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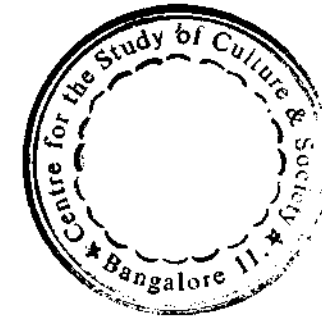
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The Global World of Indian Merchants, 1750–1947

Traders of Sind from Bukhara to Panama

Claude Markovits

Centre National de la Recherche Scientifique, Paris



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7 The politics of merchant networks

Sind merchants often liked to present themselves as apolitical, and, as a rule, they did not take much interest in politics, either at home or abroad. But running international trading and financial networks entailed political costs which could be high and, to face that problem, even 'apolitical' merchants had to organize themselves so as to become relatively efficient political operators. One of the major dilemmas Sind merchants confronted was the nature of their relationship to the British Empire. After 1843, they became *de facto* British subjects, and, in 1858, following the queen's proclamation, they were legally recognized as such, and therefore entitled to the protection of the British crown wherever they travelled. Being British subjects was however not necessarily the undiluted blessing it was often thought to be. For Shikarpuris in particular, there was a price to pay in Central Asia, especially after the region fell under the dominance of Britain's imperial arch-rival, Russia. Managing the British connection in widely contrasting contexts so as to maximize its advantages and minimize its costs became an essential survival skill for the Sind merchants. On the whole, the Sindworkies were more successful at it than the Shikarpuris. In the process, they evolved political skills which allowed them to gradually emancipate themselves from too exclusive a dependence on the British connection.

The British connection: instrumentalizing Empire?

The merchants of pre-colonial Sind had close links to various groups of indigenous rulers. The Shikarpuris had a very strong connection with the Afghan rulers during the period of Durrani dominance, but their relationship to the Talpurs was cool, even after Shikarpur returned to Sindhian control in 1824. They also forged connections with the rulers of the Uzbek khanates in Central Asia, in Khokand as well as in Bukhara. In spite of an episode of 'persecution' in the early 1830s, their position in Bukhara appears to have been well en-

trenched.¹ Their attitude to the British, who occupied Shikarpur in 1839 and annexed it in 1843, was not devoid of ambiguity. While they welcomed their advent, which allowed them to get rid of the Talpur regime for which they had no love, they were wary of being perceived as agents of British expansion in Afghanistan and Central Asia. They seem to have adopted a fairly neutral position towards the British expeditionary force which used Shikarpur as an advanced base for the march into Afghanistan in 1839. Once British rule was established however, they showed themselves loyal, as during the Mutiny when the bazaar was lit for three days to celebrate the fall of Delhi.² Being loyal British subjects did not however bring any advantages to the Shikarpuris when they travelled in Afghanistan and in the Uzbek khanates; on the contrary, they were widely suspected of being spies for the British, a stigma which became even harder to bear after most of Central Asia fell to the Russians. From the 1880s onwards, the Shikarpuris were in the uncomfortable position of being caught in the middle of the Great Game, as the main group of Indian subjects of the British crown engaged in regular travel between British and Russian territory.

The attitude of the Sindwork merchants to British rule was quite different. Unlike the Shikarpuris, they had enjoyed a close relationship with the Talpur rulers in pre-annexation Sind, and did not therefore particularly welcome the British, especially since they did not gain anything from the new regime. But they were quick to perceive the benefits they could derive from the forging of closer connections with Bombay, once Sind was made part of the Bombay Presidency in 1847. And after they embarked on their long-distance maritime travels, from 1860 onwards, they did not hesitate to demand protection from the British authorities, whenever required.

At this stage, it is necessary to pay some attention to the legal situation of Indians travelling abroad. After 1858, all residents of British India (and to a large extent, the residents of the Indian states) were entitled to

¹ It was reported in a 'Supplementary notice on the states of Toorkistan', enclosed in *Reports and Papers, Political, etc.*, pp. 46-50, that at some point the emir of Bukhara had forbidden the cremation of dead bodies in his dominions, leading to a partial exodus of Hindus. The disruption caused in trade and the protests of neighbouring states led the emir to remove quickly the restrictions so injudiciously imposed. The episode demonstrated that the Shikarpuris had some clout in Bukhara.

² See letter no. 379, 14 October 1857, from H. Bartle Frere, commissioner in Sind, to secretary to Government of Bombay reporting, on the authority of the lieutenant of police in Shikarpur, that 'on the news of the fall of Delhi being received at Shikarpur the Hindoo inhabitants of that town illuminated the bazaars in the City for three nights'. In letter no. 2510, 26 October 1857, the secretary to the Government of Bombay informed Bartle Frere that 'His Lordship in Council has derived great gratification from this intelligence', IOR, Political & Secret Department Records, Secret Correspondence with India 1792-1874, L/P&S/5/517.

crown protection. For them, the world divided itself into four groups of countries. In the territories under crown rule, they had, at least on paper, a right to travel and reside at will, without carrying any documents. In the territories of foreign countries which had normal diplomatic relations with Britain, they were also free to move without documents, but had to register themselves with the local British consulate if they wanted to benefit from the protection of the crown. One of the few exceptions to this situation was the Russian Empire, where foreigners had to have passports, and where no consular protection was available in Central Asian territories. However, in Central Asia the Russian authorities, before 1909, accepted as passports the certificates of identity which collectors in Sind were empowered to grant under a notification of 1863. These certificates had to be endorsed at the Russian consulate in Calcutta, but this was a mere formality. After 1909, Indians travelling to Russian territory had to provide themselves with proper passports. In some foreign countries, being a British subject carried with it extraterritorial privileges, such as the right to trade freely and the right to be tried by British consular courts in cases involving British subjects or by mixed courts in cases involving natives of the country. This was the case in the Ottoman Empire (including Egypt) prior to 1914 and in Morocco under a capitulatory regime which was abolished only in 1936, in Persia until 1928, in China between 1842 and 1943, and more briefly in Japan (until 1899) and in Siam (until 1909). On the whole, prior to the late 1890s, Indian merchants could travel quite freely across the world without documents (except in Russia).

Difficulties occurred in the 1890s when, following the example set by California, the Australian colonies as well as the Boer Republics and the colony of Natal started adopting anti-Asiatic legislation, which made the entry of Indians increasingly difficult. Other European colonies soon followed suit, and it became necessary for merchants and employees of merchant firms travelling abroad to provide themselves with certificates of identity proving their status as British subjects. The era of free travel was coming to a close. The First World War dealt it the final blow, and after 1917 all Indians travelling abroad had to be provided with passports. Even then, access to some countries, including the British dominions of Australia and South Africa, became increasingly difficult. After the First World War, the number of countries imposing restrictions on the entry of Indians continued to increase. This became a major constraint for the Sindwork firms, which needed men to constantly circulate between the network centre and the widely dispersed places of business. Being a British subject did not entail any more automatic freedom to travel; it became necessary to obtain practical help from the

British government to lift or limit restrictions on freedom of movement. Hence the need to organize to lobby the authorities.

The existence of these constraints led the Sind merchants to adopt a pragmatic attitude to British rule and to the British Empire. It left little place either for sentiment or for ideological considerations, and could be called 'instrumentalist'. It was summed up somewhat cynically by a governor of Sind, who wrote in 1938, *à propos* the Sindworkies: 'These Sindhi merchants . . . take no interest whatever in politics and all they care about is that the British Empire should be strong enough to afford protection when the foreign countries in which they have locked up their money are politically disturbed'.³

The British, for their part, were much less pragmatic. Their attitudes were strongly influenced by ideological considerations and racial prejudice. While, at first, they posed as liberators of the Hindus of Sind from the yoke of Muslim oppression, their attitude to the *baniyas* underwent profound changes at the end of the nineteenth century. Little attention has been paid to the ideological aspect of British attitudes to Indian *baniyas*. British official discourse on the plight greedy *baniyas* represented for the peasantry has often been accepted uncritically.⁴ A closer look at it would, however, reveal how much it reflected the anti-Semitic prejudices of the squirearchy adapted to a slightly different context. It led British officials to entertain a dual view of the role of the *baniyas*. As moneylenders, they were considered a parasitical class, even if there were some dissenting voices in officialdom regarding this view. As traders, they could be acceptable, provided they conformed to certain 'ethical' rules, and therefore attitudes to them oscillated widely. But there was also an element of political expediency in the way British officials appraised Indian merchants outside India. If they were useful to the advancement of British economic and political interests, they had to be encouraged, whatever moral qualms one could have regarding the way they exploited the peasants. The attitude of the British authorities towards the Chettiar moneylenders in Burma is typical of this trend. Although the Chettiars were considered particularly greedy usurers, their settlement in the rice-growing areas of Lower Burma was encouraged and they got full protection from the law.

In the case of the Sind merchants, there was very little advantage to be derived from their activities. Once the British had abandoned their

³ Graham, governor of Sind, to Linlithgow, letter no. 52, 26 May 1938, Oriental and India Office Collections of the British Library, European Manuscripts, Linlithgow Papers, MSS Eur. F 125, vol. 93.

⁴ Even an author like D. Hardiman, in his otherwise interesting *Feeding the Banyan: Peasants and Usurers in Western India*, Delhi, 1996, tends to accept rather uncritically British officials' strictures on the *baniyas*.

dreams of the Central Asian market, the activities of the Shikarpuris in the region were not very important to them. The major way in which they could be used was as informants and spies. Only in Southeastern Iran could the Shikarpuri merchants be used to advance British economic interests, but the relationship was not always a happy one, as illustrated by the failure of official efforts to develop trade between India and Seistan. As far as the Sindworkies were concerned, they were of even less consequence. The goods they sold were Indian and other Asian craft products, and no British interest was at stake. They also tended to operate partly in non-British colonial territories. British attitudes to the Sind merchants, prior to the First World War, were marked by a mixture of ignorance and indifference, while officials expressed some measure of puzzlement at the legal complications created by the problem of Shikarpuri successions in Russian Central Asia. It is significant that in 1917, when the question of the position of British subjects in Russia came up for review, a high official at the India Office acknowledged that he was not aware of the existence of a large Shikarpuri community in Central Asia.⁵ And yet there were hundreds of files on Shikarpuri successions lying in the office. Apparently, nobody had ever bothered to go through them in a systematic way. They had been treated on a purely *ad hoc* basis.

