82. Fasseur, *Colonial Exploitation*, p. 94.
83. Weber, *Protestant Ethic*, p. 104.
84. Yeu-Farn Wang, *Chinese Entrepreneurs*, pp. 7–11. Also interesting in this regard is R.N. Bellah, *Tokugawa Religion. The Values of Pre-Industrial Japan*, Glencoe, The Free Press, 1957. Bellah finds a form of 'Buddhist puritanism' motivating a leading group of merchants, the Omi merchants, in pre-modern Japan; see pp. 117–122.
85. Berger, 'East Asian Model', p. 9.
86. In the *Protestant Ethic* Weber says another author 'rightly calls the Calvinistic diaspora the seed-bed of capitalistic economy' (p. 43).

Bombay: The Parsi-British Affinity 1661–1940

Quite some time before Bombay was ceded to them in 1661, the British in Western India had been indebted to the Parsis in their commercial endeavours. At the time of the East India Company's arrival in Western India, Surat was the most important seaport on the west coast and the centre of trade for both the Moghul Empire and the European trading companies. The Parsis, a community descended from Iranian Zoroastrians who emigrated to India after the Islamization of Iran, were attractive to European merchants as 'brokers' who could conduct business in the hinterland with the necessary knowledge of land and language, but whose minority position in Indian society gave them an understanding of foreigners' needs. The Portuguese, French, Dutch and English factories at Surat all employed Parsis as their chief brokers and to some Parsis at Surat the Moghul Empire granted the right to collect customs duties.[1]

Brokers carried out a highly specialized function in the Indian Ocean port cities. As well as dealing with foreign merchants, the Parsi brokers also played other roles, servicing certain traders who were not foreigners and also engaging in commerce on their own account. Shippers and merchants engaged in importing and exporting relied on commodity

brokers for specific goods, and these brokers would be tied to a network of middlemen who enabled them to supply the principal range of commodities desired for export and to help to sell the variety of goods imported.[2] The Dutch in Malabar used Jews for a similar purpose, and noted in 1743 of their chief broker:

> He has never yet left the Company in an embarrassing situation, and it is alone due to him that the Company's goods have never rotted in the warehouses, or been sold under the Company's prices ... The merchant ... is also the chief supplier of whatever the Company may need, nothing excepted.[3]

Brokers therefore served a crucial role. Indeed, Michael Pearson states, to the extent that the Indian Ocean world was an integrated world-economy, this was achieved by the work of these brokers.[4]

Parsi brokers were, of course, at the apex of Parsi society, and to supply the commodities desired by Europeans they were required to maintain firm links with their villages and towns of origin in the Gujarat hinterland. Gujarati textiles were the Europeans' desired article of export and the Parsi brokers of Surat were readily supplied from Navsari, the Parsis' main town, which was famous for sending its cotton cloth to the seaport.[5] Other Parsi villages were celebrated for their woven cloth.[6] The English were particularly dependent on the Parsi weavers, a 1689 account stating: 'They are the Principal men at the Loom in all the Country, and most of the silks and stuffs at Surat are made by their Hands.'[7] In addition, Parsis in Surat and its vicinity carried on a variety of occupations, such as general trade and shopkeeping, crafts, agriculture and shipbuilding.[8]

This Parsi success at Surat must, as in the case of the Hokkien Chinese, be looked at in terms of preadaptation. André Wink has questioned the traditional view that a group of Zoroastrians, fleeing Muslim persecution in Iran and seeking refuge on the coast of Gujarat in about AD 785, were the progenitors of the Parsi community in India. Rather he sees the Parsis' forebears as long associated with trade in India, Zoroastrian and Christian Persians in the centuries preceding Islam having dominated commerce in the Western Indian

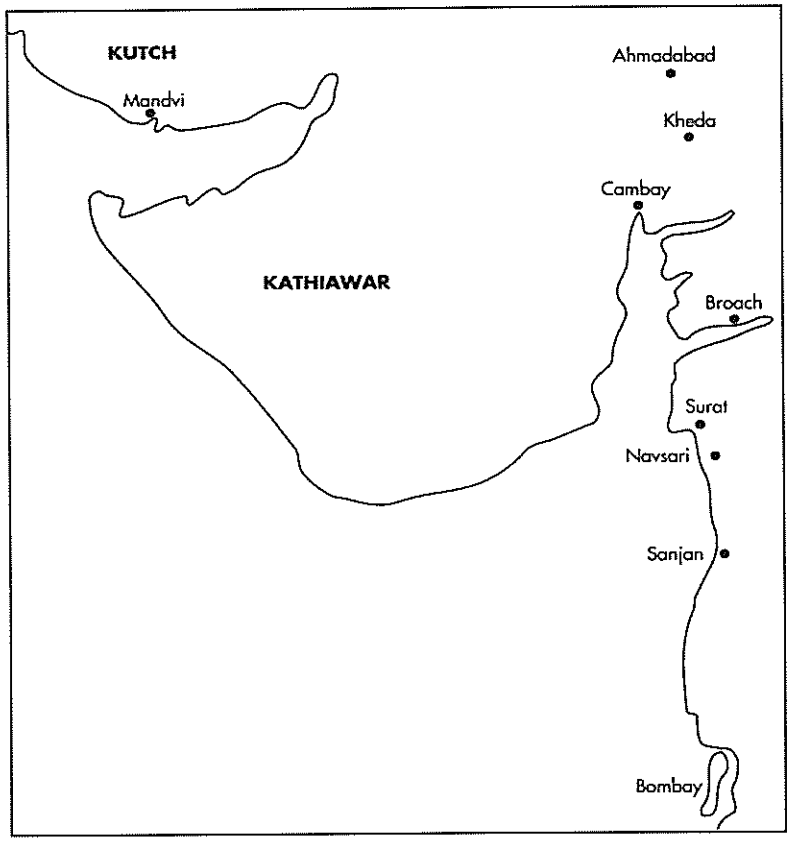
Ocean. It therefore seems more likely that the migration of Parsis to the west coast of India was not so much a flight as a readjustment of commercial patterns which had arisen long before Islam and a response to new opportunities in the transit trade between the Islamic world and India.[9] In the ninth and tenth centuries unconverted Parsis are observed participating in the India trade from areas within the Abbasid Caliphate, and a possible explanation of the rise of more permanent settlements of Parsis on India's west coast is that Arab competition in the Persian Gulf obliged them to move the centre of their activities eastwards. Thus the Parsis should not be seen as a refugee community settling down in India as agriculturalists and weavers, woken to commercial life by the European East India Companies, but rather as having much earlier developed a new trading diaspora between the Arab-dominated Middle East and Hindu India. Trade was their pursuit from the time of their arrival, and early accounts of Sanjan, their major place of settlement for about 600 years, notes its extensive import and export trade.[10]

