

## A Historical enquiry on the Development of industries in Sivakasi town

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### INTRODUCTION

The economic advancement of a country is measured in terms of its industrialization. Small industrial sector including the village and cottage industries which is presently known as Micro Small and Medium Enterprises (MSMEs) functions as a powerful instrument for rapid, diversified, inclusive and sustainable growth of a country like India. In India at present there are many such towns and cities which have been actively taking part in the industrial activities of the country. Among them, Sivakasi is one of the prominent industrial centers in southern part of India especially in Tamilnadu State. It is a small town well known all over India for its industrial contribution by way of small scale industries which mainly comprises of fireworks, match Industries, and printing Industries. Sivakasi contributes to 80% of India's production of safety matches as well as 90% of India's total fireworks production. Sivakasi provides over 60% of India's total offset printing solutions and ranks as one of the highest taxpaying towns in India. It also is a 100% employed town.<sup>1</sup>

### NEED FOR THE STUDY

The study of small business had long been overlooked by the business historians community and there was little interest in pursuing the field by business historians.<sup>2</sup> But these small businesses (MSMEs) contribute nearly 8 percent of the country's GDP, 45 percent of the manufacturing output and 40 percent of the

exports.<sup>3</sup> The study of small business would increase the validity of business history theories and research. Sivakasi town has been contributing to the economy of the country by establishing viable and sustainable small scale industries in large numbers. There is an old saying that future is just an extension of past. Exploring the history of concentration and development of small industries in the said region will help in further development of the industrial development of the area under study.

### REVIEW OF LITERATURE

Business history has been a neglected area in both Economics and History due to various reasons. However, some scholars have attempted to write books on business history basing upon whatever material they could lay their hands on, whereas some others have written individual corporate histories, which are usually sympathetic accounts of the perspective corporate houses and are of restricted circulation.<sup>4</sup> Anyhow little notable literature available on the topic has been presented below.

Reference may also be made to **M.J.Seth's** Armenians in India (**New Delhi, 1983**) (which includes an account of their business activities) and **D.W.Rudner's** Caste and capitalism in colonial India: The Nattukottai Chettiars (Citation not available).

**Venkatesan and Karunanidhi (1989)** in their report on "Development of Industries in Sivakasi Town – A Historical Enquiry" have stated that the

<sup>1</sup> [http://en.wikipedia.org/wiki/Economy\\_of\\_Tamil\\_Nadu](http://en.wikipedia.org/wiki/Economy_of_Tamil_Nadu) <sup>2</sup> [http://members.tripod.com/~dary\\_l\\_williams/index1.html](http://members.tripod.com/~dary_l_williams/index1.html)

<sup>3</sup> <http://msme.gov.in/Accelerating%20Manufacturing%20in%20the%20MSME%20Sector.pdf>

<sup>4</sup> N. Benjamin and Prabhash Narayana Rath, Modern Indian Business History: A Bibliographic Survey, Gokhale Institute of Politics and Economics, Pune, [www.gipe.ac.in/pdfs/working%20papers/wp6.pdf](http://www.gipe.ac.in/pdfs/working%20papers/wp6.pdf)

development of match works goes to prove the fact that what is an immense hurdle to the weak happens to be a source of inspiration to the strong willed persons.<sup>5</sup>

**More, J.B.P., (1997)** wrote a book by name "Political evolution of Muslims in Tamilnadu and Madras 1930-1947". This book narrates the history and development of Tamil Muslim traders during the years 1930 to 1947.

**Times of India (2010)** in its article titled "Two men made Sivakasi a fireworks hub" documents the history of fireworks and safety matches in Sivakasi town and states that Mr. P Ayya Nadar and his brother Mr. Shanmuga Nadar made history when they went to Kolkata in 1923 to learn the art of match-making. They returned eight months later, established match industries in the name of Anil brand and Ayyan brand, imported machinery from Germany, and taught the labourers to make matches. They later mastered the art of making fireworks as well.<sup>6</sup>

**Jeeva Priya and Joseph Xavier (2014)** have made an attempt to measure and highlight the growth and performance of the industrial units functioning in three industrial estates in Virudhunagar District - SIDCO Industrial Estate, Virudhunagar, SIDCO Industrial Estate, Rajapalayam and Sivakasi Co-operative Industrial Estate, Sivakasi in terms of their production, turnover and exports. The researcher found that the industrial units in the industrial estate are less innovative. Certainly the development of industrial units in industrial estates is important not only for its contribution to GDP but also for its adorable performance in exports and development of Indian Economy.<sup>7</sup>

