

*Indian Merchant Networks Outside India in
the Nineteenth and Twentieth Centuries: A
Preliminary Survey*

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In spite of the recent flowering of studies on the South Asian diaspora,¹ we are nevertheless left with many gaps in our knowledge and many unanswered questions. The bulk of existing work is still focused on the migration of agricultural labour and the ‘Little Indias’ it spawned in various corners of the world. The recent migrations of educated professionals to the countries of the ‘First World’, particularly the USA, are also attracting increasing attention. The whole field of migration and diaspora studies remains, however, dominated by a host country perspective which tends to obliterate the general picture from the point of view of South Asian history.

One particularly underresearched area is that of the movements of merchants between India and the rest of the world. There are various reasons for this neglect. Some are of a definitional nature; when merchants travel abroad for purposes of business, they are not generally considered migrants, even if their trip results in prolonged residence abroad, which can become in some cases permanent. Others have to do with the sources: since the colonial authorities did not keep any systematic record of the movements of merchants, government archives, which are such a mine of information on the labour migrations, have little to say on the former. Given the understandable tendency of scholars to rely heavily on official sources, the paucity of official documents on the movements of merchants is in itself a powerful factor of oblivion.

However, in the Indian case, these movements resulted in some cases in a fairly massive relocation, not only of traders, but also of people who were employed by them, such as shop assistants or servants. As a result, the neglect of merchant migrations has also led

¹ For a recent synthesis, see *South Asians Overseas. Migration and Ethnicity*, ed. by C. Clarke, C. Peach and S. Vertovec (Cambridge, 1990).

to the obliteration from the record of some specific kinds of labour migrations. Apart from its sheer numerical importance, which, as I shall show, was far from negligible, merchant migration has been important economically, even if, in the absence of any kind of reliable data regarding capital movements, a global appraisal of its impact on the Indian economy is a difficult task.

Indian Merchant Migrations: A General View

Movements of Indian merchants between India and the rest of the world have a very long history. Merchants from the coastal regions of the subcontinent have been crisscrossing the searoutes of the Indian Ocean for many centuries. Merchants from inland Northern India and the northwestern borderlands have been active in the trade of Central Asia for as long as recorded history goes. However, with the incorporation of India into a British-dominated worldwide network of trade and finance which occurred at the end of the eighteenth and the beginning of the nineteenth centuries, Indian merchant migrations accelerated and took new forms. The first aim of this paper is therefore to draw attention to the size and geographical spread of these migrations, which touched most of the world, well beyond the few areas of well-known Indian involvement. The second point I wish to make concerns the chronology of those migrations, which accelerated considerably at the end of the nineteenth century. The third fact which deserves emphasis is the need for a disaggregated picture of this vast diaspora, in which various separate networks have to be clearly distinguished one from another.

A serious quantitative study of Indian merchant migrations is a practically impossible task. Movements of passengers from Indian ports can be reconstructed thanks to the lists of ships' passengers which have been kept, but some statistical assumptions have to be made regarding the proportion of passengers who were 'merchants'. Besides, one supplementary difficulty is that some people who pursued a merchant career outside India were not 'merchants' when they left the subcontinent. They departed as indentured or some other kind of labour migrants and, either because they were able to bring some savings with them or because they led a particularly frugal life in their place of migration, they could at some juncture shift from agriculture or some other kind of manual occupation to

small-scale trading. For all these reasons, only some very general estimates of the size of these movements can be presented.

As a point of departure, I present here an estimate of the number of Indians engaged in trade and finance in countries outside India around 1930, based primarily on the fairly detailed censuses of the Indian population settled in the major colonial territories of the British Empire (including Burma and Aden, which were still administratively part of British India) which are available. Some very gross estimates of the number of Indians engaged in trade in other British and non-British territories are also appended.

According to my calculations, there were approximately a quarter of a million Indians engaged in trading and finance outside India around 1930. Of course the censuses taken in the colonies at that time cannot be considered a very reliable source. The definition of occupations was often hazy. Thus, under 'commercial', were sometimes included occupations such as motor transport, or other ill-defined ones. However, as a gross approximation, they seem acceptable.

The total number of Indians outside India must have then been in the neighbourhood of 2.5 million, of whom at least 1.5 million were gainfully occupied. Trading and finance would thus have been the occupation of approximately one out of six Indians outside India, i.e. a higher proportion than in India itself (although the Censuses are notoriously unreliable in their estimates of the trading population in India). There were of course wide variations in the percentage of the working Indian population engaged in trade and finance. It was particularly low in colonies of massive labour migration: thus in Fiji only a little over 3% of active Indian males were in commercial occupations.² In colonies like Burma and Malaya, where both labour and commercial migrations had taken place on a fairly massive scale, the share of trade ranged between 5% and 6% (Malaya)³ and close to 20% (Burma)⁴ of the working Indian population. Then there were the territories where trading and finance were the major occupation of the Indian population, like Uganda, where over 50% of Indian

² Calculated from *Fiji Census*.

³ K. S. Sandhu, *Indians in Malaya. Some Aspects of their Immigration and Settlement (1786-1957)* (Cambridge, 1969), Table 14, p. 247. In the Straits Settlements colony, where the Indian population was almost entirely urban, the proportion in commercial occupations reached 14.3% (15.3% for males). In the Malay States, where most Indians worked in rubber estates, it was much lower.

⁴ 18.1%. Calculated from *Census of India, 1931, Vol. XI, Part II*.

TABLE 1a
Indians in Commercial Occupations in Selected Countries of the British Empire, 1931

Country	Indians engaged in trade and finance		
	Males	Females	Total
Burma	90,657	5,554	96,211
Malaya	29,592	622	30,214
Ceylon (1921)	23,704	1,119	24,823
South Africa (1921)	11,849	525	12,374
British Guiana	6,316	1,182	7,498
Tanganyika	n.a.	n.a.	6,124
Mauritius (1921)	5,059	888	5,947
Kenya (1926)	5,176	28	5,204
Zanzibar (1921)	4,980	n.a.	4,980
Trinidad (late 1930s)	2,629	946	3,575
Uganda	3,305	14	3,319
Hong Kong	n.a.	n.a.	1,294
Nyasaland	1,256	n.a.	1,256
Fiji (1921)	812	42	854
Southern Rhodesia	343	4	347
New Zealand (1926)	n.a.	n.a.	179
Total			204,199

Sources:

Burma: *Census of India, 1931, vol. XI, Burma, Part II, Tables*, by J. J. Bennison, Rangoon, 1933, Imperial Table XI, Part II, pp. 192–3. I have added up the numbers for ‘Indians born in Burma’ and ‘Indians born outside Burma’. The table covers earners and working dependants.

Malaya: *British Malaya. A Report on the 1931 Census and on certain problems of vital statistics*, by C. A. Vlieband, s.d., s.1., Tables 127, pp. 273–6, 135, pp. 298–301, 143, pp. 322–4.

Ceylon: *Census Publications, Ceylon, 1921, vol. IV, General Tables*, by L. J. B. Turner, Colombo, 1926, Table XVII, pp. 280–321. I have added up the numbers for ‘Indian Tamils’, ‘Indian Moors’, and ‘Others’ (who were almost exclusively other Indians). Earners only are covered.

South Africa: *Official Yearbook of the Union of South Africa . . . 1920–1930, no. 12*, Pretoria, 1931, p. 851.

British Guiana: *British Guiana. Report on the results of the Census of the population, 1931*, by C. H. Norton, Georgetown, 1932, p. XLI.

Tanganyika: *Report by Sir Sydney Armitage-Smith, on a Financial mission to Tanganyika, 26 September 1932, cmd 4182*, p. 6.

