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Author(s): Raman Mahadevan

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Pattern of Enterprise of Immigrant Entrepreneurs

A Study of Chettiars in Malaya, 1880-1930

Raman Mahadevan

This paper examines the nature of business conducted in British Malaya by a section of the migrant Chettiars from Madras during the period 1880-1930 and seeks to provide an appreciation of the process of the primary accumulation of capital by the Chettiars.

THE Nattukottai Chettiars as distinct from the other Chettys and Chettiars are a Tamil-speaking endogamous business community. They belong to a region which falls partly under the then independent principality of Pudukkottai and partly within the Ramnad district of the erstwhile Madras presidency. As businessmen they were like the Marwaris and the Baniyas of Gujarat, an exceptionally enterprising lot. Throughout the greater part of the 19th century and until 1930 the Chettiars' principal theatre of business operation was in some of the newly opened up colonial areas of South and South East Asia, principally Burma, Malaya, Ceylon and Indo-China. In fact the volume of business conducted by the Chettiars in Greater Madras in the 19th and early 20th century was only a small fraction of their total business in the overseas areas.

The gradual transfer of Chettiar capital from Madras to some of the overseas areas mentioned above was a process that commenced around the first half of the 19th century but assumed proportionally a significant dimension in the last quarter of the 19th century. Almost invariably the inflow of Chettiar capital to the overseas areas coincided with the opening up of these areas to colonial exploitation. In other words the generation of a demand for credit in these regions was the initial propelling force for the outward movement of Chettiar capital. Concurrently another objective condition, which as it were forced Chettiar capital out of Madras, was the lack of investment outlets in Madras itself as a consequence of the European monopolistic stranglehold over such outlets.

Though within the overseas areas their principal area of operation in terms of capital investment and scale of operation was undoubtedly in Burma, yet their role in Malaya was

by no means insignificant as will be seen in the following sections of this paper.

The age-old tradition and folklore of the Chettiar community suggested the existence, from very early times, of commercial connections between the Chettiars and Malaya.¹ However, such trade connections, sporadic and temporary as they were, need to be clearly distinguished from the modern phenomenon of organised penetration of Chettiar capital from the early 19th century onwards into regions in the Malay Peninsula which had come under colonial rule, namely, Malacca, Penang and Singapore.

The entry of Chettiar capital and its subsequent participation in the Malayan economy can very broadly be classified into two phases. The first phase lasted from the time of, or very soon after, the establishment of British colonial rule in certain regions in the Malay Peninsula in the early 19th century until the last quarter of the 19th century, *viz.*, when Malay was beginning to be integrated into the world economy as indicated by (a) the expansion of Britain's territorial possession or sphere of influence in the region and (b) the subsequent colonial economic exploitation of these regions as evidenced by the introduction of export-oriented cash crops (principally rubber) and the production and export of tin. The second phase can be considered to have commenced from the time of the integration of Malaya into the world economy until world depression of 1930. In short, it is proposed to examine the activities of the Chettiars within the parameter of the colonial economy of Malaya.

Beginning with the establishment of Penang in 1786,² the British gradually opened up more and more of the Malay Peninsula. Thus Wellesley was established in 1800, Singapore in 1819

and the Dindings in 1826.³ Singapore and Penang were by far the most important commercially: by 1825 Singapore was handling over three-fifths of the total trade of South East Asia "while Penang had rather more than a quarter of it".⁴ Singapore made rapid progress in the following years and on account of its convenient geographic location became an important entrepot for the whole of South East Asia and even South China. It not only handled spices and other primary products of the Archipelago but was also a channel through which manufactured goods of the West reached the interiors of the Peninsula.⁵

Moreover, a favourable climate for trade and commerce in Malaya was largely created with the establishment of British rule. The relaxation, if not the abandonment, by the British of several restrictive mercantilist arrangements of the Dutch,⁶ the substitution of the monopolistic trade policy of the Dutch with a policy of free trade,⁷ the creation of a modern fiscal system in place of semi-feudal devices of raising revenues,⁸ and, lastly, the establishment of a unified political and administrative system, were some of the measures that created this favourable or congenial climate for trade and commerce and thus attracted a large number of traders, merchants and businessmen of Asian origin to this region. Prominent among them were the Chinese and the Chettiars of South India.