**P.Stella Muthu Rajam and Ms.G.Sathiabama (2015)** in their article "A Case Study in Environmental Constraints, Causes and Remedies of Industrial Town Sivakasi" studied three important aspects as the major environment destroyers namely population, pollution and waste management. This paper analyzes the people's diseases and health costs. They advise to prepare

an environmental atlas under which pollution data for air, noise, population and solid waste disposal are marked using recent methodologies, which create public awareness in the study area.<sup>8</sup>

### OBJECTIVES OF THE STUDY

- To understand the history and development of small industrial units in Sivakasi town.
- To explore the major reasons for the concentration of three major industries namely fireworks, safety matches and printing in the study area.
- To study the relationship between the Nadar Community and business development in Sivakasi town.
- To offer valid suggestions and recommendations based on the findings of the study.

### METHODOLOGY

Basically this study is exploratory in nature and tracing the development of the business in Sivakasi town on historical background and the various reasons for the same. Since this study is a historical enquiry, this is mainly based on the secondary data collected from the history books and the various web portals containing the data relating to the concept of the study. The Researcher as far as possible correctly documents the evidences from the published and unpublished records in the history connecting to the topic chosen for the study.

### LIMITATIONS OF THE STUDY

- This study is historical in nature
- This is based on the information from the history books and websites
- This is not based on any quantitative data analysis
- The information given in the sources may be subject to some bias

<sup>5</sup>Venkatesan, A. and Karunanidhi, G., "Development of Industries in Sivakasi, Town – A Historical Enquiry" Journal of Madura College, (Autonomous), No.8, 1989

<sup>6</sup> <http://timesofindia.indiatimes.com/city/chennai/Two-men-made-Sivakasi-a-fireworks-hub/articleshow/6471038.cms>

<sup>7</sup> Jeeva Priya and Joseph Xavier, Growth of Industrial Units Functioning Under Industrial Estate Programme in Virudhunagar District, Indian Journal of Applied Research, Volume : 4, Issue : 3, Mar 2014

<sup>8</sup> P.Stella Muthu Rajam and Ms.G.Sathiabama, A Case Study in Environmental Constraints, Causes and Remedies of Industrial Town Sivakasi, International Journal of Humanities and Social Science Invention, ISSN (Online): 2319 – 7722, ISSN (Print): 2319 – 7714 www.ijhssi.org Volume 4 Issue 1 A January, 2015 A PP:34-39

## HISTORY OF SIVAKASI TOWN

Sivakasi is situated in Virudhunagar district of Tamilnadu state of Indian subcontinent. As industries are well developed in this town, it was nick-named as “Little Japan of India (in Tamil ‘Kutty Japan’) by Mr. Jawaharlal Nehru, first Prime Minister of India<sup>9</sup>. When Hindus just hear the very name ‘Kaasi’, it evokes religious sentiments with them, because ‘Kaasi’, is a place where every devout Hindu is expected to visit once in their lifetime. It is like MECCA for Muslims. Apart from that there are two other Kasi’s in Tamil Nadu - Tenkasi (meaning the Southern Kaasi) located near Courtallam, close to Kerala and Sivakasi (Kaasi of Siva) located at South of Madurai. It is interesting to note how Sivakasi came to be called so.

Sivakasi was established during the early 15th century. So it has a history of more than 600 years. Its story starts from the 14th century. Between 1428 and 1460 AD, Harikesari Parakkirama Pandian then King of Tenkasi ruled the southern region of Madurai, with his capital at Tenkasi. As per Hindu legend, he wanted to construct a temple for Hindu god Shiva at Tenkasi and went to Kasi to bring a lingam (an iconic representation of Shiva) and brought a Sivalingam from there. While returning to his place with the prized Linga a few miles past Madurai, he took rest under a grove of Vilva trees. The cow which carried Sivalingam, refused to move and also the King’s wife (the Princess) attained puberty that night, which prohibited the carrying of the Linga to Tenkasi. He found that it was hard to reach Tenkasi in time, to install the Sivalingam and he realised that the wishes of Lord Siva were different from his own. As events thus overtook auspicious time for the already proposed plan of consecrating the Linga at Tenkasi, the king reverentially placed the Linga in the place where he had halted and proceeded to Tenkasi. The place which was sanctified by the “Sivalinga brought from Kasi”, henceforth came to be called Sivakasi. Later on King Pandia and King Thirumalai Naicker did a