Mauritius: *Final Report on the Census enumeration made in the Colony of Mauritius and its dependencies on the night of the 21st of May 1921*, by A. Walter, Port-Louis, 1926, Appendix I, Table VII, pp. CX and CXI. I have added up the numbers for the ‘Indo-Mauritian population’ and the ‘Indian population’.

Kenya: *Report on the non-native census enumeration made in the Colony and Protectorate of Kenya on the night of the 21st February 1926*, by A. G. Baker, ed. by A. Walter, Nairobi, 1927, Table XXIII, p. 69.

Zanzibar: *Demographic Survey of the British Colonial Empire, Vol. II, East Africa . . .* by D. R. Kuczynski, London, 1949, p. 654, ‘non-native population of Zanzibar, 1921 Census’. The number is that of British Indian adult males, most of whom were in trading occupations. It is therefore an overestimate.

Trinidad: J. D. Tyson, *Memorandum of Evidence for the Royal Commission to the West Indies*, New Delhi, 1939, p. 44.

Uganda: *Uganda Protectorate. Census Returns, 1931*, Entebbe, 1933, Table XXI, p. 27.

Hong Kong: K. N. Vaid, *The Overseas Indian Community in Hong Kong*, Hong Kong, 1972, p. 23.

Nyasaland: F. and L. Dotson, *The Indian Minority of Zambia, Rhodesia and Malawi*, New Haven, London, 1968, p. 47, note 41. The number is that of economically active males. Practically all of them were in trade.

Fiji: *Legislative Council, Fiji, 1922, Council Paper no. 2. Fiji Census, 1921*, Suva, 1922, Table 28, pp. 164–5.

South Rhodesia: *South African Indian Who's Who and Commercial Directory, 1940, incorporating Southern and Northern Rhodesia, Nyasaland and Portuguese East Africa*, Pietermaritzburg, 1939, p. 34.

New Zealand: *Indians Abroad Directory*, Bombay, 1934, pp. 174–5.

adult males were in commerce and finance,⁵ Nyasaland or Zanzibar.

Those Indians engaged in trade and finance were overwhelmingly male, generally 95% or more so (Mauritius and British Guiana being the only territories where females accounted for more than 10% of the trading Indian population). This reflects partly a reality, but also a statistical bias: wives and daughters of shopkeepers who gave a helping hand in the shop were generally not recognized as being gainfully employed. However, Indian trading communities outside India, especially the non-Muslim ones, were characterized by a markedly unbalanced sex ratio. Thus in Uganda, among Hindus (amongst whom were also many non-traders), the sex ratio was 47 women to 100 men in 1931.⁶ In Kenya in 1926 it was even less favourable, being only 39.⁷ Indian traders who went abroad often tended to leave their womenfolk and children in India, bringing them over only when they had been away for many years and presumably successful enough. An unbalanced sex ratio is of course a characteristic of most migrations, especially those from India, but it did not generate among merchants the same degree of hardship as among labourers, since very often the traders had a wife in India whom they visited at regular intervals. A peculiarity of trading communities was that some merchants, especially those who lived in 'isolated' locations, had a tendency to make local arrangements of a quasi-matrimonial nature, a possibility which was rarely open to labourers.

As regards the religious composition of the merchant population outside India, the available data do not confirm the widely-held belief

⁵ 3,305 out of 6,395. *Uganda Census Returns, 1931*.

⁶ Calculated from *Uganda Census Returns*, Table XXX, p. 39.

⁷ Calculated from *Kenya, Report on the Non-native Census Enumeration*, Table XII, p.

TABLE 1b

Estimates of Number of Indians in Trade and Finance in Selected Countries in the early 1930s

Country	Estimated number of Indians in trade
Asia	
China	A few hundreds
Japan	200
Philippines	200–300
Dutch East Indies	A few thousands
Thailand	A few thousands
French Indochina	A few thousands
Tibet	A few hundreds
Afghanistan	A few thousands
Persia	A few hundreds
Iraq	100
Bahrein	200–300
Trucial Oman and Qatar	A few hundreds
Oman and Muscate	400–500
Yemen	A few hundreds
Aden	3,000
Africa	
Egypt	200
Sudan	200
British Somaliland	100
Ethiopia	2,000
Italian Somalia	A few hundreds
Portuguese East Africa	3,000–4,000
Malagasy	2,661
Réunion	710
Seychelles	100–200
Morocco (incl. Spanish Morocco and Tangier)	500–1,000
Algeria	A few hundreds
Europe	
Gibraltar	100
Spain	A few hundreds
UK	1,000–2,000
America	
Panama	300
Jamaica	A few hundreds
Surinam	A few hundreds
Total (including others)	30,000–40,000

Sources: The estimates are mine, based on a variety of sources, mostly *Indians Abroad Directory*, passim. The numbers for Malagasy and Réunion are those of British Indian adult males (who were practically all in trade). For Aden, the estimate is derived from *Census of India, 1931, Vol. VIII, Part III, Aden, Report and tables*, by M. S. Johnson, Bombay, 1933, Table X, p. 25, which gives the total number employed in trade in Aden as 3,320 males and 156 females. I have assumed that 85% of them were Indian, which might be an overestimate.

that Muslims were in a great majority. For Ceylon, data from the 1921 Census suggest that the number of Hindus was more or less equal to that of Muslims.⁸ For Burma, data from the 1921 Census give the following ratio: 55% of Muslims and 45% of Hindus.⁹ Muslims appear to have been in a clear majority only in places like Portuguese East Africa, Malagasy or Zanzibar. Many Hindu traders did obviously have no qualms about crossing the *kala pani*, or if they had any (which we do not necessarily know about), they overcame them for the sake of profit (or at least the lure of it).

The idea that Hindus were reluctant to engage in maritime trade for fear of breaking a religious taboo on overseas voyages is one of the most enduring legends bequeathed to us by the Portuguese. When the latter made their appearance in the Indian Ocean, there were already important colonies of Hindu *banias* in many ports of the Ocean, such as Muscat.¹⁰ It could be, of course, that this kind of religious taboo was enforced more strictly at later periods. There is evidence that in the eighteenth century North Indian *banias* considered the crossing, not only of the seas, but even of the Indus at Attock, a violation of religious norms¹¹ necessitating, on the return, the undergoing of purification rituals. These rules were still enforced in the late nineteenth century in Porbandar, a port in Kathiawar which had intense commercial relations with the Middle East and Africa, judging from Gandhi's own testimony. However, all this did not prevent Hindu merchants in coastal regions as well as in the northwestern borderlands from travelling extensively all over the world and from establishing residence for many years in far away lands. The most adventurous of all Indian merchants in modern

⁸ There were 10,491 'Indian Tamil' (as distinct from 'Ceylon Tamil') male earners in trade and finance, presumably Chettiars and other Hindus from the Madras Presidency, as against 10,417 'Indian Moors' (as distinct from 'Ceylon Moors'), mostly Tamilian-speaking Muslim immigrants from India. As for the 2,796 'other' male earners in trade and finance, there are no precise indications as to their religion. From *Census Publications, Ceylon, 1921*.

⁹ There were 38,371 'Non-Burmese Mahomedans' employed in trade, finance and insurance, who can safely be assumed to have been Indian Muslims, and 30,973 Hindus, Sikhs and others (there were very few Sikh, Jain and Parsi traders in Burma). *Census of India, 1921, Vol. X, Burma, Part II, Tables*, by S. G. Grantham (Rangoon, 1923), Imperial Table XX, pp. 440-1.

¹⁰ For testimonies of the presence of Hindu merchants in Muscat at the end of the fifteenth century, see C. H. Allen, 'The Indian Merchant Community of Masqat', *Bulletin of the School of Oriental and African Studies*, vol. 44, 1981, p. 39.

