

CHAPTER IV

FACTORS INFLUENCING THE SIZES IN THE BREAK-UP AND SUBDIVISION OF RUBBER ESTATES

(1) Factors Influencing the Sizes of the Estates being subdivided

In Penang, relatively large estates (averaging 2,397 acres) are being subdivided. These are mostly under old rubber and are bought by Chinese smallholders, who commonly cultivate fruits or other crops. Replanting is not frequent in this State.¹ The estates are initially bought by an Indian² and Chinese syndicates,³ who can afford such large sized estates. They resell the pieces to Chinese smallholders for as much as 200 to 300% profits.

Subdivision for replanting purposes generally involves small sized estates (about 80% are less than 300 acres each), because it is mainly the small Asian estate owners who take advantage of the smallholders' replanting scheme, as in South Malaya.

The development and expansion of towns has contributed to the subdivision and break-up of rubber estates when these are strategically placed adjoining towns or roads. This tendency is experienced in most of the States. Varying sizes of estates are involved.

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1. The Commissioner for Labour and Social Welfare, State of Penang.⁴
 2. Mr. N. T. S. Arrumugam Pillay.
 3. The Registry of Deeds, State of Penang.
 4. The Commissioner of Land and Mines, Malacca commented that apparently the real smallholder has not taken advantage of the replanting scheme, because although he has merely old trees, they yield him income. Only those who can forgo immediate income from the land, replant. This fact, further indicates that small estate owners with a fair amount of capital can afford to replant and do so after subdivision.

TABLE 19

EXAMPLES OF SUBDIVISION FOR BUILDING PURPOSES

Year	State	Estate Name	Sold To	Area	Source of Information
1.1956	Johore	Mengkibol (C.J.) Rubber Co. Ltd.	Kluang Co-op Building Society	9a. 3r. 36p.	Registry of Titles
2.1956	Perak	n.a.*	n.a.	200 acres	Straits Times, 20th March 1956.
3.1956	Penang	Heintze Estate	Chin Brothers, Ryce Davis & Co. and another co.	600 acres	Registry of Deeds, Penang.
4.	Penang	Khoo Jin Hoe	-	150 acres	
5.1957	Selangor	Petaling Estate	-	300 acres	The Straits Times, 2nd April, 1957.
6.1957	Selangor	Kinrara Group Estates Ltd.	Jaffnese Co-op. Housing Society Ltd.	163a.3r.20p.	Registry of Titles

* n.a. = not available.

(2) Influences on the Sizes of the "Broken-up" Pieces

The reasons cited above also apply to the present consideration.

However, special influences can be enumerated.

The break-up of rubber estates involves such widely differing sizes,¹ because of the nature of demand and supply conditions. In 1956 and 1957, political uncertainty in Malaya's future brought many foreign owned properties on the market. Sales were affected wherever demand was present as from the newly-rich of the Korean Boom.² The size of the

1. Ref. Tables VI a, - d and Table IX.

2. Land is normally regarded as one of the most secure assets by the local people.

piece bought by them was determined by the availability of their investment capital, the price of the land, and the urgency of disposal among the sellers.

Sales are also made to dispose of marginally unprofitable outlying or scattered areas so as to make the remaining estate a more economic unit. The Kapala Rubber Estates of Malaya sold off 420 and 218 acres of marginally unprofitable land for that purpose.¹ Due to the very nature of the reason for sale, the sizes of the pieces affected vary widely. Such break-up has been followed by subsequent subdivision when resettled farmers moved out of the new villages, with the ending of the Emergency, to buy up outlying areas for settlement.

When tin land (forming part of an estate) is sold off, the sizes tend to be relatively small.

TABLE 20
THE BREAK-UP OF TIN LAND FROM RUBBER
ESTATES²

No.	Estate Name	Acreage sold
1	Alor Pongsu Amalgamated Estates Ltd. (Perak and Kedah)	92.5
2	Escot Rubber Estates Ltd. (Selangor & Perak)	54.0
3	Malay Rubber Planters Ltd. (Perak)	137.0
4	Pilmoor Rubber Co. Ltd. (Selangor)	176.0
5	Sengat Rubber Estates Ltd. (Perak)	33.0

1. Manuals of the Rubber Planting Companies; compiled by Zorn and Leigh-Hunt; 3 and 4 Winchester Street, London, E.C.2, 1958.

2. Compiled from Table IX.

(3) Influences on the Sizes of the Subdivided Pieces

One of the main influences on the sizes of the subdivided pieces is the conditions attached to obtaining replanting grants from The Rubber Industry (Replanting) Board, Fund B, for smallholders.¹

TABLE 21
THE NATURE OF THE GRANT ASSISTANCE GIVEN
BY THE RUBBER INDUSTRY (REPLANTING) BOARD, FUND B²

Size of the Holding (Acres)	Percentage of area replanted by Grant Assistance	Grant Assistance Rate Per Acre
Above 100	21%	\$ 400/- [*]
30 - 100	33 1/3%	\$ 600/- [*]
10 - 15	66 1/3 - 100%	\$ 600/-
1 - 10	100%	\$600/-

* payable in cash and kind.

The above table shows that as a result of subdivision into less than 100 acre lots, the monetary value of the grant is enhanced by \$200/- per acre, and the acreage potential for replanting increased by stages from 21% to 100%. Good strains of rubber are used in replanting.³ This shows the attractiveness of the proposition to estates over 100 acres to subdivide the land, especially into less than 15 acre lots - a trend, predominant in Johore, Malacca, Negri Sembilan and Perak.

