

THE NEW ECONOMIC POLICY AND FURTHER MARGINALISATION OF THE INDIANS

K. Anbalakan
School of Humanities
Universiti Sains Malaysia
Penang

INTRODUCTION

The two fundamental objectives of the New Economic Policy (NEP) were the eradication of poverty irrespective of race and the restructuring of the society so as to eliminate the identification of a race with its economic functions, a legacy of the colonial times. The eradication of poverty and the restructuring of society, it was argued, would help foster national unity – the overriding objective of the whole policy. These objectives were to be achieved by redistributing the wealth of the nation equitably among all the major races. Thus, in twenty years, it was estimated that the *bumiputera* should be enjoying a 30 percent stake and the non-*bumiputera* 40 percent leaving the remaining 30 percent for the foreigners. Promises were made to the effect that no one race would be unduly discriminated against in pursuing these objectives and all would benefit as the economy was expected to grow with the implementation of the NEP (Mid Term Review, Second Malaysia Plan [MTR-2MP 1973: 85-87]). This assurance gave the Indian community, which at that time was holding a miserable one percent stake in the nation's economic wealth, some hope about its future economic position. However, in 1990, when the NEP officially came to an end, the community's stake remained stagnated at one percent. The National Development Policy (NDP) and the National Vision Policy (NVP), which were formulated thereafter, too, did not improve any significantly the Indian community's economic position. This article analyses the position of the Indian community under the NEP.

THE BACKGROUND TO THE NEP

It has become a trend in Malaysian political economy discourses to closely associate the NEP with the 1969 May 13th racial riot. It is often argued that the racial clash was the result of continuous neglect of Malay economic interest by the ruling Alliance government. Sometimes, it is claimed that the May 13 incident was a watershed in the political and economic history of Malaysia because only after that the economic policies of the nation began to give due consideration towards the economic upliftment of the Malay community. Well, while there ought to be some truth in all these, however, to suggest that the riot was purely a racial clash due to deep-seated frustrations of the economically deprived Malay community is not at all plausible.

In the first place, the claim that Malay interests had all through been completely neglected and that only after the riots did the government began to take measures to overcome the economic backwardness of the community is not true. Actually, the Malay grouches about economic backwardness, too, was not new. There had been gross dissatisfaction among the Malay leaders over the community's economic position even before independence. The British introduced a couple of measures, though haphazardly and arbitrarily, to help the community. In 1917, for instance, the Land Reservation Act was enacted to protect Malay ownership of agricultural land. In 1950, Rural Industrial Development Authority (RIDA) was established to enhance rural development. Six years later, Federal Land Development Authority (FELDA) was formed to initiate large scale agricultural land development projects. The Malays, too, were given preferential status when it came to awarding of educational scholarships and jobs in the civil service. Yet, the community's economic position did not improve much.

After independence, the Alliance government continued to give special considerations for the economic upliftment of the Malays in all its economic programmes. The Ministry of Rural Development was established to specifically take care of Malay economic interests. Under the First Malaya Plan (1956–1960), for instance, some RM227 millions was allocated for rural development. This was increased to RM468 millions under the Second Malaya Plan of 1961–1965 (Snodgrass 1980: 47–50). The First Malaysia Plan (1965–1970) went even further to help the Malays. It incorporated almost all of the recommendations put forth

by the First *Bumiputera* Economic Conference of 1965. Several agencies, like Majlis Amanah Rakyat (MARA), Institut Teknologi MARA (ITM), Federal Agricultural Marketing Authority (FAMA), Bank Bumiputra and so on were established to enable the Malay community to improve its economic standing. In short, the government had done as much as it could to improve the economic position of the Malay community. Yet, unfortunately, while the agricultural sector registered remarkable improvements, the majority of the Malays remained relatively poor (see ZMP 1971: 10–18 & Snodgrass 1980: 47–56, 192–195).

As it is, the argument that the main cause of the riot was the economic deprivation of the Malay community is not tenable. Rather, it was political factors that had caused the riot. It was the poor performance of the Alliance Party, or more accurately the United Malayan National Organisation (UMNO), in the general elections that was held on the 10th of May 1969 that paved way for the clashes. In that elections, the Alliance which had ruled the country for twelve years since independence without much trouble was able to garner only 49.1 percent of the total votes cast compared to 58.5 percent it had received in 1964. Besides, it had also lost the state of Penang to the Gerakan Rakyat Party and failed to regain back the predominantly Malay state of Kelantan from Parti Islam Se Tanah Melayu (PAS). In two other states its position was uncertain. In Perak, it won only 19 out of the 40 seats while in Selangor it got only 14 of the 28 seats (Ismail Kassim 1979: 9). Therefore, its victory in many other seats, both state as well as parliament, was marginal. In total, the Alliance had lost 22 of the 89 parliament seats of which 7 were UMNO's, 14 Malaysian Chinese Association (MCA)'s and one Malaysian Indian Congress (MIC) seat (Snodgrass 1980: 54).