¹¹ C. A. Bayly, *Rulers, Townsmen and Bazaars. North Indian society in the age of British expansion, 1770-1870* (Cambridge, 1983), p. 386.

times, the Sindworkies of Hyderabad (Sind) who went as far as Japan, South Africa and the Straits of Magallanes, were Hindus, albeit of a peculiar persuasion (being generally Shaivaite as well as Nanakpanthis, i.e. non-Khalsa Sikhs), and there is no evidence that they underwent purification rituals when they returned to Hyderabad.

Religion does not seem to have been the determining factor in the more or less inward or outward orientation of Indian merchant communities. Some of these communities, Hindu as well as Muslim, seem to have been outward-oriented for centuries, and the advent of steam navigation and the telegraph in the second half of the nineteenth century only further accentuated this trend. Other communities, such as the Marwaris, remained India-bound. It is doubtful that religious orthodoxy was their main motivation in forsaking opportunities outside India. The truth is that they established such a powerful domination over most of India's internal trade in the late nineteenth and early twentieth centuries that there was no need for them to seek outlets outside the country. Conversely, those communities which were in a more precarious position in regard to internal trade and already had a foothold in trade outside India tended to develop their interests abroad. Of course this leaves unanswered the question as to why some communities, like the Bengali traders, who were largely squeezed out by the Marwaris on their home ground, did not seek compensations elsewhere. The answer is probably that they did not have the connections and the 'know how' which would have allowed them such a breakthrough.

Indian traders abroad originated mainly from a few regions of the subcontinent. Gujarat and Tamilnadu are clearly the two regions from where the largest number of merchants migrated. Other regions which supplied a fair amount of migrants are Sind, the Punjab and Kerala. On the other hand, few merchants from the Hindi heartland went abroad. The leading role played by the coastal regions of the subcontinent comes as no surprise, since those regions, and in particular Gujarat and Coromandel, were those through which most of India's foreign seatriade had been conducted. However, it has already been mentioned that few traders from Bengal, another coastal region active in maritime trade, left India. In the same way, relatively few traders from the Konkan emigrated. Therefore no strict correlation can be derived between coastal location and size of merchant migration. If one looks more closely at the data on Sind, one will notice that most Sindhi merchant migrants originated from

two inland towns in the province, Hyderabad and Shikarpur and that few hailed from its main seaport Karachi. In the same way, more merchants migrated from Kutch, an area with only one proper seaport (Mandvi), than from Kathiawar, which had many. Surat continued to be the focus of large merchant diasporas long after it ceased to be an active seaport.

Indian Trading Migrations: The Time Sequence

Although merchant migrations from India have had a very long history, they undoubtedly took a new dimension in the nineteenth century. Reconstructing a detailed chronology of these migrations is impossible, due to the lack of official statistics. The most one can do is to draw a very impressionistic picture, based on scattered evidence. Looking at the situation one century earlier than 1930, i.e. around 1830, one is aware of the existence of small communities of Indian merchants in practically all the ports of the Indian Ocean, from the Persian Gulf to the Straits of Malacca. Among ports where sizeable communities of Indian merchants resided, were, in the Western Indian Ocean and the Red Sea, Aden (even before its annexation by the British in 1839), Mocha in Yemen,¹² Berbera and Massawa. In the Persian Gulf, Hindu banias had been operating at Bahrein since the beginning of the eighteenth century.¹³ The largest Indian merchant community was probably that in Muscat, which numbered around 2,000 in 1840.¹⁴ Around the same date, when Sultan Sayid moved his headquarters from Muscat to Zanzibar, there were already at least three or four hundred Indian merchants in the latter port.¹⁵ The first Indian traders reached Mauritius in 1829,¹⁶ even before

¹² According to the British traveller, Valentia, there were in Mocha around 1810 some two hundred and fifty resident Banyans (Hindu merchants). Quoted in R. Pankhurst, 'Indian Trade with Ethiopia, the Gulf of Aden and the Horn of Africa in the Nineteenth and Early Twentieth Centuries', *Cahiers d'Etudes Africaines*, 55 XIV/3, 1974, p. 455.

¹³ In a petition addressed to the Viceroy, Lord Curzon, dated 2 November 1903, ten prominent British Indian merchants of Bahrein wrote: 'May it be known to Your Lordship that we came up the Persian Gulf about two hundred years ago ...'. Enclosed in India Office Records (IOR), Politics and Secret Department Records L/P& S/7/134.

¹⁴ Allen, 'The Indian Merchant Community of Masqat', p. 45.

¹⁵ R. G. Gregory, *India and East Africa. A History of Race Relations within the British Empire 1890-1939* (Oxford, 1971), p. 18.

¹⁶ B. Benedict, *Indians in a Plural Society. A Report on Mauritius* (London, 1961), p. 26.

indentured labour migration to the island started. East of India, there were Indian traders and moneylenders in Burma, where Chettiars started going from 1826 onwards,¹⁷ and in the Straits Settlements, which were a dependency of India till 1867.

Although no precise estimate is possible, the Indian merchant diaspora in the Indian Ocean by the 1830s was several thousand-strong, of whom a majority appear to have been Hindus. In one century its growth was therefore spectacular and its composition underwent some change, with the emergence of a sizeable Muslim element. The demographic history of these migrations, impossible to reconstruct in any detail, appears to fall into two distinct periods, with 1880 as an important cut-point. Between 1830 and 1880, the growth of the Indian merchant diaspora was slow and haphazard. The greatest expansion occurred in East Africa, where by 1860 there were five to six thousand Indian traders in the dominions of the sultan of Zanzibar.¹⁸ The Indian merchant presence became also more noticeable in Burma, following the British annexation of Lower Burma in 1852, and in the Straits Settlements. It is also around 1860 that the Hindu merchants hailing from Hyderabad (Sind), the Sindworkies, started their voyages to Egypt and further West.¹⁹ The opening of China after the First Opium War resulted in some Indian merchants, particularly Bombay Parsis who had been active in the China trade since the late eighteenth century, taking up residence in the Treaty Ports. The range of Indian merchant migrations thus increased as well as their size, as Indian merchants started travelling and residing in the Mediterranean and the China seas.

From the early 1880s, there was a sudden acceleration in the pace and volume of Indian merchant migrations. Indian merchants started appearing in localities where they had never been seen, often in the wake of the indentured labour migrants. Thus in Durban, where in 1880 there were only seven 'Arab' (local name for the Gujarati Muslims) shopkeepers, the 1891 Census listed 598 Indian storekeepers and 172 'designated traders'.²⁰ Fairly detailed statistical evidence on migration from India to Malaya from the late 1870s

¹⁷ N. R. Chakravarti, *The Indian Minority in Burma* (London, 1971), p. 56.

¹⁸ J. S. Mangat, *A History of the Asians in East Africa c. 1886 to 1945* (Oxford, 1969), p. 7.

¹⁹ *Gazetteer of the Province of Sind*, compiled by E. H. Aitken (Karachi, 1907), p. 395.

²⁰ R. A. Huttenback, *Gandhi in South Africa, British Imperialism and the Indian Question, 1860-1914* (London, 1971), p. 41.

tends to show that 'non-labour' migration, which was largely (although not exclusively) a commercial migration, suddenly accelerated around the mid-1880s.²¹ The 1880s were also a decade of very fast growth in the Indian population of Burma²² and presumably in the numbers of Indian traders. These 'free' migrations of mostly trading people, as opposed to indentured or *kangani* labour migrations, became fairly massive in the first decade of the twentieth century. During 1906–08, more than 12,000 'free' migrants left Bombay for East Africa.²³ In 1907 and 1908, 30,000 'non-labour' immigrants landed in Malaya.²⁴ 'Free' migration to several destinations remained at a high level till 1914, and, after slowing down considerably during the First World War and its immediate aftermath, started with renewed vigour in the 1920s. It continued to be high in the 1930s, in spite of the world depression and was durably interrupted only by the Second World War.

