



INDUSTRIAL ADVANCEMENT OF AN AREA: A STUDY ON THE BASIS OF PUNALUR PAPER MILL

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RESEARCH ARTICLE



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Abstract

The social and economic development of a region very much depends upon the industrial advancement of the area. The history of the growth, development and collapse of the famous paper mill in the Punalur locality of Kollam district of Kerala state exhibits a real experience that how the development of an industry contributed for the social and economic development of a region and how the closure of the industry negatively affected thousands of poor dependents of the industry. This study tries to identify the stages of development of the industry and the reasons for its closure.

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Punalur-Historical Background

Punalur is a city situated near the Kerala Tamil Nadu border in the Kollam District of the Southern Indian State of Kerala. The city is situated on the banks of the Kallada river and as it is very close to the Tamil Nadu border, even the name of the city has been derived from two Tamil words, 'Punal', which means water and the word 'ooru' means house and meaning of name of the city literally means "city of water". Due to the advantageous location of the city near western ghats, the city is also called as the lap of "western ghats".

Punalur about 45 Kilometres north-east of Kollam and has a distance of 75 kilometers from Thiruvananthapuram. The second largest city in Kollam district, become the home of a paper industry in Kerala through establishment of the Punalur paper mills in 1885. The main reason for the establishment of the paper mill in the locality is due to its geographical location in the western ghats which ensures the supply of the major raw material for making pulp, the reed in western ghat forest areas. Punalur Paper mill has been categorized as one of the pioneer industry in Kerala and has contributed very much for the Industrial development of ancient Kerala.

Another reason for the establishment of paper mill in Punalur is that during the reign of Travancore kingdom, due to the geographical location near Tamil Nadu, for fostering trade Kollam-Thirunelveli line has been planned and implemented by king and British jointly

An analysis on the mile stones in the history of the company and Economic and social impact and implications due to the establishment of the paper mill.

Travancore kingdom along with British officials especially the persons such as *I.F. Bourdillon, D.G. Cameron, Rolade* etc. has made tremendous efforts for the industrialization of the state of Travancore, especially from the middle of the 19th century.

Punalur has been selected for the establishment of paper mill mainly due to the location of it which ensures the raw materials, especially forest products and the availability of surplus water for processing the materials. Its location near Tamil Nadu was also considered.

The Punalur paper mill was started on 14th April 1885 under the name Travancore paper mills coy. The was founded by D.J Cameron, a giant German industrialist, who was interested in practical utilization of fibre. It was done with an intention of for ascertaining their suitability for paper making purposes, these fibres were checked by professionals from England and had been

identified as of standard quality. The initial capital of the company was three lakh rupees divided into 600 shares of 500 rupees, payable Rs 75 per share on allotment. The demand for paper in southern India has been rising, as there were no paper mills in Madras province and the paper has to be bought from northern India and by import from European countries.

Travancore paper mill become Lakshmi paper mills company limited in 1913. Later Nattakotta Chettiyar purchased the company in 1916, it was renamed as Meenakshi paper mills company. In 1931, the ownership of the company again changed and it led to the formation of *Punalur* paper mill limited, under the ownership of A.V.M and company. Messers A.G Harvey Limited of *Madurai* were the Managing Agents of the company since 1937.

Shortly after the firm was taken over by Harveys in 1937, an extensive programs of rehabilitation and replacement of plant, machinery and building, which were in a dilapidated condition was launched. Additional equipment and machinery were installed including new water Turbine of the latest type, a special water filtration system automatic paper cutter, pulp clearing plant, By 1939 production per month rose to 100 tones and by 1940 it rose to 1436 tones.

In 1941 a contract was entered into between the mill and *Travancore* government for making available the raw-material such as wood, waste paper etc. As a result of the terms and conditions of the contract 1/3 of the total share of the company was handed over to *Travancore* government. The firm of Messers A.G. Harvey was converted into limited company on April 16, 1945 and Messers A.G. Harvey Ltd., tool over are the rights and liabilities of the form inclusive of the managing Agency rights of *Punalur* paper mill Ltd. In 1952 a *Sweedish* paper Machine was introduced in 1957 the working of the Soda recovery plant was completed. The production rose in 1957. The paper was found very useful in textiles and match industries. The company started hospitals school and daycare centres for its workers. The school which the company built in 1949 was inaugurated by the then *Travancore* Chief Minister *T.K. Narayana Pillai*.

