

THE FUNCTION OF THE SOCIETIES.

As their names implied, the two main functions of the societies were the provision of credit and the marketing of fish. In this chapter, the writer will discuss in detail how efficiently the societies carried out their functions.

1. Marketing.

Regarding the marketing of fish, the two societies enforced a regulation that all members must sell their fish through the societies and a drastic action would be taken against any member who did not observe the regulation. The observation of this regulation was a real test of loyalty of the members because the greatest temptation to them was the offer of higher prices elsewhere and it is recalled that the fishermen joined the societies partly with the hope of getting higher prices than that offered by the middlemen.

A member was liable for expulsion after three repeated warnings for selling his fish outside. The only exception was given to members who operated pukats which were generally used for catching the varieties of fish more suitable for curing purposes<sup>1</sup>. Pukat operators who were members, sold their fish directly to the Chinese towkays because if they were to sell through the co-operatives they had to pay a commission of 10 per cent. It was only when the price offered by the towkays was lower than the societies' price that they would sell through the societies.

The exception given to the pukat operators was unfair in the sense that they did not have to pay 10 per cent contribution on the catch and yet as members they enjoyed all the

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1. There are several types of pukats. Pukat payang is for catching ikan gelama, kekek and tamban. Pukat dalam is for ikan kembong, while pukat tarek is for catching ikan bilis.

privileges of membership. They became members also because in the off-season for the types of pukat fish, they went for handling and furthermore as most of them possess<sup>ed</sup> pukats and engines for hire, the other members were advised to use their boats and gears to keep them from outside influence if they were to use non-members' equipments.

The societies also undertook to sell the non-members' fish subject to the deduction of 10 per cent commission.

The fishermen went to sea in the early hours of the morning and returned not earlier than 2 p.m. One of the selling representatives who was assigned to wait at the landing point weighed the fish and recorded in his book the amount of each kind of fish brought in by each member. If there were more than one fisherman in a boat as when they went for unjang fishing the catch is recorded in the name of the leader of the group only. It was found that in most cases, each group consisted of the same men. When recording the catch, no receipt was given.

When sufficient amount was obtained, it was then transported to the Kuantan market either by bicycle, van or by bus. As the landing point for the members at Kg. Di-Pantai was not accessible by any means of transport, the fish had to be carried to the transport terminus, which was about 300 yards away, at a cost of 50 cents per basket (120 katis)<sup>2</sup>.

As most of the members of Seberang Che' Let Co-operative Society went for unjang fishing, they caught more varieties of fish, some of which were more marketable when dried. These types of fish were sold to the local towkays who were in the dried fish business, by means of tender. Every month, the society sent out tender for the sale of the fish and the highest bidder would get the tender.

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2. For detail on the transporting of the societies' fish, please refer to Che' Badaruddin's academic exercise on transport in Berserah (1958/59 Session).

The majority of the members of Kg. Di-Pantai Co-operative Society, went mainly for parang fishing. Hence, the varieties were more limited. Since only a few went for unjang fishing, if there was any variety more suitable for curing could easily be disposed without any need for tender.

At the landing point, retailing was done when people from the neighbouring kampongs came to buy fish.

At 5.30 or at 6 p.m. when no more could be retailed, the fish then was sold to the wholesalers in Kuantan. Although in theory, the societies were at liberty to sell to any of the six wholesalers in Kuantan. In practice, each of the societies sold only to one wholesaler. By having one specific buyer for their fish, they were assured of getting a buyer for their fish at any time of the evening<sup>3</sup>.

Retail price was on the average 15 per cent to 20 per cent higher than the wholesale price but the societies could only sell about 30 per cent of their daily turnover at retail because their stalls were open no earlier than 2.30 p.m. whereas the peak hours in the market were in the morning. Due to the lack of storing facilities, the societies could not keep the fish overnight to be sold the next morning as it was being done by the peraihs and the towkays themselves.

The disparity between the retail and the wholesale price created a discontent among the members in Kg. Seberang Che' Let Co-operative Society because those who brought in the fish early and whose fish were mostly sold at retail were given a price lower than the net retail price. Therefore, to appease the members, the system was changed. Those who brought in their catch earlier than 5 p.m. would be given the net retail price if the fish could be disposed of at retail, while those

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3. The writer was told that if they were to be choosy, the towkays with whom they have been dealing would not buy their fish if they were to come too late in the evening and in time of glut and thus the fish could not be sold. Each of these societies has only one towkay.

who returned later than 5 p.m. would be given the net wholesale price. But for the Kg. Di-Pantai Co-operative Society, the members are given the net average price =  
$$\text{net } \left( \frac{\text{wholesale price} + \text{retail price}}{2} \right).$$

### 1A. Monthly Turnover.

The volume of fish marketed by the co-operative societies could be a measure of their effectiveness in carrying out their marketing function.

