

## **CHAPTER-VII**

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Tea is one of the most important industries of India. It is already discussed that in our period of study the Europeans showed the path for tea plantation industry in the northern North Bengal particularly in Darjeeling, Terai and Duars region. Following the footsteps of the European Tea Planters indigenous people both Hindus and Muslims of higher social hierarchy entered into this field in the eighties of the 19<sup>th</sup> century and inspite of unfair competition from the Europeans the Bengalee Tea entrepreneurs gradually prospered due to their conscious and bold attempts. However, one finds that during the world wide economic depression this important and only industry of North Bengal faced an acute financial crisis and ultimately marked the beginning of its decline. But due to paucity of sufficient data or materials at our disposal it is difficult to determine the different causes which contributed for the decline of the Bengalee entrepreneurs in the area of our study. However, there are stray references in this regard. At the very outset, one has to consider and analyse some of the pertinent issues related with Bengalee entrepreneurs, such as, the social and economic background of the Bengalee entrepreneurs, their class character, the sources of their capital, and the like. Besides, one also has to keep in mind the role and attitude of the Banks towards Bengalee entrepreneurs, the dynamics of market regarding sale and purchase of tea, effect of world wide economic depression in the tea industry and the like. All the above mentioned forces and factors combined together were responsible for the slipping out of the tea industry from the hands of the Bengalee entrepreneurs from 1930 onwards.

The conventional view is that the decline of the Union Bank which was the biggest Indo-British Banking venture with a capital of more than a million pound have signalised the decline of the Bengalee entrepreneurship. This view is historically true in the context of the Bengalee entrepreneurship in and around Calcutta in the second half of the 19<sup>th</sup> century. It was a great shock to the Indian businessmen when the union Bank was collapsed in 1848. After that the Bengalee businessmen practically withdrew from any

adventurous business activity. Due to the decline of the Union Bank Dwarkanath Tagor's 'Carr Tagore and Company' came down with a crash. During that period a distrust of European business became a part of Bengalee Business thinking. Thus in the second half of the 19<sup>th</sup> century there were of little significance of the commercial and nascent industrial efforts of the Bengalees. Thus the role of the Bengalee in the business world of Calcutta in the second half of the 19<sup>th</sup> century was confined to barren-clerk dom, petty speculation, short opportunism, peddling and merchandising. When this was occurred the area of our study particularly the extreme northern side of Bengal was not a part of Bengal. Naturally the observation of the historians and economists connected with Calcutta and surrounding areas were not aware of the fact that in the northern part of Bengal a new horizon of industrial development was taken place in the post-Mutiny era. It is true that this region brought under the purview of the Bengal presidency only after the conclusion of the second Anglo-Bhutan War (1864-65) and this new region was known to the contemporary Bengalee as new Bengal. This new Bengal was comprised by Jalpaiguri Durars, Darjeeling and Terai. The most interesting features of this region was that it was economically barren and agriculturally infertile. To make the region economically viable one the British Indian Government adopted various economic measures. One such measure was the introduction of Tea plantation Industry. At the outset the plantation industry was financed, managed and developed by the British entrepreneurs. It is to be noted that the administrative change made Jalpaiguri town as the most vibrant centre of the entire North Bengal and in addition to this administrative change the new land revenue system also provided an opportunity to the settlers Bengalee of Jalpaiguri. The census Report of 1921 mentioned both Bengalee Hindu and Muslim families from East Bengal particularly from Pubna and Rajshahi areas settled in the town and the professional background of the immigrant population was of bhadralok nature due to their profession as Government clerks, lawyers contractors etc.<sup>1</sup> The settlers Bengalee purchased *joteland*, involved in timber business. The accumulation of capital had induced them to invest surplus money in tea gardens. Thus a

good number of highly educated Bengalees were engaged in plantation industry and with the entry of the settlers Bengalee in the plantation industry a new situation emerged in the economic atlas of Bengal. Thus it is found that when as a whole in Bengal there was a declining position of the Bengalee entrepreneurs, in the northern part of Bengal, there was the emergence of Bengalee entrepreneurs following the tea plantations industry.

