ENSURING EFFECTIVE TARGETING OF ETHNIC MINORITIES: THE CASE OF LOW INCOME MALAYSIAN INDIANS

Analysis of the Malaysia plan documents since the 1970s indicates that the Government has been aware of the worsening situation of displaced Indian rural poor for a long time. Despite this knowledge, very few specific programmes have been established to address the festering problem. At the same time, targeted allocations of budgetary resources to bring about the upliftment of the low income Indian community have been meagre and have proven to be totally inadequate to the task.

This Centre for Public Policy Studies paper examines the socio-economic situation of the Indian community and the strategies enunciated in government plans to bring about the development of this community, especially the low income groups. The paper analyses the lack of effectiveness of government measures and suggests ways whereby the Ninth Malaysia Plan can rectify the weaknesses of the earlier plans.

The socio-economic problems of a large number of Indians are rooted in the plantation economy. For several generations, they have been dependent on the plantation companies for employment and housing. These plantation resident communities earned low wages, lived in poor conditions without adequate facilities, experienced low levels of health care and personal well-being while their children were educated in poorly equipped Tamil primary schools. Government rural development programmes in the 70s and 80s never reached them because the plantations, including the workers’ living quarters, were classified as private property. Though the government recognized plantation workers as a poverty group and indicated that specific strategies would be adopted to improve the housing and quality of life of the estate population, little was done to improve their lot.

As the country progressed, recording impressive economic growth rates from the 1980s, the largely Indian plantation resident communities were left behind as well as became victims to the overall national development. Over 300,000 Indian poor have been displaced after the plantations were acquired for property and township development in the last two decades. When evicted from the plantations, these people not only lost their jobs, but, more importantly, housing, crèches, basic amenities, socio-cultural facilities and the estate community support structure built up over decades. They also lost the plots of vegetable farming and cattle grazing land allotted to them by the plantation companies to cultivate and supplement their modest household incomes. It was not unexpected that these people would face difficulties and hardship in negotiating the transition from the plantations to urban living. Despite the very large number of people involved in this involuntary stream of migration and full knowledge of the traumatic impacts of this displacement, little or nothing has been done to provide skills training and resettle these communities in more sustainable and improved livelihoods.
Consequently, the displaced plantation communities, with no skills and little savings, have swelled the ranks of urban squatter settlements and low-cost dwellings. Most of these communities have began and ended in the lower-rung jobs, competing with foreign migrant workers for meagre incomes. The youths especially feel alienated in the new urban environment, and some have turned to anti-social activities due to the lack of opportunities in their lives.

Overall, two main groups of Indians come within the lowest 30 per cent income category of Malaysians. The first group comprises the Indian poor living and working in the plantations and who are not included in the many rural-based poverty eradication programmes. The second group comprises those uprooted from the rubber plantations in recent decades and presently living in urban centers or the urban periphery. The Indian urban poor, together with urban poor from other ethnic groups, comprises a critical target group that needs urgent attention in the Ninth Plan.

Though the Government has acknowledged the seriousness of the socio-economic problems faced by these two groups, there has been a noticeable absence of programmes and budgetary resources provided to assist the community. This needs to be corrected in the Ninth Plan. Specific policies, programmes and projects under both rural development and urban development sector plans must be put in place to target them. At the same time, appropriate implementation and monitoring mechanisms are necessary to ensure that the rhetoric of the latest Plan documents are translated into action and measurable progress.

Among priority programmes recommended by the Centre for Public Policy Studies to bring the Indian minority into the mainstream of development are specific transparent and accountable budgetary allocations in key sectors and Ministries to implement priority development projects and programmes targeting vulnerable groups within the Indian community; the special alienation of reserve land near plantations for retrenched estate workers to continue their farming and cattle rearing activities; and the establishment of special land schemes for existing plantation workers to upgrade their standard of living through group farming activities, livestock-rearing, food production and floriculture projects.

Further, in order to minimize youth problems, generous funding needs to be allocated in the Ninth Plan to build affordable child-care centres and pre-school facilities near communities earning low incomes, including in low-cost flats. All partially aided Tamil primary schools need to be converted into fully aided ones in the interest of the Indian children attending them, many coming from low income families. It is also recommended that special training programmes, utilizing facilitators from urban based NGOs and focusing on urban living skills including vocational and entrepreneurial skills, should be conducted for youths displaced from the plantations.

As education is the main avenue of upward mobility for the Indian poor, more opportunities should be created for them to acquire higher quality primary, secondary and tertiary education. Appropriate budgetary support for educational places and
opportunities targeting poor Indian youth who have performed well in their examinations would enable the community to participate equitably in the human resource development of the country. Finally, the establishment of an entrepreneur development fund would assist small- and medium-scale Indian entrepreneurs to obtain cheaper loans and serve as a self reliant approach to advancing socio-economic mobility. It would also help the community meet the Indian equity ownership target of 3 per cent of total corporate equity.
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I. INTRODUCTION

National unity – that has been the overriding objective of Malaysia’s socio-economic development policies in the past 35 years. The three Outline Perspective Plans (NEP, NDP and NVP) and five-year Malaysia Plans have emphasised poverty eradication irrespective of ethnicity and the restructuring of society to eliminate the identification of economic functions with ethnic groups as a core strategy. Thus, the government’s aims were to promote an equitable society by raising the income and quality of life of low-income groups and to reduce economic disparity among ethnic groups as well as between locations.

However, in practice, the development strategies, policies, programmes, and the distribution of benefits have been highly skewed. Sharp contradictions have arisen as the country’s strategies have become focused on creating a Malay commercial and industrial community. The poverty eradication programmes have also assumed a rural Malay bias. Although the incidence of rural poverty remains relatively high and the Malays form the largest group among the poor, the numerically small and economically weak ethnic minorities are increasingly feeling alienated, neglected and marginalised. The Orang Asli, the bumiputera minorities in Sabah and Sarawak and the Indian low-income groups have long standing complaints that the various development plans have not resolved their socio-economic problems.

