

**ANALYZING RICE INDUSTRY IN MALAYSIA :  
1976 - 2005**

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## **ABSTRACT**

The primary objective of this paper is to analyze rice industry in Malaysia. Since we are facing food crisis, it is good to understand our Government's policy towards food and agriculture products. The paper reviews research on the analysis of rice production, average yield per hectare and areas planted in Malaysian agriculture sector. Data from year 1976 until 2005 were chosen to differentiate the impact of agriculture development phase. Discussions then focus on how the National Agricultural Policy 1, 2 and 3 can affect the production of paddy and its contribution.

After made a series of analysis, we found that Government incentives, policies and subsidies have a significant impact towards agriculture sector. Year 1984 and 1985 were the turning point for such industry to boost in Malaysian economy.

## 1.1 Introduction and Background of Study

According to the Brainy Quote, rice is defined as “a well-known cereal grass (*Oryza sativa*) and its seed. This plant is extensively cultivated in warm climates, and the grain forms a large portion of the food of the inhabitants. In America it grows chiefly on low, moist land, which can be overflowed”. Other definition can also be accepted where rice can be defined as “a cereal grass (*Oryza sativa*) that is cultivated extensively in warm climates for its edible grain. The starchy grain of this plant, are used as a staple food throughout the world”. While according to *Britannica Concise Dictionary*, rice is defined as “edible starchy cereal grain and the annual grass (*Oryza sativa*, family Poaceae, or Gramineae) that produces it. China, India and Indonesia are among the main producer of rice in the world. Cultivated rice can be divided into two which are upland and lowland. The upland types, which can be grown in high-rainfall areas without irrigation, produce relatively low yields. The lowland types, which are grown submerged in water for the greater part of the season, produce higher yields.

As defined above, Malaysia is one of the countries in the world which accepts rice as its staple food. The same goes to its neighboring countries such as Singapore, Indonesia, Thailand and Brunei. With total population of more than 27 million as of July 2007, Malaysia needs

enough supply of rice in order to meet demand from the society. As a result, the Government has taken one step ahead by implementing the Northern Corridor Economic Region (NCER) in 2007. It is important because such region is the main producer of rice in the country and to ensure supply of rice and avoid from being threatened by food crisis.

The NCER stands for Northern Corridor Economic Region which encompasses states in the North of Peninsular Malaysia – Perlis, Kedah, Pulau Pinang and north of Perak. Four districts in north Perak that fall within the NCER are : Hulu Perak, Kerian, Kuala Kangsar and Larut Matang-Selama. This is the continuation of the growth programme by the Government which had launched the Eastern Corridor Economic Region (ECER) and Iskandar Development Region or known as Iskandar Malaysia.

The vision of the NCER is to be a world-class economic region by 2025 while the mission is to help the region achieve this vision, through identifying commercially-viable opportunities and implementing strategic initiatives approved by the Federal Government to :

- Reduce poverty and income inequality
- Achieved balanced growth in all sectors
- Enhance human capital