In 1968 on Mr. *L.M. Dalmia*, the gaint industrialist bought the mill and took over the management of the mill as chairman and managing director. Since then the annual production capacity 2500 tones. Once Mr. *Dalmia* took over the concern is started expansion work in the mill by availed loan from central government. financial institutions such as ICICI, IDBI, IFCI and *Cananra Bank*. Although the annual production capacity raise to 50000 tones, the mill never manufacture more than 50000 tones of paper in any year till the closure in 1987. The reason given by the management for this is that although the Kerala Government committed to supply sufficient quantity of raw material such as reeds but failed to keep its commitments. Any how the amount availed management by loan from financial institutions went *Bombay* High court obtained an order an order to place the mill under the custody of court receiver Agitated over this development which has thrown 1000 of mill workers in despire despondency and starvation, the employers approached the *Bombay* High court to redress of their grievances .The Honorable court there upon allowed *Mr. Dalmia* to run the mill subject to the condition that shoed remit the court 5 lakhs every month failing which the mill again be taken over by the court receiver. *Mr. Dalmia* accordingly worked the mill by remitting 5 lakhs rupees for a few months and then fail to do so. The inevitable result was placing the mill once again under the custody of court receive, thus was on 30-09-1984.

The first integrated trade union of *Kerala* was the trade union of *Punalur* Paper Mill. the laborers of *Punalur* Paper Mill had fought *Sir. Diwan C.P. Ramaswamy Iyer* of his American Model reform and his despotism. Moreover they had the courage to lead a black flag march inside the *Thiruvithamkoor* Legiative Assembly .The main leader of this movement was the president of paper mill workers s union , *C. O Mathew* his black flag march inside the assembly has a memorable event in the history of the strikes of paper mill labourers .Al the same time it was pitiable that this trade union could not help or stop the company from its fall.

With the closure of the mill the condition of the workers were very miserable and about 1000 workers were thrown out of employment due to the closure of the mill. In the absence of sufficient food and medical treatment many workers have become victim of chronic diseases they got only 1000 rupees as annuation benefit.

It is pertinent to mention here that the sale of paper had never been a problem in the mill as the balk quantity of paper production included specialty paper which are import substitute the paper which produced in the mill had a major place even in the world market. when the mill was under the British rule the mill produced paper for stamp and cover needed to the British government the mill was renowned as the largest paper industry in Asia. Later it remained as the largest factory in India and south Asia when the *Mondia* paper factory established in *Mysore* the *Punalur* Paper Mill has loot its Prestige in *South India*.

A well moving economy of *Punalur* has lost its golden age after the clure of the mill. Many small scale industries such as cover and envelop manufacture, water proof paper manufacture match industry declined due to the enclosure of the mill.

Present Position

The *Punalur* paper mill which was once the symbol of industrial *Kerala*, has made a comeback 23 years after its closure. The renovated mill will start producing craft paper as one out of its three machines will start running after the formal inauguration by the Chief Minister *Oommen Chandy*, in the presence of Industries minister P.K. *Kunjalkikuty* and Labour minister *Shibu Baby John*, on September 11. The 277 acres of land that was with the mill have shrunk to 80-90 acres due to encroachment. The renovated mill has a capacity to produce 90 tones of craft paper per day with an employee strength of 120 in three shifts. The other two machines will also be operational soon to give employment to over 400. The new management has invested nearly Rs 100 crores including stake purchasing and clearing of liabilities.

Conclusion

The economy of any country has a direct relation to the industrial growth. The economic condition of the People underwent rapid change, with the starting of industries. A township immediately grows around the industry²⁴. The price of the land shoots up. The local market finds plenty of customers for all products. Industry provide direct employment to a number of persons. It also provided employment to many others by such operations as transporting of materials, loading and unloading and similar activities. A number of ancillary industries also started around the main industry.²⁵

Apart from these changes industrialization increased the national income by increasing the productivity in agriculture and promoting trade and commerce. the state government earned a good profit of income through the trade contacts between different parts of the world industrial development necessitated the progress of means of transport and communication which gave opportunities for intermingling of people. The hygienic educational, cultural out look of people also underwent changes. The rise of rural middle class people was one of the important features of this period. All these changes in a society led to its transformation into a modern democratic society, doing away with its old authoritarian and feudal concepts.

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