Researchers and outside observers unanimously are in agreement that the Orang Asli remain the country’s poorest and most marginalised group. Persistent poverty also characterises the lives of bumiputra minorities in Sabah and Sarawak, in part due to neglect and in part because of the inability of conventional approaches to reach these groups due to inaccessibility and other structural constraints. In the case of the Indians, the changes in the plantation sector have rendered very large numbers homeless and forced these unskilled people to eke out a precarious living in the urban areas.

National developmental strategies and policies that not only fail to address but exacerbate perceptions of isolation and neglect run contrary to the National Vision Policy’s aims of “establishing a progressive and prosperous Bangsa Malaysia which lives in harmony and engages in full and fair partnership” (OPP3, p. 3). As the government acknowledged in the Third Outline Perspective Plan, “multi-ethnic societies are particularly fragile entities and decades of nation building efforts can be erased should … groups within the polity perceive a sense of alienation or being marginalized” (p. 8). Thus, there is a need, as the government has acknowledged, to pursue “a holistic approach to economic development,

1 For details of these ethnic minorities’ feelings of neglect and marginalisation, see Nicholas (2003), Mason and Jawan (2003), Ongkili (2003), Berma (2003), Kuru and Tangau (2003) and Anbalakan (2003).
2 Nair (2005).
which is essential in ensuring stable growth, promoting harmony among ethnic groups, and enhancing national integration”.

This paper will examine the socio-economic situation of the Indian community and strategies enunciated in the Third Outline Perspective Plan, OPP3 (2001-2010), Eight Malaysia Plan (EMP) 2001-2005 and the Mid-Term Review of the EMP to bring about the development of this community, especially the low income groups. The paper will analyse the effectiveness of the measures contained in the EMP and suggest ways whereby the Ninth Plan can rectify the weaknesses of the earlier plans and make a meaningful contribution to improving the prospects of this minority community. Although focusing on the Indian community in this paper, the analysis and issues raised here can also be employed for the other smaller non-Malay ethnic communities as well as neglected Bumiputera communities who face similar challenges in their struggle for a fair and equitable share of the public development resources provided for in the implementation of the Plan.

II. THE INDIAN SITUATION

Outwardly, the statistics for the Indian community appears impressive. The Mid-Term Review of the Eighth Malaysia Plan (MTR-EMP) indicates that the mean monthly gross household income of Indians in 2002 was RM3,044, i.e. marginally above the national average of RM3,011 and higher than the RM2,376 recorded for the bumiputera community. Incidence of poverty, as measured by the official poverty line among Indians, has decreased from 39.2 per cent in 1970 to 1.9 per cent in 2002, while it remained the highest among bumiputera at 7.3 per cent in 2002.

On the other extreme, another set of social indicators show that the community is in distress. Indians have the lowest life expectancy amongst all major races and they comprised the largest group of suicide victims recorded annually nationwide. There were 21.1 suicides per 100,000 Indians, 8.6 per 100,000 Chinese and 2.6 per 100,000 Malays. Though they form only 7.5 per cent of the population, a higher proportion of Indians were arrested for serious crime or gang-related activities. Of the 703 suspected criminals held at the Simpang Renggam Rehabilitation Centre in 2005 (as of March) under preventive detention laws, 377 or 54 per cent were Indians.

Studies in developed countries have shown a link between crime and inequality and indicated that groups or gangs engaging in unlawful activities are more likely to form in situations where the chances of achieving success legitimately are small. In many

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3 The data for bumiputera needs to be disaggregated to reflect the situation specifically for the majority Malay Muslim community and that of smaller non-Malay bumiputera groups. This will ensure more effective targeting and distribution of benefits.


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countries it has been found that the crime rate has climbed steeply in an environment of greater affluence combined with growing inequality and a winner/loser culture.⁶

Statistics also indicate that the Indian community is falling behind the other communities. More than 30 per cent of Indians do not own a house, compared to the national average of 25.2 per cent for Malays and 17.6 per cent for Chinese.⁷ Indians collectively own only 1.5 per cent of shares in limited companies; this figure has remained stagnant for years. Official poverty levels among Indians have remained at 1.9 per cent from 1999 to 2002, while it has decreased from 10.2 per cent to 7.3 for bumiputera and from 2.6 per cent to 1.5 per cent for the Chinese.

The Indian situation thus has to be viewed holistically – and not be focused selectively on the elite groups - in order to understand these contradictions and in helping to identify and target specific groups within the community who have long been left behind and who need to be prioritized by development programmes if their lives are to improve.

Historically, the majority of Indians have been dependent on employment in the rubber plantations and in government and quasi-government agencies. In 1966, out of the 202,250 Indians employed, 137,150 of them or 67.8 per cent worked in the plantations and 48,850 or 24.2 per cent in the lower rung of the civil service, mainly as menial workers in the railways, Public Works Department and the local councils.⁸ As a community, the Indians were low wage earners and a majority of them have always been poor. Most of them have also been dependent either on the plantation companies or government for their housing needs.

Within the Indian community, the socio-economic group most neglected by government development programmes was the families living in plantation housing. Firstly, their daily-rated wages, which were affected by the vagaries of weather and world rubber prices, were barely at subsistence level. Secondly, government rural development programmes never reached them because the plantations, including the workers’ living quarters, were classified as private property. The plantation companies were required by law to provide basic amenities, which they often ignored. Thirdly, the bureaucracy lacked the will⁹ to enforce the Workers’ Minimum Standards of Housing and Amenities Act 1990 that would have compelled plantation owners to provide the basic facilities to improve the quality of life of the resident plantation families.

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⁶ See e.g. James (1995) and Messener (1982) and Sidhu (2005).
⁹ This was obvious from comments by then Human Resources Minister Lim Ah Lek after inspecting the dilapidated wooden houses in St Andrew Estate in Batang Berjuntai in July 1991. He remarked: “The living conditions here are so pathetic that I feel guilty asking them (the workers) to continue staying” (Malay Mail, July 24, 1991). The workers were only advised to move to another plantation, but the law was not enforced. Then Director-General of Labour, Tengku Omar Tengku Bot, justified the lack of enforcement of the law in the plantations by pointing out that the department has “to be sensitive to the employer’s feelings and limitations…. We are not dealing with criminals or criminal law…. we are enforcing social law here” (Sunday Star, July 28, 1991).
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The consequence was that plantation resident families, especially in the smaller estates, continued to live in squalid conditions without adequate water and electricity supply even though development funds were poured into rural areas during the NEP period. They also experienced low levels of health care and personal well-being while their children were educated in poorly equipped Tamil primary schools.\(^\text{10}\) Though the Sixth Malaysia Plan 1990-1995 and other state development programmes recognised plantation workers as a poverty group and indicated that specific strategies would be adopted to improve the housing and quality of life of the estate population, nothing was done to improve their lot.