Sanjan, about 140 kilometres from Bombay, is important in Parsi history as the major Parsi centre in a Hindu environment until the Muslim intrusion in about 1315. It was the site where the newly arrived Zoroastrians agreed to modify their customs in order to make themselves acceptable to local authority, an ability which was again ready to hand in the European era. The Raja of Sanjan was only prepared to permit settlement if the Parsis would agree to five conditions, including that Parsi women should start to wear local dress, that the Parsis would give up their native language and adopt Gujarati, and that they would hold their wedding ceremonies only at night in conformity with Hindu practice. These were agreed to, while in the schedule that the Parsis prepared on their own religion they emphasized customs which they knew to be similar to those of the Hindus and maintained silence on the doctrines on which the religion was really based. This tactic was successful, and within five years of their arrival in Sanjan they were permitted to build a fire-temple. When similar situations arose later, the Parsis were prepared.[11]

Towards the end of the tenth century Parsis began to settle in other parts of Gujarat, particularly Broach, Cambay and Navsari. The earliest emigration seems to have been to Cambay in 942–997, where they were very successful in commerce. In Navsari from the fifteenth century they became prominent as revenue farmers.[12] The evidence seems to raise no doubt that the Parsis had for centuries been occupied with commerce, whatever might have been the economic activities of their lesser ranks, and their flourishing in Surat was their final preadaptation before their great economic success in Bombay.

Early Parsi Commerce in Bombay and China

The British settlement at Bombay from its earliest days required a regular supply of cloth to add to the Company's Surat shipments. The early Governors' policy was to attract weavers into the new town, many of whom were Parsis.[13] Parsi brokers assisted them. Those Parsi brokers who left Surat for Bombay were generally those whose livelihood depended on trade with the European companies, whilst those dependent on inland trade stayed behind.[14] One of the most influential Parsi brokers in Surat was Rastamji Manakji, born in the city in 1635. In 1691 he appears as an interpreter and shortly thereafter he was appointed a broker, first for the Portuguese and later for the Dutch and the English. He became an acknowledged leader of the Parsi community in Surat and acquired wealth and status through long-distance trade and through dealings in currencies, as well as through his activities as a broker. His son was in 1723 the first Parsi to go to England to present a petition to the East India Company's Court of Directors. But very soon after the death of the founder the family built up its base in Bombay. In Surat they were part of a small community with no differing entrepreneurial qualities from the Hindu Banias and Muslim Bohras; indeed, they could never hope to compete with the Banias, one family of which became the Rastamjis' deadly enemies. This might have been one factor in their removal to Bombay, where they could build up a partnership with the British. After Rastamji Manakji's grandson came to Bombay in



Map 4: Kutch, Gujarat and Bombay c. 1900

1730, the family engaged in extensive mercantile operations and also opened a branch firm in Mysore.[15]

Other early settler families in Bombay are not known to us in such detail, but the development of Parsi settlement there can be understood. There were already Parsis in Bombay in the Portuguese period, procuring workers and construction materials for a fortress.[16] But the Parsis' great patron was the English Governor Gerald Aungier, who aimed to make the Bombay cotton cloth sent to Surat for export equal in quality to that of Navsari, the leading centre of Parsi weavers. The chief weaver in Bombay in Aungier's time was a Parsi called Manak, and Aungier was concerned to bring Parsi weavers down to

Bombay under his patronage. By 1676 the policy of getting Parsi weavers to settle in Bombay was well established, and brokers were overseeing the work as well as acquiring textiles from areas which weavers refused to leave.[17] It was proclaimed that the 'cloth investment' on the island was one of the Company's 'principal concerns',[18] and from the very beginning Parsis acted in conjunction with the English to make this a success.

Other services traditionally provided by minorities to European trading concerns were offered by the Parsis. Kharshedji Ponchaji Pandey, the founder of a distinguished family, on his arrival from Broach in the 1660s obtained a contract to assist in the completion of the fort, supplying labour and materials such as baskets.[19] By 1716, in addition to weaving and brokerage, Parsis in Bombay were carrying out a variety of trades, were renowned as carpenters and shipbuilders, fulfilled contracts to supply the garrison, and profited from distilling spirits.[20] By 1780 Bombay had 33,444 inhabitants, of whom 3,087 or 9.2 per cent were Parsis. The European population was not more than 1,000.[21]

A symbiotic relationship grew up between the Parsis and the British which had no comparison in any relationship which existed with the Hindu or Muslim commercial communities. The greatest obstacle to European expansion in Western India was the shortage of capital in the Indian merchant community. But this difficulty was overcome in a way that is not quite clear, but which certainly included Parsi participation in the amassing of capital. By the 1780s there emerged in Bombay several powerful English trading firms or agency houses which played a vital role in the expansion of English power in Western India. Pamela Nightingale's study of the period shows mutual lending between the Company's servants and the Parsis. One officer's private account books running from 1746 to 1751 indicate a partnership with a Parsi in buying up a quantity of red lead, the Parsi being lent money at interest; other Parsi merchants were also involved in his commercial ventures. Parsis likewise lent money, and their English partners seized any opportunity which offered a profit.[22]

Initially English private traders acquired most of their money at Surat, where money was lent out at interest due to hazardous political conditions rather than being employed in commercial enterprise. As the security of Bombay became manifest, Parsis joined the English in business enterprises with long-term prospects, extracting capital from Surat and putting it to productive use.[23] It was reported in 1813 that each European house or agency had one of the principal Parsi merchants concerned with it in most of its foreign speculations.[24] The major families concerned had been established in the mid-eighteenth century, when their founders had made their fortunes in association with the Company, providing boats for the transport of troops, drinking water for officers, uniforms for coolies, provisions for Europeans, and ships for international trade.[25]

