CHAPTER I

THE MALAYS

Importance of the Fishing Industry in Malaya

The importance of fishing in Malaya cannot be overemphasized. Part-time fishing and the main occupation of full-time farmers form the traditional basis of the subsistence economy of the rural and coastal dwellers. It is extremely difficult to say exactly what proportion of the total population is engaged in fishing because the majority of the rural people in Malaya have "dual occupations" i.e. they are sometimes engaged jointly in fishing as well as farming. Because of this "dualism," it is very difficult, if not impossible, to say whether a person is a farmer or a fisherman. However, on the whole, we can confidently say that the fishermen in this country form a significant portion of the total population. It is estimated that there are about 54,000 fishermen in this country.

Furthermore, living in an environment which does not encourage livestock rearing, the diet of the rural people, especially the Malays, is essentially vegetarian. The main source of animal protein is fish. Fish - fresh or salted - form the second staple food not only of the Malays, but also the Chinese and Indian population. The per capita consumption of fish is between 60-70 lb per annum.

Because of its cheapness and relative abundance compared with meat, fish has always been a popular food with the people of all races.

The importance of the fishing industry is illustrated by the fact that the gross value of fish production is nearly equal to that of rice - the staple food of the Malaysians. After an initial period of post-war rehabilitation, production rose to 105,000 tons in 1949, and annual production has since then varied from 108,000 tons to 120,000 tons. Production has increased in recent years to 139,000 tons in 1960 and 151,000 tons in 1961.

The rapid growth of population in this part of the world has generated an increasing demand for more and cheaper fish. It has been recognized that the use of the traditional craft propelled by sails and oars would never succeed in coping with such demand. The use of old-fashioned sailing boats restricts fishing to a narrow zone and reduces the quantity and variety of fish caught. In spite of this it is only in recent years that
mechanization of fishing boats has become important. In 1960, 60% of the 14,862 boats were unmechanized. But the mechanization of fishing boats is something beyond the reach of the majority of the fishermen who are too poor. It is the general opinion of the development authority in this country, as well as in other developing countries that it is in the field of this project, the provision that the government can play its part in uplifting the standard of living of the fishermen.

The Need for Financial Assistance to the Fishing Industry

In a developing country like Malaya, there is a heavy competition for capital resources from the more lucrative industrial sectors of the economy and so, owing to the interaction of economic forces, the fishing industry will never hope of getting any capital at all because it is not an attractive field for investment. Capital cannot come from within the industry either, because it is not a profitable occupation and the meagre income obtained by the fishermen does not allow any significant capital accumulation. Most of the fishermen are too poor to be able to afford mechanized and modern fishing gear which are so very essential for increasing overall productivity, because of their weak financial position they often fall prey to the middlemen and moneylenders. Because of their obligation to the middlemen through heavy indebtedness they do not get a fair price for their produce. In the theory of Economic Development, such an awkward situation is better known as a "vicious circle". Lack of capital results in low productivity which allows exploitation by the middlemen. Exploitation will generate lower income still with the result that the fishermen are not able to save. These go on in a circle. Thus we see that the situation of the fishermen will depend on whether they can get out of this "vicious circle" of rural poverty. The provision of financial assistance and fish-processing facilities by the State will go a long way in helping the fishermen to escape from this "vicious circle".

Government Policy to Help the Fishermen

The Government of the Federation of Malaya has seen at an opportune time to help the fishermen by setting aside a sum of $7 million which is to be invested in Fisheries Development during 1961 - 1965 to carry out programmes of financial assistance to the fishermen and expansion of marine and inland fish production in this country.

Financial aid in the fishing industry will be in the form of credits through co-operative societies for the purchase of fishing boats and gear and facilities for better marketing and processing of fish. In addition, the Second Five Year Plan also envisages the extension of fisheries co-operatives throughout the West Coast of Malaya and among a large proportion of the fishermen on the West Coast. The emphasis on co-operatives will be on technical guidance and training as well as financial assistance.

The projects undertaken by the Government for the development of marine fisheries consists of:

- 2 -
a) The provision of jetties, fishing gear and ice stores to meet the needs of the motor driven boats which are replacing sailing craft,

b) The development of deep sea or oceanic fishing, and
c) The training and experimentation.

The provision of basic facilities to the fishing industry is expected to accelerate the mechanization of fishing boats and enable them to operate on more distant waters.

In an effort to improve the very poor economic condition of the fishermen, a government loan of $3 million was established to give loans through fishermen's co-operative societies for individual purchase of modern fishing equipment and for establishment of ice factories. Over the period 1968 - 1969 31/2 million was made available to 50 East Coast fishermen's co-operative credit and marketing societies through the Apex Bank and the East Coast Fishermen's Co-operative Transport and Marketing Union to which the societies are affiliated. The Union organises the marketing of catches, operating two lorries and four vans; it has also purchased an ice factory with a 30 ton of but capacity per day. There are, however, a number of obstacles: the illiterate fishermen's incapacity for even the most elementary business organisation; lack of cold rooms for keeping the catches before transport to large towns and the lack of refrigerated lorries. Bulk marketing has, therefore, not been possible; the primary societies have not been able to collect their dues at source and many loans have fallen overdue.

In the light of the experience of the East Coast fishing scheme mentioned above, a revised scheme i.e. the Kuala Longji Fishermen Resettlement Scheme, has been formulated, but unfortunately, this scheme does not turn out to be as successful as expected. The structure of the Scheme will be the subject matter of the following chapter.
The Kuala Linggi Fishermen Resettlement Scheme which will, hereafter, be referred to as the Scheme, is the first of its kind to have been launched by the Ministry of Agriculture and Co-operatives, Malaysia, which is purported to cause a discernible rise in the standard of living of the fishermen in and around three major areas i.e. Kampung Kuala Linggi, Tanjong Kling, and Kampung Sungai Baru. The fishermen living in these areas are in a state of acute poverty and it is evident that only with considerable financial assistance from the State that there may be some hope for them to improve their way of life.

Briefly, the Scheme involves three major aspects:

a) The grouping of fishermen from Kampung Kuala Linggi, Kampung Sungai Baru and Tanjong Kling at a site near Kuala Linggi itself,

b) The provision of a government loan of $300,000,000 under the Financial Assistance to the Fishing Industry Scheme for the grant of loans to fishermen through their co-operative societies for the purchase of more efficient craft and fishing gear, and

c) The provision of fish processing facilities such as a landing jetty and a fish packing shed.

Resettlement of Fishermen

The major aspect of the Scheme which involves the resettlement of more than 50 families living in the three villages mentioned above, is considered necessary because it is felt that only by regrouping that the fishermen can obtain full benefits from the facilities provided by the Scheme. Those members who live in and around Kampung Kuala Linggi itself are allowed to stay in their existing houses. It is also hoped that regrouping will foster a better sense of responsibility and result in better co-operation among the members.

