Cambridge Studies in Indian History and Society 6

Cambridge Studies in Indian History and Society publishes monographs on the history and anthropology of modern India. In addition to its primary scholarly focus, the series also includes work of an interdisciplinary nature which contributes to contemporary social and cultural debates about Indian history and society. The series is thus designed to further the general development of historical and anthropological knowledge and to attract a wider readership than that concerned with India alone.

1 C. A. Bayly
Empire and Information: Intelligence Gathering and Social Communication in India, 1780–1880
0 521 57085 9 (hardback) 0 521 663601 (paperback)
2 Ian Copland
The Princes of India in the Endgame of Empire, 1917–1947
0 521 57179 0
3 Samita Sen
Women and Labour in Late Colonial India: The Bengal Jute Industry,
0 521 45363 1
4 Sumit Guha
Environment and Ethnicity in India, 1200–1991
0 521 64078 4
5 Tirthankar Roy
Traditional Industry in the Economy of Colonial India
0 521 65012 7

The Global World of Indian Merchants, 1750–1947

Traders of Sind from Bukhara to Panama

Claude Markovits
Centre National de la Recherche Scientifique, Paris

CAMBRIDGE
UNIVERSITY PRESS

6 The business of the Sind merchants

Shikarpuri and Hyderabadi merchants exemplify in two different ways the tie-up which existed between local capital markets in India and markets for financial services and goods situated outside the subcontinent. The extent of capital resources and expertise vested in *bania* communities can easily explain how even small towns in South Asia could exercise a measure of economic control over vast areas outside the subcontinent. In this chapter we shall look in some detail at the precise forms of this tie-up so as to arrive at a better understanding of the business of the merchants. The lack of documents from firms is a severe limiting factor in this exercise and we shall be able to offer only a glimpse of the complex operations performed by the merchants of these two towns. They fell into two broad categories: finance and trade. Shikarpuris combined the two in varying proportions but were primarily financiers, while Sindworkies, although not eschewing finance, were specialized traders. The divergence in the trajectories of these two sets of merchants owes nothing to the existence of different predispositions, but is entirely due to a disjunction in the time sequence and to the specific nature of the economic environment in which each group had to operate.

The Shikarpuri *shroffs* as financiers

There is some broad similarity between the role performed by the Shikarpuri *shroffs* in relation to Central Asia between 1800 and 1920 and that fulfilled by the Nattukottai Chettiars in South East Asia between 1870 and 1940. Both groups specialized in banking and moneylending, but the major difference is that the Shikarpuris started as totally independent operators before becoming intermediaries, while the Chettiars from the outset were intermediaries for the British banks in Burma, Ceylon and Malaya. The Shikarpuris gained their prominent position in regional finance during the brief period of Durrani predominance in the second half of the eighteenth century. Their rise in this period was directly related to their privileged links with the ruling class of the Afghan state. According to Gankovsky,[1] Shikarpuris were prominent among the tax-farmers of the Durranis and conducted themselves as true rulers in their dealings with the people. Apart from their role as tax-farmers, they were also in charge of deliveries for the army and purchased, sold and resold military booty. Their role in financing Ahmad Shah's campaigns into India has already been mentioned. They were also in the business of supplying goods, mostly luxury items, to the royal court and the nobility, and lent to Afghan grandees at high rates of interest. They also lent, not always voluntarily, to the government and the provincial governors, tax revenue often being used as security on these loans. Gradually they came to occupy important posts in the state financial apparatus at the central as well as at the provincial level. Under Timur Shah, Ahmad Shah's successor, they appear to have been largely in control of state finances, as well as participants, through finance, in agricultural and artisanal production. In the process some accumulated large fortunes, reaching up to Rs 10 million.

After the collapse of the Durrani regime, they were able to redeploy in the financing of the caravan trade, between northern India and Central Asia, a niche previously occupied by the so-called Multanis, but vacant at the end of the eighteenth century. They financed this trade through their *hundis*, which, as attested to by contemporary travellers, circulated widely in the entire area between Nijni-Novgorod and Calcutta. The Shikarpuri *hundi*, that 'rude instrument with which the Shikarpuri Rothschild works',[2] more or less fulfilled the role of the letter of credit or bill of exchange nowadays given by banks to traders, basically allowing the latter to tide over the period between the conclusion of the transaction and the delivery of the goods. This, in spite of the fact, emphasized by L. C. Jain in his study of indigenous banking in India,[3] that there was nothing in the *hundi* to show that it was drawn against commercial goods. The reason why, although it was such an imperfect instrument, the Shikarpuri *hundi* played such a role, is simply that there was no alternative instrument of credit to finance the caravan trade. As mentioned earlier, *hundis* circulated mostly within the Shikarpuri community; they were the device through which, without transferring bullion along the dangerous routes followed by the caravans, the Shikarpuri *shroffs*, through the agency of their *gumasthas* in Central Asia, could finance both the purchase of goods in Central Asia by Indian merchants,

[1] Gankovsky, 'The Durrani Empire' in USSR Academy of Sciences, *Afghanistan Past and Present*, pp. 76–98.
[2] Burton, *Sind Revisited*, quoted in Chapter 5, note 5.
[3] Jain, *Indigenous Banking in India*, p. 71.

and the purchase of Indian goods by Central Asian merchants. Compensation would take place regularly in Shikarpur itself, where there was a kind of informal clearing house. The profits of the trade, in the form of bullion, were regularly (allowing for the hazards of the road) remitted to Shikarpur, where there was a thriving market for Central Asian gold coins. The *shroffs* also engaged in the business of foreign exchange, where good profits could be earned prior to the 1870s when the fall in the value of the rupee made this kind of transaction much less profitable. Shikarpuri agents in Central Asia seem also to have been involved in the taking of deposits and in advancing money to rulers and members of the elite. It is not clear how deeply they were engaged at this stage in wider moneylending to cultivators.

In the post-1870 phase the latter business became the mainstay of Shikarpuri activities in what had become Russian Central Asia, a process which I call 'Chettiarisation'. This was not a voluntary shift, but the result of new constraints. The decline in the caravan trade between India and Central Asia, which started in the 1880s and accelerated in the 1890s, dried up the major *hundi* business, forcing the Shikarpuris to look to other fields of activity. They also had to contend with growing competition from the Russian banks, fully supported by the czarist authorities. What saved them from extinction was the development of commercial agriculture, in the Ferghana valley in particular and in some areas of the Emirate of Bukhara, which created new financial needs, which the Russian banks could not entirely satisfy because of their lack of knowledge of the area. In spite of the hostility of the Russian authorities, the Shikarpuris managed to retain a role as financiers in Russian Central Asia; and even increased their business in other areas such as Sinkiang, Afghanistan or Iran.

Shikarpuri lending practices are known to us mainly through the accounts of Western travellers. The best description, although cursory, is found in Schuyler's account of his visit to Tashkent in the early 1870s. According to this well-informed witness, 'the Hindoos usually lend sums for twenty-four weeks, to be paid in weekly instalments of one tenga to every tilla, that is one nineteenth, making a gain as interest in the course of the transaction of five tengas, or about twenty-six per cent, which would be fully fifty-six per cent per annum'.[4] He added that, 'as the money is thus paid back in instalments, it is evident that a moneylender with a very small capital can make a very large yearly profit'. This repayment schedule, which differed from the monthly system used in India, ensured repayment of the principal in the first nineteen weeks,

[4] Schuyler, *Turkistan*, p. 186.

and of the interest during the last five weeks. Schuyler's account was of moneylending in an urban milieu where the Shikarpuris were far from enjoying a monopoly.[5] Most loans appear to have been small scale, for purposes of day-to-day expenses rather than of investment, but more substantial loans were also occasionally extended. Schuyler mentions a big army contractor who was heavily indebted to the Hindu bankers of the town.[6]

As regards rural loans, the perusal of successional documents yields some findings about their size. A survey of twenty-nine estates in Russian Central Asia shows a total of outstanding debts of 120,000 roubles (equivalent to £12,000), neither a small nor a very large sum. To put things in perspective, an official report put the debts of the inhabitants registered with the *kazi* in one month, in one village of Namangan district around 1910, in the neighbourhood of 800,000 roubles.[7] Rural indebtedness in Russian Central Asia was of considerable magnitude, and it seems that Shikarpuris held only a small part of it. In some areas of the Emirate of Bukhara however, the situation was different and Shikarpuris occupied a very strong position on the rural credit market, which might have been the legacy of an earlier period.