This remarkable pattern of official ignorance deserves to be noticed, in view of current discourses about 'colonial knowledge'. It shows that the colonial bureaucracy was particularly good at retaining information at the lower echelons and not passing it along the chain of command. Information about merchant networks was collected by the district collectors of Sukkur and Hyderabad, because they had to deal on a regular basis with practical problems arising out of the operations of the merchants. A good example is the enquiry conducted by the collector of Sukkur, Rieu, in Shikarpur about the question of merchant successions in Bukhara. Some of this information reached the level of the commissioner in Sind, but a lot of it was lost in transmission from the commissioner to the Bombay government. To the authorities in Bombay, Sind was a peripheral and slightly marginal province which evoked only occasional interest, and the Bombay bureaucracy wanted to know as little as possible about it. The Government of India was even less interested. While a lot of information was collected about the

⁵ See Minute Paper from Secret Department dated 6 June 1917 by an unidentified official: 'We really know very little of these people . . . They all seem to be from Shikarpur. I had no idea that there were thousands of them'. IOR, Political & Secret Department Separate (or Subject) Files, 'British consular representation in Central Asia', L/P& S/10/247.

merchants, it was never systematically processed into knowledge, and the upper echelons of government in Bombay, Calcutta (or Delhi) and London remained largely unaware of the existence of these wide-ranging networks, as long as they did not create political problems. The merchants themselves kept as low a profile as possible and did everything to avoid attracting too much attention from the authorities.

Being caught in the Great Game was a difficult situation for the Shikarpuris, but they nevertheless managed to survive relatively unscathed. They even derived some indirect benefits from the Anglo-Russian rivalry, as the desire of the Russians not to antagonize the British led them to devote particular attention to the legal problems created by Shikarpuri successions. It is doubtful whether so much time would have been devoted to the question by the Russian bureaucracy, had there not been such a tension between the two empires. It was largely British insistence that led the Russians into pressurising the Bukharan authorities to lengthen the legal delay within which claims could be presented. Why did the British take an interest in the question, given the fact that no British interest was directly at stake? Considerations of prestige, of *izzat*, seem to have been uppermost in dictating British responses. It was unacceptable that in the dominions of the czar, British subjects, even if they were scoundrels (and that is clearly what most British officials thought of the Shikarpuri moneylenders) should not be treated fairly. Hence the decision to entrust the Consulate General in St Petersburg with the task of overseeing the question, in the absence of a British consulate in Central Asia. British intervention on the whole ensured fair treatment to the families of Shikarpuris who died in Central Asia, at least those who chose to operate through the official channels. British protection was not as effective however in regard to the activities of the Shikarpuris during their lifetime. When Shikarpuris were arrested by the Russian authorities for breach of the anti-usury laws, and, in some cases, condemned to transportation to Siberia, the British authorities did not intervene on their behalf.

The improvement in Anglo-Russian relations after 1907 following the conclusion of the Triple Entente did not apparently benefit the Shikarpuris. Russian suspicions appear even to have been heightened, and measures against Shikarpuris became more common. During his meeting with his Russian counterpart Sazonov in 1912, Lord Grey, the secretary of state for foreign affairs, presented a long list of grievances on behalf of British Indians,⁶ but little seems to have been done by the Russian authorities to address them.

⁶ See Chapter 3, note 48.

The level of protection Shikarpuris (and other Indian merchants) received from the British authorities in the course of their Central Asian venture was less than that given to most British Indians living in territories under non-British sovereignty, but it was nevertheless useful. Without any British protection, it is doubtful that Shikarpuris could have avoided a mass expulsion in the guberniia of Turkistan, the situation in the Emirate of Bukhara being altogether different.

In return for this protection, Shikarpuris were expected to act at least as informants and to report on happenings inside Russian territory. It seems that British officials were in the habit of interviewing returning merchants to gather information, though on occasion things went further. The evidence of a civil suit against the secretary of state for India before the Sukkur-Larkana district court throws an interesting light on a little known episode of the Great Game. Suit no. 15 of 1907, dated 9 August 1907, was brought by two prominent Shikarpuri merchants, Seth Chimansing Ramsing and Seth Gulabsing Ramsing (who are familiar to us for their role in the failed trading venture in Seistan) against the secretary of state.⁷ The plaintiffs claimed 40,000 rupees as damages for breach of contract. Their claim was that in August 1903 Seth Chimansing, who had gone to Simla to discuss with the finance member of the government the terms of a loan, was contacted by the commander-in-chief, Lord Kitchener. They contended that on 8 August 1903 Seth Chimansing had signed a contract with the commander-in-chief on the following conditions:

(1) that the plaintiff would send his agent Chuharsing to Central Asia for intelligence purposes on payment of 10,000 rupees by Government; (2) that for the above-mentioned concerns the plaintiff would employ his men in different places for which he would be given 10,000 rupees by the Government at Shikarpur; (3) that the plaintiff would send one man from Shikarpur to Kabul to carry on the same business for which he would get sufficient compensation from the Government; (4) that the plaintiff would send his men as tea merchants who would outwardly carry on tea business; (5) that after the lapse of the above-mentioned period the Government would give at Shikarpur a fair compensation to the plaintiffs for their own and their Agent Chuharsing's labour, trouble, capital and risk.

They went on to contend that 'on 30 July 1904 the defendant (Kitchener), without assigning any reason, wrote to the plaintiffs, enjoining that they should stop their business as the Government needed no help from them'. This, they commented, 'was contrary to the conditions of

the contract'. They complained of substantial losses and claimed 40,000 rupees as compensation.

It is difficult to assess this extraordinary document,⁸ a rare instance of a suit filed for 'breach of spying contract'. The fact that it was published in the Bombay Political Proceedings is in itself quite astonishing. In an accompanying letter, the collector of Sukkur explained that he had not treated the matter confidentially since it was in any case public. Is the claim by the Shikarpuri merchant that he had entered into a proper contract with the commander-in-chief credible? It seems highly unlikely that such an august official as Lord Kitchener himself would have directly dealt with a Shikarpuri merchant. What is plausible is that the merchant had some kind of informal conversation with the commander-in-chief or, more plausibly, with one of his aides, in the course of which they might have toyed with the idea of using trading as a cover for spying activities. This seems an indirect confirmation that this was not an unknown practice. It is also highly plausible that Kitchener might have promised a pecuniary compensation; Shikarpuris did not spy on the Russians out of any patriotic sentiment, but must have treated the matter as an ordinary business transaction, the sale of information, which, for merchants, is the most precious commodity of all.

The document, apart from confirming that Shikarpuri merchants did spy on the Russians in Central Asia, is interesting in what it reveals of the mentality of a big Shikarpuri trader. The merchant did not hesitate to sue the most powerful man in the land, a kind of demi-god, the nemesis of Lord Curzon himself, before a district court in British India. This shows either unusual courage or complete unawareness of the realities of power (in November, however, it was announced that the suit had been withdrawn). Basically it betrays a level of political naivety, which is rather unexpected coming from a prominent merchant in a town like Shikarpur whose traders had always known how to exploit political connections to their advantage.

Political naivety seems to have been an enduring characteristic of Shikarpuri merchants. Evidence from southern Iran in 1912 is further confirmation of it. Shikarpuri merchants had suffered losses due to widespread insecurity on the Bandar Abbas–Kirman road, and they were seeking compensation. One group of merchants sent a telegram addressed 'to the Private Secretary to His Imperial Majesty King-Emperor George, Calcutta [*sic*]', in which they asked the king to direct the Foreign Office to take immediate steps to ensure their safety and

⁸ It escaped the attention of an historian of British intelligence activities in Central Asia. See L. P. Morris, 'British Secret Service Activity in Khorassan, 1887–1908', *Historical Journal*, vol. 27, no. 3, 1984, pp. 657–5.

⁷ Enclosed in letter no. 6314, 23 September 1907, from E. L. Sale, collector of Sukkur, to the commissioner in Sind. BPP, October 1907, Serial no. A 56.

suitable compensation!⁹ In 1918, a Shikarpuri merchant, filing a claim for compensation with the government for losses sustained during the Russian Civil War, blamed the Russian authorities for not having given him advance notice of their intention to bomb the town of Kermine in the Emirate of Bukhara!¹⁰ Shikarpuris continued, well into the 1930s, to file claims for compensation from Soviet authorities for properties confiscated in Central Asia in the apparent hope that they would actually get something. They seem to have been taken completely by surprise when the Russian Revolution came to Central Asia, and therefore lost practically everything which had not been transferred prior to 1917. In the 1930s they were similarly unprepared when an anti-Chinese rising in Sinkiang turned into an anti-Shikarpuri pogrom in some localities.

It thus appears that Shikarpuris were not very good at evaluating political risk. In spite of the dangers lurking, they did not start disinvesting from Central Asia after 1914, and had to bear huge losses when the collapse came. Such lack of political skills on the part of a community which had for long thrived on political connections is somewhat puzzling, as if political change had been too quick and had left the merchants behind. They paid a high price for their lack of political acumen.

Shikarpuris never managed to organize themselves in an efficient manner to defend their interests with the British authorities. The merchant *panchayat* of Shikarpur did not play the role of a pressure group, and as a result the British could easily ignore the Shikarpuri merchants. In 1912–13, an association called Hindu Jamiat manifested itself in connection with the troubles in southern Iran, but it seems to have had an ephemeral existence.

On occasion, however, Shikarpuris benefited from a direct intervention on their behalf on the part of British consular representatives. This was the case in particular in Sinkiang in 1907, when, following widespread anti-Shikarpuri agitation by local Uighurs in some localities of southern Sinkiang, George Macartney, the British representative at

⁹ Telegram from Lilaram, Isardas and others, Shikarpur, to Private Secretary His Imperial Majesty King-Emperor George, Calcutta, 3 January 1912, enclosed in no. 114 of 1912 from the Government of India in the Foreign Department Secret External to the secretary of state for India, 7 November 1912, IOR, Political & Secret Department Separate (or Subject) Files, L/P&S/10/214.

¹⁰ In a petition, 14 August 1918, addressed to the under-secretary to the Government of Bombay in the Political Department, Doolamal and Radhomal, two Shikarpuri traders complained that they had suffered 'an exorbitant loss . . . owing to such treatment of the Russian Government by suddenly bombarding the City of Karimina without giving (them) any knowledge, where (their) goods, cash and chattels were stored . . .'. BPP, October 1918, Serial no. A 385. See above, Chapter 3.

Kashgar, convinced the *taotai*, the local Chinese official at Kashgar, to issue a proclamation enjoining Chinese subjects to live in good understanding with the Hindus.¹¹ On the other hand, when Macartney tried to intervene with the Chinese provincial authorities to obtain the recall of measures aimed at prohibiting Chinese subjects from borrowing from Hindus, he was rebuked by his superior, Younghusband.¹² Shikarpuris did not succeed in exercising any direct influence on British policies, even when they were of direct concern to them.

