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Industrial development in colonial Andhra: A Study

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Abstract

Andhra region one of the important region in the development of agricultural, industrial, mining and trade. Most of the districts have plenty of resources to establish the large scale and small industries. During the colonial period the government encouraged industries in different parts of the region.

Keywords: Development of industries, during colonial rule, Andhra

Introduction

Modern Andhra during the first half of the twentieth century, like most of South India, was an industrially backward region compared to western and eastern India. It did not have any major industries comparable to the cotton mills of the Bombay Presidency and the jute mills of Bengal. Similarly, unlike some other regions within South India, such as Travancore, it did not attract significant foreign capital, although it played an important and dominant role over the principal spheres of its commerce viz., foreign export trade: Rallis and Bros in raw cotton, Volkartas and Bros, in oilseeds (groundnuts) and India Leaf Tobacco Development Company in tobacco etc. They were, in fact, the chief commodities of export from Andhra region. However, during the inter-war period, particularly the 1930's a gradual but significant shift occurred from export trade orientation under the domination of foreign commercial capital to the domestic market-oriented industrial development under the initiative of native capital. As we shall see later, Colonial Andhra witnessed an essentially agro-based and domestic market-oriented medium and large-scale industrial growth under local private capital. It also witnessed a significant entrepreneurial response, comparable to Coimbatore, in terms of the active participation of merchant and agrarian capital and investment. It is, however, interesting to note that during the same period, the Telangana region under the Nizam of Hyderabad experienced a largely state sponsored industrial growth and an entrepreneurial response derived from the feudal classes; *Jagirdars*, *Deshmukhs* and nobility^[1]. Thus, within the Telugu speaking areas, we find different processes of industrial growth and entrepreneurial response.

Industrial Profile of Colonial Andhra

In this paper we will discuss the development of some important agro-processing and capital-intensive medium and large-scale industries in Andhra. The fact that the Andhra region did not lack either raw materials for the development of certain industries or industrial entrepreneurship was made clear to the Indian Industrial Commission by numerous witnesses from the Telugu speaking districts. The Andhra Chamber and Commerce also highlighted the availability of adequate raw materials for rapid industrialisation or pleaded for positive government assistance. The Table following also indicates the same.

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Table 1: Growth of Factories in Andhra (Select Years)

Sl. No.	District	1921	1922	1923	1934	1939	7948
1.	Anantapur	18	23	41	63	63	100
2.	Bellary	25	32	64	115	110	152
3.	Chittoor	3	3	3	16	23	66
4.	Cuddapah	9	16	32	43	34	45
5.	East Godavari	41	56	65	61	63	192
6.	West Godavari	-	-	-	80	84	157
7.	Guntur	45	55	71	119	126	181
8.	Krishna	58	98	139	85	116	195
9.	Kurnool	15	20	34	68	65	94
10.	Nellore	6	12	15	24	25	43
11.	Vizagapatnam	12	15	19	73	107	134
12.	Total	232	330	515	747	753	1359

Source: Compiled from the *Annual Reports on the Working Factories Act*, Madras for the year shown.

Note: In the ceded districts, most of the factories were seasonal (cotton and presses, groundnut decorticating factories etc.), while in Coastal Andhra they were mainly non-seasonal (rice mills, sugar mills, etc.).

Rise Mills

Rice milling was considered as one of the largest and most important industries in Coastal Andhra. In particular the delta districts of Krishna, Godavari and Guntur districts were the chief centres of this industry. The necessities of export trade in rice led to their establishment. There was a marked tendency among the "small capitalists", merchants and also rich ryots to seek investment in such industries. During the first quarter of the 20th century rapid progress had been made in the delta districts, as the number of rice mills rose from 56 in 1911 to 203 in 1921^[2]. Rice mills were concentrated primarily in the growing urban centres of the delta region, viz., Tenali, Bezawada, Gudivada, Bhimavaram etc. Better facilities afforded by the canal system of the Godavari and Krishna rivers and the development of rail and road transport system had contributed for the rapid increase in these mills. Although most of the rice mills in the early period, i.e. "the order mills" were started by the merchants of the Vaisya caste, since the 1920's it was mainly the "agriculture and landowning classes" (a euphemism for peasant entrepreneurs), "who commanded local influence", singly or in small group started those industries.