Figure II shows the turnover of the fish marketed by the two societies during 1957.

Although the Kg. Di-Pantai Co-operative Society had a larger number of members and working capital, its monthly turnover was smaller, with the exception of February, than that of the Seberang Che' Let Co-operative Society. Even during parang season, which is between January and April and between October and December, we find the turnover was smaller. This was because most of the members of Seberang Che' Let Society went to sea while only two-thirds of the members of Kg. Di-Pantai Society went to fish during parang season, and less than half the number went to sea in the off-parang season. Eighteen <sup>its</sup> ~~of~~ ~~seventy-one~~ members no longer pursued fishing as an occupation. Some worked as employees for the local Chinese towkays, while others went doing non-fishing jobs. Yet their names were still in the register because they had not settled their loans with the society.

### 2. Loans And Advances.

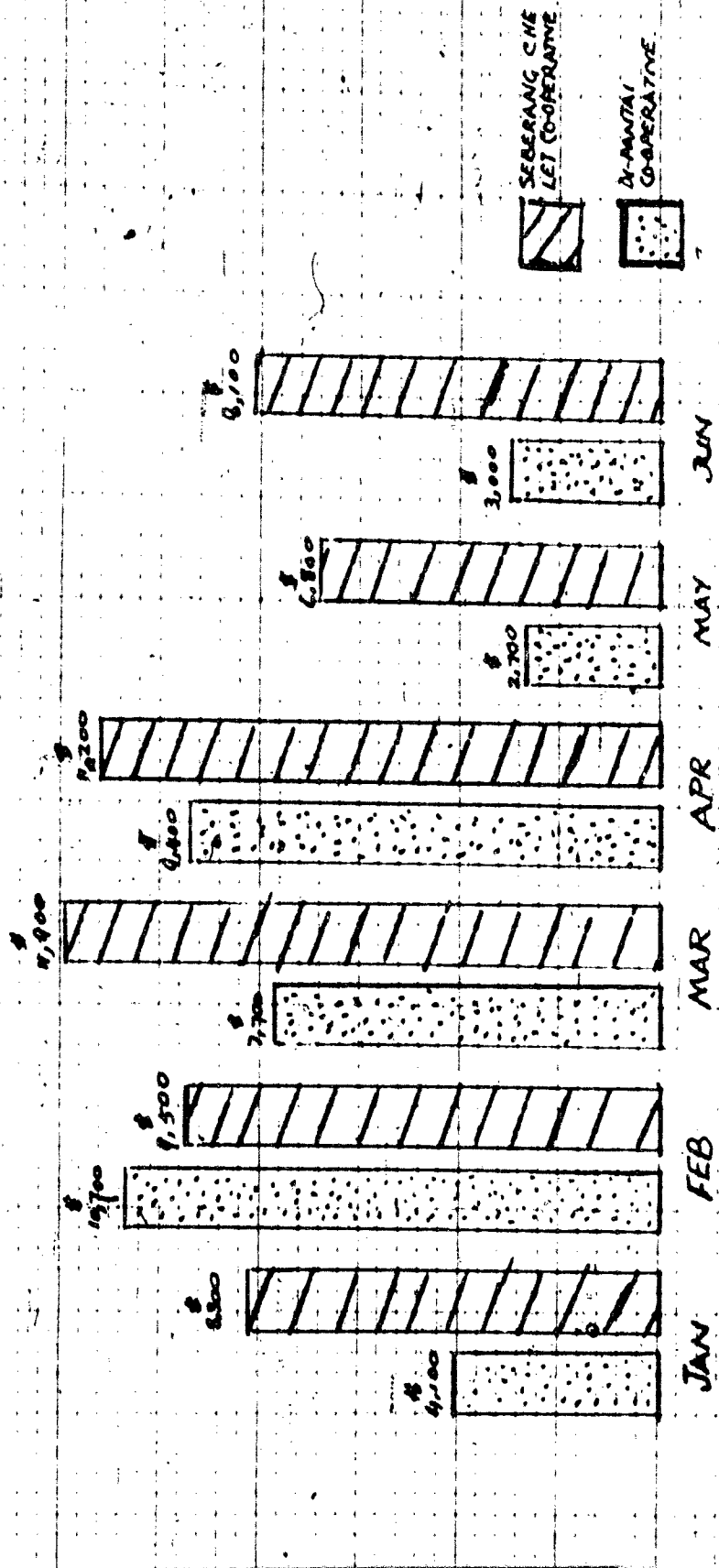
The procedure of getting loans and advances from the two societies was simple and informal. If a man wished to apply for a loan, he had to get two sureties and if the loan was above 200/-, he had to mortgage the equipment bought with the loan until all the repayment was made. Since there was no restriction on the number of times a man could become a surety to loans, "professional witnesses" developed. They were usually the richer members and the more influential members