The Sindworkies did, however, fare better for themselves, although they were relative latecomers to politics. No evidence has come to light of any involvement of these merchants in any kind of political activity at home or abroad prior to the First World War. They pursued their trading activities almost everywhere in the world without attracting the attention of the British authorities. When individual merchants or firms got into difficulties, they resorted to petitioning. Thus in 1898, when the parliament of the Colony of Victoria in Australia seemed bent on passing an Immigration Restriction Bill which threatened to jeopardize the interests of the large Sindwork firm of Wassiamall Assomull, the manager of the Melbourne branch petitioned both the secretary of state for India and the secretary of state for the Colonies to ask them to intervene.¹³ Although he got a sympathetic response from Lord George Hamilton,¹⁴ nothing was done by the British government to dissuade the Australian colonies from adopting measures which would limit the freedom of movement of the Indian subjects of the crown within the empire. Following the passing of the Immigration Restriction Act by the new Commonwealth of Australia in 1901, imposing a dictation test on would-be entrants, the intervention of the Government of India resulted in a small concession to Indian sentiments in the form of an exemption of certain kinds of travellers, including merchants, from the infamous

¹¹ See copy of letter no. 109–G, 9 July 1907, from Sir Francis Younghusband, resident in Kashmir, to Sir Louis Dane, secretary to the Government of India in the Foreign Department, in which Macartney's intervention is mentioned, and which encloses a translation of the *taotai*'s proclamation. IOR, Political & Secret Correspondence with India 1875–1911, L/P&S/7/205.

¹² See Younghusband to Dane, 23 September 1907, IOR, L/P&S/7/207.

¹³ See above, Chapter 4.

¹⁴ The under-secretary of state for India wrote to the under-secretary of state for the colonies in a letter dated 18 July 1899: 'Lord George Hamilton thinks it possible that if the very reasonable representations of the memorialist are supported by Her Majesty's Government, the legislation of Victoria may consent to further extend the concession proposed to be made in favour of such perfectly unobjectionable immigrants as are employed by the memorialist and his class, and to modify the provisions of the stringency of which he complains.' IOR, File J & P 797/1899, copy in India, Revenue and Agriculture (Emigration) Proceedings, December 1899, Serial no. A 4.

test.¹⁵ But the term ‘merchant’ was interpreted in a restrictive sense, to cover only independent merchants with their own capital, excluding from the purview of the Act salaried employees and managers. When in 1908 the firm of Wassiamall Assomull tried to send a new manager to Australia, he was refused a visa on the ground that he was not a ‘merchant’ and the Government of India refused to intervene on behalf of the firm.¹⁶ Sindwork merchants in the Cape Colony were more successful in their protests against the Hawkers Licences Act of 1906. Their petition to the governor resulted in their being *de facto* exempted from the law.¹⁷ But this was an isolated victory. After 1917, similarly restrictive measures were taken in many colonial territories and independent countries, and a new kind of organization was needed to defend the interests of the merchants.

The First World War was an important turning point in the relationship between the Sind merchants and the British authorities. The existence of a group of Indian merchants so widely dispersed across the world came apparently as a surprise to the British. They became worried that trading connections could be used for subversive purposes. At the time of the San Francisco conspiracy case, when Indian revolutionaries in the USA belonging to a group calling itself the Ghadr Party were accused of conniving with Germany at instigating an anti-British rising in India, and Indian communities abroad fell under suspicion of being hotbeds of subversion, a fantastic idea seems to have entered the minds of a certain number of British officials, that is, that the Sindworkies served as a conduit for funds and propaganda for the Ghadr Party. The

British consul in Panama, Sir Claude Mallet, became convinced at the beginning of 1917 that some employees and managers of the Sindwork firms at Colon were members of the Ghadr Party and were planning to go to Singapore to instigate a rising there.¹⁸ These men travelled through Tenerife, from where the British consul reported that they were engaged in normal trading activities.¹⁹ This did not calm Mallet’s fears. Although reports received from British consular officials and intelligence agents in different places did not confirm the theory of a widespread conspiracy and Sir David Petrie, an Indian police official sent on a tour of the Indian communities in the Far East, reported in December 1916 that in Canton, ‘the considerable number of Sindhi merchants are described as mostly engrossed in business, respectable and reputedly loyal’,²⁰ Mallet continued to monitor closely the movements of Sindhi employees leaving Panama. About one of them, a pedlar working for the firm of D. Chellaram, he wrote: ‘Nathirmal’s influence is nil, but he is a contributor to the revolutionary fund, as are all the employees working for this firm and the sum total collected from them is remitted to San Francisco from time to time’.²¹ In a memorandum dated March 1917, he gave a list of firms in Hong Kong alleged to have contributed to a fund for the purchase of munitions for an armed rising in the Far East.²² The list included, among others, the well-known firms of Pohoomull Bros., D. Chellaram, M. Daldas and J. T. Chanrai. The total contribution was said to be some (Hong Kong) \$45,000. There was nothing substantial to support these allegations, except for reports from informers. In a letter

¹⁵ In a letter to the viceroy of India, 18 August 1904, the governor-general of Australia, Lord Northcote, informed him that ‘the Minister of State for External Affairs in the Commonwealth Government has had under consideration the question of so administering the Immigration Restriction Act as to afford an opportunity for Indian merchants, students and tourist travellers to enter the Commonwealth temporarily without being subjected to any restrictions, with the result that it has now been decided that any persons bona fide of the classes mentioned desirous of visiting Australia will be admitted to the Commonwealth, provided they are in possession of Passports from the Indian Government . . . India Revenue and Agriculture (Emigration) Proceedings, October 1904, Serial no. A 1.

¹⁶ An application for a passport to Australia was submitted in November 1908 by one Hemandas Rupchand, who had been hired as assistant manager by the firm of Wassiamall Assomull & Co. Although he was not identified as a ‘merchant’, the commissioner in Sind requested that he be treated as one. BPF, November 1908, Serial no. B 231. In a letter, 20 January 1909, from the assistant secretary to the Government of India in the Foreign Department to the secretary to the Government of Bombay in the Political Department, the Government of India stated that they were unable to approach the Australian government on the lines suggested, and that it would be inadvisable to ask for further concessions from Australia. BPF, February 1909, Serial no. A 7.

¹⁷ Bhan and Pachai (eds.), *Documentary History of Indian South Africans*, p. 50.

¹⁸ See ‘Memorandum no. 3 on East Indian sedition and Japanese espionage on the Isthmus of Panama’, enclosed in Sir C. Mallet’s despatch no. 2, 10 January 1917, PRO, Foreign Office Records, Foreign Office General Correspondence (Political), United States File 1220, 1917, FO 371/3064: ‘Choturmall Asudamall of Hyderabad has applied for a passport to go to India via Gibraltar . . . With him is associated Wadhoomal . . . These two men are dangerous and belong to the Gadar [sic] Party. The journey is said to have for its object the raising of a revolt in Singapore. Choturmall is to go to Hong Kong, where arms and ammunition are concealed with three firms (one of them J. T. Chanrai or the Agents of this firm), which Choturmall, with accomplices, will endeavour to remove to Singapore.’

¹⁹ The British consul in Tenerife reported to the Foreign Office on 15 February 1917 about the arrival of three Sindhi merchants, including Choturmall and Wadhoomal, who stayed at a house belonging to the firm of J. T. Chanrai & Co. The manager of the Tenerife branch of the firm, interviewed by the consul, stated that they worked for the firm and were loyal subjects of the crown. The consul added that British Indian commercial employees regularly passed through the island on their way to Spain or elsewhere. Letter enclosed in United States File 1220, FO 371/3065.

²⁰ ‘Note on a recent tour of the Far East’ by Sir David Petrie, 4 December 1916, enclosed in File J & P (S) 1319, from India Office, 23 March 1917, copy in *ibid.*

²¹ ‘List of East Indians who left Panama for India via Hong Kong on Kiyō Maru’, enclosed in Sir C. Mallet’s despatch no. 85, 6 November 1917, *ibid.*

²² See ‘Memorandum dated 7 March 1917 on East Indian sedition in Panama’, enclosed in Sir C. Mallet’s despatch no. 11, 7 March 1917, *ibid.*

to the India Office, an official of the Home Department in the Government of India wrote, about the role of the Panama Sindhis:

The Government of India are aware that the partners and employees of such firms abroad are in many cases seditiously inclined and probably find it lucrative to keep in with the revolutionary party. We also know that they subscribe money, help to circulate seditious papers and accommodate plotters in distress; but we have no evidence that any firm is constantly using its business organisation to further the ends of revolution.²³

This was a relatively moderate assessment (although it was difficult to understand how helping the Ghadr Party could be a ‘lucrative’ activity), but it cut no ice with Mallet and other officials who believed in conspiracy theories. The director of Criminal Intelligence, C. R. Cleveland, in an introduction to a ‘Report on Indian Sedition in the Far East in 1917’, wrote: ‘The amount of disloyalty among the Sind Worki firms . . . which are scattered about all over the world, have been found to be extensive beyond reason or comprehension.’²⁴ Lists were compiled of addresses to which Ghadr literature was sent, and these lists included many Sindhi firms. It was well known however that the Ghadrites sent their literature free to all Indians abroad whose addresses they could get.

All these fantasies culminated in an extraordinary piece of self-deception. In August 1918, the War Office sent the Foreign Office the decoded version of a code telegram sent by the Colon branch of the firm of J. T. Chanrai to the Tenerife branch of the same firm.²⁵ The telegram was ostentatiously about the quality and price of Panama hats, but the decoded version read: ‘Advise me when is the time fixed for the Army to march from Persia. Received letter from Sher Singh; Nabha is ready to help. I still have 4,000 left. Have received offers to blow up the English Legation; considering how to do it. Cannot get dynamite . . .’, suggesting that these Sindhi merchants were engaged in a deep conspiracy with international ramifications. There was an added comment that J. T. Chanrai of Colon ‘were known as supporters of the Indian revolutionists’. In September 1918 50 copies of a secret memorandum about Sindhi merchants²⁶ were printed and sent to British consular offices

around the world. It had been compiled by the MI5 at the War Office. It gave a list of suspicious facts about the behaviour of Sindhi merchants abroad, including Chanrai’s telegram, but the conclusion was fairly cautious:

As yet there is no evidence that the Sindhi merchant firms, as such, are engaged in any seditious conspiracy . . . It is . . . not surprising to find German inspired propaganda passing along the channels offered by the trade activities of these firms. Whether the Sindhis concerned have deliberately lent their services in this connection in order to assist the enemy, or whether, being Banias by caste and very susceptible to fear, they are more or less the unconscious tools of the Indo-German revolutionary intriguers cannot yet be definitely stated.