By the 1780s the East India Company in India was in considerable debt. The traditional trade in woven textiles which the Company had shipped from India to Europe was not expanding, and there was little prospect of selling British goods in India. But the Company was able to avoid bankruptcy by the fortunate growth of the fashion for drinking China tea in Europe. This new demand stimulated the enterprise of British private traders, many of whom were based in Bombay and, though prevented by the Company's monopoly from trading with Europe, they were allowed to export Indian produce to China. The major difficulty at the port of Canton was to avoid paying for tea with bullion and to find suitable products to sell to China. This niche was filled by the so-called 'country trade', run by private individuals licensed by the East India Company in India and remaining under its control in the Far East. Bombay was destined to be extremely successful in this trade because the port could ship an item desired in China, namely raw cotton from the Gujarat hinterland. Until 1823 raw cotton from India was the largest staple import at Canton.[26]

The trade was organized at the Bombay end by the agency houses, whose growing power has led one writer to speak of a 'commercial revolution' in Western India from the 1780s.[27] It was the agency houses in Bombay and not the East India

Company which built the ships and invested capital for the trade on which Bombay flourished. These private traders now had a key role in Britain's important China trade, for they transferred the funds realized by this trade in sales at Canton to the East India Company's treasury there in return for bills of exchange on London or the Indian government revenue. Without this the China trade could not have been financed, and it was on this basis that the Bombay agency houses built their prosperity.[28]

With this prosperity Parsi merchants were associated. Nearly all the European agency houses, particularly after 1813, had Parsi guarantee-brokers who guaranteed the solvency of the constituents and advanced considerable sums of money to enable them to continue to trade. Parsis were in such demand as guarantee-brokers because they themselves had started to trade on their own account and even to establish their own firms. Most of the great Parsi families by the 1840s had scions of the family acting as brokers, whilst the family heads carried on their own independent importing and exporting business, mainly with China and Britain. The first Parsi private trader, Hirji Jivanji Readymoney, appeared on the China coast as early as 1756. In 1809 there was only one private English trader in Canton compared to several Parsis residing there and, of the approximately twenty-four firms operating there, Parsis formed a significant element. In 1831 there were 32 Englishmen and 41 Parsis in China; in 1833, the figures were 35 and 52 respectively.[29]

Raw cotton was gradually superseded by opium as India's chief export to China. Parsis from the beginning joined British private traders in taking it to Canton, some beginning as intermediaries supplying opium from the growing districts. From about 1800 the production of opium steadily increased in India, as did its importance in Indian revenue, making the Company dependent on sales in China. Experimental trade along the South China coast began at the turn of the century, culminating in the opening of the treaty ports in the 1840s. With the development of firms in Canton at that period, Parsis formed a considerable element of the British community. By the early 1850s foreigners in China ran some 200 business

concerns engaged in trade or connected with it; of this number half were British and one-quarter Parsi or Indian. Parsi houses maintained not only their British contacts to handle the opium, but also American ones. By about 1850 Parsi opium merchants had penetrated the lower Yangtze.[30]

Parsis, then, were the key mediating community between the British and the products of India they desired to export. All the prominent Parsi families had extensive interests in China and acquired enormous wealth. A prime example was the Readymoney family, founded by three brothers all born in the Parsi centre of Navsari, who came to Bombay in the early eighteenth century for trade. The second brother opened a business house in China and, although the three started out with small capital, they acquired considerable substance from their trade with China, built up their own fleet of several trading ships, and became guarantee-brokers to British firms.[31]

Other distinguished families too owed their origin to the China trade; these included the Kamas, the Wadias and the Dadiseths. Two members of the Kama family were the first Indians to establish a mercantile firm in London, accomplishing this in the mid-1850s.[32] The most famous Parsi China merchant was Jamshedji Jijibhai, born in 1783 in Navsari. He came to Bombay in his youth to assist his father-in-law in business and, when barely 16, he made his first voyage to China in the service of another relative. On his second voyage he started to trade on his own account and he made several subsequent voyages. These gave him an insight into the chief traders at that time in China, which assisted him in his later business. His huge profits were made by exporting cotton during the Napoleonic War and, by the 1820s, his firm dominated all others exporting to China. His connections were not only with the British; he had commercial dealings with an American firm importing opium directly to China from India. Jamshedji Jijibhai also had seven ships of his own and several others on hire at any one time, the ships being serviced in his own private docks.[33]

Most Parsi ventures were in fact carried out in Parsi-owned ships. During the period 1810 to 1815 it appears that the Wadias

had eighteen ships (10,000 tons or so), the Dadiseths six (5,000 tons) and the Readymoneys and the Banajis four each (3,000 tons); this was before the Kama family and Jamshedji Jijibhai had started their shipping careers. It has been estimated that some 25,000 to 30,000 tons of shipping – or 8 to 10 per cent of the country's total tonnage for those years – belonged to Parsis. By the decade 1835–45 the Parsi community was at the zenith of its ship-owning career; the number of vessels owned by the Banaji family, to cite one example, had risen from four to forty.[34]

More important for later developments, the amount of capital sunk into the shipbuilding industry seems to have paved the way for subsequent Parsi industrial ventures. Amalendu Guha has written extensively on Parsi shipbuilding as a proto-industrial endeavour that was not allowed to reach its natural conclusion but which was distorted and then overtaken by Parsi investment in the cotton textile industry.[35] Parsis were known as expert shipbuilders from the seventeenth century and built ships for the European Companies. In 1735 the English East India Company persuaded a native Surat shipwright, Lavji Nasarvanji Wadia, to come to Bombay with ten other shipwrights to commence shipbuilding at the Company dockyard. He became the yard's master-builder and, on his death, was succeeded by his son Manakji, management continuing in the hands of the Wadia family in uninterrupted succession for 150 years. During this time more than 300 sea-going vessels were built for the British Navy, European agency houses and Indian – mainly Parsi – firms, the China trade in particular requiring vessels capable of making a long voyage and of carrying bulky cargo.[36]

Guha argues that the Bombay dockyards assisted the transition of the Parsi mentality from mercantile to industrial by way of technological innovation. In 1829 the contemporary master-builder Navroji Jamshedji Wadia assembled a 411-ton steam sloop for the East India Company. Encouraged, Ardeshir Kharshedji Wadia, on becoming a dockyard apprentice, began to study privately the theory and practice of steam engines, in 1833 launching a small 60-ton steamboat with the help of a local blacksmith and an imported piece of steam-engine. The following year he lit his house with improvised gas and introduced steam pumps for watering his gardens. In 1840 he was elected the first Indian Fellow of the Royal Society, and he and two other Wadias subsequently qualified in Britain as marine engineers. It was the Bombay dockyards which helped to produce a nucleus of Parsi engineers before the first graduating group of civil engineers from the government's Elphinstone Institution in 1847. Guha argues, however, that this incipient development of an indigenous navigation and ship-building industry was prevented by British policy, which up to 1849 spoilt the prospects of this industry by excluding Indian-built ships from European waters and putting other constraints on them. Thus the Indian shipping industry was unable to make what should have been a ready transition to iron steam-ships. The final act came when the British Navy stopped acquiring Indian-built ships and the Indian Marine Service was closed down in 1863.[37]