lot for this temple, named it “Kasi Viswanatha Swamy” Temple. The period of construction was between 15th and 16th century. Aanaiaappa Gnani reconstructed this temple. Under the rule of King Naickers, the temple developed. In 1659, the Ratham (the chariot) was constructed by Muthu Veerappa Naicker. And thus, Sivakasi was a part of Madurai region during the 16th century. Madurai became independent from Vijayanagar Empire in 1559 under the Nayaks. Nayak rule ended in 1736 and Madurai was repeatedly captured several times by Chanda Sahib (1740 – 1754), Arcot Nawab and Muhammed Yusuf Khan (1725 – 1764) in the middle of 18th century. In 1801, Madurai came under the direct control of the British East India Company and was annexed to the Madras Presidency.

The Sivakasi municipality was established in 1920. After India’s independence from the British in 1947, Sivakasi continued to be a municipality under the Madras state and later a part of Tamil Nadu. It was promoted to first-grade in 1978, selection-grade in 1998 and special-grade in 2013. Over the decades after independence, Sivakasi grew as an industrial town specializing in firecracker, match and printing industries. Several incidents of fire and blasts have been occurring in the firework factories.

## PROFILE OF SIVAKASI TOWN

Sivakasi town is located in Virudhunagar district of the South Indian state, Tamil Nadu, at a distance of 74 km (46 miles) from Madurai. Sivakasi is located to the east of Western Ghats and to the west of Sattur. The topography is almost plain, with no major geological formation. It is located at 9°27'22" 003" N 77°49'22" 003" E  $\ddot{y}b / \ddot{y}b$ 9.45°N 77.8167°E  $\ddot{y}b / 9.45; 77.8167$  and has an average elevation of 101 metres (331 feet) from sea level. There are no notable mineral resources available in and around the town. The soil types are black and red that is conducive for cotton, chillies and millets. These crops are predominant because of poor ground water supply

and soil type. Sivakasi experiences hot and dry weather throughout the year. The temperature ranges from a maximum of 39 °C (102 °F) to a minimum of 23 °C (73 °F). Like the rest of the state, April to June is the hottest months and December to January are the coldest. Sivakasi receives scanty rainfall with an average of 812 mm (32.0 in) annually, which is lesser than the state average of 1,008 mm (39.7 in). The South west monsoon, with an onset in June and lasting up to August, brings scanty rainfall. Bulk of the rainfall is received during the North East monsoon in the months of October, November and December. The average humidity of the town is 76.2% and varies between 65.6% and 79.2%. The municipality covers an area of 6.8 km<sup>2</sup> (6,800,000 m<sup>2</sup>).

Sivakasi has a dry weather, making it suitable for dry crops like cotton, chillies and millets. Badhrakali Amman temple is the most prominent landmark of Sivakasi, and the temple festivals constitute the major festivals of the town. AJ Indoor Stadium has a coaching center for badminton and is the major sporting venue of the town. Sivakasi is a part of Sivakasi constituency and elects its member of legislative assembly every five years, and a part of the Virudhunagar constituency that elects its member of parliament. Sivakasi is a special-grade municipality which covers an area of 6.8 km<sup>2</sup> (2.6 sq mi). Roadways are the major mode of transport to the town, while there is also railroad connectivity. According to the 2011 census, the taluk of Sivakasi had a population of 427,072 with 211,932 males and 215,140 females.<sup>10</sup>

### **HISTORY AND DEVELOPMENT OF SMALL INDUSTRIAL UNITS IN SIVAKASI TOWN**

During the 1800s, Nadars, then aspiring business community, established their commercial base in the town. By the end of the 19th century, the Nadars' rapid rise as a business community and pursuit for higher social status caused resentment in higher castes, such as the Maravars. The mutual confrontation between the Maravars and Nadars

reached its peak in 1899, leading to a series of riots which

came to be known as the Sivakasi riots. A total of 22 people were killed and as many as 800 houses were burnt during the riots.

