

The Tobacco Industry in the Island

BY

A. B. ATTYGALLE,

TOBACCO OFFICER

ALTHOUGH it is not possible to state with precision the year in which tobacco growing was first introduced into the Island, there is good evidence to indicate that tobacco growing dates as far back as the early part of the 17th century.

The type grown at that time was the dark, coarse and strong-flavoured tobacco which was used for chewing. Cheroot tobacco which came in later was first grown in the Jaffna Peninsula for the purpose of export to places such as Sumatra, Penang and Travancore. The Southern Province in Ceylon also had a market for this commodity. As time went on the demand for Jaffna tobacco outside Ceylon was confined only to Travancore, but with the manufacture of cheroots which was introduced about a century ago the indigenous population adopted the smoking habit. This resulted in the extension of the growing of tobacco in areas such as Hiriyala Hatpattuwa, Dumbara, Trincomalee, Tamankaduwa, Negombo and Chilaw Districts. With the expansion of the cultivation the price of tobacco went down and the industry was in a plight.

In 1902, an attempt was made to cure Jaffna tobacco for the London market to be used as pipe smoking tobacco. Mr. Macdougall Gibson, an expert from abroad, was commissioned for this purpose. His investigations proved that the Pallai area in Jaffna Peninsula was best suited for mild-flavoured varieties for the manufacture of pipe-smoking tobacco. Tobacco grown in this area was favourably reported on in the London Market, but the project fell through owing to the opposition received at the hands of the cheroot manufacturers in the Jaffna Peninsula.

In 1910, the Ceylon Agricultural Society commenced a series of tobacco trials at Maha Illuppalama Agricultural Station and tested out mild cigar tobacco varieties imported from Java and Sumatra.

In 1911, a tobacco specialist, Mr. J. Van Leenhoff arrived in the Island to advise and report on tobacco cultivation at Messrs. Molsworth Brothers' estate at Trincomalee. His services were also commissioned by the Ceylon Agricultural Society to report on the trials at Maha Illuppalama Agricultural Station and by Government to visit Jaffna, Trincomalee, Dumbara Valley, and report on the possibilities of growing tobacco in those areas. Mr. Van Leenhoff, in 1912, considered there was no outlet for chewing tobacco apart

from the local market and trade with Travancore which was even then uncertain. He emphasised the necessity of carrying out more carefully-planned experiments. In regard to smoking tobacco he was of opinion that both cigar and cigarette tobacco could be produced for export to Europe and stressed the importance of adopting orthodox methods of cultivation and curing of tobacco.

In 1914, the services of Mr. B. Scherfius, another tobacco specialist, were engaged by the Government and he toured the tobacco growing centres—Jaffna Peninsula, Dumbara Valley, Matale North, Trincomalee, Chilaw and Kurunegala Districts. Trials were conducted in Tinnavelly in Jaffna with varieties of cigar, cigarette, pipe and chewing tobacco for the European market and on the termination of his engagement in June, 1917, he came to the conclusion that cigarette tobacco and high grade cigar tobacco could not be produced in the Jaffna Peninsula. However, he was of opinion that there were possibilities of growing White Burley for pipe-smoking and cigarette blends in the Jaffna Peninsula.

In November, 1918, Mr. W. B. Wilson, another tobacco adviser, arrived in Ceylon and took charge of tobacco trials at Teldeniya in Dumbara Valley and tested out a number of cigar varieties before leaving Ceylon in November, 1919. These trials were continued in the following year by the Divisional Agricultural Officer, Central Division. Samples of tobacco from these trials were sent to London as well as India, but were not favourably reported on.

It will be seen from the foregoing account that the initial trials in the growing of mild cigar and cigarette tobacco had not met with any appreciable success and there has been no continuity in the trials.

The need for carrying out further trials with cigarette tobacco in Ceylon was felt when it was found that other countries such as India, Nyasaland and Southern Rhodesia, Canada and Australia among others were producing cigarette tobacco, some of which was being used in good quality cigarettes manufactured in the United Kingdom. In 1931, trials were initiated at Wariyapola and Ganewatte Experiment Stations. The varieties tested out were Harrisons' Special, Virginia Bright Leaf, Big Gem, Bonanza, Hickory, Pryor, Jamaica wrapper, Willów Leaf and White Stem Orinoco. These trials proved that Harrisons' Special was the best variety suited for local conditions.

