

## CHAPTER 6

### CONCLUSION

This concluding chapter summarises the findings of the preceding chapters. As discussed, Malaysia's agriculture sector played a very vital role and was considered the backbone of the Malaysian economy. It was bimodal in nature comprising the plantation and smallholdings subsector. Malaysia's agricultural development policies evolved from those that emphasised the development of the plantation subsector to those that were assigned to improve the economic well-being of the smallholdings subsector in particular and the rural populace in general. This was due to the situation that arose before independence whereby the plantation subsector, which mainly belonged to the non-Malaysians, was doing very well as compared to the smallholdings subsector which was involved in subsistence agriculture using traditional production techniques hence arising in a situation of low output and incomes and widespread poverty. This scenario changed after independence when the Government actively intervened not only in the development of agriculture but more importantly to encompass a larger goal of rural development. Various agricultural and rural development policies and programmes were implemented by the Government to uplift the economic status of the rural poor. Agricultural policies and strategies such as the cultivation of vast areas of undeveloped and underdeveloped land through large-scale new land development programmes with settlement, the intensified cultivation of oil palm through a policy of crop diversification moving away from traditional rubber concentration, double-cropping of rice and rehabilitation and consolidation under in-situ development programmes, continued to give priority to

subsistence and smallholder agriculture, to raise the productivity and wealth of the rural poor in Malaysia. These programmes had the objectives of poverty eradication, redistribution of wealth, reducing the gap between the smallholdings and plantation subsectors and raising rural productivity.

Various agencies were set up by the Government to undertake land and rural development programmes in order to enhance the agriculture and rural sector. One such agency to do so was FELCRA, which was established under the National Land Consolidation and Rehabilitation Authority (Incorporation) Act, 1966 on 1<sup>st</sup> April 1966. FELCRA's main function was the rehabilitation and consolidation of either State or individual land. These included the rehabilitation of failed state land schemes and the consolidation and rehabilitation of large areas of fragmented land holdings, fringe alienation areas and new block planting areas which were contiguous to near such areas where uneconomic-sized holdings existed.

The land development programme that FELCRA embarked on took the form of various development models such as the Rehabilitation schemes, Fringe schemes, Youth schemes, In-situ Village Development schemes and the Integrated Agricultural Development Projects (IADP), the RASCOM schemes and the KESBAN schemes. The Fringe and In-situ schemes were actually consolidation schemes. The objectives of FELCRA's land development programme were to develop uneconomic-sized land holdings into efficient producing units that were capable of generating incomes to the land holders, to provide suitable developable or developed land to the excess population in the areas concerned and to supervise, assist and advise the land holders to ensure efficient agricultural practices are followed.

An assessment of FELCRA's overall land development programme showed its success in achieving the objectives set by the Government. As far as physical land development is concerned, FELCRA managed to develop a total of 1, 721 schemes which covered an area of

267, 689 hectares which were cultivated with oil palm, rubber and paddy as discussed in Chapter 3.

In terms of the Government's objective of raising rural productivity, FELCRA's schemes have shown increases in average productivity per hectare. In fact, the average productivity per hectare for paddy has been higher than the national average which implies that FELCRA's paddy schemes are highly productive.

There has also been an increase in the revenues received which indicates that FELCRA's success in enabling its schemes, that were originally idle or a failed schemes, to start producing and hence with the sales of these schemes' produce, revenue is received.

To further assess FELCRA's physical land development programme, a socio-economic survey was done on selected FELCRA schemes by a private consultant company which proved FELCRA's success. It was found that FELCRA's schemes showed a marked increase for all major crops between 1984 and 1994. The selected scheme settlers were also involved in other diversified activities such as livestock and fish rearing which they were not involved in before FELCRA's involvement in their schemes.