Parsis as Industrialists

So far what we have seen in the two Chinese groups we have discussed has been the clear development of activities which qualify as proto-industrialization, coupled with a question mark hanging over the future of this development. The Parsis, however, made a clear and rapid transition into the industrial civilization of the nineteenth century, partly due to their previous industrial activities and partly as a result of the Opium War in China and the opening of the treaty ports. The new arrangement on the South China coast led to the entry of other Bombay communities into the China trade, especially the Ismailis and the Bombay Jews, challenging the Parsi monopoly with new lines of business. In addition, the extension of steam communication between India and China proved strong competition for the Parsi families' sailing vessels.[38] But a new outlet for Parsi capital was ready to hand.

Cotton was exported in large quantities from India to England and then reimported into India as cotton textiles.

Members of certain Parsi families realized that there was no reason why cotton mills could not be established in Bombay as there was an ample supply of raw cotton, there existed a large market for cotton yarn in both their old trading partner China and in the Bombay hinterland, there was an abundant supply of low-cost labour and, of course, a vast accumulation of capital from the trading sector available. British official collaboration could not be expected where Lancashire's interests were threatened, but independent collaborators were found from within the British textile machine industry which was interested in establishing an Indian textile industry, whether in British or Indian hands.39 The final seal was set on the enterprise by the acceptance of the joint-stock principle, permitting a number of investors to contribute varying amounts. The starting capital of these early industrial ventures was raised exclusively by the families and relatives of the founders, but ultimately numerous Parsis outside the great families proved willing to buy shares in Parsi firms.[40]

Parsi capital was first directed into cotton mills by Kavasji Nanabhai Davar, who in 1854 established as a joint-stock company the first cotton-spinning factory worked by steam in Bombay. Davar's father was an important merchant who was connected to some of the chief British houses in Bombay and, as a young man, Kavasji had worked with him as a broker to some of these firms. With a purely commercial education, he was active in the 1840s in the establishment of a number of banks in the city where the joint-stock principle was first used to pool the community's capital resources. Aware that the necessary capital was available, he sent to England for mill plans and machinery, the outcome being the floating of the Bombay Spinning and Weaving Company by a shareholders' agreement. The Company's capital was divided into one hundred shares, the majority being taken up by Parsi merchants, although a group of twenty Gujarati – Hindu and Muslim – businessmen took nearly one-third. Later, in 1854, Manakji Nasarvanji Petit, a successful broker and China trader, arranged with a few business associates, many non-Parsi, to promote the Oriental Spinning and Weaving Company and this

mill was formally floated in 1855. M.N. Petit's entry into the mill industry marks the easy transition from leading merchant to leading industrialist which was made by many merchants then and subsequently. Jijibhai Dadabhai, the father of Byramji Jijibhai who started a weaving mill in one of the Bombay suburbs, was a broker, director of banks, shipowner and trader with Europe, Egypt and China. Mancherji Naoroji Banaji, founder of the City of Bombay mill in 1885, was the descendant of a merchant who migrated to Bombay in 1690 and was himself engaged in trade shipping, real estate and company promotion. The Wadias too joined the industry.[41]

Parsis were, of course, not the only cotton mill entrepreneurs, but they certainly dominated the industry of which they were the pioneers. All machinery had to be imported in sailing vessels via the Cape and the workers had to be thoroughly trained. Of the thirteen cotton mills established in Bombay in the period 1854–70, nine owed their existence to Parsi entrepreneurs and it was the cotton industry that 'stimulated the formulation of a modern Indian entrepreneurial class'.[42] In 1895, out of seventy cotton mill owners in Bombay, twenty-two were Parsis, and the same number of Parsi owners was registered out of a total of eighty-one in 1925. It must be borne in mind that the Parsi population was extremely small. The 1864 census enumerated 49,201 Parsis, making them 6.03 per cent of the total Bombay population; in 1881, out of a Bombay total of 723,196, they represented only 48,597; whilst the Indian census of 1920–21 enumerated a Parsi population of 102,000 persons or 0.03 per cent of the total population of India. The mills provided opportunities not just for Parsi investment but for Parsis to contribute to the management as secretaries, managing agents or mill managers. Of a total of 175 directors in Bombay's textile industry in 1925, forty-nine were Parsis.[43]

Parsis were obliged to diversify in this period for other reasons. Not only did their China trade and shipbuilding interests decline, but Parsi merchants also suffered from some of the new inventions of the period. For decades they had acted as middlemen in multifarious commercial transactions.

But the railway, the electric telegraph and the steamship opened up the interior to more direct trade, and the gradual advance of education in Gujarat enabled the Hindus of those areas to deal directly with Europeans. Parsi diversified interests were wide. Mention has already been made of banking in connection with the establishment of the first cotton mills. When the European-dominated Bank of Bombay was established in 1840, one-third of its 333 shareholders were Parsis, contributing 23.6 per cent of the Bank's share capital. Dadabhai Pestanji Wadia, head of perhaps the leading house of the 1830s and 1840s and a great landlord, was the only Indian to be appointed to the committee to establish the bank; two of the leading China traders of the period, Framji Kavasji Banaji and Jamshedji Jijibhai, were soon appointed directors of the bank. The Bank of Western India, established in 1842 as a joint British-Parsi initiative and renamed the Oriental Bank in 1845, had at one time three-eighths of its share capital in the hands of Dadabhai Pestanji Wadia. By 1850 there were four such banks in the city, all attracting the heads of those Parsi firms who had for some time combined trade, banking and brokerage in one organization.[44]

