

THE TOBACCO TRADE BETWEEN NORTH CEYLON (SRI LANKA) AND SOUTH INDIA IN THE NINETEENTH CENTURY

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The mainstay of economic prosperity in the Jaffna peninsula of Ceylon (Sri Lanka) was tobacco.¹ Therefore, provincial administrators like P.A. Dyke (1829—1867) devoted an extraordinary interest towards tobacco cultivation, its export, and generally the tobacco industry. The markets in India and in the East acknowledged the uniquely superior flavour of the tobacco from Jaffna.² The tobacco was cured, immersed in salt water, and then dried.³ This process gave to Jaffna tobacco a special quality which appealed to the taste of the consumer in Travancore, who preferred it to any other variety of tobacco.⁴ Jaffna tobacco was esteemed superior to the produce of Malabar, and South India alone provided a market for Jaffna tobacco when the Malayan markets were lost owing to unfavourable fiscal measures enforced in the early nineteenth century.⁵ The demand for Jaffna tobacco continued in the Malayalam District, especially in Travancore and Cochin. The profits from the tobacco trade had yielded high returns, and the export trade lay largely in Indian-hands in the early nineteenth century.⁶

The Malayalam tobacco trade was a royal monopoly, and the profits accrued to the Rajah of Travancore.⁷ The Rajah had hence contracted with the Ceylon Government to purchase all the tobacco grown for export in Jaffna, an arrangement called the 'Travancore Investment.'⁸ In turn, the Rajah utilised the returns from the high selling prices for tobacco within his dominion to pay a subsidy to the Madras Government for quartering troops in Travancore under an officer from the army of the Madras Presidency.⁹

This contractual agreement was advantageous to the Ceylon Government for it provided an annual profit of at least £. 10,000¹⁰, although it eventually, and even immediately, entailed a serious loss and was detrimental to the Jaffna

1. For an account of the significance of tobacco in the economy of Jaffna, see, Rasanayagam C., *The British Period of the History of Jaffna*, (Colombo, 1934), p. 74; *Historical Manuscripts Commission, Ceylon, Bulletin No. 1.* (Colombo, 1937), pp. 2-15; De Silva, Colvin R., *Ceylon under the British Occupation, 1795—1833* (Colombo, 1942). 2 vols. pp. 472-485; Casie Chitty, S., *The Ceylon Gazetteer* (Cotta 1834), p. 103. Bennett, J. W. *Ceylon and its Capabilities*, (London, 1843). p. 216
2. Rasanayagam, C., *op. cit.* p. 89.
3. *ibid.*, p. 89, also De Silva, Colvin R., p. 472 ff.
4. *ibid.*
5. De Silva, Colvin R., *op. cit.*, pp. 472-485, for a discussion of this.
6. Rasanayagam, C., *op. cit.*, pp. 89 and 91.
7. *ibid.*, also see De Silva, Colvin R., *op. cit.*, p. 451.
8. Bennett, J.W., *op. cit.*, p. 216.
9. *ibid.*
10. *ibid.*

tobacco grower. He had to sell his tobacco to one purchaser who determined the price, and moreover, there also increased, because of the prohibitive price of Jaffna tobacco, the consumption of the inferior quality but cheaper Malabar tobacco in South India. As a counter measure, and to improve conditions for the cultivator, the Ceylon Government in 1812 created a monopoly for selling directly the tobacco for export. Unfortunately, any anticipated benefits did not result from this recourse. Worse still, in 1824 Ceylon also levied instead a fantastically higher export duty of nearly 200 per cent.¹¹ Conceived with little fiscal foresight, this action really caused a rapid decline in the trade with the Eastern markets where Jaffna tobacco had been consumed in Malaya in spite of a drawback allowed upon exportation.¹²

The Jaffna Government Agent, P.A. Dyke wrote to P. Anstruther, the Colonial Secretary, in April 1845¹³ recounting the vagaries the Jaffna tobacco trade underwent in the early years of British rule. The imposition of a rate on tobacco, although professed to be for the benefit of the people of the Northern area, had actually ruined their trade, and thereby impoverished the district, while formerly it had been in a flourishing state. Within twelve years the government had reaped a revenue, from such an high rate, of £ 274,000 or £ 22,000 annually; but the tobacco cultivator had hardly gained anything.¹⁴

In 1824, after twelve years of costly experimentation, the Government's monopoly to trade in tobacco was terminated.¹⁵ But then the trade with Achin had almost disappeared, the trade with Travancore decreased. In 1824 instead of the usually 3,000 only 1,312 *candies*¹⁶ of tobacco were sold. The Ceylon Government's monopoly had paralysed the exporters and capitalist entrepreneurs engaged in the tobacco trade, and restrained cultivation and exportation. As the demand diminished, whenever tobacco was brought for sale at the government stores, there also were invidious and questionable preferences in purchases which could not be suppressed.¹⁷ The government's measures although they had benefited the state in the short run had harmed the tobacco industry in the long run.

The Government Agent's chief concern and activity thereafter consisted of the steps adopted to end this pernicious Travancore monopoly. Most of the tobacco grown in Jaffna was purchased by the representatives of the Rajah of

11. *ibid.*

12. *ibid.*

13. SLNA (Sri Lanka National Archives)- 6/1832 - Dyke's private letter to P. Anstruther, Col. Secy. 12 April 1845 and enclosures - Extracts from a report on the Jaffna District by Collector, Charles Scott-24 July 1824, which provides a useful insight into the tobacco trade during the early years of British Rule.

14. *ibid.*

15. *ibid.*

16. A *Candy* was equal to 480 Dutch lbs., and to 500 English lbs. - see Rasanayagam, C., *op. cit.*, p. 89; and De Silva, Colvin R., *op. cit.*, p. 472. ff.

17. SLNA - *op. cit.* Dyke's private letter to P. Anstruther, Colonial Secretary, 12 April 1845.

Travancore who "fixed" the prices.¹⁸ Further, the Jaffna farmer lacked sufficient capital and usually borrowed cash advances from merchants. Thereafter a borrower, at the mercy of the merchant lenders, the cultivator had forfeited the right to bargain and sold his tobacco at deplorably low prices.¹⁹

The levy of high duties on exports also adversely affected the tobacco trade and industry. From 1822 there was a steady decrease and by 1833 only 734,132 pounds of tobacco were exported.²⁰ From 1826 to 1833 the annual exports had averaged 753,453 pounds.²¹ What had further depressed the position of the tobacco cultivation by 1836 was the effect of the ban on exports to Cochin imposed in 1812,²² which had closed yet another market. Jaffna tobacco was cultivated largely in Pachellapalle,²³ and within the island a small amount was sold in Colombo, Kandy and especially in Galle.²⁴

In 1834, a Chetty Merchant petitioned to the Government requesting that export duty on tobacco be reduced.²⁵ He held a contract with Travancore to supply tobacco and when he exported 2,000 *thundoos*²⁶ of tobacco from Jaffna yearly the Government received an income of £ 5,500 from the export duty which was eighteen shillings per hundredweight. Travancore was willing to extend the period of his contract to supply tobacco provided more tobacco (about 3,500 to 4,000 *thundoos*) could be supplied at a lesser cost. Therefore a reduction of the duty would help him to sell more and continue his export trade. The Government agreed to reduce the duty to 13s. 6d. because if the larger quantity was exported it would still receive a revenue of about £ 8,000 per annum which was £ 2,000 more than its usual gain. Moreover, as the quantity of tobacco grown within Jaffna had lately decreased the State wished to encourage cultivation. It was stipulated however that not less than 4,000 *thundoos* should be exported²⁷ and on this condition a lesser duty was levied and the right to export on these terms was allowed to the merchant for a period of two years. If, later on, a reasonable amount of trade could be assured, the Government expressed a willingness to reduce the duty further.

