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وَتَشْرِيفَتِي إِسْلَامٌ أَنْبَارًا يَجْنِبًا مِلْدِينًا

A STUDY OF LAND DEVELOPMENT
IN MALAYSIA

BY

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Dedicated to
my respected supervisor
br. Syed Omar bin Syed Agil

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	Page
A Problems of Land	18
1 Colonial land policy	18
2 Landlord - tenant relationships	19
3 Fragmentation and utilization of land	20
B Model for Land Development Progress	21
C Government Efforts	22
1 Land development policies	23
2 Government agencies on land development	24
3 Regional land development projects	26
 Chapter V : FELDA AND LAND DEVELOPMENT	
A FELDA : Organization and Functions	33
1 Agricultural development	34
2 Settlement schemes	37
3 Processing industries and commercial activities	39
B A Survey on FELDA Trolak Utara	40
1 Background of the FELDA Trolak Utara Scheme	40
2 Analysis on some selected settlers	43
3 Working system	47
4 The settlers' socio-economic conditions	50
5 Recommendations for the future	56
C Personal Life Development	58
 Chapter VI : CRITICAL VIEW AND ISLAMIC RECOMMENDATIONS ON LAND DEVELOPMENT EFFORTS	
A Critical View - How Far Has Land Been Successfully Developed	60
1 Some constraints of land development	60

	Page	
2	Impact of labour migration on agricultural land	62
3	Some relevant considerations	63
4	A test of hypothesis	69
5	Environmental maintenance	72
B	Islamic Recommendations	74
1	Islamic view on land	74
2	Role of State on land development	75
3	Solutions to the problem of idle land	76
4	Incentives to work	79
5	Role of Islamic financial institutions	82
Chapter VII : CONCLUSION AND ITS IMPLICATIONS FOR SOCIO-ECONOMIC PROSPERITY		84
Appendix A		
Appendix B		
Bibliography		

LIST OF TABLES AND FIGURES

		Page
Table 1	Peninsular Malaysia : Households living in Poverty by Ethnic Group (1970)	2
Table 2	Malaysia : Progress in Land Development, 1971-80 and Target Acreage, 1981-85	25
Table 3	Pahang Tenggara : Land Use Allocation	29
Table 4	Trengganu Tengah : Agricultural Development Programme by Crop, 1973-1990	31
Table 5	Trengganu Tengah : Agricultural Development by Agency in the Five Year Plans, 1973-1990	32
Table 6 (a)	Area Developed by State and Crop as at 4.7.1986	35
Table 6 (b)	Area Developed as at 4.7.1986	36
Table 7	Settler Emplacement by State	38
Table 8	Settlement by Crop	38
Table 9	Settlers by Age Group in Sample	44
Table 10	Settler by Number of Children in Sample	45
Table 11	Settlers by Educational Level in Sample	46
Table 12	Duration of Stay in FELDA Trolak Utara in Sample	47
Table 13	Net Income for Oil Palm in Felda Trolak Utara, Year 1983 - 1985	51

		Page
Table 14	Distribution of Total Operated Areas Classified as Vacant, Abandoned and Idle Crop Land by Land Used Group (Based On Location of Holding), Peninsular Malaysia, 1976	64
Table 15	Peninsular Malaysia - Estate Rubber Production, 1970-1990	70
Figure 1	Model for the Study of land development in Malaysia	8
Figure 2	Regional Development Projects in Peninsular Malaysia	27
Figure 3	FELDA Trolak Utara Scheme	41
Figure 4	FELDA Trolak Utara Village Layout	42
Figure 5	Average Monthly Net Income for Oil Palm in Felda Trolak Utara Year 1983-1985	52

LIST OF ABBREVIATION

FELCRA	Federal Land Consolidation and Rehabilitation Authority
FELDA/Felda	Federal Land Development Authority
Felsco	Federal Security Organization
FFB	Fresh Fruit Bunches
INPUT	Felda Institute of Land Development
MARDI	Malaysian Agricultural Research Development Institute
NAP	National Agricultural Policy
NEB	National Electricity Board
NEP	New Economic Policy
R & D	Research and Development
RISDA	Rubber Industry Smallholders' Development Authority
SADCs	State Agricultural Development Corporations
SEDCs	State Economic Development Corporation
SDC/JKKR	Scheme Development Council or Scheme Development Committee (Jawatankuasa Kemajuan Rancangan)
SLDBs	State Land Development Boards
PNF	Perbadanan Niaga Felda (Felda Trading Corporation)
WI	Women's Institute

