

57. Weber, *Religion of China*, pp. 95–100.
58. J.W. Cushman, *Family and State. The Formation of a Sino-Thai Tin-mining Dynasty*, Singapore, Oxford University Press, 1991, p. 123.
59. J. Goody, *The Oriental, the Ancient and the Primitive. Systems of Marriage and the Family in the Pre-industrial Societies of Eurasia*, Cambridge, Cambridge University Press, 1990, pp. 482–485.
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From Madras to Burma: the Nattukottai Chettiars and Development 1852–1939

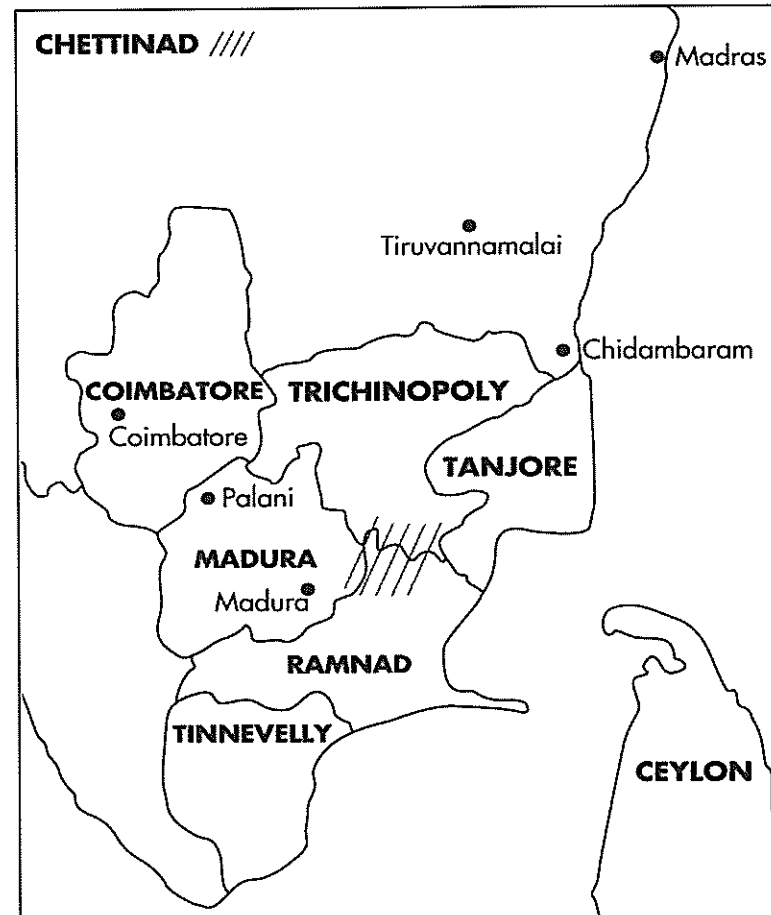
From the time of their conquest of Lower Burma in 1852 the British were aware of the great potential of the fertile Irrawaddy Delta region as a source of foodstuffs and raw materials and a possible market outlet for British manufactured goods. So far, throughout the eighteenth century, the Delta had been poorly developed, sparsely populated and a mere backwater of the last Burmese kingdom.¹ Indian commercial ties to the region were long-standing, but they were now given substance by the British conquest. The earliest British endeavours to develop the region were based on attempts to settle Indian agriculturalists on land by a programme of land grants begun in 1874. Between 1876 and 1878 more than 15,000 Indians came to the Delta to claim government land as free cultivators, but the type of agriculture was unfamiliar to them and these efforts were generally regarded as unsuccessful. An equal failure was an attempt to make large grants to Indian capitalists on attractive conditions, and although about 9,500 Indians were brought to work on these estates, this too did not succeed.²

Instead, Indian settlement in Lower Burma proceeded very similarly to that of Chinese settlement in the early days of Manila and Batavia. In 1862 the four provinces of Pegu, Martaban, Arakan and Tenasserim became consolidated as the

Province of British Burma, directed from the port city of Rangoon. While Indian land settlement schemes had failed, Rangoon acted as a magnet for Indians from across the Bay of Bengal in Madras Presidency. The entire character of the city was Indian; where there were only nineteen Indians in Rangoon in 1838, by 1881 there were approximately 65,000. By 1891 the Indian population of Rangoon outnumbered the Burmese, a trend that continued until 1931. In that year Indians were 54 per cent of the population and Burmese 32 per cent.³ The majority of the Indian immigrants were labourers coming to work on the docks, but Indians of all castes and classes made their way from Madras to the new frontier city. Among these were members of a small Tamil caste, the Nattukottai Chettiars, first recorded in Rangoon in the early 1850s, who arrived in the train of the early Indian expeditionary forces and found among them the possibility of engaging in their developing occupation of moneylending, an opportunity which expanded when they discovered they were able to collaborate with arriving British exchange banks to open up the Delta frontier.⁴

The Madras Preadaptation

The term Chettiar is etymologically allied to the Sanskrit term *sreshti*, the literal meaning of which is 'banker' or 'big merchant'. The prevalence of the term *shetia* in Bombay has already been discussed. In the nineteenth century the homes of the most important part of the caste were the districts of Ramnad and Trichinopoly in the Presidency of Madras in Southern India. The Nattukottai Chettiars had their business headquarters in an area popularly known as 'Chettinad', comprising the eastern part of Ramnad district and a part of Trichinopoly.⁵ They were a tiny caste, numbering 7,851 in 1891, and divided into exogamous subdivisions or 'clans' named after nine temples in Chettinad.⁶ Their homeland was in close touch across the Bay of Bengal with developments in the Delta and their long centuries of evolution as a commercial community, culminating in involvement with European commerce, prepared them to work with Western banks and



Map 6: Madras Presidency Districts c. 1900

joint-stock companies such as the Imperial Bank of India and the Indian Overseas Bank, which provided them with sources of working capital not readily available to Burmese brokers and moneylenders.⁷

Chettiars espoused a unique blend of religion and commerce dating from at least the eleventh century. The economic function of the South Indian temple is well known. Temples in the Tamil cultural area functioned as institutions of capital investment, accumulation and distribution, initially receiving endowments from local rulers and notables and from trading

guilds. This income not only covered temple capital and operating expenses, but was used as loan money for irrigation, animal breeding and long-distance trade. Temple assets were generally located in regional market towns and managed by assemblies representative of the towns' chief merchants.⁸ David Rudner has carefully explained the role of temples and temple-gifting in the economic development of the Nattukottai Chettiar caste, a phenomenon which led the caste from the interior of Tamilnad to economic relations with Europeans on the coast. Their gradual involvement in the economic life of the temple preadapted the caste to take advantage of the new opportunities presented by the encroaching world-economy from the seventeenth century.