Originally, it was decided to resettle all those fishermen who wished to avail themselves of these amenities with a view of providing them with sufficient land, in addition to the other basic facilities,
for the cultivation of crops as a subsidiary occupation besides fishing. It was felt that this would serve as a means to supplement their "unreliable income". The fishermen were to use these plots to cultivate suitable crops as a subsidiary occupation which would enable them to tide over their financial difficulties during the "off season". Under this system, the Government also granted a lease of 60 by 60 feet of land on the banks of the Munna River, which was to be cultivated by the fishermen. To accommodate these 60 by 60 feet plots, a total sum of Rs. 10,000 was allocated for the purpose which was provided by the Ministry of Interior. The fishermen were thereafter entitled to the lease of land, either to tend their crops, or to the above Ministry through the Society.

Provision of Loan

The Federal Government also granted a loan of Rs. 3,00,000 which was to be used to provide the fishermen with the necessary funds to enable them to purchase improved boats and more efficient gear. In order to avail themselves of this opportunity, the fishermen were obliged to join the newly formed "Sangam Co-operative Society Limited" to which the above Federal Loan was granted.

Initially, this loan of Rs. 3,00,000 was deemed to be more than sufficient to start the Scheme with 42 fishing units; each unit operated by a team of three fishermen and costing approximately Rs. 75,000. With 42 fishing units in operation, the total cost would amount to Rs. 3,27,000, leaving a balance of Rs. 20,000 to be available to the Society as "resembling capital" to facilitate marketing operations. Three men were to operate one fishing unit and, therefore, 126 men could actively participate in the Scheme using the popular drift-net method. However, when the Scheme was finally implemented, it was discovered that the actual cost of one unit was Rs. 91,911.50 instead of Rs. 75,000 as originally estimated. Since there were 35 fishing units in operation, the total cost came to Rs. 3,329,220 which is Rs. 629,220 in excess of the original loan granted.

Terms of Loan: The loan of Rs. 3,00,000 was granted by the Treasury to the Society with the mutual understanding that the latter was to make the following provisions:

i) The members of the Society are to pay to the Society the full cost of the equipment within a period not exceeding three years (this was later extended to five years). The members shall pay to the Society interest at a rate of 8% per annum.

ii) The Society is at liberty to seize such equipment of any member who fails to pay to the Society the sum of the full cost of the equipment and the interest due, and
The Society is to have legal right to sell any equipment acquired under r. 46, and after the sale proceeds towards the satisfaction of any sum due to it by such members.

Furthermore, the Society is to be entitled to the Treasury at a rate of 4% per annum on principal that lent and outstanding on the first day of each month. The entire loan of $3,000.00 is to be settled in five years. In passing it might be interesting to note that the original loan period was three years since 1945. The entire loan was to be settled in 36 monthly installments of 91.00 each. Final installment of 91.00 was due in 1947. The annual increase in cost of the returns, the Government eventually arranged that it was quite practicable for returners to repay their loans within such a relatively short period and the loan period of the Society and the members was extended to five years.

Per cent of loan

The operators of the Scheme were rather optimistic that members of the Society would be able to repay their loans within the stipulated period. They were confident that each fishing unit would be capable of covering an estimated average monthly income of $200.00 (post unfortunately I was unable to trace in greater detail how this figure was arrived at). With an estimated expenditure of $294.00 per month per fishing unit it was felt that members would repay their loans within the prescribed period without any undue difficulty. The estimated income of $200.00 per fishing unit per month was based on a mean average of 9 pieces of catch valued at 225.00 per piece. The total average monthly expenditure per fishing unit was calculated as follows:

<table>
<thead>
<tr>
<th>Estimated Income per Unit</th>
<th>324.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs to net</td>
<td>5.00</td>
</tr>
<tr>
<td>Fuel, including cylinder oil</td>
<td>40.00</td>
</tr>
<tr>
<td>Fuel and engine repairs</td>
<td>10.00</td>
</tr>
<tr>
<td>Food at sea</td>
<td>90.00</td>
</tr>
<tr>
<td>Ice and transport charges</td>
<td>15.00</td>
</tr>
<tr>
<td>Handling charges of fish</td>
<td>40.00</td>
</tr>
<tr>
<td>Fish transport charges</td>
<td>60.00</td>
</tr>
<tr>
<td><strong>Total Expenditure per fishing unit</strong></td>
<td><strong>534.00</strong></td>
</tr>
</tbody>
</table>

Expenditure for fishermen's families at 75.00 per family

--- 6 ---
 Provision of Net Intensifying Facilities

The provision of assistance in the form of credit alone will not help the fishermen very much. It was recognized that the productivity of the fishermen could not be enhanced if other facilities were not provided at the same time. Consequently, a living jetty was constructed at a convenient point in the village shore to facilitate the landing of net herring catches (see Plate 2 on page 9). A fish packing shed (see Plate 3 on page 10) was also built a few yards inland from this jetty, for easy unloading, sorting and weighing of the herring fish. The shed 'also includes a cold room for storing fish before it is transported by the authorized dealer to the Central Central Market. It is rather unfortunate that owing to relatively high costs estimates, no attempt was made by the Society to transport the herring fishers' produce to the market. An Investigation Committee was established to look into the economics of the purchase of a lift to transport herring fish and it was discovered that since the total amount of catches had been extremely small it would not be economical for the Society to transport its fish.

Management of The Scheme

This elaborate credit scheme is organized on a co-operative basis with the Small Herring Fishermen Co-operative Credit and Marketing Society Unlimited playing a major role. This will be discussed in greater detail in the next chapter.
Main portion of the mid-street Fisherman's Settlement. This site was originally a swamp. This picture was taken from the approach road.
The Society's jetty can be seen in the background. Notice the swamp on the right. The road from the jetty on the left of the picture leads to the Society's packing shed (see Plate 3 on page 10).
Picture shows the Greathy's fish packing shed where members' daily catches are assembled, sorted and weighed. A few yards to the right is the Greathy's jetty. At the back of the shed is a cold room where fish is kept before it is transported to the Ballina Central Market by the authorised dealer.
Boats supplied to the members. Each of these is powered by a diesel engine. They are about five years old.
A closer view of the houses allotted to the residents.
The Society is the first upon which the whole machinery of the scheme revolves. By the nature of the existing Co-operative Ordinance, the Society, being an autonomous body, is virtually entrusted with all the power in the management of the affairs of its members, located in Kampung Nelayan Mula (Kampung) which is about 56 miles from Port Dickson via Labok China and Kampung Sungai Paru, the Society has a total membership of 114, majority of whom are Malays. Though by name the Society is a co-operative credit and marketing society, it is by no means a true co-operative. It is more a form of lending agency through which the Government grants credit facilities to the fishermen. It is not a true co-operative because aside from selling members' fish and selling it to the authorised dealer, it does not carry out any true co-operative functions. In any sound co-operative, there is in existence a practice known as participation dividends whereby members of the society are proportionately rewarded by the amount of dealings they have with the society. The money they buy from the society the more quotas they would receive in the form of dividends and this is a great inducement for the members. There is little evidence that such an inducement exists in this Society.