Table 1

Peninsular Malaysia : Households
living in Poverty by Ethnic Group (1970)

Ethnic group	All households ('000s)	Poor households ('000s)	Poverty incidence (%)	% of total poor households
Malay	901.5	584.2	64.8	73.8
Chinese	525.5	136.3	26.0	17.2
Indian	160.5	62.9	39.2	7.9
Others	18.8	8.4	44.8	1.1
Total	1,606.0	791.8	49.3	100.0
All total	1,166.7	683.7	58.6	86.3
All urban	439.3	108.1	24.6	13.7

Source: Malaysia, Third Malaysia Plan, Kuala Lumpur, Government Printer, 1976, p. 180.

(FELDA) by the Government agency which is involved directly in developing more than a half million hectares of land. Then, it was followed by the other agencies such as Federal Land Consolidation and Rehabilitation Authority (FELCRA), Rubber Industry Smallholders' Development Authority (RISDA) and various other state agencies. The expansion of land development and settlement programmes in Malaysia has its own significant in terms of employment creations and income improvements besides heading for viable farming communities. This is made possible by her large areas of undeveloped virgin land, potential natural resources, of large unexploited forest reserves and other numerous possibilities.

Land development has become a means to achieve agricultural development which in turn contribute to accelerate economic growth throughout the country. In Fifth Malaysia Plan (1986-1990), the growth of agricultural employment is predicted at 0.5 per cent per annum. A large portion of new jobs are supposed to be created by new land development undertaken by the land development agencies.²

The impact of increase in agricultural activities and outputs is the increase in purchasing power of the people (farmers) and in turn increase total effective demand in the country. Thus, land development and agricultural diversification could certainly be among the effective programmes towards achieving the objectives of national development as Malaysia has land resources which are still abundant.

²Malaysia, Fifth Malaysia Plan, Kuala Lumpur, Government Printer, 1986, p. 143.

B. Statement of General Problems

The growth of agricultural productivity can only be achieved if the range of economic activities on areas of land development are widened. This effort may reduce the country's dependence on the primary-commercial crops such as rubber, oil palm and cocoa which are subject to price fluctuations and/or unstable demand. The unstable demand is due to the general conditions of trade where there is an increase or decrease in demand during a boom or a recession, respectively. Due to this, crop diversification is to be encouraged so that the incomes of the farmers would not be seriously affected by any changes in demand.

The last but not least, the successful implementation of the Government policies on land development will mainly depend on the political will of the policy-makers and the ability of the administration to carry them out.

This study attempts to show how land development undertaken by Government agencies relates to the employment opportunities and hence the production of agricultural output and income-earning of people. Land development would be effectual if two important elements of development are given priority i.e. efficiency and equity. The former is promoted through increasing the farmers' incentives for their works and more investments, while the latter is promoted by distributing land among a greater number of people.

Thus, land development cannot be confined to one particular aspect of economy and should be analysed in a more comprehensive manner. It also involves many types of public and private agencies in many circumstances. Due to the above problems,

an example of land development effort will be looked into this study. There are several reasons for taking FELDA as a typical example in this study namely :

a) It has been successfully established since 1956 and becomes a leading agency of the Government and the biggest organization of land development in Malaysia.

b) It is self-contained socio-economic organization on the basis of fully-integrated approach that includes development of villages and agriculture, selection and emplacement of settler, management of projects, marketing services, processing, facilitating social and community development and so forth.

C. Objective of the Study

The main objectives of this study are :

- a) To examine the effectiveness of Government agencies in their development efforts.
- b) To give a critical view on land development as a whole.
- c) To suggest some solutions in the Islamic perspective.