By the end of the NDP period in 2000, the Indian community had not gained equitable access to economic opportunities. Two recent studies\(^\text{11}\) concluded that the government’s continued neglect and the high levels of poverty in a section of the community have led to a worsening of their social and economic marginalisation.

Further, 396 of the 524 Tamil primary schools (as of 2005) are still only partially aided by the government. As most members of the community who patronize the Tamil schools are low income earners, they are unable to raise sufficient funds to improve the infrastructure or teaching standards in these schools. The vicious circle of lack of access to resources and poverty reinforcing each other was thus perpetuated in this critical sector. To give a simple example, a total of 106 Tamil schools, mostly in the plantations, were identified in 2004 as in need of repairs.

There are also inadequate or affordable pre-school facilities in areas populated by Indians from the low income group. Only 10 per cent of Tamils schools have pre-school enrolment. Thus, going to Standard One is the first formal learning experience for about 90 per cent\(^\text{12}\) of Indian pupils from low-income families. These pupils start schooling with a handicap as their peers, especially in the urban areas, would have had at least two years of pre-school learning experience.

Amid its social and economic marginalisation, the Indian estate resident community faced serious challenges in the last two decades due to major changes in the plantation sector. With increased property and township development activities in Peninsular Malaysia, cultivated plantation land shrunk from 906,106 hectares in 1983 to 704,127 hectares in 1992. During the Seventh Malaysia Plan period, rubber planted areas declined from 1.7 million hectares in 1995 to 1.4 million hectares in 2000 as a result of conversion to oil palm and other uses.\(^\text{13}\) Correspondingly, employment in rubber plantations declined from 163,577 in 1979 to 13,366 in May 2004.\(^\text{14}\) Consequently, more than 300,000 Indians who worked and lived in the plantations were displaced during the 20 year period from

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\(^{10}\) See Selvakumaran (1994) and Nagarajan (2004).

\(^{11}\) See Nair (2003) and Anbalakan (2002).

\(^{12}\) According to the 2000 population census, 39.6 per cent of Indian children below six years have attained pre-school education. However, it must be noted that most of these children are from high-income families in the urban areas. Secondly, a substantial number of the children tend to drop out after attending pre-school for a few months because they cannot afford to continue paying the relatively high fees.

\(^{13}\) Eight Malaysia Plan, pg. 209.

1980 to 2000. Table 1 below shows the magnitude of Indian displacement from rural plantation areas to urban areas in the country. Despite the very large number of people involved in this involuntary stream of migration, and knowledge of the serious and traumatic impacts that the forced movement would have on every aspect of the lives of the families and communities involved, little or nothing was done by the authorities to provide support to these groups and to ensure that their transition to an urban environment would bring about the improvement of their socio-economic prospects.

When evicted from the plantations, these displaced people not only lost their jobs, but, more importantly, housing, crèches, basic amenities, socio-cultural facilities and the estate community support structure. They also lost the plots of vegetable farming and cattle grazing land allotted to them by the plantation companies, which they had used to cultivate to supplement their household incomes. It was not unexpected that these people would face difficulties and hardship in negotiating the transition from the plantation to urban living. Besides being ill prepared to live in the urban areas, they did not have the skills, capital or support structures, and were bound to feel estranged or alienated in the urban environment.

No major holistic remedial programmes were in place to resettle these communities. Nor did the government make budgetary allocations to provide vocational and entrepreneurial skills for the displaced people. There were only piecemeal solutions and weak policy declarations. The retrenched plantation workers were only paid termination benefits as specified in the Employment (Termination and Lay-off Benefits) Regulations 1980, i.e. 20 days’ wages for every year of service. These regulations were originally passed to protect industrial workers when the companies that employed them went into receivership. It was not appropriate to use this law in the plantation sector because it did not take into account housing and other amenities provided to the estate workers as wage substitution. Secondly, the plantation companies were not making losses when they retrenched the workers. On the contrary, they made enormous profits when they converted plantation land for property development. The state governments also announced policies requiring plantation companies to provide alternative housing for the retrenched workers. These policies were never implemented as they did not have the effect of a law. Ironically, government-linked companies were among the plantation firms that ignored the policies.

In the past, the displaced plantation communities used to build cheap shelters in squatter areas because of a lack of affordable housing. Though the squatter settlements did not have adequate facilities, they, nevertheless, provided cheaper alternative housing and enabled the displaced people to rebuild their community support structures temporarily. However, the government policy to clear squatters by the end of 2005 has led them to reside in densely populated low-cost flats with corresponding increase in household expenditures such as loan repayments and maintenance charges.

Most of them end in the lower-rung jobs and tend to compete with foreign migrant workers. As shown in the Mid-Term Review of the Eighth Malaysia Plan (p. 70), those in
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elementary occupations\textsuperscript{15} and working as plant and machine operators make up 36.2 per cent of employed Indians. This percentage is much higher than the 23.9 per cent recorded for bumiputera and 18.7 per cent for Chinese.

One consequence of mass displacements to an urban environment is youth alienation. The parents are also spending less time at home to supervise their children as they work longer hours to meet the high costs of living in urban areas. Many of the young have difficulty coping with the sudden forced change from a close-knit community to a competitive and impersonal urban environment. As they lose the fields and open spaces for socio-cultural and sports activities, they tend to look for other outlets. The adolescents tend to drop out of school and there is a corresponding rise in juvenile delinquency cases, criminal activities and gangs. These gangs thrive in an environment of hopelessness, low-self-esteem and lack of opportunities to pursue education and employment.