FIGURE 11

MONTHLY TURNOVER OF FISH

MARKETED BY THE SOCIETIES

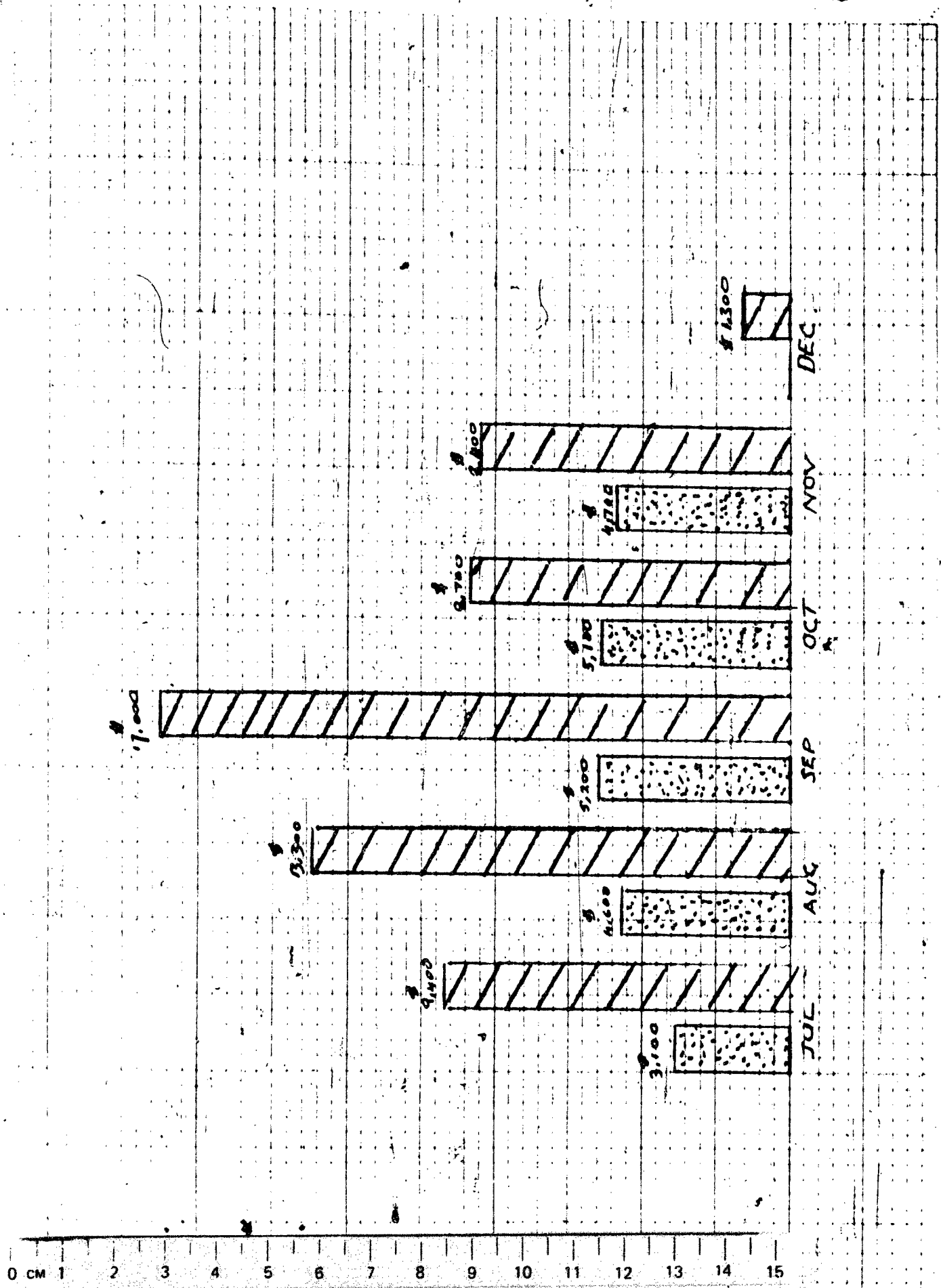
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of the committees. The loanee too had to state how much he could afford to repay the societies in a month.