In 1934, the services of Mr. F. H. Cooper, Tobacco Expert of the British American Co., Ltd., were loaned to the Ceylon Government for a period of two months for the purpose of training some of the officers of the Department of Agriculture in harvesting, flue-curing, grading and processing of tobacco for the market. Cigarette tobacco grown at Wariyapola and Ganewatte Experiment Stations were flue-cured for the first time in 1934, under the able guidance of Mr. Cooper, in an improvised flue-curing barn. He was of opinion that the quality of Ceylon flue-cured leaf was up to standard and that the quality could be improved upon by adopting better methods of cultivation and curing the leaf in properly constructed, flue-curing barns.

Mr. Cooper, after training officers in the harvesting, flue-curing, grading and processing of cured tobacco for the market made a survey of the tobacco-growing centres and pronounced that cigarette tobacco could be grown successfully in Kurunegala District, Matale North, and other parts of the Dry Zone on light and medium sandy loams.

On recommendations made by Mr. Cooper, tobacco trials at Wariyapola and Ganewatte Experiment Stations were continued and two flue-curing barns were constructed. Trials conducted during 1935-1939 met with good success. The local cigarette-manufacturing Companies commenced the purchasing of Ceylon flue-cured leaf produced on Departmental Stations from 1938. The Ceylon Tobacco Co., Ltd., commented very favourably on the 1938 tobacco crop and gave the Department of Agriculture an assurance to buy all the flue-cured leaf produced by the Department.

Consequent to the success of the trials conducted during 1934-1938 the necessity was felt for the creation of a separate Division in the Department of Agriculture to further explore the possibilities of establishing a cigarette-tobacco industry in the Island. In 1939, Mr. W. M. Rogers was appointed Tobacco Officer and with his appointment the Tobacco Division was created to deal entirely with tobacco work. In addition to the trials on Departmental farms, Development Schemes for growing of cigarette tobacco by cultivators in the Kurunegala District were organised. In 1940, Messrs. Rothmans, Ltd., and the Ceylon Tobacco Co., Ltd., organised their own Development Schemes for encouraging the cultivation of cigarette tobacco by middle-class growers. These schemes functioned satisfactorily until 1942, and the extent under cigarette tobacco rose to 400 acres. The cost of production of tobacco increased on account of emergency conditions brought about by the World War II but prices paid for Ceylon, flue-cured leaf were not correspondingly raised. Hence the growing of cigarette tobacco by cultivators received a set-back and eventually in 1943 the cultivators gave up the growing of this crop. However, the Department of Agriculture continued the trials in Kurunegala District and also explored new areas with a view to introducing the cultivation of this crop.

Trials conducted in new centres at Anuradhapura, Maha Illuppalama Hingurakgoda and Budumuttawa, on well-drained paddy lands under controlled irrigation met with good success. These results proved beyond doubt that cigarette tobacco could be grown as an economic crop on paddy lands during Yala.

In addition to cigarette tobacco several mild American tobacco varieties were tested out at several centres with a view to replacing the local varieties. The broadleaf variety proved superior to the popular local variety Dumbara, both in respect of yield and quality. The cultivation of this variety is now being encouraged.

THE PRESENT POSITION

In summing up the results of trials conducted during the past 15 years it can now be stated with confidence that the experimental stage of growing cigarette tobacco in the Island is passed. In 1945, prices for Ceylon flue-cured

leaf were revised in consultation with the manufacturing companies, and Development Schemes were resuscitated for the growing of cigarette tobacco by cultivators.