Of course, many of the UMNO leaders argued that the poor performance of the Alliance Party was a reflection of the Malay anger and disappointment over their economic backwardness. But, it must be remembered that the Alliance Party's showing in the 1959 elections, too, was not as good as its achievement in the earlier one held in 1955¹.

¹ In fact, in the 1959 general elections, the Alliance lost both Kelantan and Terengganu, the two predominantly Malay states in the East coast, to the Pan Malayan Islamic Party. It may also be noted here that UMNO had once again lost the state of Terengganu to PAS in the 1999 general elections despite

However, in 1964 the party was able to recoup lost ground. It was also argued that in the 1969 elections, the Alliance was able to get only 54 percent of the Malay votes as compared with 67 percent in 1964. But then, the non-Malay votes too had decreased. Only about 43 percent of the non-Malays had voted for the Alliance compared to some 48 percent in the 1964 elections (Snodgrass 1980: 55). That aside, the MCA had lost more seats to the opposition Chinese parties like Democratic Action Party (DAP) and Gerakan than what had UMNO to PAS². It must also be noted that most of the MCA seats were in the predominantly Chinese urban centres. Also not to be forgotten was that Penang was under the MCA rule prior to the 1969 elections. What are we to decipher from this? Is it all right to suggest that the Alliance Party's poor results were purely due to the economic backwardness and disappointment of the Malay community alone? How are we to explain the defection of the Chinese votes? Were they too angry with the Alliance government over economic grievances?

Obviously, it was the Alliance Party's poor elections result and the victory celebration by the opposition parties, especially DAP and Gerakan, that created a provocative climate which later led to the flaring up of racial tensions. The fact that both DAP and Gerakan were predominantly Chinese parties had made the situation worse. Thus, the supposedly political skirmish between the disappointed Alliance and the jubilant opposition parties, unfortunately, turned out to be a racial bloodshed. Worse still, it was seen more as a clash between the Malays and the Chinese though the Indians too were very much involved in it.

THE NEP AND THE INDIANS

As mentioned above, the government gave assurance that the NEP was implemented for the benefit of all Malaysians irrespective of race and religion. It was categorically stated that the programme was designed to reduce and ultimately do away with the economic imbalances between the various communities by redistributing the wealth of the nation in a

having brought in tremendous economic benefits to the Malay community through NEP.

² As has been noted above in page one, the MCA had lost 14 seats while UMNO lost 7 only.

more equitable way. Nevertheless, from the very beginning the Indians had felt that the NEP was purely a pro-Malay instrument to promote the interests of the Malays alone.

The Indians cannot be blamed for this. The framers of the policy had made it very obvious that the main and major objective of the NEP was to strengthen the economic position of the *bumiputera*, particularly the Malay community, by creating a commercial and industrial group among them in about twenty years. Concerning the position of the Indians and their future, there was no mention of it at all. Worse still, unlike the Malays, the Indians were not given separate consideration as a community. Rather, they were lumped together with the Chinese, who were economically far stronger, under the non-*bumiputera* category. In short, while everything possible was promised for the upliftment of the *bumiputera* community practically no strategy of any sorts was formulated to help the poor Indians. For instance, a target was set to increase the *bumiputera* equity from 1.9 percent to 30 percent by 1990 as shown in Table 1 below. No such target or strategy was designed for the Indians though they were holding only one percent of the nation's wealth in 1970.