In the ceded districts, since cotton and groundnut were extensively cultivated (one million acres under cotton and

12 lakh acres under groundnut in the mid-1930's) a considerable number of cotton gins and presses were located there. In 1936-37, for instance, 236 out of the 248 industries coming under the Factories Act in Bellary, Anantapur, Cuddapah and Kurnool districts were engaged in pressing and ginning cotton and decorticating groundnut and extracting oil. Unlike the rice mills in Coastal Andhra, most of the processing industries in the ceded districts were started by the exporting firms.

Cotton Mills

In 1870, the first cotton spinning mill in the Madras Presidency and the last in the East Coast (Coastal Andhra) for a couple of decades, was started at Rajahmundry. The Godavari Cotton Mills, Co. Ltd. was a joint stock enterprise under European ownership and management^[3]. It was established for producing finer yam, but did not work for long. Similarly the history of Bellary Spinning and Weaving Co. Ltd., established in 1893, with a capital of Rs. 2.50 lakh was no different. It was owned and managed by a local merchant for some years, but in the end it also "*shored the fate of the earlier mill.*" However, what is significant to note is the fact that both were in colonial Andhra.

In 1945, a group of merchants and landlords came forward to establish a cotton mill near Adoni, which exported 50,000 bales of cotton annually. The quality of cotton grown in this area was capable of spinning upto 30 counts. Hence there was no need to import cotton from outside. The Rayalaseema Mills Ltd, was formed as a joint stock company with a paid up capital of Rs, 15 lakh and with 12,000 spindles. Financial assistance (of one lakh rupees) under the State Aid to Industries Act was granted by the government to these mills^[4]. Another cotton spinning mill was also started in Guntur district, an important cotton producing tract in coastal Andhra. The Hemalatha Textile Mills Ltd., was formed in 1946 by the leading merchants of Guntur who were "well versed both on the production and selling sides of cotton textiles," Between 1924-46 the number of cotton mills in Andhra districts increased from 2 to 5. However, favourable official attitude and change in government policy stimulated the growth of cotton mill industry during the post-war period. During 1945-46 the government of Madras forwarded to the Government of India many applications for issue of authorised capital and license to import textile machinery.

Table 2: Registered Mills in Andhra

Sl. No	Name of the Mill	Register	Spindles	Paid up Capital (Rs. in Lakhs)
1	Godavari Spinning and Weaving Mills, Pandlapaka	1924	3000	1.62
2	The Suryanarayana Spinnig and Weaving Mills, Pandlapaka	1925	10000	2.49
3	The Rayalaseema Mills, Ltd. Adoni	1945	12000	15.00
4	The Hemalatha Textile Mills, Ltd. Guntur.	1946	12000	10.00

The spurt in industrial growth in Andhra, on the eve of independence, was both due to the positive policy of the government and the availability of private finance and enterprise. A number of financially sound, experienced and enterprising merchants, "who were also very eager and forwardlooking" ventured to start cotton mill industry in this region. Private entrepreneurs were even prepared to start mills without government aid, as they believed that the future was "bright" and the mills would be able to work "successfully from the start^[5]." It is significant to note that private capital and enterprise was concentrated more on the

development of large scale industry, than the agro-processing industries as in the earlier period.

Sugar Mills

The development of sugar industry in Andhra, owes to a very large extent, to the aid and encouragement given by the colonial state in the form of tariff protection in the 1930s. Prior to the protection to the sugar industry, there was only one mill (The Deccan Sugar and Abkari Company, Samrakot, under the management of Parrys), but by the end of 1930's there were seven new mills. The quantity of sugar

produced by the mills in Andhra went up from 5241 tons in 1935-36 to 0.24 lakhs tons in 1943-44; and to 41,310 tons in quantity in 1952-53 of sugarcane crushed from 0.64 lakh tons to 2.19 lakh tons and to 5.05 lakh tons during the same period ^[6]. Among the newly established mills three were formed as co-operative societies (Vuyyuru, Etikoppaka and Thummapala), four were under private management (Bobbili, Sitanagaram and Kirlampudi, Tanuku) and one was under joint stock company (Hospet). However, later the Vuyyuru, Thummapala, and Kirlampudi factories were also converted into joint stock companies.

