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DEVELOPMENT OF TEA PLANTATIONS IN KERALA:
A HISTORICAL PERSPECTIVE

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Introduction

Though plantation agriculture is generally considered as one of the chief means by which various underdeveloped countries have been brought to the 'tributaries' of modern world economy ^{1/} it is very often ignored in the rapidly expanding literature on underdeveloped agriculture. The overwhelming concern has been with 'peasant' or 'traditional' or subsistence agriculture. To a large extent, this neglect has been a result of the view that plantation agriculture, is efficient and modern and that large scale plantation units make economies of operation by the use of labour saving machinery. ^{2/} Historically plantation agriculture was an instrument of modernisation in the sense that it served to open up previously underdeveloped regions and created social overhead capital and monetised primitive economies. It is also true that plantation system of agriculture has inherent features of underdevelopment.

In most developing countries plantation production is still characterised by monoculture which is undertaken mainly for export, but in some countries like India, domestic market has been steadily expanding overtime. ^{3/} Two other features of plantation production, viz., (a) foreign ownership and (b) a relatively high degree of vertical integration, even of self sufficiency ^{4/} also are to be mentioned in this context.

To understand systematically the dimensions of the plantation system, it is necessary to review briefly its historical development. Plantation agriculture was generally the outgrowth of the colonisation of tropical areas by the European countries.^{5/} A striking case is that of Asian tea industry, developed during the early part of the nineteenth century. The opening up of tea plantations in the tropical regions of Asia brought about the integration of these areas into the periphery of the western economic system. "Capital's inexorable hunger for raw-materials and markets made this development necessary, not the adventurer's desire to unravel the mysteries of east", as it has been put elsewhere.^{6/}

Within the larger context of Asian tea industry, a specific historical case study is attempted here on the political economy of development of tea plantations in Kerala region (S.India) since its inception to the early post-independence period. Some of the major factors which prompted and enhanced tea production in Kerala, like the failure of coffee, low wages paid on the estates, attractive prices, favourable agro-climatic conditions, etc. are discussed in some detail in this paper. In a subsequent section the various structural changes that took place within the industry between 1850 and 1955 are analysed. The concluding part summarises the consequences of these changes on the growth prospects of the industry.

Section I

Tea in Kerala

The English East India Company which had a virtual monopoly of British overseas trade with China and India ^{1/} and carried out a profitable trade in Chinese tea, was forced under various circumstances ^{2/} to develop an alternate tea growing area in Assam and North Bengal, in 1830's. Slightly later there was a shift to Southern India. The first phase of the development of South Indian tea industry was confined to Nilgiris. Later Chinese tea seeds seems to have been planted in Kerala on a commercial scale in early 1850's. After an initial period of slow growth, there was rapid development of tea planting in Kerala. For this, there were various reasons.

The early history of plantations in Kerala, which started with the conversion of Cardamom into plantation type agricultural practices, along with Coffee and then moved into Tea and Rubber is indeed very interesting. Soon after the discovery of indigenous tea plants in Assam in 1823, a few tea plants were sent in 1835 from Calcutta to the Nilgiris, Coorg, Mysore and Madras. From a set of China seed strains imported under the aegis of the Government, Peermade in Travancore State received a consignment.

One of the earliest efforts at tea planting in Travancore was by one Mr. Huxham who cultivated tea on an elevation of 700-1000 ft. above sea level on the Quilon-Coutallam road in 1841. By around 1847 Huxham was distributing plants from his experimental garden.

General Cullen who was British Resident in Travancore (1840-1860) is credited with the discovery of Cardamom Hills in eastern parts of the State as a region suitable for tea cultivation. The Governments' effort at experimental tea cultivation in Peermade around 1864 seems to have failed. There was also the problem of lack of expert hands for curing. The first commercial plantation in tea was apparently made by Mr.F.M.Parker at an estate called Penhurst, in an area of 25 acres. In 1882, another estate called Fairfield was also planted with tea in parts of its area. This was followed soon by one Mr.G.L.Ackworth who planted Assam tea for the first time in estates like Aranakad, Deepdewa(?)etc. By this time sale of tea plants had become profitable too. Soon after the Kannan Devan Mill Produce Co., which became the single largest producer of tea in Kerala, entered to scene. By 1900, Kannan Devan alone had 19 estates in tea.^{9/}

Failure of Coffee

One of the immediate causes for the rapid expansion of tea cultivation in Kerala was the decline of coffee industry and the introduction of tea as a substitute crop. Many of the English planters and subsequent companies who developed tea plantations in Kerala were first engaged in coffee trading and cultivation.^{10/} The widespread coffee leaf disease of 1870's simultaneously affected South Indian and Sri Lankan coffee plantations.^{11/} The effect was such that many coffee planters turned to tea cultivation after trying, with very little success, cinchona. (See table 1).

Table 1

Growth in the area under Tea Cultivation in South India, by provinces and states (1885-1914)

(Area in Acres)

Year/ ^s tates & Provinces	Madras	Travancore & Cochin
1885-1889	5,598	3,352
1890-1894	5,385	7,186
1895-1899	7,016	15,682
1900-1904	7,263	24,931
1905-1909	12,004	26,998
1910-1914	23,266	34,555

Source: Department of Commercial Intelligence and Statistics, India, Indian Tea Statistics (1930), ESI, Central Publication Branch, Calcutta, 1932, pp. 16-19.

Coupled with this calamity, there seems to have been a depression in prices of coffee during the ten years from 1879-1888. ¹¹This was another reason that discouraged coffee planting and led to the abandonment of coffee cultivation in many parts of Kerala and Sri Lanka. It is pointed out that the main factor behind the depression in coffee prices was the emergence of comparatively cheaper Brazilian coffee in the world market and Brazil occupying the prominent position in the market.^{12/}

The severe problem faced by Planters of Coffee due to consistent failure of the crop is reflected in their correspondence with the Government of Travancore,^{13/} in late Nineteenth century. One particular communication states specifically that, "if another such disastrous year occurs the abandonment of ^{the} states will be very general. On the other hand,

Cinchona and Tea as well as one or two other products seem admirably suited to this country, and if H.H's Govt. see fit to give the planters such assistance as taking their worthless land off their hands, I quite hope that Travancore may yet export considerable quantities of these articles".^{14/}

In response to a circular sent out from the Government the following information was supplied by planters associations and individuals, about abandonment of coffee land during 1888, as well as planting efforts with tea and cinchona: (See Table II)

Table II Coffee area abandoned and planted with substitute crops,
Travancore 1888

Name of Estates	Coffee Area abandoned (acres)	Total area (acres)	Area planted with tea or cinchona or cocoa (acres)
Mount Estate, Peermade	Nil	Not available (N.A.)	N.A.
Balmoral Estate, Nagarcoil	272	544	272
Blackrock Estate, Nagarcoil	150	150	N.A.
Olivers Estate, Nagarcoil	50	N.A.	Mixed cropping of Tea and Coffee in area unspecified
Granby Estate, Peermade	40	N.A.	50
S.Baker's Estate, Kottayam	Nil	N.A.	N.A.
D.B.Critshley's Estate, Peermade	A large extent	N.A.	Almost all the abandoned coffee land planted with tea.
Penhurst Estate, Peermade	Nil	N.A.	N.A.
Bora Estate, Ashambo	Some area abandoned	N.A.	the abandoned area being cultivated with tea (?)

Woodlands Estate, Ashambo	Some area abandoned	N.A.	the abandoned area being cultivated with tea (?)
Alfred S. Baker's Estate, Kottayam	4	N.A.	N.A.
Min Malk (?) Estate, Peermade	Nil	N.A.	N.A.
Mount Drnshalk (?) Estate Peermade	Nil	N.A.	N.A.
Wasipidney (?) Estate, Peermade	Nil	N.A.	N.A.
Pleasant Estate, Peermade	40	N.A.	N.A.
Twyford Estate, Peermade	35	N.A.	N.A.
Bridstows Estate, Peermade	30	N.A.	N.A.
Fairfield Estate, Peermade	170	N.A.	N.A.
Stagbrook Estate, Peermade	50	N.A.	N.A.
Eridge (?) Estate, Vilavancode district	429	429	Nil
Nignall (?) Estate Nedumangad District	550*	550	Nil
Glenmary Estate, Peermade	100	N.A.	100**
Corrimony Estate, Ashambo	30	N.A.	N.A.
Glenmore Estate, Ashambo	35	N.A.	N.A.
Seafield Estate, Ashambo	10	N.A.	N.A.
Balamore Estate, Ashambo	160	N.A.	N.A.
Total	2155	-	-

* Is described as "not regularly worked, but occasionally receive a partial weeding".

** Edward Hurley the then Manager of the estate states the intention to plant with tea this 100 acres during the course of the year, i.e. 1888.