There's a slice of history that is little known which can claim its beginning in 1900. Like any other small town in Tamil Nadu, Sivakasi too would have been struggling to provide livelihood opportunities if not for two men from this region, who went to work in a match factory in West Bengal to seek fortunes. They returned, armed with the skill of making matches, and decided to set up a factory in their dry native soil. Besides being known for its thriving match industry, the town is a major fireworks hub, generating annual revenue of Rs 1,000 crore.

P Ayya Nadar and his brother Shanmuga Nadar made history when they went to Kolkata in 1923 to learn the art of match-making. They returned eight months later, established match industries in the name of Anil brand and Ayyan brand, imported machinery from Germany, and taught the labourers to make matches. They later mastered the art of making fireworks as well.

Their activities were curtailed during the World War II, but in 1940, the Indian Explosives Rules were enacted whereby a system of licensing was introduced for manufacture, possession and sale of fireworks. Thus came about the first organized factory in the year 1940, governed by several safety precautions and measures. What began as a tiny industry in 1923, the number rose to three in 1942, and by the year 1980 the number of factories was 189. By 2001-end, the total number of factories was 450 in Sivakasi alone and today it has (2014) touched 640.

And thus the safety matches, fireworks and printing industries constitute a great quantum for the history and development of the industrial town Sivakasi which are briefly and carefully documented in the pages to come.

<sup>10</sup> [https://en.wikipedia.org/wiki/Sivakasi\\_taluk](https://en.wikipedia.org/wiki/Sivakasi_taluk)

## MATCH INDUSTRY

### Match Industry in India

Match industries are of utmost necessity in the everyday life of human beings. The origin of the match industry dates back to new stone-age (10,000 B.C. to 5,000 years). Match industry has mass production and provides employment opportunities to the society. It plays a vital role in building up the economic structure of the society. Safety matches are a century old in India. Amrith Match factory at Bilapur and Gujarat match factory at Ahmedabad were set up with the technical assistance from Sweden in 1894. A family venture has been behind the growth of the match industries in Sivakasi town of Virudhunagar district.

### Match Industry in Sivakasi

In 1922, P. Ayya Nadar and A. Shaunmuga Nadar were sent to Calcutta, (Where a few families from Japan engaged in the field of Match production of a small scale by using simply and manually operated machines) to learn about safety matches production from a Swedish Multi-National firm which was the sole manufacture of safety matches in India at that time. They returned to Sivakasi with all the requisite expertise and jointly established the First Match Unit called "The South India Lucifer Match Industry" in 1923.

### Characteristics of Match Industry in Sivakasi

- Match Industry in Sivakasi needs only very simple technology.
- Production can be undertaken both in the Mechanized and labour intensive methods. Capital investments in the non-mechanized sector are comparatively small.
- As it is labour intensive in character, employment opportunities have been brought to the every doorstep.

### Present Position of Match Industry in Sivakasi

Now Sivakasi meets about 55% to 60% of India's requirement of safety matches. The market is

estimated to grow at an average of 10% of per annum. Nearly 55% of workers are employed in the match sector. About 3500 Match works are situated in in and around Sivakasi. They are started with a modest capital of Rs.25,000/- and are generally managed by women including house wives as men were involved in selling the products. Around 30,000 persons are directly employed.

## FIRE WORKS INDUSTRY

Sivakasi is the natural choice for fireworks production. Low rain fall and a dry climate prevailing in the Sivakasi area contribute to unabated production. What could have been consumed in three hours of the Diwali Day came to be produced in 300 days, almost with overtime jobs throughout the year.

In Sivakasi the first fireworks industry was started in the early 20th century. Having achieved a measure of success in Safety Matches, Colour Matches and Star Matches, Mr. A Shanmuga Nadar and Mr. Iya Nadar ventured upon the making of sparklers –then the most popular item in the Small Fireworks family, which were at the time imported from the UK and Germany.

The germinal seed for the making of modern family Fireworks or Small Fireworks was planted in the year 1934 when the Central Excise Duty on Matches was promulgated. Until the outbreak of World War II in 1939, there were only a handful of factories in Sivakasi, Trichur and rimjalakuda in Kerala State. From 1938 to 1944 the import of fireworks and firecrackers was obstructed by war. This shortage gave a fillip to the indigenous industry, which was in its infancy.

