

NOTES ON PRESS CONFERENCE BY THE DEPUTY PRIME MINISTER LAUNCHING THE BANK BUMIPUTERA AND FAMA HELD ON 30TH SEPTEMBER, 1965

You will recollect that the Government held the Congress Economy Bumiputera in June for the purpose of getting ideas, positive suggestions and views on how to help the Bumiputera to participate actively and effectively in the economic life of the country, especially in the field of commerce and industry. The Congress, sitting for 3 days in succession, went through all the aspects of the problems and suggested certain steps to be taken so as to enable the Bumiputera to achieve a certain measure of participation in the economic life and development of the country. The steps suggested are embodied in the 69 resolutions adopted by the Congress. I have accepted all the 69 resolutions, and at the closing session of the Congress, I made it clear that the Government will take active and appropriate steps to implement them.

I am determined to see to it that all the 69 resolutions are implemented. I will also see to it that the implementation of those resolutions is carried out with the vigour and enthusiasm with which the Second Five Year Plan particularly the Rural Development Plan has been implemented.

I have, therefore, as required by one of the resolutions of the Congress, appointed a Standing Committee on the implementation of the resolutions of the Congress. This Committee, under my chairmanship, will coordinate, direct, and spot-check the progress of implementation of the resolutions of the Congress. The Committee, consisting of members and experienced people from the business community and in the field of economics will act as a brain trust, idea-originating body, on matters pertaining to the implementation of the resolutions. The Committee has so far had its inaugural meeting and I am happy that a lot of ideas come forward from members of the Committee with regard to not only the implementation of the resolutions but also to matters relating to the economic development of our country.

At the State level, I have already asked the Menteri-Menteri Besar/Chief Ministers of the States to form similar Committees with a view to coordinating the activities directed towards obtaining effective participation by the Bumiputera in the field of commerce and industry. The State Committee will liaise with the Federal Committee on matters and problems of implementation of the resolutions.

One of the main resolutions of the Congress was on the re-organisation of the old RIDA and establishment of the Majlis Amanah Rakyat. The re-organisation of RIDA is about to be completed and MARA, when the new legislation has been passed by Parliament, will supersede the old RIDA. Although the new legislation has not been passed, I already directed that MARA should operate in the way that will give maximum impact on the economic development of the country. MARA is now operating in an entirely new way i.e. it operates in 7 semi-autonomous divisions which are responsible for the execution of policy directives and decisions without having to get bogged down in excessive red tape.

I have also directed that MARA should give emphasis on assisting the Bumiputera in the field of commerce and industry. I am sure that when MARA is properly established it will be able to cope up with the main responsibility entrusted upon it by the Congress.

However, MARA needs not only a good public image and vigour but also talents. Steps towards recruiting young and qualified people into MARA and to pool talents from the business community of this country and from overseas are now being taken. The United Nations Agencies, The Colombo Plan, and other bodies have been approached for the necessary talents, experience and knowledge for the successful running of the MARA. In this respect, I have been most impressed with the response given by such people.

I am, therefore, proud to say that hardly 4 months have elapsed since the resolutions of the Congress were taken, and while the echoes of the words uttered at the Congress are still ringing in the ears of the people in this country, the Government has implemented a substantial number of resolutions. Today, I am going to announce the fulfilment of yet two more important resolutions of the Congress i.e. the formation of the Bank Bumiputera and the establishment of the Federal Agricultural Marketing Authority. These two Organisations will form one of the main bridge heads from where the assault on imbalance of life in this country is carried out. The Bank Bumiputera will remedy the lack of capital among the Bumiputera so as to enable them to improve their existing business and encourage them to undertake new enterprises which are expected to accelerate the development and increase the wealth of the country.

In other words, the objectives for which the Bank Bumiputera Malaysia limited is established are to carry on in Malaysia and elsewhere the business of a Bank with such branches or agencies as may from time to time be determined; to carry on the business in all the

branches and departments, and to provide assistance to enterprise within the agricultural sector of the national economy and to the fishing industry in Malaysia in general. The Bank will assist in the creation, expansion and modernisation, of such enterprises, and encourage and promote the participation of capital, both internal and external, encourage and promote agricultural and fishing industries and ownership of investments therein, and in particular provide finance and credit in the form of loans and advances and make funds available for investment for such enterprises.

The authorised capital of this Bank will be \$25 million and the Government has already agreed to give a launching grant of \$5 million. It is hoped that the Bumiputera of this country will contribute to the authorised capital of the Bank by purchasing its shares. I also hope that they will make full use of the opportunities provided for through the establishment of this Bank. I am sure that the Bank will operate successfully if it is used not only for the purpose of borrowing money as capital for the promotion of their ventures and undertakings but also as a saving institution so that the savings could be used and utilised for the purpose of developing this country.