The data available are not sufficient to allow an estimate in quantitative terms of the impact of the Shikarpuris on the regional economy. It is however possible to form an idea of the variety of the operations of the Shikarpuri moneylenders. Different kinds of documents figure in the inventories of estates: bills of exchange (*hundis*), promissory notes, writs, etc. The fundamental duality of Shikarpuri activities is well captured in the following extract of an application submitted to the collector of Sukkur by the heirs of one Hasomal walad Khemchand, who died in Bukhara in 1912: 'The profession of the deceased during his lifetime in Bokhara was of money dealing with the Bhaibands and of lending money to the inhabitants of Bokhara and the Turks of other surrounding villages'.[8] Money dealings with the Bhaibands, meaning the other Shikarpuris, was thus an activity clearly differentiated from lending money to the local inhabitants. Separate accounts were kept of

5 According to Schuyler, *ibid.*, there were in Tashkent a total of 1,000 moneylenders, mostly local Muslims; only 140 were Hindus (Shikarpuris). The Shikarpuris seem, however, to have been the most active in the business.

6 Schuyler in *ibid.*, p. 98, has this to say about one Said Azim, one of the leading merchants of Tashkent: 'He has also engaged in the business of army contracts and has fulfilled them with great accuracy, though to do so he has been obliged to borrow much money of Hindoos and others, to whom he is still largely indebted.'

7 Mentioned in Pierce, *Mission to Turkestan*, pp. 101–2.

8 Application, 27 July 1912 from Chellaram walad Teunmal, merchant, shopkeeper, and heir of his maternal uncle Haso, alias Hasan walad Khemchand to the collector of Sukkur, BPP, November 1912, Serial no. A 7.

Table 6.1. *The debt portfolio of Totomal wd Jeumal, Shikarpuri banker of Namangan*

Type of document	Amount outstanding (in roubles)
Bills of exchange (hundis)	2,191
Outstandings according to local custom	3,868
Writs	493
Receipts on bills of exchange	1,062
Total	7,624

Source: 'Note verbale' no. 3529, 31 May/13 June 1912, from Russian Ministry of Foreign Affairs to British Embassy at St Petersburg, enclosed in despatch no. 182, from O'Beirne, Embassy counsellor, St Petersburg, to secretary of state for foreign affairs, copy in BPP, July 1912, Serial no A 54.

the two kinds of transactions, the former written in the *bania* Sindhi script, the latter in the local language (Tajik rather than Uzbek). It is easy to infer from it that different rates of interest also applied to these different types of transactions. Within the Shikarpuri community transactions were conducted mostly through the medium of *hundis*, thanks to the compensation mechanisms which existed in Shikarpur, although cash transactions also existed. Transactions with non-Shikarpuris were also sometimes conducted through '*hundis* in the native tongue', but more often through other kinds of documents such as promissory notes or 'créances d'après la coutume du pays', in the French of Russian official documents ('outstandings according to local custom'). There were also writs issued in application of judicial decisions. An idea of the respective importance of these different types of documents is given in Table 6.1, which reproduces the composition of the debt portfolio of a Shikarpuri banker of Namangan (Ferghana valley) at the time of his death in 1907. This table suggests a more or less balanced ratio between transactions 'internal' to the Shikarpuri network, represented by bills of exchange and receipts on bills, and transactions with 'outsiders' ('outstandings according to local custom' and writs). Examination of other debt porfolios however yields different results, and it seems that the situation varied considerably from one area to another. In Bukhara, where Shikarpuris were thicker on the ground than in the guberniia of Turkistan, they often had larger transactions with their own coreligionaries than with the local inhabitants.[9]

Only an examination of the books of some of these moneylenders could tell us exactly to whom they lent and for what purposes. Stray

9 Thus the Mohandas Janjimal estate, the largest in my sample, was characterized by the predominance of outstandings due from '*gumasthas* and *banias*' over those due by 'Turks and Pathans'. See Chapter 3.

indications in successional documents point towards the predominance of relatively small loans, rarely higher in value than 20 roubles or a few hundred tengas.[10] There is also evidence of larger loans granted to Russian or indigenous Muslim merchants.

The substantial estates left by the Shikarpuris in Russian Central Asia tend to suggest that the profitability of their moneylending operations was fairly high. European observers as well as the Russian authorities were even of the opinion that the Shikarpuris lent at extortionate rates and gained extravagant profits. Shikarpuris in the Katakurgan area of Samarkand district agreed to lower their rates from 60 per cent to 30 per cent to comply with demands from the new Russian administration,[11] but it seems that the move was mostly tactical, to ward off a threat of expulsion. Rates of interest in Central Asia remained extremely high up to the Russian Revolution, and besides, the rate of recovery was also high on outstanding debts, judging from the evidence of successional documents, particularly so in the Emirate of Bukhara where the local *kazis* were good at squeezing the peasantry. The overall level of risk in moneylending operations in Central Asia was therefore relatively limited, especially in comparison with the situation as it stood in Sind at the time. No fortune could be gained in advancing money to the Uzbek and Tajik peasantry of Turkestan, but a regular and substantial income could be earned without too much difficulty, although not totally without danger. Murders of moneylenders were as common an occurrence in Central Asia as in Sind, but Shikarpuris were not deterred.

In neighbouring Sinkiang, according to the evidence in the Kashgar diaries, Shikarpuris lent at even higher rates, although the official level of interest fixed by the Chinese authorities was 33 per cent per annum.[12] During a tour of southern Sinkiang in 1908, the British consular agent heard from the local inhabitants a string of complaints against the Shikarpuris, who were accused of charging exorbitant rates, of not

[10] Two bankers who died suspiciously at the same time in the town of Marghellan in Ferghana left, among other things, one '96 lettres de change pour la somme de 1803 roubles 60 kopecks', and the other '37 lettres de change pour la somme de 523 roubles 60 kopecks'. Notes from the Russian Embassy in London to the Foreign Office enclosed in Foreign Office to India Office, 26 October 1892, IOR, Public & Judicial Department Annual Files, File J&P 1772/92.

[11] Mentioned in E. C. Ringler-Thomson, HBM's consul at Meshed to the secretary to the Government of India in the Foreign Department, 24 June 1893, IOR, Political & Secret Correspondence with India 1875–1911, L/P&S/7/71.

[12] Kashgar diary entry for 18 July 1903, IOR, Political & Secret Correspondence with India 1875–1911, L/P&S/7/157. It was however reported in the entry for 20 October 1908, L/P&S/7/223, that a man called Soba Singh who lent a sum of 5,151 tengas in 1902 asked for repayment of 84,221 tengas six years later! And it was reported in the entry for 2 February 1921, in Political & Secret Subject Files 1902–1931, L/P&S/10/976 that Shikarpuris in Sinkiang charged an average 12 per cent per month on loans.

returning bonds even after debts had been repaid, of falsifying bonds, and of seizing debtors and keeping them in confinement pending repayment of their debts,[13] the sort of complaints currently voiced against Pathans in India.

Moneylenders always get a bad name, but, in view of the literature and of some of the evidence of archival sources, it is difficult to completely avoid the question of the morality of Shikarpuris' activity. Rather than see them as particularly greedy, I tend to perceive their motivation as being relentlessly opportunistic: these were people who were out to get as much as they could, without too many qualms about the ethics of their trade. In many ways, they recall the Gujarati *banias* of early eighteenth-century Yemen about whom Ashin Das Gupta wrote: 'by their tenacious hard work, their thrift and their expertise, they made whatever profit there was to be made (at Mocha). They were, of course, not ideal men . . .'[14] In their native Sind, they were after all used to dealing with a Muslim peasantry which was not that different from the one they met in Central Asia, but the power of *pirs* and *waderos* as well as the hostility of some British administrators restrained their activities, and this rarely happened in Central Asia.

