

LPN SUBSIDY SCHEME - FOUR YEARS AFTER

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SUMMARY

The Government have spent considerable amount of money in assisting padi farmers to attain a much better standard of living through the granting of various assistance such as the Fertilizer Subsidy and the Padi Subsidy.

Apart from the objectives of the Government to eradicate poverty among the rural population under the Fourth Malaysia Plan, the targets set out by the Government under the New Economic Policy was to encourage Bumiputras to benefit from the Policy through investment and participation in the commercial sectors. In order to achieve this target the Government have, under the umbrella of Permodalan Nasional Berhad created opportunities for the Bumiputras to participate actively by investing in the various institutions in order that target of 30% equity participation could be achieved.

Specifically for this purpose Bumiputra padi farmers were encouraged to participate in this investment programme by exchanging their Padi Subsidy Coupons for investment in financial institutions approved by the Government.

The objective of this research is to determine to what extent the aspirations of the Government have been achieved, and what further measures could be taken to accelerate the target of the Government before 1990.

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INTRODUCTION

1.1. Background Information

Rice is the staple diet of the population of this country. The cultivation of padi is of great importance to this country in terms of land usage and manpower after rubber and palm oil. Nevertheless the padi cultivation industry does not enjoy large scale commercialisation from the private sector as can be found in the rubber and palm oil industry. The only involvement of the commercial sector is limited to the end of the production line where the padi is milled prior to it being retailed.

Local rice production is insufficient to cater to the needs of the country and it is estimated that 20% of the nation's needs have to be imported from the neighbouring countries of Thailand, Burma and Pakistan.

Total acreage under cultivation in Peninsular Malaysia is estimated around 1.433 million acres.¹ A majority of these areas are located in Kawasan Perairan Muda (Kedah/Perlis), Kawasan Perairan Kemubu (Kelantan), Kawasan Perairan Besut (Trengganu), Kawasan Krian/Sg. Manik (Perak) and Tg. Karang/

¹ "Dasar-dasar dan strategi-strategi pembangunan LPN bagi Rancangan Malaysia ke 4", paper presented at the Seminar for Minister of Public Enterprises, LPN Board and Senior officers of the Ministry and LPN at Bukit Fraser, 1980.