Table 1: Targets for Malay Equity Growth, 1970–1990

Year	1970	1975	1980	1985	1990
Target (%)	1.9	9.0	16.0	23.0	30.0

Source: Computed from Mid-Term Review, Second Malaysia Plan, (1973: 84)

It must be understood that the Indians were no better than the Malays both economically and socially. The majority of them were languishing in the plantation sector with a meagre income, which was just enough to meet the basic needs of daily life (Ramachandran 1994). Yet, in none of the government's economic plans since independence were their economic backwardness addressed. In the 50s, for instance, when the estates were fragmented and sold, thereby causing the Indian labourers to lose their jobs, the government did not come up with any plan to help them. The calls by the MIC and the National Union of Plantation Workers (NUPW) to enact laws to curb fragmentation of estates of more than 100 acres, too, was not at all considered by the government (Arasaratnam 1970: 155). As it is, between 1956 and 1967 around 324,931 acres of

estates were fragmented and sold as small holdings causing some 28,363 labourers, majority of whom were Indians, to lose their jobs. Furthermore, the displaced Indians were unable to find alternative jobs as they did not possess the necessary skills. Due to this, the unemployment rate among the Indians in 1967 was among the highest, registering at 12.3 percent (Stenson 1970: 203–204).

In 1970, the time the NEP was formulated, the economic position of the Indians in general was worse than the Malays. Yet, the framers of the NEP seemed to have assumed that the Indians were economically far better off than the Malays. For instance, as could be seen from Table 2, the mean household monthly income of the Indian community had been stated as RM304, which was far higher than the Malays' RM179 and close to the Chinese' RM387. This, to say the least, is very misleading and does not reveal the actual economic position of the community in 1970. It must be remembered that the majority of the Indians were employed in the plantation sectors and other low paying jobs in the urban and sub-urban areas. In fact, according to the Second Malaysia Plan Mid-Term Review (1973: 13) itself, in 1970, the Indians formed only about 4.3 percent of the professional and management group, while there were 12 percent Malays and 72 percent Chinese in this group. Similarly, the percentage of Indians in the technical and supervisory category was only 6.1 percent compared to 20 percent of Malays and 73 percent Chinese. Besides, a quick glance at the ownership pattern as shown in Tables 2 and 3 confirms that the Indians were not any better off than the Malays and nowhere near the Chinese. The Indians were holding only 1.0 percent of the country's wealth compared to 1.9 percent by the Malays and 22.5 percent by the Chinese community.

Furthermore, as could be seen from Table 4, the Indians could not be said to have fared well in the area of household income. Compared to the other communities in 1970, their position looked very precarious. Only about 12 percent of the Indians were in the middle income bracket of RM400–699. There were 33 percent of Malays and 56 percent of Chinese in this category. Also close to 40 percent of the Indian households were in the RM100–199 category. On the whole, in none of the income brackets the Indians were better than either the Malays or Chinese.

Table 2: The Economic Position of Malaysians in Peninsular Malaysia, 1970

	Malay	Chinese	Indian
Population (Peninsular Malaysia – %)	52.7	35.8	10.7
Mean Monthly Household Income (RM)	179	387	304
Ownership (Corporate Industry – %)	0.9	26.2	0.1
Ownership (Non-Corporate Industry – %)	2.3	92.2	2.3
Ownership (Corporate Agriculture – %)	0.3	25.9	0.3
Ownership (Non-Corporate Agriculture – %)	47.1	32.8	10.1

Source: Computed from Mid-Term Review, Second Malaysia Plan (1973: 9-12, 23-24 & 83)

Table 3: Ownership of Share Capital of Limited Companies, 1970 (in '000)

Sector	Malay		Chinese		Indians	
Agriculture	13724	0.9%	177438	22.4%	16191	0.1%
Mining	3876	0.7%	91557	16.8%	2488	0.4%
Manufacturing	33650	2.5%	296363	22.0%	8880	0.7%
Construction	1258	2.2%	30855	52.8%	447	0.8%
Transport	10875	13.3%	35498	43.4%	1903	2.3%
Commerce	4715	0.8%	184461	30.4	4711	0.7%
Bank & Insurance	21164	3.3%	155581	24.3%	4434	0.6%
Others	13349	2.3%	220330	37.8%	13348	2.3%
Total	102611	1.9%	1192083	22.5%	52402	1.0%

Source: Mid-Term Review, Second Malaysia Plan (1973: 83)

Table 4: Distribution of Households by Income and Race in Peninsular Malaysia, 1970 (%)

Income (RM) (per month)	Malay	Chinese	Indian	Total	Percentage from total		
					Malay	Chinese	Indian
1-99	22.9	2.6	1.3	27.1	84.5	9.6	4.9
100-199	19.1	7.8	4.4	31.4	60.8	24.9	14.0
200-399	10.4	11.9	3.5	25.9	40.3	46.0	13.5
400-699	3.0	5.3	1.2	9.6	31.6	55.7	12.1
700-1499	1.1	2.9	0.6	4.7	23.2	61.4	12.5
1500-2999	0.2	0.7	0.1	1.1	14.0	62.1	13.6
3000 & above	*	0.1	0.1	0.3	12.1	52.0	17.3
Total	56.7	31.3	11.2	100.0	56.7	31.3	11.2