During the year 1940, the Indian Explosives Rules were enacted whereby a system of licensing was introduced for manufacture, possession and sale. Thus came to be set up in the year 1940 the first organized factory with several precautions and safety measures.

The shortage in the market helped these, then seasonal, factories to work even during off-season

and build up stocks. With World War II coming to an end and the gateway for import of raw materials having been reopened, the indigenous industry enlarged itself.

Not only the existing factories broadened their efforts, there came into existence several new units, of which National Fireworks, Kaliswari Fireworks and Standard Fireworks were prominent in the year 1942. These three factories started marketing their products throughout the length and breadth of India. These were later supplemented by new units at the average of 10 per year. What started as 1 or 2 factories in 1923, rose to 3 in 1942, and by the year 1980 the number of factories had risen to 189. By the end of 2011 the total number of factories was 450 in Sivakasi alone.

### **PRINTING INDUSTRY**

Sivakasi is India's printing hub. Sixty percentage of India's offset printing solutions are produced in Sivakasi. The printing industry was started in Sivakasi during early 20th century. Mr. S. Kaliappa Nadar, Mr. N.R.K. Rajarathna Nadar, Mr. Arunagiri Nadar were the pioneers of printing in Sivakasi. Printing units were started mainly to cater the local needs and after further expanding their capacity the companies started to get customers from other parts of the country. The printing units and allied industries have formed a cluster in Sivakasi that contributes to the high quality cost effective printing solutions to the customers. The printing industry in Sivakasi is worth about 1000 crores. The market for printing is growing at the rate of 10% per annum.<sup>11</sup>

Sivakasi houses largest number of printing machines in the world next only to Guttenburg in Germany. All kinds of printing jobs are undertaken in Sivakasi including security jobs like printing bank Cheque books, flight tickets and lottery tickets. Most of the leading presses are exporting children's books, notebooks, magazines, greeting cards, calendars, trade labels and cartons throughout the world. More than 50,000 workers

are engaged in printing and allied industries. The town has a school of printing technology. The printing industry in Sivakasi is worth about 1000 crores. The market for printing is growing at the rate of 10% per annum.

### **REASONS FOR THE CONCENTRATION OF THREE MAJOR INDUSTRIES**

The development of industry in the study area (Sivakasi town) is attributed to the following reasons mentioned here.

- Dry weather
- Failure of Agricultural activities
- Need for the livelihood
- Born Entrepreneurs
- Availability of Cheap Labour
- Cooperation and hard work of Nadar Community and
- Government Policy and political support

### **RAISE OF NADAR AND DEVELOPMENT OF SIVAKASI**

Nadars are predominant in the southern districts of Tuticorin, Kanyakumari, Tirunelveli and Virudhunagar of Tamilnadu state. Sivakasi is a taluk in Virudhunagar district in which the raise of such community and the development of the city are closely associated. The social and economical development achieved by the Nadars in independent India have evoked academic interest. According to N.S.Ramnath, Forbes, the Nadars are a close knit, powerful community. The Nadars, who were once predominantly not allowed to enter Hindu temples built by castes above them, now occupy respected positions as Trustees in many Hindu temples of Tamil Nadu. They are financially strong and are politically influential in the Southern districts of Tamil Nadu. A political observer points out that there is a Nadar leader in almost every political party. The community has influential Tamil media houses, such as Dina Thanthi. Crawford Young has said

<sup>11</sup> [http://www.sivakasionline.com/printing\\_history.php](http://www.sivakasionline.com/printing_history.php)

that Today, the Nadars are recognized as an “advanced” community – a status reversal accomplished over the past century through caste horizontal mobilization of caste solidarity, challenge to servile traditional ascription through ritual transformations, effective utilization of modern opportunity through education and commerce, and skilful communal exploitation of the political arena.

### CONCLUSION

The researcher has made a modest attempt to provide a comprehensive historical scenario of

industrial development of Sivakasi town without making any critical assessment. He has collected these titles from the libraries, publishers, commercial bodies, corporate organizations and private collections. It was attempted to make the careful entry with respect to the association between the Nadar community and business development of the study area. It is strongly noted here that there is a significant contribution by the Nadar community business leaders for the development of the industrial Sivakasi. It is not possible to document the critical assessment which itself is a separate area of further research.

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