Fifty more copies of the memorandum were sent a few days later, but by the end of October the War Office wrote that they did not think that ‘the matter is of sufficient importance to justify the expense of printing new copies, especially in view of the result of the enquiry regarding the “Chanrai” message.’²⁷ It was obvious that the storm had blown over.

The whole episode could be treated as farcical, and as a supplementary proof of the tendency of officials to panic in times of war, but it also revealed real fears among British officials of the subversive potential offered by the existence of worldwide merchant networks from India. Suddenly the British awoke to the reality of a Sindhi dispersion which was almost fifty years old. As far as the attitudes of the Sindwork merchants are concerned, a distinction should be made between individual attitudes and the policies of firms. Sindwork firms had no reason to be pro-German. In economic terms, they could not possibly derive any benefits from a German victory and British defeat. The principals of the firms at that time were still solidly loyalist, reflecting the fact that, prior to 1920, the impact of Indian nationalism was very limited in Sind. On the other hand, individual employees and managers of the branches of Sindwork firms could be influenced by revolutionary ideas. Sindhis are Nanakpanthis, i.e. non-Khalsa Sikhs, but they are very close to the Khalsa Sikhs. Therefore it is quite plausible that some of them might have been influenced by the propaganda of the Ghadr Party, especially in Panama, where there were quite a few Sikhs who were Ghadr sympathizers. What seems to have worried the British most, however, is that they discovered that there were rich Indian merchants with international connections, capable of moving funds from one part of the world to another, and that they knew nothing about them.

The episode does not however appear to have influenced official attitudes in a significant way. It was soon forgotten, and, after the war, when Sindwork merchants applied to the authorities to intervene on

²⁷ Newby to Sperling, 23 October 1918, *ibid.*

²³ Letter from J. H. du Boulay, of the Home Department of the Government of India to Seton, secretary to the Public & Judicial Department of the India Office, 20 February 1917, copy in *ibid.*

²⁴ Introduction by C. R. Cleveland, Director, Criminal Intelligence, to ‘Report on Indian Sedition in the Far East in 1917’, File P/2375, IOR, Political & Secret Department Records, Departmental Papers: Political & Secret Annual Files 1912–1930, L/P& S/11/136.

²⁵ S. Newby, of War Office to R. A. C. Sperling, Foreign Office, 29 August 1918, enclosed in PRO, Foreign Office Records, Foreign Office General Correspondence (Political), United States File 327 of 1918, FO 371/3425.

²⁶ Enclosed in Newby to Sperling, 7 September 1918. *Ibid.*, FO 371/3426. See Appendix IV.

The development of associations in many places where there were colonies of Sindwork merchants, and the umbrella role played by the Sindwork Merchants' Association helped a pattern of collective action to emerge to defend the interests of the merchants. But individualism remained entrenched, and firms still resorted to direct intervention with officials and to petitioning when they felt they had been badly treated. Thus, when in 1939 the firm of K. Chellaram & Sons felt they had been unjustly treated by the comptroller of customs on the Gold Coast about a breach of quota regulations which they claimed had been involuntary, they raised the matter directly with the secretary of state for the colonies in London through interviews and a petition,³² and they obtained partial redress.

While they did not hesitate to use their connections to the nationalist movement to pressurise the British government, the Sindwork merchants were careful, when they addressed the authorities, to express feelings of loyalty to the crown, sometimes in an even hyperbolic manner. When the Sindwork Merchants' Association requested the authorities to intervene on behalf of Sindwork merchants in the Canary Islands who faced discriminatory measures on the part of the Spanish authorities, they wrote 'We are always told and reminded that as Subjects of the most Powerful Empire we can always claim the full rights of free entry and bona fide trade in any part of the world and that our rights will be jealously safeguarded.'³³ Loyalist sentiments were still widespread among these merchants, but did not preclude pragmatic attitudes when interests were at stake.

This is illustrated by the attitudes of many Sindhi merchants towards Subhas Chandras Bose and the Indian National Army in Japanese-occupied territories during the Second World War. There were important colonies of Sindwork merchants in most territories occupied by the Japanese, i.e. Burma, Malaya, Singapore, the Dutch East Indies, the Philippines, Hong Kong and French Indochina. Many of these merchants had close economic links to Japanese firms, but the Japanese occupation as such did not bring them any particular benefits. Their links to the Japanese nevertheless helped them survive, in particular by engaging in black market activities, but they had no special place in the 'co-prosperity sphere of Greater East Asia'. Some were drawn into the

orbit of the India Independence League and the Indian National Army. A list of delegates from East Asia attending a conference of the India Independence League in July 1943³⁴ contains at least four Sindhi names, those of delegates representing Manila, Java, Sumatra and Bangkok. At a general meeting of businesses and Chettiars for collection of funds held on 25 October 1943 in Singapore, one of the speakers was the manager of the local branch of K. A. J. Chotirmall & Co., a Mr Udham, who is mentioned elsewhere in connection with funds collected for the Japanese Red Cross.³⁵ In Singapore too, a Mr Khiamal from the firm of L. Khiamal is said to have been close to Subhas Bose and to have helped collect some \$200,000 for the INA.³⁶ A Sindwork merchant from Indonesia, 'Chacha' Tejumaal was a member of the inner circle of Subhas Bose advisers and in Indonesia at least forty Sindhi merchants joined the INA and contributed millions of rupees to the movement in 1943–44.³⁷ In the Philippines, according to a British consular report of May 1945,³⁸ Sindhis had massively engaged in collaboration with the Japanese. They were involved in what was known as the 'buy-sell racket', purchasing goods at cheap prices from the Japanese surplus stores which they sold to the Filipino population at a very high profit. They invested these profits mostly in real estate in Manila, and they lost most of their assets in the destruction of the city in 1945. However, even after that disaster, they appeared not to be destitute, which showed that their accumulated wealth must have been fairly considerable.

It should not be forgotten however that, from 1942 onwards, the managers and employees of the Sindwork firms in the Far East were completely cut off from their principals in Hyderabad, from whom they used previously to receive instructions on a daily basis, and now had to make their own decisions. The participation of employees and managers of Sindwork firms in the activities of the India Independence League and the Indian National Army cannot therefore be construed as proof of the complicity of the firms with the brand of nationalism associated with Bose. According to what local Indian leaders told the British consul in

³⁴ From Report by a British agent on the Indian Independence Movement in East Asia, 25 November 1945, File no. 164/H/INA Papers, Ministry of Defence Historical Section, reproduced in T. R. Sareen (comp.), *Select Documents on Indian National Army*, Delhi, 1988, p. 280.

³⁵ *Ibid.*, pp. 277, 291.

³⁶ Bhardwaj, *Sindhis through the Ages*, p. 355.

³⁷ *Ibid.*, p. 317.

³⁸ Letter from British consulate-general, Manila, to Foreign Office, 25 May 1945, enclosed in PRO, Foreign Office Records, General Correspondence (Consular), File 654 of 1945, FO 369/3161.

³² See 'The Petition of Messrs K. Chellaram & Sons', addressed to the secretary of state for the colonies, 19 June 1939, enclosed in Governor of Gold Coast, to the secretary of state for the colonies, dated 2 August 1939, PRO, Colonial Office Records, Colonies (General) Economic Original Correspondence, CO 852/223/2.

³³ See letter, 12 October 1935 from M. K. Chandanmal, president, Sindwork Merchants Association to the commissioner in Sind (through the collector of Hyderabad). PRO, Foreign Office Records, General Correspondence (Political), Spain, FO 371/20561.

Manila,³⁹ 'the whole community was compelled by the Japanese to join the India Independence League . . . under threat of having to close their businesses and of being treated as enemy subjects'. The consul was not totally convinced by this explanation and, while he conceded that 'the rank and file may . . . have been coerced into collaboration', he underlined that 'many leaders of the community were active propagandists for the Japanese cause and contributed to anti-Allied funds'.

In Europe and North Africa, some Sindwork merchants were caught by the outbreak of the Second World War in German-occupied and Italian territory. Some evacuees from Gibraltar on their way to India were captured by the Germans after their ship had been sunk near the Cape of Good Hope.⁴⁰ The Germans treated them as prisoners-of-war and no attempt was made to enrol them. There is no evidence that Sindwork merchants outside the Far East displayed any sympathy for the cause of the Axis powers. One employee of a Sindwork firm who had been interned in a camp in the German-occupied part of Italy was even shot for having aided the Italian underground. This tends to suggest that the alignment of some Sindwork merchants with Subhas Bose in the Far East had more to do with preserving their own life and livelihood than with deep-seated pro-Japanese sympathies, though this does not rule out the possibility that some of them had a strong commitment to Indian independence.

The major incentive to the Sindwork merchants to organize themselves as a lobby and to seek political influence was the spread of restrictive immigration legislation across the world which made it increasingly difficult for the firms to move personnel around. In this struggle they were able to score some successes.

The Sindwork merchants and the fight against immigration restrictions after 1920

Prior to 1917, immigration restrictions in various territories and countries only marginally affected the Sindwork merchants. South Africa and Australia were the two countries in the British Empire which pioneered anti-Indian legislation. They were, however, relatively marginal areas of operation for the Sindworkies. In Australia, there was only one significant firm, Wassiamall Assomull, which employed eighty people in

³⁹ *Ibid.*

⁴⁰ See 'General note on evacuation of Indians from within war zone' in IOR, Public & Judicial Department Collections, Collection 110/H1, 'Evacuation of Indians from within War Zones', L/P&J/8/399. A list of eight Sindhi merchants of Gibraltar, passengers of SS *Kemmerdine*, who were captured by the Germans, is appended.

Melbourne in 1898. Following the adoption of the Immigration Restriction Act by the Commonwealth, it had to reorganize itself by using mostly locally recruited staff. In South Africa, where there were many more firms, they seem also to have adapted by turning to locally recruited staff.