It was in Malacca around 1808 or thereabout that the Chettiars established their first firms.⁹ This was followed by their entry into Penang¹⁰ around 1828, and into Singapore "soon after its establishment as a British port".¹¹ The entry of Chettiar capital into these regions was, as in Ceylon, effected through the medium of agencies, or firms represented by agents.¹²

Until the commencement of the

commercial production of rubber and tin in the late 19th century, the Chettiar firms were concentrated in the three principal British possessions of Penang, Malacca and Singapore where, until the advent of modern banks, they were "the main source of medium or long-term credit in Malaya".¹³ Even after the establishment of the banks — around the middle of 19th century — the Chettians continued to be an important source of long-and short-term credit for a large number of small and medium Indian and Chinese traders, artisans, tin miners, etc.¹⁴ In their moneylending business, the Chettians provided loans against movable and immovable property as well as against promissory notes.¹⁵

The operations of the European joint stock banks in Malaya were very much of the conventional colonial pattern of banking, namely, of "exchange operations with London, India and China"¹⁶ and the financing of the foreign trade of the region.¹⁷ During the 19th century only the very large European and Chinese merchant houses had direct dealings with the banks, while the larger number of small and medium Chinese and Indian traders, to whom the banks were inaccessible, had to rely for credit on sources such as the Chettians. In fact, so important had the Chettians become as a source of credit to the Asian traders in Malaya that by 1867 "most of the Singapore opium trade passed through their (Chettiar) hands".¹⁸ Their knowledge of the credit-worthiness of the small and medium Chinese and Indian traders, coupled with their financial standing and reputation as businessmen of shrewdness and competence, enabled the bigger Chettiar firms to secure financial accommodation with the European banks in the form of fixed loans and overdrafts on current accounts against the security of bills or title deeds to property, besides the discounting of bills.¹⁹

The discounting of "hundis" or financial bills of the Chinese traders was an important activity of the Chettiar firms in Malaya during the 19th century. These bills were later rediscounted by the Chettians at the European exchange banks with whom they had financial dealings and thus placed themselves with funds. The banks derived "a considerable part of their revenue from this type of business".²⁰ Thus, in 1872, "almost all the local bills discounted [at the Singapore branch of The Chartered Bank of

India, Australia and China] were acceptances drawn at two or three months date by these groups [Chettians] on Chinese purchasers of opium".²¹ The position in 1880 was still much the same: "The bulk of the local discounts were ... Chinese promissory notes endorsed over to the Chettians, representing money borrowed from the latter for trade purposes".²² Similarly, the discounts at the Penang branch of the Chartered Bank "consisted almost entirely of promissory notes drawn by Chinese traders in favour of the local Chettians".²³ An important feature at this time of the dealings between the Chettians and the Penang branch of the Chartered Bank was the steady increase of the bank's rupee sales in Calcutta and Rangoon, most of which were drawn by the Chettians. The Chettians "who had money laid down in India, Burma and the Straits"²⁴ would, if "the rate of exchange was favourable in the Straits ... draw on India and invest the proceeds in Penang and Singapore";²⁵ if otherwise, they would remit it back to India and Burma.

Although money-lending was their principal business, there is evidence of their involvement in trade as well. Thus, writing in 1930, A Savirinatha Pillai, in his evidence to the Madras Banking Enquiry Committee, said, "They [the Chettians] say that they have been trading in Singapore...from about a hundred years back and that they used to sell in Malaya lungi cloth dyed in the East coast of the Presidency [Madras]".²⁶ From the middle of the 19th century the Chettians assisted financially the Chinese merchants from the Straits Settlements to invest in the newly opened up tin fields in Larut and Kuala Lumpur.²⁷

From the last quarter of the 19th century, significant changes were taking place in the colonial economic structure of Malaya. Colonialism during this period (1875-1914) entered a new phase, a phase which was marked by an intensification of the struggle for monopolised markets, sources of raw materials, cheap labour, and new spheres of investment. From an entrepot for eastern commerce, Malaya was, from the last quarter of the 19th century, assuming a new role in the British imperial scheme: that of a major producer of agricultural and mineral raw materials for the industries of the West. The British colonial machinery played a very important role in preparing the ground materially and organisationally for the export of

British private capital into Malaya. The first steps in this direction was the decision by the colonial office to extend British influence and authority over the various Malay State. Accordingly, by 1914, through a process of conquest and treaty-negotiations, the whole of the Peninsula was brought under British control.²⁸ The Peninsula was then opened up for colonial exploitation which manifested itself in the large-scale production of agricultural and mineral raw-materials, principally rubber and tin, for the world markets.²⁹