Rudner focuses on the seventeenth-century commercial expansion of the Nattukottai Chettiar caste in terms of its rituals of religious gifting to temples. In that period, Nattukottai Chettiars were primarily employed as salt traders in a small area of ninety-six villages in the northern part of present-day Ramnad district. Salt in various forms was produced in coastal districts and traded inland. By this time Nattukottai Chettiar lineages had already established links with temples in their residential villages throughout their Chettinad homeland, exerting control over the markets, fairs and economic activities associated with their own temples.⁹ But in order for itinerant trading activities to be successful outside their own residential limits, it was necessary for further ties to be forged by individual Nattukottai Chettiar traders by involvement in religious gifting in the locality to which they addressed their commercial endeavours.

Rudner uses the example of Nattukottai Chettiar salt traders in the pilgrimage town of Palani, about 80 kilometres west of Chettinad. A manuscript beginning in 1600 recounts the story of a Nattukottai Chettiar trader who came to Palani from Chettinad to investigate the prospects for expanding his salt business. Much more than merely selling in the market, he was required to establish a relationship with the temple deity of Palani, mediated through the deity's priest, by giving a tithe on his profit. Other salt traders gradually joined him and, at

periods of pilgrimage, Nattukottai Chettiars established religious endowments at the temple. These acts of religious gifting and collective worship were 'integrative temple rituals'¹⁰ which made it possible for new traders to enter market towns. The gifts were functional and were thought of, in part, as licence fees and financial investments. By worshipping in temples that lay outside their residential homeland, small groups of Nattukottai Chettiars established themselves over a broad geographical area, while at the same time retaining their ability to draw on the financial resources of other members of the caste.

Rudner's salt trader ultimately became Endowment Manager of the temple in Palani; he was judged by his trustworthiness and, in return for his transactions with both the deity and other members of the temple community, he received a certain share of the endowment he managed which was available for reinvestment in his business. This, in turn, led to further endowments to the temple and further Nattukottai Chettiar involvement in the Palani economy. Trustworthiness provided the moral basis of credit on which all mercantile activities were based. Rudner concludes that religious gifts performed not only religious and political functions but also important economic functions, including the acquisition and reinvestment of funds in mercantile enterprises. The Nattukottai Chettiars were able to engage in trade by worshipping the deities of their customers and, gaining positions of trust in the temple, were able to expand the market for their salt.¹¹

The Nattukottai Chettiars were now ready to take advantage of new opportunities. With the coming of the European companies and the expansion of commerce the Nattukottai Chettiar caste, already specialized around activities of capital accumulation and investment, was preadapted for economic success. Their inland location initially placed them at a disadvantage compared to the coastal castes which were the Europeans' first collaborators, but their ritual techniques for entering new markets, pooling capital and transferring money enabled them to compete very rapidly.¹²

Capital was, of course, a European requirement on the coast. Francis Day chose the site of Madras city in 1639 for the English East India Company's settlement because the region was known for its superior weavers and dyers who produced cloth more cheaply than that which European rivals were buying elsewhere.¹³ Within a very short time merchants of some substance were attracted to set up residence in Madras and to engage in a whole range of wholesale and retail trading in a variety of merchandise. Several Chettiar castes came, including Nattukottai Chettiars.¹⁴ From the mid-eighteenth century an increasingly large European private trade led to additional opportunities for Indian middlemen, and a small circle of elite merchants came to exercise a dominant role in the organization and financing of Anglo-Indian trade. South Indian society became 'credit hungry', as local chiefs engaged in military forays and European trading companies depended on forward advances of credit provided by local moneylenders.¹⁵

The Nattukottai Chettiars were prepared to adapt their traditional practices to these new circumstances. Their chief seventeenth-century occupation, salt-trading, did not recover from a development that took place towards the end of the eighteenth century, when a severe drought reduced commerce between the inland salt-consuming and the coastal salt-producing regions. By 1805 the major salt renters had become so weak that the East India Company was able to do away with them as middlemen in the salt trade and take on something like monopolistic control over salt production. Nattukottai Chettiars responded by slowly extending their commercial operations as far south as the pearl, rice, cloth and arak trade of Ceylon and as far north as the rice and wheat trade of Calcutta. By the end of the eighteenth century they had gained control of the pearl fisheries in the Ceylon Straits, and from at least 1820 they also dominated the major coastal trade in arak and in coconut products from Ceylon to Madras. Contemporaries claimed they had cornered the Ceylon rice market, controlling all imports not only of Tanjore rice but of Bengal rice too. As early as 1820 they had also established firms in Calcutta, exchanging salt for Bengal grains.¹⁶

Nattukottai Chettiar financial transactions formed the heart of these commercial enterprises. In a process that is still unclear, they developed a sophisticated financial apparatus which included provisions for making forward loans, for extending short-term and long-term loans to political and military collaborators, and for transmitting bills of exchange among themselves and their clients. By obscure and not so obscure means they evolved into a long-distance, merchant-banking caste. Rudner states that there remains scope for considerable research into the precise nature of Nattukottai Chettiar credit networks and the various commodities' markets with which they were involved. What is clear is that late eighteenth-century and early nineteenth-century Nattukottai Chettiar commodities trading was tied to some kind of exchange banking system, the Chettiars combining their trade undertakings with the purely financial transactions of moneylending, remittance of funds between geographically distant locations and to government authorities, and the supply of credit to the new landlord class of Madras Presidency.¹⁷