1. The nature of the grants given by the Council of Malayan Smallholders' Association is given in Appendix C.
2. Information supplied by the State Replanting Officer, Perak.
3. The Grant assistance is also extended for replanting of rubber land with fruits, coffee, coconuts, pineapple, padi and rembia.

In some areas, especially Penang and Kedah, fast rising population has contributed to pressure on the land. In these States, non-alienated State land is not available, and farmers, demanding land for cultivation, turn to existing rubber estates, which are thus subdivided for the purpose.¹ Besides, people who have accumulated earnings with economic progress since the Korean Boom consider "land" the safest form of investment.² These being the reasons for subdivision in the north, the sizes of the subdivisions vary according to the financial position of the buyer (the average being 20 acres). Refer Sketch Map A.

Similar cases of sales to the "small capitalist" are made in Perak and Pahang; in both these cases rubber land is frequently bought by former Chinese workers on the same estates.³ Similar cases of sales are reported in Negri Sembilan.⁴

An example of such subdivision is given in Case Study I, Appendix B. When a tapper purchases 3 to 5 acres, he and his family may tap and earn a living. With more than 20 acres the land is given on a contract basis for tapping.

The sizes of the subdivided pieces are apt to be influenced by the configuration and nature of the land. The existence of natural boundaries (e.g. rivers and bunds), and the extent of regularity in the crop (in nature, age and kind) form the line of demarkation of individual lots.

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1. The process of break-up and subsequent subdivision of this form is discussed in Chapter 4, section (2).
 2. This attitude partly results from the fact that there is, in Malaya, no alternative line of investment for the "small man", especially due to the lack of a money market.
 3. Commissioner of Lands and Mines, Pahang.
 4. The Straits Times, 1st October, 1957.

The existence of labour lines, especially roads, drains and rivers makes the lots adjacent to these small in size, as each lot owner (especially a smallholder) normally claims ready access to them to facilitate movement. Subdivision of this form, therefore, follows no definite pattern.

A major inducement to subdivide estates into less than 25 acre lots (85.9% in Table IV) is provided by the requirements of the Labour Code.¹ All estates are required by Law to provide certain amenities to their workers; e.g. proper labour lines, sanitation, a creche, school and medical facilities. In the north, drainage and irrigation control has to be maintained by the "estates". Once a holding falls below 25 acres it ceases to be liable, to some extent, to Labour Department Control and to the Provident Fund.² As this means a substantial reduction in the costs of production of the holding, there is a strong inducement to subdivide. In Malacca, 12.5% of the estates³ are subdivided into less than 5 acre lots, mainly to escape the payment of the Medical Cess.⁴

A small estate may be subdivided into 10 acre lots for better maintenance; as, for example, in Segamat, Johore, in 1958, when

Subramaniam Chettiar subdivided his 104 $\frac{1}{2}$ acre estate into 12 acre lots.⁵

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1. Section 165 of the Labour Code (FMS Cap.154) defines an "estate" as any "agricultural land exceeding 25 acres in extent...."
 2. The Monthly Reports of the Department of Labour and Industrial Relations and of the Machinery Department; The Federation of Malaya; January, 1956.
 3. Ref. Table IV.
 4. Mr. Grief: The Chief Surveyor; in the Extracts of Minutes of the District Officers' Conference, Malacca; Item III; 25.8.58.
 5. The Registry of Titles; Johore Bahru; Johore. The reason given to the Land Office for subdivision is as follows, "As the above land is quite big I find it very difficult to maintain it properly. If the subdivision is approved, I intend to replant a few of the subdivided portions and sell the rest. As each portion is of 10 acres or thereabouts, there is always the possibility of purchase by people of ordinary income (or average income). Also people will come forward to purchase these lands, since they contain only a few acres in area and are easy to maintain without any hardship."

A fuller illustration is given in Case Study II (Appendix B).

When a rubber estate is subdivided among the beneficiaries of a deceased rubber estate owner, the sizes of the subdivided pieces follow no definite pattern.

In general, therefore, it can be said that in the north, the sizes of the subdivided pieces tend to be irregular because of the influence of land speculation and population pressure. Regular sized pieces result when subdivision for replanting purposes. Other influences listed above apply to all the States.

(4) Influences on the Shapes of the Subdivided Pieces.

Three of the main factors determining the shapes of the subdivided pieces are as follows:-

(i) Replanting

When subdivision is for replanting purposes the shapes tend to be very regular, as shown by Case Studies III, IV and VII (Appendix B).

(ii) "Fair Share" Basis of Subdivision

When land which varies in nature is subdivided among its co-owners, the tendency is to have each piece such that every owner has each "type" of land available to him.¹

(iii) Nature of the Land

Where sales are made in small lots of land to different owners, each purchaser normally buys a uniform area, i.e. in the nature of cultivation, age of trees, configuration of the land, existence of natural and

1. "Progress in Land Reform"; United Nations, Department of Economic Affairs, New York, 1954, pp.194: "The Individual plots, having been laid out on the basis of equal shares of similar land and not on the basis of efficient farming, are frequently of unsuitable size and shape, which makes rational management impossible." Refer, for an example to Case Study V. Appendix B.

other boundaries, etc. The shapes of the subdivided pieces in these cases are extremely irregular.¹

On the whole, subdivision for replanting purposes results in fairly regular shaped pieces, while that based on the "fair share" ethical principle makes for economically inefficient units. Subdivision following the nature of the land results in irregular pieces as well; but, each lot taken on its own, has a certain degree of uniformity (e.g. age of trees), and hence is more efficiently workable than the former.

1. Refer: Sketch Map A, and Case Studies VI and VIII.