Outside those two white Dominions of the empire, problems arose only temporarily in Gibraltar, around 1899, when disputes between firms and their employees forced the authorities to repatriate some destitute men. This led them briefly to contemplate the adoption of restrictive measures on the entry of Indians into the territory,⁴¹ but such projects were shelved following an intervention by the India Office.⁴² The problem resurfaced in Gibraltar at the end of the First World War, following an influx of Sindhi traders and the opening of new shops, leading the governor, in 1919, to contemplate restrictive measures.⁴³ The Government of India, in a correspondence with the India Office, noted that 'employees and merchants belong to classes many of whom are unobjectionable and restriction contemplated is about to arouse outcry and seems unjustifiable'.⁴⁴ Apparently sensitive to these arguments, the India Office intervened with the Colonial Office to block the proposed measure. In this episode there is no trace of direct intervention by the Sindwork merchants themselves. It would seem that the Government of India acted on its own, without being subjected to any specific pressure. The volatile political situation in India in 1919 is probably sufficient to explain their attitude: they did not want to give any further cause for agitation to an Indian public which was already sufficiently aroused. If the intervention of the India Office was able to stave off the adoption of restrictive legislation, it did not deter the governor from taking *ad hoc* measures to limit the influx of Sindhis onto the Rock. In June 1920, the governor wrote to the secretary of state for the colonies:

I do not wish to interfere more than is necessary with the trade of firms long established here, but I consider that each of these Indian firms should be limited

⁴¹ In a comment, appended to a letter dated 8 September 1899 to the secretary of state for the colonies, the governor of Gibraltar mooted the idea of an educational test on Indians of the type adopted in Natal. PRO, Colonial Office Records, Gibraltar Original Correspondence, CO 91/422.

⁴² On 5 October 1899, the under-secretary of state for India wrote to the under-secretary of state for the colonies that the secretary of state for India 'would most earnestly deprecate the initiation in a Crown Colony of legislation avowedly based upon the Natal Act in question'. File J & P 1787/1899, copy in CO 91/423.

⁴³ The governor wrote to the secretary of state for the colonies on 9 August 1919 that he might contemplate refusing entry into Gibraltar even to British subjects. *Ibid.*, CO 91/471.

⁴⁴ Telegram from viceroy, Home Department, to secretary of state, 25 January 1919, enclosed in J&P (S) 3052/19 from under-secretary of state, India Office to Under-secretary of State, Colonial Office, copy in CO 91/472.

to one shop and a small number of assistants. I therefore propose to refuse fresh permits of residence to Indians until the number resident here is reduced to reasonable proportions.⁴⁵

In Gibraltar, the colonial authorities used the pretext of limited space to impose a limitation on the number of shops by firm, under an Alien Traders Ordinance which was passed in 1924, and raised only limited objections on the part of the Government of India⁴⁶ and the India Office. Such legislation regulated the movement of Indian personnel by a system of permits, but it did not on the whole negatively affect the operations of the firms.

A much more serious problem arose in connection with the Philippine Islands, and around that question, the newly founded Sindwork Merchants' Association manifested itself for the first time in the public arena as a lobby defending the interests of the Sindwork merchants. The problem in the Philippines stemmed from the passing of a restrictive immigration law by the US authorities, in February 1917, aimed specifically at hampering the movements of Indian 'subversives' who used Manila as a staging point between the Far East and San Francisco, where the Ghadr Party had its headquarters. Certain categories of people, in particular merchants, were specifically excluded from the purview of the Act, and for a few years it does not appear to have affected the operations of the Sindhi trading firms in the islands. In 1920, however, a more restrictive interpretation of the Act by the immigration authorities in Manila led to difficulties for employees of Sindwork firms when they tried to reenter the Philippines following a period spent in India. Some of them were refused entry, and some who were readmitted were on bond, liable to deportation at any moment. This affected the smooth working of the firms.

In a lengthy 'Memorandum regarding the position of British Indian Merchants in the Philippines under the existing immigration regulations', dated June 1921,⁴⁷ the British consul in Manila exposed the situation as it had been explained to him by the merchants. Recalling

that, prior to 1917, British Indians were admitted freely into the Philippines and that a number of stores and bazaars, staffed practically entirely by Indians, had been established in the islands, it went on to detail the effect of the new legislation on the operations of commercial firms. The difficulty stemmed from the narrow interpretation of the term 'merchant' by the authorities, which excluded pedlars, clerks and salesmen and even managers, as well as those who entered the country with a partnership agreement signed with a merchant, while they were not themselves already engaged in trade, a fairly common situation for young Hyderabadis of the mercantile class. The memorandum put forward an argument which would recur constantly, namely that 'for various reasons . . . which appear sufficiently cogent, businesses of this nature cannot be carried on by Filipino salesmen', and it ended on dire predictions about the impending extinction of the trade unless new legislation was passed.

It was at this stage that the newly created Sindwork Merchants Association entered the fray. In December 1921, the secretary of state for India received a telegram from the Foreign and Political Department of the Government of India which stated that the Sindwork Merchants Association requested that Srinivasa Sastri, who was the representative of the Government of India in a British delegation to the United States, 'be instructed to represent Indian merchants' grievances at Washington, and endeavour to secure the removal of immigration restrictions'.⁴⁸ Sastri received permission from the secretary of state to raise the question in Washington,⁴⁹ but his intervention had no immediate impact on the situation in the Philippines. Given the continuing difficulty of getting permission to enter the Philippines, authorities in Sind became reluctant to issue passports to Sindhi merchants travelling to the islands.⁵⁰ Following an intervention by the managers of the major firms,⁵¹ it seems that the commissioner in Sind started reissuing passports in 1924 and the situation progressively 'eased out'. Sindwork firms

⁴⁸ Copy of telegram in IOR, Industries & Overseas Department Papers 1921–1924, File 1375/1921, L/E/7/1227.

⁴⁹ Telegram of secretary of state to S. Sastri, British Delegation, Washington, 9 December 1921: 'You are authorized to act as suggested by Viceroy (in telegram) . . .'. Enclosed in Overseas File no. 12, from India Office to governor-general of India, 6 April 1922. *Ibid.*

⁵⁰ The consul-general in Manila wrote to the secretary to the Government of India in the Foreign and Political Department, 31 January 1924, that the firms in Manila complained that 'they find considerable reluctance on the part of the Indian authorities to issue passports to mercantile assistants'. Enclosed in *ibid.*, File 1375/1921, L/E/7/1227.

⁵¹ See letter to the secretary to the Government of India in the Foreign and Political Department signed by representatives of six firms, in which they asked the government to instruct the commissioner in Sind to facilitate the delivery of visas to merchants going to the Philippines. Enclosed in under-secretary to Government of India in the

⁴⁵ Governor of Gibraltar to secretary of state for the colonies, 1 June 1920, CO 91/474.

⁴⁶ In a minute, 17 April 1924, in *ibid.*, a Colonial Office official wrote: 'It is difficult to conceive that the Government of India can have any real objection against the proposed legislation from the point of view of the interests of British Indians . . . The necessity for the Ordinance arises out of purely practical considerations of Gibraltar's position as a fortress and its limited accommodation, and has, of course, no ulterior political motive.' He added that, because of problems about Kenya one or two years before, 'it was agreed, as a general rule, that we should always let the India Office and the Government of India have their full say on questions arising in Colonies in which the interests of Indians appear to be involved'.

⁴⁷ PRO, Foreign Office Records, General Correspondence (Political), United States, 1921, FO 371/5661.

were able to continue their operations more or less unimpeded for a number of years, in spite of having had to close a certain number of branches outside Manila.

This episode is interesting in two ways. First it shows how crucial the question of free movement of personnel was to the Sindwork firms. Free movement meant not only admission into the country, but also, and as importantly, readmission after a period of stay in Hyderabad. If the employees were in danger of not being readmitted after their period of leave, the whole foundations of the system of labour relations would have been undermined, since a six-month leave period after a two-year stint was a clause included in all the contracts. Its breach would have caused considerable dislocation. One wonders why the principals of the Sindwork firms were so adamant about wanting to employ only Hyderabadis in their shops, with a few exceptions. They themselves argued that these were the only ones who had the necessary skills⁵² and that they could also be trusted more than locally recruited employees. Both arguments actually look slightly doubtful. The skills involved in working in the shops, leaving aside accounting and Sindhi correspondence, which obviously could not be entrusted to strangers, were not so specialized that local employees could not have been trained to acquire them. The argument about trust is not totally convincing either; disputes often arose between Hyderabad employers and their Hyderabad employees, as shown by the evidence of many court cases in the British consular courts in Egypt and Morocco. Besides, in strictly economic terms, Hyderabad employees cost much more than local ones, given the need to pay for their travel and board. One suspects that there were other motivations at work in this fierce defence of a 'closed shop' system. Patronage is probably the real key to the preference shown for recruiting Hyderabadis. Jobs as shop assistants, which carried with them

Foreign and Political Department to secretary to the Government of Bombay in the Political Department, 15 May 1924. Copy in IOR, L/E/7/1227.

⁵² In a letter to the governor-general of the Philippines, 14 October 1920, the British consul-general in Manila quoted their arguments: 'I asked whether local assistants or clerks, Filipino or others, could not be employed and was informed that while some were actually employed in Manila branches it was impossible to employ them throughout the country branches . . . or to dispense with Indian assistants. For one thing the business in Indian goods generally required a certain special knowledge and experience which only Indians would have acquired in India; again, though acquainted sufficiently with English and Spanish for business requirements, they could but feel at home if using their own better known language for phrases of works, instructions, communications with India, calculations of accounts for communication to Head Office in India, etc. which would necessitate Indian members of the staff. The nature of their business (largely curios, art goods, embroideries, etc., of Indian manufacture) requires some expert knowledge and experience in India.' Copy of letter in IOR, L/E/7/1227.

fairly good salaries and the possibility of saving large amounts, were a most sought-after resource amongst lower-middle-class Bhaiband families of Hyderabad, and handing them out allowed the principals of the firm to affirm clearly their dominant status in the Bhaiband community. By employing young Amils, they could even reverse the traditional hierarchical order of the Lohana 'caste'. Let us not forget that, among Bhaibands and more generally Lohanas, status was not so much a matter of ascription as of achievement. Ranking between different Bhaiband segments was largely determined by wealth, as manifested in the standard of dowry, and what better way to display one's wealth and enhance one's prestige in such a mercantile society than to offer jobs to scions of poorer families in the community? This probably explains why the principals of the firms fought so decidedly to keep as unimpeded as possible the movement of personnel between Hyderabad and the places of business.