The final alteration in the Madras business climate before large-scale Nattukottai Chettiar investment in the Burma rice Delta comprised a series of changes which made further profit in the Madras Presidency difficult to acquire. The credit needs of the cotton traders of Coimbatore, once a Nattukottai Chettiar preserve, were taken out of their hands. Beginning in 1843 with the founding of the Presidency Bank of Madras, Europeans established their own banks, thereby excluding Nattukottai Chettiars and other indigenous moneylenders from the market in mercantile finance and currency exchange for private European firms. An alternative was sought in investing in or converting bad debts into land ownership, and Rudner estimates that between 1850 and 1900 perhaps 200 Nattukottai Chettiars were able to obtain minor landlord titles but these, using a population basis of 10,000, could have represented at most one-fifth and more likely one-tenth or even one-twentieth of joint family units. For the remainder, the failure of opportunities for financial investment in India, coupled with caste

techniques of capital penetration, provided a stimulus to search for new ways of putting money to use.¹⁸

The Nattukottai Chettiar Firm in Burma

Displaced from the credit markets of Madras, displaced from exchange markets throughout the greater part of British India, Nattukottai Chettiars found a new niche in servicing the credit needs of indigenous Southeast Asians who were being drawn into the production of agrarian commodities for the world market. Involved in both Ceylon and Malaya, the leading economic frontier in which they became enmeshed was the Lower Burma Delta. Their first offices were opened in Rangoon in 1852, not for agricultural lending but to advance money to contractors who brought over coolies and also to invest in the rising import-export business carried on between India and Burma. Some also invested money in businesses unconnected with agriculture, such as the sale of wholesale oil and the operation of saw mills.¹⁹

British policy, however, gradually opened the Delta area to a mass of Burmese peasant proprietors, sucked into the region by new opportunities for profitable rice-growing for a European market brought closer by the opening of the Suez Canal. In terms of subsequent Chettiar involvement, one of the most important British changes introduced after 1852 was the introduction of a new system of land tenure. The loose, non-contractual rights which had been common in the previous period were replaced by a land tenure system modelled on that of South India. This had as its major goal the concentration of ownership in the hands of individual cultivator-landholders. The implication of this system was that agriculturalists would be able to mortgage their holdings as security for loans granted by moneylenders and others. Further, the village system was reorganized in a new, decentralized manner whereby self-government no longer existed over any unit larger than the village; such villages were internally weakened and ripe for moneylenders' activities.²⁰

As peasant contractors were drawn into the Delta, paddy acreage began to expand. Whereas in 1845 annual exports

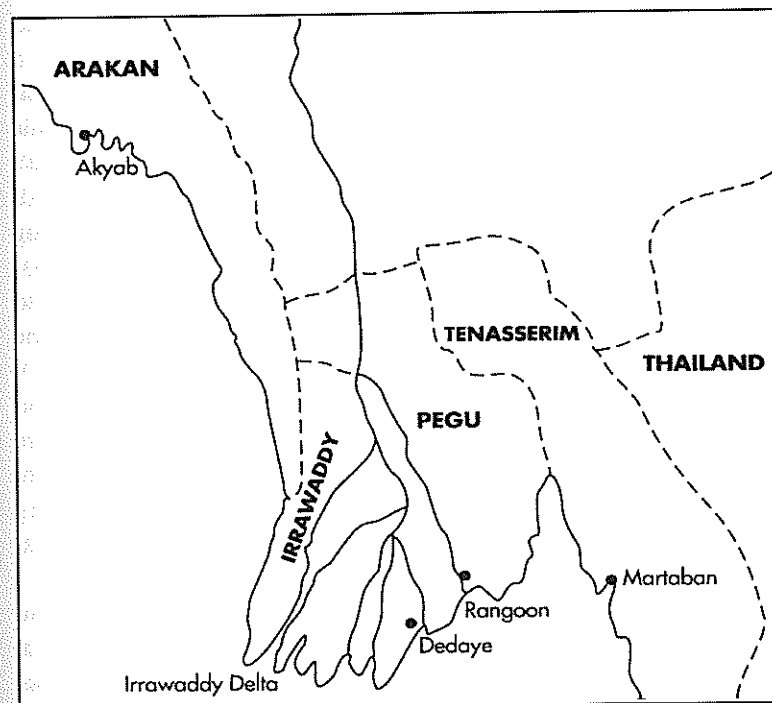
totalled only 74,000 tons, this had slowly increased to 160,000 tons by 1861. In 1864–65 exports amounted to 470,000 tons until, after some decline, the 1872–73 figure rose rapidly to 720,000 tons. After that figures were much higher. In the decade 1889–99 the annual average tonnage was about 1,370,000 and by 1911–14 that figure had increased sixfold.²¹ There was a concomitant huge expansion in the area under rice cultivation, and a population increase of from approximately 1 million in 1852 to over 4 million in 1901.²² Lower Burma was now fully integrated into the world-economy. With the disruptions of the American Civil War, Burma became a major rice supplier for London, Liverpool and continental milling centres like Hamburg and Bremen. 'The expansion of the Delta rice industry in the last half of the nineteenth century', writes Michael Adas, 'represents one of the most impressive examples of sustained economic growth under the aegis of a European colonial regime.'²³ But the British government and private British firms never had the money or the administrative apparatus to undertake so vast an enterprise as the development of the Delta. This would have been impossible without Nattukottai Chettiar capital.²⁴

Migrants from Upper Burma or migrants from more populous areas of the Delta normally possessed little or no capital when they arrived on the rice frontier. They rarely succeeded in bringing waste land under cultivation without borrowing. Although there is no record in the settlement reports of the 1880s of cultivators taking loans from Nattukottai Chettiars, it is likely that agriculturalists who lived in the neighbourhood of Rangoon and other large towns did so. In some regions Chettiars financed agricultural production indirectly through loans to Burmese moneylenders, who in turn lent to cultivators at higher rates. In 1881 only 587 professional moneylenders were recorded in Lower Burma, while by 1901 nearly 3,200 bankers and moneylenders were enumerated. From the 1880s agents of Nattukottai Chettiars began to penetrate the Delta area beyond Rangoon and other urban areas. They established branches in the larger villages and also in towns along the railway line. In this way Rangoon-

based millers gained control of the rice crop; once the agriculturalist began borrowing Chettiar capital, his indebtedness forced him to sell his crop at the miller's prices in order to meet his obligations. These rice-millers were largely Europeans, who developed a symbiotic relationship with the Nattukottai Chettiars' commercial activities. The opening of the Suez Canal in 1869 enabled them to supply large quantities of higher-priced husked and even white rice to European markets, leading to a considerable growth in the rice industry from which both Chettiars and European rice millers profited. Rice mills multiplied, from 52 in 1890 to 613 in 1930. Rangoon became a great modern port through which the world's largest rice exports flowed.²⁵