\textbf{Table 1: Distribution of Indians in the Rural and Urban Areas of Peninsular Malaysia}

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban Areas</th>
<th>Rural Areas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
</tr>
<tr>
<td>1970</td>
<td>323,435</td>
<td>34.7%</td>
<td>609,194</td>
</tr>
<tr>
<td>1980</td>
<td>448,397</td>
<td>41.0%</td>
<td>644,715</td>
</tr>
<tr>
<td>1991</td>
<td>837,659</td>
<td>63.8%</td>
<td>475,929</td>
</tr>
<tr>
<td>2000</td>
<td>1,338,510</td>
<td>79.7%</td>
<td>341,622</td>
</tr>
</tbody>
</table>


Table 1 provides some idea of the magnitude of the development challenge that the Ninth and future Malaysia plans need to deal with in respect of the Indian community.

Overall, two main groups of Indians come under the lowest 30 per cent income category of Malaysians. One group comprises the Indian poor living and working in the rubber and palm oil plantations and who have not been included in the poverty eradication programmes implemented through the various government agencies. The estimated 300,000 people were left out because the plantations were categorised as private property and thus were not within the scope of the public services. The second group comprises another 300,000 people who were uprooted from the plantations over the last two decades due to property development and crop conversion. The displaced plantation families were forced to take up residence in squatter settlements and low-cost flats. Currently, these two

\textsuperscript{15} The \textit{Mid-Term Review of the Eighth Malaysia Plan} lists street vendors, domestic helpers, cleaners as well as construction and maintenance labourers under the elementary occupation category. Plant and machine operators include drivers (Malaysia, 2003: 98).

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groups form the bulk of Indians who perceive themselves to be neglected by government programmes and are economically (and politically) marginalised.

A related problem is many Indians do not have identity documents: birth certificates and identity cards. In fact, these people do not even have an identity and are in a limbo. Based on the number of cases received at its 10 community centres in Kedah, Perak, Selangor and Negeri Sembilan, the Education and Research Association for Consumers, Malaysia, estimated that at least 20,000 Indian women do not have identity documents. The figure could be much higher if their children are taken into account. The problem arose mainly due to their years of isolation in the plantations, illiteracy and ignorance. While in the estates, these children attended Tamil primary schools and the adults worked in an informal context where birth certificates and ICs, among other documentation, were not emphasised. Once they moved to urban areas, they realised the importance of the documents to carry out their daily activities. Their children cannot go to school and adults cannot register their business or seek gainful employment. They also do not have access to health care. This group of people encounters numerous difficulties when applying for the documents. Most of them are unable to communicate effectively with the government officers because of lack of fluency in Bahasa Malaysia. They have problems understanding the procedures and various requirements. Many complain that the government officers are rude, harsh and do not treat them with due respect and courtesy. Many in this group have become demoralised and given up applying for the identity documents – in effect, they have resigned themselves to a legal limbo that effectively prevents them from enjoying the privileges and benefits that other poor in the country can access.

III. GOVERNMENT DEVELOPMENT PLANS AND THE INDIAN COMMUNITY

It would not be correct to say that no attention at all has been given by the Government to the plight of the Indian community. Analysis of the plan documents since the 1970s indicates that the Government has been aware of the worsening situation of displaced Indian rural poor for a long time. Despite this knowledge, very few specific programmes have been established to address the festering problem. At the same time, targeted allocations of budgetary resources to bring about the upliftment of the low income Indian community have been meagre and totally inadequate to the task.

In 1973, the Government launched the estate and mine workers’ house ownership scheme to alleviate the problem of homelessness faced by these low wage earners when they retired. In the Third Malaysia Plan (1976-1980), the Government allocated RM10 million in revolving fund to provide low interest loans for plantation workers to buy houses under the scheme. The Housing and Local Government Ministry, which managed the fund, had stopped disbursing the loans since 1980 but no details were available about the

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16 Berita Harian, April 11, 2005.
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decision.\textsuperscript{17} In 1999, the Human Resources Ministry acknowledged that the scheme had failed and only 78 plantations had built and sold 8,171 low-cost houses to its workers.\textsuperscript{18}

By the 1990s, major changes had taken place in the plantation sector and the workers and their families were being evicted. Thus, in 1999, the Federal Government formed a special committee to ensure that displaced plantation workers get adequate compensation and alternative housing. Since the first meeting of the National Committee on House Ownership and Resettlement of Estate Workers on Sept 9, 1999, little is known of its activities or the steps taken to resettle the displaced people.\textsuperscript{19}

The Third Malaysia Plan mentioned that the Government was aware of the Indian community’s plight and assured that action would be taken to alleviate their economic problems.\textsuperscript{20} However, the Government’s assurance never materialised and the economic position of the community remained stagnant.

In 1991, the National Economic Consultative Council (NECC) expressed concern that the Indian community as a whole had not benefited much under the NEP. The council recommended to the Government that affirmative action policies be initiated for Indians during the National Development Plan period (1991-2000). Its recommendations included:

- monthly wages\textsuperscript{21} for estate workers;
- opening kindergartens in plantations;
- converting all partially-aided Tamil primary schools to fully-aided ones;
- providing training programmes for youths and workers in the plantations to improve their earning capacities;
- enabling the Indians to set up a commercial bank, a finance institution and an insurance company;
- setting up a trust fund to provide credit facilities for Indians to invest in the share market;
- creating a special scholarship fund for Indian students to attain tertiary education abroad; and
- introducing affirmative action measures similar to those used to assist the bumiputera community.\textsuperscript{22}

The MAPEN report can be considered to be a key milestone in identifying the socio-economic problems of low income Indians and in setting out practical proposals to bring about their more rapid and sustainable development. The report is also particularly

\textsuperscript{17} The \textit{Sun Megazine}, Aug 30, 1994.
\textsuperscript{18} \textit{New Straits Times}, June 10, 1999: 15.
\textsuperscript{19} \textit{New Straits Times}, June 10, 1999: 15; Sept 10, 1999: 16.
\textsuperscript{20} Third Malaysia Plan, pp. 47, 74, 159, 165 and 177.
\textsuperscript{21} On Feb 9, 2001, MAPA agreed to pay oil palm estate workers a monthly wage of RM325. Two years later MAPA and NUPW agreed on a guaranteed minimum monthly salary of RM350 for rubber tappers, but it was too little, too late. The local workers are now being replaced with foreign contract labour.
important as it was the outcome of protracted negotiations by a large representative group of Malaysians, with Indians in a small minority. The fact that this report - by a predominantly non-Indian group of leaders - found it necessary to draw special attention to the developmental problems of the Indian poor shows clearly the magnitude of the problem and its significance in the overall context of national development. Had the Government seriously followed up on the recommendations listed above, there is every likelihood that considerable headway could have been made with integrating poorer and more vulnerable Indians into the mainstream of Malaysian development. Unfortunately, this did not take place, and a major opportunity to bring about a more equitable society – through addressing the needs of a substantial ethnic minority group mired in poverty and vulnerability – was lost.