Other new spheres of commercial endeavour included the raw cotton trade to Britain, which after the onset of the American Civil War in 1861 became particularly lucrative. Many leading Parsi merchants were diverted to the trade and a large number, such as Rastamji Jamshedji, the second son of Jamshedji Jijibhai, amassed fortunes. With the commencement of the construction of railways in India, several Parsis became contractors. The first to win a contract after 1850 had been a shipwright, cooper and housebuilder and succeeded in gaining a tender to carry out difficult and novel operations. Not all Parsi capital and know-how, however, was used for entrepreneurial ends. In 1855 it was estimated Parsis literally owned about half of the island of Bombay, due to the fact that in the previous decade some three or four Parsi families had acquired large portions of the island's landed property. Anyone who was prepared to buy or build even the most modest house could obtain exorbitant rents in a city which was already by

1850 taking on a chronically overcrowded appearance. One of the largest investors in landed property was Dadabhai Pestanji Wadia; before his crash he was estimated to own about one-quarter of the island.[45]

It should be clearly understood that Parsis did not work alone in these endeavours. Originally the cotton and opium trade business was organized as a family affair. But by the early nineteenth century enterprises were no longer confined to the family; first Europeans and then Hindus and Muslims were taken on as partners. When a son came of age, he was taken into the family business as a working partner but he was also free to start new firms in partnership with others. In the transition to the joint-stock enterprise, from family firms to corporate firms, the response of Parsi and other Gujarati capitalists was more or less identical. But Parsis espoused a specific form of training their young men for business leadership, placing them not in their own family firm but as apprentices in a European firm. In this way training in European business methods could be obtained, to be made use of later. Despite this difference in training, Parsis and other Gujarati merchants cooperated closely. Until the 1860s the great families of the city lived in close proximity in the Fort area, the centre of all banking and mercantile activity.[46]

The most important of all Parsi entrepreneurs, and the founder of the Indian iron and steel industry, Jamshedji Nasarvanji Tata, was the product of many of these earlier developments. His father, Nasarvanji Tata, was born in Navsari in 1822 of a priestly family. As a boy the father received business training from a country banker in Navsari and subsequently he migrated to Bombay with his father. Here he was apprenticed to a Hindu banker and general merchant, where he learned to deal with the weights and measures used in business, which varied from district to district, and also to understand which were the most suitable localities in which to acquire particular commodities. With some business successes to his credit, he established the firm of Nasarvanji and Kaliandas with a Hindu partner, built a large house in the Fort district, and became one of the first foreigners to set foot in

Japan. With the increasing price of Indian cotton as a result of the American Civil War, the firm of Nasarvanji and Kaliandas established their agents in the various cotton-growing districts and ran an extremely successful business, acquiring an interest in several smaller houses. In 1867 Nasarvanji Tata obtained the contract to furnish supplies for the troops taking part in the Bombay expedition against the ruler of Abyssinia; from the profits he was able to retire.[47]

Nasarvanji's only son and India's greatest industrial pioneer, Jamshedji Nasarvanji Tata, was born at Navsari in 1839 when his father was only 17. He was sent to Bombay at the age of 13, given a Western education at the government's Elphinstone College and, in 1859, entered his father's business with the task of promoting the China trade for the family firm. J.N. Tata was sent to Hong Kong and subsequently Shanghai, where branches of the firm were established. The business dealt chiefly in cotton and opium imports and with return consignments of tea, silks, camphor, cinnamon, copper, brass and Chinese gold. In connection with the cotton trade, Tata visited England in 1864 and stayed on for four years. He was fascinated by the industrial success of Manchester and developed the desire to replicate this in India. On his return to Bombay, he bought an old mill and in 1869 he converted it into a cotton mill. Within two years he had disposed of this, working out a new plan whereby he would locate a mill away from Bombay, well within reach of the cotton supplies, close to a profitable market, with the most modern machinery and in an area where supplies of both coal and water were available. In 1874 he journeyed through the cotton-growing districts looking for a suitable site and, after some setbacks, settled on Nagpur in the Central Provinces, some 800 kilometres from Bombay. The town was the chief market for many kilometres around and was also the terminus of the Great India Peninsula Railway. The Empress Mills were opened in 1877, innovative not only in their locality but also in J.N. Tata's intention to create a concern which would be a model for other mill-owners. In England again to buy a large amount of new plant, he determined to introduce an invention which would revolutionize

the entire mill industry. This was the ring spindle, and with its installation ring spinning nearly doubled the output of the mills. New machinery was his passion, as was the education of his workforce to high standards of performance.[48]

The Empress Mills made considerable profits under the control of a company, Tata and Sons, which included several family members. This encouraged further innovation. So far Bombay mills had specialized in weaving coarse cloth for home consumption, or spinning the lower counts of yarn suitable for the Chinese market. Superior woven cloth was nearly all imported. Tata decided to compete with British manufacturers by spinning a finer yarn and weaving finer materials from local cotton. The pioneering force in this venture was the Swadeshi Mills, the yarns from which had considerable success in the China market and also as far afield as Java and Smyrna.[49]

Tata's entrepreneurship did not stop here. As a comparatively young man he had thought of building an Indian iron and steel industry, producing electric energy for economic purposes and promoting technical education for Indians. His initial plans did not receive adequate support but later he did receive encouragement from both the India Office and the Viceroy of India, Lord Curzon. At the turn of the century, after visiting American steel plants, he funded research in various parts of India to discover the best location for a plant. He died in 1903 during the planning phase but his sons pursued his vision, and the steel works were finally built with American financial and technical collaboration in Jamshedpur in Bihar, an enterprise of the Tata Iron and Steel Company (TISCO) founded in 1907.[50]

The establishment of superior types of mills and of an iron and steel industry could be said to usher in a period where Parsi economic collaboration with the British became more complicated. In the middle of the nineteenth century British officialdom was forging an alliance with the leading representatives of commerce in Bombay city similar to the economic alliance between private traders and local merchants in agency houses several decades earlier. The leading merchants of the

city were given the respectful designation *shet*, and at the pinnacle of these *shet*s stood the richest merchant princes of the city, the great *shetia*s, among whom there were many Parsis.