Apart from moneylending, Shikarpuris were also engaged in other kinds of banking activities, such as money changing, deposit taking and remittance business, although little evidence has come to light regarding these aspects of their activity. Moreover, they remained active in trade. Outside observers generally saw their trading as a 'front' activity, only meant to circumscribe the stringent anti-usury regulations that were in operation in the guberniia of Turkestan, but in the emirate of Bukhara, where there were no such laws, and where a record of usurers' profits, on which a tax was levied, was kept by a state official,[15] they were even more active in trade. Their main stake was in the cotton trade in the Ferghana valley and in the grain trade in the Emirate of Bukhara, as shown by the fact that stocks of grain formed part of the assets of many Shikarpuri estates. They also had a stake in the silk trade, traditionally an important branch of the trade between India and Central Asia, even if it was on the decline after 1890, and more generally in the textile and cloth trade. They were also involved in tea trading, although on a much lesser scale than the Peshawari merchants. Their participation in the foreign trade of the region was not limited to exchanges between India

[13] Entry for 5 November 1908, L/P&S/7/225.

[14] A. Das Gupta, 'Gujarati Merchants and the Red Sea Trade', in B. B. Kling and M. N. Pearson (eds.), *The Age of Partnership. Europeans in Asia before Dominion*, Honolulu, 1979, pp. 123–58.

[15] Mentioned in Nedvetsky, *Bukhara*, p. 59.

and Turkestan, but they had a stake in the trade of Russian Turkestan with Iran, Afghanistan, Sinkiang and Russia proper.

On the eve of the Russian Revolution, they were still important players in the regional economy, even if they had clearly lost their financial hegemony of the 1800–70 period. Following the disaster of the Russian Revolution, they redeployed largely in India, although they also extended their operations to Burma, Ceylon and even Malaya. A lot of evidence on their Indian operations came to light at the time of the Banking Enquiry Committee reports of 1930. By that time, the number of so-called 'Multani' firms was estimated to be around 100, and their own capital valued at Rs 5 million,[16] which appears low in comparison with the Rs 250 million of capital held by the Chettiar banking firms at that time.[17] But this capital circulated rapidly: at any time, the Shikarpuris had Rs 50 million in current bills, four-fifths of which were rediscounted with banks, the rest being sold at Shikarpur, where there was a market for bills. This circulating capital was used mostly for loans to agricultural producers, merchants, artisans and small industrialists. In southern India, an area where they were particularly active, they were described as 'intermediaries between the merchants and the joint-stock banks, giving advances to merchants on the personal credit of the latter to be used for advances to agricultural and other producers and also on transactions covering goods in transit'.[18] In Bombay, which was the main centre of their activities, the Shikarpuris financed mostly traders and small industrialists (pressmen, thread-makers, bottle-makers, etc.).[19]

The Shikarpuri bankers advanced either their own money or money borrowed at Shikarpur at low rates of interest (4–6 per cent). The loans were made either on account or on *hundis*, sometimes through a personal security ensuring the safe return of the money, but rarely on mortgage. The loans were generally short term, for a period of two to three months, sometimes extended to seven months. Shikarpuris did little deposit business, and less and less remittance business, because of competition from the Imperial Bank of India. One of their main activities was the rediscounting of *hundis* with the banks to take advantage of differences in rates: they discounted *hundis* in Rangoon which were sent to Bombay for rediscount to take advantage of the fact that the

[16] *Report of the Burma Provincial Banking Enquiry Committee 1929–30*, vol. I, *Banking and Credit in Burma*, Rangoon, 1930, pp. 187–8.

[17] Rudner, *Caste and Capitalism*, pp. 70–3.

[18] *The Madras Provincial Banking Enquiry Committee*, vol. I, *Report*, Madras, 1930, pp. 190–2.

[19] 'Special note concerning the activities of the Shikarpuri shroffs', enclosed in *Report of the Bombay Provincial Banking Enquiry Committee 1929–30*, Bombay, 1930, vol. IV, *Evidence*, 'Evidence from the Shikarpuri Shroffs' Association', pp. 336–44.

bank rate at Bombay was generally 2 per cent below the rate at Rangoon.[20]

The rates of interest charged ranged from a low of 9–13 per cent at which rate most business was done to a maximum of 24 per cent on small loans with little security. These figures are much lower than those quoted for Central Asia, confirming that the rates in that region had been particularly high. As to the net income of the bankers on their capital, estimates varied between a low of 7–8 per cent according to the Shikarpuris themselves[21] and a high of 9–12 per cent according to the *Report of the Madras Provincial Banking Enquiry Committee*, a discrepancy which is fairly small and easy to explain.

All reports noted a marked shift in the operations of the Shikarpuri *shroffs* from deposits, which had been an important area of activity prior to 1914 (as is seen clearly in the Central Asian successional documents), to *hundis* which were considered a simpler and more efficient way of making money. In Shikarpur in the inter-war period, even ordinary lower-middle-class people were in the habit of purchasing *hundis*, because they got interest in advance, and after sixty-one days could renew them and receive interest again. There was thus in Shikarpur a thriving business in *hundis* originally underwritten by Deccan agriculturists or Bombay traders and industrialists which, after having been sold and resold in Shikarpur, were reexported to the Deccan and Bombay by the *shroffs*, thus depriving local agriculture and trade of much needed capital.

In the long term, it appears that the role played by Shikarpur as a centre of international and interregional finance resulted in a certain amount of decapitalisation, as funds borrowed locally were systematically transferred to other places. On the other hand there were regular remittances, but after 1920 their amount seems to have diminished, as the Shikarpuri bankers increasingly used Bombay as the main base and treated Shikarpur only as a place of residence and a secondary financial market. The decentred position of Shikarpur in relation to the new areas of activity of its bankers favoured a gradual shift of the centre of gravity of the network towards Bombay. Shikarpur had thrived as the gate of Khorrassan, but the partial end of the Central Asian connection dealt it a blow from which it never really recovered, in spite of the talent of its bankers and of their attachment to their native town. The record of the Shikarpuris remains nevertheless impressive: in spite of the losses suffered in the Russian debacle, they were able to reinvent themselves as the foremost community of 'indigenous bankers' in India, challenging

[20] *Report of the Burma Provincial Banking Enquiry Committee*, p. 188.

[21] 'Evidence from the Shikarpuri Shroffs Association'.

Gujaratis and Marwaris on their own ground. Their major assets were their reputation for scrupulous honesty (no Shikarpuri banker ever defaulted on a *hundi*), which ensured wide acceptance for their bills, including from European banks, and their flexibility, their readiness to move *hundis* quickly from one place to another to take advantage of differences in interest rates. It explains largely how, in spite of their limited capital resources due to the relative poverty of their native town, they could play an important financial role in a very extended area over a long period of time: the rapidity of circulation of their *hundis* had a multiplier effect, allowing them to cover many transactions without mobilizing too much of their own capital. It is obvious that accounting skills were an important component of their expertise, although little is known in detail of the specifics of their accounting system. They combined, to an astonishing degree, a strong conservatism with a remarkable capacity for adaptation to changing contexts and conjunctures. Their Hyderabadi colleagues were less conservative, but did not show a similar capacity for sudden shifts; their story is rather one of gradual change.

From niche traders to global players: the evolving nature of the Sindwork trade

If Shikarpuris remained basically a community of bankers, the Hyderabadi merchants known as Sindwork merchants or Sindworkies, who came from the same background, developed over time a specialization in certain branches of trade which were highly specific. Their trade, known as the 'Sindwork trade' represented a rather unique mix, combining international import–export trade with wholesaling and retailing, dealing in luxury as well as in ordinary goods, bringing together a highly specialized line, the silk trade, and a much more undifferentiated one which went under the generic appellation of curio trade. Gradually the Sindwork merchants emerged as global players on the world textile markets.