The Sixth and Seventh Malaysia Plans, whilst continuing to acknowledge the severity of the problems facing segments of the Indian community, failed to include any specific programme aimed at helping the community overcome its socio economic problems during the decade of the 1990s.  

The thrust of OPP3 and the National Vision Policy (2001-2010) was to develop Malaysia into a knowledge-based society; to continue to attract foreign direct investment in strategic areas; and to increase the dynamism of agriculture, manufacturing, and services sectors through greater infusion of knowledge. It also sought to increase bumiputera participation in the leading sectors of the economy and achieve equity ownership of at least 30 per cent by 2010. It planned to set up a National Unit Trust Fund (NUTF) to ensure a more widespread distribution of equity ownership among bumiputera and other disadvantaged groups (OPP3, p. 91). It also made provisions to create special financing arrangements to promote bumiputera participation in manufacturing and other innovative businesses.

The OPP3 also focused on eradicating “pockets of poverty in remote areas and among Orang Asli and Bumiputera minorities in Sabah and Sarawak as well as increasing the income and quality of life of those in the lowest 30 per cent income category”. To increase their effectiveness, it consolidated and revitalised anti-poverty programmes under the Skim Pembangunan Kesejahteraan Rakyat (Scheme for the Development of the Peoples Well-Being).

The OPP3 stated that measures would be taken to increase the income and improve the quality of life of estate workers. The EMP also stated appropriate programmes would be introduced to address problems faced by former workers of fragmented estates. It further mentioned that efforts would be undertaken to encourage employers to provide housing for estates workers and that these would conform to the minimum standards set under the Workers’ Minimum Standards of Housing and Amenities Act 1990. However, these policies were not implemented during the plan period and no reference was made to them in the Mid-term Review of the Eighth Malaysia Plan.

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23 Sixth Malaysia Plan, p. 45.
The OPP3 and the EMP acknowledged that corporate equity ownership among Indians was low and indicated that efforts would be undertaken to increase Indian equity ownership to 3 per cent by 2010. At the same time, the government agreed to undertake a study to review the status of Indian participation in the economy in order to formulate appropriate strategies and programmes. However, no financing arrangement was mentioned in the Plan for the Indian community to increase its participation in the corporate sector.

The MTR-EMP reiterated that efforts would be made to increase Indian equity ownership to 3 per cent by providing more opportunities for them to be actively involved in business through various training and entrepreneurship programmes. The efforts were to be focused on providing opportunities to young potential entrepreneurs to acquire and increase their knowledge, skill and management capability. The review document stated that there would be provisions for financial assistance but it did not specify the allocations. It encouraged the relevant chambers of commerce and business associations to establish more joint venture companies and businesses. In 2003, the government launched a micro credit scheme which enabled about 4,000 small Indian businesses to secure loans totaling RM40 million.

The Eighth Malaysia Plan had proposed to undertake greater efforts to implement the employment restructuring strategy and programmes in various sectors of the economy and at all levels of occupations to reflect the ethnic composition of the population. Measures were also to be taken to improve the balance between bumiputera and non-bumiputera employment in the public and private sectors. More advanced vocational and training institutions were to be set up to enable workers and graduates of vocational and training institutions to upgrade their skills and knowledge. However, attention was more focused on increasing Malay bumiputera participation, particularly in the professional, managerial and other high-income occupations.

Later, the MTR-EMP proposed that special skills training programmes be provided at Pusat GIATMARA and community colleges for the school leavers among the low-income Indian community. Though 313 Indian youths had the opportunity to complete their training at the GIATMARA centres in 2004, the number is insignificant considering that 27 per cent of Indian children drop out before completing their SPM exams. Besides GIATMARA centres, there are several other government funded industrial training institutes in the country. The non-bumiputera enrollment in these training institutes continues to be low because of a lack of publicity and mismatch between the courses offered and the youths employment interests. Many Indian youths also do not have the requisite Bahasa Malaysia qualification at the SPM level.

In general terms, the EMP suggested that more efforts would be made to provide better opportunities to education, increasing accessibility to better health facilities and affordable housing to all sections of society. In addition, measures were to be implemented to increase cultural and recreational amenities and to provide adequate and quality social services that were accessible to all, especially the lower income group and
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the disadvantaged. For the first half of the Plan period, the income eligibility criteria for assistance was set at RM1,200 and below per month per household.

During the Plan period, the Education Ministry sought to enhance its role in the coordination of pre-school programmes for children in the 5-6 age cohort to ensure that its coverage is expanded from 63.7 per cent in 2000 to at least 75.0 per cent by 2005. However, at the end of the plan period, only 10 per cent of Tamil schools have pre-school facilities.

In August 2005, the government allocated RM1.9 million to build 10 child-care centres for one to four-year-olds in urban and semi-urban areas. The centres were to enable mothers to work regular eight-hour days and women earning up to RM2,000 monthly in urban areas and RM1,200 in semi-urban areas could send their children to such places. The centres would charge the parents RM100 per month with the government subsidising another RM180. However, it was not clear how and where the centres would be located and whether there was a mechanism to ensure that they would cater to low-income families from all ethnic communities.

The MTR-EPM reiterated that education and training would continue to be an important vehicle to achieve the employment restructuring objectives. It indicated that steps would be taken to increase non-bumiputera participation in the public services sector, particularly where they are less represented such as in teaching and nursing as well as the police and armed forces. Again, the rhetoric seems not to be matched by any tangible action.