Loans to members

With the Government loan of RM2,500.00 the Society provided funds to its members for the purchase of improved mechanised boats and other modern fishing equipment. Each fishing unit of three fishermen is granted loan amounting to RM7,911.56 which is the actual cost of a boat (powered by an in-board diesel engine of 8 h.p., see Plate 4 on Page 11), 40 pieces of fibre nets, synthetic ropes and floats. These are provided to the members on a hire-purchase system at an interest rate of 8% per annum, calculated on balance outstanding repayable within a period of five years.

Repayment of loans by members

The present arrangement for repayment of loan by members is as follows. 30% are deducted from the total gross value of the members' catches. Out of these 30%, 20% are credited to the members' accounts for purpose of repayment of loans and 10% go to cover the overhead expenses of the Society. From the remaining 70%, the Society also deduct at source
advances to the members for ice, cash and fuel. The final balance is then handed over to the members as their net income which is available for their family expenses.

Advances to Members

In addition to the boat and fishing gear, the Society also finances the cost of subsistence of the members at a rate of 800.00 per month per member. Credits are provided in the form of cash at 830.00 and provisions worth not more than 340.00 a month. Originally, these provisions were supplied by the Malayan Co-operative Wholesale Society Limited shop established at the village, but later, only to a large debt accumulated by the members of the Society, the above-mentioned society refused to grant anymore provisions. Apart from the above advances, the members are also provided with sufficient ice to preserve their fish while at sea and fuel as well as other river equipment that the members may need to maintain their boats and gear. All these advances are deducted from the gross value of the members' catches as mentioned earlier.

Management of the Society

The management of the society is the responsibility of the Management Committee elected by the members of the Society in accordance with the Society's by-laws. It is headed by a Chairman, Secretary and Treasurer. In order to carry out the administration of this elaborate credit system the Society also employs a manager who is assisted by the Secretary and the Co-operative Officers stationed at the village. In accordance with a condition of the agreement of the loan, the Society is to submit to the Treasury through the Ministry of Agriculture and Co-operatives, regular monthly statistical reports on the progress of the Scheme. These reports show, among other things, the value of catches, amount of repayment collected, the amount of loan outstanding and conditions of equipment.

Activities of the Members

Since Kampung Melawan Kuala Linggi is situated on the West Coast of Malaya, the members confine most of their fishing operations to the Straits of Malacca. The members customarily fish around the vicinity of Port Dickson and Malacca. Although the waters nearer to Sumatra are better fishing grounds the risk of being captured and of boats and gear being confiscated by Indonesian authorities is too great for members to venture out beyond the International waters.

It is the practice for members to leave their houses in the evening and to return home before noon the following morning. It is interesting to note that most of the members never stay longer than two or more days per fishing trip. This is quite unusual because it is customary for fishermen to stay in the sea longer than two or three days per fishing trip in order to secure the maximum catch. All members operate only one type of method i.e. the driftnet method and this limits fishing to dark period only. The value of catch does not only depend on the amount of
catch but also on the type of fish caught. It may be useful to note that the main type of fish caught by the members is either "chincharu" or "han farm", both of which do not fetch high prices in the market.

Inventing of a Planned Catch

All members are entitled to sell their daily catch through the Society and this takes place at their fishing village at the Society's jetty. It is rather unfortunate that the Society does not undertake to market the members' fish but delegates this important function to an authorized dealer who arranges to have the fish disposed of in the Balakka Central Market which is about 25 miles away. It is difficult to say that failure on the part of the Society to undertake this marketing function is really not less to the members because under such circumstances it is inevitable that a considerable part of the members' efforts will have been wasted by the marketing agents in the form of high marketing and transport charges. The present arrangement between the Society and the authorized dealer is as follows:

a) The authorized dealer is to supply block-ice to the Society for members' use at K.60.00 per 45 lbs. block, on every delivery. The Fisheries Co-operative Credit and Marketing Society Limited, including transport charges (members to draw ice requirements from the Society),

b) The weighing of members' catches and the posting of all catches and sales records would be the responsibility of the manager and the Co-operative Officers stationed at the village,

c) The authorized dealer is responsible for the packing and transporting of the fish. The marketing taking place on the central market, and Marketing Society Limited to the Balakka central market, transport for fish by the dealer is made on the basis of cash on delivery, based on daily ranging prices, payable to the manager of the Society,

d) The Society is at liberty to continue the sale of fish to the authorized dealer at any time it sees fit.
I not four years have passed since the Scheme was formally launched. The has to be considered, however, as far as the factors inherent in the Scheme are concerne by the deliberate and efforts. These are all pertinent questions and in attempt to find their answers will be the subject matter of this and subsequent chapters.

Let us, setting it the 21st. to say that the 's had, on one occasion, being "an its initial for its life". In a report on this particular matter, a new task was set forward by Professor Louis Gourde, P. of Consultant, Ministry of Agriculture and Co-operatives, Malaysia, that through Cooperative Fisheries and through legal procedure for insolvency, the Federation Government acquires the assets of the Society which are undid "stolen" from the "s" and becomes "on the direct creditors of the Fisheries units".

Low Income

The records of the first few months of its operation are sufficient to indicate that the Scheme is not progressing as satisfactorily as expected. The general level of income of the members is exceptionally low. Table 1 (see Page 17) which is compiled from all the relevant monthly Progress Reports of the Society, shows the average monthly income per fishing unit from January, 1962 to December, 1963. A brief analysis of Table 1 is enough to bring to light two very interesting points;

(a) strikingly low income level and

(b) declining trend in the amount and value of catches of the members.

Much of the high hopes of the promoters of the Scheme have been shattered by this unexpected low production. In the first place, the actual monthly income per fishing unit is very low compared with the estimated income per fishing unit of 380.00. From the data given in Table 1, it is of interest to note that the average monthly income per unit between January, 1962 and December, 1963 hardly exceeds 230.00. The highest average monthly income of 372.69 was secured in January, 1962 which was supposed to be the "best month". From then onwards, the income figures
<table>
<thead>
<tr>
<th>Month</th>
<th># of Hits</th>
<th>Total Fish (lb)</th>
<th>N. Lorenz (lb)</th>
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<tbody>
<tr>
<td>Jan</td>
<td>27</td>
<td>12,500.00</td>
<td>721.00</td>
</tr>
<tr>
<td>Feb</td>
<td>27</td>
<td>12,500.00</td>
<td>721.00</td>
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<td>35</td>
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<tr>
<td>May</td>
<td>38</td>
<td>14,100.00</td>
<td>771.00</td>
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<tr>
<td>June</td>
<td>38</td>
<td>12,500.00</td>
<td>721.00</td>
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<tr>
<td>July</td>
<td>38</td>
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<td>Jan</td>
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<td>14,100.00</td>
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<tr>
<td>Dec</td>
<td>38</td>
<td>14,100.00</td>
<td>771.00</td>
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</tbody>
</table>

Source: Monthly Progress Reports
Secondly, there is a persistent decline in the trend of the amount and value of catches after January, 1962, the second or third month of its operation. This interesting situation can be more easily traced in Figure 1 (see Age 19). The graph in Figure 1 shows that, on the average, fishers level down from 372.06 in January, 1962 to 333.32 in November, 1962 without a significant rise in between i.e. around September, 1962; December, 1962 and July, 1963 which may be treated as insignificant.

