CHAPTER SIX

THE FAILURE OF FARMERS TO IMPROVE THEIR COCONUT FARMS

Smallholders usually do not spent all their time and efforts on the coconut palms alone, as palms do not always occur in pure or almost pure stands. Instead coconut holdings contain other crops over parts or the entire area of the holdings. To the small farmers, income from the coconut palm is only a source of income.

As a result of low income due to low productivity, small coconut farmers are forced by circumstances to turn to other sources of livilihood. They may devote their time and efforts to other crops on the coconut holdings. If the farmers are located along the coast, they may turn to the sea as a source of livilihood. There is poverty in the coconut-growing areas in Malaya and the main cause is low income. The failure of coconut farmers to improve their coconut farms is due, primarily, to low income.

Gross Income from coconut farms.

As mentioned earlier, the average size of smallholdings is 3½ acres and the average size of estates is 600 acres. Smallholdings usually produce high quality copra. As already mentioned in chapter 5, the average wholesale price of high quality copra was $28/= and the average wholesale price of low quality copra was about $25.50 in 1955. The average copra yield per acre for estates is 7 piculs while the average copra output per acre for smallholdings is 2 piculs.

The gross income of low-quality copra producing small farmers is $175.50 while high-quality copra producers would earn $196.00. As average sized smallholders are usually poor-quality copra producers, it is more likely that their gross income is about $175.50.

Syed Mansur[1] observed that in Bagan Datoh, small coconut farmers generally produce low-quality copra and some of the main reasons are: First, the local copra dealers pay only about $2.50 more to one picul of high-quality copra than the amount paid for poor-quality copra. The small price difference between high and low quality is too small to have sufficiently compensated the extra labour involved in producing high quality copra. In other words, there was no adequate incentive for smallholders to produce high-quality copra.

Secondly the hired plucker is often paid by piece rate and as a result, he does not discriminate in harvesting the nuts. Due to the system of wage payment, the hired harvester is more interested in the quantity than the quality of the nuts harvested and consequently immature nuts are also plucked. Immature nuts do not make high quality copra.

Thirdly, processing facilities are crude and hence produce low-quality copra. The copra may be underdried or forced by circumstances to sell the copra before it is properly processed in order to obtain urgently needed cash. This practice is common in the Muar coconut growing areas.

Smallholdings producing high-quality copra are therefore few in numbers. Therefore, the average copra-producing farmer is more likely to earn about $175.50 per year from his coconut farms of 3½ acres.

The gross income of an average sized estate producing high - quality copra is $117,600.00. Estates are likely to be high - quality copra producers for the opposite reasons why smallholders produces low-quality copra.

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1. Syed Mansur, Final Report on the Economic Survey among Coconut Smallholders of Bagan Datoh (unpublished).

Cost of Copra-Production in Bagan Datoh

In Bagan Datoh, Syed Mansur observed that small farmers usually are not engaged in harvesting of nuts and copra production. These jobs are done by hired labour. The main reason may have been that these farmers are busily occupied in earning other forms of income and so are unable to devote full time to coconut farming.[2] The main feature of coconut farming in Bagan Datoh is that hired labour is used in harvesting the nuts and copra processing activities and on this, Syed Mansur calculated the cost of copra-production on smallholdings as seen in Table 17.

TABLE 17
COPRA PRODUCTION COST SCHEDULE

Total charges for harvesting and processing per 1,000 nuts.		
Plucking	$12.00	
Husking	6.00	
Splitting and extracting kernels	4.00	
Processing	4.00	$26.00
Transport per 1,000 nuts		4.00
Weeding per acre - 3 times a year		15.00
Land Rent and D.I.D. dues per acre per year		8.00
Maintenance including fertilisers per acre per year		30.00

Source: Syed Mansur, op. cit.,

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2. Lee Ming Chong, The Coconut Industry of Malaya: Some Facts, Ekonomi, p. 44.

The average size of smallholdings is 3½ acres. Taking this to be the average sized farm in Bagan Datoh and nut yield per acre to be 560 nuts (see Chapter 2), the total cost of copra production is $241.00. This cost figure is calculated on the premise that coconut farm activities are done by hired labour and how the total copra production costs is arrived at, is shown in Table 18.

TABLE 18

TOTAL COPRA PRODUCTION COST PER 3½ ACRE FARM

Total charges for harvesting and processing (2,000/1,000 x $26.00	$ 52.00
Transport (2,100/1,000 x $4,00)	8.00
Weeding (3½ x $15.00)	52.50
Land Rent and FDD dues (3½ x $21.00)	28.00
Maintenance and fertilisers (3½ x $30.00)	100.50
Total Copra Production Cost	$241.00

Accordingly, the 3½ acre producing copra farmer in Bagan Datoh earns an annual gross income of $176.50 and incurs a total annual costs of $241.00. The small farmer is therefore unable to meet the cost of copra production. This points to one fact, that unless yields per acre and price of copra improve, and the size of the farms increased, it does not pay him to become a copra-producing farmer because of the prohibitive production costs. This may have accounted for the fact that only 1/3 of the small farmers in West Johore, have their own kilns and much of the production is sold not as copra but as harvested nuts to local dealers[3]. In the Muar areas, some small farmers sell the nuts forward, often on the palm.

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3. Wilson, on. cit., p. 35.

Production Cost on some farms in Muar areas

Many small copra producing farmers in the Muar areas work their own farms, i.e. they do not hire outside labourers to work the farms. These coconut farmers and their families do the harvesting of nuts, processing of copra, weeding and maintenance of their farms. The total production costs for own account farmers using family labour on an average-sized farm for smallholdings is shown in Table 19.