The second step was the establishment of the essential infrastructure. Consequently, by 1914 the railways and the roads had penetrated into almost all the West Coast states and the rubber growing and tin mining areas in these states were directly linked by rail and road to the ports of Penang and Singapore.³⁰

The pioneers in both rubber and tin industry were the Chinese entrepreneurs.³¹ An extremely enterprising lot, they took full advantage of the opportunities created as a result of the extension of British rule over the Malay States. However, the European, predominantly British business houses, were not too far behind. By the turn of the century the European houses of Singapore had begun to invest heavily in rubber industries by calling upon the resources of the London capital market.³² Prominent among such monopoly concerns were the Harrison and crossfields, the Guthries, and the Dunlop Rubber Company.³³

In the meanwhile, with an increasing demand for natural rubber from the West, particularly from the automobile industry, more and more land was brought under rubber cultivation. Thus, the acreage under rubber cultivation, which was 5,000 in 1900, increased to 5,43,000 by 1911, and in 1938 it stood at 3,272,000.³⁴ By 1930 rubber covered nearly 2/3rds of the total cultivable land of the country.³⁵ An idea of the rapid growth of the rubber industry can be had from the following figures:

NET EXPORTS OF CRUDE RUBBER
FROM MALAYA

Year	(In thousand long tons)
1900	1
1910	6
1913	33
1919	200
1927	232
1929	455

Source: Allen and Donnithorne, "Western Enterprise in Indonesia and Malaya", p 295.

As in the rubber industry, so also in the tin industry it was the Chinese who had been the pioneers in Malaya and until 1910 controlled more than three-quarters of the output of this industry. Thereafter, with the introduction of highly capitalised and mechanised mining (the use of dredgers for instance), the Europeans were able to break the monopoly of the Chinese in the tin industry;³⁶ so much so that by 1930 the European, principally British-owned, tin mines were responsible for 3/5ths of the output of tin in Malaya.³⁷ While tin was being produced from the early 19th century, the total output of tin until the last quarter of the 19th century was negligible.³⁸ In fact, large-scale production on a commercial scale began in the eighties of the 19th century "in response to the growing industrial needs of the Western nations".³⁹ Consequently, the output of the tin industry which was 26,000 tons in 1889⁴⁰ rose to 40,000 tons by 1895 and was 67,000 tons by 1929.⁴¹ Rubber and tin virtually became the mainstay of the colonial economy of Malaya. The importance of these two commodities in the economy can be seen from the fact that they accounted for 34 per cent of the total exports in 1906 and by 1925 constituted 73 per cent of the total exports.⁴²

It was to this transformed colonial Malaya that Chettiar capital increasingly sought to immigrate from the late 19th century. In other words, the development of the export trade in rubber and tin, together with the settled conditions brought about by British rule in Malaya, created opportunities and demands (in the areas that were opened up) that encouraged an inflow of Chettiar capital into these regions.⁴³ The spread of the Chettiar firms to the rubber producing and tin mining areas in the states on the west coast of Malaya was quite rapid, as they fulfilled an essential role in the opening up of the country, *viz.* by supplying credit to the Malay and the Chinese cultivators of rubber and the owners of tin mines. To the Chettiars, rubber estates and tin mines were attractive securities against which they could lend money. The importance of the Chettiars as financiers of rubber and tin enterprises increased all the more on account of the fact that bank credit was not easily forthcoming for such enterprises. The European banks were selective in providing credit facilities for such ventures, mainly because they were guided by the principle of "keeping the

resources of the bank liquid and so available for exchange operations"⁴⁴ rather than having it locked up in risky long-term projects (i.e. in rubber and tin enterprises). This being so, the estate owners and tin miners had to quite inevitably fall back on the Chettiars for their credit requirements.

The Chettiars, as financiers, have been associated from the very beginning with the commercial production of rubber in Malaya. Thus Tan Chayyan, who was the first to introduce rubber as a commercial crop in Malaya in 1895, was financially assisted in this venture by the Chettiars.⁴⁵

As in Burma, so in Malaya also, the Chettiars were the main channel for the supply of rural credit. They lent money to the Malaya peasants and land-owners largely in return for the mortgage of property and the deposit of their title deeds.⁴⁶ Their clientele also included the European planters, the Malay Royalty, Chinese tin miners and businessmen and the Indian traders.⁴⁷ The money was lent on such securities as rubber estates, tin mines, share certificates of companies and house properties.⁴⁸ The interest rate, depending on the security offered, varied between 12 and 36 per cent per annum.⁴⁹ Their moneylending business in Malaya was not for a portion of the year, as in Burma, but fairly continuous throughout the year.⁵⁰ In other words, the bulk of the credit they provided was on a long-term basis. This was so because in Malaya they financed rubber cultivation in the main and consequently there was no particular season for credit, while in Burma the demand for credit was particularly high during the time of the agricultural operations only.⁵¹