To achieve that aim in the face of growing obstacles, they had to be able to organize so as to influence the Government of India, in order that, through the agency of the India Office, pressure could be applied on the Foreign Office or the Colonial Office to intervene with foreign governments or colonial authorities. Local pressure exercised through the collector and the commissioner in Sind could influence to a certain extent the government of Bombay, but it was necessary to be able to talk directly to the powers in Delhi. Hence the importance of having an association which could be recognized by the Government of India as the legitimate representative of the merchants. One of its tasks was to keep the members of the Central Legislative Assembly informed of the plight of Sindhi merchants in various places, and, as a result of its intervention, questions were regularly asked in the Assembly. It even managed to have questions asked in the House of Commons in London.⁵³ At the same time, pressure also had to be applied locally on colonial authorities or on British consuls so that they could feed the Colonial Office or the Foreign Office with accurate and detailed information not easily available in London. Hence a dual policy of having one association in Hyderabad, the Sindwork Merchants' Association, specifically to lobby the Government of India, and several local associations in Manila, Gibraltar or Panama, to wield influence at the place of business. In the case of the Philippines, the Sindwork Merchants'

⁵³ See Parliamentary Notice, Session 1920, 17 November 1920, House of Commons, question 104 by Mr Bennett: 'to ask the Under Secretary of State for Foreign Affairs whether he is aware that a number of East Indian store clerks formerly resident in the Philippine Islands have, on returning from visits to India, been denied by the American customs officials at Manila permission to land . . .'. Enclosed in *ibid.*

Association in Hyderabad closely coordinated its interventions with an association in Manila, called the Bombay Merchants' Association, which represented the five big Sindwork firms in the islands.

A lot, however, could depend on the kind of relationship established with the local representative of the British government, be he a consul or a colonial governor. The attitudes of these officials varied enormously. Thus it seems that, in the early 1920s, the British consul in Manila went out of his way to help the Sindwork merchants fight the effects of the restrictive immigration legislation adopted by the US authorities. He even risked the wrath of his superiors by writing directly to the Government of India, by-passing the Foreign Office.⁵⁴ It is not known how the Sindhi merchants in Manila managed to capture the confidence of this representative of His Majesty's government, but his determined support undoubtedly helped them to get a hearing from Delhi and London. On the other hand, the governor of Gibraltar, who was traditionally a military man, had no sympathy for or interest in the Sindhi merchants and only reluctantly allowed the India Office to interfere in the business of the colony.

In Gibraltar and the Philippines, in the early 1920s, the Sindwork merchants succeeded in preserving the freedom of circulation of their employees, even if they had to accept some limitations on it. After 1925, the major problem for them was the immigration restrictions in Panama, but the case of this independent Republic will be taken up in a separate section.

Apart from Panama, the major trouble spot in the 1930s was Spain, due to the Civil War. In 1936 there were 200 Sindwork merchants in Spanish Morocco and 100 in the Canary Islands. Many Sindwork firms, including four of the big seven (Pohoomull Bros., D. Chellaram, J. T. Chanrai and M. Daldas) had branches which were doing good business in these two territories. As soon as the conflict started, the Sindwork Merchants Association alerted the Government of India to the plight of the Sindhi merchants in Spanish Morocco, and New Delhi cabled the India Office that they would be 'grateful for any action that may be possible for protection of British Indian interests in Spanish Morocco'.⁵⁵ The British consul in Tetuan, who tried to intervene on their behalf with the Nationalist authorities, had to confess in December 1936 that 'the only alleviation (he) could obtain for them (was) a

promise to consider their demands favourably'.⁵⁶ In February 1937 the Sindwork Merchants Association, in a telegram to the Government of India, harped on the 'terrible hardships' suffered by Sindhi merchants in Morocco and the Canary Islands, due to the Spanish authorities having banned all withdrawal of money and merchandise, and not allowing men to leave Spain. These unheard-of restrictions, the telegram went on, have created panic in business circles. 'Entire Sind work business . . . nearly paralysed. Disastrous consequences. Pray help release money, men, merchandise from Spain.' Faced with these shrill demands, the Government of India could only reiterate that it would be 'grateful for any action that may be possible for protection of British Indian interests in Spain, Morocco and Canary Islands'.⁵⁷

In February 1937, the British consul in Tetuan reported that he had obtained from the Nationalist authorities in Spanish Morocco permission for the merchants in Tetuan and Ceuta to close their shops and transport their goods to Gibraltar.⁵⁸ Similar interventions by the British consuls in Tenerife and Las Palmas in favour of the Sindhi merchants in the Canary Islands did not meet with much success. The great problem for the firms was that the income they derived from sales was mostly in sterling, and they were obliged to change sterling at the official rate, which was extremely disadvantageous. As a result, they had no sterling available to send remittances to their families and principals in Hyderabad, or to pay for passages to India.⁵⁹ Attempts by the British consul in Tenerife to get a monthly sterling quota for the firms⁶⁰ were rejected by the Nationalist government in Burgos.⁶¹ The Sindworkies in the Canary Islands were thus forced to stay, and their principals in Hyderabad had

⁵⁶ British consul, Tetuan, to consul-general, Tangier, 30 December 1936, copy in File PZ 8319 (?1936), *ibid.*

⁵⁷ Telegram from Government of India, Foreign & Political Department, to secretary of state for India, 15 February 1937, File PZ 1086 1937, *ibid.*

⁵⁸ Consul Tetuan to consul-general Tangier, dated 17 February 1937, enclosed in Foreign Office to under-secretary of state for India, dated 3 March 1937, File P.Z. 1491 1937, *ibid.*

⁵⁹ See the petition addressed on 15 November by representatives of eight Sindwork firms to the British consul in Santa Cruz de Tenerife, enclosed in British Consul, Tenerife, to Foreign Office, 17 November 1937, enclosed in under-secretary of state for foreign affairs to under-secretary of state for India, File P.Z. 8030 1937, *ibid.*

⁶⁰ See British consul, Tenerife, to under-secretary of state, Foreign Office, 15 March 1938, enclosed in under-secretary of state, Foreign Office to under-secretary of state, India Office, File P.Z. 2402 1938, *ibid.*

⁶¹ Hodgson, the British ambassador at Burgos, wrote to Lord Halifax on 10 May 1938 on being informed by the Ministry of Finance that 'the Foreign Exchange Committee cannot grant foreign exchange to cover the expenses in India of British subjects residing in the Canary Islands. Nor can they grant foreign exchange to cover the journey expenses of their return to India.' Enclosed in under-secretary of state, Foreign Office, to under-secretary of state, India Office, File P.Z. 3687 1938, *ibid.*

⁵⁴ Consul Parke-Smith wrote two letters addressed directly to the secretary to Government of India in the Foreign and Political Department in January and May 1924.

⁵⁵ Telegram from Government of India, Foreign & Political Department to secretary of state for India, 7 August 1936, File P.Z. 5730, copy in IOR, Political & External Files and Collections, L/P&S/12/210.

to transfer money from India to Spain to keep them going, which meant losses for the firms. In spite of the good relations between the Conservative government in Britain and Franco's regime, the British authorities could not do anything to alleviate the plight of the Sindhi merchants in the Canary Islands. This was a clear sign of more hardships to come.

In Gibraltar, following the adoption of a first Alien Traders Ordinance in 1924, which imposed a system of licences and restricted the number of shops to one for each firm, new efforts were made by the authorities to control the activities of Sindhi merchants, resulting in a new Alien Traders Ordinance passed in 1933.⁶² In the case of Gibraltar, over and above the conflict between the Sindwork merchants and the colonial authorities, there was superimposed another conflict, internal to the Sindhi community. In 1924, the established firms agreed to limit to one the number of shops they could have, but some of the premises they freed were seized by smaller merchants, generally former employees of the big firms who had set up shop on their own,⁶³ and these started competing with their former employers, to the latter's utmost displeasure. The big firms started to look with less disfavour at the attempts by the authorities to regulate the trade,⁶⁴ provided their own interests were not affected. But it was a fine balance to achieve, and neither the government of the colony nor the big firms could prevent the mushrooming of shops operated by small merchants, some of whom had moved from Spanish Morocco at the time of the Spanish Civil War. In 1939, out of twenty-two firms operating in Gibraltar, only seven were branches of established firms; the others were owned by small-scale operators.⁶⁵ As a rule they do not appear to have had problems in bringing personnel from Hyderabad on a regular basis, in spite of occasional disputes with the authorities.

The real trial for the Sindhi merchants of Gibraltar came with the Second World War and the evacuation of the civilian population of the

⁶² See the correspondence between the India Office and the Colonial Office about the Ordinance in PRO, Colonial Office Records, Gibraltar Original Correspondence, CO 91/494/8.

⁶³ According to a memorandum by the attorney-general in Gibraltar, 23 July 1936, these small Indian operators evaded the law by forming companies with a capital of only £100, 61 per cent of the capital being held by Gibraltarians who were actually nominees. PRO, CO 91/500/10.

⁶⁴ See letter no. 114 from governor of Gibraltar to secretary of state for colonies, 4 August 1936: 'the larger and old-established Indian firms here have in their own interests welcomed the proposal to introduce legislation . . .'. *Ibid.*

⁶⁵ See copy of statement furnished by the Sindwork Merchants Association, enclosed in letter no. F 123/45 O.S., 16 May 1946, from Department of Commonwealth Relations to the secretary, Political Department, India Office, POL 8546/1946, IOR, L/P&J/8/236.

Rock. The Sindhis resisted the evacuation order as much as possible, and refused to follow the Gibraltarian population to Madeira, where it was resettled for the duration of the War.⁶⁶ Some went to Morocco, West Africa and the Canary Islands, while a small group embarked for India on a ship which was sunk by U-boats near Cape Town. Those who were not drowned ended up in various Stalags in Germany. Only a few remained in Gibraltar to keep watch on the shops which had been closed. When the war came to an end, and civilian evacuees were gradually repatriated to the Rock, the military authorities showed little willingness to allow the Sindhis to return. Once again the Sindwork Merchants Association had to embark upon a full-scale campaign and to enrol the support of the Government of India and the India Office to make the local authorities relent and allow the firms to resume commercial operations with their pre-war staff, or at least with those who were in the region.⁶⁷ To the hostility of the military and political authorities was added that of the local traders belonging to the so-called 'Gibraltarian' trading community, who saw in the Sindworkies dangerous competitors,⁶⁸ as they shifted from an exclusive specialization in luxury and 'Oriental' goods to more diversified lines of trading which had been the preserve of these 'Gibraltarian' traders. That the Gibraltar Sindhis were able to overcome these difficulties and to become one of the most prosperous Sindhi communities in Europe is testimony to their

⁶⁶ The governor of Gibraltar cabled the secretary of state for the colonies on 29 July 1940 about the Indians in Gibraltar (all Sindhis): 'Women and children have left. 12 male adults left for India via the Cape. There remain 65, of whom 17 propose to go to Tangier. Remaining 48 do not wish to be evacuated to the UK and have not applied for Madeira'. Copy of telegram in IOR, Public & Judicial Department Collections, 'Evacuation of Indians from within War zone', L/P&J/8/399.