The sudden acceleration in the pace of merchant migrations after 1880 is not easy to explain. It is true that the 1880s and 1890s were not a period of great commercial prosperity in India, while many colonial territories, such as Burma and Malaya, went through a phase of rapid development. However, with the return of a relative prosperity in India from the late 1890s onwards, the trend was not reversed, on the contrary. By then, merchant migration appeared to have acquired a dynamics of its own, which made it relatively independent from the fluctuations of the economic conjuncture in India. Economic prospects and conditions in the various countries of destination seem to have exercised greater influence on the process than the state of the Indian economy. This implies that information on conditions abroad was widely available in India and that Indian businessmen, at least in some areas, had become widely mobile and responsive to opportunities in foreign countries.

Was the spurt in merchant migration directly related to the growth of large Indian communities in some territories as a result of decades of labour migrations on a fairly large scale? Some correlation

²¹ In the first half of the 1880s, yearly non-labour migration was on average 2,000–3,000. In the second half of the decade, it rose to an average of 5,000–6,000 and in the 1890s reached 7,000–8,000. Sandhu, *Indians in Malaya*, Appendix 3, pp. 312–13.

²² It rose from 129,566 in 1881 to 282,908 in 1891, according to the revised estimates of Chakravarti, *Indian Minority in Burma*, Table 2.6, p. 22.

²³ G. Prunier, *l'Ouganda et la question indienne (1896–1972)* (Paris, 1990), p. 25.

²⁴ Sandhu, *Indians in Malaya*.

obviously existed between the two migration streams, but it was probably less than has been sometimes assumed. There is no clear evidence that most Indian traders abroad specialized in the sale of Indian goods to Indian labourers. Given the low purchasing power of the labourers, that market in any case could not have sustained over-time the expansion of Indian business. Supplying the Indian labourers was often only the first step in a process. Thus in South Africa Indian traders increasingly specialized in selling goods to the natives, a field in which their low operating costs and knowledge of the market allowed them to make rapid inroads to the detriment of European competitors, mostly Jewish merchants. The same was true of East Africa, where the *dukawalla*, the Indian general country merchant, became the backbone of the local Indian trading community. However, some Indian trading communities specialized in the sale of 'European' goods mostly to European customers. This was the case in particular of the Parsis, who often were specialized in the liquor trade, and of the *Sindworkies* who traded in silk and curios.

One essential feature of this migration is that it was generally of a non-permanent nature. Rarely did commercial migrants leave India with the avowed intention of settling abroad for good. Those who left as employees of commercial firms had contracts for a period of two or three years at most. Others who went on their own just hoped to make good in a few years so as to be able to come back to India in a better economic position. However, many of those who left never came back, either, one can presume, because their business prospered so much that India held no more attraction for them, or, on the contrary, because they were complete failures and did not dare show their face again in their native place. Others returned to India after a few years, or only to retire, often, but not always, wealthier than when they had departed. There is of course no way of knowing even approximately the number of migrants who belonged to those various categories. However, one can draw a distinction between two kinds of destinations: those which were easily accessible from India, because ship passage was relatively cheap, and those which were not. In the first category were in particular Burma, Ceylon and Malaya. It was possible for a small trader to try his luck there and come back if prospects proved disappointing. Therefore migration to these countries was characterized by a very high rate of turnover. The only complete series available concerns Malaya, where, from 1844 onwards, it is possible to differentiate between labour and

non-labour migration. In the 1844–1931 period, the total number of non-labour migrants who reached Malaya from India is 643,000.²⁵ Assuming that half of these arrivals were ‘commercial’ migrants, one could conclude that more than 300,000 traders migrated from India to Malaya during that period. Similarly high figures could be derived for Ceylon and Burma, which were even more easily accessible than Malaya from the Indian ports. It is therefore possible to estimate the volume of gross Indian trading migration to those three territories, where more than 60% of all Indians engaged in trade resided around 1930, to have been in the neighbourhood of 1 million or more between 1840 and 1930. In other territories, which were less easily accessible from India, the turnover was much lower. In South Africa, the 12–13,000-strong Indian trading population counted by the 1921 Census was the result of the migration of 14,000 ‘free’ migrants between 1860 and 1911,²⁶ most of which took place between 1880 and 1900. Comparable ratios between the actual number of Indians in trade around 1930 and trading migrations can be inferred for most other territories. Therefore, outside Burma, Ceylon and Malay, a total of 200 or 300,000 trading migrants in the 1840–1930 period seems a reasonable estimate. This would put the total number of commercial migrants from India during this period at 1.5 million. This represents over 5% of the total of approximately 27 million migrants computed by Kingsley Davis for the same period.²⁷ However, since most of this migration took place between 1880 and 1930, it accounted for a slightly higher percentage of the overall migrant flows during that period.

The difference between the percentage of commercial people among migrants, i.e. around 6 or 7%, and that of people engaged in trade among Indians residing abroad, i.e. around 15 or 16%, can be explained (apart from inevitable statistical inaccuracies) by a combination of two factors. Firstly, the turnover was probably even higher among labourers than among traders, and this point is supported by much of the statistical evidence available on labour migrations to Burma, Ceylon and Malaya. Secondly, the shift in occupation, from labour to small-scale trading, may have occurred on a fairly important scale.

²⁵ Calculated from Sandhu, *Indians in Malaya*.

²⁶ See A. Lemon, ‘The political position of Indians in South Africa’, in Clarke, Peach and Vertovec (eds), *South Asians Overseas*, p. 131.

²⁷ K. Davis, *The Population of India and Pakistan* (Princeton, 1951), Table 35, p. 99.

By 1930, the vast majority of Indians engaged in trade outside India were immigrants from India. Only in Mauritius²⁸ and South Africa were the majority of Indian traders locally-born. In Burma, Indians born in the country were less than 10% of the total of Indians engaged in trade.²⁹

It has already been mentioned that, contrary to the case of labour migration, the state took no part in organizing or even regulating movements of traders. Provided they obtained a passport, which does not appear to have been particularly difficult (and which was not even necessary for Burma), British Indian merchants and subjects of the Indian States could freely leave India. However, it is well known that they faced many obstacles when it came to disembarking. An increasing number of countries, both within and outside the British Empire, took exclusion measures against 'Asiatic' immigrants, amongst whom Indians were as much a target as Chinese. Many countries passed discriminatory legislation against foreign merchants, and often specifically targeted the Indian traders. In the first three decades of the twentieth century, such laws were passed by countries as diverse as South Africa, Kenya, Gibraltar, the Philippines, Panama, and protests by Indian trading interests forced the India Office to intervene on their behalf, although with little effect. Doing business abroad was becoming increasingly tricky for Indian merchants. Paradoxically, they enjoyed better protection from being British subjects in foreign countries than in many countries of the British Empire where anti-Indian hysteria was often raging and the Imperial Government unable or unwilling to do anything against it.

In spite of all these obstacles, Indian merchants succeeded in gaining a foothold in trade in many countries of the world. This they could achieve mainly thanks to the strength of various networks. For, in spite of being generally labelled 'free' or even 'spontaneous' migration, to distinguish it from indentured labour migration, the migration of commercial people was a highly organized process.

²⁸ Where, in 1921, there were 5,065 'Indo-Mauritians' (Indians born in Mauritius) in commerce and finance, as against 882 'Indians' (Indians born in India). *Census of 1921*.

²⁹ Calculated from *Census of India, 1931, Vol. XI*.

