

CHAPTER I

HISTORY AND ADMINISTRATIVE SET-UP OF R.I.D.A.

INTRODUCTION :

The establishment of the Rural and Industrial Development Authority dated as far back as August 1951⁽¹⁾ when it was set up on an interim basis as a department of the Federal Government. The objective then was "to plan and carry out specific schemes for rural economic development and to organise the rural population for economic and social betterment, with emphasis on self-help."⁽²⁾

In the light of the experience gained after a period of nearly three years since its inception it was incorporated by the Federation of Malaya Ordinance No.48/1953. In the Ordinance of incorporation, R.I.D.A.'s duties are defined as :

"to stimulate, facilitate and undertake economic and social development in the Federation and more particularly in the rural areas thereof."⁽³⁾ The Authority under this Ordinance is given the power to discharge its duties and carry on activities like processing, packing, grading and marketing of products and research which will help to attain its objective. It is also their duty to promote the carrying on of any such activities by other bodies or persons. Whenever possible it should assist in the expansion and promotion of organization whose activities will render benefits to the rural people directly or indirectly. The main fields of activities are in marketing, rural credits, rural industries, research and training. Since the scope of R.I.D.A.'s activities are so wide, this essay will confine itself to the handloom and batek industries of Malaya which are assisted by Authority.

(1)

R.I.D.A. was first conceived by the late Dato Onn bin Ja'afar and his inspiration helped to bring it a reality.

(2)

R.I.D.A. and Malayan Economic Development by C. Gamba and U. Aziz - Far Eastern Survey October, 1951.

(3)

Section 4 (1) Ordinance No. 48/1953.

The Board of R.I.D.A. consists of a Chairman, deputy Chairman, 11 members appointed by the various state governments to represent the respective State, and not more than 12 members who are to be chosen from people with special knowledge of a particular field like agriculture, rural industry and other activities engaged in by the Authority. The policy making power is invested in an Executive Committee of 7 members comprising the Chairman, the Deputy Chairman and 5 other members of the Authority to be elected by and from the members of the Board. To achieve greater co-ordination so that each State can supervise and plan its own development scheme requiring the assistance of R.I.D.A., every state has a State Development Board appointed by the Authority from members nominated by the government of each state, The State Development Officers are assisted by Assistant Rural Development Officer in performing their duties.

Since the activities of R.I.D.A. are varied and numerous, 6 distinct Divisions could be distinguished with each Division head directly responsible to the Chairman. The Divisions are as follows :-

- (i) Loan Division - Headed by a Manager who is primarily responsible for credit facilities to be given to rural economic enterprises.
- (ii) Transport Division - The Transport Manager is the Head. It is primarily responsible for the provision of transport services and is specially directed by the government to initiate transport service to new roads for example in new settlements under the Federal Land Development Authority scheme.
- (iii) Rubber Division - It undertakes to set up rubber processing centres, of which some are managed directly by this Division while others are managed by the rural people themselves, to process the latex of smallholders around a certain area.

- (iv) Administrative Division - It is concerned with administration of the organisation under the Chairman of the Authority.
- (v) Technical Division - Its role is equivalent to that of the Public Works Department of the government. Headed by a Technical Officer, this Division looks into the technical problem of the various industries.
- (vi) The Small Industries Service Institute - The head of this Institute is the Chief Manager. The Institute provides many services to a number of small industries. These services may be classified as :-

- (1) The supply of raw materials.
- (2) Marketing of finished products.
- (3) Provision of technical assistance.
- (4) To assist in the industry's organisation so as to promote its eventual independence and expansion without outside assistance.
- (5) The provision of capital for the purchase of equipment, and working capital etc.

R.I.D.A. has established a fund called "The Rural and Industrial Development Fund." The Fund is financed in two ways:

- (i) It is given an annual subvention of \$4 million by the Government to cover administrative costs and expenditure on training, research and survey and development scheme.
- (ii) The Authority also operates a revolving capital fund of \$10 million which is provided by the Federal Government for financing loan projects.

Such loan projects fall into two groups. The first group comes under the direct management of R.I.D.A. carried on in an experimental basis as pilot project - the central rubber processing factory for small-holders' latex to increase the quality of the rubber. The other type is loan made to individual or enterprise with security pledged payable in terms within the operator's estimated capacity at a low rate of interest of 7% per annum. However, before a loan is approved the Authority usually carries out an analysis to assess the soundness of the enterprise. This is to ensure that the terms of the loan are such as to combine greatest utility to the borrower with the best prospects of recovery.