The *advalorem* duty on tobacco had no doubt been enormous — 200 per cent and in 1835 in lieu of this exorbitant duty a lesser export duty of 2½ per cent was fixed.²⁸ This proved to be a stimulus to the tobacco industry. In less than

18. Rasanayagam, C., *op.cit.*, p. 89.

19. *ibid.*

20. *ibid.*, pp. 94-95.

21. *ibid.*

22. SLNA - 6/1353 - No. 13 Government Agent to Colonial Secretary, 9 January 1836. See also enclosure - petition from tobacco exporters.

23. Casie Chitty, S., *op. cit.*, p. 103.

24. *ibid.*

25. SLNA - 6/1193 - Colonial Secretary to Government Agent - 1 December 1834 (no number).

26. A *thundoo* was equal to 3 hundredweights - see De Silva, Colvin R., *op. cit.*, pp. 472-475.

27. SLNA - 6/1193, *op. cit.*

28. Bennett, J.W. *op. cit.*, p. 216.

three years, in spite of other obstacles such as the monopolistic system of Travancore, the trade in tobacco doubled. It was on the recommendation of the Colebrooke Commission that the duty was reduced.²⁹ Furthermore, the restrictions on the transport of tobacco from place to place within the island itself which was earlier considered necessary for protecting the revenue derived from tobacco was also deemed now unnecessary.³⁰

In June 1835, the Travancore Government informed the Ceylon Government that tobacco cultivation at Jaffna was insufficient for supplying 4,000 *thundoos* annually to Travancore.³¹ The Dewan of Travancore therefore hoped that the Ceylon Government would reduce the duty on tobacco which would be an incentive to enable an increase on the amount to be cultivated and exported, thereby providing also an inducement to cultivators and speculators for supplying the full needs of the market in ensuing years. Simultaneously, the Dewan apprised the British Resident at Travancore³² that the tobacco farmers at Jaffna had suffered during the past two or three years owing to the low prices paid to them by the present contractor who was supplying the Travancore market.

The actual situation was different. The contractor was deliberately avoiding the obligation to purchase and supply the proper quantum of tobacco to Travancore so that in the coming year there would remain a glut of unsold tobacco.³³ He could then purchase tobacco cheap and make greater profits. But, this tricky ruse tended to discourage tobacco cultivators from growing the article because it was not worthwhile to do so when the product could not be readily sold.³⁴

Hence, the Government Agent of Jaffna urged the Ceylon Government to advise Travancore to demand the full quantity of tobacco which the contractor had agreed to supply and hold him responsible to fulfil his obligation. The contractor's sharp practice was not novel; and the Government Agent correctly recognised his action as a shrewd and exploitative trade practice.

Furthermore, in 1836, the contractor's trickery became even clearer. There was a petition from others interested in the export trade.³⁵ Earlier, tobacco had been sold not only to Travancore, but even to Cochin. When the export duty was raised in 1822, however, the incentive to sell even to Travancore was lost. But now since the Government had agreed to lower

29. De Silva, Colvin R., *op.cit.*, pp. 475.

30. *ibid.*

31. SLNA - 20/520 - 233. Colonial Secretary to Government Agent, 16 June 1835, see enclosures - letters from Resident, Travancore and reply to it; annexure - letter from Resident, Travancore to Chief Secretary, Government of Ceylon, 25 May 1835.

32. SLNA - 20/520 - 233 - *ibid.* especially annexure, Dewan, Trivandrum to British Resident, Travancore, 23 May 1835.

33. SLNA - 6/1237 - No. 208, Government Agent to Colonial Secretary, 17 October 1835.

34. *Ibid.*

35. SLNA - 6/1353 - No. 13, Government Agent to Colonial Secretary, 9 January 1836 - see reference to petition and its contents.

the duty on exports these petitioners were interested in participating again in the trade. Yet, as one contractor alone monopolised the right to supply tobacco to Travancore others had been precluded from engaging in trading. Therefore, these applicants wanted the Government to permit them also to supply the Travancore market; and if this was impracticable, at least to Cochin and to the areas in its vicinity.³⁶ The reduction of the duty at this time had certainly revived an interest in exporting tobacco.

Moreover, there also had prevailed a belief that the import of tobacco into Cochin had been banned as it would have been incompatible with the terms of the contract with Travancore,³⁷ which gave to Travancore the sole right to receive Jaffna tobacco. Although the Government felt that in Ceylon there was now no obstacle to the export of tobacco to Cochin the Governor still felt that any resumption of trade may lead to complaints from the Rajah of Cochin,³⁸ who was now managing the trade. Therefore, he advised the petitioners to re-open instead the export trade with Achin and the Eastern markets³⁹ and not to trespass on the rights of the Rajah of Cochin.

In April 1836, this subject was inquired into afresh by the Ceylon Government⁴⁰ which studied the documents pertaining to the past trade with Cochin. In 1833, Lord Ripon from Whitehall had remarked that the duty on Ceylon tobacco was "unquestionably much too high".⁴¹ The Governor of Ceylon was advised to negotiate with the Calcutta and Madras Governments mutually agreeable concessions to relieve the trade between India and Ceylon of high and prohibitive duty constraints. It was also hoped that such negotiations may render the commercial intercourse between India and Ceylon more open by the regulation of inter-colonial duties and the abolition of the monopoly in Ceylon tobacco held in Travancore.⁴² This advice influenced the action of Governor, Robert Wilmot Horton (1831—1837) in respect of the trade in tobacco.

It was learned from the Madras Government that no tobacco was imported into the territory of the Rajah of Cochin excepting in that amount required

36. *ibid.*

37. SLNA - 20/1579 - 235 Colonial Secretary to Government Agent, 10 February 1836, (no number).

38. *ibid.* especially see enclosures - Papers on tobacco export; Chief Secretary to Acting Collector, Jaffna - 9 November 1812; Actg. Collector, Jaffna to the Deputy Secretary to Government - 18 November 1812; Letter from George Turnour, Agent for Govt. Tobacco to Actg. Collector, Jaffnapatam - 19 November 1812, and Chief Secretary to Acting Collector, 15 December 1812.

39. *ibid.*

40. SLNA - 20/1579 - 235 - Colonial Secretary to Government Agent, 8 April 1836 - see also enclosures No. 336 - Chief Secretary, Fort St. George to Colonial Secretary, Colombo - 22 March 1836 and copies of correspondence from the Secretary to the Board of Revenue and Resident in Travancore and Cochin; No. 93 - Revenue Department, Fort St. George to Chief Secretary - 22 February 1836 and Resident, Trivandrum to Chief Secretary, Fort St. George, 10 March 1836.

41. *Governors' Addresses*. - Vol. I, pp. 28-29, see address by Governor Robert Wilmot Horton - 7 November 1836.