Under the guidance of the Imperial Council of Agricultural Research, the Agricultural Department in Madras undertook extensive research into new varieties of cane and produced strains of high yielding variety and distributed new seeds to cane growers. It also conducted various demonstrations to popularize new and superior varieties of seeds and improved method of cultivation. Improved methods of cultivation included: ploughing with iron implements, line planting, trenching and wider spacing. Consequently sugarcane cultivation became popular in the irrigated zones of Andhra districts,

Table 3: Sugar industry in Andhra

Sl. No	Name of the Mill	Founded year	Daily cane crushing Capacity (tons)
1	The Deccan Sugar and Abkari Co, Samarlakota	1897	250
2	The Indian Sugar and Refineries Ltd, Hospet.	1933	600
3	The Vizagapatnam Sugar and Refineries Ltd. Vizagapatnam	1933	125
4	Kirlampudi Sugar Mills, Ltd.	1944	100
5	K.C.P. Vuyyuru	1941	1000

In addition to the department work, the Madras Government with a view to encourage this infant industry also extended financial assistance to some sugar mills. Thus, for instance, the Kirlampudi Sugar Mills was granted Rs. 50,000 as loan by the government under the State Aid to Industries Act. Similarly the Vuyyuru Sugar Factory was financed by the Madras Provincial Cooperative Bank to the extent of Rs.10 lakh. As the sugar produced by the mills was consumed entirely in the province itself, there was growing demand for sugar, Madras, in fact, was a sugar deficit province. It was estimated that the average annual production of sugar in Madras was about 41,604 tons, against the total requirements about one lakh tons.

large quantities from the Northern Circars to foreign markets. Around 90 per cent of jute in Madras was grown in the two districts of Vizagapatnam (75 per cent) and Guntur (15 per cent) of coastal Andhra. There were 5 jute mills in Andhra located at Nellimerla, Chittivalasa, Ellore and Guntur. They consumed the locally available jute and produced gunny bags and hessian. The earlier jute mills in Andhra were, in fact, started by the native merchants: Haji Ismail Salt of Southern India Industries, in Chittivalasa (1904), Mothey Ganga Raju in Ellore, the Krishna Jute and Cotton Mills (1904) and the Guntur Cotton and Jute Mills Co. (1904). Later in 1920 the Binny's established the Nellimerla Jute Mill. But subsequently the Macleod Company of Calcutta took over the Chittivalasa mill in 1926 and the Nellimerla mill in 1938^[7].

Jute Industry

Jute was an important raw material which was exported in

Table 4: Jute Mills in Andhra

Sl. No	Name of the Mill	Paid up Capital (Rs. in Lakhs)	Spindles	Looms
1	Sri Krishna Jute and Cotton Mills, Ellore	4.52	2530	116
2	Guntur Cotton and Jute Mill.Co.	2.43	NA	NA
3	Nrllimarla Jute Mills	12.50	9700	316
4	Chittivalasa Jute Mills Vizagapatam	15.05	14000	500
5	Bajrang Jute Mills, Ltd.	8.53	NA	68

Source: Compiled from *Kothari's Investors Encyclopedia*.

"The jute mills in Andhra catered almost entirely for local consumption. They experienced no difficulty in disposing of their production." As a matter of fact the Madras Presidency was not equipped with sufficient number of jute mills; the consumption of jute products in South India was much more than the production from the existing mills. Hence, large quantity of gunny bags and hessians were imported from Calcutta. The mills had been working rather satisfactorily until the onset of the depression in the 1930's when they suffered severely owing to the drastic fall in prices ^[8].

Oil Mills

Large scale exports of groundnut to foreign countries facilitated the establishment of several groundnut decorating factories in the chief oilseeds producing districts of Andhra. However, some enterprising merchants and rich peasants built small scale oil pressing units to utilize the locally available raw material and cater to the growing market for

oil^[9]. They proved to be moderately successful and obtained reasonable profits during the first quarter of the 20th century. But the depression caused dislocation of market both for the groundnut kernels and oil. It also caused a set back to the nascent oil crushing industry in Andhra. During the 1930's there was growing demand from merchants, peasants, and nationalist leaders for the development of oil mills with state aid and encouragement. The Director of Industries, Madras was also in favour of the development of this industry.

The oil milling industry in Madras really received a boost during the Second World War, "when the government encouraged oil pressing on the grounds that it not only supplied oils to the home market but also provided oil cake which the government required for manure as part of the grow more food campaign." The Madras Government granted permission and financial assistance to several private capitalists, and encouraged others to float oil mills.

Before the Second World War there were only two vegetable ghee factories which produced 6000 tons of vanaspati but by the end of 1947 there were 10 mills which produced 45,000 tons of vegetable ghee^[10].