Because there never developed any significant alternatives to Chettiar agricultural credit in either the private or public sector of Burma's economy, nor did there develop any alternative to Chettiar land alienation when debts could not be met. Large-scale transference of land out of Burmese ownership was a key aspect of Nattukottai Chettiar activities in Lower Burma, becoming noticeable as early as 1872.²⁶ The indications are that the Chettiars did not generally want land; in most areas they took over debtors' lands only as a last resort in order to prevent further monetary losses. By the end of the first phase of development, about 1905, the incidence of land alienation to non-agriculturalists was highest in the frontier districts of the tidal Delta and in the districts near Rangoon where rice production was particularly market-oriented and agricultural credit most readily available. Where Chettiars were forced to take over rice lands for unpaid debts, they normally tried to resell them as soon as possible; only if this was unsuccessful would they become landlords, with tenants working for them.²⁷

Whatever their aims, the world-economy in which they were enmeshed disrupted totally their preferred commercial pattern. Quite some time before the Great Depression, the Delta rice frontier was experiencing serious agrarian problems. In the years after the First World War the export market upon which the Delta economy had grown dependent began to



Map 7: Lower Burma Divisions c. 1930

deteriorate, with new competitors and new market demands for higher quality. Debtors became unable to repay loans and by the early 1930s there was a great acceleration of land alienation.²⁸ The amount of the total occupied area in Lower Burma held by non-agriculturalists rose from 31 per cent in 1929–30 to nearly 50 per cent by 1934–35. The proportion of land held by Nattukottai Chettiar moneylenders greatly increased. In 1930 they were listed as the owners of only 6 per cent of the total land occupied in the Delta and 19 per cent of the area held by non-agriculturalists; by 1937 they controlled 25 per cent of the cropped area in Lower Burma, and 50 per cent of that held by non-agriculturalists.²⁹ The regular functioning of Chettiar moneylending depended on the maintenance of a balance between their liquid assets and investment in immovable property. The new conditions placed a considerable

strain on their moneylending system and many small Chettiar firms and a few large ones collapsed.³⁰

Up to this point the history of the main Nattukottai Chettiar moneylending firms had been one of considerable economic success. The magnitude of the Chettiars' investment in Burma's rice production is indicated by the fact that by the late 1920s there were over 1,650 Chettiar firms in the main rice-growing districts of the colony. These firms advanced an estimated 450–500 million rupees a year in both crop and long-term loans to cultivators or to middlemen who lent it to cultivators. The government's role in credit provision remained marginal.³¹ Of the 1,650 businesses mentioned, 360 or above one-fifth were in Rangoon while about 1,443 or seven-eighths of the total were in Lower Burma including Rangoon. Chettiar businesses were carried on in 217 towns and villages, and throughout every well-populated part of Lower Burma there was a Chettiar within a day's journey of every cultivator.³²

Nattukottai Chettiar firms in Burma operated under an agency system very similar to that of the Ismailis in East Africa. At the age of about 18 a young man would be sent away from Chettinad for a tour of duty under older members of his clan, lasting approximately three years. Prior to this, from quite a young age the caste member would have undergone instruction in the arts of banking and moneylending. Scholars have stressed certain individualistic aspects of the young apprentice's family life as helping to provide an explanation for Nattukottai Chettiars' particular success. From at least the late nineteenth century family members, while living in the same compound, were constituted an independent unit on marriage and required to purchase, cook and eat their food separately. The married couple formed a separate unit of accounting and were obliged to exist as a discretionary and self-reliant entity.

Brought up in this system, children learned to practise thrift. Males were usually presented at birth with a small sum of money which was left to earn interest until it was needed for education or investment. Then at the age of 12 or so the boys were apprenticed to their fathers or to other members of the clan.³³ The milieu in which they lived, stressing the importance

of bearing one's own financial burden, has been argued to have made young Chettiars self-reliant, ambitious and anxious to make their own fortunes. This strong emphasis on personal accountability, individual achievement, separate private consumption together with joint ownership of resources could then be the basis for successful long-distance commercial migration. The strict accountability of small units made it possible for Nattukottai Chettiars to send representatives abroad with small amounts of money which would not be rapidly exhausted in consumption.³⁴

The Nattukottai Chettiar banker at home in Tamilnad began his career early. The age of 12–15 being the age of apprenticeship, about nine years were spent in this position or in a subordinate position in the banking business. At 22–25 years of age promotion occurred to a principal position. In the early years payment was generally in the form of board and lodging supplemented by bonuses. Those young Chettiars who were sent abroad could often be entrusted with sums as large as 100,000 rupees. The frugality and responsibility learnt at home were now rewarded, since each employee was normally allowed a percentage from the profits of any successful enterprise he was involved in. He was encouraged to save such allowances and use them, together with his salary, for further investments. After home leave and further training, his second tour saw him granted increased responsibility with the possibility of acting independently in ways such as lending money on his own initiative. Renewed success led to even more independence on his third tour, and increasing sums to supervise.³⁵

Generally every place at which a firm carried on business had a separate agency. There were also outstations opened in villages at a reasonable distance from the main town, although usually not more than one for one business.³⁶ An agent, who was usually in his fifteenth or later year of employment, generally had an establishment of five to six, the main individuals being the assistant, the cashier and the accountant. The Burma Banking Inquiry noted:

Great care is taken in selecting agents and other members of the establishment. Owing in part to this and to the family con-

nections often existing between them and the principals, there are practically no cases of dishonesty ... in addition to the salary every employee, including the agent, receives free board and lodging and has all his reasonable wants in other directions satisfied, so that he has no need to use any money of his own.³⁷

No member of the establishment, not even the agent, was permitted to bring his wife with him.³⁸