The Bombay *shetia*s were important to the British Raj in Western India. Writing of the leading Baghdadi Jews in November 1862, Governor Sir Bartle Frere noted: 'They are, like the Parsees, a most valuable link between us and the natives – oriental in origin and appreciation – but English in their objects and associations, and, almost of necessity, loyal.'[51] Frere was most concerned to carry the rich mercantile community with him in all his projects – educational, building, or beautifying the city. Close association with the Parsis in particular was, however, possible because they had no taboos on mixing with Europeans. The hospitality and spectacular entertainments of the Jijibhais, the Wadias, the Banajis and the Readymoneys attracted all important members of the official community from the Governor down. Officialdom came to rely on those *shetia*s which it knew to be well disposed to the Raj. Jamshedji Jijibhai became a confidential adviser to several Governors of Bombay and, of the first thirteen Indians to be appointed Justices of the Peace in 1834, nine were Parsis.[52]

This symbiosis continued into the twentieth century, under somewhat differing circumstances. The cotton textile industry and the cotton trade continued to be the two mainstays of Bombay's economy. By 1920 Bombay's industrialists dominated extremely broad economic power bases, with approximately fifty individuals controlling the whole Indian-owned mill industry together with most of the other secondary industries and the Indian-owned modern financial institutions. Five great family-based managing agencies, including the Parsi Naoroji Wadia and Sons, Tata and Sons and D.M. Petit Sons and Co., controlled over half the spindles and looms in the city, yet in 1921 there were only 84,868 Parsis in Bombay. In 1924 Parsis comprised 18.3 per cent of the paid-up capital of the Bombay textile industry, controlled 28.1 per cent of the total spindles and 34.9 per cent of the total looms and held 26.4 per cent of the directors' positions. Some of these houses also controlled

their own joint-stock banks and gave their children a technical education.[53]

Nevertheless the 1920s and 1930s were a frustrating period for Parsi mill-owners. The cotton textile industry increased its production by almost 50 per cent during the 1920s, but Japanese success in the Indian market was becoming more and more apparent. The Bombay mills were particularly affected by Japanese inroads and the Bombay cotton industry practically ceased to expand after 1922. Families such as the Petits began to move out of mill-owning, investing their capital in property and other assets. Nevertheless the managing agency system, which allowed a single firm to control a considerable number of companies with minimal investment in each of them, continued and this favoured the concentration of economic power in a few hands. The Tatas attained the position of the biggest indigenous group, with in 1931 Rs 26 crores invested in companies controlled by the group.[54]

In this period of the florescence of the Bombay textile industry, with its huge Parsi involvement, the close relationship of the Parsi industrialists to the British was subject to varying changes in fortune. J.N. Tata, more than any other Parsi entrepreneur, had been an economic nationalist pursuing various courses which would encourage India's economic self-sufficiency. But, generally speaking, Bombay industrialists were only moderately inclined towards the Indian National Congress's doctrine of economic nationalism and they were by and large opposed to the nationalist movement.[55] The Parsis among them in particular had already become enmeshed in European culture and attitudes and their economic position gave them common interest with government policies in relation to infrastructure and markets. There was much mixing on a business and political level. Many Indian-owned mills placed Europeans on their boards, and the reverse also occurred. In 1925 three Europeans sat on the boards of three Parsi-owned mills, and eight Parsis sat on the boards of European-owned firms. Parsi industrialists continued their nineteenth-century tradition of acting as agents for European firms. The Wadias, for example, held the European agency of

Platts, British mill machinery suppliers, as well as of other European firms.[56]

Gradually the official view of empire, particularly after the war, came to be one that regarded Indian industrial enterprise as beneficial to British Indian interests. For the Tatas, for example, their symbiotic relationship to the colonial state was structurally induced by the nature of their major business interests. The state was directly or indirectly the biggest buyer of some of their products – rails – while they were the only Indian suppliers of steel and rails to government railways and arsenals. Victory in Mesopotamia had only been possible due to the rails supplied by the Tatas. From 1918 a situation of mutual interdependence evolved between the imperial government and India's leading industrial group. In addition to this economic interdependence, the British were required to cement certain alliances in the face of the rising nationalist movement. The result was a measure of protection granted to certain industries, particularly in 1924 to the iron and steel industry. This policy was successful in moving the Parsi industrial elite of Bombay city away from any possibility of collaborating with the Indian National Congress. The early 1930s were a period of contraction in world trade; the Tatas and other groups wanted to gain as much benefit as possible from the imperial connection, in particular easy access to the British market and some protection against non-British competitors in the Indian market. Only towards the close of the 1930s was there some rapprochement with Congress, but by then it was too late to seriously influence Congress economic policies.[57]

The Parsi Moral Community

Chris Bayly has placed considerable emphasis on the notion of the moral community of the merchant in his study of the North Indian mercantile elite in the hundred years after 1770. To be part of these communities of trust, the merchant was required to play an active and steady part in the temple as well as the bazaar. Reverence for religious values was required. 'Moral

peril and economic unreliability', says Bayly, 'were seen to be closely connected.'[58] Not surprisingly, considering their minority status, Parsis participated in a moral community of shared religious values which were unique in Western India and which appear both to have given them economic motivation and to have attracted the British to them.

Parsis are followers of the Iranian prophet Zoroaster. The core of Zoroastrian belief is that the world is in no sense perfect but rather the scene of confrontation between God, Ahura Mazda, the creator of every good thing, and an opposing spirit, Angra Mainyu, the source of evil and death. Man has the free will to stand up for the good principle, but to do this he must not involve himself in the renunciation of worldly life or turn to ascetic values. Traditional Zoroastrian teachings are found in the holy book, the Avesta, and in Pahlavi (Middle Persian) literature. The teachings emphasize that good deeds done in support of the good principle are done in the material world and that material work is intrinsically good. Man possesses free will and conscience so that he can commit himself to good or evil through his own responsibility. Important for our purpose is the emphasis in Zoroastrian teachings on the achievement of the victory of good by working, coupled with self-reliance and self-help. Such teachings, Zoroastrian scholars have argued, were favourable to the development of individual effort and human energy. The goal of work in the material world being the establishment of the Kingdom of Perfect Order, to be created in the mundane world with material goods, a high worth was placed on these goods.[59]

Scholars further argue that the increasing material wealth of Zoroastrian believers is regarded as glorifying Ahura Mazda. A verse testifying to this is repeated sixty times throughout the Gathas (seventeen hymns contained in the Avesta), bearing witness to the central importance of a believer addressing his efforts towards ever-increasing prosperity. In this way the Parsi joins a moral community. He must keep the wealth he has won through hard work and so he establishes his certain religiosity. Certain aspects of the Zoroastrian marriage and initiation

ceremonies echo Zoroaster's teaching that it is good not only to acquire but also to maintain wealth. The Parsi learns from his religion to affirm life, to be active in shaping the world, and to see his material reward as proof of his espousal of good principles.[60] It was these values, argues Robert Kennedy, that shaped the commercial bent of the Bombay Parsi's mind in the nineteenth century and even before. Of course, Parsis also required opportunity to pursue their inclinations, but the value system of the moral community cannot be overlooked in explaining their enormous commercial successes under British rule.[61]