Note: * negligible

Source: Computed from Mid-Term Review, Second Malaysia Plan (1973: 3 & 4)

Table 5 adds further credence to this line of argument. It could be seen that 46.5 percent of Indians were engaged in agriculture. But, unlike the Malays the majority of these were wage labourers in the plantation sectors. According to a MIC Report, 74 percent of these were estate labourers (MIC 1974: 6). Another area of high Indian concentration was the services sector. About 25 percent of Indians were involved in this. Here again, the majority of the Indians were employed in low paying unskilled jobs. The Indian involvement in commerce was 10.6 percent. But as has been noted in the MIC Report (1974: 6), the majority of these were involved in sundry and petty shop business. Thus, about 80 percent of the Indians were engaged in non-remunerative vocations. To cap it all, the unemployment rate among Indians was the highest, as is shown in Table 5. Under these circumstances, it is certainly ridiculous to assume that the Indians were in a better economic footing than the Malays.

**Table 5: Employment by Race and Race Sector in Peninsular Malaysia, 1970
(in %)**

Sector	Malays	Chinese	Indian	% of Indian from total Indian labour
Agriculture	67.6	21.4	10.1	46.5
Mining & Quarry	24.8	66.0	8.4	2.4
Manufacturing	28.9	65.4	5.3	5.2
Construction	21.7	72.1	6.0	1.6
Utility Services	48.5	18.0	32.3	2.3
Transport	42.6	39.6	17.1	6.6
Commerce	23.5	65.3	10.7	10.6
Services	48.5	35.7	14.0	24.8
Total (Labour Force)	51.5	36.9	10.7	100.00
Unemployment	8.0	7.4	11.0	

Source: Mid-Term Review, Second Malaysia Plan (1973: 77; 1974: 17)

INDIAN DISAPPOINTMENT AND THE MIC

From the foregoing it is obvious that the Indians were among the most disadvantaged economic group in 1970. Nevertheless, for reasons known only to the framers of the NEP, the community was not at all considered a target group that needed to be helped out under the NEP. There was no specific target set, no affirmative plans to uplift their economic position and no mention whatsoever of their poor economic position in the framework of the NEP. The MIC was greatly disappointed at the marginalisation of the Indian community by the government. The party convened two economic seminars to draw the attention of the government towards the plight of the community.

First MIC Economic Seminar, 1974

The first seminar was held for two days, on 11 and 12 May, in 1974 with the hope of forwarding recommendations to the government which was in the process of formulating the Third Malaysia Plan (1976–1980). The

seminar targeted a growth of 2.25 percent every five years and hoped to achieve 10 percent equity by 1990 as shown below.

Table 6: Equity Growth Target for the Indian Community, 1970–1990

Year	1970	1975	1980	1985	1990
Total Share Capital*	5, 289	8, 663	14, 624	25, 650	46, 821
Indian Equity	52.9	281.5	804.3	1987.9	4682.1
Percentage	1.0	3.25	5.50	7.75	10.0

Note: * in RM million

Source: MIC (1974: 14)

The seminar reminded the government that the Indians were not at all benefiting from the NEP and largely remained left out of the economic growth of the nation. At the end of the seminar, a blueprint containing recommendations for the economic upliftment of the Indians was submitted to the government. The blueprint, among other things urged the government to formulate specific policies to increase the Indian position in the country's economy from 1.0 percent to 10 percent by 1990 and requested an allocation of 10 percent of all newly listed shares in the market to the community. It was also suggested that the estates be brought under the purview of the Rural Development Ministry so that the economic problems of the estate labourers could be effectively addressed. The government was also requested to absorb the displaced estate labourers under the FELDA scheme (MIC 1974: 11, 12 & 27).

The MIC had hoped that at least some of its request would be incorporated in the Third Malaysia Plan (1976–1980) that was being framed just around that time. In fact, the MIC President, Tan Sri V. Manickavasagam, had openly expressed this hope in his opening speech at the seminar (MIC 1974: 1). But, the government did not take note of these recommendations. According to one report (Ramachandran 1994: 307) the then Prime Minister, Tun Abdul Razak, did not show any interest towards the MIC's blueprint. As such, none of the MIC's requests were given consideration in the Third Malaysia Plan. However, an assurance was given to the effect that the government was not unaware of the Indian community's economic backwardness and action would be taken to elevate their problem (Third Malaysia Plan 1976: 47, 74, 159,

165–167 & 177). Unfortunately, for the entire period of the Third Malaysia Plan nothing specific was done to assist the community.