Originally the term 'Sindwork trade' covered all kinds of craft productions of Sind, particularly Lower Sind, which found an outlet on the Bombay market, mostly with a European clientele, following the annexation of Sind to the Bombay Presidency. It was basically an itinerant bazaar trade in which unbranded goods produced in small quantities by Muslim craftsmen working at home or in very small workshops were sold by hawkers, who received them from merchants who advanced money to the craftsmen. No material dating from these early days of the trade has come to light, and nothing is known of the exact way in which the merchants organized the trade.

At a later stage, silk and silk goods entered the repertoire of the Sindwork merchants. Originally they seem to have procured the silk and silk goods from India, particularly from the Punjab and from Benares, but from the 1890s onwards, Chinese and Japanese silks and silk goods figured with increasing prominence in inventories of shops and lists of goods traded. This specialization in the silk trade is somewhat puzzling. Silk is a highly specific line of trading, which necessitates knowledge and skills acquired over long periods in tightly knit merchant communities, as was the case in China, Japan, France or Italy. There is moreover no indication of a prior specialization by Hyderabadi merchants in that line, even if different kinds of silk goods figured among currently traded items in Sind in the nineteenth century. One possible explanation for this pattern of late specialization may lie in the specific state of the silk market in India in the second half of the nineteenth century, where no hereditary group of silk traders with a clearly dominant position emerged. This relatively 'open' situation may have facilitated the entry of newcomers into the trade. Having gained a foothold in the silk trade in India (they appear as silk traders in Calcutta from the 1870s onwards), the Sindworkies managed to acquire the basic knowledge and skills which allowed them to extend their silk-purchasing operations to the Far East. At the time when they made this move, around the late 1880s, other groups of Indian merchants, mostly Gujaratis, were in the habit of purchasing silks in the Far East to supply the Bombay market. It is possible that, finding the Bombay market too crowded, the Sindworkies looked for outlets outside India in the countries where they had established a foothold as curio merchants. Statistics on the reexport of silk manufactures from India, mostly from Bombay, to certain destinations, where Sindwork merchants were active, can give some idea of the size of their trade. Table 6.2 presents the data.

It is worth noting that between 1893–94 and 1913–14 reexport of silk products to Malta and Egypt declined considerably, an indication that the Sindwork merchants increasingly tended to consign silk goods directly from Japan and China to these destinations, by-passing India altogether. The opening of branches in China and Japan by some of the largest Sindwork firms facilitated the trend.

In China, the Sindwork merchants were attracted first to Canton, which was less active than Shanghai in the silk export trade, but had a large trade in piecegoods for foreign markets.[22] After 1920, they shifted the focus of their activities to Shanghai, where *Pongees*, made of *tussah* silk, a relatively cheap variety, were a popular item for export.[23] One of

22 Li, *China's Silk Trade*, p. 73.

23 *Ibid.*, p. 79.

Table 6.2. *Reexport of silk manufactures from India to selected destinations in 1893–1894 and 1913–1914 (in rupees)*

Destination	1893–94	1913–14
Gibraltar	65,349	55,185
Ceylon	86,015	87,240
Natal	16,729	98,100
Zanzibar and Pemba	63,861	102,255
East African Protectorate	n.a.	60,210
Malta	36,297	5,010
Portuguese East Africa	18,883	25,560
Egypt	97,830	9,585
German East Africa	n.a.	21,315
Tunis and Tripoli	n.a.	10,305

Source: Report on an Inquiry into the Silk Industry in India, H. Maxwell-Lefroy and E. C. Ansorge, Calcutta, 1917, vol. II, p. 88.

the attractions of the silk trade to the Sindwork merchants, apart from the existence of a steady demand from tourists and travellers, was probably its highly speculative character. Speculation was rife in the silk trade in China, first because of sudden shifts in both demand and supply which created great uncertainties, and second, because of the wild fluctuations in exchange rates due to the fact that, unlike most of the world, China was on a silver standard.[24] Speculation, and the high profits it brought to skilful operators, probably explains why niche traders like the Sindworkies, who had no stake in either of the two big markets for Chinese silk, France and the USA, were able to prosper and entrench themselves in a fairly competitive market, in which they had no particular advantage. In Japan, where, as S. Sugiyama noted, the opening of regular shipping services and the establishment of branches of Western banks made it possible for merchants with little capital to join the trade and compete with the established Western firms,[25] the Sindworkies at first purchased mostly silk handkerchiefs, for which there was a large demand from tourists, and then gradually enlarged their range.

They also developed an interest in other highly specialized lines of trade, such as the shawl trade and the lace trade. Specialization in the former is easily explained by the existence of an early trading connection between Hyderabad and Kashmir. However, shawls from Kashmir were not the only ones sold in the shops of the Sindworkies: in Egypt, for instance, they sold locally produced shawls known as Assiut shawls. Their venture into the lace trade seems to have developed originally as an offshoot of the establishment of trading connections with regions where there was a tradition of lace production, such as Malta or Tenerife. Some Sindhi merchants in Egypt did a thriving trade in Maltese lace, which was in great demand there, particularly from the Jewish population.

[24] *Ibid.*, pp. 88–90.

[25] S. Sugiyama, *Japan's Industrialization in the World Economy 1859–1899: Export Trade and Overseas Competition*, London, 1988, pp. 38–9.

Together with these fairly specialized lines of trading went a more undifferentiated one, known as the curio trade. The exact origin of the term 'curio' and its use to cover a whole range of so-called 'exotic' goods would by itself be worthy of further research. The definition of the term could actually vary. In some cases, it included the trade in antiques and art objects, but definitely not for the Sindwork merchants, who always tended to avoid becoming involved in this highly specialized trade which necessitated a kind of knowledge which they did not possess. In Egypt they left that line entirely to the Armenians, the Levantines, the Greeks and the Jews, and concentrated instead on the lower segment of the market represented by 'tourist' goods, which did not appeal to the same extent to connoisseur taste. These goods had various provenances, and were meant to satisfiy a clientele of tourists and travellers.

Ultimately it is the specific nature of the demand on the part of European and North American tourists and travellers which shaped the particular mix of goods on offer in the Sindhi shops. This type of customer was not interested in buying in large quantities, and was not too demanding as regards quality either. Travel purchase is a very specific branch of the trade, where a lot of the usual constraints on the seller are attenuated. The customer is more ready to buy than in the course of 'normal' shopping, and, since the purchases are generally part of a separate budget earmarked for travel, he or she is not inclined to look too closely at the price. In any case they have only limited time, generally while the ship is at anchor. International long-distance ship passengers were generally taken to the shops by touts, and represented a kind of captive market. Compulsion to buy was strong, as returning home empty handed from a long voyage to the Orient would have been seen at home as unworthy. On the other hand, they rarely had a very precise idea of what they wanted to buy. Hence the importance of developing persuasion techniques to cater to that kind of clientele. Before the era of mass advertising, it could be done only through personal contact. It was therefore necessary to have managers and shop assistants capable of talking cutomers into buying the most expensive items, which put linguistic skills at a high premium among Sindworkies. Since demand was not highly focused on specific items, actual purchases were easily influenced by the availability of supplies. It was advisable to always have a wide range of goods available in large quantities during the high season. That is why a large stock-in-trade is characteristic of all shop inventories found in the archives. Shops did a particularly brisk trade at the height of the tourist season (winter in Egypt), a period during which turnover had to be very high to generate good profits. Besides, such a trade was very sensitive to even small fluctuations in the number of tourists and travellers, and also highly dependent on largely unpredictable changes in fashion and taste. It was characterized altogether by a high degree of uncertainty and risk.

To mitigate the risks, Sindwork merchants tried to escape an exclusive reliance on the tourist trade and sought to develop more regular lines of trade with more permanent custom. Given the kind of goods they traded in, they found that clientele mostly among the resident European population of colonial and semi-colonial countries, like the British in Egypt, Dutch settlers in the East Indies or French colons in North Africa. British troops were also an important market, as officers and soldiers liked to bring back souvenirs from their years of service in the East. All these uprooted Europeans were good customers because they combined an often high purchasing power with a taste for the 'exotic'. In places like Singapore, customers were also found among wealthy non-Europeans, mostly Chinese. At a later stage, as the range of goods sold in the shops broadened to include different kinds of textiles besides silk, more 'native' customers were attracted to the Sindhi shops.