South Asian Trading Networks

A crucial concept for analysing merchant migrations is that of network. It seems preferable to the concept of trading diaspora popularized by Africanists.³⁰ A trading network can be defined as a spatially discontinuous structure, linking with each other several nodal points, across which different kinds of 'objects' circulate: capital, credit, goods, information, men, women. Two of these 'objects' have a tendency to circulate exclusively within the network: information and women. As a rule, a particular trading network does not trade inside information and does not exchange women with another trading network. Inversely, all members of a specific trading network are sharers of certain kind of information ('the secrets of the trade') and, within certain limits prescribed by religious law and social custom, potential partners in marriage alliances. As regards the circulation of capital, the general rule is that members of the network are preferred partners in business and get preferential rates and conditions as regards repayment of loans (longer delays, less collateral, etc.). However, many traders borrow capital at least partly outside the network, generally from specialized banking communities. Some trading communities include both bankers and traders but this is the exception rather than the rule. Preference in employment as managers, brokers, shop assistants, etc., is also given to (male) members of the network though exclusive preference for them can rarely remain in the long term when distances are very great. Goods circulate also within a given trading network, but the specific patterns of circulation can greatly vary, according to the kind of business engaged in. One major difference is between those networks which include both wholesalers and retailers and those which are specialized in only one of these operations. In the latter case, an institutionalized relationship with one or several other trading networks is a necessity. Only those networks spanning the whole spectrum of trading operations can afford to be self-contained.

In the Indian case, a specific trading network is generally congruent with either a specific 'caste' or 'subcaste' (including Muslim 'quasi-castes') or with a cluster of castes, or with a localized section

³⁰ The term seems to have been first used by Abner Cohen in his 'Cultural Strategies in the Organization of Trading Diasporas', in C. Meillassoux (ed.), *The Development of Indigenous Trade and Markets in West Africa* (London, 1971), p. 267. For a discussion, see Philip D. Curtin, *Cross-Cultural Trade in World History* (Cambridge, 1984), pp. 1-14.

TABLE 2
Major International Trading Networks Operating from India

Caste	Region of origin	Areas of operation
Patidar	Central Gujarat	East and Central Africa
Lohana	Kutch	East and Central Africa
Bhatia	Kutch	Oman, East Africa
Memon	Kutch	East Africa, Burma, Ceylon, Mauritius
Khoja Ismaili	Kutch	East Africa
Khoja Itna'ashari	Kutch	East Africa
Bohra	Surat	Maldives, Ceylon, Yemen, Réunion, Malagasy
Halai Memon	Kathiawar	South and East Africa
Vania	Kathiawar	Horn of Africa
Marwari	Rajasthan	Burma, Japan
Arora	Punjab	Central Asia, Malaya
Khatri	Punjab	Central Asia
Mappillai	Kerala	Ceylon, Burma
Chettiar	Tamilnadu	SE Asia, Burma, Ceylon, South Africa, Mauritius
Marakkayar	Tamilnadu	Burma, SE Asia
Bhaiband	Hyderabad (Sind)	The whole world
Bhaiband	Shikarpur (Sind)	Central Asia, Burma
Bhattia	Thatta (Sind)	Persian Gulf
Khoja	Hyderabad (Sind)	Oman
Parsi	Bombay	Far East, Aden, UK

of a given caste or subcaste. I present here a table of the major international trading networks operating from India in the nineteenth and twentieth centuries which I have identified. It will be seen that the majority of these networks originated from a few regions, particularly Kutch, Kathiawar, Sind, Kerala and Tamilnadu. The place occupied by the small Indian state of Kutch is particularly remarkable. Traders from that region, both Muslim (Memons who were Sunni and Khojas who were Shia, divided since the 1840s between Ismaili and Itna'ashari) and Hindu (Lohana and Bhattia) have been exceptionally active in the Indian Ocean since the end of the eighteenth century. Kutchi Bhattias played a crucial role in Oman from the 1820s onwards when they supplanted the Sindhi Bhattias who had been dominant in the trade of Muscat for many centuries.³¹ Kutchi Bhattias were the major financiers of the slave trading network centered on Zanzibar and, as such, a prime target

³¹ See Allen, 'The Indian Merchant Community of Masqat'.

of British onslaughts against the trade, although they did not themselves trade in slaves. Thanks to their status as subjects of a native state, they managed for a while to resist British attempts to prevent them from continuing their activities, but in 1869 the ruler of Kutch was eventually persuaded to issue a proclamation to the effect that his subjects in Zanzibar would be considered as British subjects and therefore forbidden to take part in the slave trade.³² In spite of this blow, Kutchi Bhattias remained prominent in the trade of the Western Indian Ocean till far into the twentieth century. Another group of Hindus from Kutch, the Kutchi Lohanas, became dominant in East African trade, particularly in Uganda,³³ during the first half of the twentieth century. Muslims from Kutch were also extremely active: the Khojas, particularly the Ismaili section, played almost as great a role in East Africa as the Lohanas. As for the Kutchi Memons, who, contrary to the Khojas, were Sunni Muslims, they established a powerful trading network extending from Burma to the interior of Central Africa.

Thus the small native state of Kutch, with barely half a million people in 1931, provided a disproportionate share of the total number of commercial migrants from India in the nineteenth and the first half of the twentieth century. As for an explanation, apart from its geographical location close to the major maritime routes between Western India and the Western Indian Ocean, one is often referred to a terrible famine which took place in 1817, which seems to have been a local equivalent of the Irish potato famine. However, it remains to be understood why the different merchant communities from Kutch were so uniformly successful in their commercial and financial ventures abroad. A possible line of explanation lies in the attitude of the rulers who maintained a large degree of independence from British interference in their domestic affairs and seem to have systematically given their support to the traders. However, further enquiries into the 'Kutchi miracle' are obviously needed.

³² M. Rheda Bhacker, *Trade and Empire in Muscat and Zanzibar. Roots of British Domination* (London, 1992), p. 172. However, Kutchis continued to be involved in the slave trade in Portuguese territory. A memorandum dated 3 January 1876 concluded that the Government of India had no jurisdiction over Kutchis in Mozambique and referred the question to the Foreign Office. IOR, Political & Secret Memorials c. 1840-1947 L/P&S/18, Memorandum B 12.

³³ According to a survey of holders of trading licenses in Uganda done in 1954, there were 1,300 Lohana amongst the 5,809 Indian license holders. Although they were a little less numerous than the Patidars, they were economically the most powerful community in Uganda. See H. S. Morris, *The Indians in Uganda* (London, 1966), Table 6, pp. 184-5.

Merchants from Kathiawar, both Muslim and Hindu, figure also prominently in the history of the Indian merchant diasporas. Traders from Porbandar, Memons as well as Vantias, seem to have been particularly active in Mauritius and South Africa, and it is through that network that Gandhi entered South Africa. The area was divided into many petty states, but they also seemed to have succeeded, in spite of their small size, to preserve some degree of independence from the British, which was probably a help to their traders. The Kathiawar ports were the only ports outside British India which maintained a significant overseas maritime trade, mainly with the Persian Gulf, the Horn of Africa and East Africa.

Central Gujarat, the home of some of India's most powerful merchant families, figures less prominently in the saga of the Indian merchant diasporas. However, traders from Surat and Broach, particularly Muslims belonging to the Daudi (Shia) Bohra community, played an important role from Thailand to Malagasy. The Patidars (Patels) are a special case: this community of relatively well-off peasants started acquiring a more urban and commercial orientation in its home ground of Kheda district in the first decades of the twentieth century. The Patidars have also been very successful in trade in East Africa, where they did not go originally as traders.