D. Hypothesis to be tested

This study proposes a hypothesis which is based on relevant economic theory :

" There is a correlation between

- a) total production of agricultural output and
- b) total hectarage of area developed. "

The above two economic variables i.e. a) and b) are assumed to have a linear correlation as

$$r = \frac{n\sum XY - \sum X \sum Y}{\sqrt{n\sum X^2 - (\sum X)^2} \sqrt{n\sum Y^2 - (\sum Y)^2}}$$

X and Y are to be the two economic variables, n is the number of observations and r itself is the correlation coefficient.

The hypothesis is restated as follows :

If value of r exceeds $\frac{3}{\sqrt{N-1}}$ in which N is the number of observations, the value of r can be assumed to be significant in measuring the degree of correlation.

CHAPTER II

RESEARCH METHODOLOGY

A. Operationalizing the Concept

This study is designed to seek relevant factors that influence the progress of land development in Malaysia. The assumptions (refer to Figure 1) underlying this study are

a) Government agencies are the main factor in influencing the progress of land development and improving the living conditions of people.

b) Decisions made by the Government regarding land development are measured and forecasted to the need of the country in conjunction with its capability to implement.

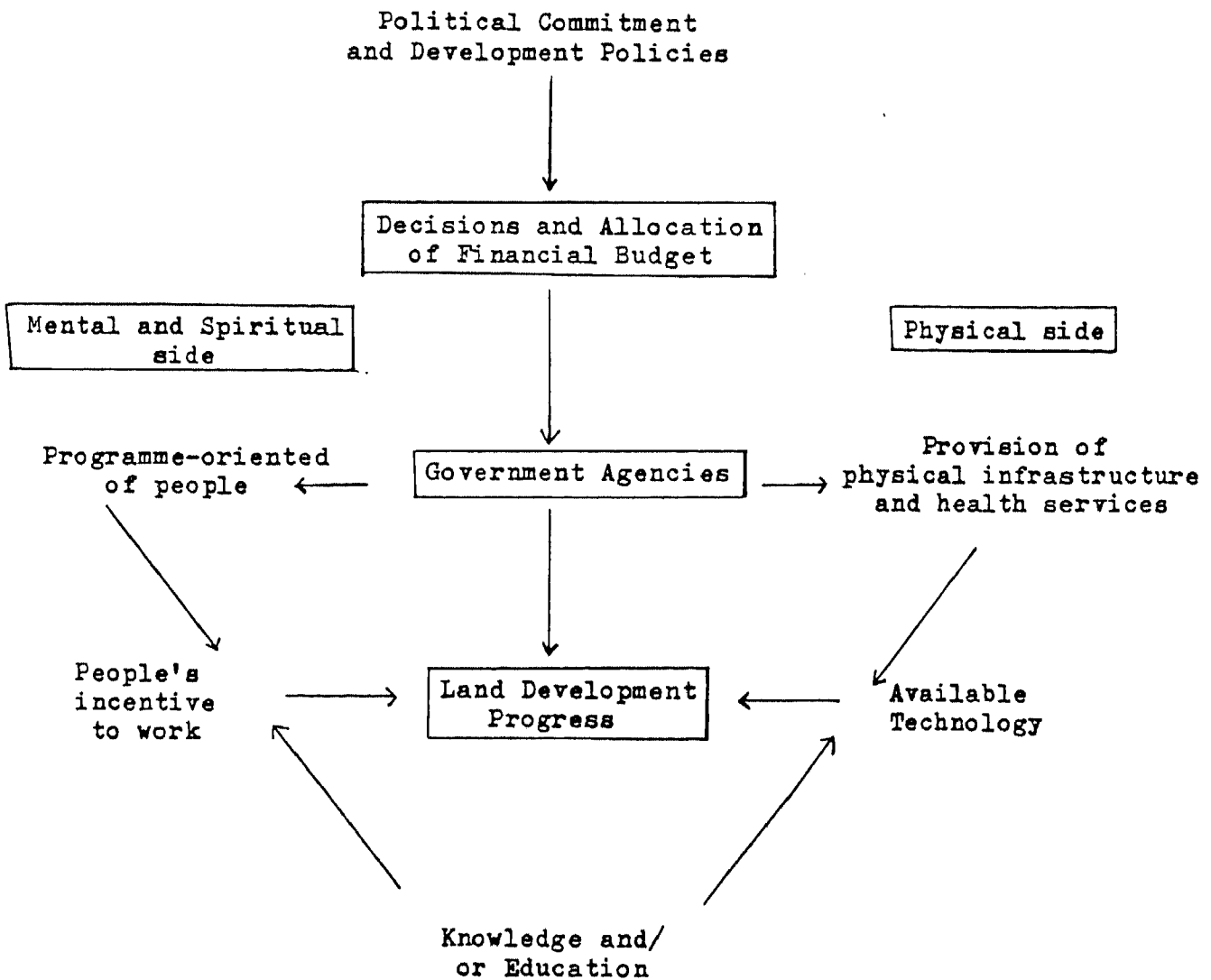
c) The total hectarage of land to be developed by using the most suitable available technology and programme-oriented on mental and physical of the people which greatly help to acquire the best results. True achievement in the development also depended on strong support of decent financial budget allocated for this purpose.