In summary, the Government had acknowledged the economic and social problems faced by the poor and vulnerable section of the Indian community in its various development plans. Immediately after the Government secured 92 per cent support from the electorate in the March 2004 general election, Prime Minister Datuk Seri Abdullah Ahmad Badawi acknowledged in an interview aired over the British Broadcasting Corporation World Service that the Indian community needed assistance to overcome its social problems. However, the required socio-economic policy interventions and financial allocations have not been clearly specified. As a result there have been longstanding and strident complaints from leading members of the Indian community on the lack of implementation of even the most basic, though inadequate, programmes mentioned in earlier development plans. Repeated concerns have also been voiced that no agency has been made responsible to oversee implementation of programmes ostensibly meant to benefit the Indians and no budgetary resources have been specially provided. It appears that whatever support that was promised became subsumed under existing programmes targeted towards the Malays, and consequently they have failed to reach Indians as a

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26 More than 80 per cent of the issues raised at a two-day brainstorming session among grassroots-based Indian NGOs and community and union leaders in July 2005 were over the lack of implementation of government proposals. The seminar was organised by The Mind (an association of Indian academics) and the Education and Research Associations for Consumers, Malaysia.
specific target group. This fundamental flaw needs to be corrected in the Ninth Plan and targeting, accounting and monitoring mechanisms specifically for the Indian poor must be put in place.

IV. NEED FOR NEW APPROACHES

There is an urgent need for a change in the policy making and policy implementation mindset if the nation is to make progress in its drive to join the ranks of developed nations. The fight for social and economic justice must be extended equally to all communities and cannot be confined to exclusive groups or communities. Hence, the developmental and poverty eradication approaches and programmes proposed for the Ninth Plan should be designed to be holistic and inclusive of all ethnic groups. As Table 2 (below) on the social stratification of Malaysian society indicates, low income earners come from all ethnic groups. An income-based approach in addressing issues of relative poverty and tackling social ills will target all ethnic groups, including the 48 per cent of bumiputera who fall under the category. This approach will prevent the politicization of developmental issues and counter the tendency towards ethnic mobilization and chauvinism. Such an approach will also meet the long-term goals emphasised in the NEP, NDP and NVP, i.e. eliminating the identification of ethnic groups with economic functions and enhancing national unity and integration.

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>Top</th>
<th>Middle</th>
<th>Bottom</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bumiputera</td>
<td>1,995,500</td>
<td>5,986,500</td>
<td>7,368,000</td>
<td>15,350,000</td>
</tr>
<tr>
<td>Chinese</td>
<td>2,040,000</td>
<td>2,700,000</td>
<td>1,260,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Indian</td>
<td>360,000</td>
<td>900,000</td>
<td>540,000</td>
<td>1,800,000</td>
</tr>
<tr>
<td>Total</td>
<td>4,395,000</td>
<td>9,586,500</td>
<td>9,168,000</td>
<td>23,150,000</td>
</tr>
<tr>
<td>(percentage of total population)</td>
<td>(18.9%)</td>
<td>(41.4%)</td>
<td>(39.6%)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Yayasan Strategic Sosial\(^{27}\) (April 2005)

In opting for an income-based approach, it should be noted that the current official poverty figures are unrealistic and appear to under estimate the number of poor in the country. The use of a single yardstick to define poverty, i.e. household income, does not

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reflect the true level of poverty and deprivation. Even under the current prices, a household would need at least RM1,000 per month to live adequately. In some parts of the country, this figure could even be as high as RM1,500 per month. In fact, a survey of monthly expenditure by the Department of Statistics in 1998/99 revealed that the average expenditure per urban household was RM1,943. In the rural areas, the same study found that the average expenditure per household was RM1,270.\(^{28}\)

Nevertheless, the MTR-EMP has taken a self-congratulatory stance by noting that poverty incidence had declined from 7.5 per cent in 1999 to 5.1 per cent in 2002. Based on estimated poverty line index of RM529 for Peninsular Malaysia and RM690 for Sabah and RM600 for Sarawak, it noted that the number of poor households declined from 360,000 to 198,000. This method of using households to compute poverty figures deviates sharply from international norms. The World Bank and United Nations Development Programme use a figure of US$1 per day per capita as the minimum income level to sustain individuals. The Malaysian Government’s definition of “hardcore poverty” has never been fully explained and differs from the internationally accepted definition of “absolute poverty”. The international definition is based on the World Bank’s calculations for all developing countries, i.e. those subsisting on an income of US$1 per day, expressed in Purchasing Power Parity terms. If this definition is applied, over 550,000 Malaysians will be classified as poor. The World Bank also uses an alternative definition of poverty of US$2 per capita per day. If this definition is employed, Malaysians living below this line will constitute 9.3 per cent of the population or about 2.4 million people. If the World Bank/UNDP methodology had been used, it could well explain the large magnitude of the poverty (and low income) numbers within the Indian community though the official poverty line level suggests it has remained at a low of 1.9 per cent from 1999 to 2002. It would not be incorrect to say that official statistics tend to obscure realities and have lulled some segments of the national policy making apparatus into thinking that all is well. This view is strengthened by the findings in the 2004 United Nations Human Development Report which reveals that income inequality has worsened in Malaysia, with the richest 10 per cent controlling 38.4 per cent of the total income while the poorest 10 per cent has only 1.7 per cent. According to the UNHD report, Malaysia came out the worst when compared to other countries in the region.

This report has emphasized the urban context of Indian poor and low income, and the need to ensure that the full complexity of urban environments is taken into account for future policy planning in relation to the Indian poor. Recently the Malaysian Cabinet entrusted the Housing and Local Government Ministry to coordinate efforts to eradicate urban poverty. The Ministry in turn has formed a think tank of experts to draw up action plans and integrated programmes to wipe out urban poverty in five years. It is important to note that such plans will fail if there is no improvement in urban governance and participation by target groups, local community leaders and civil society. Greater

\(^{28}\) See Goh (2005). The average expenditure per urban household in 1993/94 was RM1,406.
accountability and transparency in the management of towns and cities will also go a long way in reducing urban poverty and improving the quality of life in general.