The individualistic manner in which the joint family treated its members did not mean that the family was not the key economic unit in Burma. Most Nattukottai Chettiar firms there were owned by individual families, generally consisting of two or more individuals in partnership, with the bulk of the capital provided from within the family. The Banking Inquiry looked at this closely:

Each Chettiar business is owned by a partnership of closely related persons and managed by an agent. The partners are commonly related to each other through their wives, people who are related directly being more likely to set up separate firms because of certain rules of a Hindu joint family as to ownership of property. When a partner has grown-up sons willing and able to take part in managing a business, he usually breaks off and sets up a new partnership consisting of himself and his sons; when the father dies the sons generally separate before long to form independent firms. Agents who have done well are sometimes taken into partnership. Under these conditions there are fairly frequent dissolutions of partnerships and formations of new firms ... Another result is that by the relationships of partners a firm is often closely connected with other firms, which accordingly, in case it gets into difficulties, can have reliable knowledge of its affairs and are often more willing therefore to help it over its difficulty than other firms would be.³⁹

Whatever its other activities, each Nattukottai Chettiar firm operated as a commercial bank, taking money on deposit or drafting bills or other financial instruments for use in the transfer of loanable capital to branch offices and to other banks. All firms, largely headquartered in Chettinad, were in practice tied together to form a unified banking system employing sophisticated accounting techniques and possessing

an efficient organization for collective decision-making. Each firm maintained contact with the 'clearing house' of Chettiar activity in Burma, the community temple in Mogul Street in Rangoon.⁴⁰ It was in this street that all Chettiar firms in Rangoon were concentrated. Six rooms in the temple were used by firms to do business with their clients. The Banking Inquiry pointed to the solidarity generated by this form of business existence:

A few other buildings in Mogul Street, within a hundred yards from the temple up and down the street, have ground floors divided into similar rooms, making altogether (including the six-rooms) 23 such rooms. About 14 or 15 of the very largest firms have separate flats including either one or two business rooms, usually on the first floor of a building, and all situated in the same short piece of Mogul Street; most of the 14 or 15 firms have a desk also in one or other of the 23 rooms. In the 23 rooms and the flats and the temple itself all the Chettiar business is conducted. All the managers and their staff live close by, mostly in the rooms above the business-rooms; some sleep in the 23 rooms themselves to act as guardians. All meet one another frequently, not only in business and in attendance at the temple and at communal meetings, but also on the casual occasions of everyday life, such as the morning toilet, and in the casual attendances at the six-rooms in the morning to hear the gossip.⁴¹

In the towns and villages Nattukottai Chettiars occupied brick houses for security reasons. Anywhere between two to eight firms could occupy the same building, and where there was more than one Chettiar building in a town the other would unfailingly be close by. Disputes were settled out of court, with community elders conciliating. Apart from lending money these firms, whether in Rangoon or in the towns or villages, offered a range of financial services; they accepted deposits, honoured cheques, discounted bills of exchange, changed money, accepted documents and valuables for safe deposit and even dealt in gold.⁴²

A further institution promoting caste solidarity was the *vituti* or community-supported lodging house located in the same building as or adjacent to a Nattukottai Chettiar-supported

temple. These *vitutis* provided services for travelling caste members which greatly facilitated their commercial operations; they were able to obtain accommodation and meals, use mailing facilities, find assistance with travel arrangements and baggage clearance and even arrange for absentee prayers at local temples. Nattukottai Chettiars built *vitutis* whenever they had permanent business interests; commercial information could be readily exchanged and the reputations of individual houses investigated.⁴³

Of course there was a wide difference between the scope of the activities of the largest and smallest firms. The largest firms belonged to *adathis* – important men – who controlled wealthy ‘parent banks’ and business enterprises⁴⁴ throughout South and Southeast Asia. In 1929 a new form of association appeared with the registration in Madras as a private company of the Bank of Chettinad, consisting of members of one family who had previously constituted two partnerships working in Burma, Ceylon, Malaya and Cochin China. The bank had a paid-up capital of 30 million rupees and its head office was established in the Ramnad district in Chettinad. All agencies of the two partnerships were converted into branch offices of the bank.⁴⁵ This bank, and other major Nattukottai Chettiar firms, were able to maintain excellent connections with European banks in both Madras and Rangoon; from these they occasionally borrowed money during periods of seasonal shortages. Relations were often so good that the Chettiars could acquire loans merely on promissory notes without collateral.⁴⁶ An *adathi* has been called a ‘merchant-prince and banker’;⁴⁷ while all Nattukottai Chettiar firms acted like commercial banks, making loans and taking deposits, *adathis* acted like reserve banks for the Nattukottai Chettiar banking system as a whole. David Rudner calculates their number in Burma in 1953 as twelve, based on the size of their land-holdings; they held political office and served on boards or acted as trustees of temples and charitable institutions. Like the Parsi and Ismaili *shetias*, they were an elite group with interlocking connections,⁴⁸ and, as disparities of wealth and economic differentiation became a marked feature of the

community, internal solidarity became less firm. Community concern about this development was publicly uttered in Rangoon in the early 1920s, when attempts were made to regain the cohesiveness of the community and revive a sense of unity in the face of severe internal competition for resources and government favour.⁴⁹

The Nattukottai Chettiar Religious Identity

The Nattukottai Chettiars are Saivaite Hindus, worshippers of Siva. Siva is one of the major gods of the later Hindu pantheon, forming with Brahma and Vishnu the great triad of Hindu deities. Most of the Chettiar temples were dedicated to Siva's son, and this deity was sometimes regarded as the chairman of the temple committee.⁵⁰ The role of ‘temple gifting’ in the Nattukottai Chettiars’ preadaptative period has already been noted. The temple's role in business in the later period in Burma has also been seen to be important; the main Chettiar temple in Mogul Street was called the ‘Chettiar exchange’ where regularly current interest rates were determined, business disputes settled and commercial information exchanged.⁵¹ Hans-Dieter Evers and Jayarani Pavadarayan have shown for the Singapore Chettiar temple at a later period that religious significance was attached to borrowing from temple deposits, which were accumulated from a percentage contribution from the profits of firms. Capital drawn from temple funds and lent to traditional firms was felt to have special religious significance, as it drew the major deity of the temple into direct participation in business. The god was treated as a divine witness and dishonesty and default invoked religious sanctions.⁵²