Pricing policies followed by Sindwork merchants did not conform to the usual bazaar practice of not having fixed prices and of underselling to dispose of limited stocks as quickly as possible to ensure a rapid turnover. On the contrary, in their shops, there were prices which were fixed and quite high, and bargaining was not an accepted practice. These shops were actually modelled on the 'oriental' shops which were mushrooming at the same time all over Europe and North America, and there was a deliberate attempt on the part of the Sindwork merchants to appear different from the stereotypical 'oriental' trader, so as to gain respectability and inspire confidence in a mostly European clientele full of racial prejudice. They made it a point to behave in as European a fashion as possible. For instance, they avoided selling on credit as much as possible, which was wise in any case when customers were often ship passengers ready to depart.

Location and presentation were two very important factors in ensuring a steady volume of sales. Generally Sindwork merchants had their shops in prestigious locations, either in some of the main commercial thoroughfares, or in big hotels and in the main tourist areas. In

Cairo, their shops were spread between the major hotels and the principal tourist bazaar, the Khan-i-Khalil. In Singapore, they were mostly on High Street, in Saigon on the rue Catinat. The shops were generally rented, and rents represented a large part of the overhead costs of the Sindwork firms. They were reluctant to buy because real estate prices were generally very high in exclusive shopping areas and they liked to keep their assets as liquid as possible, to facilitate mobility.

If a wealthy clientele was easily drawn into well-located shops, the quality of internal arrangements was essential to further captivate their attention. Sindhi merchants, influenced by the example of the new 'oriental shops' in the great capitals of the world, appear to have paid a lot of attention to that aspect, with results which could be impressive. One of Rangoon's main Sindhi shops, that of T. K. Tejoomal, so much impressed visitors and resident Europeans that it was even the subject of a poem published in the *Rangoon Gazette* in July 1922.[26]

If the specific nature of demand largely dictated the assortment of goods which were on offer in the shops or which were hawked by the pedlars, supply was an equally important factor in shaping the trade. The originality of the Sindwork merchants in this matter is that they systematically attempted to control the entire supply chain. In an early phase, big Sindwork firms had their own workshops in Hyderabad for the production of certain kinds of goods. Thus in 1899 both Pohoomull Bros and Wassiamall Assomull advertised themselves as manufacturers of silver embroidery, a traditional craft of Sind. This direct link to craft production snapped as the productions of Sind were replaced by those of other areas. It is worth noting however that in 1930 Hyderabadi merchants were mentioned as financing craft production in Kashmir on a significant scale.[27] At various moments, Sindwork firms purchased small factories in different locations,[28] but such direct forays into

[26] The poem read:
Mr Tejoomal stands and smiles
On the steps of his fairy store
Luring you into the silken piles
And the glitter of gems galore.
It is reproduced in A. Macmillan (comp. and ed.), *Seaports of the Far East. Historical and Descriptive, Commercial and Industrial: Facts, Figures and Resources*, London, 1923, p. 103.

[27] A witness before the Bombay Provincial Banking Enquiry Committee, Seth Dharamsey testified that he had seen 'many of the Hyderabadis financing the small trader in Kashmere', 'Evidence of Karachi Indian Merchants Association', *Report of Bombay Provincial Banking Enquiry Committee*, vol. IV, p. 15.

[28] The firm of D. Kundanmal & Co. was listed in the *Trade Directory of Japan*, Calcutta, 1940 under 'silk and rayon goods manufacturers'. The firm of J. Kimatrai & Co., according to the entry on Seth Sobhraj Jhamatmal, proprietor of the firm in the *Who's Who in Sind*, Karachi, 1944, owned a silk mill in Ahmedabad.

production were rarely successful. Apart from these failed attempts, the main thrust of the Sindwork merchants was towards controlling the entire supply chain, from the workshop or the factory floor to the ultimate customer, and to cut out the middlemen as much as possible. Only firms of a certain size however attempted to perform all the operations in the chain, from wholesale purchasing at the factory floor to retail selling in shops via exporting, importing and wholesale distributing. In this respect, Sindwork firms could be divided into two broad categories: truly 'global' firms which were exporters as well as importers, wholesalers and retailers, and smaller firms which operated only at the importing end of the chain.

Out of a total of Sindwork firms which, in the 1930s, was much more than 100, only about 50 were listed as exporters from Japan and China, which were by then clearly the major sources of goods for the network. There were also a few firms which exported only from India, but Indian goods accounted for a diminishing share of the total supply. In the big exporting firms, different branches handled different types of operations: the Yokohama branch would do the wholesale purchasing and exporting, the Gibraltar branch the importing and wholesale distributing for the Western Mediterranean and the Atlantic, while retail selling could be done in many locations, either in shops or by hawkers.

A survey of some twenty firms listed as exporters from Japan in 1940[29] shows that they operated mostly in the textile trade. A broadening of the range of goods they exported is however noticeable, as most firms added cotton and rayon piece-goods to their traditional trade in silk piecegoods. On the other hand, only two firms are listed as curio exporters, which may be due to underreporting. Sundry goods, such as handbags, hosiery goods or parasols are also listed among goods exported by these firms, which confirms the trend towards a broadening of their range.

Evidence from Southeast Asia reinforces this impression. In the 1920s and 1930s the big Sindwork firms, such as K. A. J. Chotirmall, K. Chellaram and Pohoomull Bros. began to engage in the multilateral trade between Japan and the Netherlands Indies, exchanging Indian raw cotton for Japanese textiles which they sold in the Indies.[30] The firm of K. A. J. Chotirmall was particularly active in this process of 'globalisation'. In the 1920s it broke into the German and Swiss textile markets, and played an important role in the textile trade between French Indochina and the rest of Southeast Asia. Allied firms Lalchand and Rewac-

[29] Based on 'Classified list of exporters, importers and manufacturers', *Trade Directory of Japan*, Calcutta, 1940, pp. 49–212.
[30] Brown, *Capital and Entrepreneurship*, p. 207.

hand exported textiles from Indochina, France, French India and Hong Kong to Malaya and the Dutch East Indies.[31] Eschewing narrow specialization in the silk trade, the major firms were able to respond to short-time fluctuations in demand, as well as to broaden their sources of supply. They drew sustenance from the network, which gave them access to a considerable pool of knowledge about markets that even Japanese firms were interested in tapping.

The 'global' exporting multi-branch firm was the crucial force in the network, because it largely controlled the sources of supply. Although no quantitative data are available about the level of purchases of different firms from Japan and China, it is highly probable that the big seven firms cornered a large share of it, even if two or three other firms also appear to have purchased on a fairly significant scale. As to the smaller firms, some seem to have specialized in supplying the Indian market rather than foreign markets. Small firms which were not in the exporting business, which were the majority, depended on the big exporting firms for the supply of their goods.[32] Small dealers got goods from the big firms either on credit, or by payment on delivery. It would, however, be a mistake to view the network as totally self-sufficient.