This account of the Parsi value system has not been and cannot be anchored to the biography of any particular individual acquiring wealth at any particular period. There are however certain insights we can gain from the historical material available. One concerns the Parsi priesthood, which was a hereditary occupation but which did not exclude members of priestly families from taking up secular occupations. It is interesting to note that some of the greatest Parsi commercial magnates, beginning with Rastamji Manakji and continuing on to both Jamshedji Jijibhai and J.N. Tata, came from priestly families.[62] Their understanding and absorption of the Parsi scriptures can be assumed to have been more thorough than that of other members of the community. In fact Rastamji Manakji passed through the ceremony of initiation into the priesthood at the age of 40; his biographer celebrates him as a person of deep faith, and barely mentions his success in business, reflecting perhaps Rastamji's own priorities.[63]

It appears that from the beginning of the Parsis' economic success that there were movements among successful businessmen to purify the religion and query the authority of the priesthood, leading to the latter addressing themselves to their fellow priests in Iran. As early as the fifteenth century, Parsi priests of the sacerdotal centre of Navsari sent an Indian Parsi to Iran to obtain guidance on certain religious and social questions relating to Parsis. This consultation continued, and from the same period the first of a series of letters or *Rivayets* was sent by Iranian co-religionists to answer Parsi questions relating to religious practice. These letters continued until the eighteenth century. Although it has been noted that the letters show clearly that the spirit of the Zoroastrian religion was alive in India, they have been interpreted as implying an increased reluctance on the part of the laity to comply with priestly teachings and decisions. The priests, on their part, were looking to a higher authority which could pronounce on ritual duties rather than on philosophical or canonical themes.[64] Certain leading Parsi commercial families, joined by the Kamas, the Dadiseths and the Patels, led a split in the community in 1746, ostensibly over the dating of the Zoroastrian calendar. The Dadiseth fire-temple was the centre of an 'Iranizing' movement, migrant Zoroastrian priests bringing ancient texts and traditional knowledge; attempts were made to inculcate a strong consciousness of the Zoroastrian heritage.[65]

This tradition of Parsi *shetias* taking over the role of purifying religion from a weakened and ill-educated priesthood continued in the nineteenth century. English policy in Bombay had been from the beginning to encourage various communities to form *panchayats* (councils to arbitrate internal or group disputes), and the Parsi *panchayat* of Bombay had been established between 1673 and 1728. The five founding members included the three sons of Rastamji Manakji from Surat, and the positions on the *panchayat* became hereditary in certain merchant families. In addition to all its duties in relation to migratory Parsis from Gujarat, from the early nineteenth century it concerned itself more and more with purifying Parsi customs from Hindu and Muslim influences. Parsi priests played a relatively subordinate role in what was largely a *shetias* movement.[66] These *shetias* attempts to purify the Zoroastrian faith became more earnest when, by the 1850s, they were joined by young Parsi graduates from the newly founded Bombay University.

In 1851 K.N. Kama financed the establishment of the Rahnumai Mazdayasnan Sabha, led by a young graduate, with the aim of purging contemporary Zoroastrianism of ceremonies

and beliefs which made it ridiculous in the eyes of Western rationalism – in particular the extravagant ceremonies associated with funerals, betrothals and marriages; the custom of infant marriage; and the belief in astrology. In fact the lectures and pamphlets of the Parsi intelligentsia initially outran the views of the original *shetia* reformers, but in time the desire to reconstruct the Parsi past and to research into its literature animated *shetias* and intelligentsia alike, resulting in publications from both sides on current Iranian glories, Iranian literature, and an investigation into the community's history, customs and religion. It was realized, however, that real knowledge could come only by applying contemporary philological techniques to the Zoroastrian sacred texts and languages, by means of which the Parsi priesthood would be reformed. The leader in this enterprise was Kharshedji Rastamji Kama, a second cousin of K.N. Kama. Returning to India from England in the late 1850s, he stopped for some time at Paris and Erlangen to study Iranian languages with some of the leading European scholars. On his return to Bombay he opened an informal class in 1861 to instruct a small group of priests in the new scientific approach to their sacred books, and in 1864 he established a society to further this work. The aim of the society was to enlist the sympathy of traditional scholars for the new research, in the hope that an authoritative version of Parsi religious belief could be placed before the Parsi public. A number of sacred works were translated due to Kama's patronage, and he himself produced works based on original sources.

Other *shetias* assisted. In 1854 K.N. Kama set up a priestly school to teach Zend, Pahlavi and Persian to the priesthood. In the 1850s, too, Jamshedji Jijibhai set up a translation fund to enable the fruits of modern research to be presented to the community. In 1863 he followed with the founding of a priestly college to which other *shetias* contributed funds. Advances in religious education continued for the rest of the nineteenth century.[67] The Parsi moral community benefited greatly from the religious motivations of its business leaders, and these motivations undoubtedly assisted them in their commercial life.

The Parsi moral community was enhanced by the establishment of a comprehensive welfare system under *shetia* control, based again on the religiously motivated attitude that the possession of wealth is a fundamentally positive attribute. Parsi charities were remarked on even from the days of Rastamji Manakji in Surat, when the broker constructed roads and bridges, assisted the poor, and paid for religious ceremonies and some of the clergy's needs.[68] Subsequently in Bombay the Parsi *panchayat* administered benevolent funds and, even after its technical demise after 1830, it continued to administer charitable foundations and public welfare activities. Some of the largest merchants in the China trade in the early nineteenth century, such as S.M. Readymoney and P.B. Wadia, were immensely charitable and fed thousands during the Gujarat famine.[69] On the announcement of his knighthood in 1842, Sir Jamshedji Jijibhai established a fund which evolved into the Sir Jamshedji Jijibhai Parsi Benevolent Institution, to educate the poor of the community in Bombay and Gujarat. Aware that the trade of the Parsi weavers in Gujarat had been entirely destroyed, he understood that education would provide them with alternative employment.[70] Other *shetias* of the Petit, Readymoney and Tata families endowed hospitals, schools, libraries and university buildings.[71] It has been argued that involvement in this philanthropy was consistent with the cautious, risk-averse character of the merchant mentality, a way of establishing one's credibility as a trustworthy businessman. Forms of giving changed under the imperial power, but merchants continued to show their desire to maintain their reputations within their community by strong charitable involvement with schools, libraries and hospitals.[72] In accommodating to the influence of Victorian values, Parsi merchants were able to gain considerable respect in imperial circles and at times even to act in solidarity with British officials.[73]