As already indicated it was quite a common practice among the Chettiars to insist on mortgage of property and title deeds as security for the money lent. An inevitable consequence of this kind of lending was that land, rubber gardens and tin mines began to gradually pass into the hands of Chettiars.⁵² This phenomenon was, however, only partly the result of the logic inherent in the credit system of the Chettiars; it was partly an inevitable consequence of the structuring of the Malayan colonial economy into the world capitalist economy. The large-scale production of rubber and tin for the world market made Malaya dependent on international business situations and hence created a fundamental instability in the

economy and frequent crises in the rubber and tin industry.⁵³ Thus when prices fell, as they often did during times of crisis, the owners of rubber gardens and tin mines would, on failing to repay the loans, find the Chettiars foreclose on the mortgage and take possession of the property. These frequent crises produced two entirely different effects on the Chettiar firms: it was very unwelcome to the small Chettiar moneylending firms which conducted their business on small amounts of borrowed capital since it was essential to keep their limited funds liquid;⁵⁴ on the other hand, these crises proved very beneficial to the large Chettiar firms, who would wait for the prices of rubber and tin to appreciate before disposing of these assets for a profit.⁵⁵ In fact, a large number of Chettiar firms were reported to have taken advantage of these frequent crises in the pre-depression period by taking over rubber estates from the debtors at sacrifice prices to reap handsome profits when the prices stabilised a little later. Testifying to this, A Savirinatha Pillai (in his written evidence to the Madras Banking Enquiry Committee) cites the case of a Chettiar in the Federated Malay states "whose assets 14 years back [*viz.* 1916] were worth 1.20 lakhs and are now [1930] worth 20 lakhs owing to the appreciation [in the price] of rubber".⁵⁶

Apart from acquiring rubber estates in this manner, *viz.* through moneylending, the Chettiars were also, particularly from the 1920s, independently investing their capital in rubber estates. Thus, there were a number of instances during this period of Chettiars either directly acquiring rubber plantations or, alternatively, bringing large tracts of virgin land under rubber cultivation; thus O A R Annachellam Chettiar, the Agent of the K V A L Chettiar firm acquired (on behalf of the firm) during 1925-26 one thousand acres of forest land in the Johore state and brought it under rubber cultivation. Thereafter the firm acquired some of the small estates in the adjoining areas and the entire plantation, with an area of about 1,260 acres, was organised into a Private Limited Company, Floated as the Ayre Manis Estate Private Limited, the shares of the company were subscribed by the Chettiars (principally by K V A L M Bamanathan Chettiar and Barrister K V A L R M Alagappa Chettiar) and a few Indians.⁵⁷ The Nagappa Rubber estate in the Johore state is yet another example of Chet-

tin investment in rubber. This estate (established in 1926) with an area of 1,700 acres belonged to the famous P K N Chettiar firm.⁵⁸ As in the former case, this estate was also created from virgin forest land. Some of the other leading figures in these ventures were the P R M, M R M M, M P M, P V and P M S Chettiar firms⁵⁹ and P R N R Arumachellam Chettiar.⁶⁰ This brief account disproves the notion that the Chettians were only moneylenders and as such had no desire to become owners of rubber gardens but that "it was thrown upon them by the failure of the debtors to pay up".⁶¹

While it is true that the Chettians had acquired considerable rubber gardens and land through moneylending both in the pre-depression period and during the depression, what is often not brought out in the existing, though scanty, literature on the Chettians is phenomenon of their investing capital in rubber estates independently of moneylending. In other words, when a profitable field of investment opened up before them, as in the case of rubber in the 1920s, the Chettians took full advantage of the opportunity and thus by 1930 came to acquire a very large interest in rubber plantations and other landed properties. Thus almost all the Indian rubber estates, numbering 242 in 1931, together with the other Indian land holdings in the country were principally "owned ... by the Chettiar Tamils of South India ...".⁶² Although the exact figures of the total acreage of the rubber estates under their control is not available it is however known that the Chettiar ownership accounted for the greater part of the total Indian ownership of 87,795 acres in 1938.⁶³ Similarly, the Chettians also made "substantial profits out of the Chinese Tin mines".⁶⁴ So much so that "the Penang branch [of the Chartered Bank of India, Australia and China] was able to control the local rupee market through its connections with them".⁶⁵