d) The other undeniable variables are people's own attitudes towards hard-work, education, provision of physical infrastructure and health services.

Hypothesis on variable of total hectarage of land to be developed were designed in order to show its relationship with the achievement of land development in terms of ton production of crop. The hypothesis were then analysed for some findings and conclusion.

Figure 1

Model for the Study of land development in Malaysia



B. Implementation of Research Design

1. Preliminary survey

An informal visit to the FELDA Institute of Land Development (INPUT) at Sungkai was made in May, 1986. There, the author was given full assistance by the officers of the INPUT and a brief explanation on the organization of FELDA. A few suggestions as to how a good research on the above mentioned topic should be conducted were forwarded. Consequently, a visit was made to the FELDA Headquarters in Kuala Lumpur in order to seek up-to-date data and information pertaining to FELDA which may be set as an excellent example of land development in Malaysia. The author was requested to fill in the necessary form of application before she was authorized to carry out the research in one of the FELDA schemes in Malaysia. FELDA Trolak Utara Scheme was chosen by the author for the survey due to :

a) The said Scheme is well-known and considered as one of the best schemes by both local and foreign researchers.

b) The Scheme is situated only next to INPUT where facilities which are indispensable for the research is available to the author.

2. Data collection

Postal questionnaire (that is a list of questions sent by post) was chosen as a method for collecting data from some pre-selected settlers of FELDA Trolak Utara Scheme. The administration of thirty forms of questionnaire was used to collect a small sample survey required for the author's use.

Well-prepared postal questionnaire forms were distributed together with postage-stamped and self-addressed envelopes to each selected settler. Due date for the questionnaire forms to

be returned was also informed in order to make sure that the forms reached the hand of the author at a stipulated time. The reason for using this method of data collection was that the author's hometown is too far from the Scheme area i.e. nearly two-hundreds kilometres and also it was initiated during a fasting month. The questionnaire forms were distributed to the FELDA settlers who had earlier been selected randomly by the assistance of the Scheme manager.

It is inevitable that there are problems to obtain good response and clear information from those settlers about their daily activities in economic and social aspects. However, the author solved the difficulties by enclosing a letter of simple explanation together with each questionnaire form which explained the real purpose of making the research. Simultaneously, this served to eliminate some kind of suspicious feeling in the minds of the settlers towards the author. The questionnaires and the letters were prepared in Bahasa Malaysia (Malaysian Language) for the majority of the settlers have great difficulty to understand English.

There were only thirteen out of thirty selected settlers responded to the questionnaires. This was due to :

a) Illiteracy - some of the selected settlers did not really know how to write and/or read.

b) Difficulties of some of the selected settlers to express their real feelings and opinions through writing form.

Since the responses from them were not up to the author's expectation, personal interviews were made with some of the noted settlers. To do this, co-operation and assistance of the manager of the FELDA Trolak Utara Scheme and others concerned were acquired.

3. Sampling

The research officer gave the author a good hint as to how the settlers could be randomly selected. The manager and his assistant kindly volunteered to be interviewed, and they were interviewed early in their office of FELDA Trolak Utara before the other settlers. Two settlers were also interviewed at the office and not at their respective homes as they had been instructed earlier to appear for the interview. The available questionnaire form was being used as a guideline for interviewing them in depth. Both of the interviewees were in fact a deputy chairman of Scheme Development Council (SDC) and a settler leader respectively. It was rather fortunate for the author as both of them were able to converse well and furnished as what were needed by the author.