42. *ibid.*

for the consumption of the inhabitants.⁴³ This quantity was obtained by the Sircar of Cochin from the Principal Collector of Coimbatore⁴⁴ and as the Sircar enjoyed a monopoly of the tobacco trade he sold the article to the inhabitants at an enhanced price. Therefore, no other tobacco could be imported into Cochin by any others.

The monopoly system also dealt a deathblow to the brokers in the tobacco trade.⁴⁵ Finally, only in 1847 was the tax on Jaffna tobacco reduced and made uniform irrespective of the place to which it may be exported.⁴⁶ The Governor then concluded that there need be no further cause for complaint from traders, and that it was unnecessary to correspond with the Madras Government on this subject.

Yet, the conditions governing the sale of tobacco in Travancore were neither conducive to an expansion of the export of Jaffna tobacco nor favourable to the Jaffna District. Therefore, again, at the Jaffna Government Agent's insistence, a correspondence with the Indian Government was initiated by the Ceylon Government on behalf of the tobacco export trade from Jaffna.⁴⁷

The Resident of Travancore writing to the Dewan about his monopoly in tobacco sales proposed a reduction of the selling price as this measure could increase consumption, which would then offset any losses likely to occur from such a price reduction.⁴⁸ But the Dewan was against any price reduction because of the embarrassed state of the finances in his State. The proposed reduction was also not implemented subsequently because there was an intention to abolish transit duties which would lead to a loss of income. Secondly, the revenue from land had been remitted according to the land revenue system of Thomas Munro and this too had caused the Dewan a loss of money. Hence, the high selling price of tobacco was retained.

Furthermore, the land tax in Travancore was comparatively more moderate than the taxes imposed in other areas under the jurisdiction of the East India Company. Additionally, a variety of articles produced in Travancore remained

43. SLNA—201/1579—235—*op.cit.*, Colonial Secretary to Government Agent, 8 April 1836.

44. *ibid.*

45. De Silva, Colvin R., *op.cit.* p. 472, 485; for a discussion of the effects, see especially, SLNA—6/1917B—No. 263, Government Agent to Colonial Secretary—1st September 1847.

46. SLNA—20/316—256, No. 11, Colonial Secretary to Government Agent, 12, January 1847.

47. SLNA—20/999—267—No. 160, Colonial Secretary to Government Agent—15 September 1852; and also Government Agent's No. 183 to Colonial Secretary 31 August 1852.

48. SLNA—20/1770—268—No. 97, Colonial Secretary to Government Agent—see especially enclosure—Political Department—Abstract of correspondence between Resident and Dewan of Travancore in the Political Diary of the Residency—29 November 1852 to 5 December 1852; also 30 November 1852—the letter from Dewan, Travancore, No. 1753 of 30 October 1852, sent in reply to Resident's letter about the tobacco monopoly and proposed reductions of price. For an account of the effects of the changes introduced by Munro see Beaglehole, T. G. *Thomas Munro and the development of administrative policy in Madras, 1792—1818.* (Cambridge, 1966).

untaxed while these articles were taxed elsewhere. If the Resident's proposed reductions were also now implemented, the revenue derived from tobacco from Jaffna alone would decrease from Rupees 431 to Rupees 380 per *candy*, and thereby cause a loss of Rupees 121,025 annually. Similar reductions on tobacco from Tinnevely and Coimbatore would create further losses. From figures quoted, evidently the highest amount of income to the Dewan accrued from the sale of Jaffna tobacco. When he had assumed the Dewanship he was saddled with debts amounting from six to eight lakhs; a large portion of it had now been repaid. The Dewan regretted that no reduction in the price of tobacco could be effected till the entire debt was cleared.⁴⁹ The income from the tobacco trade was helping the Dewan to become solvent.

The Resident, however, relentlessly pursued his point of view. Although the Dewan estimated that the loss of revenue, by reducing prices would amount to over Rupees 150,000 he had failed to reckon the consequences of increased sales that would follow a lowering in prices.⁵⁰ While the Resident had proposed a reduction of about one-sixth of the price he had also calculated that increased sales would yield enough additional revenue so that eventually there would be little or no real loss to the Dewan. The poorer class would naturally consume more tobacco when it was cheaper. Worse still, the present high prices had made the people resort to smuggling which they would abandon if prices were lower. What the people now often consumed really was not what they obtained *via* the normal channels,⁵¹ and the Dewan did not benefit when illicitly obtained tobacco was consumed.

The Madras Government approved the views expressed by the Resident in November 1852.⁵² If the proposed price reduction was accepted, consumption among the poorer class would increase, and with increased sales there would hardly be any loss of revenue. Moreover, such a measure would be beneficial to the people, and also check the prevalent extensive smuggling for supplying within Travancore.⁵³

A report of the Resident at Travancore and Cochin to the Chief Secretary, Fort St. George, presented on 10 May 1853, gives a lucid picture of the tobacco business.⁵⁴ In lieu of the existing exclusive monopoly he had inquired about the possibility of substituting a moderate import duty. While the Ceylon Government only adverted to the effects of the monopoly maintained by Travancore, the Resident realised that the restriction resulting from the mono-

49. *ibid.*

50. SLNA - 20/1770 - 268 No. 97 - see enclosure No. 2743 from Resident to Dewan, Travancore.

51. *ibid.*

52. SLNA - 20/1770 - 268 No. 97 - see enclosure No. 57; Extract from Minutes of Consultation - 28 January 1853, especially letter from the Government approving view of Resident conveyed to Dewan - 30 November 1852.

53. *ibid.*

54. SLNA-20/1770-268 - No. 97 - See enclosure No. 23 - Resident at Travancore and Cochin to Chief Secretary, Fort St. George - 10 May 1853.

poly applied equally to the adjoining state of Cochin and also the whole of Malabar and Canara, especially after the recent abolition of the monopoly enjoyed by Coimbatore.

Travancore and Cochin derived one-fourth of their revenue through the deal in tobacco—about 10 to 12 lakhs of rupees.⁵⁵ The profit from sales was about 150 to 700 per cent on the price at which the article was usually purchased while in the district, within the purview of the East India Company, it amounted to about 450 per cent. Such a huge income gained from the monopoly system made it altogether impracticable to effect any change because of the parlous state of the finances in these areas, which could be affected even more adversely. Even in favourable years, Travancore had never realised a surplus revenue of over one or one-and-half lakhs of rupees. This surplus was generally required to counter the illeffects arising from unfavourable seasons when their monopolies of tobacco, pepper, salt and their land revenue did not yield expected revenues.⁵⁶

The Resident visualized no point in discussing the varieties of tobacco best suited to the people's tastes.⁵⁷ The demand for Jaffna tobacco was so high that the supply could not meet it, but its price too was higher than the tobacco of Coimbatore or Tinnevely. When the system of monopolies ended, the demand for tobacco will be regulated chiefly by the preference for the different varieties of tobacco and their cost. Thinking empirically, the Resident advised that it was imprudent to attempt suddenly by regulation what was being gradually effected, yet quickly, by increasing smuggling which had followed the recent abolition of the East India Company's monopoly in the tobacco trade in Coimbatore and Malabar. Such smuggling would inevitably lead to an entire relinquishment of the monopoly system sooner,⁵⁸ if not later.