Competing with the white entrepreneurs the settlers Bengalee of Jalpaiguri had tremendously challenged the hegemony of the white compradors. Dr. Shib Sankar Mukherjee, a researcher of tea plantations industry made a detailed analysis of the 'background' of the new Indian entrepreneurs. He mentioned that the class character of the Bengalee Tea Planters was either *jotedars* or successful timber merchant or as a supplier to the British Indian Government or lawyers.<sup>2</sup> He mentioned that the pioneer of Bengalee tea plantation Beharilal Ganguli was a successful timber merchant and Khan Bahadur Rahim Buksh was a Peskar (clerk) and also supplier to the Government. Prof. Binoy Kumar Sarkar, an eminent economist opined that Jalpaiguri's Bengalee lawyers were more interested in discussion on share market rather than the issues of laws. The Bengalee entrepreneurs though invested their surplus income in tea plantations industry for financial gains, they did not have capitalistic aim like the British Colonial entrepreneurs as also they did not belong to the traditional business community. This limitation of professional entrepreneurship made the stress for them unbearable during acute financial crisis of the economic depression period. As a result, it became nearly impossible to protect their entrepreneurial stake in tea industry.

In addition to this there were other factors which contributed to the gradual loss of the gardens from the hands of the Bengalee entrepreneurs. The gardens owned by Bengalee entrepreneurs were not of that quality as those owned by Europeans. Besides, there was lack of proper planning, scarcity of tea seeds and scanty use of scientific methods. Some Indian tea planters of Jalpaiguri alleged that the British administration was opposed to granting lands to the Indians for tea plantation and the land which they

acquired were actually rejected by the Britishers due to different reasons. However, Percival Griffiths strongly opposed this view and remarked that there is no evidence to justify the allegation.<sup>3</sup> According to B.C. Ghosh, a renowned Tea Planter of Jalpaiguri, the lands secured by the early Indian entrepreneurs in raising joint stock tea planting and manufacturing companies were those which was first searched out by the Britishers but rejected for one or other reason.<sup>4</sup> Dr. Shib Sankar Mukerjee also echoed the same view. He ascribed that there were definite discriminations by the British Government in Sanctioning lease of wasteland for tea plantations in Jalpaiguri district against the emerging Indian planting community.<sup>5</sup> In this context it is quite pertinent to mention that the grant of Mughalkata Tea Estate (1879) was first searched out by the Britishers but was not used by them because of its small size. Within a short time the Jalpaiguri Tea Company group secured another grant which British Planters refused on grounds of its in accessibility and promoted a second company on it, that is Northern Bengal Tea Corporation with Needam Tea Estate (1882). Thus, it is found that the Bengalee entrepreneurs established tea gardens in different areas which were rejected by the British planters were of inferior in quality.

From the very beginning the tea gardens of the Bengalee entrepreneurs were not financially stable. B.C. Ghosh, the veteran tea planter mentioned that the Bengalee entrepreneurs had to cross many hurdles to open the tea garden and also to maintain it. He mentioned that the Bengalee started with very small capital which they could gather as none could subscribe a large portion of the capital. It was an association of poor men determined to do a big thing. In this context one has to see the role and attitude of the Banks of that period to Bengalee entrepreneurs. Regarding financial question the Britishers were in advance than that of the Bengalee entrepreneurs. As because of the master of India, the British entrepreneurs and capitalist could easily get financial help from different Banks. The tea gardens of the British entrepreneurs were controlled and managed by the Managing Agencies. These Managing Agencies easily got the required money from different Banks. The Managing Agencies of foreign planters were taken over the interest of the British tea gardens. These Agency houses played a

vital role in financing the tea companies. Their guarantee not only enabled the companies to borrow funds, but they always invested capital whenever the same was needed. It is found that in the sterling group the success of one company enabled another one to get the funds. No report has been found that any sterling established a garden in Jalpaiguri district had any teething trouble for want of finance. If the original entrepreneurs could not husband the required resources, they readily transferred the assets to some other company or organisation.<sup>6</sup> Many of the European gardens were financed by home people and managing agents made all arrangements for finance or other things. Finance is the life-blood of Industrial growth. Tea industry required careful nursing quite a number of years before they become profitable. The garden begins to yield crops from the fourth year and becomes a paying proposition in at least the sixth or seventh year. Thus a considerable amount of expenditure has to be incurred without any return during this period of development. The European tea industry is nursed by managing agents during all these barren years. Besides, attracting deposits and assisting industry directly by furnishing their own funds, the managing agents rendered invaluable financial assistance in an indirect manner as they arrange for and have to give their guarantee for all the bank loans, cash credits and overdrafts required by the industrial concerns under their management. Besides, sometimes the British Planters preference shares and sometimes they issue debentures.<sup>7</sup> Where as the Bengalee tea entrepreneurs of Jalpaiguri had to face difficult trouble in borrowing money from the Bank and bound to borrow money in high rates. In this context it is quite pertinent to mention that the Imperial Bank of India does not financed the tea companies directly or hypothecation of tea crop unlike other joint stock Banks and they required a guarantor usually a firm of repute of tea brokers or European firm of managing agents.<sup>8</sup> In this context one has to see the rules and regulations of the Imperial Bank in regard to grant a loan. When the Imperial Bank opens a cash credit account in favour of an industrial concern, it requires a promissory note with two signatures on every loan. The second name on the promissory note is called the guarantor. The loan is further secured by hypothecation of stocks of raw and manufactured goods