The transactions of the Sindwork merchants could be divided into three broad categories: intra-firm transactions, intra-network transactions, transactions with outsiders. Intra-firm transactions were transactions between different branches of the same firm and, given the importance of the big firms, these transactions probably accounted for the bulk of all transactions. Intra-network transactions were conducted between different Sindwork firms. They were mostly vertical, bringing together big firms as suppliers and small firms as purchasers. Big firms appear to have done little business with each other. The third category included all transactions concluded by Sindwork firms with outsiders, whether as buyers or as suppliers. Actually, most of these transactions were with suppliers, mostly producers of goods. Sindwork merchants did not sell much to other merchant firms, since they controlled the

[31] *Ibid.*, pp. 208–9.
[32] As evidenced from a case in the Cairo consular court. In 1918, the large Sindwork firm of J. T. Chanrai & Co., through the manager of their Gibraltar branch, sued Pribhdas Rupchand, a Sindhi dealer of Cairo, for non-repayment of a debt incurred on purchases he had made from Chanrai in Gibraltar. Evidence presented in court showed that during a three-year period Chanrai had sent to Rupchand from Gibraltar goods amounting to the total value of £426 in twelve different purchases, suggesting the existence of a regular relationship. These were goods imported from European countries by Chanrai's Gibraltar branch which were then reexported to Cairo where Rupchand sold them in his shops. 'J. T. Chanrai & Co. vs. Pribhdas Rupchand', PRO, Foreign Office Records, Cairo Consular Court Records, Dossier no. 38 of 1918, FO 841/170.

retailing end of the chain. Altogether, intra-network transactions seem to have been more important than transactions with outsiders but the latter were nevertheless crucial to ensure a regular supply of goods to the entire network.

Why did the big firms try to control the entire supply chain? One of their motivations may have been the desire to keep transaction costs low, but other possible motives may have been the will to exclude outsiders, and the desire to give employment to townspeople. Controlling the entire supply chain had its costs: it meant fulfilling different specialized functions, such as exporting, importing and wholesaling which demanded specialized skills and stretched to the limit the human resources of firms which were, after all, by the standards of world capitalism, medium-scale operators. Such lack of specialization did not facilitate calculations of cost and of margins, and may have been a drag on profitability. On the other hand, it probably brought in side benefits which were not negligible, such as the possibility of playing on currency fluctuations between different trade zones. It seems that in the 1930s, in particular, foreign currency operations accounted for a growing share of the profits of the big firms.[33] Controlling the supply chain also gave a lot of flexibility and allowed them to respond quickly to shifts in demand from one type of goods to another. But the ultimate explanation for this desire is probably to be found in the precarious internal balance of the network. Only by controlling the supply chain could the big firms maintain their overall dominance, which was constantly threatened by the emergence of new players. Control of the supply chain was thus clearly linked to the oligopolistic nature of the network. Oligopoly had to be constantly reasserted, for it could have been eroded by the natural dynamics of the trade. Since the dominant players could not use a hierarchical caste structure to their advantage, they had to manipulate market factors to reach their aims.

Lack of quantitative data hampers any attempt at evaluating the overall importance of the Sindwork trade. An estimate of 1936, already quoted, mentioned a total turnover of Rs 20 crores.[34] The big seven firms must have accounted for a large share of it, which means that, with a turnover of more than Rs 1 crore each, these firms were among the largest Indian commercial firms at the time.

As regards profits, no overall estimate is available. Stray indications in archival sources suggest wide variations in rates of profit, depending on

33 From evidence in the archives of the Siam Commercial Bank in Bangkok, it is clear that the firm of K. A. J. Chotirmall had large monthly earnings from bullion and foreign exchange transactions. See Brown, *Capital and Entrepreneurship*, pp. 206, 280, note 52.

34 See Chapter 4.

time and place. A firm in Java in 1920 recorded an annual profit of almost 100 per cent,[35] while a firm in Panama had a profit of 50 per cent in 1924–25,[36] and another in Cairo a profit of 20–25 per cent in 1906–07.[37] On the other hand, another document from Cairo in the early twentieth century suggests that a rate of 10 per cent was considered 'normal'.[38] One way of looking at this question is to use remittances as a substitute for profits, on the supposition that most profits were remitted to Hyderabad. One estimate of total remittances into Sind in the late 1930s puts their value at some Rs 5 to 10 crores annually.[39] Taking the lower figure of 5 crores, and assuming that half of this amount was remitted by Sindworkies (Amils and Shikarpuris also remitted large sums annually), one would reach a figure of Rs 25 million, which, measured against a turnover of Rs 200 million, gives a gross profit rate of about 12.5 per cent, an estimate which probably errs on the side of caution.

Another way of estimating profitability is to look at the wealth of the Sindwork merchants. The paucity of data on successions originating from Hyderabad, in contrast to Shikarpur, makes this a difficult task. It is worth noting, however, that in the 1930s the banks estimated the fortune of the Chotirmall family, the principals of the firm of K. A. J. Chotirmall, to be US$17 million.[40] Indirect evidence points to the wealth acquired by Seth Pratap Dialdas, the principal of the firm of M. Dialdas & Sons[41] and a major financier of the Congress Party in

35 The profits of Messrs. K. Dhanamall & Co. were put at 300,000 Dutch guilder on a capital of 331,000 guilders in 1920. Affidavit by Naraindas Tirthdas, 22 October 1923, PRO, Foreign Office Records, Embassy and Consular Archives: Japan, Yokohama, FO 908/8.

36 Calculated from information contained in the petition of Jhangimal Tejumal Khemrani to the collector of Hyderabad, September 1927, IOR, L/P&J/8/278.

37 From deposition of Naraindas Kishinchand, one of the partners of the firm of K. Khanchand & Co. in 'K. Khanchand and Kodoomal vs. Naraindas Kishinchand', PRO, Foreign Office Records, Cairo Consular Court Records, suit no. 134 of 1908, FO 841/101.

38 An award given by an arbitrator in a dispute between a hawker and his supplier included the following rubric: 'Loss of profit on missing goods at the rate of 10 per cent on their cost price'. Award enclosed in 'Udhandas Signanmal vs. Tarachand Mulchand', PRO, Foreign Office Records, Cairo Consular Court Records, suit no. 18 of 1907, FO 841/92.

39 Mentioned in 'Gandhidham: its History and Implications', by Bhai Pratap Dialdas, in Sindhu Resettlement Corporation Ltd., *Gandhidham*, Bombay, 1951, pp. 8–12: 'A large part of our people were not dependent for their livelihood on the soil of Sind. In fact they fed Sind with an annual stream of wealth calculated to be at least five to ten crores of rupees.' Bhai Pratap Dialdas was the principal of the firm of M. Dialdas & Sons.

40 Mentioned in Brown, *Capital and Entrepreneurship*, p. 208.

41 In his memoirs, *Fifty Years with the British*, p. 45, S. K. Kirpalani, a prominent Hyderabadi Amil recalls his meeting with Seth Pratap's son Narain during a ship voyage

Sind. Recent estimates of the wealth of Indian expatriate business families in the United Kingdom place the Chanrai and Chellaram families, with respective fortunes of £60 million and £30 million among the richest.[42] Both made their fortune in Sindwork with the firms of J. T. Chanrai & Co. and K. Chellaram & Sons. This gives an idea of the kind of fortune which could be made in Sindwork. Sight must not be lost of the fact that a lot of money which had been invested by returning Sindworkies in land and real estate in and around Hyderabad was wiped out at the time of Partition in 1947–48. Smaller merchants could also build up wealth on a significant scale.[43] Hyderabad was known, prior to 1947, as a prosperous city, and a significant part of its wealth had its origins in the gains of the Sindwork trade. But, if the profits of the trade were fairly high, they were far from equally distributed. The owners of the big firms accounted for a big share of them, but there were also marginal operators who never made much profit. In the Japanese silk trade, some of the smaller traders made their actual profit not on the sale of the silk but on the resale of the wooden cases in which the silk was shipped.[44]

To illustrate the highly diverse and changing nature of the Sindwork trade, two case studies will be presented of Egypt and West Africa.

The Sindwork trade in Egypt *c.* 1900–1930

In Egypt, during the first three decades of the twentieth century, Sindwork merchants were typical niche traders, who specialized in some lines of trade, but do not appear to have had a global impact, despite the large-scale operations of some firms. It is significant that the literature on trade in Egypt makes no mention of this group of specialized Indian traders. Compared to Greek, Levantine, Jewish and Armenian merchants, they must have been fairly inconspicuous. Court cases before the Cairo consular court give some idea of their business, and are particularly informative on the smaller traders. Many of the cases concerned disputes between hawkers and the merchants who supplied them with goods. They often include detailed descriptions of hawkers'

between India and England in the 1930s. While the ship was passing through Port Said, Narain invited all the first class passengers, 300 in all, to dinner at the Casino and paid a bill of $15,000, an enormous sum in those days, 'without so much as batting an eyelid'.