Tobacco was already being collected in large quantities in the Company's port of Cochin and at other Malabar ports from whence it could be smuggled into Travancore and Cochin through the numerous intersecting backwaters and rivers. Because of this, indeed in both these *sircars*, the revenue from tobacco had already suffered seriously. Smuggling was not channelled only through Cochin, but also through the entire northern frontier,⁵⁹ and its effects were deleterious.

Travancore annually imported from Coimbatore 800 *candies* of tobacco, from Jaffna 2,300 *candies*, and from Tinnevely 1,200 *candies* at Rupees forty, fifty-seven and thirty-nine respectively: the retail sales were conducted at Rupees one hundred and fifteen, four hundred and thirty and two hundred and thirty, respectively. Travancore gained the highest profit from selling

55. *ibid.*

56. *ibid.*

57. *ibid.*

58. *ibid.*

59. *ibid.*

Jaffna tobacco. The Cochin Government paid Rupees forty for Coimbatore tobacco and Rupees fifty-two for Jaffna tobacco, while the retail selling prices were Rupees one hundred and fifteen and one hundred and eighty-seven and cents fifty, respectively. The price of Coimbatore tobacco had fallen from sixty to forty rupees since the monopoly held by Coimbatore was abolished. Cochin imported 750 and 400 *candies* from Coimbatore and Jaffna. Thus, even in Cochin the tobacco of Jaffna was valued more.⁶⁰

The average quantities of each kind of tobacco annually imported and their purchase prices from 1825 to 1852 are as follows :

Total quantity	Years	Tinnevelly tobacco	Rate Rs.	Jaffna tobacco	Rate Rs.	Coimbatore tobacco	Rate Rs.
3,358 <i>candies</i>	1825-30	1,627 <i>candies</i>	7,364	1,216 <i>candies</i>	103	515 <i>candies</i>	68
2,832 <i>candies</i>	1831-35	1,305 <i>candies</i>	551	1,144 <i>candies</i>	110	482 <i>candies</i>	65
3,384 <i>candies</i>	1836-45	1,002 <i>candies</i>	45	1,796 <i>candies</i>	57	406 <i>candies</i>	68
3,748 <i>candies</i>	1846-52	966 <i>candies</i>	39	2,298 <i>candies</i>	57	484 <i>candies</i>	66

Evidently, as the statistics show more tobacco was generally purchased from Jaffna at a higher rate. But the quantities were certainly less than what the population would have usually consumed if prices were reasonable, concluded the Resident.⁶¹ He had endeavoured, during the last year or two, to effect a reduction of the retail prices so that consequently the demand would be greater and enhanced sales would defray the amount that might be lost owing to the decrease in prices. However, he had only partially succeeded in the venture. The monopoly system had prevailed so long, the income from it formed so important an item of revenue; there was a strong disinclination even to a partial relinquishment of it. Therefore, an abolition of the monopoly system suddenly by the East India Company in their *sircars*, had left Travancore or Cochin unprepared to meet the change by reducing their own selling rates of tobacco.⁶²

The total importation of tobacco into Travancore was roughly about 4,300 *candies* for 1,400,000 people, or about half a pound per head. In Cochin, it was about 1,200 *candies* for about 400,000 people. Even if only half the people consumed tobacco, the intake was about three pounds per head. If the sale prices were sufficiently reduced greater consumption can be assured, surmised the Resident in 1853.⁶³

60. *ibid.*

61. *ibid.*

62. *ibid.*

63. SLNA-20/1770-268. *op.cit.*, see Letter of Resident, Cochin, 10 May 1853.

In May 1853, the Chief Secretary, to the Government at Fort St. George, wrote to the Secretary to the Government of India⁶⁴ outlining the results of his efforts following Ceylon's proposals to have the monopoly in tobacco at Travancore abolished, and to effect instead freely the import of Jaffna tobacco into the state on the payment of a moderate duty. The Chief Secretary reiterated that Travancore's revenue was quite dependent on the monopoly, which if abolished would embarrass the state's finances. The only consolation the Madras Government could offer lay in its suggestion to Travancore, that the selling price of tobacco should be reduced to encourage greater consumption which would yield sufficient revenue and also ensure an increase in importation. This could check extensive smuggling too which was decreasing the State's revenue from tobacco.⁶⁵

The Government of India, replying to the Ceylon Government, offered hardly any relief.⁶⁶ Ceylon had proposed that the Indian Government should prevail on Travancore to import tobacco from Jaffna levying only a moderate import tax. Although the Madras Government, at the request of the Central Government of India, had endeavoured to induce the Rajah of Travancore to lower the selling price of tobacco so that more Jaffna tobacco could be imported it had failed, Travancore received enormous profits from the tobacco monopoly ranging from 150 to 700 per cent. Yet, it was with difficulty that the state could ever have a surplus of revenue, and therefore it was unwise to tamper with the monopoly which sustained the State.

However, the Resident at Travancore felt that since the East India Company had abolished the monopoly system in its territories, smuggling of tobacco into Travancore had increased; and this would eventually compel the Rajah either to lower his selling price of the article or even abolish the monopoly. The Government of India was unable to interfere in the internal administration of Travancore and any advice or remonstrance to the Rajah could be ineffective. Nevertheless, there was a probability that the Rajah would be compelled shortly, obviously owing to the effects of smuggling, to abate some of the restrictions on the import of Jaffna tobacco which was consumed so largely and generally.⁶⁷ Again the Government Agent's efforts to obtain some concession to the Jaffna tobacco exporters and cultivators failed.

By May 1857, the depressed state of the tobacco trade between Jaffna and Travancore grew pronounced. The Travancore Government received tobacco through a contractor. The Minister of the Travancore court was so powerful that the contractor's practice had, "been to wait about the court

64. SLNA - 20/1770 - 268-*op.cit.*, see enclosure Chief Secretary, Government Fort St. George, to the Secretary to the Government of India, No. 13—25 May 1853.

65. *ibid.*

66. SLNA-20/1770 - 268-No. 97, Col. Secy. to Govt. Agent.—19 July 1853—see especially copy of letter and enclosures from Govt. of India; and enclosure No. 2748 from Secy. Government of India to Col. Secy. —17 June 1853.

67. *ibid.*

for months and months using his best endeavours to propitiate the favour of the Minister so as to be able to obtain payment on account of his contracts.”⁶⁸ Notices in the newspapers of Madras, and an extract from an official document, confirmed the disorder in and the imminent bankruptcy of Travancore state. Because of this unhealthy financial condition the contractor applied for Ceylon Government aid for obtaining payments due to him. The Governor of Ceylon requested the Governor of Madras to persuade the Resident at Travancore to help the contractor to obtain redress.⁶⁹

Meanwhile, the Dewan of Travancore died. The Ceylon Government felt, even though the Jaffna Government Agent urged it, that it was not an opportune time to discuss any further the question of the tobacco monopoly.⁷⁰ It was expected that with the death of the old Dewan a change for the better would occur. Yet, nothing happened.

