

NATTUKOTTAI CHETTIARS
BUSINESS PRACTICES AND PERSPECTIVES

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By

Punitha. A

Ph.D. Research Scholar (Part time – Internal)



Under the Guidance and Supervision of

Dr. Chitra Sivasubramanian

Associate Professor,
Department of Management Studies
Pondicherry University

Department of Management Studies

School of Management

Pondicherry University

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Nattukottai Chettiars

Business Practices and Perspectives

Dr. R.Chitra Sivasubramanian

Associate Professor
Department of Management Studies
School of Management
Pondicherry University
Puducherry – 605 014

CERTIFICATE

This is to certify that the thesis entitled “**Nattukottai Chettiars – Business Practices and Perspectives**”, submitted by Ms. Punitha. A, Research Scholar (Part time – Internal) to the Department of Management Studies, School of Management, Pondicherry University, Puducherry for the award of the degree of Doctor of Philosophy, is a bonafide record of research work carried out by her under my supervision. The contents of this thesis, in full or in parts, have not been submitted to any other Institution or University for the award of any degree or diploma.

Dr. R.Chitra Sivasubramanian
Research Supervisor

Place:

Date:

Punitha. A

Research Scholar (Part time- Internal)
Department of Management Studies
School of Management
Pondicherry Univeristy
Puducherry – 605 014

DECLARATION

I hereby declare that the research work in this thesis entitled “**Nattukottai Chettiars – Business Practices and Perspectives**”, submitted towards the degree of Doctor of Philosophy in Management is the original work done by me under the guidance of **Dr. R. Chitra Sivasubramanian**, Associate Professor, Department of Management Studies, Pondicherry University, Puducherry. I further declare that the content of this thesis, in full or in parts, have not been submitted by me to any other institution or University for award of any degree or diploma.

Punitha. A

Place:

Date:

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Abstract

Nattukottai Chettiars, also called as Nagarathars, hails from the southern part of Tamilnadu. The place they inhabit is called as “Chettinadu”, meaning –the land of Chettys. Chettiars are southern equivalent to the “vaishyas” or “baniyas” of Northern India. The Nattukottai chettiars stand out for their adventurous spirit of entrepreneurship, as the history mentions them as Maritime traders. They acquired huge wealth and fame during 1800- 1940s by venturing into the Southeast Asian countries as money lenders and traders. Their indigenous banking system, combined with organizing and accounting skills that were compared with the European bankers, made their centuries -1800s and half of 1900s- full of money. Frugal, spiritual and simple chettiars found their way in the development areas of Burma, Malaysia, Singapore and Ceylon, out of which, Burma was their important head quarters for banking operations in the past century.

The Business Practices and the kinship network is the base of their success story and that was studied thoroughly in this research work. The intra-Society of chettiars, which forms a vital part of their business, is perceived under various factors that influenced their business. The Economical, Political and Socio-cultural perspectives are brought out in the broad sense of business.

The wealth gained by the industrial giants from this community is duly given back to the society in various forms. The study also appraises the role of Nattukottai Chettiars in development of the state in the areas like Education, Health Care and Spirituality. The study tries to relate the Business Values of these groups with the community values, family values, cultural values and historical values.

As an outlook, the research work tries to revisit the success story of a clan and kinship network and tries to understand the mistakes that caused their fall under different perspectives. This work is a qualitative study, using case study method.

1 Introduction

1.1 Business Communities of India

The Indian Society is special and unique for its diversified ethnic groups with various complexions, religions, languages and culture. Caste and Communities are indispensable in the economic strata of the country, as the centuries of practice has infused our system with categorically classifying the people other than economic and education status. When trying to define the term community, after a long and deep search, the definition that suits better is “beyond the concept that people are involved in community, there is no complete agreement as to the nature of community”¹.

The economic and commercial activities of the Indian society historically have been dominated by the influential and powerful business communities of India. The “*varna*” system categorically specifies the “*vaishyas*” to conduct trade and business. The people who have been in this category had grown into merchant communities. Called by various names all over the country like “*baniya*”², “*Vaniyar*”, “*Seth*”, “*Chetty*”, “*Komatti*” and so on, these business communities truly have played their part well in the area of banking and trade. Curiously, if keenly observed, one can see the shade of same words but slightly modified with regional accents and tones.

The major business communities³ of India are Banias, Marwaris, Khattris, Bhatias and Parachas in the North India, Gujarathi Banias, Parsis, Sindhis in West and Chettiars and Komatis in South India. Here we need to understand that Komatis are also Chettiars,

¹Hillery, G. A. (1955). Definitions of Community: Areas of Agreement. *Rural Sociology [Serial Online]*, 20 (2), 111-123.