TABLE 19

TOTAL COPRA PRODUCTION COSTS PER ACRE

Maintenance including fertilisers (3 x $30.00)	$100.50
Land Rent and DID dues (3 x $8.00)	28.00
Total Copra production costs	$128.00

The average-sized farm for smallholdings in the Muar areas earns about $176.50 and incurs a total costs of copra production of $126.00, leaving only about $50/= as net income per annum. This points out that own account copra producing farmers in the Muar areas are slightly better off than their fellow farmers in Bagan Datoh using hired labour.

Copra production cost figures are not available for estates but the estate managers in Muar areas, are of the opinion that net income from coconut farming is reasonable but declining. This, may have in some way, explained the replacing of coconut palms by oil palms on existing coconut farms.[10]

10. United Planting Association of Malaya, 1963 Annual Report, p. 41.

Poverty and Indebtedness among the small farmers.

Coconut palms yield low income to the coconut farmers. Farmers are, therefore, forced by circumstances to look to other sources of livilihood. Farmers do not depend entirely on the coconut palms as the only source of income. Many of these farmers have other crops, like rubber, fruits, etc., on part or, the whole of their farms. In the Muar areas, some even have seperate rubber farms nearby. Many farms are located along the coast, and some farmers take to the sea as a source of supplementary income. They may earn as much as $30.00 to $40.00 per month from fishing.[11]

In spite of the farmers earning income from various sources, they are not very much better off. Table 20 shows the income distribution of 266 farmers in Pagar Datoh. The modial income is $108.00 per month. This is not at all high income.

11. Lee Ming Chong, op. cit., p. 45.

TABLE 20

INCOME DISTRIBUTION AMONG THE 268 COCONUT SMALL PLANTERS WHO EARN FROM OTHER SOURCES OF INCOME AS WELL, IN BALIK DATOH, 1956.

$ per month	Smallholders
50 and below	11
50 - 100	110
100 - 150	86
150 - 200	33
200 - 250	13
250 - 300	6
300 - 350	6
350 - 400	2
400 - 450	1
450 - 500	1
1,200 - -	1
	268

Source: Syed Mansur Syed Salim, op. cit., p. 7

Because of the low income, Syed Mansur found that 60% of the 268 small farmers interviewed could not afford to pay their land rents and D.I.D. dues. It is, therefore, not surprising that they have to borrow to live and so land themselves heavily in debt. Table 21 shows that out of the 268 farmers interviewed, 201 or 75% of them were in debt. Some 50% of the recorded debtors were owed to middlemen, about 11% to friends and relatives and the rest to cooperative societies and RIDA. Syed Mansur admitted that the debts quoted are unreliable. The debtors might have deliberately exaggerated the figures with the hope to invoke the sympathy of the Government to help them out. Despite the doubtful value of the debt figures, it serves to point out that there are many debtors in the coconut-growing area. This is due primarily to low income - an indication of poverty.

TABLE 21
DISTRIBUTION OF DEBTS AMONG 201 COCONUT SMALL FARMERS IN BAGAN DATOH, 1956

Amount of debt ($)	Smallholders
50 and below	14
50 - 100	20
100 - 200	37
200 - 300	28
300 - 400	22
400 - 500	14
500 - 600	23
600 - 700	2
700 - 800	2
800 - 900	6
900 - 1,000	2
1,000 - 1,500	12
1,500 - 2,000	6
2,000 - 2,500	-
2,500 - 3,000	6
3,000 - 4,000	-
4,000 - 5,000	5
10,000 - -	1
12,000 - -	1
	201

Source: Syed Mansur Syed Salim, op. cit., p. 7

The Second Five-Year-Plan and Coconut Industry

There is no doubt that there is poverty in the coconut-growing areas. The smallholdings which form the bulk of the industry are known to be unable to keep themselves to improve their farms.

Lately, the plight of the small coconut farmers have engaged the attention of the Government. Consequently, a sum of $15 million was allocated for rehabilitating and replanting the industry in the Second Five-Year-Plan (1961-65). In the past, the Government had neglected the coconut farmers and this is well reflected in the First Five-Year-Plan (1956-60) in which nothing is allocated specifically for the improvement of the industry. The $15 million allocated to help improve the industry in the Second Five-Year-Plan is a negligible amount in view of the magnitude of the problems accumulated through the years of complete neglect by the government. The allocated amount of $15 million is only about 0.7% of the total public expenditure of $2,150 million over the Plan period; and 3% of the amount allocated for Agriculture of $545.3 million[12],. The allocated of $15,million to rehabilitate and replant coconut farm is therefore only a drop in the sea.

According to the "Interim Review of the Development in Malaya under the Second Five-Year-Plan", the amount originally allocated for rehabilitation and replanting of the coconut industry was revised to $3.7 million, a cut by nearly 80% of the original allocated amount. The revised figure is only 0.1% of the total public expenditure and 0.7% of the amount allocated for Agriculture. Surely, this is not the way to help improve the coconut industry.

The main cause, delaying the implementation of the project to rehabilitate and replant the industry under the Second-Five-Year-Plan, is the lack of adequate planning. As the problems in the coconut industry is serious, plans to rehabilitate and replant the coconut farms must be drawn up quickly and implemented immediately.

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12. Federation of Malaya, Interim Review of Development in Malaya under the Second-Five-Year-Plan, Kuala Lumpur, Table 5, p.22.