Hence the Jaffna Government Agent in May 1858, urged the Government once more that efforts should be made to procure, in the interests of the people of the Northern province, a recognition of the principle advocated by the Colebrooke-Cameron Commission regarding the tobacco trade.⁷¹ In the Commissioner's report of 1831-32, after a review of the tobacco trade of Ceylon, the monopoly enjoyed by the Travancore Government and the monopoly system that had prevailed in Ceylon, they described the evil consequences. The Commissioners concluded that in the measures adopted by the Government, Ceylon and India, should not be reckoned to be rival states.⁷² Following this observation in July, the Colonial Secretary wanted further particulars of the trade between Ceylon and India, especially of that with Travancore.⁷³ The Government Agent, also was to suggest what could be done by the Government respecting the Travancore monopoly system which was inhibiting the development of the Jaffna tobacco industry.

The Commissioners had observed that Ceylon's trade with India afforded the most profitable yield upon capital from the frequency of returns.⁷⁴ Therefore, it was conducive to the welfare of both countries and congenial to the habits of the people who were naturally connected, that the duties and restrictions, which discouraged the intercourse between both countries should, as far as possible, be removed in the ports under the East India Company and in those areas of His Majesty. It was added furthermore that they should not be governed as rival possessions. Encouraged by this opinion expressed

68. SLNA-6/2385 - No. 133 Govt. Agent to Col. Secretary, 13 May 1857.

69. *ibid.*

70. SLNA-20/1153-276-No. 325, Col. Secy to Govt. Agent 31 December 1857.

71. SLNA-20/509-414 - No. 4, Govt. Agent to Col. Secy 10 May 1858. The reference was to Tax Commission of Eastern Enquiry in Ceylon, 1829-31; see Colonial Office 416/1-32 at the Public Record Office, London; and Mendis, G.C.(ed.) *The Colebrooke - Cameron Papers* (Oxford, 1956), 2 vols.

72. SLNA-20/509-414-No. 4, Govt. Agent to Colonial Secretary-10 May 1858.

73. SLNA-20/480-279-No. 210, Colonial Secretary to Government Agent-23 July 1858.

74. SLNA-20/509-414-No. 260, Government Agent to Colonial Secretary, 4 August 1858.

years ago, Government Agent Dyke argued the case for the tobacco trade of Jaffna. He quoted from the Commissioner's Report that, "Although the Jaffna tobacco is preferred in Travancore, the high monopoly at which it is sold by the Rajah has encouraged the consumption of the Malabar tobacco grown in the East India Company's provinces and as the subsidy paid by the Rajah has precluded him from relaxing the monopoly, it would only be just towards the most industrious inhabitants of Ceylon that they should be relieved from the effect of this ruinous restriction, by which the East India Company have unduly benefited."⁷⁵ This was a reasonable view. Formerly, the tobacco of Ceylon had been carried to the Eastern, or Malayan markets and a drawback had been allowed on its exportation, except to certain parts of India, but now, unfortunately, that trade with the East had also declined.⁷⁶ Therefore, the trade with Travancore had to be sustained, and the Government Agent wanted this done.

He could not accept the Indian Government's contention expressed in June 1853, that it could not interfere in Travancore's administration and coax it to remove the trade restrictions on tobacco.⁷⁷ He wanted the Ceylon Government to exhort the Secretary of State for the Colonies to adopt the suggestions of the Commissioners.⁷⁸

The monopoly in the sale of tobacco in Travancore was injurious to the economic interests of the people of Ceylon's Northern province. It had been permitted to be maintained to enable Travancore to pay a subsidy to the Madras Government. Therefore, Government Agent Dyke's contention was that the Madras Government should procure the abolition of the monopoly by yielding some concession to Travancore in respect of the payment of the subsidy.⁷⁹ According to Dyke whether the monopoly should be continued or abandoned could be decided by Madras.

Hence, Dyke requested the Secretary of State to the Colonies to procure an abolition of the monopoly in Travancore through the Indian Government.⁸⁰ Tenaciously, Government Agent Dyke had appealed to the Government of Ceylon, and then to the Government of India. Ultimately, he sought the intervention of the Secretary of State for the Colonies.⁸¹ A careful perusal of the papers relating to the trade had convinced the Government Agent of the fairness of the cause he espoused.

The Madras Government, however, was as usual unsympathetic. It could not anticipate any decision and repeated that a large proportion of Travancore's

75. *ibid.*

76. *ibid.*

77. *ibid.*

78. *ibid.*

79. *ibid.*

80. *ibid.*

81. SLNA-20/2030-278-No. 70, Colonial Secretary to Government Agent - 17 March 1858.

revenue was derived through the tobacco monopoly and much smuggling was prevalent along the Travancore seaboard.⁸² The only assurance that Madras afforded was not helpful. If the Jaffna merchants were obstructed by the contractor, who supplied tobacco to Travancore, when they engaged in legitimate trade and not in the traffic of contraband, they could complain to the Madras Government which would take notice of such representation.⁸³ This vague reply was of no assistance to the Jaffna tobacco traders. Worse, although the importation of tobacco into the British port of Cochin was stated to be free and unrestrained, yet the introduction either by land or sea of the article into that state was deemed to be contraband.⁸⁴ Therefore, really a restrictive system of monopoly in trade existed, both in Cochin and Travancore, and Madras was unwilling to help the Jaffna trader by relaxing it.

Although Dyke, the Government Agent, remained relentless in promoting his cause, the Governor had grown pessimistic about the outcome of any further endeavours. In September 1858, he informed the Government Agent "...your arguments, however sound, would not have the slightest effect upon the Rajah of Travancore, who is wedded to his lucrative monopoly,"⁸⁵ and the Government of Madras would not, "be likely to assume a tone of authority in dealing with a Native State, which maintains its friendly relations with us but prefers our old commercial principles to those recently adopted."⁸⁶ The Governor entertained no hope of any change in protective mercantilistic policy being made, just now, by either Travancore or the Madras Government which might benefit the Jaffna tobacco traders.

This was the Ceylon Governor's unhelpful reply to a representation from the Jaffna Government Agent in May 1858. The Governor had required the particulars about the trade relations between Ceylon and Travancore or between Ceylon and India in respect of tobacco.⁸⁷ He had also wanted to know what the Government could do regarding the monopolistic system prevailing in Travancore, which was so harmful to the Jaffna tobacco industry. The Government Agent in reply had wanted the Governor to prevail upon the Indian authorities to take measures that could assist the development of the Jaffna tobacco enterprise. Earlier in 1852, too, the Government Agent, Dyke, urged upon the Governor the desirability of applying to the Indian and the British authorities in England, to induce the Indian Government to bring about an abolition of the Travancore government's monopoly. There should instead be a scheme by which tobacco could be freely admitted into Travancore

82. *ibid.*

83. *ibid.*

84. *ibid.*

85. SLNA-20/480-279—No. 281, Colonial Secretary to Government Agent, 14 September 1858; and also No. 260, Governor to Colonial Secretary—4 September 1858.

86. *ibid.*

87. SLNA-20/309-414—No. 4 Govt. Agent to Colonial Secretary, 10 May 1858; also see Rasanayagam, C., *op.cit.*, p. 96 for an account of Dyke's efforts to get the tobacco monopoly abolished; also see SLNA-20/480-279 No. 210, Col. Secretary to Government Agent 23 July 1858.

on the payment of a moderate duty. Although the Governor, represented the Government Agent's case to the Indian Government it was futile. No change in the existing system of trade was made.