Among the newly established mills only one (the Thungabhadra Industries) was under the management of the big business, viz. the Birlas who were in the groundnut business in Madras and Andhra since 1930; the rest were started by the local capitalists. Given the abundance of raw material the Rayalaseema region naturally attracted the attention of investors; hence 5 out of 8 mills were located there. Guntur district was well-known as one of the best groundnut producing areas in Coastal Andhra. It produced 1.47 lakh tons or 8.4 per cent of the total with abundant supply of raw material, growing demand for oil and the fact that there were no oil refineries in the neighbouring districts (like Krishna, Godavari, Nellore etc.), Guntur afford great scope for the development of vegetable oil industry^[11].

Tobacco Processing

In the 1930's and 1940's Guntur district supplied the largest quantity of Cured Virginia Tobacco as well as country tobacco suitable for the manufacture of cigarettes, pipe tobacco etc. The Virginia Tobacco produced in this district was exported to foreign markets. Guntur was said to be responsible for nearly 90 per cent of the tobacco export from India. The area under tobacco in Kistna and Guntur districts had gone up from 40,000 acres in 1934-5 to 90,000 in 1938-9. The United Kingdom was the largest buyer of Guntur tobacco: the exports of tobacco from Guntur increased from 56,507 bales of 250 lbs in 1933-4 to 1.64 lakh bales in 1938-39^[12]. However, tobacco trade in Guntur was almost monopolized by the Indian Leaf Tobacco Development Company. It controlled "70-80 per cent of the total off take of FCV tobacco at the end of the thirties; the two other leading firms, BITC and NTC, accounted for another 10 to 15 per cent of the market. This left the Indian exporters-of whom around 14 could be considered fairly large and the rest marginal exporters-with a total share of the market less than 10 per cent... The New Indian entrants into the export trade came from varied background of traditional traders, rich ryots and so on^[13]."

Cement Industry

Cement industry developed late in Andhra. Though the average annual imports of cement into Madras for four years ending 1915-16 was about 22,000 tons and later around 1928 it had gone up by 25,000 tons valued at Rs. 15 lakh, no cement factory was set up locally. The question of starting cement industry at Bezwada (Kistna District) was under consideration for a long time but due to lack of proper demand it did not materialize. Two cement factories: the Kistna Cement Company Limited (1920) and the Bezwada Cement Company (1922) had not taken off mainly because of inadequate capital investment and demand^[15].

However, in 1939 some enthusiastic and "patriotic Andhra gentlemen" mobilised sufficient funds and established the Andhra Cement Company, Bezwada with a paid up capital of Rs. 15,000 lakh. It had a production capacity of 30,000 tons per year (the minimum size of an economic unit). Another cement unit the Kistna cement factory at Managalagiri (Guntur District) was started by the Associated Cement Company (Dalmia group) with a paid up capital of Rs. 120 lakh. Its production capacity was 90,000

tons per year. Andhra was, in fact, a very suitable place for the development of this industry because plentiful quantity of raw material was available. For example, limestone and gypsum, which were the basic raw materials for cement production were available in large quantities in Kumool and Nellore districts. The availability of raw material, power, water, labour, the growing internal demand for cement in the 1930's and 1940 and also tariff protection contributed for the consolidation of this industry in Andhra. This is confirmed by the fact that the production capacity of the Andhra Cement Co., was increased from 30,000 tons to one lakh in 1940 to Rs. 52,22 lakh in 1946^[16].

Engineering

There were no factories to manufacture machine tools or large scale engineering firms in Andhra till the late 1930's. There were only a number of government owned engineering workshops, which catered to the needs of railways and public works department. The first private engineering company, viz., the Industrial Engineers and Merchants Limited, Bezwada was formed in 1934 with a paid up capital of Rs. 1.07 lakh^[15]. It was an engineering firm for rerolling rail tyres, sleepers and other steel material into rods for use in reinforced concrete, crowbars, cart axles, cart tyres and for manufacturing improved ploughs, agricultural implements and machinery and pumps. Raw materials in adequate quantities were available from the railways viz., MSM Railway and Nizam's railway. In Andhra there was vast scope for the manufacture of agricultural implements and agricultural machinery like sugarcane mills, pumps etc. The company was favourably situated in Bezwada to cater to the large areas through transport. "The industry is a new industry as well as industry to be newly introduced into the area where the industry is undeveloped."

Conclusion

Andhra region one of the important region in the development of agricultural, industrial, mining and trade. Most of the districts have plenty of resources to establish the large scale and small industries. During the colonial period the government encouraged industries in different parts of the region. Government provided technology and other resources for growth of industries in various parts of the Andhra. rice mills, jute mills, oil industries, tobacco industry, cement and other industries were actively produced large amount and exported different parts of the country and abroad.

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