42 Cragg, *The New Maharajahs*, p. 92.

43 Kirpalani, in *Fifty Years with the British*, p. 365, tells the story of a school friend of his, Punwani, who, after a career of three decades in Sindwork in Trinidad, came back with some US $200,000 which he invested in a piece of landed property. He lost his fortune when he had to leave Hyderabad in 1948.

44 Mentioned in Chandra, 'The History of Indians in Japan'.

bundles presented as evidence in court. In this way it is possible to know what kind of goods the Sindhi pedlars sold in Egypt in the early twentieth century.

An analysis of four bundles belonging to three different hawkers[45] shows that all silks and silk goods, including painted silk, crepe silk, plain silk, striped silk, silk handkerchiefs, silk kimonos and silk blouses, were of Chinese or Japanese origin, while the bulk of non-silk goods were of Indian origin, including Madras brass and mantelpieces, Ludhiana curtains, Agra cushions, Delhi tables, etc. There were also 'Turkish', Maltese, Egyptian and Sudanese goods, as well as many objects of unknown provenance, indicating that Sindhi merchants in Egypt sourced very widely. The hawkers, most of whom were on contract with a merchant, appear to have travelled all across Egypt and even in the Sudan. It is probable that most of their customers were Egyptian, Europeans in Egypt being few outside Cairo, Alexandria and the Suez Canal towns. The existence of these hawkers and the range of their travels testifies to an attempt on the part of the Sindwork merchants to avoid being too dependent on the tourist trade with its high seasonal fluctuations. It is clear that they succeeded in capturing some market share in a country where there were already many active trading communities. Their major asset appears to have been their trading connections with India and the Far East, which no other community in Egypt had at the time. But they also sold local goods, which reveals the existence of trading connections in the region.

Some cases in the Cairo consular court records throw a vivid light on the activities of small traders. Thus the story of a firm called K. Khanchand & Co can be largely reconstructed from the evidence contained in several cases which came before the court between 1906 and 1913. The firm had been constituted in 1904 apparently as a partnership between four merchants for a period of four years, but after two years three of the original partners withdrew, and the remaining one concluded a new partnership agreement with a Hyderabadi capitalist.[46] The founder remained as a working partner and a second partner was brought in from Hyderabad. According to the terms of the partnership, a sum of Rs

45 'List of goods entrusted to Tarachand Mulchand', in 'Dhanamall Chellaram vs. Tarachand Mulchand', PRO, Foreign Office Records, Cairo Consular Court Records, suit no. 10 of 1904, FO 841/80; 'list of goods entrusted to same', in 'Udhandas Signanmal vs. Tarachand Mulchand', *ibid.*, suit no. 18 of 1907, FO 841/92; 'list of goods missing from the bundle of Dettaram Gopomall', in 'K. Khanchand & Co vs. Dettaram Gopomall', suit no. 3 of 1908, *ibid.*, FO 841/96; 'amount sent by plaintiff in partnership with defendant', in 'Koshiram Daulatram vs. Dettaram Wattamull', suit no. 47 of 1908, *ibid.*, FO 841/97.

46 Partnership agreement reproduced in Appendix III.

15,000 was invested in the purchase of goods. The firm had two shops in Cairo 'for the purpose of trading in Indian goods and curios', one of which was on the premises of the Bristol Hotel, and the other one in the Khan-i-Khalil, the main tourist bazaar in Cairo. One of the partners was in charge of the main shop in the bazaar, the second one in charge of the other shop. The former left for India in April at the end of the busy season and took the books with him to show them to the principal in Hyderabad. The latter, who was eighty years old, came to Cairo on an inspection tour, but, having fallen ill, had to go back to India and died on the ship before reaching Karachi.

The probate enquiry into the goods of the deceased[47] included a list of the creditors of the firm at the time of the principal's death. Interestingly, of the fifteen names on the list, only two are those of Sindhi firms. The largest creditor was a Muslim merchant, and there were also European creditors (including a firm in Vienna, Austria). Money had been borrowed from non-Sindhis. A small Sindhi firm in Cairo had a wide range of suppliers and creditors, indicating a good insertion into the local trading milieu. But the partners and employees were Hyderabadis.

Some indications are also given of the profits of the firm: during the first winter season, they were high (Rs 6,000–7,000 on an investment of Rs 15,000), but in the following summer season, as debts had to be repaid to merchants, there was a loss of Rs 1,000. This illustrates the highly seasonal nature of the Sindwork trade.

An interesting aside is the mention in one document of a reverse flow of goods from Egypt to Calcutta and Singapore for an amount of Rs 1,000. No details are given, but this piece of information confirms the opportunism of the Sindwork merchants, who never neglected a possibility of making profits even outside their usual lines of business.

Another court case[48] gives interesting information on the way in which a small Sindwork merchant was supplied with goods. He arrived in Egypt in October for the beginning of the tourist season, bringing with him £35 worth of goods from India, consisting of jewellery and other goods. He also got £80 worth of goods from Yokohama, £20 worth of goods from China and £12 worth of lace from Malta, all payable on delivery, not on credit. He also bought some goods locally on credit, apparently from a big Sindwork merchant who later sued him for non-payment. Such operators who came to Egypt just for the tourist season were an important component of the Sindworkie community. It is significant that the same merchant acknowledged that he did not keep books. He must have hawked the goods, but he was no salaried hawker, rather an independent operator who had some capital since he could pay for goods on delivery.

More detailed information on the operations of a small merchant comes from the minutes of a case before the Port Said court.[49] This merchant was suing his ex-employers, a Sindwork firm of Port Said, for defamation and he produced books showing the amount of sales in his shop between March 1930 and September 1931. The figures are reproduced in Table 6.3.

The wide fluctuations in the volume of sales reflect on the one hand the precariousness of the position of marginal operators, highly dependent on the volume of passenger traffic passing though the Suez canal and on the purchasing capacity of the passengers, and on the other hand the growing impact of the world depression on the volume of sales. A more detailed look at the monthly flucuations reveals two peaks of

[47] 'Probate enquiry into the goods of Bhai Khanchand, deceased, PRO, Foreign Office Records, Cairo Consular Court Records, dossier no. 103 of 1909, FO 841/107.

[48] 'Dialdas Kalachand vs. Kodoomal Ramchand', PRO, Foreign Office Records, Cairo Consular Court Records, Dossier no. 14 of 1911, FO 841/118.

Table 6.3. *The sales account of a Sindhi merchant of Port Said in 1930–31*

Period	Sales (in £ Egyptian)
March 1930	536
April	584
May	302
June	266
July	372
August	500
September	412
October	515
November	628
December	566
January 1931	392
February	232
March	499 (partly due to credit collecting)
April	244
May	330
June	222
July	312
August	301
September	133

Source: 'S. Baloomal vs. Ratoomal & Sons', PRO, Foreign Office Records, Port Said Consular Court Records, civil case no. 13 of 1931, FO 846/97.

[49] 'S. Baloomal vs. Ratoomal & Sons', PRO, Foreign Office Records, Port Said Consular Court Records, civil case no. 13 of 1931, FO 846/97.

activity, one in April 1930, which coincided with the end of the busy season and probably some liquidation of stocks, and one in November–December 1930, which corresponded to the height of the tourist season.

It is interesting to note that even small operators of this kind, whose annual turnover was around £1,500, managed to get credit from the banks. The local manager of Barclays Bank in Port Said, testifying before the court, stated that S. Baloomal, the small merchant, had a bank balance which varied between £100 credit and £40 debit. He was given an overdraft of £39, and the bank occasionally discounted drafts for him. The manager had no complaint about the behaviour of the merchant during the six-month period when he kept an account with the bank.

A list of suppliers supplied by him included only names of Sindhi firms in Shanghai, Hong Kong and Yokohama, suggesting that the merchant specialized in the sale of 'Oriental' goods to ship passengers passing through Port Said.