Nevertheless, in December 1859, Government Agent Dyke took up the case once more. A newspaper had reported that the Governor of Madras was visiting Travancore. Because of this opportunity and, "...the recent very great and favourable, change in the policy of the Madras government..."⁸⁸ he urged the Governor to discuss again with Madras the vain efforts that had hitherto been taken for getting the monopoly of the sale of tobacco in Travancore ended and to point out the ill-effects on the Northern Province of this monopoly for obtaining thereby some relief.

In December 1860, Dyke buttressed this attempt by furnishing additional information to the Governor.⁸⁹ From further reports in the Madras newspapers it was evident that the tobacco trade monopoly enjoyed by Travancore State had occupied the attention of the Madras Government. The Government of Madras was now of the view that an abolition of the monopoly should be procured or much modification should be made in the arrangements under which the monopoly system was exercised. Dyke, and his predecessors in the Jaffna district had repeatedly pointed out the disastrous effects such a monopoly had wrought on the Jaffna district because of the extreme fluctuations of price following the existing trade system owing to the monopoly and also owing to the attendant system of contracts for the supply of tobacco to Travancore. To indicate the extent of the pernicious effects, it was shown that the price of tobacco produced for export, under the system last year was £ 4.10s. per cwt., but now it had sharply depreciated to fourteen shillings.⁹⁰

In 1861, January, the Governor replied to the Government Agent⁹¹ repeating the unhelpful position of the Madras Government. The Governor of Ceylon had conveyed to the Madras Government, Dyke's representation of December 1860. The Madras Government admitted that Travancore was considering the introduction of reforms in its fiscal system, and that Madras was anxious that the monopoly governing the tobacco trade should be abolished. It preferred instead a duty to be levied on tobacco imported into the state by sea or land. However, since there was a large amount of revenue at stake and other factors too posed difficulties, much though the Madras Government desired a change in the prevalent practice it was still uncertain of what really may be done. Therefore, the tobacco monopoly was to be maintained.

88. SLNA - 20/1147 - 416 - No. 337 - Government Agent to Colonial Secretary, 30 December 1859.

89. SLNA-20/2015-417-No. 363 - Government Agent to Colonial Secretary, 8 December 1860.

90. *ibid.*

91. SLNA-20/1907-286-No. 29, Colonial Secretary to Government Agent 28 January 1861 - see also enclosures, Copy of letter from Fort St. George, Madras Government to Governor of Ceylon - No. 27, 12 January 1861.

But the Jaffna tobacco traders were still tenacious and optimistic. They sent yet another petition to India.⁹² The Chief Secretary to the Government of Fort St. George replied in what had now become a characteristic fashion.⁹³ The abolition of Travancore's tobacco monopoly and changes in the import duties were being considered as to whether they could be feasible measures. Although Madras was anxious to secure an abolition of the monopoly system it was uncertain when such an abolition might occur and what other alternative arrangements may prevail. It was monotonously repeated that Travancore's financial conditions prevented any interference to procure any change in this source of revenue. The hardly helpful assurance that the Resident at Travancore afforded regarding the monopoly was, "that it will be gradually superseded by the introduction of a sounder fiscal system."⁹⁴

The Jaffna cultivators and traders in tobacco had prayed for relief from the illeffects caused to them by the operation of the monopoly. They had also requested that the import duties levied at the British ports in India should be reduced. These representations had been forwarded through Government Agent Dyke and the Ceylon Government to the Secretary of State for the Colonies who had sent them to the Secretary of State for India. He had referred the representations to the Madras Government. Unfortunately, even after seeking recourse to such high imperial authorities, the resultant outcome gave no help to the Jaffna tobacco trader or cultivator.⁹⁵

Dyke's efforts to secure some relief to the Jaffna tobacco industry were not only persistent, but also exhaustive. He had urged the Governor to obtain information about the duty and tax on tobacco imposed in Travancore from the Madras Government.⁹⁶ The Madras Government while supplying Ceylon with the information had conveyed also its views and the content of its communication with the Government of India. The Madras Government was no doubt at this time honestly trying to secure an abolition of the monopoly system and a reduction of import duties. It had even forwarded to the Indian Government the letters from the Governor of Ceylon in support of the attitude it expressed. Dyke had also successfully endeavoured in getting the Governor to convey his views on the monopoly system and the import duties on tobacco to the Madras Government, so that Dyke's observations could be forwarded to the Indian Government to make the case for an abolition

92. SLNA-20/411-285, No. 220, Colonial Secretary to Government Agent, 19 December 1861. See reference to memorial of 16 December 1861; Secretary of State for the Colonies, Duke of Newcastle, forwarded it to the Secretary of State for India, who forwarded it to the Madras Government; also SLNA-20/645-425, No. 6, Colonial Secretary to Government Agent - 8 January 1862.

93. SLNA-20/1435-No. 231, Colonial Secretary to Government Agent - 3 September 1862, and enclosures-Letter from Chief Secretary to Government of Fort St. George: No. 338-22, August 1862.

94. *ibid.*

95. SLNA-20/645-425-No. 56, Colonial Secretary to Government Agent - 13 March 1862 and enclosure; also reply Madras Government No. 415 of 26 February 1862 to Colonial Secretary.

96. SLNA-20/645-426-No. 84, Colonial Secretary to Government Agent - 4 April 1862.

of the monopoly and a reduction of the duties stronger.⁹⁷ However, arduous the efforts of Dyke may have been, unfortunately they proved to be of no avail.

Between 1852 and 1858, Government Agent Dyke had regularly argued that the monopoly enjoyed by the Rajah of Travancore should be abolished.⁹⁸ He had desired instead the levy of a reasonable import duty at places where tobacco was unloaded. On behalf of the Jaffna farmer and the tobacco industry, he had pertinaciously corresponded with the Indian Government through the Ceylon Government and even appealed to the authorities in England through the Governor, but hardly with any success. Even as early as 1835, Dyke had unsuccessfully asked for an abolition of the export duty on tobacco sold to Achin and other Eastern areas. Nevertheless, undaunted, he had importunately persisted in his attempts to have the tobacco monopoly of Travancore abolished in 1860, 1861 and 1862. He had also urged in vain the Ceylon Government to negotiate with the Indian Government to obtain better prices for Jaffna tobacco.

Strangely enough, however, notwithstanding the restrictive system in Travancore, the value of the tobacco crops, grown by the Jaffna cultivator in the Northern peninsula, had risen from £ 2,600 in 1836 to £ 55,000 in 1854.⁹⁹ This provides evidence of the results following the encouragement afforded by the Government Agent to those engaged in the tobacco industry. Dyke had clearly seen the potential value of tobacco in the economy of the people of North Ceylon.

The Governor, Henry Ward, while acknowledging the quality of the tobacco of the North to be superior to any of the varieties in the Mediterranean areas also made an interesting observation.¹⁰⁰ To sell their tobacco, prepared in Government factories, the Travancore Government was compelled to blend a certain amount of the Jaffna tobacco with the inferior variety of tobacco which Travancore had procured at lower prices within India. Thus, it was essential for Travancore to import Jaffna tobacco to ensure a profitable sale of their blended tobacco.