Sources:

- (a) "Letter dated 26th May 1888, Peermade, Fr. O.I. Maltby to the Dewan of Travancore",
- (b) "Letter dated 26th May 1888, Nagercoil, Fr. John Cox to the Dewan of Travancore",
- (c) "Letter dated 29th May 1888, Peermade, Fr. Burrows to the Dewan of Travancore",

- (d) "Letter dated 30th May 1888, Kottayam, Fr.S.Baker to the Dewan of Travancore",
- (e) "Letter dated 1st June 1888, Peermade, Fr.D.B.Critsheloy to the Dewan of Travancore",
- (f) "Letter dated 1st June 1888, Peermade, Fr.F.M.Parker to the Dewan of Travancore",
- (g) "Letter dated 2nd June 1888, Ashambo, Fr.William Fitzgerald to the Dewan of Travancore",
- (h) "Letter dated 4th of June 1888, Kottayam, Fr.Alfred S Baker to the Dewan of Travancore".
- (i) "Letter dated 4th of June, 1888, Peermade, Fr.S.M. Wighton, to the Dewan of Travancore".
- (j) "Letter dated 4th of June 1888, Peermade, Fr.H.W.Baker, to the Dewan of Travancore".
- (k) "Letter dated 5th of June, 1888, Kottayam, Fr.T.F.Boudallon, to the Dewan of Travancore",
- (l) "Letter dated 11th of June 1888, Peermade, Fr.Edward Hurley to the Dewan of Travancore", and
- (m) "Letter dated 13th of June 1888, Ashambo, Fr.J.Fraser to the Dewan of Travancore", all from CSF No.1797 - Coffee Estates abandonment of estates wholly or partially and the issue of a Proclamation Report, the levying of a tax on abandoned coffee lands - 1888 to 1891, GAD (E) Rs. Govt. Secretariat, Trivandrum.

Reflecting the position of planters is the quote from a "letter dated 16th of June, 1888, Quilon, from E.J.Chisholin, Hon.Sec., Travancore Planters Association to the Dewan of Travancore", (Taken from CSF No.1797) given below: "..... I do not think that any of the land owners on the Hills have 'abandoned' their holding in the literal sense of the word, there are many portions on nearly every Estate which for one reason or another have been left uncultivated, such as to poverty of soil, aspect or failure of coffee, and there are some Estates on the Hills on which, cultivation has been altogether suspended for some time, to such in both instances the term 'abandoned' is applied but I do not think that

owners would wish to be relieved of their title to such. These lands have been purchased at a high figure from Govt. and may prove suitable for cultivation of some new product hereafter. Tea is making rapid strides on the Hills, but requires care and nursing of Govt. such nursing as coffee in its (infant) days received which brought it so rapidly to the front. The required help I feel will not be withheld and I hope that a few years hence will find nearly all Estates on which cultivation has for a time been suspended, opened out, as Tea Gardens, giving good returns to the country and their owners".

Tea gradually made entry into most of the older estates which had abandoned Coffee and also among new plantations. As a result by around 1895, a large number of estates are found in Travancore, having Tea as the single or the principal crop.^{15/} Moreover by around 1893, Tea had marginal superiority in value and definite superiority in quantity, over Coffee, as an export item of Travancore. (See Table III)

TABLE III : STATEMENT SHOWING THE EXPORT OF COFFEE AND TEA DURING 1893

CUSTOMS	COFFEE						TEA						REMARKS	
	QUANTITY		VALUE			DUTY	QUANTITY		VALUE					
	cwts.	lbs	Rs.	as	p		Rs.	as	ps	cwts	lbs	Rs.		as
Alleppey	1,335	91	26,716	4	"	1,335	13	"	4,307	28	27,995	5	2	<u>Tariff valuation</u> Rs. as Pealed coffee per cwt 20 - " Parchment coffee " 16 -1 Cherry coffee " " 10 -12 No duty on tea. The approximate value per cwt is Rs.65
Quilon	9,20	13½	18,402	8	"	920	2	"	2,585	7	16,802	3	6	
Ar ecooeey	2,85	77	5,719	8	4	285	15	7	3,42	35	22,245	7	8	
Ariencavoo	26	87½	5,35	10		26	12	6	2,115	28	13,747	2	1	
Aramboly	1,58	31½	3,166	"	"	158	4	9	1,169	14	75,936	4	9	
Cundanad	7	24½	1,44	6	"	7	3	6	"	"	"	"	"	
Edappally	1	"	20	"	"	1	"	"	"	"	"	"	"	
Verapulay	46	7	9,21	4	"	46	1	"	"	"	"	"	"	
Mamalay	3	31½	63	14	8	3	4	6	"	"	"	"	"	
Poothenchiyu	2	14	42	8	"	2	2	"	"	"	"	"	"	
Vellicall	2	56	50	"	"	2	8	"	"	"	"	"	"	

12. Poomaculam	1	56	21	5	4	1	2	4	"	"	"	"	"
13. Goodaloor	4,08	"	6141	4	3	3,07	1	4	"	"	"	"	"
14. Nadacani	6	42	127	8	"	6	6	"	"	"	"	"	"
15. Mahaudonji	1,83	77	3,673	12	"	183	11	"	"	"	"	"	"
16. Anchencoil	23	12 $\frac{1}{4}$	4,02	8	"	20	2	"	"	"	"	"	"
17. Culathoopullay	1	38 $\frac{1}{2}$	16	7	"	"	13	4	"	"	"	"	"
18. Alavakara	"	14	2	"	2	"	1	8	"	"	"	"	"
19. Udayamperoor	1	7	21	6	"	1	1	"	"	"	"	"	"
	3,414	8 $\frac{1}{4}$	66,188	1	9	3,309	9	6	10,519	"	68,3686	7	2

Note: at 5. p.c.

(Source: Huzoor Court, Trivandrum, 25th June, 1894, in CSF No.1779: Coffee and Tea Cultivation in Travancore Papers Re:, GAD(E)Rs, Govt. Sect., Trivandrum

Comparative Cheapness and Availability of Labour

Though decline of Coffee was the immediate cause for the shift to tea, there were also other factors to be taken into account. For instance is the case of labour and wages. The most important characteristic of tea plantation labour in Kerala is that the major portion of it was immigrant. The pioneers who had to import artisans as well as unskilled labourers from distant villages themselves, had to face the problems of recruitment of labourers.

During the coffee era, the labour requirements for the coffee gardens in Travancore were only partially met by the local labour. Even after the abolition of slavery in Travancore by the middle of the Nineteenth century, it was difficult to get enough labourers from Travancore for the estates, primarily because forms of bondage still existed in most areas. The reasons for the reluctance of labourers from Travancore to work in plantations were also associated with their awareness of low wages, inhospitable conditions and cruel treatment in the plantations. On the other hand there was also the hold of the traditional economy which remained, particularly paddy agriculture, which was very labour intensive with labour inputs the year round. ^{16/} Consequently the planters had to recruit Tamil labourers from districts like Trichinapoly, Salem etc.

During the period of opening up of tea plantations in Kerala, the agricultural population comprised of two broad categories: land owners and tenants with different degrees of rights over land on the one hand, and agrestic slaves belonging to the scheduled castes forming the lower strata of the agrarian society on the other. The system of agrestic

slavery which evolved in the three regions of Kerala fitted very well with the traditional labour intensive technology of rice cultivation and institutionalised in the framework of caste society, deprived the slave castes of their social, occupational and geographical mobility. Although the socio-economic developments of the Nineteenth century resulted in the decline of agrestic slavery as an organised institution in Kerala it has changed only in form rather than in content, as it evolved into attached labour systems. The various tenancy reforms in the different regions of Kerala and consequent growth of commercial cultivation and the gradual transition from traditional towards the capital intensive type of agriculture led to the rise of casual labour system within agriculture. It was only from the second quarter of the present century that the development of wage labour took place on an increasing *(scale?)*

The immigrant labour enabled the planters to set up their 'enclaves' in splendid isolation. One of the peculiar features of the immigrant labour was that they were forced to live in the plantations away from the rest of the population and as a result, they were practically resident captive labour. This captive labour was regimented to suit the cycles of operation in the tea plantations. Employment of indentured labour ensured that the workers will work on whatever wage was given to them. 17/

Isolation and almost complete absence of legal protection had placed the labour in a position of total dependence. Consequently, the labour had little chance of migrating elsewhere for better wages. The planters' enjoyed full protection from the Government; as it was the case elsewhere in India. For instance, the Work men's Breach of Contract Act 1859, had provisions stipulating that the workers had to sign a contract agreeing to work in the tea gardens for a specific period of time. This rendered the labourer liable for prosecution for any breach

of contract but gave him no protection against employers and laid down no condition with regard to the arrangements of his transit to the tea districts.^{18/}

The social structure arising out of this peculiar situation was quite rigid with a chain of command which was undisputed. The structure was roughly four-tiered with owners at the top, managers or skilled supervisors directing production in the middle, the Kanganias who doubled up as supervisors (till a latter date) in addition to the function of procurers, and the unskilled workers at the bottom.

The South Indian tea plantations as a whole depended on immigrant labour and as early as 1865, four-fifths of the workers on estates in Nilgiris came from Mysore.^{19/} What induced people to move on to the plantations was the periodic famine conditions in various years.^{20/} But after famine conditions of 1876-78 a period of boom in Mysore discouraged labourers seeking work on estates and even led to such a shortage of labour in Mysore itself which led to attempts at recruiting labour from British India. This situation led the British planters to cast their nets wide in the famine-hit, densely populated Tamil districts of Salem, Madurai, Ramnad, Tinnevely, Trichnapoly and Coimbatore.^{21/} In the Nilgiris and Wynad (in Malabar) certain hill tribes such as Kurumans Kurumbas and Panias were available as sources of local labour.^{22/} The labour employed in the large tea districts of Central Travancore, Kannan Devans, Anamallai and South-East Nilgiris was mainly from Coimbatore Madurai and Salem.^{23/} The Mysore planting districts drew a greater part of their labour from South Kanara. Table IV summarises the labour recruiting position in South India during 1896.