Credit was provided to the Chinese tin miners against the security of the tin mine itself, or (if the tin mine happened to be a private limited company) against the share certificates of the tin manufacturing company.⁶⁶ Again, as in rubber, the Chettians through moneylending came to acquire large interests in the tin mining industry. This is borne out by an examination of the applications for claims, made by the various Chettiar firms in Malaya, to the Overseas Department of the

Government of India, New Delhi, in respect of business and properties lost by them as a result of the Japanese occupation of Malaya in 1941.⁶⁷

A study of these applications for claims also reveals their total assets, besides the nature of their business in Malaya. Extracts from one such application of claims, made by a certain Chettiar firm (whose headquarters was in Karaikudi, Ramanand District, South India, with its principal agency office in Malaya being located in Penang) to the Secretary to the Government of India, Overseas Department, New Delhi, is reproduced below⁶⁸:

Claims application from X Chettiar to Secretary, Government of India, New Delhi, No 219-F29-5/44-E(11) dated February 9, 1944.

		(S)
(1) Lands, gardens, Estates, etc. These included rubber estates in the states of Perak, Negri, Sembilan, and the Straits Settlements; paddy fields in the State of Kedah; coconut gardens in Penang; and tin mines in the State of Perlis.	1,39,775-00	
(2) Offices, houses, bungalows, etc, in Kedah and the Straits Settlements	67,287-54½	
(3) Mortgages, securities, pledges, immovable property. These included mortgages of coconut gardens and houses in Penang.	4,500-00	
(4) Promissory notes, on demands and IOUs	457-25	
(5) Outstandings from Chettiar firms	18,573-75	
(6) Mercantile Bank of India Ltd, Penang	10,100-00	
(7) Shares in Oriental Company Ltd, Penang (This was a Chettiar concern)	400-00	
(8) Furniture, motor-car, 1/10th share	114-40	
(9) Cash balance	775-43	
(10) Headquarters investments, viz		
(a) Shares in Hongkong and Shanghai Banking Corporation	\$ 8536-28	} 15,188-43
(b) Shares in the Chartered Bank of India, Australia and China	\$ 4805-35	
(c) Shares in the Rawang Tin Fields	\$ 1846-80	
Total Claim	257,171-77½	

Besides providing credit in both the rural and the urban sectors of Malaya, the Chettians also established joint stock trading companies. These were Kannappa and Co, and Tenappa and Co, both situated in Singapore;⁶⁹ The Oriental Company Ltd, The India Trading Company Ltd, Sundaram and Company Ltd, all in Penang;⁷⁰ and A Teyvanay and Co, and Sundaram and Co, in Malacca.⁷¹ Information on the precise nature of the trade conducted by these firms is, however, lacking. Nevertheless, the organisation of their business on the basis of limited liability, on howsoever small a scale, marked an advance over their traditional moneylending business.

The Chettians were most active in Malaya from the late 19th century until the depression of 1929, with their financial influence at its height during the 20s of the 20th century. Singapore and Penang continued to be the major centres of their commercial activity during this period as well. Their principal agencies or branch firms were in most cases located in these two centres while the sub-agencies were spread over in the various rubber growing and tin producing areas of the Malaya states. To protect their economic interest in Malaya, the Chettians established Associations and Chambers of Commerce in a number of places; of these the principal ones were in Singapore, Kuala Lumpur and Penang and were established in 1928, 1931 and 1934, respectively.⁷² The Chettiar Chamber of Commerce in Kuala Lumpur was designed to co-ordinate the activities of the various Chettiar associations in the Federated Malay States.

The Chettiar moneylending firms in Malaya, which had on the whole been conducting good business through their indirect association with the rubber and tin industries, suffered a setback with the onset of the depression in 1929. The effect of the depression on the colonial Malayan economy was quite severe; particularly hard hit were its two principal industries, viz. rubber and tin, which were dependent on the world market for their prosperity.⁷³ The acute crisis which hit the Malayan rubber industry was sparked off when the American automobile industry, the principal consumer of Malayan rubber, began cutting down its production from 1929 onwards.⁷⁴ This caused a chain reaction and consequently brought down rather sharply the price of crude rubber in the world market. In fact the price of rubber,

which was on the downward trend since 1927, registered, owing to the depression, a still steeper fall in 1929 and 1930 and continued to fall until it virtually reached the rock bottom level by 1932. Matters were made worse by the fact that "a large increase in the output of rubber coincided with the depression".⁷⁵ The accompanying Table gives us an idea of the crisis that afflicted the world rubber industry during the depression.