To one would doubt that Figure 1 predicts impending disaster for the Society.

2) Causes of Low Income Level: Many reasons are given for the unsatisfactory low catches at the moment. The fishers themselves attribute their poor harvest to bad weather and poor fishing grounds. They claim that confrontation from Indonesia has a definite effect from weather far out to sea. It is said that the main fishing ground is to be found near a certain and that entry to constant harassment by Indonesian gun-boats and junks in the Straits of Malacca, they are prevented from fishing in richer fishing ground. Besides confrontation by Indonesia, constant loss of nets is also cited as a major cause of their poor catches. But whether the fishers themselves are more to be blamed for these apparent losses is another question altogether.

From various committee reports and interviews with local officials, I was able to gather that there are some reasons to explain this unsatisfactory position than those advanced by the members themselves. Most of the Government officials strongly believe that it is the member themselves rather than such uncontrollable elements as bad weather, poor fishing ground and confrontation that responsible for the persistent decline in the amount and value of the members' catch. I learn that "fish leakage" is the fundamental cause of the low productivity depicted in Figure 1. Fish leakage manifests itself in two ways. Firstly, a substantial amount of the daily catch is taken home by the members for "home consumption." Though it is customary for fishermen to take home fish as "free lance" there is no assurance that all of this goes into the cooking pots. The second and more serious form of "fish leakage" occurs in the sea. Here, "fish leakage" is met through either the disposal of fish while at sea to some middleman other than the Society or the landing of their fish at places other than the Society's jetty.

It is of interest to note that no one appears to bother about or even know the reason why members prefer to sell their fish to the middlemen rather than the Society. Personally, I feel that the true reason may well have been either (a) to escape deduction by the Society for loan repayment or (b) better prices from the middlemen or (c) obligation to the middleman through indebtedness or (d) a combination of these.
Figure 1

Source: Table 1

MONTHS

TOTAL VALUE OF MONTHLY CATCHES

(1962 - 1963)

Dollars

0

100

200

300

400

500

600

700

800

0

1

2

3

4

5

6

7

8
The authorities also have reason to believe that the low production figures can be explained by an overall lack of efforts on the part of the farmers. It is pointed out, from statistical records, that Table 2 below is drawn up to substantiate this point.

Table 2

<table>
<thead>
<tr>
<th>Month</th>
<th>No. of Harvest days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>12</td>
</tr>
<tr>
<td>Feb</td>
<td>10</td>
</tr>
<tr>
<td>March</td>
<td>9</td>
</tr>
<tr>
<td>April</td>
<td>10</td>
</tr>
<tr>
<td>May</td>
<td>10</td>
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<tr>
<td>June</td>
<td>10</td>
</tr>
<tr>
<td>July</td>
<td>10</td>
</tr>
<tr>
<td>Aug</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Monthly Progress Reports

In addition to the evidence supporting the above allegation it is also pointed out that each fishing unit of the Sagar Sagar Society (a fisherman's cooperative society in Balacce) using only 32 pieces of nets is able to secure the same, if not better, average catch. Table 3 and Table 4 are drawn up for this comparison.

Table 3

Production and Catching
Jan-Mar 1962

<table>
<thead>
<tr>
<th>Month</th>
<th>Quantity landed (pieces)</th>
<th>Value (£)</th>
<th>No. of units in operation</th>
<th>T.w. Catch per unit (pieces)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>207</td>
<td>19,567</td>
<td>27</td>
<td>7.7</td>
</tr>
<tr>
<td>Feb</td>
<td>229</td>
<td>20,746</td>
<td>35</td>
<td>6.5</td>
</tr>
<tr>
<td>March</td>
<td>245</td>
<td>38,270</td>
<td>35</td>
<td>7</td>
</tr>
<tr>
<td>April</td>
<td>276</td>
<td>17,154</td>
<td>35</td>
<td>8</td>
</tr>
<tr>
<td>May</td>
<td>221</td>
<td>14,108</td>
<td>38</td>
<td>6</td>
</tr>
<tr>
<td>June</td>
<td>183</td>
<td>12,664</td>
<td>38</td>
<td>5</td>
</tr>
<tr>
<td>July</td>
<td>161</td>
<td>11,460</td>
<td>38</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Monthly Progress Reports
Table 4

INDUSTRY AND MARKETING
YEAREND JUNE 1962

<table>
<thead>
<tr>
<th></th>
<th>Quantity</th>
<th>Value</th>
<th>No. of Units</th>
<th>Av. Catch per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(pounds)</td>
<td>(Rs)</td>
<td>in operation</td>
<td>(pounds)</td>
</tr>
<tr>
<td>1.5</td>
<td>503</td>
<td>50,200</td>
<td>82</td>
<td>6.2</td>
</tr>
<tr>
<td>2.5</td>
<td>522</td>
<td>53,227</td>
<td>72</td>
<td>7.3</td>
</tr>
<tr>
<td>3.5</td>
<td>556</td>
<td>44,973</td>
<td>82</td>
<td>6.8</td>
</tr>
<tr>
<td>4.5</td>
<td>755</td>
<td>47,147</td>
<td>82</td>
<td>9</td>
</tr>
<tr>
<td>5.5</td>
<td>678</td>
<td>46,784</td>
<td>82</td>
<td>8.4</td>
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<tr>
<td>6.5</td>
<td>445</td>
<td>48,408</td>
<td>82</td>
<td>7.9</td>
</tr>
</tbody>
</table>

Source: Hengfai Fishermen Co-operative Credit
and Marketing Society

Though the comparison of the performance of the two societies
was quite convincingly that there appears to be a general lack of
efforts on the part of the members yet it should not blind us of other
possible reasons that may have been the actual causes of the persistent
low income. Since no definite reason for the low income could be established
there is very little justification to accuse the members of being unduly
lazy. For instance, the low production figures very well have been the
results of bad weather or poor fishing ground.

b) Consequences of Low Income: With an income at such
unsatisfactory low level it is plainly impracticable for the members of
the Society to repay their loans within the stipulated period of five
years. Table 5 (see page 22) which is compiled from the Monthly Progress
Reports of the Society, shows that the progress in repayment of loans by
members is far from satisfactory. After more than twenty months of
operation, the members were only able to repay to the Society a sum amounting
to not more than 26,423.10 against a total loan of 436,639.35.
An average rate of repayment for the same period is 73,110.82 per month
compared with the expected rate of repayment of about 15,800.00 per month.
This is the rate required to complete the repayment within the stipulated
period of five years. Under the existing circumstances, it becomes imperative
that most members, especially those whose income is extremely low, are
in a state of despair, because the cash balance, after all the necessary
administrations have been made, is negligible. Rather paradoxically, after having
struggled with better boats and improved the members find that they are no
worse off than before - they are still living from hand to mouth!
## Table 5