But of course there was a spiritual side to the Nattukottai Chettiars’ religious existence, and Evers and Pavadarayan have pointed out that this leads to a curious dual identity in the community, where business life was conducted on principles of strict asceticism and yet much spiritual life was in the form of more popular, ecstatic religion.⁵³ The earliest indication of this is in the particular school of Saivism which Nattukottai

Chettians followed. This was the Saiva Siddhanta, which placed great emphasis on *bhakti*, 'attachment' or fervent devotion to god. *Bhakti* seems to have had its origin in the Dravidian South as part of a great medieval spiritual revival, stressing the need for a personal relationship with god and a deeply emotional worship of him. A series of Tamil saints spread the gospel that salvation could only be won by a total self-surrender to Siva and the hymns of these saints remained vital among overseas Tamils. All *bhakti* sects were characterized by self-abandonment to a personal god, carried out with considerable emotion.⁵⁴ This is not to say that emotion and religious ecstasy were ungoverned and uncontrollable. The path of devotion, as Milton Singer points out, could also be one of discipline, subject to well-understood rules in which the devotee finds a model for his attitude of devotion to the deity and disciplines his emotions and actions in accordance with the requirements of the model he wishes to follow.⁵⁵

Nevertheless, *bhakti* is one aspect of the 'ecstasy' that has been noted in Nattukottai Chettiar religion. The other, described by Evers and Pavadarayan for contemporary Singapore but without doubt having much earlier roots, is their association with popular Tamil temple festivals and participation in the ecstatic rituals connected with these.⁵⁶ In the late nineteenth century Nattukottai Chettians spent large sums on restoring several of the famous Saivaite shrines in the Madras Presidency, notably those at Chidambaram, Madura and Tiruvannamalai. Associated with this was extensive spending on ceremonies and festivals, some newly established after years of neglect, coupled with a particular attention to the repair and restoration of those shrines that were hymned by the great poet-saints.⁵⁷

We do not know the details of the rituals that took place at these festivals, but Evers and Pavadarayan have described these for the Thaipusam festival in Singapore, of which the Nattukottai Chettians were the main organizers and participants. The ecstasy involved in these religious manifestations included elements such as entering into a trance, dancing while in a trance, frantic utterances and bodily mutilation, although the ecstatic manifestations of the Nattukottai Chettians were some-

what restrained and regulated. Further, the religious verses sung by Nattukottai Chettians contained references to the caste as a separate cultural and religious entity, pledged to lead a life of sobriety and refraining from indulgence in the ways of the world.⁵⁸ Evers finds this a strange contrast of both asceticism and ecstasy⁵⁹ but, looked at within the framework of the dual nature of a minority business community, perhaps the combination is somewhat more explicable. Evers himself notes that one might assume that tremendous internal stress and strain arise from leading a highly inner-worldly ascetic life in which frugality, self-discipline and self-control are emphasized. The response might then be a restrained and controlled type of religious ecstasy, coupled with extensive involvement in charitable works, which often involved paying for religious festivals.⁶⁰ In this respect there is a clear line of connection with the medieval period, when an emphasis on *bhakti* and the construction of temples went together.⁶¹ There is a connection, too, with Milton Singer's group of Madras industrialists – which included Chettians – who, he found, downgraded ritual observance generally and concurrently moved to adherence to *bhakti* as a path suited to their entrepreneurial existence.⁶²

From Commerce to Industry

It is hardly surprising that the Nattukottai Chettians followed the pattern of all other communities dealt with so far and responded to opportunities for industrial ventures. In Burma they began by exporting considerable quantities of timber to India and hence becoming involved in the saw-milling industry. Ties between Rangoon and Madras were strong. An important figure in the Madras timber business was P.A. Chockalingam Chetty, who inherited a family timber concern and came to notice about 1902 for the huge quantities of timber he imported weekly from Burma. Among his customers were the government of Madras and private contractors as far afield as Hyderabad and Mysore. Other firms also imported huge quantities of timber.⁶³ Not surprisingly, considering the

direction of their lending activities, Nattukottai Chettiars also either established or acquired a number of rice mills, some being set up by Burmese with Chettiar capital. Among important Chettiar rice mills by 1915 was the M.M.P.L. Palaniappa Rice Mill at Akyab, with further Burmese branches at Dedaye and Rangoon. Its registered headquarters was in Ramnad district in Madras and it also had branches spread over India and Ceylon. The Chettiars who engaged in rice-milling, many of whom had come to Burma from Calcutta, were formidable rivals for the European rice-millers, whether they milled in Rangoon or Madras. The Depression and the concomitant loan foreclosures meant that considerable sums were converted from liquid to fixed assets such as mills.⁶⁴

It was in South India itself, however, that the change from traditional moneylending to modern enterprises took place, the pace accelerating in the period after the Depression. Here individual Nattukottai Chettiars were among the first Tamil businessmen to divert their assets from banking and trade to capital-intensive industry.⁶⁵ Their chief success was in the cotton textile industry, centred around Coimbatore in Madras Presidency. By the 1950s this was by far the most important factory industry in Madras state, dominated by Coimbatore spinning ventures but with some money also put into factories in Chettinad itself.⁶⁶ Chettiar groups such as the Raja Sir Annamalai Chettiar Group and the A.M.M. Murugappa Chettiar Group were established, the capital involved being accumulated by joint families. Collaborative arrangements with foreign capital also played their part in the rise of Nattukottai Chettiar business combines.⁶⁷

Milton Singer collected material in 1954-64 on nineteen industrial leaders in Madras, most originating in banking and trade. Four of the nineteen were Chettiars, although it is not specified whether they were Nattukottai Chettiars.⁶⁸ One of the Chettiar industrial leaders owed the origin of his financial stability to his grandfather, who had gone into overseas banking at the age of 14 and made a vast fortune through this and the purchase of rice land in Burma and elsewhere. He brought his three sons into the business during the First World