The position of the Malayan tin industry was much the same. With an increasing demand for the metal in the west, production increased steadily — and the industry was on the whole fairly prosperous — until the depression reversed the process. Thus the world consumption of tin "fell by about half between 1929 and 1932".⁷⁶ and with it also dropped the price of the metal.

The seriousness of the economic crisis that hit Malaya in the 1930s becomes clearer in view of the fact that rubber and tin accounted for over 70 per cent of Malaya's exports and thus made up the bulk of the country's national income. Consequently, the depression, by seriously affecting the rubber and tin industry, threw the Malayan economy out of gear. Prices of raw materials fell sharply, and so also the national income, employment⁷⁸ and, more important, the incomes of small holders, estate owners, tin miners and a number of others who depended on these industries.⁷⁹

The moneylending business of the Chettians was also badly affected. The depression, by sharply bringing down the prices of rubber and tin, placed the estate owners and tin miners in a position where they were unable to repay their loans. Whereupon it was the same old story of the Chettians foreclosing on the mortgage. Thus

land, rubber gardens and tin mines began to pass into the hands of the Chettians.⁸⁰ The net effect of the depression on the Chettian firms in Malaya was catastrophic. It immobilised their liquid capital by converting it into immovable property. The continuous flow of credit, so very essential for the harmonious working of their system, was checked. To a system which was sustained largely by the joint effort and endeavour of the community through an intricate and complex mechanism of intra-Chetti lending, borrowing and such other practices, the depression proved to be disastrous. The failure of the small firms was infectious, and some medium and a few large firms also collapsed during this period. To make matters worse for the Chettians the government introduced at this juncture certain measures to check the problem of the alienation of land from peasant proprietors to non-agriculturists. Though there was a persistent trend of land passing from agriculturists to non-agriculturists much before the depression, the government took no notice of it then because it was of the view that the Chettians, as providers of credit, were "a favourable influence on the economy".⁸¹ However, when the depression accentuated the problem into a near crisis, the government hastened to take some action and thus introduced in 1931 the "Small Holdings (Restriction of Sale) Bill".⁸² According to the provisions of this bill, no sale of land exceeding 25 acres could be "carried out without the consent of the state where the land was situated".⁸³ This measure quite naturally evoked loud protests from the Chettians who alleged that their investments in Malaya were in danger. They claimed that they had loaned 125 million dollars to small holders in the Federated Malay states against the

security of land.⁸⁴ For an approximate estimate of Chettian investment in Malaya in the period just prior to the depression one has to turn to the Burma provincial banking Enquiry Committee's Report. According to the Commission their total investment was of the order of Rs 25 crores.⁸⁵ This has been corroborated by the *Dhanavanikan* in its 1930 annual number.⁸⁶ The only other estimate is the one provided by A Savirinatha Pillai, the Assistant Commissioner of Income Tax, Southern Range. According to him, Chettian investment in Malaya, Dutch East Indies and Siam put together amounted to only Rs 20 crores.⁸⁷ Unfortunately, the three sources indicated above stop short of providing the total investment of the Chettians in Malaya. A detailed sector-wise or area-wise breakdown of their capital investment, or the impact of the 1929 depression, is unfortunately not provided.

During my stay in Madras and Chettinad in June-July 1973 I met a number of Chettians who had conducted business in Malaya (either as proprietors or as agents) in the 1930s, and tried to elicit some information about their business in general. Though their memory often failed them on specific details, they were all of the view that their business suffered a severe setback on account of the depression.

Notes

- 1 M Subramaniam, "Malayavil Nagaratharkalin Thevya Thirupani" (Tamil) SKNNVM (Madras, 1963) p 116. See also, PNM Muthupalaniappa Chettiar, *Malayavin Thotram* (Tamil) Happy Malaya (Penang, 1938), p 41.
- 2 Allen and Donnithorne, "Western Enterprise in Indonesia and Malaya", (London, 1957), p 21.
- 3 Sandhu, "Indians in Malaya: Some Aspects of Their Immigration and Settlement (1786-1957)" (Cambridge, 1969), p 4.
- 4 Allen and Donnithorne, *op cit*, p 38.
- 5 Allen and Donnithorne, *op cit*, p 38.
- 6 Under a regime of State monopoly in all lucrative trade, the traders did not find much scope for their activities. Thus, nationals of other countries, though allowed to trade in the Dutch possessions, were subject to discriminatory duties. See Allen and Donnithorne, *op cit*, p 20.
- 7 Allen and Donnithorne, *op cit*, p 21.
- 8 *Ibid*, p 21.
- 9 PNM Muthupalaniappa Chettiar, *op cit*, p 151.
- 10 *Ibid*, p 99.
- 11 A Petition of Nattukottai Chetti-