I have already appointed Encik Raslan bin Datuk Abdullah as Managing Director of the Bank. He is highly qualified and is a man of experience, and I am sure he will be able to cope up with the responsibilities of managing the Bank. Here again, I wish to stress that the Bank will seek for talents from the the business sectors of the country as well as from overseas. The Board of Directors of the Bank will not only be from members of the Bumiputera community but also from the non-Malay communities. They are as follows:—

- (i) Encik Mushir Arif
- (ii) Encik L.E. Othman
- (iii) Encik Wan Yahaya bin Hj. Mohamed
- (iv) Y.M. Tengku Razaleigh
- (v) Encik John Yue
- (vi) Encik Robert Kuok
- (vii) Senator S.O.K. Ubaidullah
- (viii) Encik Raslan bin Datuk Abdullah.

The other point that I wish to mention here is the establishment of branches of the Bank in this country. I am sure that the Bank will establish its branches at appropriate places in this country.

With regard to the operation of the Bank Bumiputera, I must emphasize that the Bank will operate on business and commercial lines just like any other banks in the country. But the unique feature of the Bank

is that it will be registered as a Malay under the Malay Reservations Enactment and can hold lands in Malay Reservations as securities.

Apart from the establishing of the Bank Bumiputera and the Federal Agricultural Marketing Authority, the Government is now preparing the necessary legislation for the establishment of the National Land Rehabilitation and Consolidation Authority to look after the Rehabilitation of uneconomic holdings.

And MARA now is going ahead with the preparation on the establishment of the First National Corporation on Forest Produce. This Corporation will deal with the working out and marketing of timber produce on a joint venture basis with Bumiputera companies.

The Loans Divisions of the MARA will also be strengthened and its capital duty outlay increased. Provision for this has been made in the First Malaysia Plan.

Through MARA, the Government is providing the necessary training for the Bumiputera to participate and partake in the commercial life of the country. Once they have been trained, they would be able to stand on their own feet and carry out their businesses in a sound matter.

MARA is now preparing plans for the establishment of a new multi-million training college in the new industrial area of Kuala Lumpur which is at the 4th mile, Klang Road.

With effect from today the Federal Agricultural Marketing Authority is officially established in accordance with the Marketing Act that has been passed by Parliament recently. The Government has appointed Y.B. Encik Hanafiah bin Hussein, M.P., as Chairman of the Authority. As regard the appointment of Deputy Chairman, the Government is still in the process of looking for a suitable Government official to fill this post. The name of the Deputy Chairman will be announced in due course.

The other members of the Authority have also been appointed as follows:—

- (i) Professor ungu Aziz
- (ii) Y.B. Dr. Mahathir bin Mohamad
- (iii) Y.B. Encik Kam Woon Wah, P.J.
- (iv) Encik Mansor bin Osman
- (v) Encik Ma'arof bin Sheikh Ahmad of the Ministry of Rural Development
- (vi) Encik Thong Yaw Hong of the Economic Planning Unit

- (vii) Encik Abdul Ghani bin Mohd. Nor of the Ministry of Commerce & Industry
- (viii) Encik Arshad bin Ayub of the Treasury
- (ix) Tuan Syed Zahiruddin bin Syed Hassan of the Ministry of Agricultural & Industry
- (x) Y.B. Datuk Ganie Gilong from Sabah
- (xi) A representative from Sarawak will be appointed.

The Government expresses its thanks to the persons mentioned above for accepting the invitation to serve on the Authority.

The establishment of FAMA will serve as a turning point in effecting marketing improvement programmes in this country which is aimed at providing suitable and adequate facilities for efficient marketing of agricultural produce. The FAMA will also undertake research and investigations in order to provide guidance for planning marketing schemes and establishing agricultural prices to ensure fair return for farmers' produce.

The establishment of FAMA marks the 3rd phase of our Second Five Year Plan. The new authority will supervise, coordinate and improve the marketing of agricultural produce. This will certainly result in bringing a raise in the income of rural producers whereby they get a fair and just share of their toils.

Increased irrigation facilities, improved conditions of land tenure, effective agricultural credit institutions, and adoption of better methods of husbandry, including use of high yielding seed and fertilizers under the Second Five Year Plan have resulted in an increase in output. As a follow-up action, FAMA will give further incentive to an increase in the production of the rural people. It will help the producing farmer to get a greater share of his produce.

The establishment of FAMA will certainly remedy some of the existing defects of the marketing system of rural produce. It will remedy the rural indebtedness and the credit system, the lack of know-how and market information, lack of grades and standards, and rigidities in buying and selling operations, middlemen monopoly, cartels price, ring, etc.