Second MIC Economic Seminar, 1980

The second economic seminar was held by the MIC on 13 June 1980, just about the time the government was framing the Fourth Malaysia Plan (1981–1985). It must be remembered that 10 years had passed since the implementation of the NEP and yet the Indian position of 1.0 percent in the nation's wealth had not at all improved. The seminar criticised the government for neglecting the welfare of the Indian community. This time around the Finance Minister, Tengku Razaleigh Hamzah, was invited to officiate the seminar. The aim was none other than to make the government realise the real economic position of the Indians. As in 1974, several requests for the economic upliftment of the community were made to the government (MIC 1980). At the same time, the original target of 10 percent equity was slashed down to a more reasonable 6 percent and strategies were discussed to achieve that target.

Table 7: Equity Growth Target for the Indian Community, 1970–1990

Year	1970	1975	1980	1985	1990
Percentage	1.0	2.25	3.5	4.75	6.0

Source: MIC (1980: 98)

Tengku Razaleigh, on his part, gave an assurance that the government was aware of the Indians' plight and would take action to overcome the problem (MIC 1980: 15). But, as usual, there was no mention of any affirmative actions on the part of the government to help the Indians in the Fourth Malaysia Plan too. Furthermore, when the Fifth Malaysia Plan (1986–1990), the final leg of the NEP was formulated there was still no mention of any specific plans for the upliftment of the Indian community.

Thus at the end of the NEP, the Indian position remained unchanged from the 1.0 percent they were holding in 1970³. It must be noted that during the same period, the Malay stake had moved from 1.9 percent to 19.3 percent while the Chinese percentage had leapt from 22.5 percent to 44.5 percent. Besides, the percentage of Indians in most sectors of the

³ It may also be noted here that between 1982 and 1985 the Indian share capital dropped to 0.9%. See MTR-5MP 1989: 109 and 6MP 1991: 14.

economy had dwindled during this period. As could be seen from Table 8 below, the NEP had worked against the interest of the Indians in almost all sectors of employment. The acclaimed objective of abolishing the identification of a race by its vocation had not at all been effective in the case of the Indians. Rather, they remained categorised as the labouring community even at the end of the NEP. As Ramasamy (1999: 30) puts it, the mobility of the Indians under the NEP was horizontal and not vertical. Thus, if in 1970 they were associated with the estates, now, after twenty years of social engineering by the government, they had an added label as the proletariat, largely engaged in menial odd jobs in the urban and semi-urban sectors.

Table 8: Employment by Occupation and Ethnic Group, 1970, 1985, 1990

Race	<i>Bumiputera</i>			Chinese			Indians		
Occupation/Years	1970	1985	1990	1970	1985	1990	1970	1985	1990
Prof. & Technical	47.0	58.8	60.3	39.5	30.9	30.8	10.8	8.7	7.7
Teachers & Nurses	n.a.	64.2	68.1	n.a.	28.9	25.1	n.a.	6.4	6.3
Admin & Managerial	24.1	34.8	33.3	62.9	57.5	58.7	7.8	5.1	5.3
Clerical	35.4	54.1	54.9	45.9	37.8	36.9	17.2	7.6	7.8
Sales	26.7	33.2	36.0	61.7	59.2	56.5	11.1	6.8	6.5
Services	44.3	61.6	61.5	39.7	27.8	27.0	14.6	10.1	10.6
Agriculture	72.0	75.9	76.4	17.3	15.2	15.8	9.7	8.2	7.0
Production	34.2	47.3	48.5	55.9	41.8	40.0	9.6	10.5	10.7
Total	51.8	57.3	57.8	36.6	33.2	32.9	10.6	8.8	8.5

Source: Fourth Malaysia Plan (1981: 59, 6MP, 1991: 34)

THE POST NEP PERIOD

The NEP officially ended in 1990. The government claimed that the main objectives of poverty eradication and restructuring of society had been achieved to a remarkable level. Nevertheless, the government was quick to add that the affirmative policies to alleviate the *bumiputera* economic position would be continued in future policies too. As the targeted 30 percent share capital ownership for the *bumiputera* was not attained under

the NEP it was indicated that continued emphasis would be given towards achieving this. Surprisingly, nothing was mentioned about the pathetic performance of the Indians under the NEP. The fact that the community had stagnated at the miserable one percent was not at all recognised as a problem. Rather, disappointment were expressed from some government's UMNO quarters on the failure to attain the targeted 30 percent for the *bumiputera* community and calls were made to enhance strategies to improve the Malay position further.