<table>
<thead>
<tr>
<th>Month</th>
<th>No. of Kasas</th>
<th>Total Loan Granted</th>
<th>Total Loan Disbursed</th>
<th>Total Loan Outstanding</th>
<th>Balance c/c</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>37</td>
<td>233,012.12</td>
<td>7,211.21</td>
<td>7,211.21</td>
<td>206,410.74</td>
</tr>
<tr>
<td>2nd</td>
<td>35</td>
<td>275,047.59</td>
<td>6,854.19</td>
<td>11,664.55</td>
<td>255,462.05</td>
</tr>
<tr>
<td>3rd</td>
<td>31</td>
<td>313,030.28</td>
<td>5,771.84</td>
<td>25,910.29</td>
<td>296,922.21</td>
</tr>
<tr>
<td>4th</td>
<td>29</td>
<td>310,724.28</td>
<td>3,854.12</td>
<td>15,850.82</td>
<td>284,549.54</td>
</tr>
<tr>
<td>5th</td>
<td>27</td>
<td>303,628.28</td>
<td>2,957.91</td>
<td>10,792.91</td>
<td>290,783.29</td>
</tr>
<tr>
<td>6th</td>
<td>26</td>
<td>306,628.28</td>
<td>2,850.91</td>
<td>10,692.91</td>
<td>295,936.29</td>
</tr>
<tr>
<td>7th</td>
<td>25</td>
<td>303,628.28</td>
<td>2,754.81</td>
<td>9,592.81</td>
<td>294,035.48</td>
</tr>
<tr>
<td>8th</td>
<td>24</td>
<td>300,628.28</td>
<td>2,657.81</td>
<td>8,492.81</td>
<td>291,130.48</td>
</tr>
<tr>
<td>9th</td>
<td>23</td>
<td>300,628.28</td>
<td>2,560.81</td>
<td>7,392.81</td>
<td>289,225.48</td>
</tr>
<tr>
<td>10th</td>
<td>22</td>
<td>297,628.28</td>
<td>2,463.81</td>
<td>6,292.81</td>
<td>286,320.48</td>
</tr>
<tr>
<td>11th</td>
<td>21</td>
<td>294,628.28</td>
<td>2,366.81</td>
<td>5,192.81</td>
<td>283,415.48</td>
</tr>
<tr>
<td>12th</td>
<td>20</td>
<td>291,628.28</td>
<td>2,269.81</td>
<td>4,092.81</td>
<td>280,510.48</td>
</tr>
</tbody>
</table>

Source: Monthly Progress Reports.
Facing such an unexpected low income it follows that the Society would not be able to repay the Tron in the entire loan within the stipulated period in spite of the fact that the original loan period had been extended by five years.

Constant Loss of Nets

Confronted with low income, the Society also faced another problem which was not immediate i.e. the constant loss of nets. After the first two months of operations a whole fishing unit started to get lost at a unbelievable rate. This loss was out of the 30 fishing units with 25-35 nets as opposed to 40 which were originally supplied to the workers. The workers said that the 'loosing' nets were either driven by other operators or stolen by them. One of the main factors in the 'true' loss of nets is the extremely rapid rate of disappearance of workers' nets. It was found to be far wrong to say that all the alleged 'lost nets' were actually sold by some of the irresponsible and dishonest fishermen.
EDUCATION OF THE SOUH.

The planners of the Scheme did not appear to have "rediscovered" the hazards that are lying about. As a result, they did not provide any precautionary measures that could effectively tackle any problems which might arise from its environment. Therefore, the Scheme is faced with several major drawbacks which, I believe, have greatly hindered its progress. Several major handicaps of the Scheme will be discussed in this chapter.

Literacy and Lack of Business Experience

A very important external factor which greatly hinders the progress of the Scheme has been the widespread illiteracy and lack of business experience among the members. Most of the members are the illiterate and consequently it is very difficult to educate them in co-operative principles as well as techniques. The members' lack of business experience and illiteracy also limit their effective participation in the proper conduct of the affairs of the Society. Furthermore, a community of this calibre is not capable of avoiding the dangers of exploitation by a few influential members within the Society. Being more or less a business enterprise, the Scheme requires men of relatively good business acumen to ensure its success. But men of such calibre are difficult, if not impossible, to find among the rural fishing community in this country. This problem is further accentuated by the fact that the Society can only offer a salary scale too low to attract men of considerable business experience into the Scheme. It is also vitally important that the elaborate Scheme be staffed by adequately trained and efficient personnel who are not only skill in business management but also responsive to the needs of the rural fishing community.

Lack of Co-operative Spirit

Lack of co-operative spirit and disloyalty among the members poses another setback to the Scheme. Members' disloyalty has frequently been assigned as a cause of the failure of such a co-operative setup. Lack of co-operative spirit and self-interest have prompted the members to sell their produce (fish) outside the Society to which one's loyalty is due. It is observed again and again that this "human factor" has been the major problem which the Scheme is often called upon to tackle. This can, of course, partly be explained by the absence of conscious efforts on the part of the Government to foster a greater sense of responsibility and a better
understanding of co-operative principles through a carefully planned programme of co-operative education and training.

It is useful to note that the successful transformation of primitive boats and gear as well as old-fashioned methods of fishing into improved types is not just a question of providing the fishermen with the requisite numbers of in-hand nets and other fishing equipment but a more time consuming programme of technical training and education is involved.

It is evident in India, that too little attention has been paid to the educational task of co-operative organisation. This apparently, is not only due to a lack of time and means for undertaking such a task but it also arises from a lack of appreciation and understanding on the part of co-operators of the role which education in co-operative principles and techniques can fulfill in the success and future development of a sound co-operative structure.

There is also evidence of a strong tendency, in most Asiatic countries, to fall into "silver all kinds of co-operatives before ensuring the possibilities of giving their members some knowledge of co-operative principles. Indeed it is no exception in this case. It may be stressed that co-operative education is not just a question of giving the would-be members some brief talks on co-operative principles, management, benefits etc., but a more careful and time consuming programme of co-operative education is necessary. I cannot agree more with the view that co-operative societies should on no account be established too quickly or unjudiciously, because not only is the chance great that these societies will sooner or later have to be liquidated but also because this liquidation would cause irretrievable damage to the good name of the co-operative movement in this country.

Failure of the Society To Farm Out Own Marketing

Another serious handicap faced by the Scheme is that the marketing of the members' fish is not done by the Society but by an authorised dealer. As a result, marketing and transport costs are relatively high and these high production costs have greatly reduced the members' income in terms of efforts. It should be added that here I am assuming that the price offered to the Society by the authorised dealer is very much lower than that the Society could otherwise get if it undertakes its own marketing of the fish. This is because even at this price the middleman still finds it profitable to transport and sell the fish at the Madras central market which is about 30 miles away. Whether the Society can do this job more efficiently will depend on the availability of skilled and experienced personnel.