which is demanded in addition to the two signatures. The Imperial Bank cannot lend except on two signatures because under the Imperial Bank Act of 1920, hypothecation is no security. The other Indian joint-stock banks generally followed the Imperial Bank and demand the additional guarantee besides hypothecation of stocks. Further, the Imperial Bank of India was debarred by the Act of 1920 from granting loans for a longer period than six months and even still 1934 though the Act was amended it could not make any loan or advance for a longer period except in certain special cases when the maximum is nine months only.<sup>9</sup> The inevitable result of which is that most of the Indian concerns do not get finance from the Imperial Bank. Thus, finance is generally obtained on the hypothecation to some Indian Banks (Joint Stock Companies). Besides, they borrowed money from the Marwari money lenders and the local financiers who charged higher rates. It is found that if the company have not got good banks behind the Bengalee tea entrepreneurs, it had to borrow money at a high rate of interest 9% sometimes to go up 24%.<sup>10</sup> It is to be noted that during the period under study there emerged several joint stock companies or loan offices in Bengal under Bengalee financiers. The loan offices played an important role in the banking organization and in the economic life of Bengal. The loan offices were under the Indian Companies Act and were really useful to trade and industries. It is recorded that still 31<sup>st</sup> March 1929 there were 782 joint stock companies or loan offices in Bengal with a total capital of 9 crores.<sup>11</sup> According to Binoy Kumar Sarkar, an eminent Indian economist, that upto 1929-31 there were at least eight hundred loan offices or joint stock companies controlled by the Bengalees in Bengal,<sup>12</sup> which were the great source of financial support for the Bengalees'. In Jalpaiguri district during the period under study there were 15 number of such type of joint stock companies or loan offices existed.<sup>13</sup> In the area of our study the local banks of Jalpaiguri advanced money direct to the concerns without any such guarantor or hypothecation of crop at interest varying from 9% to 10%. In this context mention should be made of the bank like Jalpaiguri Trading and Banking Corporation, Lakshmi Bank, Raikat Bank, Rahut Bank etc. These local banks and loan offices play a part in the longer financing of tea

industry by advancing loans against mortgage of block and in that respect bear close analogy to the "trade banks". Among these "trade banks" the Jalpaiguri Banking and Trading Corporation and the Lakshmi Bank have indeed made a speciality of financing the tea industry. They made advances against mortgage of tea gardens and appurtenances and also on the security of tea shares. But such type of Banks or loan offices were not dependable as they emerged and declined every now and then. From 1914 to 1928 at least seventeen Bengalee joint stock company failed and during the depression period a great number of such type of Banks were either got closed or were on the verge of closure.<sup>14</sup> As the finances of the Jalpaiguri Banking and Trading Corporation Ltd., the Jalpaiguri Lakshmi Bank and other local Banks were rather limited due to lesser number of deposits during depression. They became handicapped in financing in tea market during that period. In this context one has to see the financial strength or paid up capital of the local Banks. The Jalpaiguri Banking and Trading Corporation was established with a paid-up capital of Rs.50,000 only. The bulk of the necessary funds is obtained from fixed deposits running for two years, one year and six months and the rates of interest being 7%, 6½% and 4½%, respectively. During the depression period these tea banks bound up with one particular industry, have been hit very hard. Because a considerable portion of their loans to the tea industry has become unrealisable and frozen and some of them have closed their doors. In the depression period most of the tea gardens were unable to repay their debts and the banks have been compelled to restrict their assistance.<sup>15</sup> It is found that Jalpaiguri Trading and Banking Corporation which was the principal financier of the Bengalee entrepreneurs of the tea plantation industry had already hypothecated Rs.41,96,326 in 1929 out of its total capital of Rs.54,60,679.<sup>16</sup> Further, in 1931 the Jalpaiguri Banking and Trading Corporation made loans against mortgage of gardens amounting to Rs.11,60,000 at rates of interest varying from 9 to 12%. Loan on the security of tea shares amounted to Rs.1,78,000. There were further unsecured loans to the extent of Rs.5,57,000.<sup>17</sup> The Jalpaiguri Lakshmi Bank also bankrupted during the depression period. Thus, the crushing of

the indigenous Banks or loan offices was a great blow to the Bengalee entrepreneurs of the tea plantation industries. In this context it is pertinent to mention that some of the old gardens have got some reserve funds and could manage themselves but most of the gardens got heavy financial crisis during the depression period.