Yet, although the value of Jaffna tobacco produced had risen during the years, the volume of exports was lessening and was comparatively inconsiderable. In 1861 exports had yielded £ 21,229 and in 1862 only £ 16, 235 owing to the diminishing trade.¹⁰¹ The Government Agent blamed the restrictive conditions in South India which depressed the trade for the poor returns received owing to a fall in exports.

97. SLNA-20/1454-421—No. 111, Government Agent to Colonial Secretary, 11 April 1862, see reference to Col. Secy's No. 84 of 4 April 1862 to Govt. Agent and Govt. Agent's earlier letter of 24 March 1862, for an account of the efforts taken by Dyke and others in this respect.

98. Rasanayagam, C., *op.cit.*, pp. 96 for an account of these efforts of Dyke.

99. Barrow, George, *Ceylon Past and Present* (London, 1857), p. 155.

100. *ibid.*, p. 155.

101. SLNA-20/1454/421—No. 417, Government Agent to Colonial Secretary, 27 November 1862.

In January 1862, the idea of imposing an import duty, rather than the maintenance of a monopoly which was crippling the Jaffna tobacco industry had been mooted to the Madras Government by Ceylon on yet another representation from Dyke.¹⁰² In response to repeated representations, in March 1862, the Madras Government agreed to admit the tobacco from Northern Ceylon on the same terms as it admitted tobacco from other foreign areas, but it also emphasised that the right to determine the rates of customs duties, as was the case with other imported articles, rested with the Indian-imperial government.¹⁰³ A request that a special tax should be levied on Ceylon's indigenous tobacco was not acceded to by the Madras Presidency. The Government Agent complained that the duty levied in Madras on imported unmanufactured tobacco was high, but the Governor regretted that this fiscal measure could not be altered.¹⁰⁴

Only by 1863 did some success attend the endeavours of Dyke. The Resident at Travancore informed that an import duty of Rupees 190 per 600 pounds of tobacco would be imposed.¹⁰⁵ Assuming that the Rajah of Travancore had now relaxed his hold on the tobacco trade the export of tobacco was increased. In November 1863 Ceylon received notices concerning changes in the monopoly of Travancore's sale of tobacco and the consequent restrictions that had been placed on imports.¹⁰⁶ Dyke too received a letter from the Resident at Travancore in September along with a notice in Tamil.¹⁰⁷ Jaffna tobacco could be imported into Quilon and Aleppo and warehoused in government buildings. Tobacco from the warehouses could be removed for sale only with the cognisance of and according to certain rules prescribed by the Government. On any such sale, a duty of Rupees 190 per *candy* of tobacco, equivalent to 600 Dutch pounds, which approximated to Rupees thirty-two per hundred weight was to be paid. The tobacco may be assigned to be stored in warehouses even if the produce was transferred from one person to another.

No limits were demarcated within which these measures were to be effective; but it was anticipated that these innovations would be financially beneficial. It was explained that the adoption of these new rules, which were to govern hereafter the tobacco trade, was virtually equivalent to an abandonment of the monopoly system. In lieu of it, a duty on the imports to provide the Travancore Government with the profit it had derived through the enjoyment of the monopoly had been substituted.¹⁰⁸

102. SLNA-20/645-425-No. 56, Colonial Secretary to Government Agent - 13 March 1862 and reply of Madras Government to Colonial Secretary-No. 415, Government of Fort St. George to Colonial Secretary, Ceylon-26 February 1862; also see, *ibid.*, No. 84, Colonial Secretary to Government Agent, 4 April 1862.
103. SLNA-20/645-425-No. 56, Colonial Secretary to Government Agent - 13 March 1862.
104. SLNA-20/645-425-No. 84, Colonial Secretary to Government Agent - 4 April 1862.
105. SLNA-20/1703-423-No. 324 Government Agent to Colonial Secretary, - 3, November 1863.
106. *ibid.*, See letter from Resident of Travancore of 22 September 1863 and Notice in Tamil enclosed in despatch of 3 November 1863.
107. *ibid.*
108. *ibid.*

However, even before notices were received by Dyke, the resolution to adopt such a scheme was known to the traders. The traders, who had patiently awaited change so long, had exported 3,905 cwts., of tobacco valued at £ 7,947, while in a corresponding period in the previous year only 2,030 cwts., had been exported at a value of £ 1,894.¹⁰⁹

There also occurred at this time another change in respect of the tobacco trade. A part of the exported article was to be despatched to Madras as the tobacco could be sent from there by rail to Travancore more economically and easily.¹¹⁰ Dyke now attempted to obtain similar facilities to despatch tobacco through steam ships from Colombo at the request of those engaged in the trade at Jaffna.¹¹¹ Since a profit of £ 270,000 from the tobacco trade, rightly due to those in Jaffna, had accrued to the Government between 1812-1823 alone, when the Ceylon Government had exported the product under a system of monopoly, it was but fair that the Government provided the facilities. Else, the British would forfeit the goodwill of the people of Jaffna. In 1863, in urging upon the Government that more money had to be spent on improving the roadways of Jaffna, the Government Agent referred to the large extent of tobacco that was being transported by road.¹¹² Government Agent, Dyke was concerned of the welfare of the Jaffna tobacco industry, a concern which his successor William Twynam also evinced during his administration.¹¹³

The story of the tobacco trade of Jaffna during the tenure of Dyke's agency was principally one of effort after effort to break the monopoly of the Rajah of Travancore in the sale of this valuable commodity within his dominion. It was so advantageous to the Rajah, who reaped such unconscionable profits from it; but the cultivator in Jaffna gained so little and hardly had any incentive to grow it. The monopoly system and excessive prices at which the Rajah sold tobacco restricted the income a grower could expect. Thus tobacco cultivation suffered. The restrictions on the tobacco culture and industry for the sake of maintaining the monopoly of Travancore caused tremendous injury to the vital agricultural economic enterprise in Jaffna.

The failure of Dyke to obtain relief, in spite of repeated endeavours, is easily explicable. The subsidy, which the British authorities expected from Travancore was payable only if the Rajah could trade in and sell tobacco profitably.¹¹⁴ Although both Ceylon and India were possessions of Britain, the imperial authorities paid less attention to the representations of Dyke on behalf of the tobacco industry of the Jaffna peninsula, and demonstrated a greater interest in obtaining their subsidy. The commercial mercantilistic concern of the

109. *ibid.*

110. *ibid.*

111. Rasanayagam, C., *op.cit.*, pp. 96-97.

112. SLNA - 20/1703 - 423 - No. 311, Government Agent to Colonial Secretary-27 October 1863.

113. Rasanayagam, C., *op.cit.*, p. 97 for a brief account of Twynam's interest.

114. Bennett, J.W., *op.cit.*, p. 216; also De Silva, Colvin R., *op.cit.*, pp. 472-485.

East India Company too was clearly manifested in the manner in which it sustained the Travancore tobacco monopoly principally for political and economic reasons.¹¹⁵

In addition to the efforts of the Government Agent to promote the tobacco industry by the measures taken to enhance the export trade, other steps too were taken to make this industry viable. A brief review of them is appropriate. In 1829 a sample of Jaffna tobacco had been sent to the Governor to find out whether the article could be marketed in the West.¹¹⁶ Although the Governor praised the quality, the tobacco had not been sufficiently dried to suit the palate of Europeans.