With regards to high transport costs, it has been pointed out by a Special Committee established to report on the economics of the purchase of a lorry by the Society to transport its own product that the dealer normally charges an average of $4.50 per picul of fish from the fishermen's village to the market. It has been recognised that the Society can reduce these costs quite significantly by adopting its own transport
system provided that the total value of the catch per month exceeds 210 picul. Table 6 has been drawn up by this Committee to show the estimated costs which vary directly with the value of catches.

Table 6

<table>
<thead>
<tr>
<th>Catch per month (picula)</th>
<th>No. of Trips (per month)</th>
<th>Total Cost ($)</th>
<th>Av. Monthly Cost ($)</th>
<th>Av. Cost Per Picula ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>300</td>
<td>30</td>
<td>11,000.00</td>
<td>366.67</td>
<td>3.15</td>
</tr>
<tr>
<td>290</td>
<td>29</td>
<td>11,000.00</td>
<td>366.67</td>
<td>3.17</td>
</tr>
<tr>
<td>280</td>
<td>28</td>
<td>11,000.00</td>
<td>366.67</td>
<td>3.19</td>
</tr>
<tr>
<td>270</td>
<td>27</td>
<td>11,000.00</td>
<td>366.67</td>
<td>3.21</td>
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<td>3.22</td>
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<td>366.67</td>
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<td>220</td>
<td>22</td>
<td>11,000.00</td>
<td>366.67</td>
<td>3.23</td>
</tr>
<tr>
<td>210</td>
<td>21</td>
<td>11,000.00</td>
<td>366.67</td>
<td>3.21</td>
</tr>
<tr>
<td>200</td>
<td>20</td>
<td>11,000.00</td>
<td>366.67</td>
<td>3.17</td>
</tr>
</tbody>
</table>

* For calculation of this figure see Table 7 below.

Source: Report of Special Committee on the Economics of the Purchase of the Society's Own Lorry.

Table 7

<table>
<thead>
<tr>
<th>Two-Ton Diesel Lorry (210,000.00)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
</tr>
<tr>
<td>Road Tax</td>
</tr>
<tr>
<td>Fuel</td>
</tr>
<tr>
<td>Tyres</td>
</tr>
<tr>
<td>Driver</td>
</tr>
<tr>
<td>Attendant</td>
</tr>
<tr>
<td>Servicing</td>
</tr>
<tr>
<td>Repairs etc</td>
</tr>
<tr>
<td>Depreciation</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
From Table 6 it can be seen that transport costs can be reduced if the Society itself operates a two-ton lorry as long as the catch per week exceeds 210 piculs (calculated on the basis of 10 piculs per trip). Then, where the catch, the lorry will be the cost of transport per picul. Therefore, the charge to be levied upon the fishermen in order to cover the cost of operating the lorry would have to depend on the catch obtained. It may be interesting to note that owing the low total value of annual catches per month it would not be economical for the Society to run its own transport system, and hence the findings of the Committee have not been put into practical use.

It is evident that if the Society is run on a more efficient and business-like manner, the abolition of the transport and marketing functions by the Society itself would undoubtedly benefit the members because they can get a better bargain for their fish.

Largely reducing the members of their burden of debt and making credit available for their needs will not greatly benefit them unless their income can be raised or their expenditure (operating expenses) reduced. A reduction in operating costs in the fishing industry can best be secured through efficient co-operative marketing and processing.
CHAPTER VI

MEMBERS OF THE SCHEME

I strongly feel, from my observations and interviews as well as the various official reports at my disposal, that although some pain has been taken to plug this elaborate financial aid scheme, there are still several weaknesses inherent in it. It is understandable that business has been referred to as a "hazardous game" yet had prior steps been taken to avoid these weaknesses, the risk of its premature failure could have been greatly reduced.

Selection of members

The most serious weakness inherent in the Scheme is that wrong members were selected. In such an elaborate credit scheme, it is quite unusual that no statutory or legal provisions governing the administration are laid down to define the classes of applicants who may be eligible. The assessment of the quality of the applicants is one of the most, if not the most important, element in the successful administration of financial aid scheme of this nature. It is the applicant's own ability and character more than the legal security which may be taken by the Society that determined whether the financial assistance is successful in meeting its objectives. One of the main features which has greatly contributed to the success of land development and settlement projects in the Federal Land Development Authority is the fact that great emphasis and care is placed on the selection of the right type of settlers. "The best settlers are selected fairly in accordance with the qualifications laid down; settlers should be 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. Above all they should have the willingness to work hard and to abide by the rules and regulations prescribed prevailing in the land development scheme." 1

However, under the present arrangement of the Scheme the selection of members is rather haphazard and is carried out without exercising the least discretion. People who are too old and sickly and who have neither the knowledge nor the experience of farming are equally eligible to apply for assistance. It is without doubt that some dishonest and unscrupulous men who merely want to share the facilities provided by the Scheme have managed to get into the Scheme. In carrying out similar projects it would

1 See Malaya Federation of, Official Year Book 1961, page 137.
pay to carry out careful investigation under, at least, the following headings:

a) The applicant's personal circumstances i.e. age, nationality, character and family circumstances;

b) The applicant's technical qualification, i.e. his fishing ability and experience;

c) The applicant's financial position.

The age and family circumstances of the applicant are important elements in the assessment of applications. One should bear in mind that only those applicants who are usually fit and approved. It is essential to grant financial assistance to the who is too old and sickly to be able to use them with benefit. The age of the applicant is also important in formulating the length of the period over which the financial assistance is needed, since it is clear that his financial liabilities should not exceed beyond a reasonable estimate of his working life. This is to ensure that he is able to meet all his financial commitments. Care should be taken to see that only those of sound and good character are allowed to join the scheme. The inclusion of a few "unfit" may well ruin the entire project.

The skill and experience of the applicants are also very important in the assessment of applications. The primary aim of the scheme would be defeated if the facilities fell into the hands of those who neither have the experience nor the ability to operate or utilize them.

The following general conditions for approval of applicants quoted from "Financial assistance: Policies and Administration for Fishery Industries", 1960 (T.N.O. Publication), provides us with extremely useful guidance:

a) Compliance by the applicant with the various rules as regards nationality, eligibility etc., of the financial assistance schemes;

b) A satisfactory report on the applicant's general and personal circumstances, character, ability;

c) A satisfactory report on the applicant's general financial position, showing liquid resources sufficient to meet his own contribution towards the cost of the project and to provide reasonable working capital for the initial stages of operation;

d) A satisfactory report on the technical aspect of the applicant; and

e) Compliance with the application with the general policy
objectives of the assistance agency.