N.K. Basu, once who was the convenor of Co-ordination Committee of Planters Association opined that the Bengalee planters earned maximum profit from tea plantations industry, but due to economic imprudence unable to overcome this financial crisis. According to him the Bengalee entrepreneurs earned maximum profit and extensively expanded the tea plantations area without keeping any reserve fund for which they had to face acute financial crisis. Further, the Bengalee entrepreneurs distributed very high dividend to the shareholders.<sup>18</sup> It is found that the Bengalee entrepreneurs distributed upto 364 percent dividend to the shareholders.<sup>19</sup> In this context it is to be mentioned that this high dividend attracted so many Indians to invest in tea. It is found that Bhabaranjan Gangopadhyaya, a non residence Bengalee based in Bombay, was highly interested to invest in tea when he came to know the reputation of Jalpaiguri Tea Company in regards to high dividend in 1927, but it was not possible due to his illness and he expressed great repentance as he missed a great chance of financial gain for investing in tea.<sup>20</sup> Due to the distribution of high dividend there was shortage of fund and it was making impossible to overcome this financial crisis. Mr. Nalini Ranjan Ghosh, member of the Executive Committee in the 13<sup>th</sup> Annual General Meeting held on 14<sup>th</sup> March, 1931 addressed regarding the high dividend that it was an idea prevalent amongst many people that the Indian Tea Companies suffer from superfluity of wealth and payment of dividend for some years in a case of few companies at the rate of Rs.200/- to Rs.300/- gave a very false idea on that point. However, he acknowledged that the few companies which declared such dividends were companies with very small capital.<sup>21</sup> Thus, it is found that financial crisis was a vital factor for declining the Bengalee entrepreneurs in the area of our study.

As Tea plantations industry emerged with Colonial interest and Colonial capital, it had been decided that to the advantage of producer's tea should be sold in auction, either in the producing countries. It has already been discussed that by this Colonial system tea was auctioned either in London or Calcutta. It is to be noted that tea is a commodity whose quality varies from garden to garden and season to season. Different elevations and different soil conditions affect the quality of leaf. The quality of the tea produced by different producers and even the same producer from different areas of his estate will not be uniform and hence cannot demand the same price. The auction system is able to offer blenders who were able to take an intelligent decision on the type and quality of teas to buy. The blender would be able to sell a superior product at the same price or a similar product at a lower price or most likely a better product at a lower price. Thus, one set of the fears concentrated around the possibility of auctions being "rigged" by buyers combinations.<sup>22</sup> In the tea market producers are many but buyers are few. Thus the buyers can 'rig' the market by collusion. So, many producers of tea have deep resentment against the auction system. Some producers have conviction that the auction system was being misused and some how to cheat them of prices they otherwise might have realized. It is clearly stated in the Report of Indian Tea Planters' Association, 1931, that buying of tea was mainly controlled by a few buyers and the Association believed that the low price of tea was partly atleast due to a combination of a few buyers who were effectively controlling the price.<sup>23</sup> It is evident that the buying of tea had been concentrated in the hands of a few people not more than 5 or 6 like, Brooke Bonds, Harrison and Cross fields, Liptons etc. And they paid discrimination prices i.e. high prices to some and low prices to others.<sup>24</sup> Further, the tea brokers received a commission from the producers for selling their tea. It is mentioned in the report of the Indian Tea Planters' Association that the brokers had to be paid brokerage commission, at 1% over and above all other charges.<sup>25</sup> Hence in auctions since the brokers income depends on price of tea, the brokers were suppose to represent the sellers. In Calcutta the brokers additionally receive a commission from the buyers. In this respect manipulation starts between the brokers and the