Table IV: Labour Recruiting Position in South India during 1896

(in percentage)

Region	Local Labour*	Labour imported from British India	Labour imported from Mysore
Wynad	20	54	26
Nilgiris	17.5	44.5	38
Madurai	56	14	-
Tirunelveli	30	20	-
Coorg	20	53	27
Mysore	37.5	62.5	-
Travancore	20	60	20
Cochin	4	96	-

*Local labour refers to labour from adjacent areas surrounding plantations.

Source: South Indian Planters' Inquiry Committee Report, 1896, cited in Percival Griffiths, The History of Indian Tea Industry, London, 1967, p.400.

The requirement of tea plantation was for a large mass of captive labour since tea plucking is done almost the year round. To this there was competition from the demand for Tamil labourers from Sri Lanka and Malaya; and it was pointed out that in 1891 that about 253,000 Tamil labourers were working in Sri Lanka's Plantations.^{24/} Therefore, the pioneers had to go personally to the villages and collect gangs for the estate work. Gradually, a class of professional recruiters (Kanganies) came into being who were mainly concerned with their commission regardless of whether the labour was suitable or not. In most instance, the Kanganies brought in workers from their own localities who were by birth subordinates to the Kanganies. This servility was institutionalised by directly transplanting to caste order of the South Indian villages in to the estates to the advantage of the planters and plantation companies.

Kanganies used to receive upto Rs.150/- advance for acquiring a couple for plantation work. For plucking a wage of 3 pisa per pound was being paid to the labourers. It has been calculated that plantation labour used to get around Rs.5 to 7 per month around the last quarter of the Nineteenth century, when teachers in Mission Schools were getting only Rs.5 to 10. This argument and comparison do not hold good when all the other "costs" of working in plantations are brought into the calculation. For instance this was a period of high mortality among labourers in the High Ranges due to Malaria as revealed by the fact that the cost of the Periyar dam built in 1890s was hiked by around 50 percent due to the heavy casualty among labourers.^{25/} The difficulties that the labourers had to face is evident from the scarcity of labour supply; particularly from the Travancore plains the estates. There was instances of estates being abandoned due to shortage of labour. Till a labour department was organized under the Planters Association of South India (UPASI) in 1914, to streamline the supply of labourers, the Kanganies and writers of various estates continued to be the main suppliers of labour. By 1915, wage rate in estates was fixed at 6 annas, on the basis of a labour contract of 10 months. In the periods of scarcity of labour there was instances of poaching of labour or "crimping" as it was popularly know.^{26/} Though inspite of such demand for labour there was no perceptible increase in wages paid to them. The wage rate remained low even when there was a gradual rise in the level of wages of "Agricultural" labourers in the villages of Travancore (See Table V).

Table V: Daily Wages of Agricultural Labourers, Travancore

<u>Taluk</u>	<u>1860-85</u>		<u>1885-90</u>		<u>1890-95</u>	
	As	Ps	As	Ps	As	Ps
Vaikom	2	8	3	5	4	0
Ettumanoor	2	8	3	6	4	6
Kottayam	2	0	2	10	3	6
Changanacherry	2	0	2	10	3	0
Meenachil	2	3	3	0	4	0

(Source: A.Sreedhara Menon: (ed): Kerala District Gazetteers: Kottayam, Govt.Press, Trivandrum, 1975, p.287-288).

With the abolition of slavery in Travancore in 1855, there was a gradual rise in the level of wages in the plains. Early in Twentieth century the wages for reaping one para of paddy of wet land in Travancore varied from 10½ to 12 edangazhies of paddy. For transplanting the wages were 2 to 4 chakrams per day; (the conversion was 1 Anna = 6 pias = 1 chakram and 12 cash; and 16 cash = 1 Chukram). For minowing paddy the rate was 1 edangazhie and for pounding it into rice, 2 nazhies for every para. These items of work were done by females. Ordinary day labourers got 4 to 6 chakrams per day in the rural areas and 7 to 9 chakrams in towns. The wages of a mason varied from 6 annas to 1 Rupee in rural areas and 8 annas to 1¼ rupees in towns. Similarly a carpenter got 8 annas to 2 Rupees in towns and 4 annas to 12 annas in villages. 27/

The planters managed to give low wages particularly because within the new system of import-export trade, that developed in the Kerala region rice could be imported freely and with that cheap food could

be provided, keeping the wages paid in the sector low.^{29/} There was weekly supply of rice at subsidized rates in addition to the payment of 6 to 8 annas as Chellaru cash.^{29/}

On the whole it becomes evident that comparatively low wages was the rule rather than the exception in plantations in general in Kerala in the early years of growth of tea cultivation. Though the money wage rate reported to have been paid in estates look more than what was available to the agricultural labour in the plains of Travancore, it never was so high as to attract the plains labour over to the estates. On the other hand it did attract (at times even physically persuaded) labourers from the famine and drought infested districts of Madras Presidency, thereby creating an adequate labour supply for the growth of tea plantations.

Favourable Prices

Together with these, was the inducement provided by favourable prices for tea in the London Market in the beginning of plantation industry in Kerala. Tea which is fetched 1 to 2 shilling per pound (lb) in 1865, steadily increased in its price till around 1882.^{30/} The opening of Suez canal in 1863 which cut short the time and effort of transporting and the increasing demand emanating for tea from the working class of England are the factors normally put forward for explaining this. From around 1882 to 1905 there was a decline in prices of tea as part of the worldwide depression. This period is marked by a lower rate of increase in per capita consumption of tea in England.

This was also the period of tea plantations opening up in Kerala. Even at the reduced prices tea was still attractive to the planters over here, who had lost out on coffee, because of the difference between the selling

price which was calculated to be around 1 shilling 3 pence per pound and the average cost of production which was calculated to be around 6 pence per pound. Moreover this was also a period of the rupee depreciating viz a vis pound sterling, thus cushioning the impact of the decline in prices. The value of the Rupee increased from 2 Shilling in 1870 to 2 Shilling 4 pence in 1891 but eventually fell and got pegged at 1 Shilling and 4 pence in 1898.^{31/} By around 1905 the situation changed for the better, thus sustaining the plantation efforts in Kerala.

Agro-climatic Conditions

One of the major deciding factors in favour of tea cultivation in Kerala was the agreeable agro-climatic conditions. Tea is supposed to require a minimum rainfall of within the range of 1150-1400 mm per annum. Tea is supposed to be growing best in areas where high rainfall is associated with bright sunshine also. Moreover a temperature upto 35°C is found to be agreeable for tea cultivation. Another factor for smooth tea growing is that the soil must be free-draining since tea is adversely affected by a high water table whether stable or fluctuating.^{32/} The Central Travancore Range of Hills (including Munnar) with an elevation of around 2500 feet to 6000 feet above sea level and with adequate rainfall was found to be ideal type of area for tea cultivation.

For against an appropriate elevation for tea growing within the range of 914 m; to 1525 m, the highlands of Kottayam district had an elevation of between 304.79 m to 2439.40 m above sea level.^{33/} This area also had light friable soil of good depth through which water percolates freely, allowing on the whole for planting around 3000 plants per an acre. The essential differences between agro-climatic and soil

conditions in the Malabar region and Travancore region also might have played a role in determining the relative differences in average under tea in both the regions, having had considerably more acreage under tea in Travancore than in Malabar.

Commercial and Administrative Reforms

Malabar district as along with the other two constituent units of Kerala had the development of plantations to a considerable extent. The reasons for this may lie in the overall development of commercial laws abetted by a set of administrative reforms, setting the stage for effective exploitation of resources available in the region.