As in other countries the tobacco consuming habits of the people of the Island too have undergone considerable changes during the past quarter century. The general direction of changes have been from "strong" tobacco to "mild", from chewing to pipe smoking, and from cigars and cheroots to cigarettes and beedies. The changes may be associated to some degree with those that have taken place in the conditions of employment and modes of the life of the present generation. On account of these changes the most extensively cultivated type of tobacco (chewing) which enjoyed a good domestic market has by gradual stages dwindled to a limited and uncertain market today. The present market for this tobacco exists amongst the Indian estate population and, to a lesser degree, amongst the rural population in the Southern Province. In addition, the Jaffna chewing tobacco, which still has a limited market in Travancore, is also fast declining.

It will be seen from the trend of changes that have taken place during the recent past that the present demand is for milder types of tobacco. The types of tobacco now in good demand for domestic use are—cigarette, mild cigar (Dumbara) and beedi tobacco.

The annual requirements of the above types of tobacco for domestic consumption are —

Cigarette tobacco	3,000,000 lb
Mild cigar tobacco	3,000,000 lb.
Beedi tobacco	750,000 lb.

The acreage required to produce the above types of tobacco respectively are —

Cigarette tobacco	6,000 acres
Mild cigar tobacco	5,500 acres
Beedi tobacco	1,500 acres

CIGARETTE TOBACCO

During the last 5 years the Tobacco Division of the Department of Agriculture has made considerable progress in the production of cigarette tobacco in the Island. The cultivation of cigarette tobacco is practised on a commercial scale at the following centres :—

<i>North-Western Province</i>	Wariyapola, Ganewatte, Katupotha, Melsiripura, Beligama
<i>Matale North (in Central Province)</i>	Galewala, Kudawewa, Wahacotte
<i>Kandy District (in Central Province)</i>	Teldeniya, Mailapitiya, Unantenne
<i>Nuwara Eliya District (in Central Province)</i>	Hanguranketa, Rikillagaskada, Walapane

The growing of cigarette tobacco by peasant cultivators and middle-class growers and Rural Development Societies is being encouraged at the above centres in co-operation with the local manufacturing Companies. The present extent under cultivation is in the region of 2,000 acres. This is about a third of the total extent required for the production of the entire requirement of cigarette tobacco in the Island.

The growing of tobacco is encouraged under two schemes—green-leaf-purchase and the cured-leaf-purchase schemes. The green-leaf-purchase schemes are primarily meant for peasant cultivators. The manufacturing Companies advance the seedlings and fertilizers to the cultivators and buy their green leaf at agreed prices.

When payment is made for green leaf the value of seedlings and fertilizers is recovered from the growers on the basis of Rs. 20 per acre for seedlings and Rs. 60 per acre for fertilizers. The Companies cure the green leaf in their own flue-curing barns provided at different centres. This scheme has become very popular among the cultivators as it only necessitates the careful cultivation of the crop. The Department of Agriculture and the Companies give the necessary advice to the cultivators on the best methods of growing the crop. The cured-leaf schemes are for the benefit of middle class growers and Rural Development Societies who undertake the growing of cigarette tobacco on a large scale. The growers under this scheme have to provide their own flue-curing barns and cure their green leaf themselves. The minimum unit of cultivation required for operating a flue-curing barn is 5 acres. As in the case of green leaf purchase schemes the Companies advance the seedlings and the fertilizers and recover the value of these at the time of payment for cured leaf. Besides this the Companies assist growers under this scheme by advancing the following materials for the construction of flue-curing barns :—furnaces, flue-pipes, and roofing material. Recovery of the cost of these materials is spread over a period of 12 seasons. Any necessary advice and assistance in conducting these schemes are given by the Department of Agriculture and the Companies.

The prices for green and cured cigarette tobacco have been arrived at after discussion between the Director of Agriculture and the manufacturing Companies, with due consideration to the cost of production and the prevailing World Market prices for cigarette tobacco. The prevailing prices for green and flue-cured leaf are as follows :—

<i>Green Leaf</i>	<i>Flue-cured Leaf</i>
Grade 1—Cents 20 per lb. ..	.. Grade 1—Rs. 2·75 per lb.
Grade 2—Cents 08 per lb. ..	.. Grade 2—Rs. 2·50 per lb.
	Grade 3—Rs. 2·20 per lb.
	Grade 4—Rs. 1·35 per lb.
	Grade 5—Rs. 1·20 per lb.
	Scrap Rs. 1·00 per lb.