War while they were still in their teens. Before the outbreak of the next war they anticipated difficulties ahead in Southeast Asia, transferred their banking operations to Madras City, and started a small manufacturing industry in 1938. By 1949 they were able to negotiate conjoint agreements with British and American firms to manufacture bicycle tyre tubes, cycle saddles, chains, dynamo sets, lamps and other bicycle parts. Three of the grandsons were sent to England for technical training in the collaborating British plants.⁶⁹ It was in this period, if just a little later, that the founders of the great Chinese conglomerates on Java were beginning their collaboration with foreign firms,⁷⁰ repeating a pattern originating in the days of the East India Companies. In both cases, and in others we have mentioned, the importance of the joint-family system was paramount, making individual families' unique characteristics deserving of the closest attention. It was never an entire community which developed specific areas of economic activity, but only a small number of families from within that community; no matter, as Singer says, how much members of a particular community are predisposed to enter a particular line of economic activity, only a small and localized fraction of the community may be so predisposed by special experience, abilities, opportunities and other circumstances to lead and to succeed.⁷¹

Reprise

The Nattukottai Chettiars' dual identity as a business community has been explained in terms of the tension between the need to carry on a strictly ascetic business life and the affinity for a spiritual life of a more populist, ecstatic kind. It is in this duality that must be sought the spirit of Nattukottai Chettier economic creativity. At the same time, as we have noted in earlier chapters, the joint family and then the community, rather than the individual, was at the centre of business existence.

As David Rudner has now shown, under the heading 'A Collectivist Spirit of Capitalism', Nattukottai Chettiars belonged to a range of social groups: joint families, lineages, village

clans, business associations operating out of specific localities and the caste as a whole. Like the *peranakan* of Java, 'these groups were marked by common and collective forms of worship in cults of specific deities, and these collective ritual practices were central to the way business was carried out in the wider society'.⁷² Their ethic was marked, 'from a Weberian viewpoint, by a paradoxical amalgam of rationality and collectivism, rather than by rational individualism'.⁷³

Weber, as we have already noted, insists that he was only investigating a series of conditions necessary for the emergence of modern capitalism, not for its subsequent adoption elsewhere. However, Weber did deny the existence of collectivist or supra-individual actors, and committed himself to a distinctive ethical approach to the individual.⁷⁴ What we have seen so far in our communities, however, is that in them the spirit of capitalism rests on the spirit of business confidence and economic creativity. This emotional climate can flow from numerous spiritual sources, and in particular from the creativity brought into being by the florescence of certain types of identity. But it is economic creativity in the collective sense, with the family at the core of the collectivity. In this collectivity, 'the sacred is seen as group life and a moral individual as one who grows as a social person'.⁷⁵

Notes

1. M. Adas, 'Immigrant Asians and the Economic Impact of European Imperialism: The Role of the South Indian Chettiers in British Burma', *Journal of Asian Studies* 33, no. 3 (1974): 387.
2. P. Siegelman, 'Colonial Development and the Chettyar: A Study in the Ecology of Modern Burma, 1850-1941', Ph.D., University of Minnesota, 1962, pp. 18, 88-90.
3. *Ibid.*, pp. 86 fn. 13, 267.
4. D.W. Rudner, 'Caste and Commerce in Indian Society: A Case Study of Nattukottai Chettiers, 1600-1930', Ph.D. University of Pennsylvania, 1985, pp. 89-91.
5. L.C. Jain, *Indigenous Banking in India*, London, Macmillan, 1929, pp. 37-38; E. Thurston, *Castes and Tribes of Southern India*, vol. 5, Madras, Government Press, 1909, pp. 249-250; Siegelman, 'Colonial Development and the Chettyar', pp. 122-123.

6. H.D. Evers, 'Chettiar Moneylenders in Southeast Asia', in Lombard and Aubin, *Marchands et hommes d'affaires*, pp. 202-203.
7. M. Adas, *The Burma Delta. Economic Development and Social Change on an Asian Rice Frontier, 1852-1941*, Madison, The University of Wisconsin Press, 1974, p. 114.
8. For the classic formulation see B. Stein, 'The Economic Function of a Medieval South Indian Temple', *Journal of Asian Studies* 19 (1959-60): 163-170; D.W. Rudner, 'Religious Gifting and Inland Commerce in Seventeenth-Century South India', *Journal of Asian Studies* 46, no. 2 (1987): 362.
9. Rudner, 'Religious Gifting', pp. 361, 363-365.
10. *Ibid.*, p. 369; see also pp. 365-368.
11. *Ibid.*, pp. 365, 375-377.
12. *Ibid.*, p. 377.
13. M. Singer, *When a Great Tradition Modernizes. An Anthropological Approach to Indian Civilization*, London, Pall Mall Press, 1972, p. 307.
14. S. Arasaratnam, *Merchants, Companies and Commerce on the Coromandel 1650-1740*, Delhi, Oxford University Press, 1986, p. 217; S. Arasaratnam, 'Society, Power, Factionalism and Corruption in Early Madras 1640-1746', *Indica* 23 (1986): 115-116.
15. Rudner, 'Caste and Commerce', pp. 41-42, 92-95.
16. *Ibid.*, pp. 92-95, 98-101.
17. *Ibid.*, pp. 96-97, 101-106, 194-199.
18. *Ibid.*, pp. 108-110, 116-117; R. Mahadevan, 'Immigrant Entrepreneurs in Colonial Burma - An Exploratory Study of the Role of Nattukottai Chettiers of Tamil Nadu, 1880-1930', *Indian Economic and Social History Review* 15, no. 3 (1978): 331.
19. Siegelman, 'Colonial Development and the Chettyar', pp. 132-133.
20. *Ibid.*, pp. 61-63, 88, 90; Adas, *Burma Delta*, p. 28; Adas, 'Immigrant Asians', p. 387.
21. Siegelman, 'Colonial Development and the Chettyar', pp. 101-102, 106-108.
22. Adas, *Burma Delta*, p. 58.
23. *Ibid.*, p. 58; see also pp. 30-31.
24. Adas, 'Immigrant Asians', p. 390; Siegelman, 'Colonial Development and the Chettyar', p. 182.
25. Adas, *Burma Delta*, pp. 62-63, 66-67, 109-110; Adas, 'Immigrant Asians', p. 390; Siegelman, 'Development and the Chettyar', pp. 108-117.
26. Siegelman, 'Colonial Development and the Chettyar', pp. 171, 224.
27. Adas, *Burma Delta*, pp. 71, 119, 172-173.
28. *Ibid.*, pp. 128, 185-187.
29. *Ibid.*, p. 188.
30. Mahadevan, 'Immigrant Entrepreneurs', pp. 356-357.

