CHAPTER III

THE NEED FOR GOVERNMENT ASSISTANCE

Generally the actual cost of replanting will depend on the methods used, the terrain of the land and the general level of prices when the replanting takes place. Therefore it is difficult for any one to assess what should be the yearly expenditure on replanting on any particular area. Inspite of this, some estates have adopted the practice of charging against revenue each year a sum equal to the current cost of replanting 3% of the total planted acreage and charging the actual amount spent on replanting against this provision. These are the estates which realised that there is a limit to the economic life of a rubber tree i.e. with advancing age latex flow declined and yields became uneconomical. However these foresighted estates are very few and, even if they did replant, most of them could not undertake any planned programme of replanting because of the problems associated with the uncertainty of the price of rubber. To them replanting was an expensive business and rubber was not a steady industry in which it is easy to plan ahead. Frequently booms succeeded slumps and vice versa with unpredictable frequency and intensity. In most
cases the rate of replanting varied with the prevailing price of rubber and the availability of funds. Generally when times are bad the tendency among the estates was to postpone replanting. Thus we see that most of the estates did not have a programme for replanting of their trees.

A few solutions had been suggested for helping the estates to replant. One method was to provide them with funds by reducing the tax rate. However, this would not be successful for there would be no guarantee that the resulting addition to the estates income would be used for that purpose. Instead this might be distributed as dividends to the shareholders.

Another method was for the Government to provide easy credit facilities to those estates that were unable to finance their own replanting. However if this method was to be used some problems would be created. Occasional borrowing can be no substitute for regular provision for replanting, and, the terms of the loan would have to be made especially attractive and generous. Besides, no matter how easy the terms of the loans may be, there is no assurance that every estate that should make use of them for replanting would do so. Added to these problems is that of risk. The estate would be averse from borrowing at known prices for rubber and having to pay back at unknown, possibly lower, prices.

Thus with the impracticability of these methods,
the Government has decided to step into the scene by imposing a cess and eventually promulgate schemes to help the estates to replant.

Since the estates, with large capital, has found it difficult to have a replanting programme, the small-holders, the majority of whom are poor and possess less than six acres of rubber trees, would be confronted with a greater burden if they were to undertake a programme of replanting. Their position was more acute, having to face numerous problems.

Firstly, most of them were in the low income group, earning some money from the sale of their rubber. If they were to replant their rubber trees they would have to forego their income for seven years. Most of them did not have alternative sources of income and those who had merely possessed some fruit trees from which they obtained a small income from the sale of the fruits. Even this income from the fruit trees was seasonal depending upon the fruiting season. Furthermore, replanting required heavy manual work of cutting down the old stand and of preparing the ground for replanting. Labour employed in the work was chiefly family labour in which members of the family helped in the field. This aggravated the problem because with the income forfeited by replanting the smallholder not only had to find mens of feeding himself but also his family. Another problem was that there was no certainty of rubber prices to convince
them that it would be worthwhile replanting. Besides these
general problems there were also some practical problems.
There was the problem of lallang infestation spreading
quickly and which was beyond his control. Then there was the
problem of maintaining the young unproductive trees for
seven trees.

With regard to the steps to be taken to help the
smallholders to replant there were a few which were possible
and feasible. Firstly, the Government could help them by paying
them subsidies for carrying out the operation of replanting.
This was the most important form of help for the subsidies could
help them to supplement their meagre income from their alternate
earnings. Furthermore, the Government could also help to
organise arrangements for carrying out some of the operations
on a contract basis more efficiently, expeditiously and
cheaply. The spreading of the knowledge of replanting techniques
could go a long way in educating them in the use of the latest
tools and methods of replanting. Finally the Government could
convince them to replant by spreading to them the economics
of replanting and the prospects for the future in the absence
of replanting.

Thus we have examined the circumstances that
necessitated Government assistance in replanting.