Though Kerala's experience in this regard cannot be claimed to be unique, the speedy introduction of some of such rules in this region may be mentioned. The Companies Act was introduced in this region as early as 1862, helping the concentration of capital and the establishment of large undertakings. This had important implications for the future development of tea cultivation and trade. Similarly the British Indian Currency was made legal tender in Travancore in early 1860's followed by the establishment of a branch of Bank of Madras in Cochin in 1862.^{34/}

The commercial laws of the region were also reformed in the course of the nineteenth century, under the persuasion of the paramount power, in such a way as to make this region also fit in with the general pattern of economic activity elsewhere in the British administered areas. Malabar, since it was a part of British India had such rules and regulation earlier ^{35/} than Cochin and Travancore, which also followed suit through a

series of agreements signed with the Madras Government during 1858 and 1925.^{36/} As a result of these agreements Government monopolies in the trade of several items and numerous traditional taxes and tolls were eliminated; custom rates and tariffs were made uniform through out the region and in conformity with prevailing rates in the British India, and port facilities were considerably expanded and modernized. This resulted in due course in an expanding export-import trade and the growth of institutions serving such a trade.^{37/} This also resulted in a situation wherein any amount of rice - the staple foodgrain of the region - could be imported to meet the internal requirement and therefore leave more land for commercial cultivation.^{38/}

Together with these reforms were the general administrative reforms which helped the creation of pre-conditions for the growth of a commercial economy. Another important factor which helped the growth of plantations was the development of transport and communication facilities, linking up the producers of plantation crops with port towns and through them to larger markets every where. The second half of the nineteenth century was a period of extensive growth in transport and communication facilities in Cochin and Travancore; and compared to these two regions; lesser development in Malabar.^{39/} Within this general pattern of development proportionately more development of transport and communication facilities occurred in the plantation areas, with the active cooperation and investment from the planters themselves.^{40/}

Land Tenure

Evolution of land tenures in Kerala had different histories in different constituent regions, due to historical reasons; resulting to a large extent in differences in patterns of agricultural growth.^{41/} On the whole, land tenures evolved in Travancore and Cochin, the two princely states, in such a way as to cause land relations to be poised for dynamic agricultural development. On the other hand, Malabar, a district of the old Madras presidency directly ruled by the British, lagged behind.^{42/}

Particularly in Travancore, as a result of tenurial reforms, commercial agriculture, developed more and there was a growing reinvestment of surplus and profits made in the market for land and in the commodity market. Together these changes instilled a rare dynamism in agriculture which given the development of market for agricultural commodities - helped the extension of area under cultivation, particularly of cash or commercial crops. (See Table VI)^{43/}

Table VI: Total area under cash crops expressed as a percentage of Total Cropped Area in the three regions of Kerala

Year	Travancore		Cochin		Malabar	
	Total cropped Area (000 acres)	Percentage share of cash crops	Total cropped areas (000 acres)	Percentage share of cash crops	Total cropped area (000 acres)	Percentage share of cash crops
1910-11	1527	39	478	18	1387	32
1920-21	1952	46	522	20	1678	34
1930-31	2108	45	557	26	1759	34
1940-41	2374	42	559	28	1816	37
1945-46	2346	46	601	25	1817	40

Source: Indian Agricultural Statistics, Government of India, various years.

In Travancore leases for plantations were issued by the State Forest Department and the Land Revenue Department. The salient features of the forms of lease in respect of the forest lands was as follows: For eight years the lesser had to pay 8 annas per acre per annum and from the commencement of the ninth year the rate of payment increases to Rs.1.50 per acre per annum, and from the twelfth year it again increases to Rs.2 per annum.^{44/} The charges were to be paid on the whole land regardless of the planted acreage or yield therefrom. Making use of such apparently favourable circumstances, the Kannan Devan Hills Produces Company, the largest plantation company operating in the State acquired over 100,000 acres of land for occupation; of which only 39,000 acres was developed. For this they had to pay annually only slightly over Rs.30,000. This would have worked out to the very low figure of 5 annas or 31 paise per acre. The remaining area out of 215 sq.miles leased out to the Company was not assessed at all.^{45/}

In Cochin also most of the plantations came up on Government land, particularly in the Nelliampathy area. The favourable conditions for leasing or purchasing land, among other things, helped the development of 1700 acres of Tea, 2000 acres of Coffee and 6800 acres of Rubber in the State by around 1949-50. Apart from the favourable conditions of leasing or purchasing land, the expenses incurred by planters in the form of land tax also remained very low in both Cochin and Travancore, as compared to the profit margins that could be acquired. For instance in Cochin, the land tax was fixed at Re 1/- per acre for Tea and Coffee plantations and Rs. 2/- for Rubber and Rs. 3/- for Cardamom plantations.^{46/} Similarly in the Madras Presidency under which came the district of Malabar, the rent was after an initial period fixed at Re 1/- per acre. Except for general provisions like reservation of claim for mines, tusks and bones of elephants and other wild animals no other special conditions were imposed.^{47/}

Such low up set prices for land created speculation on the land allotted for coffee and tea plantations; leading the Government of Travancore at one time to consider raising the amount from Re. 1/- to Rs. 10/-. In a letter to the British Resident, the then Dewan said the following about what occurred in Coffee estates prior to the development of tea, from information which I am in possession of and from my knowledge of what actually took place behind the scenes on the last sale of Coffee lands, I have no hesitation in saying that there is every possibility of, and facility and inducement for a combination among the bidders to keep down the price The cost of bringing to maturity an acre of Coffee is about Rs. 200. The proposed upset price of Rs. 10/- is only $\frac{1}{20}$ th of it and none but men of capital can possibly embark on it It is a fact that forest

lands bought at the upset price of 1 Re. per acre have been sold between planter and planter for as much as Rs.15 per acre last year, and that offers of Rs.25 or 30 per acre have been refused in some cases. So there is no ground whether for supposing that the increase of the upset prices will be a hardship." ^{48/} "In spite of such arguments from the Dewan the British Resident seems to have discouraged the price rise ^{49/} and instead advised that " I believe the only really antidote to combination amongst bidders at the Govt. sales of land is to give notice of the proposed sales far and wide - with fuller particulars of the lots, their situation, advantages etc. etc. so that the public may be able to form some idea of what is really exposed for sale and to have the sales at an important Centre so that bidders may be likely to attend in considerable numbers and be drawn from other classes than the planters of a particular locality." ^{50/}

Within these favourable circumstances there was yet another factor too operating in favour of British planters. They could forward their applications for land in the Travancore High Ranges through the British Resident unlike the Indians who had to apply straight to the Dewan and in later years to the Chief Secretary. The Britishers could forward their application through the Resident to their advantage. As a result a considerable area of land which was climatically and topographically suitable for tea plantations seems to have been acquired by the early British planters. ^{51/}

What we find in the review given above is that these various factors together played a decisive role in favour of the development of the plantation in Kerala.

Section IIStructure of plantation ownership: Changing Dimensions

Initially, the principal form of ownership was proprietary and the British missionaries, the civil servants, merchants and retired army officers constituted the majority among the pioneers. Investments in Coffee was small since its requirements were also relatively small. This was because the labour was cheap and the coffee plant required relatively little care during the initial gestation period. Demand for labour was high only seasonally for harvesting and the necessary roads were built with considerable government help. Most of these investments came from personal or family savings in the case of missionaries (like the Baker family)^{52/} and army officers; and from surplus from trade in the case of merchants. But the case of Tea was different, wherein economies of scale operated in both cultivation and processing, and required frequent cultivation and constant plucking. Therefore the requirement for investment funds was also high. Since there was practically no indigenous effort in plantations, for good reasons, the opening up of forests was left to Europeans for many years. However, the ownership by the proprietary planters lasted only for one generation. The early demise of proprietary concerns and the growth of corporate capital were due to various factors. Among them were the following:

- (i) Since the latter part of the nineteenth century, large amount of working capital was necessary to pay wages and advances and as a result, the individual planters had to depend on financial intermediaries for advances.
- (ii) The competition from new tea growing regions induced technological changes to keep costs down. This involved the substitution of capital for labour both at the factory and field level which was in short supply.

- (iii) Finally, the individual planters were not able to withstand the recurrent fluctuations in the price of tea in the world market. ^{53/}

From the nineties of the last century onwards, though proprietary concerns still continued to dominate Joint Stock Companies also started appearing in Peermade Vandiperiyar area, changing the organisational structure of the industry. This process accelerated the shift towards better financial resources and more stable and eventually professional management of plantation enterprises. Many of those who planted with their own resources with unlimited liability had failed and disappeared in the early years. In spite of weak financial position some of the earlier proprietors still struggled to stay on in Tea, by mortgaging or selling parts of their holdings. Though they succeeded in postponing the take over by Companies for a period, finally most of them had to accept company control. For instance the estate of Newland which had around 278 acres planted in 1875 by one Mr. Sargent White was forced to sell shares in it along with neighbouring estates of Bon Ami (of 408 acres planted in 1877 by one Mr. Watts Naikens), in 1882 to M/s. Eagen and Imray. They in turn sold the shares almost immediately to one Mr. James Darragh. Darragh managed to get the whole shares in both lots by 1889 which were sold to Travancore Tea Company in 1897. The Travancore Tea Company was registered in that year with an authorised capital of 150,000. Thus did companies make their presence felt in tea plantation sector.

The Role of Merchant Capital

Merchant capital entered into the Kerala tea plantations at a time when the individual planters were not able to cope up with the

organisational and financial requirements of a changing world economic order. The Coast Firms in Kerala that increasingly entered into the plantations were already engaged in the trading of coffee, pepper and copra. In the new set up, the pioneer planters had to depend on a gamut of arrangements, interalia; bankers, shippers and suppliers of general stores etc. This opened up possibilities of joint stock companies entering the field of plantations. For instance, James Darragh, a west coast copra merchant started buying tea estates in Vandiperiyar and Peermade by helping ailing tea planters as we have already seen.^{54/} Later Darragh Smails and Company became very prominent in the tea industry of Kerala.

But apart from financing others, some firms were among the earliest to develop coffee and later tea on their own. These developments had the effect of waking up old established firms on the coast to take up a direct interest in the planting side of the business. Gradually, many rupee companies^{55/} were formed with Peirce Leslie & Co., Aspinwall & Co., Matherson & Co., and Darragh Smail & Co. leading the movement. This tendency increased greatly with the First World War; when many planting properties changed hands and large amalgamations were the order of the day.