One fundamental problem to effective marketing of agricultural produce is the predominance of small subsistence farmers, mainly engaged in producing food crops for their own consumption and for the payment of rents and debts in kind. Surpluses available for sale are of limited and insignificant quantity, uneconomical to warrant the

provision of marketing facilities including transporting, processing etc. and the small and broken holdings cause much difficulties in collection and assembly for market. One of the main tasks of FAMA will be in the direction of solving these problems..

Other serious obstacles to efficient marketing which the Authority will also be concerned with are the lack of uniformities of weights and measures, poor transport facilities, absence of standards and grades of quality of agricultural produce and absence of market information. At present, subjective and arbitrary methods of grading give rises to dissatisfaction and disputes between buyers and sellers, particularly in paddy marketing. Arbitrary deductions are also widely practised in rubber and copra marketing. With regard to weights and measures, it is found that in the rural areas, the balance stick is commonly used and its accuracy varies over a wide range. Under-weighing and other malpractices often take place in marketing transactions in the rural areas.

Because of the above factors, the Government has found it necessary to solve the problems by establishing the Federal Agricultural Marketing Authority charged with the responsibility of introducing, where necessary and desirable, ways and means to improve existing markets and marketing methods. It means therefore that before the Authority can introduce any marketing scheme or institute a marketing board, it will have to carry out careful research and investigation into conditions prevailing in the marketing of particular commodities and it may well happen that the best course in the circumstances in a judicious distribution of existing marketing organisations, individuals or firms. For instance, in a specific area the best marketing arrangement might be to increase the number of private dealers; in other instances it might just mean an improvement in the packing, processing and transport facilities; yet in others it might mean establishing proper standards and grades etc.

It should be stressed here however that it is not the intention of the Marketing Authority to eliminate the existing free market economy as the Act under which this Authority is set up contains so many safeguards that the rights of private individuals and organisations are fully protected. The main functions of this Authority are to find ways and means in improving existing marketing methods including the coordination of activities of various organisations and individuals which are concerned with any aspect of the marketing of agricultural produce and also collaboration with existing organisations and individuals to promote efficient and effective marketing.

It should also be pointed out that marketing is only one of the

essential factors in the whole complex and interrelated process of agricultural development. Equally important and necessary is easy access to credit on reasonable terms. They are also inter-related that it can be said that the provision of adequate and cheap credit is a necessary corollary to proper development of efficient marketing. The intergration of marketing and credit should be seen as a cornerstone without which any attempt to bring about a substantial government, in the economic position of the farmer must necessarily yield only limited results. It is also for this reason the Bank Bumiputera Malaysia Limited is established with effect from today.

With the establishment of the Federal Agricultural Marketing Authority and Bank Bumiputera Malaysia Limited, the Government has now broken new grounds in its endeavour to bring about a situation whereby the economic imbalance between the rural and urban sectors will be further reduced and consequently the rural producers will get a greater share from the fruits of their labour.

However, I must state it frankly here that these two Organisations, and for that matter any other organisations, would not be able to function properly and achieve its objectives if the people themselves, are not helping themselves. The people should look upon these amenities as opportunities and they must come forward to make use of these opportunities to the fullest.

On the Government's part, we are providing the necessary help and creating the necessary conditions which will enable our rakyat to enjoy better amenities and facilities of life. It is the intention of the Government to help the rakyat of this country to stand on their own feet, able to face the competition of every day life. To achieve this end, as you are well aware, the Government has launched the Second Phase of the Rural Development Plan which emphasizes on the promotion of gotong royong (self-help) spirit through rakyat participation in gotong royong projects and extension services.

The Government had launched the Second Five Year Plan and the Rural Development Programmae successfully. The Government is now in the final stage of preparing the First Malaysia Plan which is aimed at increasing the productivity of the country and raising the standard of living of the people; to better social services for the people. The Government is implementing with vigour the resolutions of the Congress in order to obtain maximum effective participation by the Bumiputera in the field of commerce and industry. In fact, the Government has by now implemented some of the major resolutions of the Congress, and is still actively implementing the other resolutions. With

all these, I hope that the people of this country will take all the opportunities offered to them and better their standard of living and their way of life. The government will carry out all the necessary projects designed to help the people. But the people themselves should avail themselves of opportunities that are being extended to them.



Tun Abdul Razak b. Hussein sedang berucap kepada ahli-ahli Lembaga Pengarah Bank Bumiputera dan Lembaga Pemasaran Pertanian Persekutuan di hari pelancaran Bank Bumiputera dan Lembaga Pemasaran Pertanian Persekutuan di Bilik Gerakan Pembangunan Negara, Kuala Lumpur pada 30 September, 1965.