North of Gujarat, the province of Sind made a considerable, if often unrecognized, contribution to the Indian merchant diaspora. Several merchant networks originated from that region. The oldest one appears to have been that of the Bhattias of Thatta (not to be confused with the Kutchi Bhattias). They formed, from the late fifteenth to the early nineteenth century, the bulk of the large Indian trading community in Muscat. Some then moved to Zanzibar while the majority appear to have made their way to the Persian Gulf where they played a major role in the pearling trade of Bahrein, Kuwait and Dubai till the middle of the twentieth century.³⁴ From the late eighteenth century onwards, Sindhi Khojas established in the recently-founded capital of Hyderabad started making their way to Muscat where they were known as Luwatiyya and played a fairly important role in the trade of that emporium of the Western Indian Ocean.³⁵ However, the two most important networks from Sind were Hindu networks centered around the two major inland trading cities of the province, Shikarpur and Hyderabad. The Shikarpuri *shroffs*,

³⁴ See Allen, 'The Indian Merchant Community of Masqat'.

³⁵ See *ibid.*

belonging to the Bhaiband sub-caste of the great Lohana merchant caste, established a powerful international banking network extending from Astrakhan on the Caspian Sea to the Straits of Malacca. Their *hundis* were the major currency all along the caravan routes of Central Asia and in India, where they were known, outside Sind, as Multanis, as well as in Burma, they specialized in the rediscount of *hundis*.³⁶ Another group of Bhaiband, based in Hyderabad, the capital of pre-British Sind, established the most extensive of all Indian merchant networks abroad, which around 1905 stretched from Kobe in Japan to Panama, with several firms having branches in all the major ports along the two main sea-routes, Bombay–Kobe (via Colombo, Singapore, Surabaya, Saigon, Canton, Shanghai, Manila) and Bombay–Panama (via Port-Sudan, Port Said, Alexandria, Valletta, Gibraltar, Teneriffe, or alternatively via Lourenço-Marques, Capetown, Freetown). By 1907, it was estimated that there were five thousand of these Sindworkies, who specialized in the sale of silk and curios, scattered across the world.³⁷

Punjab was also home to some adventurous merchant communities, whose members did not hesitate to cross deserts and high mountain passes to pursue trade in Central Asia. Thus Hindu Khatri merchants from the town of Hoshiarpur were active in the trade between India and Chinese Turkestan at the time when Macartney was the British Consul in Kashgar.³⁸ Others followed the maritime routes East of Calcutta: Sikh merchants from Rawalpindi, Lahore, Ludhiana, Jullundur and Amritsar, were found in Malaya in the 1920s, some having moved directly from India, others having first spent time in Rangoon or Bangkok.³⁹

However adventurous and far-ranging the merchants from Western and Northern India were, the majority of commercial migrants appear to have been South Indians. Merchants from present-day Kerala and Tamilnadu formed the bulk of the Indian trading diaspora in Burma, Ceylon and Malaya. Three communities have been particularly prominent. Of greatest economic importance has been

³⁶ L. C. Jain, *Indigenous Banking in India* (London, 1929), p. 83. For the Shikarpuris, I have drawn on my personal research on the history of Sindhi merchant networks, based on a variety of primary sources.

³⁷ *Gazetteer of the Province of Sind*. I am preparing a history of the Sindworkies.

³⁸ See Macartney's diary for November 1913, enclosed in Macartney to Deputy Secretary, Government of India in the Foreign Department, dated 9 December 1913, in which he reports having registered at Yarkand '20 Hoshiarpuri Hindus'. IOR, Political & Secret Separate (or Subject) Files 1902–1931 L/ P& S/10/330.

³⁹ Sandhu, *Indians in Malaya*, p. 119.

the community of the Nattukottai Chettiars, who, from the end of the nineteenth century onwards, emerged as the main providers of rural credit to the peasants of Burma, Ceylon and Malaya. Their network extended also to French Indochina, Northern Sumatra and probably Thailand in Southeast Asia, while they also operated, apparently on a smaller scale, in Mauritius and South Africa. These Shaivaite Hindus, who used their temples as clearing houses, played a major role in financing commercial agriculture in Southeast Asia, particularly in the rice deltas of the Irrawaddy and the Mekong.⁴⁰ Of lesser importance in economic terms than these powerful bankers, but fairly ubiquitous, were two Muslim groups, the so-called 'Chulia', who were Tamil-speaking Muslims of whom the Marakkayar were a branch. Both communities were prominent in retail trade in the three territories. In Burma, the Chulias 'owned shops even in remote villages, in addition to those located in towns and cities'.⁴¹ The Marakkayar, who numbered over 40,000 in Malaya in 1939, mostly settled in the Straits Settlements, were general merchants as well as shopkeepers.⁴² There were also Mappillai (Moplah) merchants from Kerala in Ceylon as well as in Burma. In Ceylon, the 'Indian Tamil' traders constituted a broad category which, besides Chettiars, must have included merchants, mostly small-scale, from diverse Tamil Hindu castes.

This rapid survey of the major Indian trading networks has no other purpose than to underline how diverse and how deeply segmented the Indian merchant diaspora was. This segmentation, at an institutional level, manifested itself in the mushrooming of commercial associations, generally community-based. Practically in no country was there only one Indian merchant association in which traders belonging to different communities were represented. There were Nattukottai Chettiars Associations, Sindhi Associations, Malabar Merchants Associations, and efforts at creating umbrella organizations were rarely very successful. This seems to confirm that Indian merchants abroad tended to think of themselves as Chettiars,

⁴⁰ There is a vast literature on the Chettiars, to which I shall not refer in detail. However, mention should be made of D. W. Rudner, *Caste and Capitalism in Colonial India. The Nattukottai Chettiars* (Berkeley, 1994), the most recent and most complete work on the question.

⁴¹ Chakravarti, *Indian Minority in Burma*, p. 79. See also M. Yegar, *The Muslims of Burma* (Wiesbaden, 1972).

⁴² U. Mahajani, *The Role of Indian Minorities in Burma and Malaya* (Bombay, 1960), p. 98.

Memons, Khojas or Sindworkies rather than 'Indian'. This segmentation prevented the emergence of powerful Indian business lobbies, even in countries where Indian capital played a major economic role. However, it need not be seen as a failure: Indian merchants had no compelling reason to unite in defence of economic interests which were extremely diverse. Most networks occupied specific economic niches (the rice trade for the Kutchi Memons, the silk and curios trade for the Sindworkies, rural credit for the Chettiars, etc.) and had no overall picture of a global 'Indian' interest.

Patterns of Merchant Migration

The networks, once established, after the pioneering phase was over (it was generally over for all but a few destinations by the early twentieth century), offered the basic structure through which the movements of merchants and commercial employees were organized. It was not really possible for a merchant, except if he was exceptionally rich, to move alone. At every stage he needed the help that could only be provided by an existing network. Most merchants did not live in any of the big seaports from which they had to sail. Just to survive for a short period in Bombay, Calcutta or Madras, while waiting for their passage, they used the lodging and boarding facilities often provided by their communities, which were the equivalent (though probably more comfortable) of the emigrants' hostels maintained by the government for the departing indentured labourers. Thus Nattukottai Chettiar financial houses maintained 'lodges' at all the major sea-ports in Tamilnadu from where passengers departed for Burma, Ceylon and the Straits Settlements, and South Indian Muslim communities had similar facilities, while in Calcutta, the main port of embarkation for North Indian merchants going to the Straits, Sikhs and Sindhis had *gurdwaras* and *dharamsalas* catering to the needs of the travellers.⁴³ Once they landed, the merchants needed also help to get going: cheap accommodation, cheap loans, which they could only get through an existing network. Of course the extended family was the basic structure of the merchant community, but its resources were not sufficient, except in the cases of very wealthy families, to cater to all the needs of the commercial migrant.

⁴³ Sandhu, *Indians in Malaya*, pp. 119–20.