The assessment done on FELCRA's land development programme in Chapter Three only indicated its success as far as physical findings were concerned in terms of area developed, productivity per hectare levels and the number of schemes established. This was because Chapter Three only discussed the physical aspects of land development. It was also emphasised in Chapter Four that for land development to fully achieve its intended purpose, it must comprise the development of both the physical as well as the human resources. Therefore, FELCRA's overall land development programme was considered both as an economic as well as a social development programme.

The social aspect of FELCRA's overall land development programme emphasised on the development of its settlers who were the nucleus of its land development programme.

FELCRA's success in physical land development could not have been achieved if not for the parallel development of its settlers (settler development) who were the very reason for and means of achieving development.

The prime economic objectives of FELCRA's land development programme is to increase income levels through the utilisation of land for productive agricultural purposes achieved through the settlers own efforts and resourcefulness. On the other hand, the social objective is to ensure these settlers develop and form a viable, cohesive and progressive community to enable them to achieve the economic objectives of land development. The mind-set change of the settlers is an important symbiosis for land development.

FELCRA's settler development programme had various objectives. These included increasing its settlers' income and productivity, improving their standard of living, bringing behavioural changes in the settlers involving changes in perception, knowledge, skills and attitudes, establishing effective economic and social settler institutions to cater for their needs and finally improving the basic and social amenities and the marketing facilities available to the settler community.

Based on the assessment of FELCRA's settler development programme done in Chapter Four, it has been found that FELCRA succeeded in achieving all the objectives concerned. It was found that the average incomes received by the settlers not only increased over the years but was also above the official PLI which indicates that FELCRA's overall land development programme generally achieved the New Economic Policy's poverty eradication objective. The settlers also received increasing dividends over the years.

FELCRA established various economic and social settler institutions as far as institutional development was concerned. The economic institutions were set up to enable the settlers to take advantage of any business opportunities generated within and outside FELCRA. The social institutions, on the other hand, were set up to cater for the social, educational and

religious needs of the settlers. The most important economic institutions set up were the scheme co-operatives (KPRs) through which the settlers ventured into commercial and business activities. The settlers also ventured into small and medium-scale industries and economic projects to further enhance their economic status. Therefore, as far as institutional development of its settlers was concerned, FELCRA succeeded by establishing both economic and social institutions that have promoted their business and commercial activities, hence uplifting their economic status.

Through FELCRA's settler development programme, its settler community has evolved from one that was practising subsidy-dependent subsistence agriculture to one engaging in modern and commercial-based agriculture by being more self-reliant and business-minded.

The assessment of FELCRA's settler development programme also indicated that its settlers, have over the years, assimilated many new technologies in the management and agriculture fields.

A further assessment of FELCRA's settler development was also done based on a socio-economic survey conducted by a private consultant company, that is, Syarikat Sailcos Sdn. Bhd. In association with the Asian Development Bank on selected FELCRA schemes in Pahang Barat between the years 1984 and 1994. The survey found FELCRA's settler and land development programmes successful in increasing its settlers' income levels and purchasing power, improving standards of living and literacy levels, providing better housing conditions and improving basic and social amenities. The socio-economic survey also indicated that majority of the selected schemes' settlers perceived that FELCRA's land and settler development programmes benefited them.

Therefore, in terms of objectives achieved, FELCRA succeeded in doing so. The fact remains that many of the schemes were able to repay their development loans and start making profits. However, FELCRA cannot be satisfied with its achievements and become complacent.

The future, especially the twenty-first century, holds more challenges for FELCRA and in order to accommodate itself with the changes taking place in the national, regional and international levels, it must redefine its functions to take on a more multifaceted role as the future cannot be extrapolated based on past experiences, as the global market is moving at warp speeds.

As proposed in Chapter Five, the best possible option FELCRA has, in terms of its redefinition, is its corporatization which is seen as the option that will best safeguard the interest of its target group, the settlers. Chapter Five also proposes the manner in which corporatization can be implemented and the possible strategic business units and joint-venture associations it can form with other companies to undertake the large market of upstream and downstream activities and business opportunities available to it within and outside FELCRA.