

Oil Palm Development in Malaya

*New Plantations Financed by Bond Issues Open
to Popular Subscription in Moderate Sums*

THERE are impressive preliminaries to the creation of an orderly estate on former jungle land. The felling of trees is in itself a big operation. Then follows what is known as "the burn," when fire is utilized to clear the land for cultivation. And "the burn" is a sight to remember. One that covered an area of a thousand acres took place in Johore recently, and in January another thousand acres will be set ablaze. And on these two thousand acres in due course will be seen flourishing palms, yielding valuable nuts. The estate is that, in the Kluang district in Johore, owned by Oil Palm Plantations, Ltd. Eventually there will on the company's land be 10,000 acres of oil-palm, an acceptable addition to Malaya's economic resources. Already plans are afoot for opening up an additional 2,000 acres, making 4,000 acres in all. And the wonderful thing is the manner in which money has been raised to finance this enterprise. There can be little doubt about the soundness of the oil-palm as a commercial proposition. But like other things it needs capital if it is to be efficiently exploited. And for several years past it has not been easy to raise big sums of money in Malaya. In this instance there were shrewd men who, while believing that they had a "big thing" in hand, hesitated to float a company on the ordinary lines, in such inauspicious times. Failure might have meant abandonment or the indefinite postponement of the whole proposition. Then someone thought of the "small man" with little or no savings, who can yet, given suitable inducement, raise a few dollars a month. Here is a really enormous sum of idle capital, customarily frittered away—for it is so difficult to put in the bank a mere few dollars at a time, when there are so many little ways of spending the money.

That "someone" remembered that in other countries bond issues are successfully made for industrial undertakings, being especially devised for the humble wage-earner who cannot find substantial sums with which to buy shares. Why not try this method in Malaya? No sooner said

than done. The results were beyond all expectation. An issue was made of 6,000 bonds of \$160 each, on the \$10 down, \$10 second payment, and thereafter \$5 a month basis—a total of \$960,000 to cover the development of 2,000 acres. A great deal of difficulty was anticipated in selling the bonds, because of the novelty of oil-palm cultivation in this country, and of raising capital by such means, and, quite properly, most people are very cautious about novelties. Yet within a few months the whole issue had been completed. All but a million dollars from "small" people during a time of trade depression. That is a real achievement, and it was made possible in several ways. First there was extensive advertising, and an able writer was set to work to explain all about the venture in a series of brief articles. The secretaries and territorial agents of the company freely distributed literature confirming and enlarging upon the information given in these articles, and readily answered any questions that potential bond-buyers put to them. There was no attempt to conceal from investors the necessity of waiting for several years, until the trees reached maturity before any return on the bonds could be looked for. And behind this campaign was the assurance given by the appointment of trustees (a responsible organization like the British Malaya Trustee and Executor Co., Ltd.) to protect the interests of bondholders and ensure the fulfillment of all obligations by Oil Palm Plantations, Ltd.

It was soon seen that the bond issue was going to be a success, and without delay activities were launched. A nursery for specially selected seedlings was started. The felling and the "burn" over, lining and holing are now being undertaken, and the seedlings planted where they will grow to maturity. This work is already in progress on the first thousand acres and will begin with the New Year on the second thousand acres, the seedlings for which will be sixteen months old—so much time saved on the way to production stage.

—*The Malaya Tribune.*