However, the National Economic Consultative Council (NECC) that was formed in 1985 to appraise the performance of the NEP and recommend suggestions to overcome its shortcomings in the National Development Policy (NDP) which was to replace the NEP, took note of the poor progress made by the Indians under the NEP. In its final report, the NECC had expressed concern that the Indian community as a whole had not benefited much under the NEP. It had explicitly mentioned that the Indians' involvement in many of the sectors of employment was grossly disproportionate to their population (Semparuthi 1999: 4). To overcome this, the NECC recommended that some affirmative policies similar to those designed for the Malays must be initiated in the NDP. The recommendations of the NECC, *inter alia*, included⁴:

- awarding of monthly wages to the estate workers⁵
- opening of kindergartens in estates
- converting all the partially-aided Tamil schools into fully-aided
- providing technical skills to Indian youths in the estates
- enabling the Indians to set up a bank
- enabling the Indians to invest in share market by providing credit facilities

Unfortunately, as in the past, the government did not show serious interest to the NECC's recommendations on Indians. In his forward to The Second Outline Perspective Plan 1991–2000 (OPP2), which embodies the structure of the NDP, the Prime Minister, Datuk Seri Dr.

⁴ For an elaboration see Semparuthi 1994: 4.

⁵ In February 2001, almost after a decade it was announced that the estate workers would finally be paid a monthly wage. However, the RM325.00 agreed upon was much lower than the Poverty Line Index (PLI) which was RM510 for a household size of 4.6 in Peninsular Malaysia (see 8MP 2001: 58).

Mahathir Mohamad, while thanking the NECC for its useful ideas and suggestions had specified that "not all of their recommendations have been accepted". And as usual, mention was made in OPP2 to the effect that the government was aware of the Indian economic backwardness. To quote verbatim from the OPP2 (1991: 11),

However, in the case of the Indians, their share in some of the professions is below their population ratio. In those professions where they are well represented, the increase in absolute terms has been much slower than that for the bumiputera and the Chinese. As a result, the share of Indian employment in these professions has declined continuously since 1970.

As could be noted from the above, the government even after having agreed that the position of the Indians was really bad did not give any assurance as to what was going to be done to overcome this sorry state of affairs. In fact, this was what the government had done in all its five year plans between 1970 and 1990. It was not surprised that this trend continued even after the NEP. In that context, it may not be out of place to have a glance at how the government viewed the economic position of the *bumiputera*, or more specifically the Malays. The first half of the above quoted paragraph reads:

While bumiputera account for the largest share of public sector employment and predominate in the uniformed services, the clerical and secretarial services and the teaching profession, the non-Bumi are well represented in the professional and technical categories, particularly in the medical, engineering and accountancy services. **In the light of the above, there is an urgent need to expand the supply of bumiputera professional and technical manpower.**⁶

It must be emphasised here that the aim of quoting the above is not to take issue with the government's initiative to help out the *bumiputera* community, but, rather to point out that the interests of the Indians, perhaps also of the Chinese, had consistently been neglected in all of the government's five year economic plans. As a result of this neglect, the economic position of the Indian community in general continued to

⁶ Emphasis added from the original text.

deteriorate under the NDP and NVP. Tables 9, 10, 11 and 12 below explain the position of the Indians under the NDP and NVP.

Table 9: Employment of Indians by Sector, 1990–2000 (in %)

Sector/Years	1990	1993	1995	1998	2000
Agriculture	7.9	6.3	6.0	5.9	6.1
Mining/Quarry	9.2	7.1	10.5	9.5	10.2
Manufacturing	11.1	12.9	11.2	11.8	11.4
Construction	5.8	5.2	4.7	4.8	4.7
Electricity, Gas & Water	17.0	13.3	11.1	11.9	11.3
Transport	15.1	13.4	11.7	12.3	12.0
Commerce	7.5	6.7	6.1	6.5	6.7
Finance & Insurance	9.9	9.1	9.3	9.6	9.9
Other Services	7.9	7.3	6.8	6.9	7.1
Total Employed	8.8	8.5	7.9	8.3	8.3
Unemployment	8.3	7.6	6.6	7.8	7.0
Unemployment Rate	4.8	2.7	2.3	3.6	2.7