TABLE: WORLD PRODUCTION, CONSUMPTION, STOCKS AND PRICES OF RUBBER

	World Exports (000 tons)	Per Cent of Native Production to Total in Malaya	Dutch East Indies (Per Cent)	World Consumption of Crude Rubber (000 tons)	Stocks of Crude Rubber in Malaya, UK, USA End of Year (000 tons)	Reclaimed Production in USA	Average Price in London Smoked Sheed (d/lb)
1925	518.5	—	45.0	558.9	—	132.9	35.00
1927	607.4	—	43.2	598.9	—	198.1	18.44
1928	656.8	—	39.3	680.4	167.6	208.5	10.69
1929	861.4	45.6	41.7	807.0	275.6	218.8	10.25
1930	819.8	45.5	36.7	716.0	406.5	167.2	5.91
1931	796.8	44.8	33.9	678.2	547.7	141.9	3.17
1932	708.3	42.0	28.6	685.4	549.2	74.7	2.34

Source: *The Economist*, London, May 5, 1934, pp 967-968.

- tiars of Malaya to His Excellency Admiral Lord Louis Mountbatten, Supreme Allied Commander, South East Asia Command, Singapore, dated 1945, p 1. This document is part of a large collection of official papers of the Burma Nattukottai Chettiar Association, Rangoon, and is available for consultation at the residence of the former Secretary of the above association, the late Shri SRM Solayappa Chettiar in Palathur, Ramnad district, Tamilnadu.
- 12 K S Sandhu, *op cit*, p 291.
 - 13 *Ibid*, p 292.
 - 14 Allen and Donnithorne, *op cit*, p 205.
 - 15 A Petition of Nattukottai Chettiers of Malaya to Lord Mountbatten, *op cit*, p 1.
 - 16 Allen and Donnithorne, *op cit*, p 204.
 - 17 *Ibid*, p 204.
 - 18 Compton Mackenzie, "Realms of Silver: One Hundred Years of Banking in the East", (London, 1954), p 108.
 - 19 *Ibid*, p 109; see also, Allen and Donnithorne, *op cit*, p 205.
 - 20 Allen and Donnithorne, *op cit*, p 205.
 - 21 Compton Mackenzie, *op cit*, p 109.
 - 22 *Ibid*, p 109.
 - 23 *Ibid*, p 112.
 - 24 *Ibid*, p 112.
 - 25 *Ibid*, p 112.
 - 26 A Savirinatha Pillai, Written Evidence, *MPBECR*, Vol III, p 1170.
 - 27 PNM Muthupalaniappa Chettiar, *op cit*, p 235 and p 253; see also, *Kumari Malar* (a Tamil monthly), July 1973, for an extract from Kuru SU SP Ramanathan Chettiar's biography published in 1908 in Madras.
 - 28 Allen and Donnithorne, *op cit*, pp 40-41; see also K S Sandhu, *op cit*, pp 4-5.
 - 29 Compton Mackenzie, *op cit*, p 211.
 - 30 K S Sandhu, *op cit*, p 288.
 - 31 Allen and Donnithorne, *op cit*, pp 41-42.
 - 32 *Ibid*, pp 41-42.
 - 33 *Ibid*, pp 112-14.
 - 34 Sinnappah Arasaratnam, "Indians in Malaya and Singapore", (Oxford, 1970), p 29.
 - 35 Allen and Donnithorne, *op cit*, p 42.
 - 36 K S Sandhu, *op cit*, p 279.
 - 37 Allen and Donnithorne, *op cit*, p 153.
 - 38 K S Sandhu, *op cit*, pp 278-79.
 - 39 Compton Mackenzie, *op cit*, p 212.
 - 40 K S Sandhu, *op cit*, p 279.
 - 41 PNM Muthupalaniappa Chettiar *op cit*, p 242.
 - 42 Allen and Donnithorne, *op cit*, p 293, Appendix V.
 - 43 S Nanjundan, "Indian in Malayan Economy", (Government of India New Delhi), p 10.
 - 44 Compton Mackenzie, *op cit*, p 225.
 - 45 PNM Muthupalaniappa Chettiar, *op cit*, p 154.
 - 46 S Arasaratnam, *op cit*, p 93.
 - 47 K S Sandhu, *op cit*, p 292.
 - 48 A Savirinatha Pillai, *op cit*, p 1177.