Although the migrant came generally through a network, the modalities varied. Most Indian commercial migrants were probably self-employed small-scale traders who had little capital and were therefore very dependent on credit to start in business in a new location. Having little or no collateral, they could not get it from European banks and had therefore to rely on informal, community-based, credit networks. So, presumably, most commercial migration was 'chain migration'; a small merchant went to a place where merchants from his area in India were already settled (once again, leaving aside the case of the first pioneers), about which he had heard through oral or written channels; he went with some accumulated savings, but they were not enough to launch him into the business and he had to borrow from fellow merchants from his area at rates which were probably preferential but could nevertheless be high.

There were, however, other possibilities. Part of the commercial migration from India occurred through the expansion of firms which opened branches in foreign localities. There were thus many Indian firms which became 'international' in the nineteenth and twentieth centuries, while remaining family firms. The process entailed sometimes the physical migration of some family members. Thus the Parsi firm of Dadabhai & Co., founded by Dorabji Maneckji Vacha, had in 1917 two overseas branches in London and Tuléar (Malagasy) which were respectively managed by two sons of the founder.⁴⁴ However, the most common arrangement was for the principals of a firm to entrust the creation of a branch to a manager, who could be either an employee, or a partner of the firm. Shop assistants were also recruited in India and sent abroad on contracts which were generally for a duration of two-and-a-half years. These could be very close to indenture contracts, although the state was not involved in them. Once firms had established a network, smaller operators belonging to the same community could then move on their own. This is very much the mechanism through which the Sindworkie community expanded from Hyderabad (Sind) into many countries. The migration of shop assistants on short-term contracts, which were sometimes renewed, not always for the same destination, represented an

⁴⁴ Mentioned in letter dated 26 May 1917 from J. E. C. Jakes, Deputy Secretary to the Government of Bombay, to Foreign Secretary, Government of India, in the Foreign and Political Department. The letter was enclosed in a file concerning demands by Indian merchants for the opening of a British Consulate in Tuléar, a port in Southwest Malagasy, where there were hundreds of British Indians engaged in trade. IOR, India Foreign Proceedings (External), 1917.

important, although rarely mentioned, component of the commercial migration from India. Commercial employees accounted for a significant share of the Indian trading population in the few territories for which detailed statistical data are available: in Malaya, for more than 25%,⁴⁵ in Kenya for a little over 50%.⁴⁶ Some Indian shop assistants were probably recruited by British firms in India, but the vast majority went abroad with Indian firms. They were generally recruited in the town where the firm had its headquarters or its immediate surroundings and belonged to the same community as the owners of the firm. This was a form of semi-skilled labour migration entirely organized by private firms, without any state intervention.

Some Indian commercial firms had a widespread network of branches abroad. This was the case in particular of the major Sindworkie firms, with their headquarters at Hyderabad (Sind), such as Pohoomull Bros, D. Chellaram, J. T. Chanrai & Co., K. A. J. Chotirmall and Co., M. Dialdas & Sons, K. Chellaram & Sons. The major Nattukottai Chettiar financial houses had often more than a hundred branches, situated in many localities in Burma, Ceylon, Malaya and French Indochina. These firms were controlled from their headquarters in India, although local managers had a large autonomy in the day-to-day running of the business. In the Sindworkie firms, the accounting of all the branches was done yearly at Hyderabad, and most profits remitted to India on a regular basis. In such a system, tension between centralizing and centrifugal tendencies was inevitable. If the telegraph became the major channel of communication between the headquarters and the different branches, the physical presence of the principals was nevertheless felt to be necessary at fairly regular intervals. In the big Sindworkie firms, the principals made regular 'inspection tours' of the branches, which took them many months to complete.

A third possibility was the pure and simple relocation abroad of an Indian firm. Thus, in the years prior to the First World War, a big Tamil merchant, V. M. Pillay, came with capital from South India to Fiji and established a chain of general stores in the islands.⁴⁷ A Sindhi firm from Karachi, Kirpalani & Sons, relocated itself in Trinidad in 1927. Cases of migration of big capitalists from India nevertheless appear to have been rare before 1947. Even when most of

⁴⁵ Calculated from *British Malaya, a Report on the 1931 Census*.

⁴⁶ Calculated from *Report on the non-native enumeration . . . in . . . Kenya, 1926*.

⁴⁷ Mentioned in K. A. Gillion, *Fiji's Indian Migrants* (Melbourne, 1964), p. 134.

their profits came from foreign operations, as was the case for the principals of the big Sindworkie firms or of the major Nattukottai Chettiar financial houses, capitalists preferred to reside in India. Cultural factors have probably a lot to do with it: it was difficult, especially for Hindus, to live the 'right life' outside India. But this kind of arrangement was also facilitated by the existence of certain loopholes in the Indian taxation law, which in effect permitted avoidance of taxation on profits earned outside India.⁴⁸

However, most of the Indian immigrants who succeeded in business outside India had not left India with capital. They generally started as small-scale traders and gradually enlarged the scale of their operations. East Africa, where Indian businessmen were particularly successful, is a good case in point. None of the business families which made it big there had had a previous history of business success in India, be it the Madvhanis or Mehtas in Uganda, Karimji Jivanji in Zanzibar and Tanganyika, or A. M. Jeevanjee in Kenya. The most successful Indian businessmen in East Africa tended gradually to diversify from trade into manufacturing (or rather processing of agricultural products) and transport, and some acquired land. On the whole, however, Indian businessmen abroad, prior to the 1950s, remained a trading class and the big shift towards industry occurred at a later stage.

On the basis of the evidence available, it can be safely assumed that the outmigration of traders was not sustained by a large-scale outflow of capital from India. Some capital was undoubtedly exported from India, especially by banking communities such as the Nattukottai Chettiars or the Shikarpuris, because the countries where they operated did not have a developed banking system and they could not therefore have borrowed the initial capital for their operations from banks. However, once the system had got started, given the high rates of interest obtained on loans, it was largely self-sustaining and did not need a regular injection of funds from India. The major problem for the Indian moneylenders was, as much as in India, to

⁴⁸ 'profits and gains of a business accruing or arising without British India were not chargeable, even if received or brought within British India, provided they were not received or brought in within three years of the end of the year in which they accrued or arose'. *Report of the Indian Taxation Enquiry Committee of 1924-1925, vol. I* (Madras, 1926), p. 191. The same report candidly acknowledged that 'administrative difficulties are experienced in ascertaining whether income has actually been received in British India' and that 'much fraud occurs'.

obtain the actual repayment of their loans. In normal conditions they seem to have managed it, but when the great depression of the early 1930s depressed peasant incomes, the Chettiars in particular had no option but to foreclose: they found themselves in possession of large tracts of land which were worth very little, and that was their undoing. However, for decades they had been able to transfer large amounts to India and it is doubtful that in the end they really lost out. No estimate of the economic balance sheet of the outside ventures of Indian capitalists in the pre-1947 period is even remotely computable, but there is reason to think that, even if one was able to take it into account, it would not change much to the existing estimates of India's balance of payments. It is only at a micro-level that such analysis could bring rewarding results. It would thus be interesting to be able to evaluate the impact on the regional economy of Gujarat, Sind or Tamilnadu, of the outside ventures of some of the local business communities.