Source: Mid-Term Review, Sixth Malaysia Plan (1999: 76–77) and Eighth Malaysia Plan (2001: 66)

Table 10: Employment of Indians by Occupation, 1990–2000 (in %)

Occupation/Years	1990	1993	1995	1998	2000
Prof. & Technical	7.8	7.7	7.0	8.4	7.6
Teachers & Nurses	6.4	6.5	6.6	7.0	6.9
Admin & Managerial	4.3	5.0	4.8	6.1	5.5
Clerical	8.7	7.9	7.4	9.3	8.6
Sales	7.1	6.6	6.2	6.3	6.8
Services	9.5	8.7	8.2	8.2	8.5
Agriculture	7.9	6.7	6.9	6.9	6.9
Production	10.9	11.8	9.6	9.7	10.0
Total	8.8	8.5	7.9	8.3	8.3

Source: Mid-Term Review, Sixth Malaysian Plan (1993: 65), Seventh Malaysia Plan (1999: 78–79) and Eighth Malaysia Plan (2001: 79)

Table 11: Percentage of Indian Involvement by Occupation, 1990–2000

Occupation	1990	1993	1995	1998	2000
Prof. & Technical	7.8	8.2	8.8	10.9	10.9
Teachers & Nurses	2.4	2.6	2.9	3.1	3.0
Admin & Managerial	1.2	1.6	1.9	2.9	3.2
Clerical	9.7	9.1	10.2	12.4	12.0
Sales	9.3	9.3	8.6	8.2	8.1
Services	12.6	12.6	11.5	11.5	11.8
Agriculture	25.4	20.0	17.7	15.9	14.3
Production	34.1	39.3	41.3	38.2	39.7
Total	100	100	100	100	100

Source: Computed from Mid-Term Review, Sixth Malaysia Plan (1993: 64–65), Seventh Malaysia Plan (1999: 78–79) and Eighth Malaysia Plan (2001: 66–67)

Table 12: Ownership of Share Capital of Limited Companies, 1990–1995
(in RM million)

Race	1990	%	1995	%	Growth Rate	Absolute Growth
<i>Bumiputera</i>	20,877.5	19.3	36,981.2	20.6	12.1	16,103.7
Chinese	49,296.0	45.5	73,552.7	40.9	8.3	24,256.7
Indians	1,068.0	1.0	2,723.1	1.5	20.6	1,655.1
Others	389.5	0.3	1,751.1	1.0	35.1	1,361.6
Foreigners	27,525.5	25.4	49,792.7	27.7	12.6	22,267.2

Source: Seventh Malaysia Plan (1996: 86)

CONCLUSION

The government had repeatedly emphasised that the overriding mission of its social engineering policies – the NEP, NDP and NVP – was national unity. It was stressed that the restructuring of society, and ensuring an equitable distribution of the nation's wealth among all the major ethnic groups, would strengthen inter-ethnic relations and help forge national unity. However, as has been argued and substantiated with statistics in the foregoing there had been extraordinary preoccupation on the part of the government to favour the *bumiputera*, especially the Malays in all the

three programmes. So much so, that the interest of other weaker groups, particularly the Indians, had been neglected. Not to say that the other Malaysian had not at all benefited from the government policies. The Chinese community, for instance, had almost doubled its economic strength. But then, this was largely due to the strong economic fundamentals that the community enjoyed since before the launch of the NEP. The Indians too, had enjoyed some benefits. Again, this was not due to genuine efforts on the part of the government but from the spill over of the pro-*bumiputera* projects⁷.

If the government had been serious in helping the Indian community then some attention should have been paid to the Indian poverty in the plantation sector. The majority of Indians were languishing in poverty in the estates. It is not that the government did not know of it. The community leaders had at several occasions brought to the attention of the government the plight of the estate workers. At both economic seminars of the MIC, the government had been requested to include the estates under the purview of the Rural Development Ministry. It must be noted that about 35 percent of the budget of all the economic programmes had been allocated for rural development (Ramachandran 1994: 329). For instance, the estimated development expenditure for rural and agricultural development was RM2,279,000 under the Second Malaysia Plan. In the next three plans the allocations had been significantly increased to RM6,448,250, RM7,888,200 and 11,799,850 respectively (see 2MP – 5MP). The major share of the allocations for the eradication of rural poverty was utilised specifically for the alleviation of the lot of the Malays only.