A general survey of the economics of tobacco cultivation in the Island as compiled from trials in Government Farms and Development Schemes during the recent past is tabulated below :—

CIGARETTE TOBACCO

	<i>At Department Farms</i>		<i>In Development Schemes</i>	
	<i>Green Leaf</i> Rs.	<i>Cured Leaf</i> Rs.	<i>Green Leaf</i> Rs.	<i>Cured Leaf</i> Rs.
Cost of production per acre at Government				
Labour rates	.. 460	.. 750	.. 375	.. 630
Yield per acre	{ at cents 20 per lb.	.. 3,500 lb.	.. 3,000 lb.	.. —
	{ at cents 8 per lb.	.. 500 lb.	.. 500 lb.	.. —
	{ at Rs. 2 per lb.	.. —	.. 550 lb.	.. —
	{ at Rs. 1·90 per lb.	.. —	.. —	.. 500 lb.
Gross Income per acre	.. 740	.. 1,100	.. 640	.. 950
Nett profit per acre	.. 280	.. 350	.. 265	.. 320

As stated earlier an extent of 6,000 acres is necessary to produce the full requirement of cigarette tobacco for the Island's consumption. At present only one-third of this extent is under cultivation in Ceylon and another 4,000 acres have to be brought under cigarette tobacco to meet the full demand. Cigarette tobacco is usually flue-cured and specially constructed flue-curing barns are required for this purpose. The cigarette manufacturing Companies in Ceylon have erected a large number of these barns at various Development Centres, but they are unable to undertake the construction of all the barns required for the balance 4,000 acres.

If, however, State aid could be provided for assisting the growers to construct these flue-curing barns, it is possible to complete the required 6,000 acres to produce cigarette tobacco to meet the full domestic demand and thereby save the large sums of money that are annually spent for importing the commodity from abroad.

In conclusion it may be said that cigarette tobacco is the most remunerative crop for the Dry Zone areas of Ceylon and the encouragement for the cultivation of this crop will help the growers to increase their income and enhance their food production capacity.

MILD CIGAR TOBACCO

Cost of production per acre on cultivators' land	..	Rs. 450·00
Yield per acre	..	550 lb.
Gross income per acre	..	Rs. 632·50
Nett profit per acre	..	Rs. 182·50

There is a good demand for this type of tobacco (commonly called Dumbara tobacco) for the manufacture of cheap brands of cigarettes, pipe smoking tobacco, mild cigars and cheroots. The approximate annual requirement of this type of tobacco is 3,000,000 lb. which could be produced from about 5,500 acres. The full requirement of this is produced in Ceylon.

In order to maintain the cultivation of this type of tobacco marketing facilities have been provided to enable cultivators to sell their produce direct to the manufacturers. The prevailing minimum prices for various grades of this type of tobacco, which have been fixed in consultation with the leading manufacturing Companies, are as follows :—

			Rs. c.
Grade 1	..	..	1·35 per lb.
Grade 2	..	..	1·15 per lb.
Grade 3	..	..	0·85 per lb.

The buying floors at which Dumbara tobacco is being purchased at present are as follows :—Melsiripura, Galewala, Kudawewa, Teldeniya and Hanguranketa.

Although the above margins of profits have been given as standard averages, it has been possible to realise nett profits ranging from Rs. 300 to Rs. 500 in the case of cigarette tobacco and up to Rs. 250 in the case of mild cigar tobacco, at Government Farms and Development Schemes during normal seasons.

BEEDI TOBACCO

Trials with beedi tobacco have been conducted on Departmental Farms for several years and there has been clear evidence that Ceylon could produce this type of tobacco to suit manufacturers. The demand for locally-grown beedi tobacco, however, is very poor due to the fact that traders prefer to import manufactured beedi from India as the labour rates for local manufacture are comparatively high. The low import duty together with the convenience of obtaining cheap manufactured beedies from India has not stimulated much of an interest in the local beedi-growing industry.