31. Adas, *Burma Delta*, pp. 136, 138.
32. *Burma. Report of the Burma Provincial Banking Inquiry Committee, 1929-30*, vol. 1, Rangoon, Superintendent of Government Printing, 1930, p. 203.
33. Rudner, 'Caste and Commerce', pp. 173-175, 180; Jain, *Indigenous Banking*, pp. 31-32, 37; Thurston, *Castes and Tribes* 5, pp. 250, 258; Adas, *Burma Delta*, p. 115.
34. Jain, *Indigenous Banking*, p. 37; S. Ito, 'A Note on the "Business Combine" in India - with Special Reference to the Nattukottai Chettiars', *Developing Economies* 4 (1966): 370; H.D. Evers and J. Pavadarayan, *Asceticism and Ecstasy: The Chettiars of Singapore*, University of Bielefeld, Sociology of Development Research Centre Working Paper No. 79 (1986): 5.
35. *Burma Banking Inquiry* 2, pp. 135-136; Siegelman, 'Colonial Development and the Chettyar', pp. 126-127.
36. *Burma Banking Inquiry* 1, pp. 205-206.
37. *Ibid.*, p. 207.
38. *Ibid.*, p. 208.
39. *Ibid.*, p. 204.
40. Rudner, 'Caste and Commerce', pp. 159, 244ff.; Siegelman, 'Colonial Development and the Chettyar', p. 142.
41. *Burma Banking Inquiry* 1, p. 195.
42. *Ibid.*, pp. 194, 196-197; Thurston, *Castes and Tribes* 5, p. 263.
43. Rudner, 'Caste and Commerce', pp. 201-205; an institution of this type was important for commercial castes: the Marwaris had their *basa* or collective messes as described in T.A. Timberg, *The Marwaris. From Traders to Industrialists*, New Delhi, Vikas, 1978, pp. 5-6.
44. *Burma Banking Inquiry* 1, pp. 196-197; Rudner, 'Caste and Commerce', pp. 180-182.
45. *Burma Banking Inquiry* 1, p. 205.
46. *Ibid.*, 2, p. 134; Siegelman, 'Colonial Development and the Chettyar', p. 238.
47. Markovits, *Indian Business*, p. 121.
48. Rudner, 'Caste and Commerce', pp. 180-188.
49. Mahadevan, 'Immigrant Entrepreneurs', pp. 347-348.
50. Evers, 'Chettiar Moneylenders', p. 204.
51. Jain, *Indigenous Banking*, p. 37; Thurston, *Castes and Tribes* 5, pp. 262-263; Adas, *Burma Delta*, p. 117.
52. H.D. Evers and J. Pavadarayan, 'Religious Fervour and Economic Success. The Chettiars of Singapore', in K.S. Sandhu and A. Mani (eds), *Indian Communities in Southeast Asia*, Singapore, Institute of Southeast Asian Studies, 1993, p. 856; see also Rudner's view, 'Caste and Commerce', pp. 263-264.
53. Evers and Pavadarayan, *Asceticism and Ecstasy*, pp. 18-21.

54. P. Jash, *History of Saivism*, Calcutta, Roy and Chaudhury, 1974, p. 18; R.C. Zaehner, *Hinduism*, London, Oxford University Press, 1962, pp. 164-167, 171, 182; Thurston, *Castes and Tribes* 5, p. 254.
55. Singer, *A Great Tradition Modernizes*, p. 233.
56. Evers and Pavadarayan, *Asceticism and Ecstasy*, pp. 13-17; Evers and Pavadarayan, 'Religious Fervour', pp. 857-860.
57. Thurston, *Castes and Tribes* 5, pp. 251, 254; see also Rudner, 'Caste and Commerce', p. 257.
58. Evers and Pavadarayan, *Asceticism and Ecstasy*, pp. 13, 15-17.
59. *Ibid.*, p. 20; Evers and Pavadarayan, 'Religious Fervour', pp. 860-861.
60. Evers and Pavadarayan, *Asceticism and Ecstasy*, p. 20; Evers and Pavadarayan, 'Religious Fervour', p. 862.
61. Jash, *Saivism*, pp. 18-26.
62. Singer, *A Great Tradition Modernizes*, p. 336.
63. *Burma Banking Inquiry* 1, pp. 197-198; Mahadevan, 'Immigrant Entrepreneurs', p. 351.
64. Mahadevan, 'Immigrant Entrepreneurs', pp. 349-350; Siegelman, 'Colonial Development and the Chettyar', pp. 259-260.
65. Evers, 'Chettiar Moneylenders', pp. 212-213; Rudner, 'Caste and Commerce', p. 38.
66. J.J. Berna, *Industrial Entrepreneurship in Madras State*, Bombay, Asia Publishing House, 1960, pp. 22-23, 44; Singer, *A Great Tradition Modernizes*, pp. 309, 359; Lamb, 'Indian Business Communities', p. 105; Government of Tamil Nadu, *Tamil Nadu District Gazetteers. Ramanathapuram*, Madras, Director of Stationery and Printing, 1972, p. 339.
67. Ito, '"Business Combine" in India', pp. 371-372, 374; Mahadevan, 'Immigrant Entrepreneurs', p. 330; Rudner, 'Caste and Commerce', pp. 160-166.
68. Singer, *A Great Tradition Modernizes*, pp. 283-284, 301, 346.
69. *Ibid.*, p. 305.
70. Robison, *The Rise of Capital*, pp. 277-305.
71. Singer, *A Great Tradition Modernizes*, p. 310.
72. D.W. Rudner, *Caste and Capitalism in Colonial India. The Nattukottai Chettiars*, Berkeley and Los Angeles, University of California Press, 1994, p. 105.
73. *Ibid.*
74. For a discussion, see Abercrombie *et al.*, *Sovereign Individuals*, p. 16.
75. *Ibid.*, p. 129.