Role of the Managing Agencies

The institution called the managing agency became active in Kerala during the coffee era to provide various services to the plantation owners, viz., the processing and storage of coffee, sales arrangements, shipping, insurance and the procurement of estate supplies etc. When the tea cultivation was expanded after the coffee disaster, the managing agencies turned their attention to the tea plantations. Towards the end of the Nineteenth century the British Managing agencies expanded their activities which included supply of tools

and implements, manure etc budgetary control, and cultivation and manufacturing advice, and also acted as shipping and Sales Agents for the produce and as secretaries and Attorneys etc. on behalf of the board of directors.^{56/} For these services, they were paid a commission on the net profits ranging from 5 to 12.5 percent in addition to a fixed amount every month for office and other expenses.^{57/} Under the managing agencies, many of the small companies began to be consolidated. The managing agencies in the company form, fulfilled in tea production about the same functions which it has fulfilled in cotton and jute manufacturing.^{58/}

In the beginning, the typical unit of a tea company took the shape of a sterling company in Britain owning tea plantations in Kerala. The agency houses have also sponsored companies registered in India with rupee capital either to take over some of the sterling companies or to start new ventures of their own (See Table VII).

Table VII.: Tea Plantation Companies in Travancore

Year	No. of Tea companies incorporated and registered in Travancore	No. of Tea companies incorporated and registered outside, but working in Travancore.
1905	3	not known
1915	10	not known
1925	35	16
1935	37	22
1945	87	19

Source: Statistics of Travancore, (Annual publication of the Government of Travancore) various years.

The association of the agency house capital and the managerial experience of the early individual planters provided the main foundation for the growth of corporate capital in the Kerala tea industry. The managing agencies were the real decision making units and the companies were, in fact, their branches. The most prominent names among the British managing agencies involved in the Kerala tea industry were the James Finlay Group, Harrisons and Crosfield, The English Scottish Joint Co-operative Wholesale Society, Peirce Leslie & Co., and the Aspinwall & Co.

Vertical Integrating and Concentration

The erstwhile proprietary concerns and small companies were systematically amalgamated to larger companies controlled by British managing agencies who have international tea interests, into a vertically integrated system of production, distribution and marketing. Many of these firms formerly engaged in the marketing of tea in Britain and Europe got involved in the planting side of the business either because they wanted to gain control over the raw material supplies or because market restrictions on further expansions of processed output limited investment opportunities at the processing level. In either event, they were induced by the prospect of making greater profits in the long run and less variability of profits in the short-run. Later, the inter-industry linkages came into play and stimulated further expansion into related fields in order to make other activities more profitable and to secure inter-industry economies ^{59/}

The history of the growth of the tea interests of Harrisons and Crosfield in Kerala demonstrates this. The Harrisons & Crossfield was started in 1844 in Liverpool with a capital of £ 9,000 to trade in coffee and tea.

In 1854, the company's headquarters was opened in London and in 1899 it made its first purchase of an estate in Sri Lanka and later in Kerala. The opening of company's Quilon branch in 1911 increased its estate agency interests and later it bought the tea interests of Parry & Co., and Peirce Leslie & Co., In the same year the purchase of Cameron and Co., enabled Harrisons & Crossfield to manufacture tea chests. In 1912, the company opened its engineering department in Quilon which was able to supply machinery in the manufacture of tea and rubber. Agencies were also held for the British - India Steam Navigation Company Ltd., the Asiatic Steam Navigation Company Ltd., Atlas Insurance Co.Ltd., and the London Lancashire Fire Insurance Co.Ltd. The growth of the tea interests of James Finlay Group in Kerala also shows almost the similar pattern with regard to the vertical integration.^{60/}

The structure of the Kerala tea industry during the first quarter of the twentieth century had the following characteristics:

- (i) British managing agencies "owned" and managed most of the estates, including almost all the largest ones.
- (ii) Provision of finance by British banks and agency houses.
- (iii) Control of import-export trade by the British and virtually complete reliance on import supplies of capital equipment.
- (iv) Finally, there was a complete reliance on the British markets for the product.

In this vast vertically integrated system, the roles of the producer, banker, insurer, broker, shipper, blender and distributor are inter-related through the device of interlocking directorships. This joint-stock system was rich in resources for accruing a more or less complete identity of the ownership and control which normally in the eyes

law are separate companies. Management by a community is one method for securing a community of interest and the companies remain completely separate. But a small group by the practice of interlocking directorates retained effective control of all of them and combined them in harmony.^{61/} In fact, it was the concentration of production of tea that led to the concentration in the related spheres of tea such as brokerage, marketing, shipping and banking by the British companies. Table VIII illustrates the concentration of area under tea by the British companies in Kerala.

Table VIII: Number of Tea Estates and the area under Non-Indian Control in Kerala (1925-50)

Year	Number of Tea Estates under Non-Indian control	Area under Non-Indian control expressed as a percentage of total area under Tea cultivation in Kerala
1925	35	74.75
1940	120	32.84
1950	97	75.39

Source: Calculated from Planting Directory of Southern India, Various Issues, UPASI, Coonoor.

The concentration of marketing ranged from buying concentration in auctions to retail marketing by establishing retail marketing outlets covering wide areas of the world.^{62/} An important feature of tea auctions^{63/} was that a handful of large producers themselves buying the major portion of tea auctioned. This producer-cum seller arrangements through the non-Indian broking concentration had resulted in a

smaller number of retailers. For instance, during 1953 Messers: Brook Bond and Liptons accounted for 94.6 percent of the packet tea consumption in India.^{64/} During 1954-55, almost all tea auctioned in Cochin was handled by two non-Indian brokers^{65/} and even today more than 90 percent of the tea auctioned in Cochin is handled by four broking firms. As pointed out by Prof. Himansu Roy "this concentration of control of production, trade and market in the hands of a few belonging to the same nationality is somewhat unique".^{66/}

The export and import finance of tea were almost completely handled by the British banks. According to an estimate, made in 1956 about 99 percent of the value of non-India tea exports and 88.6 percent of the value of Indian tea exports were financed by British foreign exchange banks. As regards the internal finance also British banks had a clear-cut concentration. These concentrations were natural so long as $\frac{3}{4}$ of the total produce belonged to the non-Indian companies.^{67/} Although their branches^{of British Banks} were not numerous, they were mainly established in large ports and inland trade centres of India. They have been operating in India since the middle of the last century; being an organic part of the whole system of colonial industrial and commercial dominance over the country.^{68/} The British managing agencies were equally interested in forwarding their tea in British ships and paying marine insurance to concerns in which they were having interests. The freight charge amounted to 5.2 percent of the value of tea exports, according to a Reserve Bank of India Survey of 1949.

Accumulation of Profit and Disposal

Unfortunately, the information regarding the accumulation of profits and its disposal during the earlier periods for the Kerala tea

industry is notoriously reticent. The available information since the early forties of this century deals with the Indian tea industry as a whole. One of the earliest estimates regarding the repatriation of profits from the Indian tea industry by the British companies is available for the year 1947 in a study undertaken by the Reserve Bank of India. The study points out that during that year tea plantations were alone responsible for over 27 percent of the total liability payable abroad.^{69/} It amounted to Rs.10.16 crores out of the total amount of Rs.37.63 crores payable abroad. A similar study by the Reserve Bank of India for the year 1953 shows that tea plantations showed very large profits,* amounting to Rs.12.71 crores which was by far the most conspicuous sub-group during the year since it was responsible for more than a third of the total liability payable abroad in respect of business investments.^{70/}

It is interesting to note that the total profits of foreign enterprises in India during the early 1950's are influenced to a large extent by the movements in the profits of the tea industry. The profits* of the foreign controlled tea companies have fluctuated within wide limits during 1954-57, these were Rs.21.5 crores during 1954, Rs.9.5 crores in 1955, Rs.10.7 crores during 1956 and Rs.5.3 crores in 1957. Table IX shows the earned, distributed and retained profits for selected business activities controlled by foreign companies in India during 1956-60.

* Profits after tax

Table IX: Profits of Foreign Controlled Companies (Rs. crores)

Business Activity	1956			1957			1958			1959			1960		
	Earned	Distrib- uted	Retain- ed	Earned	Distrib- uted	Retain- ed	Earned	Distrib- uted	Retain- ed	Earned	Distrib- uted	Retain- ed	Earned	Distrib- uted	Retain- ed
Plantations*	10.7	9.0	1.7	5.3	6.8	-1.5	4.9	6.3	-1.4	5.7	4.8	0.9	6.7	6.4	0.3
Mining	1.2	1.1	0.1	1.9	2.5	1.4	1.2	1.1	0.1	1.2	0.1	1.1	1.4	0.6	0.8
Petroleum	16.6	6.9	9.7	12.5	7.1	5.4	11.0	5.4	5.6	10.8	4.5	6.3	10	3.9	6.1
Manufacturing	12.4	6.8	5.6	10.7	6.9	3.8	12.9	7.8	5.1	16.1	9.0	7.1	17.8	11.5	6.3
Services	5.9	3.6	2.3	4.6	4.3	0.3	5.2	4.8	0.4	4.8	4.7	0.1	5	4.1	0.9

Source: Foreign Investments in India, 1960 and 1961 (Preliminary Trends). Reserve Bank of India
 Bulletin, October 1962, p.1533.