The incorporation of some of the members and office-bearers of the Society which related the case of the Government to
such circumstances, to another senior member of the Senate, being
so liberal as to be conducted on an informal or confidential
Ordinance to incorporate the members and office-bearers of the Society, have spent some of its
office-bearers money to collect legal papers for their selfish ends,
good example of this it offered by the first chairman of the Senate. This incident put an end to the other
consideration of the matter, as it related to which he was born, entitled. When the charging went to the Senate unit,
he never went out to such a house of the parliament to take his
place. When his allowances were increased, shouted by become efficient
and began to investigate the other side, he was to go out, or the manager of the Senate who he was elected to have been the cause of the loss of his
monthly allowance. In chambers of the Senate, it is unfortunate that he
got a very bad example to the members by taking his fish outside the
Society money. It was the responsibility that the Senate got all of from
the Society, but it was all forced to the existing co-operative
Ordinance and could be done about it. Under this handicap in no more to political pressure than the ineffectiveness of the cooperative
legislation. Had immediate legislation not been taken against such
defaulters, the Government would have succeeded in bringing some of
the "non-operative" members to their correct senses.

The Liberal Grant of Advances

"Over-Advancing" is also an important weakness of the Scheme. It
is often looked upon as one of the major causes of the downfall of many
co-operative forms of undertakings. The Scheme has gone too far out of its
way to grant advances to its members. The act of granting of advances
has been continued and it need not be repeated here. However, it
is useful to recall that credits are given to members in the form of each
at 128.00 and provisions would not exceed 100.00 per member per month.
Since there are three schemes in operation one being unit the total
credit advances to each unit amounts to 370.00 (128.00 x 3) and this costs
the Society 30,000.00 each month. This is a great deal more than the amount
of loan recovered each month. In fact, the highest amount of loan recovered
der month is 210.00 in January, 1982 (see Table 5 on page 22). This
liberal grant of advances to members for subsistence has greatly accentuated
the problem of recovery of loan from the members.

Optimism

Producers of the Scheme appear to be overly optimistic. Their
estimated average monthly income of 8000.00 proved to be rather on the
high side. The actual average monthly income per unit never exceeds this
estimated figure. Quite disconcertingly, the ability to repay loans by
members within the stipulated period is based on this estimated income.
As a result, webers are subject to heavy deductions in respect of repay-ment of loans. Originally, as much as one third of the total gross value of the webers' catches was deducted for purpose of repayment of loans. It is quite obvious that most of the webers feel that they are being deprived of a large portion of their income in terms of efforts. It is no wonder that webers resort to sell their fish out-side the society to escape such heavy deductions. This is one of the weaknesses of the scheme because it is not only a great disincentive but is also a cause of frustration of the webers. There is no motivation for webers to put in more efforts because the more they produce the greater would be the deductions for repayment of loans. Although greater deductions mean that they are completing their repayment earlier, they are, however, blinded by what is often called "easy notion". Human nature is such that greater efforts are deemed to be worth while when they can fetch immediate monetary gain.
CHAP. VII

CONCLUSION

Failure of the Scheme to Achieve Its Primary Objective

In short we can say that the Scheme has fallen short of its primary objective of elevating the standard of living of the fishermen members, although it is true that at present all the members have new houses to live in and more improved craft and gear to work with, but these have not in any way enhanced their skill, independence and earning power. On the contrary, the majority of the members are still living from hand to mouth – a position no better than before. In this respect, Professor U.A. Azis has appropriately described, in his Inaugural lecture, that such schemes are designed "to provide what the doctors called 'a relief from pain' .... the malignant disease will ultimately kill the patient." Furthermore, the Scheme makes the members appear more as human parasites in the eyes of the society because they have not been given the opportunity to prove that they really deserve such elaborate financial assistance.

After having equipped with better fishing apparatus and other facilities, their income still remains exceptionally low. For the average gross monthly income between September, 1962 and December, 1962, we find that the members are in fact worst of than before. Previously, with their so-called 'primitive boats and gear, the members were able to secure an average net monthly income of about $50.00 whereas now they are only able to earn an average gross monthly income of not more than $50.00! In addition they are now burdened with debts which they find great difficulty to repay.

The failure of the Scheme can be attributed to the following reasons:

a) There is an apparent lack of coordination of the various stages of production. Fishing operation involves two major processes i.e., the catching and marketing of fish. While everything is done to increase the efficiency of the catching operation, nothing is done to carry out the important function of marketing. The Scheme is very much handicapped because it fails to undertake its own marketing. On the contrary, marketing

1See U.A. Azis, Inaugural Lecture (Kuala Lumpur: September, 27, 1963)
of fish is done by an outside agent. This has not only caused an increase in operating expenses but also led to a rise in the selling price to outsiders.

b) Members were usually elected. As a result, it has been necessary to ensure that the members are elected in such a way that they have sufficient influence to secure the co-operative society's interests, and that the members are not subjected to the influence of the outside agents. This has led to the appointment of certain members who are not necessarily qualified to serve as members.

Because of the dilution of the co-operative society's interests, the members cannot avoid the exploitation of the outside agents, which has led to the formation of, what is known as, the 'outside' co-operative society.

Exhibit 1: Recommendations at Bombay, 1961

The situation at Bombay has caused the Government to take serious steps to control the activities of the outside agents. The Government has established a committee to investigate the situation and to recommend suitable measures to control the activities of the outside agents.

There is, for instance, a recommendation that in order to prevent the increase in the cost of fish, the existing Co-operative Ordinance be amended to provide that the officers of the co-operative society shall be appointed by the Government, and that the society shall be required to pay the salaries of the officers and the members in order to provide a stable financial position.

There is also a proposal to provide that the society may appoint a person to carry out the duties of the officer in charge. This proposal would appear to be feasible if the person appointed is capable of carrying out the duties of the officer in charge.

Regarding the serious problem of the constant loss of nets, it has been suggested that nets issued to members be labelled and marked. These identification cards, it is alleged, will help the members and the police to trace them in case they are lost. However, I fail to understand how this can prevent losses.

So, looking from the practical point of view, I doubt very much that these recommendations can ever succeed in averting the failure of

the Scheme. It best they act as drugs that give the patients temporary relief for pain. I would suggest that they be eliminated entirely or at the least, its effect by just rectifying the existing structure will not only be futile but also cause more hardship to the officials of the Society and the Ministry.

The alternative is also important

In the first place, I feel that there are the alternative to be carried out the Scheme can be organised more successfully.

a) The first alternative is to organise the Scheme in such a manner that it carries out the functions of the present organisations, from the setting of fish prices to the General Fund itself. This will not only raise the level of productivity of the workers but will also reduce operating costs.

In this alternative, the main basis is placed on the care of rural poverty problem in the South East the Tattigum. In this field, the Tattigum plays a very important role and it would be rather difficult to make any major changes for better or for worse. It is the "heart" of the fishing industry in this country. Because of their strong financial position in the market, the price of the workers of their working capital as well as other parts. They have got sufficient experience and ability. They are often "house-holders" and in the absence of other arrangements they are resource the working services. Thus with such a strong economical position, the Fishermen's Co-operative societies have not the chance of existing against such large co-operative banks. Those people are well taken care of most of the benefits and the need for the Fishermen would ultimately go to the Scheme, while having sufficient attention for the first two fields of rural poverty, i.e., the producer, and neglect fails to recognise the third are more visible and the middlemen. It fails to take the necessary measures to set up possible challenge from them. The producer problem is a familiar feature of the fishing industry not only in Malaya but also in other developing countries.