The final metamorphosis of the Parsi community, just as it was undertaking the reform of its religious practices, was its increasing Anglicization. It has been argued that, long before the introduction of English education in Bombay in the early

nineteenth century, there was a religious affinity between the two communities. Governor Aungier in the seventeenth century drew attention to the parallels between Zoroastrianism and the Protestant faith: judgement was based on morality and ethics and early travellers commented favourably on the Parsis' monotheism, their lack of idols and their high moral standards.[74] The high regard of the British for the Parsis, and the latter's ready response in adjusting some of their social customs to British tastes, fostered the Parsi commercial rise and the advancement of the entire community.[75]

The initial Parsi response to opportunities for English education in Bombay came not from the major families but from those below them who saw an opportunity for their sons to rise. A far higher than average number of Parsis acquired the language and educational qualifications necessary for access to new types of occupation in administration, law, education and health as well as in the commercial and technical branches. In 1898 forty out of seventy-three Indian lawyers in Bombay were Parsis; similarly, four out of the twelve higher Indian civil servants were Parsis. Journeys to England for education became more and more common. A survey of Indians in 1884 indicated that Parsis formed 70 per cent of the student body. By the end of the nineteenth century there were three Parsi members of Parliament in Westminster. The British also raised leading Parsis to the nobility. By 1908 three Parsis had been made hereditary baronets, and a total of sixty-three Parsis received knighthoods up to 1946. Gujarati, although still spoken within the family, had been replaced by English as the cultural and educational language of the Parsis.[76] A Parsi author, writing in 1884, stated: 'The Parsi mode of life may be described to be an eclectic *ensemble*, half-European and half-Hindu. As they advance every year in civilisation and enlightenment, they copy more closely English manners and modes of living.'[77]

This final stage in the development of the Parsi moral community, in which the community became Anglicized while taking care to reform its own customs and religion, constitutes only part of a long process which Eckehart Kulke calls

'selective assimilation'.[78] And Parsis selected to their advantage. The Parsi intelligentsia, unlike the Parsi *shetias*, added much to the economic philosophy of the Indian National Congress. Their English education and upbringing did not prevent them confronting their English rulers with theories such as Dadabhai Naoroji's 'drain of wealth' argument. But even in this they were true to the hopes of the statesman who had introduced English education into India. 'We must', said T.B. Macaulay in 1835, 'at present do our best to form a class who may be interpreters between us and the millions whom we govern – a class of persons, Indian in blood and colour, but English in taste, in opinions, in morals and in intellect.'[79]

Reprise

Max Weber was concerned with the characteristics of the entrepreneur, and particularly with his 'spirit'. He saw him possessed of 'clarity and vision and ability to act' and characterized by 'very definite and highly developed ethical qualities'.[80] Later writers on the sociology of entrepreneurship, such as Schumpeter, stressed creativity and the ability to undertake 'deviating conduct'.[81] Turning to India, Weber failed to find the entrepreneurial personality:

> The conception that through simple behavior addressed to the 'demands of the day', one may achieve salvation which lies at the basis of all the specifically occidental significance of 'personality' is alien to Asia ... They were, indeed, protected by the rigid ceremonial and hierarchic stylization of their life conduct from the modern Occidental search, for the individual self in contrast to all others, the attempt to take the self by the forelock and pull it out of the mud, forming it into a 'personality'.[82]

Yet of all the stranger communities dealt with here, it was an India-based diaspora, the Parsis, who were most congruent in their personality type with their European partners. They made a decisive and rapid transition to the industrial civilization of the nineteenth century, the first Parsi steam sloop being assembled in 1829. Just as sixteenth-century Seville had

implications for Manila, nineteenth-century Manchester had consequences for Bombay, and, in the case of Bombay, conjoining was voluntary rather than imposed.

It has been argued by Everett Hagen that differences in personality, rather than differential circumstances, were the major reasons for Britain's primacy in the Industrial Revolution.[83] Britain's diverse and long-continued superiority in technical innovation during the early modern era and the eighteenth century, Hagen claims, was the result of an innovational mentality in all spheres of life, including government. The British personality was marked by trust in an individual's own capacity,

> a resultant willingness to approach the world around oneself and operate on it. Further, this personality was characterised by objectivity, an ability to understand the attitudes and reactions of other persons and thereby adapt social institutions to new situations.[84]

For at least a century after its founding Bombay was isolated and remote from other British settlements in India; its existence was precarious and its growth difficult. In the Parsis the British found a community which 'could do the things the English most valued better than the English themselves'.[85] They were consummate shipbuilders and at length they had in service many British ships and captains. The two stranger communities discovered an affinity. The cross-fertilization of these two communities is remarkable, and nowhere more so than in the field of industrial endeavour, where a series of Parsi personalities achieved enormous technical and organizational successes. Both communities were marked, in Schumpeter's words, by 'creative response', by the ability to 'do something else, something that is outside the range of existing practice'.[86]

Notes

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From Gujarat to Zanzibar: the Ismaili Partnership in East Africa 1841–1939

The British experiment in opening up East Africa to economic development after 1886 would have been a difficult enterprise without the willing participation of certain communities from Western India. From the earliest decades the official view was that East Africa was 'the natural outlet for Indian emigration',[1] accepting at the same time that a certain area might be reserved for white settlement. Of the Indian Muslim communities which took up these new opportunities, one of the most prominent was that of the Ismailis from Kutch in Gujarat, commonly called the Khojas. It is intended to argue here that the Ismailis succeeded economically in East Africa not merely because they entered the region under British patronage, but because they had earlier adapted themselves in a variety of ways to success in a new and challenging venture.

The Ismailis possessed a unique and many-textured identity. Their homeland, Kutch, to the north-west of Gujarat and adjacent to Sind, was a treeless, barren and rocky region surrounded by water and waste land. The region was known for its frequent recurrence of scarcity and famine, while more than 50 per cent of its total area consisted of the uninhabitable Rann of Kutch. Outmigration was a way of life in Kutch, which also possessed a coastline bordering on the Indian Ocean, giving the area the double advantage of established trade routes both by land and by sea. The main port of Mandvi