 - 49 *Ibid*, p 1177.
 - 50 *Ibid*, p 1177.
 - 51 *BPBECR* (1929-30), Vol I, p 67.
 - 52 S Arasaratnam, *op cit*, p 93.
 - 53 This fact was realised by the Chettiers as early as 1920, as is revealed in the penetrating analysis of the crisis in the rubber and tin industry and its effect on the Chettiar moneylending business in the Chettiar Weekly *Vysiamitram* of 12-1-1920; see editorial, "Nagara Vysiarum Exchange Nilamayub", p 4.
 - 54 *Vysiamitram*, 12-1-1920, editorial, p 4.
 - 55 *Ibid*, p 4.
 - 56 PNM Muthupalaniappa Chettiar, *op cit*, (1938) p 155.
 - 57 A Savirinatha Pillai, *op cit*, p 1175.
 - 58 *Ibid*, p 156. The PKN firm conducted a wide variety of business ranging from money-lending and trade to investments in land and estates in Burma, Ceylon, Malaya and India.
 - 59 PNM Muthupalaniappa Chettiar, *op cit*, (1938) p 155.
 - 60 *Ibid*, pp 157-158. PRNR Arunachellam Chettiar came to Malacca from South India in 1913 and worked for a few years as an agent for one of the Chettiar firms in Malaya. Thereafter he set out to do business independently and acquired the "Senaka" and the "Jaya Kondar" estates with an area of 928 and 960 acres respectively. Both these estates were located in the Jahore State.
 - 61 P J Thomas, "Nattukottai Chettiers — Their Banking System" in *RSACCV*, p 843.
 - 62 K S Sandhu, *op cit*, p 263.
 - 63 A Arasaratnam, *op cit*, p 96.
 - 64 Compton Mackenzie, *op cit*, p 224.
 - 65 *Ibid*, p 224.
 - 66 A Savirinatha Pillai, *op cit*, 1177.
 - 67 These applications for claims were consulted by me in June 1973 at the residence of the late Shri SRM Solayappa Chettiar (Hon Secy, Burma Nattukottai Chettiar Association) in Palathur Rammad District.
 - 68 The name of the above firm is not being disclosed since the permission of the proprietor or his relations for quoting the relevant extracts could not be obtained.
 - 69 PNM Muthupalaniappa Chettiar, *op cit*, (1938), p 73.
 - 70 *Ibid*, p 99.
 - 71 *Ibid*, p 176.
 - 72 PNM Muthupalaniappa Chettiar, *op cit*, (1938), pp 73.
 - 73 S Nanjundan, *op cit*, pp 7-8; see also, Allen and Donnithorne, *op cit*, p 44.
 - 74 Compton Mackenzie, *op cit*, p 8.
 - 75 *Ibid*, p 257.
 - 76 S Nanjundan, *op cit*, p 8.
 - 77 *Ibid*, p 5. Cf Allen and Donnithorne, *op cit*, p 293, Appendix V.
 - 78 Allen and Donnithorne, *op cit*, p 44.
 - 79 S Nanjundan, *op cit*, p 7.
 - 80 S Arasaratnam, *op cit*, p 93.
 - 81 *Ibid*, p 93.
 - 82 A Arasaratnam, *op cit*, pp 93-94.
 - 83 *Ibid*, p 94.
 - 84 *Ibid*, p 94.
 - 85 *BPBECR*, Vol I, pp 210-11.
 - 86 *Dhanavanikan* (Tamil, 1930) pp 96 and 118. (An annual Chettiar journal published from Kottaiyur, (ed) A K Chettiar).
 - 87 A Savirinatha Pillai, *op cit*, p 1174.

ABBREVIATIONS

- SKNNNVM: Sri Kasi Nattukottai Nagarathira Nutranda Vizha Malar.
- MPBECR: Madras Provincial Banking Enquiry Committee Report.
- BPBECR: Burma Provincial Banking Enquiry Committee Report.
- RSACCV: Raja Sir Annamalai Chettiar Commemoration Volume.

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