It follows that in order to rule the Scheme more memorable, the activities of these people should be correctly certain, if not entirely eliminated. The Society itself should then undertake to carry out the marketing function. It must be borne in mind that co-operative and a private enterprise cannot exist side by side. They contrive but another, and the two are overlapping each other in the sense of social organisations. You can have one or the other for a particular task, but not both. Hence, if a co-operative is to be organised for the Fishermen, the financing, assembly, storage, processing, transportation and marketing arrangements will have to be done by the Fishermen and the Society itself. I would add that this is desirable not only from the point of view of co-operative but also from that of sound business management. The financial

The new marketing societies can be operated by the co-operative society. It would be best to organise along lines of the existing co-operative marketing systems of rural produce that exists in an advanced country. There is, of course, scope for modifications to suit local conditions and needs.

Fishing is one of the main occupations of the Norwegians and consequently the production sells only to existing organisation of the Norwegian State. This is the Marketing Board, which is developed and efficient. As such it would be us to learn what we can from her long standing experience in this economic field.

In fact all fish land in Norway is sold through the Fishermen's Sales Organisation. These sales organisations are granted by the State through a law stipulating their exclusive rights. The background for the protection given to the sales organisations by the State has been that the income earned by the fishermen is recognised to be comparatively low and that the fishermen would be the nation's main bone of contention with the buyers of fish, if such protection was not granted to them. All those wishing to buy fish for processing or other commercial purposes are required to hold a licence from the appropriate sales organisations. The buyers are required to grant guarantees for payment and to accept the sales conditions which are established by the sales organisation or agreed upon between the latter and the appropriate sales agency. The operational methods of the sales organisations vary to some extent; their common principal aim is, however, to stabilise prices and ensure that the fishermen's earnings are as high as the market conditions justify.

The national association of exporters have, to a considerable extent, also been supported by the authorities in past years. Laws and regulations have stipulated that the exporters of the various fish products may also be carried out by members of the appropriate association of exporters. Membership of the export association is subject to review by the Ministry of Fishery.

Until recently, fish prices have been subject to State control. Thus the fishermen's Sales organisations which had power to fix prices impossible to the fishermen were obliged to consult the Ministry of Taxes.
and Prices before fixing prices for the forthcoming season.

The brief account of the proposed marketing system of fish can give us some rough idea on how the entire system should be organised.

The main idea is that in order to enable the fisher to get better returns from their efforts, the marketing of fish should be done by their own organisations. It is felt that the Government must take the necessary steps to ensure that the marketing of fish should be done by authorities. Only co-operative sales organisations with special skill and knowledge will be able to handle it in this country. Thus, such organisations will have the administration of various financial and marketing matters of fisheries, and also the power to regulate the prices of fish. As such, the prices must be regulated in such a manner that the fishermen can obtain as high and fair as the market conditions will permit.

Apart from the adoption of its own marketing system, the Scheme must also follow some sound principles of administration in order to ensure its success.

It must be born in mind that in such an organisation where the quality of its workers is a prime factor which will determine whether the financial assistance will be successful in reaching its objectives. They must be selected and trained so that the best of the financial assistance. They should be carefully chosen to see that they are physically fit and have the required skill. Above all, they must be honest and willing to work hard and to abide by the conditions of entry and the rules and regulations prescribed prevailing in the scheme.

In order to ensure the success of the scheme it is equally important that the management of the affairs of the workers should be entrusted to very competent men who have both the knowledge of cooperative principles as well as business experience. The supervisory administrative officers should ideally have wide experience of handling economic and fishing industry matters. Unless experienced and competent personnel are available such schemes cannot function successfully.

Finally, such co-operative credit societies should not be hastily set up unless the fishermen have adequate idea of the principles and benefits of co-operation. I cannot agree more with Professor Louis Berube's contention that "... co-operatives, marketing, multipurpose or otherwise, can but part of the solution of the fish problem; before the fishermen have been fully enlightened through co-operative education; fully armed here educated to the point that they request themselves the privilege to be formed into a co-operative."4

4See Berube, L., Preliminary Memorandum on Kaila Linjai Scheme
(Aska Tumkur, December 21, 1933).

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The organization of the scheme on co-operative basis should only be undertaken until such time when the would-be members have acquired at least some idea of co-operative principles and benefits. This implies that a carefully planned programme of co-operative education is the essential pre-requisite to the setting up of any schemes that are to be operated on co-operative basis.

b) The second alternative course is to dispense with the co-operative society altogether and let the scheme be run by an experienced manager who is directly employed by and responsible to the Government. This alternative recognizes the fact that the organization of the scheme on co-operative basis is open to a lot of risks either by the management committees or the members.

Therefore, the scheme should not be operated on co-operative basis, instead, it should be government-owned. Since the manager is Government servant he is less susceptible to pander to the whims and fancies of the members. The manager can be employed on a contract basis. This is to prevent any possible misuse of power.

Just like other settlement schemes only the best settlers or members be selected. Care must be taken to see that members selected have the required skill and experience in fishing. This is to ensure the optimum use of the facilities by the members. Moreover, the scheme must embody rules and regulations to the effect that members, work in the interests of the Scheme so that these rules are effective in preventing irregularities and abuses. The scheme must also include provisions to deal with all cases of defaults such as (i) failure to pay installments of principal or interest on loans, (ii) failure to carry on fishing diligently and vigorously, (iii) use of boats and other equipment for purposes other than fishing and (iv) failure to maintain vessels and gear in good working order.

The management must undertake the transport and marketing as well as processing functions and above all the management must strive to keep down the operating expenses of the members so as to enable them to get a higher level of income.

The scheme is to be supervised by a competent and full-time manager. To carry out such a responsible task men with wide experience are very essential. Above all they must be quite flexible and responsive to the needs of the rural fishing community. It is needless to say that men of such calibre are rare and limited in Kalaya and Government must be prepared to offer comparatively high remunerations so as to attract the right type of management personnel.

Under the existing conditions, it appears to me that the first alternative course of action, though the more ideal of the two, is not capable of being put into immediate practice because the current environment is still not too conducive for co-operative form of undertaking to operate successfully. This is because of the high rate of illiteracy and lack of co-operative spirit prevalent among the rural folk. The absence of
conscious efforts on the part of the Government to foster a better sense of co-operative spirit through a carefully planned programme of co-operative education has greatly accentuated this problem.

Consequently, I feel that the second alternative course is a better solution, particularly when such financial aid schemes are so isolated and uncoordinated. Even then the success of implementation of such schemes will very much depend on whether the Government can succeed in getting the right type of management personnel to carry out the job.