There is also a need for an effective monitoring mechanism specifically tracking the poor and vulnerable in society. Among other functions, an effective monitoring mechanism would:

- identify and address failures, problems and delays in the implementation of the various development activities;

- measure the physical and monetary performance against the achievement of the objectives and benchmarks;

- ensure that activities are implemented on schedule and within the stipulated cost;

- inform and coordinate the activities of the various ministries and state governments, including controlling budget allocation.

Currently, the monitoring system is entirely within the confines of the civil service. The monitoring mechanism needs to be broadened to include a parliamentary select committee, community leaders and grassroots-based NGOs, both formal and informal ones. Such a monitoring mechanism will ensure accountability, transparency and public scrutiny of the implementing agencies. This mechanism can also prevent interests groups within the civil service from ignoring ground reality or distorting government policies. It will also encourage feedback from the grassroots, generate new perspectives and ideas in identifying weaknesses in existing policies and ensure effective implementation of programmes and projects contained in the Plan document.

The recent trend has also been towards an increasingly mono-racial and mono-cultural public sector and in the public service delivery system. In this situation, citizens of different ethnic and cultural backgrounds are either reluctant or lack the knowledge to access these services. Though various plan documents have recognized the need to make the civil service more representative of the population, it is still made up predominantly of members from one ethnic group. In fact, there has been a drastic drop in the number of non-Malay civil servants in the last two decades as the older batches retire. While Chinese accounted for 29.7 per cent and Indians 9.8 per cent of civil servants in the 1980s, their numbers fell to 8.2 per cent and 5.2 per cent respectively in 2003. A civil service that is not reflective of the population is likely to distort the implementation of government policies. Without adequate representation of all ethnic groups – especially in the key implementing agencies such as information, social welfare, women development, National Population and Family Planning Board, education, healthcare, youth and sports, and entrepreneur development – certain vulnerable sections of the non-Bumiputera population will have limited access to public goods and services.

29 New Straits Times, July 26, 2005.
V. KEY ISSUES PETING TO THE INDIAN POOR

A major area of concern is the absence of specific programmes targeting the Indian poor and vulnerable (generalized poverty programmes targeting all ethnic groups have been found to be inadequate in reaching the Indian poor), absence of specific budgetary allocations provided to implement these programmes, and an inefficient monitoring and evaluation system that has excluded rapid feedback from the beneficiaries as well as local community leaders and NGOs.

The design and implementation of specific programmes targeting the Indian poor and vulnerable should take into account the following:

1. Adequate data base to enable appropriate policies to be devised. Existing data in general terms does not reflect the sharp contradictions and intra-ethnic disparities within the community. This creates the false impression that the Indian community as a whole is doing well.

2. Adequate budgetary allocations. Experience has shown that mere acknowledgment in the Plan documents of specific difficulties faced by the Indian community is insufficient. Unless sufficient funds are made available to target the vulnerable groups in the Ninth Plan, the socio-economic problems will persist or even worsen.

3. Public information and education service reaching the beneficiaries in their own language. People’s capacity to access government services differs. Accessing public provisions requires information, know how and confidence. In some cases, public sector provisions are inadequate and inaccessible to certain sections of lower income groups. Currently, many Indians from low income groups are not aware of the facilities and assistance they can get from government departments and agencies. Many rely on the political party mechanism for information but some local-level politicians tend to function as brokers. In some cases, ethnically bias bureaucrats have placed artificial hurdles when the Indian poor seek assistance. By providing information and conducting awareness campaigns in the electronic and print media, in particular over RTM’s Minnal FM channel and through Tamil newspapers, the Indian poor can derive maximum benefits by directly accessing government programmes.

4. Efficient monitoring and evaluation system. There needs to be a continuous process of review in order to ensure that the targets have been met. One way of preventing vested interest groups from distorting the implementation of programmes is to place the monitoring mechanism under a Parliamentary Select Committee.
VI. OTHER KEY ISSUES

Local authorities play an important role in the lives of urban residents. They not only provide basic services but they also regulate land development that determines the accessibility of the poor to work and shelter. The local councils build low-cost houses for the poor and regulate local businesses by issuing licences. They control allocations of stalls and lots in wet markets and hawker complexes. In addition, the local councils have been given the task of coordinating urban eradication programmes. Urban poverty is a complex problem which requires the active participation and collaboration of the local communities to find effective solutions. However, the local councils entrusted to carry out community development programmes are also generally mono-ethnic in composition. A more representative staff recruitment policy, especially in the decision making and enforcement divisions, will ensure that the concerns and needs of all ethnic communities in the respective municipalities are adequately addressed. In addition, it is crucial to have a special committee comprising local council representatives, local community leaders and grassroots-based NGOs to identify issues and problems in the respective municipalities and formulate immediate remedial programmes.

The Indians’ forced migration out of the rural plantations and their rapid urbanization has created transitional difficulties for many who neither have the resources nor support structures in the urban areas. The plantation firms, most of which are government-linked companies, have largely ignored state policies to provide alternative accommodation for these displaced people. The government has also failed to resettle the displaced plantation communities systematically and to provide them training in urban living skills, including vocational and entrepreneurial skills.

The pre-school facilities provided through agencies such as KEMAS are primarily mono-ethnic and mono-cultural in orientation. Thus, they are not attractive to the non-Malays. Further, the RM1.9 million allocated in August 2005 to build 10 child-care centres for one to four-year-olds in urban and semi-urban areas is inadequate.

The problems of Tamil primary schools, especially poor infrastructure and shortage of teachers, have remained unresolved for decades.

Children of estate workers forced out of the rural plantations have serious problems of adjustment in urban areas. Lack of support structures, education, skills and employment opportunities results in many youths having low-self-esteem. In this environment of hopelessness, a significant number of the youths become involved in gangs and other criminal activities. In response, the police have adopted a strong arm and narrowly blinkered approach. Instead of sensitivity in identifying the roots of the problem and appropriate remedial measures to rehabilitate the youth, some segments of authority have
treated these youths as if they are a “threat to national security”\textsuperscript{30}. The proposed Pusat Putra training centres for problem youths to develop their skill and character is a step in the right direction but it is important that these centres must be made to cater to a multi-racial and multi-cultural clientele.