It was fervently hoped by the Indians that if the estates were to be placed under the Rural Development Ministry, perhaps, they too could benefit a little from these allocations. But, the government up to now has been refusing to consider this proposal by hiding behind the old lame excuse

⁷ The MIC Presiden, Datuk Seri S. Samy Vellu had once commented that under the NEP the Chinese had improved because they had strong economic foundations and the Malays because of government support whereas the Indians had none of these (Tan Chee Khoo 1984: 157). On 28 September 1989 he had said that the failure of the government to initiate any affirmative action was the cause of Indian backwardness (see *Semparuthi* November 1999: 2).

that the plantations were private properties and it was for the estates owners to cater for the well being of their workers. Unfortunately, the government did not take any action to coax the estate management to improve the social amenities in the estates.⁸ With the same justifications the government has also been refusing to absorb all those Tamil schools in the estates as fully-aided government schools. In conclusion it could be said that, unless the government is willing to change its perception of the Indian economic backwardness and formulate some kind of affirmative policy to alleviate the community's economic misery the Indians will remain a marginalised group. This in turn will continue to create a conducive environment for more and more social problems among the youths of the community.

REFERENCES:

- Arasaratnam, S., 1970, *Indians in Malaysia and Singapore*, London: Oxford University Press.
- Ismail Kassim, 1979, *Race, Politics and Moderation: A Study of the Malaysian Electoral Process*, Singapore: Times Book International.
- Malaysia, 1971, *Second Malaysia Plan, 1970-1975*, Kuala Lumpur: Government Printers.
- , 1973, *Mid-Term Review of the Second Malaysia Plan, 1971-1975*, Kuala Lumpur: Government Printers.
- , 1976, *Third Malaysia Plan, 1976-1980*, Kuala Lumpur: Government Printers.
- , 1979, *Mid-Term Review of the Third Malaysia Plan, 1976-1980*, Kuala Lumpur: Government Printers.

⁸ According to one report in 1995, the health facilities provided in some estates were worse than those available in the 50s (*The Star* 25 June 1995). The situation did seem to have improved even in 1999 (see Dr. Krishnan, the past President of Malaysian Medical Association [MMA], in *The Star*, 24 October 1999).

- , 1981, *Fourth Malaysia Plan, 1981–1985*, Kuala Lumpur: Government Printers.
- , 1986, *Fifth Malaysia Plan, 1986–1990*, Kuala Lumpur: Government Printers.
- , 1989, *Mid-Term Review of the Fifth Malaysia Plan, 1986–1990*, Kuala Lumpur: Government Printers.
- , 1991, *Sixth Malaysia Plan, 1991–1995*, Kuala Lumpur: Government Printers.
- , 1991, *The Second Outline Perspective Plan, 1991–2000*, Kuala Lumpur: Government Printers.
- , 1993, *Mid-Term Review of the Sixth Malaysia Plan, 1991–1995*, Kuala Lumpur: Government Printers.
- , 1996, *Seventh Malaysia Plan, 1996–2000*, Kuala Lumpur: Government Printers.
- , 1999, *Mid-Term Review of the Seventh Malaysia Plan, 1996–2000*, Kuala Lumpur: Government Printers.
- , 2001, *Eighth Malaysia Plan 2001–2005*, Kuala Lumpur: Government Printers.
- , 2001, *The Third Outline Perspective Plan, 2001–2010*, Kuala Lumpur: Government Printers.
- Malaysian Indian Congress, 1974, *Dasar Ekonomi Baru dan Malaysian Indians: Rantindak MIC*. Kuala Lumpur, 30 June.
- , 1975, *Kemukakan kepada Jawatankuasa Kabinet tentang pelajaran*. Kuala Lumpur, 28 Januari.
- , 1980, *Declaration and Recommendations, Second Malaysian Indian Economic Seminar*, Kuala Lumpur, 13 July.

K. Anbalakan

Ramachandran, S., 1994, *Indian Plantation Labour in Malaysia*, Kuala Lumpur.

Ramasamy, P., 1999, NEP and the Indians, unpublished manuscript.

Semparuthi, November 1999.

Snodgrass, D.R., 1980, *Inequality and Economic Development in Malaysia*. Kuala Lumpur: Oxford University Press.

Stenson, M.R., 1970, *Industrial Conflict in Malaya: A Prelude to the Communist Revolt of 1948*, London: Oxford University Press.

Tan Chee Khoo, 1984, *Without Fear or Favour*, Singapore: Eastern Universities Press.

The Star, 25 June 1995.

_____, 24 October 1999.