buyers.<sup>26</sup> The producers sent the tea to the broker who sells it on the tea sale market to the buyers. Therefore, the auctioneer had some control over the price at which he sells and could under sell. In this context it is quite relevant to mention that main purchaser of Duars tea were Kanada and Persia. Besides, a good quantity of Duars tea also exported to Bombay. It is found that in 1928-29 the prices of tea in Calcutta market was higher than that of London market, as because the Persian merchants could freely purchase the required tea from Calcutta market. But in 1930 due to their internal problem (without Bank facility) the Persian merchants could not purchase tea from Calcutta market. As a result, the other buyers controlled the dynamics of tea market of Calcutta according to their own wishes.<sup>27</sup> This monopoly and manipulation of other buyers led to a great financial loss for the Bengalee tea entrepreneurs. Thus many of the Bengalee entrepreneurs could not adjust themselves to the auction system of selling and consequently many gardens became sick and unwell.

After 1914 the next phase of entrepreneurial activity was started. As the waste land of the Government was exhausted and there was no bar to convert a *joteland* into tea land from 1914 onwards tea gardens emerged extensively on the *joteland*. Both Hindu and Muslim *jotedars* at this juncture came forward with their vast land for conversion into tea land. The Hindu absentee *jotedars* by virtue of their modern education and cultural background realised the economic significance of the tea estate as an asset. Hence whenever chance came they took the opportunity of converting their *joteland* to tea land. It is interesting to note that these *jotedars* promoted the tea gardens had lack of experience and knowledge in tea plantation industry in comparison to the former promoters of Anjuman Tea Company or Jalpaiguri Tea Company.<sup>28</sup> Unlike the Muslims these *jotedars* were mostly non-resident *jotedars*. They had no direct relation with the tea garden. Thus, the new entrepreneurs following the Britishers invested their surplus profit either by purchasing landed property or to invest in different small industries outside North Bengal. Chomong Lama, a free lance researcher mentioned that Bengalee tea entrepreneurs invested their excess profit in different industries at Soadpur, Khardaha, Panihati, Damdam or in other

places.<sup>29</sup> In the later days the tea entrepreneurs family like the Ghosh, Sanyal, Roy, Mitra, Niyogi and Bhowmick invested the surplus profit from tea in different industries and business like Sulekha Ink, Bengal Lamp etc.<sup>30</sup>

The Bengalee tea entrepreneurs were divided into several groups according to the Tea Companies which they belonged like, Anjuman Tea Company, Jalpaiguri Tea Company, Gurjanjhora Tea Company etc. There was very cool relation with one group to another group. The Bengalee entrepreneurs were also divided into Hindu and Muslim group. Besides the Hindus and Muslims groups, there was also division in the Hindu group like, Barendra and Kayasta. The division and factionalism no doubt weaken the Bengalee entrepreneurs. There was strained relation between Tariniprasad Ray and Jogesh Chandra Ghosh on the question of share of the tea garden.<sup>31</sup> It is said by some respected town dwellers that the Jalpaiguri Banking and Trading Corporation was established with the endeavour of Tarini Prasad Ray, but in the later days Tarini Prasad was criticised for defalcation of the deposited amount of this Bank.<sup>32</sup>

The Bengalee Tea entrepreneurs were absolutely humanitarian. They did not confine themselves only in tea plantation industry. Some of them closely connected with national politics and later years became member of the Legislative Assembly, Minister and also formed "North Bengal Group" within the Coalition Government in Bengal.<sup>33</sup> They boundlessly contributed money in cultural and welfare development of Jalpaiguri. The Bengalee entrepreneurs were greatly responsible for the socio-economic development of Jalpaiguri Town which was started in 1900. In 1919, the Bengalee Tea Entrepreneurs of Jalpaiguri founded the Indian Tea Planters' Association. This association was not only conscious for the welfare, medical facilities and sanitation of the tea labourers, but at the same time this association also had great contribution for the development of Jalpaiguri Town. It is found that from the beginning of the 20<sup>th</sup> century the Bengalee entrepreneurs contributed money for cultural activities, in education and in games and sports. In this context mentioned should be made of Ganganath Bagchi, Sashi Kumar Niogi, Ganesh Chandra Sanyal, Tarini Prasad Roy, Joy

Gobinda Guha, Makhanlal Chakraborty, Nalini Kanta Rahut who established boys' Hostel respectively in their houses and borne the expenses for the education of the students who came from different districts of Bengal.<sup>34</sup> By their endeavour the Jalpaiguri Aryanattyā Samaj (1902) and Bandhabnattyā Samaj (1925) were established. They also founded a Bengalee Club in Jalpaiguri named Jalpaiguri Institute. Bengalee entrepreneurs contributed much more money in football games. Besides the above activities, a noble tusk was performed by the Bengalee Tea entrepreneurs with the foundation of Jalpaiguri Jackson Medical School in 1930. The boundless contribution for socio-economic and cultural activities to some extent have no doubt affected their capitals.