⁶⁷ See Files POL 6568/1945, POL 1355/1945, POL 2870/1945, in IOR, L/P&J/8/236. In August 1945 the Government of India received a delegation from the Sindwork Merchants Association who pleaded their case. It considered their request reasonable and urged that 'all Indian firms which operated in Gibraltar before the War be given trading licences and entry-permits for pre-war number of employees though not necessarily same persons, in order to restore status quo'. See confidential telegram from Department of Commonwealth Relations, Government of India to secretary of state for India, 11 August 1945. File POL 8083/1945, *ibid.* See also secretary, Department of Commonwealth Relations, Government of India to under-secretary of state for India, 14 October 1946: 'I am directed to say that the Government of India are most anxious that Indian traders who were in Gibraltar before the War should be allowed to reestablish fully their business there on the pre-war scale.' File POL 11 561/1946, *ibid.*

⁶⁸ A local attorney who took up the cause of the Indian traders wrote to H. Polak, a London-based lawyer long associated with Gandhi, who specialized in defending overseas Indians: 'The Indians trading in Gibraltar are definitely not popular with the trading native community. Their system of bargaining and their methods generally are disliked and it is fashionable to credit them with every commercial immorality that can be imagined.' S. P. Triay to H. Polak, undated letter, copy in File POL 2870/1945, *ibid.*

resilience and dogged determination. But they appear to have remained outsiders to the politics of Gibraltar to this day.

In the Philippines, following the difficulties of the early 1920s, the Sindhi merchant community enjoyed a period of growth and prosperity until the late 1930s. There was a growing diversification in the ranks of the community, as testified by the enlargement of the ranks of the Bombay Merchants Association, which, from a five-member body at the time of its creation in 1920 had grown to a membership of some twenty firms in 1938.⁶⁹ Occasional problems cropped up with the immigration authorities. In 1938, a merchant coming as a partner to an existing firm was refused entry, which led the Bombay Merchants Association to protest to the local authorities as well as to the British Consulate. The passing of a new immigration law in 1940 threatened to make things difficult again, but the escalating international tension, followed by Japanese occupation, introduced new preoccupations.

By the time the Second World War ended, it was clear that not much was to be gained any more from the protection of the once mighty British Empire. In the meantime, for the first time, the danger was at home, where the flames of Partition were threatening the fragile communal peace in Sind. But the Sindworkies were too cut off from the realities of their home province to play any role in the drama which was unfolding. After Partition, it became crucial for them to retain their vast assets abroad. They could not place much hope in the actions of the government of independent India, with which, as refugees from Pakistan, they had very little clout. Although it occasionally intervened on their behalf, it had little influence on either independent countries or British colonies, and the Sindhi merchants after 1947 largely had to fend for themselves. They had to find new ways of defending their interests, through local intervention. The story of their political involvement in Panama showed one possible way.

Sindhi merchants as independent political agents: the case of Panama

In the Republic of Panama, Sindwork merchants established their first shops around 1905, i.e. two years after the separation of the country from Colombia, and by 1927 there were ten firms in Colon employing

⁶⁹ The British consul in Manila wrote to the secretary of labour of the Commonwealth of the Philippines on 12 May 1938: 'The Bombay Merchants' Association . . . comprises the twenty principal Indian firms established in the Philippine Islands, which jointly have several millions of pesos invested in their businesses here.' Copy of letter in P&J 4008/1938, IOR, Public & Judicial Department Collections, Collection 108/29, L/P&J/8/281.

some 100 to 125 men. Their business was mostly the sale of 'Oriental' goods to the passengers of the ships which crossed the Panama canal. They had a complete monopoly over that trade, which was worth several million US dollars,⁷⁰ and, in the 1920s, fetched high profits. Sindworkies were the richest of the Indian communities in this Central American Republic (where there were also Sikhs and Gujaratis) and they appear to have forged some political connections from the 1920s onwards. When a new immigration law which threatened to prevent the entry of Indians and other Asiatics came before parliament in 1926, the local Sindhi merchants were not content with alerting the British consul. They took matters directly in hand in the form of a 'memorial submitted to the National Assembly by the members of the Hindu colony',⁷¹ addressed to the president of the National Assembly, actually signed by the managers of two of the largest firms, but probably drafted in Spanish by a local attorney. In the preamble, they admitted to hesitating over the mode of intervention chosen:

We have deeply meditated as to whether we should address ourselves through you to the august body of the National Assembly of Panama, and after making a thorough survey of the situation, of the interests of Panama, and above all, of the duty imposed upon us to make known to you our respectful observations in regard to the erroneous concepts in which we are considered, we have eventually been impelled by a legitimate desire to submit, most respectfully, to the august National Assembly this petition . . .

For traditionally 'apolitical' merchants to intervene in such an open way in the political arena was undoubtedly a bold step to take. There followed some rhetorical flourish about the pain of having to leave a country 'where we had accustomed to admire the respective virtues of its sons; patriotism, nobility, hospitality, justice, altruism, etc., etc'.

They then developed a three-pronged argument. First, regarding the racial aspect, they refuted allegations that they were a 'degenerate' race, stressing, on the contrary, the purity of their blood maintained through strict adherence to the caste system: 'We are proud to belong to a high Caste of East Indians which we can safely call an Aristocracy, and from this point of view, we do not permit foreign blood to be introduced . . .' They then proceeded to differentiate themselves from Indians of the coolie class, conceding that 'against this type of Hindu . . . exclusion (would) be deemed justifiable from an economical standpoint'. They

⁷⁰ As indicated by the fact that the firms in 1925 paid more than US \$80,000 in customs duties on goods imported into Panama, at a time when duties were very low. Mentioned in 'Memorial submitted to the National Assembly by members of the Hindu colony', enclosure no. 3 in Panama despatch no. 102, 20 July 1927, Economic & Overseas Department Annual Files, File E&O 6008/1927, copy in IOR, L/P&J/8/278.

⁷¹ *Ibid.*

nevertheless came to their defence on the ground that they were not ‘degenerates in the strictest sense of the word, although there may be undesirables among them . . .’ In the second part, they defended their contribution to the local economy, by pointing out that they paid large amounts to the Treasury in taxes and customs duties. In the last part, they considered the moral aspect:

From this point of view, our behaviour as foreigners corresponds exactly to our inborn pride of the Caste System, a Caste which is moderate in living principles, but without vices. We are hard workers, honest and with a veneration for the higher virtues of man. We respectfully ask that the Police Records, Hospital and Asylum be examined, and we feel assured that such institutions cannot produce any record where a single Hindu has caused any trouble to the State, either by violations of the law, or because the State has had to take care of him. Our names have never appeared in the records of the Criminal Courts and we have never caused any trouble whatever to the authorities . . .

They emphasized their contributions to charitable causes and recalled the sacrifices consented by Hindus [*sic*] for the cause of freedom during the Great War, which made it impossible to classify them as undesirables. They ended with a plea not to be confused, in the new law, with coolies or third-class migrants, stressing that their memorial was not a protest, but a way of bringing notice of a complaint which grieved their hearts.

This document reveals a desire on the part of the merchants to be recognized as legitimate actors in the economic life of the country, but not as political actors. They stressed that they were harmless and useful foreigners, but at the same time, by addressing the Assembly, they overstepped the boundaries of merchants’ traditional withdrawal from politics.

When, in spite of their protests, the law was passed, they tried to put pressure on the Panamanian authorities through the British government. In a telegram sent in January 1927 to the private secretary to the viceroy, on behalf of Sindwork merchants, Pessumal Moolchand, himself a prominent merchant, and Jairamdas Daulatram, a lawyer and politician with close links to the Sindwork merchants, wrote: ‘Sindwork merchants strongly appeal Viceroy to request British Government to approach Panama Government to amend Panama immigration law recently passed which vitally affects interests of Indian merchants amounting practically to their deportation and abandonment of all trade’.⁷² In a letter to the collector of

⁷² Telegram, 24 January 1927, from Pessumal Moolchand, Jairamdas Daulatram on behalf Sindwork merchants Hyderabad Sind to personal secretary to the viceroy, Economic & Overseas Department Annual Files, File E&O 1485/1927, copy in IOR, Public & Judicial Department Collections, Collection 108/28 A, L/P&J/8/278.

Hyderabad dated May 1927,⁷³ the same writers elaborated further on the difficulties that the adoption of such a piece of legislation would cause the merchants. It would prevent them from replacing staff and would also make it impossible for the principals of the firms to come on short-term visits of inspection. It developed a fairly sophisticated argument about the necessity of keeping the shops and godowns staffed with personnel from India:

If it is argued that the staff could be replaced by bona fide residents of the Republic in Colon, the answer is that the merchants will not be able to put their faith in strangers nor will they confide the secrets of their trade to men who might oust them out of their business. Nor will it be possible for the Indian Merchants to keep their present staff tied down to Colon for the whole of their lives for apart from the hardship involved in living for all time in a foreign country the members of the staff will dictate terms to their principals and hold them at their mercy, if induced to stay away there for good.

An interesting new line of argument is brought in here, which has little to do with ‘trust’ and more to do with the advantages of keeping the labour market ‘flexible’ (an argument which sounds curiously contemporary to the reader of 2000). The letter ended with a plea to the Government of India ‘to press to the attention of the Republic of Panama the serious situation which will be created by enforcing the law of immigration against the Indian Merchants’. These protests, probably combined with measures of a more practical character to enlist support from influential Panamanians, eventually won the day. In April 1928, the consul in Panama announced to the Foreign Office⁷⁴ that, under a new law, East Indians did not come under the category of persons whose immigration was restricted.

A crucial step towards a more collective pattern of action was the formation, in 1930, of a Hindustani Merchants Association, which represented the major Indian merchants in Panama and Colon, Sindhis as well as Punjabi Sikhs and Gujaratis, but which, because of the economic preponderance of the Sindwork merchants, was always *de facto* dominated by them.

In 1931 it was confronted with a new attempt on the part of the Panamanian authorities to restrict the entry of Indians. By then, the context in Panama had changed. The world depression had set in, resulting in increased poverty and massive unemployment for the

⁷³ Letter, 17 May 1927, from Pessumal Moolchand, Jairamdas Daulatram to collector of Hyderabad, enclosed in letter no. 1543/8383, 15 July 1927, from secretary to the Government of Bombay in the General Department, to the secretary to the Government of India in the Foreign Department. Copy in L/P&J/8/278.

⁷⁴ ‘Memorandum on immigration laws, Panama’, enclosure no. 3 in Panama despatch no. 3, 25 April 1928, copy in IOR, L/P&J/8/278.