In 1833 as a further step, for improving the cultivation and processing of tobacco for turning out cigars, acceptable to consumers in western countries, "tobacco expert", J.H. Brand, was invited to try out experiments in 1834 within the peninsula.¹¹⁷ Although some cigars were produced and sent to Colombo for trial the experiment was soon abandoned as it proved to be a failure.

A few of the local personnel, trained by Brand, produced some cigars for export to the European markets, but, unfortunately, unsuccessfully. Moreover, the Government did not countenance a continuance of the manufacture of cigars and left it to private enterprise to pursue this project by sending to merchants in Colombo and Galle the sample of manufactured cigars.¹¹⁸ Two of the local inhabitants initially learned from Brand the art of making cheroots so that they may teach others to do so. Mr. Brand's expertise, however, proved to be of insignificant use for his knowledge about the tobacco industry was limited—he did not know how to cure tobacco for manufacture.¹¹⁹

In 1840 an application had been received from a foreign entrepreneur to purchase thousand acres of land on special terms to grow tobacco which was to be processed in a manner suitable for sale in European markets.¹²⁰ Dyke commended this application to the Governor. If the experiment proved successful it could be important in the development of the country's economy. The Government granted the land in 1841 on special terms subject to confirmatory approval from the Secretary of State for the Colonies. The investor was given a concession to pay the cost of the land in instalments, the first instalment after three years.¹²¹

115. De Silva, Colvin R., *op. cit.*, p. 451 and pp. 458-459.

116. SLNA-20/879-225—Chief Secy. to Collector, 23 July 1829.

117. SLNA-20/1535-232—Col. Secy. to Govt. Agent—February 1834, (no number); also Rasanayagam, C., *op. cit.*, 95 and SLNA—6/1193, Letter from Dyke to Col. Secy. 18 September 1834 in reply to Col. Secy's letter of 1 September 1834.

118. SLNA-20/1081-231—Col. Secy. to Govt. Agent—25 September 1834.

119. SLNA-20/1535-232—Col. Secy. to Govt. Agent—24 March 1834 sent from Nuwara Eliya; also Rasanayagam, C., *op. cit.*, p. 95.

120. SLNA-7/544—No. 220, Colonial Secretary to Government Agent—13 October 1840.

121. SLNA-7/545—No. 39, Colonial Secretary to Government Agent 17 February 1841. also see SLNA 8/117—No. 38, Govt. Agent to Colonial Secretary, 1 February 1841.

In 1841 September, again, there was an application for a bounty of six pence per pound on cigars manufactured from tobacco produced in the Northern province, which were to be exported by two foreign investors, Whitehouse and Hardy, to the United Kingdom.¹²² In support of their application they forwarded specimens of their processed products. These two European cultivators not only grew their requirements of tobacco, but also manufactured cheroots for export to non-traditional markets.

They claimed that this was a new enterprise and that this was a new economic source to be exploited by British industry and initiative. Hitherto the consumption of cigars in the United Kingdom had been confined exclusively to products manufactured in foreign, and not in British possessions. As they had to contend with a differential and protective duty they asked for this concession or the incentive of a bounty. They hoped that the Governor would encourage them in their venture by allowing at least a trifling premium of six pence per pound on all cheroots exported during the first three years.¹²³ Unfortunately, this experiment too was not adequately rewarding to become an enduring venture.

Hardy had entered into an agreement to grow tobacco in return for the concessions the Government Agent had gained for him.¹²⁴ He had been earlier a merchant in the West Indies and initially started his experimental cultivation on about 2,000 acres of Crown land in Thenmaradchy in the Jaffna peninsula. Unfortunately, when the experiment failed, large scale cultivation of tobacco also was abandoned. Tobacco always remained a small holder's crop.

Meanwhile, Dyke had initiated some other steps too to promote the industry. He applied to the Government to obtain other varieties of the tobacco plant from various places so that new varieties could be grown, especially since these were varieties for which there was a market in Europe. In November 1841 he obtained a parcel of *Bhilsa* tobacco seeds from the East India Company's Botanical gardens at Calcutta.¹²⁵ Similarly, Cuban tobacco seed, obtained from Calcutta, was despatched to the Government Agent. Again, in January 1844, the Government responding to Dyke's request sent yet another variety of tobacco seeds to be distributed among cultivators.¹²⁶ In January 1843 too the Government Agent had obtained newer varieties of tobacco seed from the Government at Fort William in

122. SLNA-8/118-No. 324-Government Agent to Colonial Secretary - 20 September 1841, see also enclosure of memorial.

123. *ibid.*

124. SLNA-7/574-No. 293 Colonial Secretary to Government Agent - 16 November 1843. Martyn John H., *Notes on Jaffna Chronological, Historical and Biographical, etc.* (Ceylon 1923), p. 19.

125. SLNA-7/545-No. 313, Colonial Secretary to Government Agent - 24 November 1841.

126. SLNA-7/574-No. 2, Colonial Secretary to Government Agent - 4 January 1844; also No. 4-6 January 1844.

India.¹²⁷ Inquiries were made by the Government about the success in introducing these new types of tobacco in Jaffna.¹²⁸

Unfortunately, the plans to produce a type of tobacco or process the article to capture the western markets were failures. In 1865 Dyke himself admitted that, during his long residence in the Northern province in spite of introducing almost all known varieties of tobacco so that they may be grown successfully, his efforts had ended in nought.¹²⁹

Dyke's efforts to encourage the development of the tobacco industry in the Jaffna District had largely failed. He had tried hard, but not with commendable success, to stimulate a growth of the valuable tobacco enterprise. The story of the tobacco culture and trade in Jaffna under Dyke was a monotonously unsuccessful one. As Dyke confessed "...the comparatively backward condition of the Jaffna District is the direct consequence of the measures of the Government in respect to its staple trade of Tobacco,¹³⁰ which was a reference to failures to have an exploitative monopoly removed and better trade conditions gained for the Jaffna tobacco farmer, and more importantly also to the significance of the tobacco industry in the economy of North Ceylon in the 19th century.

Ceylon had remained helpless in improving the lot of the tobacco cultivator or trader because the imperial authorities in India were clinging on to mercantile attitudes. There was no desire to eschew protectionism and adopt liberalism in trade. Mercantilism died slowly. Second, the British imperial administrators were reluctant to abandon their claims to the Travancore subsidy which enabled them to quarter troops in Travancore for protecting their imperial interests, but at Travancore's cost; and Travancore could pay the cost only out of the extortionate profits extracted from the tobacco trade. Third, Indian interests weighed more heavily with the British imperial authorities than the interests of Ceylon. The focus was on India than on Ceylon, and the trading interest of Ceylon was neglected if improvement could be effected only at the cost to Indian interests. In commercial matters, although both Ceylon and India were possessions of the same imperial power, greater consideration was relatively paid to India than to Ceylon by the British in these years.

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127. SLNA-7/574-Memorandum from Colonial Secretary to Government Agent-6 January 1843; and No. 4, Colonial Secretary to Government Agent-7 January 1843.
128. SLNA-7/574-No. 2, Colonial Secretary to Govt. Agent-4, January 1844.
129. SLNA-20/53-431-No. 163 Government Agent to Colonial Secretary-9 June 1855.
130. SLNA-2031703-423-No. 114, Government Agent to Colonial Secretary-27 April 1863.