The entire period from 1876 to 1896 was one of the significant eras in terms of acreage under tea production. Particularly between the year 1892 and 1896 the tea industry enjoyed an extra ordinary prosperity. But in the first world war eras the expansion of tea garden was very limited and after a serious slump in 1920 to 1922 tea prices steadily recovered and reached high levels in 1925 to 1927. During these years considerable areas of new tea were planted by the Bengalee entrepreneurs which began to come into bearing by about 1928-29.<sup>35</sup> But prices of tea then fell heavily, and it was clear that supplies were going to be greatly in excess of demand, produces in India. The table shows how gradually stocks of tea in London had become dangerously high.

Monthly figures of stocks of Tea in London from 1927/8 to 1930/1 (in million lb)

	<b>1927/8</b>	<b>1928/9</b>	<b>1929/30</b>	<b>1930/1</b>
April	175.0	220.4	245.0	252.0
May	157.1	195.9	215.0	236.0
June	144.5	179.2	205.0	227.0
July	136.5	170.5	203.0	218.0
August	146.6	179.1	213.0	231.0
September	163.8	194.6	225.0	244.0
October	185.1	207.7	243.0	260.0
November	213.8	224.7	255.0	260.0
December	239.0	233.1	275.0	288.0
January	252.9	251.3	283.0	296.0
February	249.9	253.7	282.0	293.0
March	239.8	259.6	267.0	269.0
Total	2304.00	2569.80	2911.00	3074.00

Source : The History of Tea Industry, by Percival Griffiths, Weidenfeld and Nicolson, London, 1967, p.188

The table shows that from 1927-8 to 1930-01, 10858.80 million lb tea was stocked in London market. However, other source mentioned that upto February 1931, there was 270,387,000 pound of tea stocked in London market.<sup>36</sup> At this juncture tea produced country India, Ceylon and Netherlands East Indies reached an agreement on a voluntary scheme to curtail output. This scheme was brought into operation early in 1930, but unfortunately the negotiations for its continuance after that year were not successful. In the meantime the decline in tea consumption, resulting from the world trade depression of 1929, was seriously aggravating the situation and tea stocks continued to rise until in 1932 the market was so depress as to be entirely un-remunerative to almost all engaged in the tea industry.<sup>37</sup> The tables show the declining prices and decreasing of exports of Duars Tea in London during the depression period.

Selling Price of Duars Tea in London

Year	Rate (per kg.)
1929	1 shilling 0.47 Penny
1930	11.33 Penny
1931	8.29 Penny
1932	7.43 Penny

Source : Trisrota, a Bengali Weekly published from Jalpaiguri, Editor Suresh Chandra Pal, dt.9.11.1931/23.11.1931/24.5.1931 and 27.11.1932

Exportation of Duars Tea in London

Year	Number of Teachest (Box)
1929-30	350332
1930-31	311102
1931-32	334912
1932-33	293212

Source: Trisrota, a Bengali weekly published from Jalpaiguri, Editor Suresh Chandra Pal, dt.13.9.1932.

From the above tables it is found that both the prices and supply of Duars tea declined during the depression period. It is clear that as the demand fell off so seriously that tea prices decline dangerously. Thus several gardens fell into financial difficulties. Not only the Indian entrepreneurs suffered but as a whole in India tea industry was infact, in a precarious condition during the depression period. It is recorded that of the one hundred and forty five rupee companies reported by the Director General of Commercial intelligence and statistics, only thirty six paid a dividend, while of the eighty four, sterling companies reported in the Indian Tea Associations' Annual Report for 1933, forty one paid no dividends in 1932.