In Egypt the Sindwork trade was an umbrella term for a variety of trading operations performed by different types of merchants. The overall rate of profit on these activities seems to have been fairly high prior to the First World War, and still satisfactory in the 1920s. The world depression dealt a severe blow to the Sindwork trade in Egypt, from which it really never recovered.

In contrast to the case of Egypt stands West Africa, where the Sindwork trade became much more diversified at an earlier date.

Sindwork merchants as global operators: the big firms in the West African trade

West Africa offers a completely different story. In that part of the British colonial empire, the Sindworkies had very little scope to develop their traditional lines of trade. They never became niche traders, but operated as general traders. Three of the big seven firms, J. T. Chanrai, K. Chellaram and M. Dialdas were active in the region and for the first two, West Africa emerged clearly in the 1920s and 1930s as their main area of operation. Of the three territories, Nigeria, with its large population and vast resources, became the most important for both Chanrai and Chellaram. In the Gold Coast, the depression brought about the closure of the local branches of Dialdas and Chanrai, but in 1935 Chellaram entered the fray and by 1948 it had clearly ensured a dominant position for itself. In that territory, however, there were many small operators, most of whom seem to have been ex-employees of the big firms who then tried their luck on their own.

West Africa offers a good vantage point from where to chart the rise of some Sindwork firms to the status of global traders. Nowhere else did Sindhi merchants deal in such a variety of goods of such diverse provenances. If goods from India, in particular the famous Madras kerchiefs, figured at first prominently in the trade of the Sind merchants, they were quickly supplemented by various kinds of British and continental goods which the Sindwork firms procured from their depots in Gibraltar and in the Canary Islands. In the 1930s the Sindhi firms became the main suppliers of Japanese textiles to West Africa, a move which testified to the global nature of their operations. It was in connection with their West African operations that Messrs K. Chellaram & Sons became the first Sindwork firm to open a branch in London in the 1930s. This led to a new stage in globalization, as the firm started procuring textiles in the UK for sale abroad.[50]

On the West African coast, the Sindwork merchants played the role of general traders, largely modelling themselves on the big European firms such as the United Africa Company, although they operated on a much smaller scale. A detailed look at an advertisement for the firm of M. Dialdas & Sons in the *Sierra Leone Handbook* published in 1925[51] shows the diversity of the goods they traded in. On the one hand, one finds listed the kind of goods which were typical of the Sindwork trade: 'Silk, linen, cotton, embroideries and drawn-thread work made by hand; also Maltese, Spanish and Madeira laces of all descriptions. Ornaments of the newest designs in great variety. Curios, arts and objects made of ivory, mother-of-pearl, tortoise-shell, satsuna, demsen work, ebony, sandalwood, brass, copper, gold and silver jewelleries.' The only original feature was the addition of Spanish and Madeira laces to the usual Maltese ones. Besides the firm also stocked 'English fancy goods for ladies and gentlemen', undoubtedly for the local European population. These were the goods sold in their main store in Freetown. But they also had a wholesale and retail provision store in town, where they sold groceries, which were not part of the usual repertoire of Sindwork merchants.

In the 1930s, the Sindwork firms on the West African coast, particularly Chanrai and Chellaram, became active in the import of Japanese goods, mostly textiles which the devaluation of the yen made highly competitive on external markets. From 1934 onwards, with the passing by the British colonial authorities of an ordinance imposing quotas on

[50] In January 1946 the London branch of K. Chellaram & Sons applied for a licence to export a large quantity of woollen goods to Afghanistan, IOR, Political & Secret Department Records, Political External Files and Collections, L/P&S/12/1116.

[51] *The Handbook of Sierra Leone*, T. N. Goddard (comp.), Luton, 1925.

imports of Japanese textiles into West Africa, this made them an object of attention on the part of the colonial authorities, and some documents found in the Colonial Office records throw light on their activities. Thus, in October 1934, K. Chellaram & Sons complained to the secretary of state for the colonies of having been harshly treated by the customs authorities at Lagos.[52] They had placed large orders in Japan between February and May 1934 for goods which were 'of Nigerian design and . . . absolutely unsuitable for any markets in the world except Nigeria and the near territory'. As the goods had been manufactured specifically on order, a considerable time had elapsed before they were actually delivered. In the meantime two ordinances had been passed to regulate imports of textiles into Nigeria and on 13 September 1934 it had been officially notified that the quota in respect of cotton and rayon textiles imported from Japan had attained the figure prescribed. On 12 September two very large consignments arrived by ship in Lagos, totalling 269,000 yards of cotton and rayon goods, of which 169,000 were cleared out, leaving a balance of some 100,000 lying in the godowns awaiting reshipment to another destination. The firm asked to be allowed to release them, and to send part to Zinder in the French colony of Niger. In December further consignments arrived at Lagos, which could not be released. Eventually a compromise was reached by which the firm was allowed to bond the amount of its quota for 1935 plus some other amount. A total of 500,000 square yards of bonded goods in the name of K. Chellaram & Sons was thus lying in the Lagos warehouses at the end of 1934; these were gradually released in 1935, the firm deciding not to import any further consignment that year.[53]

The episode shows the scale of the operations of some Sindhi firms in West Africa. Total imports of cotton piecegoods and artificial silk goods into Nigeria in 1933 reached 100 million yards, and the 700,000 yards imported by Chellaram represented almost 1 per cent of the market. The Sindhi firms also controlled the bulk of textile imports from India, which were the main beneficiaries of the anti-Japanese quotas.[54] The strong position they occupied on the Nigerian textile market was due to

[52] G. F. Hunt & Shersin, solicitors (on behalf of Messrs K. Chellaram & Sons) to the secretary of state for the colonies, 22 October 1934, same to the under-secretary of state for the colonies, 5 December 1934; same to same, 10 December 1934, PRO, Colonial Office Records, Colonies (General) Economic Original Correspondence, 'Textile Import Quotas West Africa 1934', CO 323/1305/4.

[53] Officer administering government, Nigeria, to Sir Philip Cunliffe-Lister, secretary of state for the colonies, 20 December 1934, *ibid.*, CO 852/17/14.

[54] Imports of cotton piecegoods from India into Nigeria, which were insignificant in 1929 represented 5.8 per cent of the total value of imports in 1933 and 20.8 per cent in 1938. M. Perham (ed.), *Mining, Commerce and Finance in Nigeria*, London, 1948, Table XV, p. 99.

their good knowledge of the specific needs of that market (they had goods manufactured specially in Japan) and to their good connections with Japanese mills. They were thus able to take advantage of opportunities created by shifts in demand and prices.

In West Africa, the Sindwork traders departed at a relatively early date from the classical pattern of the Sindwork trade centred on silk and curios. They dealt in a much broader range of goods, and this worked to their advantage in the long term. In West Africa, particularly in Nigeria, Sindhis have become an entrenched business community and play an important role in various sectors of the economy. Their achievements were obtained at the expense of both the Europeans and the Lebanese. It was in the 1960s that they really emerged on the scene in a big way, but the foundations for their success had been laid down by the endeavours of a few firms in the 1920s and 1930s.

This West African success story, in a region situated so far away from their base home, shows that by the 1940s the Sindwork merchants had become a group of truly global operators, capable of dealing in a great variety of goods across the entire world. Although textiles were still their major field, they had a breadth of vision which would keep them in good stead when, in the aftermath of Partition, they would face the task of reorganizing their network to adapt to a new phase in the history of world trade.

This survey of the business activities of two groups of Sind merchants has tended to emphasize the differences between them; these should not however be exaggerated. The *banias* of Shikarpur and Hyderabad basically belonged to the same mercantile culture, used the same accounting techniques and had largely similar forms of business organization. Both groups combined trade and finance in varying proportions. If the Shikarpuris were mostly financiers, they did not eschew trading altogether. On the other hand, financial skills were crucial to the success of the Sindworkies as traders; the ability to arrange finance for their trade and to speculate on commodities as well as on currencies contributed greatly to their success. The differences between the two groups ultimately had a lot to do with differences in the political environment in which they operated. The political dimension of the history of these two networks cannot be ignored.