*Plantations mainly include tea.

It is evident from the table that in the case of plantations an addition of Rs.1.7 crores to the reserves of tea companies during 1956 gave place to a withdrawal from the reserves of Rs.1.5 crores during 1957 when the profits declined substantially. Secondly, compared to all other business groups, it was in the plantations that the retained profits were lesser. It should be noted that over a series of years according to the Taxation Enquiry Commission Report tea topped all the 17 industries excluding matches in the matter of net profits after tax in relation to networth between 1946-51.^{71/} It is pointed out that the capital invested by foreign concerns in tea amounted to Rs.63.87 crores (direct investment) and Rs.4.3 crores (equity capital) during the year 1953.^{72/} On the former, the profit was Rs.12.63 crores or 20.1 percent which means that a profit equal to direct investment was made in every five years and it was repatriated.^{73/} In addition to the stock-share dividend and the interest on credit granted, British managing agencies got various commissions and a special remuneration for management. They took a remuneration in addition to the office allowance, commission to staff and interest charges (see table X).

Table X: Commission paid to Managing Agencies

Year	Commission to Managing Agencies as a percentage of Gross profits
1946	9.09
1948	11.74
1950	15.90
1952	13.87

Source: The Plantation Inquiry Commission Report, Part 1, Tea, GOI, New Delhi, 1956, p.324.

Very often, the British companies distributed high dividends and paid dividends out of reserves even during years of heavy losses which led to the depletion of retained profits. It was estimated that a capital of Rs.65.60 crores needed for replanting old bushes planted before 1910 and between 1910-30 had been repatriated or spent on less essential purposes. ^{74/} Tea bush is a wasting asset. Any payment made in terms of profit without making provision for continued conservation is tantamount to consuming capital. Profit was also repatriated through collusive deals in the forward contracts. In 1954, about 44 percent of the total tea auctioned at Cochin was sent to Britain by way of private sales and forward contracts. ^{75/}

Conclusion

To sum up, it is worthwhile to note that the Kerala tea industry had been developed as part of a colonial economy. The high cost structure of a costly managerial staff, high dividends, commission to the managing agents and low reserves were intrinsically inter-related. This structure was maintained with the help of the state in several ways, say, like through grant of enormous surplus land for supplementing income from tea, and collection of an insignificant rate of land tax. This was enhanced by low wages. But since independence non-tea reserve lands are being acquired by the state Governments or their use is being controlled. Moreover, the high-cost structure and repatriation of profits have naturally aroused labour to demand a share of profits. As a result of these developments, the former British companies made a shift to East Africa where opportunities for profit were inviting. ^{76/}

The dividend paid by these companies bore no relation to the profits earned by them which means that they are not interested in increasing

their financial stake in India. The fruits of the investments in the Indian tea plantations have been either repatriated to Britain or for investments in other countries and industries. More specifically, the development potential required for the industry has been considerably reduced. The greatest contradiction from which the Kerala tea industry and the Indian tea industry as a whole suffer is that while certain factors have changed, the foundation of the industry in the sense of foreign interest remain almost unchanged. For instance, the recent indianisation process^{IV} tea plantations based on India - U.K. joint ventures became widely prevalent as a means of business contract and co-operation with Indian capital. The British firms seem to have welcomed this arrangement since it provides a built-in-insurance against political risks. Thus the history of Indian tea industry has entered in to a new phase in which, Britain's superior position in India's tea economy is weak, at least outwardly.

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Notes

- 1/ George L. Beckford, Persistent Poverty: Underdevelopment in Plantation Economies of the Third World, Oxford University Press, New York, 1972, p. 23.
- 2/ V.D. Wiekizer, "The Plantation System in the Development of Tropical Economics", Journal of Farm Economics, February 1958, p.27.
- 3/ Today, it is estimated that around 60 percent of the total tea produced in India is consumed internally and only 40 percent is exported. The annual rate of increase in tea consumption in India has been estimated to be around 5 percent. For details, See, Tea Statistics (1981-82). Tea Board, Calcutta; 1982.
- 4/ The large plantation companies have a vertically integrated system of various operations ranging from production of raw-material, processing of the final output, banking, insurance, shipping and retail marketing.
- 5/ The colonisation process took to two general forms viz., colonies of settlement and colonies of exploitation. The pattern of agriculture that emerged in colonies of settlement was significantly different from those of the colonies of exploitation. The plantation agriculture was found to be the best institution suited to the requirements of colonising nations in such countries. See Lloyd Best: "Outlines of a Model of pure plantation Economy", Social and Economic Studies, September, 1968, p.37.
- 6/ Nawaz Dawood, Tea and Poverty. Plantations and the Political Economy of Sri Lanka, Urban-Rural Mission, Christian Conference of Asia, Hongkong, 1980, p.17.
- 7/ Although the company had a near monopoly, it faced competition externally and internally. External competition was from the rival maritime nations trading in tea. There was also a resentment of London merchants against the monopoly of East India Company to be contended with. Internal competition was from the employees of the company itself who were allowed to ship tea privately. It is pointed out that in 1716 these employees brought around 20,000 lbs of tea to Britain and the practice continued right up to the 1830's. For details see Denys Forrest, Tea for the British, Chatto and Dindus, London, 1973, pp.42-43.
- 8/ Although the East India Company felt the necessity of developing tea plantations in India which was under direct control of Britain, (See B.B.Chakrabarti: "Introduction of Tea Plantation in India". Indian Historical Records Commission, Proceedings of Meetings, Vol.XVIII, GOI Press, Delhi, 1942, p.44), they did not do so for a long time. Finally when they did turn to India they were guided by at least four major factors:
 - (i) Strained relations between China and Britain over Opium trade. (for details See The Tea Trade, World Development Movement, London, 1982, p.23)

(ii) Substantial increase in demand for tea within Britain
 [See E.J.Hobsbawm: The Industry and the Empire, Penguin Books, London, 1969, p.28; and Sanat Kumar Bose: Capital and Labour in the Indian Tea Industry, Viswa Prakasan Ltd., Bombay, 1954, p.1. (quoting Parliamentary Papers: Subject Tea. (1837-1839), p.7)]

(iii) The discovery of indigenous tea plants in Assam.
 [See Pervical Griffiths: The History of Indian Tea Industry, William Clower and Sons, London, 1967, p.659, and This Little Plant Tea, Tea Board, Calcutta, 1976, p.9]

(iv) The relatively lower price of land and labour in India. (See L.H.Jenks: Migration of British Capital, London, p.226 and M.R.Chaudhari: The Tea Industry in India, A diagnostic Analysis of its Geo-Economic Aspects, Oxford Books and Stationery Co., Calcutta 1978, p.29)

For general information on East India Co's China trade in tea See Dietmar Rothermund: Asian Trade and European Expansion in The Age of Mercantilism, Manohar, N.Delhi, 1981

9/ For further details see Heather Lovatt: A Short History of Peermade, Vandiperiyar District, London, 1974, (Mimeo), V.Nagam Aiya: The Travancore State Manual, Govt. of Travancore, Trivandrum, 1906, Vol.III, Ch.13, T.K.Velu Pillai: The Travancore State Manual, Govt.Press, Trivandrum, 1948, and Eira Dalton: The Baker Family in India, CMS Press, Kottayam, 1963.

10/ It appears that Coffee had been exported from South India as early as 1659 when the Dutch East India Company ordered a consignment on trial. It is mentioned in the famous work of Jacob Canter Visscher "The Letters from Malabar" (1743). The records of Parry & Company show that they were trading in Mysore Coffee Since 1823. Other British Companies like Pierce Leslie & Co., Aspinwall & Co., Stanes & Co., and Matheson & Co., were actively engaged in Coffee planting and had curing facilities in Manglore, Calicut, Tellicherry and Quilon. For details see Heather Lovatt, op.cit, p.3, W.K.M.Langley "The Coast Firms", in S.G.Speer (ed) UPASI (1893-1953), Coonoor, 19 and also Robert H.Elliott. The Experiences of a Planter in the Jungles of Mysore, Chapman and Hall, London, 1871, vol.II.

11/ D.R.Gadgil, The Industrial Evolution of India in Recent Times, Oxford University Press, Bombay, 1946, p.81.

12/ Ibid. p.81.