Of the companies so listed by the Association, thirty passed their dividends in each of the year 1930, 1931 and 1932. At this juncture the Indian Tea Association addressed the Government of India officially on the question of exports by means of an international agreement between the producing countries. Thus, an international Tea Committee was set up to co-ordinate all this action and in India the Tea Control Act to give effect to the agreement was passed in 1933.<sup>38</sup> The agreement stipulated that existing tea areas must not be extended during the period of five years exception in special cases. The Indian Tea Association and the Indian Tea Planters Association, Jalpaiguri considered that a voluntary basis was inadequate for a scheme of this character and asked the Government to give it legislative effect. This, however, was not done, partly because of the opposition of the united planters Association. In addition to this there were other factors which also aggravated the situation for the lowering prices of Duars Tea. A good quantity of tea was imported into India from China, Java and Sumatra. Besides, tea also imported into India from Ceylon. It is found that large tract of land have come under tea principally in Java and every year from Rs.20 lakhs to Rs.25 lakhs of Java tea imported into India.<sup>39</sup> As buying of tea has been concentrated in the hands of a few people, they exploited this bogy of over production. Thus the Indian tea had to face a competition with the imported tea and the buyers took this advantage for fixing the prices of tea. Further, the Bolshevik Revolution put an end to the import of tea from India and Ceylon into Russia. It is to be noted that in the pre-Bolshevik era Russia purchased good quantity of Indian tea. In 1903-04 tea exported from Calcutta which was purchased by Russian buyers amounted  $11\frac{1}{4}$  million lbs, and including 4,905,000 lbs, consigned to Dalny, 9,452,000 lbs were shipped direct to Russian Ports.<sup>40</sup> In the post Bolshevik era the exportation of Indian tea decreased 100 million pound per year and even from that time Russia started to produce tea in her country. It is found that in 1930 Russia produced 900,000 pound tea.<sup>41</sup> All these forces and factors were responsible for the lowering prices of Indian tea. The lowering prices of tea created some serious financial problem during the depression period. It is reported by the tea planters Association, Jalpaiguri, that during the depressing condition of

the tea trade they had selling their teas practically at the cost of production.<sup>42</sup> Due to unremunerative prices of tea the 'absentee owners' began to feel less attraction to their tea gardens.

Thus the period of great prosperity of tea was at an end and it was very difficult to protect the tea garden during the tea crisis followed by the world wide economic depression. During the depression period the Bengalee entrepreneurs faced an acute financial crisis, but they had no advantage like the British entrepreneurs to obtain money. However, it is found that Sir. R.N. Mukherjee, the builder of Industrial Bengal gave unstinted financial support to the tea company of Jalpaiguri. Sir Byomkesh Chakraborty was another personality; the Managing Director of the then Bengal National Bank, under his inspiration the Jalpaiguri Banking and Trading Corporation got the requisite support and could finance a number of Tea Companies. But with its limited resources Jalpaiguri Banking and Trading Corporation could not render much financial assistance.<sup>43</sup> It is to be noted that in India for Colonial need the tea plantations Industry emerged and the gradual extention of this industry was possible due to the free entry of European merchants and traders and when prices of tea was declining during the depression period it was for the Colonial interest they controlled the production and extention of tea plantation areas. In this context it is quite relevant to mention that in Jalpaiguri Duars 80% tea lands were controlled by the British entrepreneurs where as 20% tea lands were under the Bengalee entrepreneurs. It is found that the area under tea of the Duars planters' Association was 120,000 acres and where as the area under Indian Planters' Association was 25,000 acres.<sup>44</sup> The Bengalee entrepreneurs were totally deprived to get financial assistance from the Bank like the Imperial Bank of India. Even they have not secured any sympathetic treatment from the Imperial Bank. As the indigenous loan offices or Banks were unable to provide financial assistance, it was not possible for them to keep the garden in their possession for a long period of time. Thus, following the depression the financial crisis compelled them to mortgage a part of the garden or either sale a part of the garden. It is recorded that in the last week of April 1930 a part of a reputed tea Company was transferred.<sup>45</sup> In this way, the

declination of the Bengalee entrepreneurs started and the Bengalee tea planters gradually mortgaged a part or share of the tea garden as because they were unable to repay the loan taken of the mortgaged parts or shares of the garden were sold by auction. It is reported that six parts of Gurjanjhora Tea Company Ltd. i.e. from No.804 to No.809 had mortgaged to Sadananda Prasad Saha and as the owner of the said parts was unable to repay the amount taken with interest were sold by auction.<sup>46</sup> It is also reported that the parts of Kathalguri Tea Company Ltd., No.1458 to No.1464 (seven parts) were mortgaged on 20<sup>th</sup> April 1929 for an amount of Rs.5000/- were called for auction on 20<sup>th</sup> December 1930 by Babu Sri Lal Maheshwari.<sup>47</sup> Further, it is found that Joychandra Sanyal mortgaged 949 No part of Ramjhora Tea Company to Ramananda Maheshwari for an amount of 329 rupees 10 annas, was sold by auction as he was unable to repay the said amount with interest.<sup>48</sup>