Although the societies had to pay interest on outside loans the societies charged no interest on loans given to members purely on religious ground.

The by-laws of the societies permitted them to give loans for the following purposes:

- 1) To free a man from debt if he wants to be a member,
- 2) To buy boats or fishing gears,
- 3) To meet his monsoon expenditure,
- 4) To build or repair houses.

But the societies also gave loans for purposes other than those stated in the by-laws. For example, they gave loans to members who wished to redeem their jewelery from the pawnshops or to clear their debts from other creditors. This had the effect of transferring the members' debt from other sources to the societies.

The Seberang Che' Let co-operative limited its monsoon loans only to \$30/- per loan, but the Kg. Di-Pantai Co-operative had no fixed amount.

According to the by-laws, a member could not get a new loan unless he had settled his existing loan with the society. But Seberang Che' Let Co-operative allowed its members to get new loans and used a portion of the new loans to pay the balance of the old loans. This system perpetuated the members' debt to the society.

Kg. Di-Pantai Co-operative was using another system to solve the problem. Those who could not get a new loan because their present loans were not fully settled could get credit from the society in the form of unrecorded loans and advances which were not limited. In fact, it was much easier to get advances than recorded loans because they did not have to get sureties or to sign a bond and these advances could be used for any purpose. Furthermore, unlike the recorded loans, a

member who had not settled his first advance, could also get another advance. So, as more and more members could not get additional loans because they had not settled their existing loans, more and more were getting advances than recorded loans. For example, in 1957 \$1,414/- were given as advances while recorded loans amounted to only \$360/-. Thus the faulty credit administration results in more accumulation of debt by the society.

#### 2A. Re-Payment Of Loans And Advances.

One of the great problems of the two societies was that of getting back the loans from members. Although a member had to state in the bond book how much tax he was prepared to pay back by instalment on a monthly basis, the amount deducted in a month from the daily income of the loanee was often less than their instalment. The amount deducted everyday depended on his net income<sup>4</sup>. If it was less than say \$1.50 cents per day, there was no deduction made.

As for Kg. Di-Pantai Co-operative Society, the deduction for the monthly instalment was made from his "Pertarohan biasa" for the month which was 10 per cent of his net income and this deposit was deducted only if the member's net income was more than \$1.50 cents which was just sufficient to meet his daily domestic expenditure.

Thus when we compare the ease with which the loans and advances can be obtained, the method of repayment of loans was not only slow but also difficult. This accounts for the large amount of overdue loans. Up to date (20th July 1958) Kg. Di-Pantai Co-operative Society's overdue loans from members

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4. Net income for a member of Seberang Che' Let Co-operative Society is when deduction has been made for oil (petrol for boat engine) and for his coffee and snacks-cigarettes taken at the shop. Net income for Pantai Co-operative is when deduction have been made for "pertarohan khas" and for coffee, cigarettes and snacks taken at the shop. As both of the men running the two societies own the coffee shops, it is to their interest that the members settle their accounts with them first



amounted to \$4,950/- in advances, The overdue loans from Kg. Che' Let Co-operative's members was only \$970/- and this due to the fact that the monsoon loans is limited to \$30/- and no advance was given.

Deduction for repayment of the loans could be made only as long as the loanees kept selling their fish through the co-operatives. This system was not of much harm to Che' Let Co-operative Society because it did not have a member who was not a fisherman. Whereas Kg. Di-Pantai Co-operative Society had still in its register 15 members who were no longer pursuing fishing as the major occupation and whose total unsettled loans amounted to \$1,112/- and as such the society had no possible way of getting back the money other than by asking them directly to pay which the chairman was not prepared to do<sup>5</sup>.

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5. The reason for this is discussed in Chapter VI on "Personal Relationship".