Another area of concern is that the industrial skills training institutes under the Human Resources Ministry do not recruit sufficient numbers of non-Malay youths. The low non-bumiputera enrollment is due to lack of publicity and mismatch between courses offered, eligibility and job opportunities. Further, the non-Malay youths appear to have difficulties coping in a very Malay-centric living and learning environment. A case in point is the Arumugam Pillai Industrial Training Institute in Nibong Tebal. The institute has historical and emotional significance to the Indian community as it was built on the land and assets of the South Indian Labour Fund. The Ministry had given an assurance in Parliament - just before dissolving the fund in 1999 - that priority would be given to enroll plantation workers and youths in the institute. However, the Indian youth enrollment in the institute remains far from satisfactory.

Indians from the low income group are very much dependent on local public universities for higher education opportunities. They feel disadvantaged and discriminated under the current system which admits students from two different streams without a common entrance examination. Their current enrollment in public universities, especially in critical courses such as medicine and engineering, is far below their population ratio.

Despite the policy statements in OPP3 and MTR-EMP to increase Indian equity ownership to 3 per cent by 2010 and to provide opportunities to young potential entrepreneurs to acquire appropriate skills and management capabilities, the government agencies have not implemented any effective measures in support of the pronouncements. No specific strategy or mechanism has been put in place to realise these goals and as a result, the Indian equity share has remained stagnant at 1.5 per cent.

VII. RECOMMENDATIONS

Large segments of the ethnic Indian community have been economically and socially marginalized since pre-independence. The socio-economic ills affecting many in the community are mainly due to their continuing marginalization from mainstream Malaysian economy and society. Efforts to overcome the lack of integration of the community will not be able to bear fruit without a firm commitment from the Government and tangible follow up action by the responsible agencies and authorities.

\textsuperscript{30} Bukit Aman management department director Datuk Kamaruddin Ali had claimed that Indians were a threat to national security as the community was often implicated in crimes like gangsterism, fighting, robbery and house-breaking (\textit{The Star}, Dec 19, 2005: 23).

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The following are some priority recommendations that need to be considered by the Government in formulating appropriate programmes to enable the Indian minority to have a fair and equitable share of the country’s development.

1. **Financial allocations:** The Ninth Malaysia Plan should provide specific financial allocations to enable the implementation of development programmes for the disadvantaged Indian minority. Programmes recommended in the previous Plan documents have not materialized mainly because of a lack of funding. At the same time, the budgetary allocations should be large enough to fund comprehensive programmes and projects that can target the root causes of Indian poverty nationally. Meagre allocations would result in small, ad hoc or piece-meal measures that cannot generate impact beyond small groups or be sustainable after the first few years.

2. **Special agency for ethnic minorities:** Consideration should be given to the establishment of a special department or agency to look after non-Bumiputera ethnic minority affairs, and especially to provide oversight in the fair and unbiased implementation of government programmes. Such an agency should be broad based and include representatives from government, interest groups, ethnic minority communities and NGOs. Most importantly, representation should not be restricted to leaders from ethnic-based political parties in government. This special agency should be provided with authority to supervise development programmes and projects and the disbursement of funds.

3. **Land for displaced plantation communities:** In order to minimise the harmful effects of mass displacement, the government should consider alienating reserve land near the plantations for retrenched estate workers to continue their farming and cattle rearing activities. The displaced plantation communities have the experience and a keen interest in cattle rearing and dairy business. Such a move could also help to reduce the country’s meat import bill.

4. **Improving quality of life of plantation workers:** Consideration should be given in the Ninth Plan to the launch of special land schemes for existing plantation workers to upgrade their standard-of-living by participating in group farming activities, livestock-rearing, food production and floriculture projects.

5. **Child-care centres and pre-school facilities:** More funds should be allocated to build affordable child-care centres and pre-school facilities near communities earning low incomes, including in low-cost flats. Such facilities should also be Malaysian in orientation and be made available and attractive to all ethnic groups.

6. **Tamil primary schools:** All partially aided Tamil primary schools should be converted into fully aided ones to help safeguard the educational and cultural interests of Indian children who come from low income families. Further, a special allocation needs to be made to rebuild the 106 Tamil primary schools which are in need of repairs. More efforts and resources should be committed to resolve the problem of teacher shortages and improve the teaching of Bahasa Malaysia in these schools.

7. **Youth training programmes:** Special training programmes focusing on urban living skills, and including vocational and entrepreneurial skills, should be
conducted for youths displaced from the plantations. Formal education is not the only channel to social advancement. Special hands-on skills-training courses should be made available for under-achievers lacking minimum academic qualifications.

8. **Skills training opportunities:** Efforts need to be stepped up to enroll more non-Malay youths in government skills training institutes, including though publicity in the vernacular media. The learning environment in these institutes should also cater for youths from different religious and cultural backgrounds.

9. **Higher education opportunities:** Education is the main means of upward mobility for the Indian poor. Indian poor should be extended educational benefits similar to the bumiputera community in order to improve their access to local universities.

10. **Civil service:** It is not healthy for the civil service to be mono-ethnic and monocultural. Greater efforts should be made to recruit and promote more Indians and other ethnic minorities in the civil service.

11. **Entrepreneur development:** Specific strategies need to be formulated to raise the Indian equity ownership from 1.5 per cent to 3 per cent by 2010. One of them should be an entrepreneur development fund to assist small- and medium-scale Indian entrepreneurs. Currently, these Indian businesses have difficulty securing loans and opportunities in the form of permits, licences and business lots in strategic locations. There is also a need to provide business skills training course to interested Indian youths.

12. **Single mothers:** This group of people constitutes a very vulnerable group within the new poor. Poor women should be provided with funds and skills training to start small business from their homes.

Several of these recommendations are not new. They have been advocated by community leaders, various interest groups and political parties over the past two decades. Some of these recommendations were also listed in the 1991 MAPEN report and previous Plan documents. The fact that there is a pattern of repeated advocacy of old proposals and recommendations unfortunately reflects the extent of the community’s marginalization and the failure of the country’s developmental machinery to respond to long standing grievances and shortfalls in meeting the basic requirements of the Indian poor. Unless and until there is a strong will and a firm commitment to implement nationally accepted policies, the situation of the Indian poor could deteriorate further.
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