It is quite pertinent to see a reference to the part played by the state in the provision of financial assistance for the industries of the country. In the beginning of British rule in India, the industrial policy of the Government was buttressed by the English economic philosophy of laissez-faire, and it kept itself aloof from the indigenous industries. But after the World War I the exigencies of the circumstances brought about a change in the industrial policy of the Colonial Government. Under the enormous stress of the war, the old doctrine of laissez-faire brokedown. The theory that interference by the state in the economic life of the country was injurious to its well-being came to be discarded. The Colonial Government which was so long the citadel of laissez-faire policy adopted an active policy of encouraging home industries in various ways. Thus in India, the Industrial Commission was appointed in 1916 and emphasised in its report the supreme importance of state aid to indigenous industries. However, in Bengal there was no legal provision for state-aid to industries still 1931. The State-Aid Act was passed in Bengal on 23<sup>rd</sup> July, 1931. The Bengal Act contains provisions not only for the grant of secured loans, guarantee of cash credits, overdrafts and guarantee of a minimum return on the whole or part of the capital of a joint-stock company but also provisions for guarantee of interest

on preference shares and debentures and for the supply of machinery on the hire-purchase system.<sup>49</sup> Thus, when the Act was passed it brought great hopes to many a budding industrialist in Bengal, but after all these years of working, the Act does not appear to have benefited any body. Upto March 6, 1935, the actual amount sanctioned by Government against five different applications was Rs.11,000, of which Rs.900 representing two small loans was refused by the applications. The most important thing to be noticed in this connection is that in two years and a half there was no actual disbursement of money. The working of the Act naturally came under a fire criticism in the provincial legislature from time to time. It was pointed out that though the Act was passed in July, 1931, it did not come to function still 1933. In 1933-34 no money was provided in the Budget for granting financial assistance under the Act.<sup>50</sup>

Following the financial crisis of the Bengalee Tea entrepreneurs some western Indian Banias took the opportunity. By purchasing the parts of the tea garden they gradually entered into this trade. Thus, after 1930 there was substantial transformation witnessed of the ownership of the Bengalee tea planters. This picture became very prominent in the post partition era. In the post independence era the non Bengalee Bania with their accumulated capital became the promoter of the tea gardens. Manash Dasgupta, an eminent economist of North Bengal analysed in detailed how the non-Bengalee Banias very tactfully and close association with several Banks gradually became the owners of the Tea gardens in the laterdays.<sup>51</sup> This new entrepreneurs were not at all tea planters and even some of them never had seen tea garden in their lifetime. Bengalee entrepreneurs also were themselves responsible for their declination. It is to be noted that the descendants of the renowned Bengalee tea entrepreneurs were not so competent and courageous like that of their predecessors. Most of them were attracted towards luxurious life and they did not pay much attention to the tea gardens which their predecessors once had established with much toil. It is also discussed that most of the *jotedars* who founded the tea gardens were non resident *jotedars* and did not devote much time for the development of tea industry. Hence one finds a similarity of the declination

of the Bengalee entrepreneurship in tea gardens in northern North Bengal with that of the declination of Bengalee entrepreneurship of the 19<sup>th</sup> century Calcutta. In Calcutta and its surrounding areas the descendants of the renowned Bengalee entrepreneurs were much more interested to invest in Calcutta house property, land, gold and silver plates, jewels, government securities, company's paper, Zamindaris and rent free land rather than to invest in industry.<sup>52</sup> All the above mentioned factors ultimately paved the way for slipping out of the tea gardens from the hands of the Bengalee entrepreneurs. The declining phase of the Bengalee entrepreneurs thus started during the depression period and it became very acute in the post independence period.

Thus, it is found that gradually the ownership of tea gardens transferred from the hands of Bengalee entrepreneurs and it is still continuing.<sup>53</sup> However, it is not possible to put here the statistical figure as regards the number of tea gardens transferred from Bengalee entrepreneurs to non Bengalee entrepreneur during the period under study. It is so because till 1906 there was no tea Register. Even though Tea Register was maintained from 1906, but it was not systematically, properly and regularly recorded as regards to whom the lease was issued, the name of the promoters, the name of the Board of Directors etc. Consequently one is in the dark with regard to the statistics of the ownership of the tea garden. Thus, it is not possible to find out the actual figure of the transfer of tea garden from Bengalee to non-Bengalee entrepreneurs during the period under study.

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