of this growth will make the farmers demand institutional changes and they will certainly, demand more flexibility in the tenancy arrangements which is vital for their full development. Any adjustments in the tenure system therefore, must consider not only the type of settlers that is being evolved by the development schemes but also, serve the objectives of land development and resettlement in the country.

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