Panamanian population. There was intense resentment against foreigners, and the Indians, whose ranks had been swelled in the late 1920s by an influx of Sikhs and Bengali Muslims, were a target alongside other foreign communities. In May 1931, a decree⁷⁵ reestablished restrictions on the entry of Indians into the country. The text of the decree emphasized that there were a large number of East Indians in the country, which was 'sufficient to take care of the needs of the East Indian commercial establishments existing in the cities of Panama and Colon, under whose guarantee the immigration into the country of the majority of those elements has been permitted'. The sole article of the decree was that 'the immigration into the country of elements belonging to the Hindu race [sic] is prohibited, with the exception of those who prove to the satisfaction of the Ministry of Foreign Relations that they come to establish themselves with capital able to be drawn upon'.

As pointed out in a report of the British Legation,⁷⁶ the argument of the Panamanian authorities was that the Sind merchants could recruit their staff from the surplus Hindu population. 'This', the report added, 'is not possible owing to differences of education, language, caste, etc.' It went on to state that Panamanian employees were 'useless owing to their ignorance of bazaar goods, and their unwillingness to keep long hours'. However, the authorities tried to impose a quota of 75 per cent of Panamanian employees on all foreign commercial firms.

In March 1932, following a campaign of protests, the firms were given some facilities for the replacement of employees who had died or absented themselves definitively,⁷⁷ a concession which was minor but indicated that the authorities were prepared to relent.

In 1933, the Hindustani Merchants Association intervened actively in the crisis about the new Panamanian legislation, seeking to impose a quota of 75 per cent of Panamanian employees in foreign firms. Its intervention was of a dual nature: on the one hand, it used the mediation of the British consul to make its hostility to the measure known to the Panamanian authorities,⁷⁸ and on the other hand it organized a shop-

keepers' strike which lasted for two or three days.⁷⁹ The result of this combined pressure was that the Panama government agreed to lower the quota of Panamanian employees to 50 per cent.

When a new crisis erupted in 1935, following the adoption by the National Assembly in December 1934 of a new immigration law prohibiting the entry of Hindus into the country, the Association addressed a memorial directly to the president of the Republic,⁸⁰ in which they stressed the problems they would face if they had to replace their Indian staff with locally recruited staff.

A stalemate seems to have ensued, during which period the law was not actually implemented, but remained on the statute book. A compromise was found, by which Indian firms could retain some of their staff by labelling them 'experts'.⁸¹ In 1937, however, new attempts were made by the merchants to obtain the revocation of the law. In September the Hindustani Merchants' Association approached the minister for foreign affairs directly with its demand, without going through the office of the British consul, who complained about it.⁸² This newly found confidence in direct political connections apparently had its source in the fact, as told to the British consul by the minister himself, that 'President Arosemena was undoubtedly well disposed towards these merchants, who had lent him considerable sums, which he had since repaid, for his electoral campaign when he was a candidate for the Presidency'.⁸³ It thus seems that Sindhi money played a role in deciding the outcome of the 1936 presidential election in Panama.⁸⁴ Arosemena's links with the Sindhi merchants seem to have been of fairly long standing, since the British consul mentioned in 1935 that 'Arosemena is himself interested in a prominent Indian enterprise'.⁸⁵

Having one of the country's most prominent politicians as a partner in a firm proved a shrewd move when the same politician was elected president of the country. Sindhi merchants did not have to wait for too

⁷⁹ See British Legation, Panama, to Sir John Simon, Foreign Office, 20 January 1933, copy in IOR, L/P&J/8/278.

⁸⁰ Petition of Indian merchants to the president of the Republic, 22 March 1935, enclosure no. 2 in Panama despatch no. 90, 8 April 1935, copy in *ibid*.

⁸¹ Mentioned in British Legation, Panama, to Sir John Simon, 8 April 1935. Copy in *ibid*.

⁸² In a letter to Eden, 27 September 1937, the British ambassador in Panama mentioned that the merchants had presented their memorial to the minister for foreign affairs before coming to the Legation. They declared themselves nevertheless anxious to enlist his support with the minister and the president of the Republic. Copy in P&J 4864/37, *ibid*.

⁸³ Mentioned in *ibid*.

⁸⁴ This election was marked by 'high levels of fraud and violence'. See M. L. Conniff, 'Panama since 1903', in *The Cambridge History of Latin America*, vol. VII, *Latin America since 1930: Mexico, Central America and the Caribbean*, Cambridge, 1990, p. 621.

⁸⁵ British Legation, Panama, to Simon, 8 April 1935.

⁷⁵ Decree no. 43, 27 May 1931, enclosed in British Legation, Panama, to Arthur Henderson, Foreign Office, 2 July 1931, copy in IOR, L/P&J/8/278.

⁷⁶ British Legation to Henderson, 27 July 1931, copy in IOR, L/P&J/8/278.

⁷⁷ Decree no. 16 of 1932, enclosed in Panama despatch no. 84, 21 March 1932, copy in IOR, L/P&J/8/278.

⁷⁸ In a letter to the British ambassador in Panama, 20 January 1933, the president of the Hindustani Merchants Association, Colon, Manghanmal Detaram, extended 'sincere thanks and appreciation of the courtesy you extended to our delegates who called on you in [sic] behalf of the recent . . . Law 47 of 1932 and your representation to the Panamanian Government in having the same amended in our favour from 75 to 50 per cent'. Enclosure in Panama despatch no. 27, 20 January 1933, copy in IOR, L/P&J/8/278.

long to collect their dividends, and by the end of 1938, things appeared to be shaping up for them. In October, in a report to the consulate in Panama,⁸⁶ the vice-consul in Colon commented on the election of a man called Choithram Hemraj as the new president of the Hindustan Merchants Association. Stressing that he had been a resident of Colon for a considerable time, having been employed in big firms before setting up his own shop, he added:

I have not previously regarded him as outstanding enough in the Hindu colony to be elected President of their Association, and this appointment in fact appears to be due to exceptional circumstances. I learn that the Hindu colony has lately approached the President of Panama with a view to obtaining some relaxation of the legislation prohibiting or at least hampering the immigration of new employees from India. His Excellency apparently promised to take steps on their behalf and suggested that if, as a preliminary step, possible opposition from the deputies of the National Assembly could be avoided by the means usual in such cases, he would introduce a measure relaxing the requirements for the immigration of Hindus. The Hindu colony has already taken the necessary steps to win over the deputies, and hopes to engage in discussions with the President in the near future. For the purpose of these negotiations it is felt that the Hindu Association [*sic*] should have a suitable spokesman in their president, and as Mr Hemraj not only is held to possess the necessary flair for such delicate conversations, but is also a good Spanish scholar, he has been preferred this year above elder and more prosperous men.

This carefully coordinated campaign, in which corruption (the ‘usual means’ alluded to) combined with public relations work, seems to have met with success, and for a two or three-year period no more complaints about restrictions on the entry of Indians into Panama came to the knowledge of the British consular authorities. Such an episode reveals the political maturation of the Sindhi community, and its gradual emancipation from British tutelage. There appears to have been a logical sequence of action: at first, Sindhi merchants coopted a prominent politician as a business associate, then they financed his electoral campaign, and, once he was elected, they collected their reward in the form of a change in legislation. It is not suggested here that Sindhi merchants acquired a ‘hegemonic’ position in the politics of Panama, which were largely shaped in any case by American strategic and economic interests, but, as one of the richest and most compact foreign business communities, they were capable of gaining some political clout, which helped them limit attacks on their business interests. Their conception of politics was of a purely ‘defensive’ kind, but what is worthy of note is their ability

⁸⁶ British vice-consul, Colon, to British Legation, Panama, 17 October 1938, enclosed in British Legation, Panama, to Halifax, 1 November 1938. File P&J 5623/38, L/P&J/8/278.

to emancipate themselves to a certain extent from an exclusive dependence on British diplomatic interventions. Acquisition of linguistic skills was an important element in this emancipation, as mastery of Spanish was necessary to penetrate the world of Panamanian politics.

For Sindhis in Panama, however, the end of their troubles was not in sight. In 1941 a nationalization law, passed under a new president, created new problems. In February 1942, Indian merchants petitioned the minister of commerce, industry and agriculture, asking to be allowed to liquidate slowly their business in the Republic,⁸⁷ but in March 1942 all the shops in Colon were closed. Regarding the situation, the British consul commented: ‘These Indians seem very well able to take care of themselves. We have already been told that they are “realists” and no doubt they have made some suitable financial arrangements with the Minister concerned’.⁸⁸ By the end of 1942, as shown by censored mail, the Sindhis were doing well again, in spite of the closure of many shops. The boom continued till 1946, when deteriorating economic conditions brought about a new hardening of official attitudes to Indian merchants. In 1949, they were voicing their concerns to the authorities of independent India,⁸⁹ concerns which appeared to be more or less the same as those of fifteen years earlier. Sindhi merchants were however so deeply entrenched in Panama that no amount of restrictive legislation could put an end to their activities, which continue to this day. In the case of Panama, the acquisition of political clout proved crucial in protecting business interests.

When their interests were at stake, and when the political system was relatively ‘open’, as in a country like Panama, which did not have a well-entrenched oligarchy, but was mainly a land of recent immigrants attracted by the Canal,⁹⁰ Sindhi merchants were capable of shedding their image of meek *baniyas* and of actively intervening in political life, with a measure of success.

The ‘apolitical’ nature of Indian traders is largely a myth. Political skills were crucial assets in the long term in the development of international financial and trading networks. The partial eclipse of the Shikarpuris after 1917 has much to do with political miscalculations in

⁸⁷ Petition, 2 February 1942, enclosed in Panama despatch no. 34, 23 February 1942, copy in POL 2631/1942, L/P&J/8/279.

⁸⁸ See Panama Legation to Foreign Office, 16 February 1942, copy in *ibid.*

⁸⁹ See letter to under-secretary, Ministry of External Affairs, India, 8 August 1949, enclosed in British Legation, Panama, consular section to Chancery, British Embassy, Washington, copy in L/P&J/8/280. The consulate was asked by the Department of External Affairs of the Government of India to send an appreciation of the situation of Indian merchants in Panama.

⁹⁰ On Panamanian society and its history, see A. Castillero Calvo, *La sociedad panamena: historia de su formacion e integracion*, Panama, 1970.

Central Asia. At a later stage, however, it is their close links with the shah of Iran which allowed the Hinduja family to gain ascendancy in business. On the other hand, the ability of the Sindworkies to extend the range of their operations in an increasingly unfavourable international context owed much to their acquisition of some political skills, both in lobbying the authorities in New Delhi and in forging connections locally with different kinds of influential political actors.