The author's job was not completed until a personal visit to the chairman of Women's Institute (WI) was done at her house. The chairman had explained about women activities on that FELDA Scheme.

Success of this research was not merely due to the factors of humility, respect, participatory discussions and rapport between the author and the interviewees, but also the true honest quality, knowledge and willingness of those officers from INPUT, the FELDA Scheme and the FELDA Headquarters in Kuala Lumpur.

4. Data analysis techniques

The thirteen questionnaires were then recorded and the distribution of each variable under study were carefully noted. Data were to be put into tables for easier reference as well as for further analysis. The data, however, involved mostly a descriptive analysis of details collected during the interviews and informal conversation with officers of the FELDA Scheme and INPUT as well.

C. Method of Analysis

Among the forms of measurement used in the study are such like percentages, averages and ratios which are presented in tables and chart. Simple statistical units to be used are usually tons, hectares and/or acres¹ and \$ ringgit. Correlation coefficient is used for measurement of relationship between two economic variables.

D. Sources of Data and Information

This study was also based on secondary data obtained especially from Government publications. The data includes the implementation of Five-year Malaysian Plan for land development. The period of year chosen are according to the author's interest since these should also be related with other desired information through library research. The accuracy of the secondary data collected is important in order to achieve correct findings.

¹One hectare is approximately 2.47 acres. The unit of acres were particularly used in Government publications, previously.

CHAPTER III
LITERATURE REVIEW

Studies on land development in Malaysia are usually made to focus on its organization as well as its functions. These studies are important because their practical proposals that lead to a well-organized and well-conducted programmes will accelerate the efforts towards increasing the standard of living of the people. FELDA land schemes are often mentioned by many writers as the major landholding agency of the Government.

R. Wikkramatileke (1975) studied on the history of FELDA from its beginning that made an impact on the rural landscape of West Malaysia in the period 1957-1959 up to 1970-1971. During the initial phases of the programmes, nearly every State had a representative project, except Perlis and Penang. In 1963, rubber was the mono crop on as many as 52 schemes out of 57 schemes. There were only 5 schemes being given to oil palm. He also discussed about modification of tenure prospects, which place much emphasis on individual claims to land. Despite the attempt to achieve maximum productivity and levels of returns between schemes, wide disparities are evident. This is due to human factors or natural circumstances conditioning monthly yields. The issues pertaining to the settlers themselves with the policies relating to their selection was also analysed. A 'points system' which is being used as a method of selecting settlers by FELDA, had experienced substantial changes in order to avoid some practical drawbacks as the programme gained momentum.

Amir Baharuddin (1979) regarded FELDA as an agency that has been given the role of developing, financing and administering large-scale land development of various states in the country. The

administration of FELDA was stated to be 'somewhat decentralized' with the Headquarters in Kuala Lumpur, where its entire complex of activities is being administered. According to him, given the limited supply of land and the lack of further expansion possibilities in each schemes, the incidence of unemployment can be happened among settlers. Regarding estimates on per capita income of settler families, it should take into account fluctuations in yields. As an example, the greater the inflation rate, the real per capita monthly income will become lower. This can offset the anti-poverty targets of FELDA schemes.

G. Sivalingam (December, 1973) attempted to make correlation between personality variables of peasants in two FELDA Schemes with the productivity of these Schemes. The two Schemes are Seberang Taylor which has been considered as having a low productivity and Sungai Lui, with a high productivity. He put some efforts to define some concepts to be operationalized in his hypotheses. The concepts include the variables of Value Orientations, 'Need to Achieve', Individual Modernity, Authoritarianism and Productivity. Systematic sampling was chosen by him in order to get various data gathering instruments used to measure the above mentioned concepts. His careful survey on the two Schemes are probably adequate to obtain clear picture of personality factors to productivity for FELDA land schemes as a whole. But it is a partial study. There are only some personality variables included, and non-personality variables which may affect productivity are totally ignored. In fact, the results of his hypotheses are valid only within the study period.

Dr. Kamal Salih (1978) expressed some critical issues relating to the strategy of land development in Malaysia at recent years, within the context of rural development policy. There are

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