Indian Trading Migrations: The Wider Context

To come back to a macro-perspective, some questions of a fairly general nature have to be asked, even if one cannot provide really satisfactory answers. The first one concerns the causes of these migrations. Is it possible to reason in terms of 'push' and 'pull' factors, as is still often done in migration studies? More precisely, can one identify, at a regional or micro-regional level, sets of socio-economic variables which would favour or hamper trading migrations? It seems fairly difficult. In the course of my own research on the Sindworkies, I tried to identify socio-economic transformations which could explain the sudden surge in outward ventures by Hyderabad firms which took place from 1860 onwards, and which led in less than fifty years to the setting up of a worldwide trading network centered on this inland city, situated in one of India's poorest provinces. One hopeful line of enquiry was in the direction of changes in the agrarian economy. Some years ago, David Washbrook argued that, in the late nineteenth century, the British failed to provide the legal and institutional framework necessary for proper 'capitalist' development in agriculture, and he related the growing tendency by mercantile capitalists to seek opportunities outside India to this state of

affairs.⁴⁹ In the case of Sind, respondents to the Indian Banking Enquiry of 1929–30 tended to ascribe the outmigration of bankers from the province to the operation of the Sind Encumbered Estates Acts, the first of which was passed in 1877, which sought to protect big landholders in the province from seeing their estates dismembered.⁵⁰ However, this sounds like a fairly dubious ex-post-facto rationalization. Moneylending remained a profitable activity in Sind even after the passing of these Acts,⁵¹ and the development of irrigated agriculture in the twentieth century opened new avenues of opportunity to enterprising banias: they came from Gujarat in fairly large numbers to Karachi and other localities of Sind to capitalize on that mini-boom. Therefore it is difficult to pinpoint a precise set of circumstances pushing Hyderabad merchants out of Sind to try their luck in the wide world. ‘Pull’ factors appear to have been more decisive, as the craft productions of Hyderabad and neighbouring towns found a ready-made market among Europeans in Bombay, which inspired some merchants to try and sell them to European tourists in Egypt and elsewhere. But there remains the question as to why some communities were better than others at exploiting opportunities of that kind abroad: the answer has probably partly to do with the way in which information on foreign markets circulated in India, a subject on which very little is known.

Attempts at identifying specific ‘causes’ for the migration abroad of given business communities are bound to run into great difficulties. Except in the case of economic disasters like the famines in Gujarat in the early nineteenth century, correlations between economic conjunctures at a micro-regional level and movements of traders are practically impossible to establish. An alternative and plausible hypothesis is that some groups developed a rather exclusive ‘outward-orientation’ which led them gradually to insulate themselves from local conditions. I offer this as a tentative explanation, on the basis of my research on the Sindworkies. Among some trading

⁴⁹ He wrote: ‘mercantile capitalists, such as the Nattukottai Chetties of South India, began to vote on the issue with their feet and to take their capital out of India in protest at legal insecurities and frustrations’. D. A. Washbrook, ‘Law, State and Agrarian Society in Colonial India’, in C. Baker, G. Johnson and A. Seal (eds), *Power, Profit and Politics: Essays on Imperialism, Nationalism and Change in Twentieth-Century India* (Cambridge, 1981), p. 676.

⁵⁰ *Report of the Bombay Provincial Banking Enquiry Committee 1929–30, vol. 4* (Bombay, 1930), Evidence of the Shikarpuri Shroffs’ Association, p. 351.

⁵¹ See David Cheesman, ‘“The Omnipresent Bania”: Rural Moneylenders in Nineteenth-Century Sind’, *Modern Asian Studies*, vol. 16, no. 3, 1982, pp. 445–62.

groups, which could not be called 'marginal' in any significant sense, there seems to have developed a kind of 'migratory habitus', in some cases bred by centuries of participation in overseas or overland trade, but in other cases developed in a short period (undoubtedly the most puzzling case). Similar phenomena have been observed in the case of Lebanese, Jewish and Chinese merchant groups, and it seems that we have there a trend which cannot be explained in a purely South Asian context but needs a broader comparative perspective.

Turning now to the obverse of the coin, i.e. to the functions fulfilled by Indian traders in their places of business outside India, we are faced with a similar kind of questioning. It has somewhat become part of received wisdom that Indian traders abroad were typical 'middlemen' doing 'most of the spadework' for British capital in newly colonized territories.⁵² Chettiars in Burma and Indians in general in East Africa have been considered among the most characteristic examples of middleman minorities. But not all Indian traders conformed to this model, which in any case appears too functionalist, leading to a complete obliteration of the agency of the merchants. The 'fit' between British imperial aims and the operations of the Indian traders and moneylenders assumed by most authors is a bit too neat to be entirely convincing. How can we be sure, for instance, that Chettiars were really the most economic agency for advancing money to the rice-growing peasants of Lower Burma?⁵³ And of what crucial importance to British interests in any case was the development of rice cultivation in Burma? Most of its rice found its way to India, Ceylon or Mauritius, but it could have been bought elsewhere as well. Some British trading houses benefited by this development, but the Burma rice trade was increasingly dominated by Indian traders, in particular Kutchi Memons. So actually there was some 'fit' between Chettiars and Memons, but the British did not derive much benefit from the development of rice cultivation in Burma. Similarly the development of cotton cultivation in Uganda was of greater interest to Indian than to British millowners, and the ginneries established in Uganda by the Patidars and the Lohanas

⁵² See E. Bonacich, 'A Theory of Middleman Minorities', *American Sociological Review*, Vol. 38, October 1973, pp. 583-94.

⁵³ Rudner, in *Caste and Capitalism*, pp. 80-1, quotes figures for 1935-1942 tending to show that Chettiars in Burma could charge lower rates of interest than their Burmese and Chinese competitors, but admits that no figures are available to him that 'allow for a precise reconstruction of the Burmese credit market between 1870 and 1930'.

sold an increasing share of their production to the big Bombay cotton trading firms. British capital was not very much involved either.

Does it mean that the operations of Indian traders abroad are best understood within a separate Indian 'imperialist' or 'sub-imperialist' paradigm? One argument in favour of that view is that profits made outside India were sometimes reinvested in business ventures in India. Thus Chettiars, who had been practically inactive in the regional economy of Tamilnadu for decades, came back as investors in the 1930s and 1940s on the strength of gains repatriated from Burma and elsewhere. As a general proposition, however, it appears doubtful, because it implies the existence of identifiable 'Indian' interests operating as such in some kind of unified manner, which was never the case, as already mentioned.

Looking at whatever little reliable statistical evidence on the activities of Indian traders abroad is available, one is struck by the lack of an obvious pattern. Burma is an interesting case in point. In the Burma Census of 1931, over 40% of all Indians engaged in trade and finance are described as engaged in 'other trade in foodstuffs', a largely residual category which includes big rice merchants as well as small shopkeepers. The second largest category, with some 20% of all earners and working dependants, is 'hotels, cafés, restaurants'. Trade in textiles, which one associates typically with Indians in Southeast Asia, mobilizes 7 to 8% of the total active Indian trading population, the same proportion as 'bank and credit' (in which are included both Chettiar bankers and Indian employees of British and other European-type banks).⁵⁴ It is obvious that nothing of significance can be derived from such figures. The search for an overall logic in the activities of Indian traders in Burma is bound to end up in failure. There are only network logics and they can be reconstructed only from sources internal to the various networks: Chettiar, Chulia, Mappillai, Kutchi Memon, Marwari, Sindworkie, Shikarpuri, etc. Not that the various networks did not intersect at some point: thus Shikarpuri bankers were mainly engaged in discounting bills from Chettiar firms which they rediscounted with bankers in Bombay;⁵⁵ Kutchi Memons exported rice grown by Burmese farmers with advances from Chettiar moneylenders, etc., but all this does not form a system of 'Indian' domination of the Burmese economy, in spite of the perceptions to the contrary by both British administrators and Burmese nationalists.

⁵⁴ All figures calculated from *Census of India, 1931, Vol. XI*, pp. 192–3.

⁵⁵ Mahajani, *The Role of Indian Minorities*, p. 17.

Therefore I can conclude this article only by calling attention to the need for more in-depth analysis of the various and diverse merchant networks which originated from India and linked the subcontinent with many countries of the world. It is only by shifting the focus of enquiry away from such abstract entities as 'India' and 'Indians' on the one hand, or 'the British imperial system' on the other hand, towards actually operational networks through which flowed capital, goods and human beings, that we can hope for a meaningful reconstruction of the rich history of the multifarious Indian trading diaspora.