- 13/ (i) "Letter dated 26th January 1897, Madras, Fr. the Secretary, North Travancore Land Planting and Agricultural Society Limited, to Rama Raw, T., Dewan of Travancore", in Cover System File (CSF now onwards) 1681. Planters Association North Travancore, Grant of Rs.5000 for a Road at Devikulam, disallowing the Remission of export duty on coffee and stating that the appointment of a Magistrate is under consideration (1887-1889). (PANT 1887-1889 now onwards), in General Administration Department (GAD now onwards), English Records, Government Secretariat, Trivandrum.
- (ii) "Letter dated 13th December 1890, Devikulam, Fr. the Hon.Secretary, Kannan Devan Planters Association to C.J.Maltby, Superintendent and Magistrate, Oodumancholah", CSF No.1681 - PANT 1887-1889.
- (iii) "Letter dated 1st December 1891, Tenkasi, Fr.Honry(?) Knight, to the Dewan of Travancore", in CSF No.1727 - Land at Kalthurithy, Fr.Knights Application for 1891-1895, GAD(E) Rs, Govt. Secretariat, Trivandrum.
- 14/ "Letter dated 21st April, 1883, Trivandrum, Fr.Hon.Secretary, Travancore Plantation Association, to the Dewan of Travancore", in CSF No.1760 - Coffee and Tea Lands - Remission of land tax on coffee Estates - 1883, GAD (E) Rs.Government Secretariat, Trivandrum.
- 15/ A rough estimate from Archival records show the following tea estates having come up in Travancore:

Kinuylis (?), Arivuhavoo(?), Rochwood, Linwood, Revite and Mahrudreghivvy (?) in Southern Ponnudi district, Venture. Anachadie and Madivunparra in Central Ponnudidistrict Ashley, Bison Valley, Brighton, Fairfield, Granley (?), Hope, Maimalai, Mary Anne, Mount, Penhurst, Stagbrook, Twyford, Vembanad, Woodlands, Annakkal, Caradygoody (?), Glenmary, Warspindinghy (?), Bon Anni, Chenkara, Wallardie, Thungakallah (?), Glen Rock, and Achencoil, in Central Travancore district and Avieimudi (?), Munnar Valley, Parvithi and Harcharch (?) in Kannan Devan district, beside three tea companies - Nagamaly, Isfield and Travancore Plantat on "Lt. dt. 16th May 1895, No. 452 Cardamom Office, Fr.Ag. Supdt. and Magst., Cardamom Hills, to Dewan ", "Lt. dt. 10th April, 1895, Invercaula Estate, Fr.Hon.Sec; Travancore Planters Ass., to the Dewan", "Lt. dt. 6th April, 1895, Cardamom Office, Aroday, No.325, Fr.Ag. Supdt. and Magst, Cardamom Hills, to the Dewan", "Lt. dt. 2nd April 1895, Cardamom Office, Arody, No.312, Fr.Ag.Supdt. Cardamom Hills to the Dewan," "Lt.dt. 27th March, 1895, No.288, Cardamom Office, Arody, Fr.Ag. Supdt. and Magst, Cardamom Hills to the Dewan," all in CSF No.1779 Coffee and Tea Cultivation In Travancore Papers Re: GAD (E) Rs. Govt. Sect., Trivandrum.

- 16/ Heather Lovatt: op cit p.12
- 17/ See A.V.Jose: Agricultural Labour in Kerala, An Historical Cum Statistical Analysis, Ph.D thesis submitted to Kerala University, May, 1980, Chs.II, III, IV, V and K.N.Raj and Michael Tharakan: "Agrarian Reform in Kerala and its impact on the Rural Economy: A Preliminary Assessment", in Ajit Kumar Ghose (ed): Agrarian Reform in Contemporary Developing Countries, Croom Helm, London and Canberra, and St.Martini Press, New York, 1983.
- 18/ Heather Lovatt: op.cit. p.13
- 19/ Percival Griffiths: op.cit, p.269, such protection for owners against workers, as well as non-plantation, non-labour laws restricting the freedom of plantation labour was not unique to India. For instance see David J.Dodd: "Rule Making and Rule Enforcement in Plantation Society: The Ideological Development of Criminal Justice in Guyana", Social and Economic Studies, vol. 32 No.3, September, 1982.
- 20/ Percival Griffiths: op.cit; p.396 and C.M.Abraham: "Plantation Workers in Tamil Nadu", Bulletin Madras Development Seminar Series, Vol.X, No.9, September, 1980, pp.440 - 454.
- 21/ "The Famine Commissioner estimated in 1881 that in normal times 150,000 Mysore labours out migrated annually between November and February to the neighbouring Coffee districts of Wynaad (Malabar district) and Coorg. In 1877 possibly 350,000 persons desperately searching for employment migrated to South Indian Plantation. The Resident of Mysore and Chief Commissioner of Coorg estimated migration to all Coffee districts at half a million. For a brief period Coffee estates became unofficial famine relief agencies; paying more to indigent labourers than government sponsored public works. (Estate pay during the famine, half of which was consumed on plantations for food and necessities, was 4 annas per day for men, 2 annas 8 pias for women.) The remarkable thing about the South Indian Plantations in alleviating distress and averting starvation for thousands of Indians was its capacity to absorb the migrants and offer employment during months between harvest and planting time when the danger of starvation was most imminent. How the plantations accomplished the task is yet unknown, but it probably involved a combination of payment in cash and grain. The famine relief operations on the plantation assured estate owners and managers a more secure, abundant labour force. Many agriculturists and agricultural labourers from the plains of Mysore who had earlier either not been aware of the plantations existence, or had chosen to ignore the estate, migrated to plantations during the famine, then returned in following years" - J.Daniel Moore: "Plantation labour in Mysore 1871-1941: An Historical Approach to Migration Analysis", in N.Gerald Barrier (Ed): The Census in British India, New Perspectives, Manohar, Delhi, 1981, p.6.
- 22/ See Percival Griffiths: op.cit, p.396 and J.Daniel Moore: op.cit, p.7., where he indicates, based upon The Census of India, Mysore, 1991, that there was migration of labourers to various estates from Malabar district also.

- 23/ Report on an Inquiry into the conditions of Labour in Plantations In India, Labour Investigation Committees, Government of India, Simla, 1949, p.127.
- 24/ Ibid., p.129.
- 25/ Centre for Society and Religion, Liberation of Tea, Colombo, 1975 p.10.
- 26/ Though a direct comparison between labour conditions in a Dam building site and plantations is impossible; this figure is quoted here for some understanding of the pesils attached to working in the forest areas of Travancore at that time.
- 27/ Heather Lovatt: op.cit
- 28/ A Sreedhara Menon: op.cit, Pp 287-8.
- 29/ S.Uma Devi: "State Policy towards the Cultivation of Cash Crops in Travancore, 1860-1920", Paper presented at the Seminar on Commercialisation of Indian Agriculture, Centre for Development Studies, Trivandrum, November 23 - 25, 1981, p.26.
- 30/ Heather Lovatt: op.cit.
- 31/ Ibid.
- 32/ J.D.Tomlinson: "The Rupee/Pound Exchange in the 1920s", Indian Economic and Social History Review, Vol.xv, No.2, April-June, 1982, gives an account of later developments in this front. Similarly is of interest to us in this context is an article by J.M.Keynes: "Recent Economic Events in India", The Economic Journal, Vol.XIX, March 1909, Pp.51 - 67. Here he argued that the increase in the total value of exports between 1902-3 and 1906-7 seems to be mainly due to the increase of price. With the single exception of seeds, the increase of value is very much greater than the increase in quantity, and in some important classes of goods the quantity has been nearly stationary or has even decreased. He pointed out also that there was an increase of 29% in exports in 1906-7 over that of 1902-3 in quantity of tea while the price of tea exports showed an increase of 34% over the same period.
- 33/ For details see C.N.Williams: The agronomy of the Major Tropical Crops, OUP, Kula Lumpur, etc., 1975, Ch.8, Pp 117-8.
- 34/ A Sreedhara Menon: op.cit.
- 35/ T.W.Venn: Cochin, Malabar: Palms and Parents, Ch.VII, Pp 169-201.
- 36/ For a detailed description See William Logan: Malabar: Manual of the Malabar Districts, Govt.Press, Madras, 1906.

- 37/ For details see: Papers Re : The Interportal Trade Convention 1958-1925, Govt. Press, Trivandrum, 1927 and Report of the Indian States Enquiry Committee (Financial) 1932. Govt. of India Press, Simla, 1932.
- 38/ See for dimensions of this development, P.G.K.Panikar, T.N.Krishnan and N.Krishnaji: Population Growth and Agricultural Development, A Case Study of Kerala, Centre for Development Studies, 1977. For an international comparison read V.V.Bhanoji Rao: "Development Pattern of a Primary-Export-Oriented Economy; West Malayasia's post-war experience", The Developing Economies, Vol.XIV, No.1, March, 1976, pp.37-47 and David Feony: "Infrastructure linkages and Trade Performance, Thailand, 1900-1940", Explorations in Economic History, Vol.19, No.1, January 1982.
- 39/ Though this was reflected in the trend of land use pattern in Kerala (Raj and Tharakan; op.cit. p.32) this do not mean that at any time tea developed as a competitor to rice for land.
- 40/ P.Ibrahim: "The Development of Transport Facilities in Kerala, A Historical Review", Social Scientist, Vol.VI, No.8, March 1976, pp.34-49.
- 41/ See Heather Lovatt: op.cit, and Usha Joseph: "History of the Central Travancore Planters Association", The Central Travancore Planters Association - Centenary Souvenir, Kottayam, 1974, and also CSF No.1681: Planters Association of North Travancore: Grant of Rs.5000 for a Road at Devikulam, disallowing the Remission of Export duty on Coffee and Stating the Appointment of a Magistrate is under consideration, (1887-1889), GAD (E) Rs.Government Secretariat, Trivandrum.
- 42/ T.C.Varghese, Agrarian Change and Economic Consequences, Land Tenures in Kerala (1850-1960) Allied Publishers, Bombay, 1970, p.43.
- 43/ T.W hea Jr: "Barriers to Economic Development in Traditional Societies, Malabar, A Case Study", in Journal of Economic History, Vol.XIX, No.4, December 1959, pp.504-22.
- 44/ For a Comparative Study See Keya Dasgupta: "Plantation Economy and Land Tenure system in Brahmaputra Valley, 1839-1914", Economic and Political Weekly, Vol.18, no.29, July 16, 1983, Government of Tamil Nadu. History of Land Revenue Settlement and Abolition of Intermediary Tenants in Tamil Nadu, Madras, 1977, p.356, and also Kaku J Tanua: Plantations in Nilgiris: A Synoptic History, Glenmorgan Tea Estate Co., Coonoor, 1963, p.18.
- 45/ There was an increase in land tax by 12 annas on lands sold after 30th October, 1895. This affected a total of 6196.94 acres as the following table shows:

Area under new Assessment, Talukwise, 1895

<u>Taluk</u>	<u>Area in acres and Cents</u>
Calcutan	492.10
Nedumangad	109.00
Shencotta	55.39
Puthanapuram	262.40
Kottarakara	318.75
Menachil	1439.65
Changanasserri	2533.82
Todupuzhai	985.83
	6196.94

Bulk of these estates were cultivated with tea which pays no export duty either - "Note dt.8-3-1907", and "Lt.No.9, of 1-16-1907 from Mr.Veale Ag. Hon.Secretary of Central Travancore Planters Ass.", in CSF No.1760/
Coffee and Tea Lands: Remission of land tax on Coffee Estates: 1883,
GAD(E)Rs, Govt. of Kerala, Trivandrum.

46/ P.Parameswaran Pillai: Report on the Scheme for the Introduction of Basic Land-Tax and the Revision of agricultural Income-Tax., Govt. of Travancore, Trivandrum, 1946, para 65

The terms and conditions of the original grant were as follows: The Kannan Devan Hills concession was a special grant, comprising an area of about 215 Sq. miles in the Devikulam taluk, made in favour of the North Travancore Land Planting and Agricultural Society Ltd. The terms and conditions were laid down in an agreement dated the 2nd August 1886 between GOT and MILPAS Ltd. Chief among the provisions of this agreement were, (a) assessment of $\frac{1}{2}$ Br.Re.per annum on every acre of land other than grass land which is opened up for the purposes of cultivation or otherwise; (b) assessment of two annas and eight pais per annum on every acre of grass land brought under cultivation or taken up for homesteads and farmsteads, or reserved as shooting reserves or for grazing of cattle or for any other purposes (c) the society to have no exclusive right of water beyond what is necessary for the use of any cultivated lands (d) the Society, to abide by the decision of Government in regard to any mines, treasures etc. discovered within the limit of the grant, and (e) the Society to pay all Municipal, general or local taxes duly imposed on it. This agreement was a modification of the Deed of Ratification dtd. 28th November 1878, by which the Govt.ratified a grant made by the Poonjar Chief to Mr.J.D.Munro by an agreement dated 11th Jul, 1877 of the tract described as 'Kannan Devan Anchinatu Mala'. The terms and conditions in the Deed were declared to be "independent of any rents or payments due to the Poonjar Chief under the granties agreement with him" - See Palaco Manual, Vol.II, Part I, Office Routine and Procedure, Govt. Press, Trivandrum, 1936, Ch.I. p.xvi.

- 47/ The Statistics of Travancore and Cochin (1949-50), Govt. of Travancore-Cochin State, Trivandrum 1951, p.27.
- 48/ For details see The Report of the Plantation Inquiry Commission Part I, Tea, GOI, New Delhi, 1956, Pp 967-8.
- 49/ "Draft of a Lt. dt. April, 1874, Trivandrum, from Dewan to the British Resident" in CSF No.1772/Coffee Lands - Remission of land tax on Coffee Estates with effect from ME 1067.
- 50/ " Lt.dt. 17th April, 1874, Quilon, From British Resident to the Dewan", in CSF No.1772.
- 51/ "Lt.dt. 24th March, 1874, Peermade, No.209, From the British Resident to the Dewan", in CSF No.1772.
- 52/ See P.K.Michael Tharakan: "Dimensions and characteristics of the Migration of Farmers from Travancore to Malabar, 1930-1950", Journal of Kerala Studies, Vol.V, Part II, June 1978, p.287-289, "there was also government help for road building etc. for plantations. Even the forerunner of the Kannan Devan Hill Produces Co., the largest of plantation owners in these parts depended upon the government for road building as is evident from the correspondence contained in "Lt.dt. 26th January 1887, Madras, from the Secretary, North Travancore Land Planting and Agricultural Society Ltd. to Sri.Rama Row T., Dewan of Travancore", "Lt.dt. 8th June 1887, Madras, from Secretary, NPL Pl. and Agr. Soc. Ltd, to the Dewan", "Lt. dt. 24th June, 1887, Madras, from Secretary, N.T.P.A.S.Ltd., to the Dewan", and "Lt.dt.13 December 1890, Devikulam, from Hon.Sec. Kannan Devan Planters Association to C.J.Maltby Superintendent and Magistrate, Oodumanchola", all in CSF No.16 1: Planters Association North Travancore, Grant of Rs.5000 for a Road at Devikulam, Disallowing the Remission of Export Duty on Coffee and Stating that the appointment of a Magistrate is under consideration (1887-1889).
- 53/ Eira Dalton: op.cit
- 54/ See Heather Lovatt: op.cit, p.7.
- 55/ Ibid. p.38
- 56/ Tea companies incorporated and registered in India with rupee capital.
- 57/ Report on an Inquiry into the conditions of Labour in Plantations in India Op.cit, p.104.
- 58/ Ibid. p.104.
- 59/ D.H.Buchanan, The Development of Capitalist Enterprises in India. Frank Cass & Co., London, 1966, p.58.
- 60/ For instance, marketing, shipping, banking, insurance and manufacture of plantation machinery and tea chests.
- 61/ See Ganapathy K.M: Malayalam Plantations, An Era of Planting in South India, Hoc and Co.Ltd., Madras, 1978, p.19. also see W.M Langley., (Ed): Century in Malabar, The History of Pierce Leslie and Co.Ltd. 1862-1962, Madras, Pierce Leslie and Co.Ltd., 1962, for the almost parallel story of another company.

- 62/ D.H.Robertson, The Control of Industry, Cambridge University Press, London, 1949, pp 62-65.
- 63/ Tharian George K., "The Marketing of Indian Tea", Indian Manager Vol.XI, No.4, October-December, 1980, p.416.
- 64/ Since 1839 when the tea auctions was first conducted in London till today auctions in various centres are the main channels of primary disposal of tea.
- 65/ The Plantation Inquiry Commission Report, p.347, op.cit.
- 66/ Ibid., p.348.
- 67/ Himansu Roy, Tea Price Stabilisation - The Indian Case, the World Press Pvt.Ltd., Calcutta, 1965, p.2.
- 68/ For details See. K.G.Sivaswamy: Minute of Dissent in the Plantation Inquiry Commission Report, Part 1, Tea, 1956, p.348.
Sofia
- 69/ Melman: Foreign Monopoly Capital in Indian Economy, PPH N.Delhi, 1963, p.30.
- 70/ Reserve Bank of India: "India's Annual Liability on Investment Income Account", Reserve Bank of India Bulletin, February 1952, p.103.
- 71/ Reserve Bank of India, "India's Annual Liability on Investment Income Account", Reserve Bank of India Bulletin, January 1956, p.16. It is also printed out that tea plantations distributed profits which amounted 66 percent of the net profits during the period 1950-53. See Reserve Bank of India Bulletin, April 1956, p.357.
- 72/ Cited in K.G.Sivaswamy, op.cit. p.325
- 73/ Ibid., p.325.
- 74/ Ibid., p.325.
- 75/ Ibid., p.327.
- 76/ Ibid., p.338. K.G.Sivaswamy in his minute of dissent pointed out that such a method is adopted to get opportunities for collusive deals with foreign buyers for repatriating funds by under-invoicing shipments. There were instances of teas of the same garden being sold at a lower price on forward contracts than at Indian auctions.
- 77/ V.D.Wickizer, Coffee, Tea and Cocoa. An Economic and Political An Standford University Press, 1951, p.169. For instance, The Jame Group of Kerala and the Brook Bond in Tamil Nadu have made investments in Kenyan Tea Industry.

78/ The indianisation process became more visible in the Kerala tea industry after the introduction of the Foreign Exchange Regulation Act, in 1973 (FERH 1973). For instance, the two British tea giants of Kerala, James Finlay group and Harrisons & Crosfield have diluted their foreign shareholding by the late 1970's. Tea companies got a preferential treatment in the FERA, 1973 since they were required to Indianise only 26 percent of the shares whereas most of other foreign companies engaged in other business activities were to Indianise to the tune of 60 percent. For a detailed discussion of the Indianisation process of the tea companies see Tharian George.K., The Economics of Tea Plantations in South India, Ph.D. thesis submitted to the University of Cochin, September 1982, Chapters II & VI.