²“baniya” in north is equivalent to the term “Vanigar” or “vaanigar” in Tamil. It is to be noted that “the syllable “B” and “V” are often interchanged in north and south of the country. “vaaniya Chettiar” is a popular caste in south India

³C.A.Bayly. (2011). Merchant Communities-Identities and Solidarities. In M. M. Kudaisya (Ed.), *The Oxford India Anthology of Business History*. New Delhi, India: Oxford University Press.

but the wide usage of term Chettiars mentioning the “Nattukottai Chettiars” of Tamilnadu thus differentiates the region. In India, the family business and Community business are to be synonymously studied with the castes. Caste system is the corporate element critical in structuring the business communities, particularly the Chettiars⁴.

The society’s perception towards the traditional business communities is very complex. On one hand they were seen as parasites and usurers and on the other hand, there is a grateful view for those business communities who carry on charity works like building schools, choultries, ponds, lakes, hospitals and temples. In villages many people see the traditional merchants and moneylenders community as of paternal sponsors on economically bad times.

According to many Indian Business historians, it is evident that the Colonial Rule encouraged the businessmen to exploit the society including poor as their only motive is to cater to the needs of the European population. As a consequence to this long rule, the society had an ill view on Businessmen as a whole. Merchants, let them be petty shopkeepers or money lenders, were viewed as parasites.⁵ As per *Dharma*, they were seen as destroyers of the society. But still, for some communities, Colonial period gave a change, for example Nadars of Tamilnadu who were eking their livelihood as toddy tappers found business attractive and they emerged as a highly visible business community of south India.⁶

Till date, the identity of these communities mostly remains as business. However, the occupation of the majority of these people has changed. The narrow distinction between the community and caste is not properly defined in India and hence the noble goal of community gets tainted with caste color. The group of people with same occupation, and

⁴(C.A.Bayly, 2011, p. 99)

⁵Ambirajan, S. (1991). Changing Attitude towards Business in India. In D. Tripathi (Ed.), *Business and Politics in India-A Historical Perspective* (pp. 1-18). NewDelhi: Manohar Publications.

⁶(Ambirajan, 1991)

from the same geographic location with similar food habits develops a common dressing pattern, due to the climate of the region and availability of food, develops a common behavior and thus forms a culture. When they marry among the group, they become relatives and at one point of time this group, as a community acquires a name, mostly based on their occupation or area.⁷ When a member moves out of the trading community and say becomes a doctor, by concept, he joins the doctor's community, called as "vaithiyar". But, when he is named under a certain caste, the grey area becomes darker and by generations the community and the original purpose of forming groups disappears. This is a common phenomenon and Chettiar community as any other business community in India is undergoing a sea of changes and struggling to stick on to its original identity of tradesmanship.

1.2 Importance and Influence of Business Communities in India

The modern society, may it be business, politics, Judiciary or media, the happenings we see around us or looking at the glimpse of it in the newspapers every morning often gives us a feeling chill and still, not knowing the righteousness of the path we are moving into. All the incidents, developments – good or bad –when deeply dug, often end up in the alley of business and are interconnected directly or indirectly to industries. We are never away from business houses. Society and business are interdependent, and in the right sense business is for society and it is not vice versa.

Unfortunately, Indian economy and society are deep rooted with the concepts of community. The age old varna system created a separate class called "Vysyas" who were assigned to do the trade. The communities that have carried trade as tradition for long time are usually called as Business Communities.

⁷Vasudev, S. J. (2013, April 15). *The Four Tiers of the Indian Caste System*. Retrieved March 10, 2016, from Isha Blog: <http://isha.sadhguru.org/blog/>

From the day one, seen as people who are concerned with profits, the vaisyas have not commended much respect in the literatures or scriptures. Manu Dharma quotes businessmen as “deceivers in open day light” and compared them with “Sudras”. This image of business communities are centuries old and stayed. Although side by side the image of charities and donations by business communities are also accepted by the society, the thought of “charities and donations” too come from the excess or overrated profit made by them lingers in the minds of common people.

The Indian Business scenario had seen relatively very few business communities dominating the whole economical platform, given with such a diversified class and community systems for one big country. The major players Tatas from Parsis and the Birlas from Marwaris are still referred to as the synonym for being rich in rural India.

What we see as the influence they veil in politics and the administration of the nation is only the tip of the ice berg. Right from the days of Swadeshi kings to Moguls, then British to Ghandhi and congress, the dominant business communities were close to the ruling throne and enjoyed preferences and privileges more than the common soldiers or farmers. Being under the patrons of kingdoms for hundreds of years, the loyalty towards the throne has become a part of their tradition. But, the healthy survival of their business is put up front even before the loyalty.

1.3 Introduction to Nattukottai Chettiars

Commonly called as Chettiars, this unusual community of South India, hails from the interiors of Tamilnadu. The land they come from is called as “Chettinadu” –meaning “the land of chettys”. With a rich heritage and much richer history, this community has seen many facets of ups and downs. They are mostly mentioned as “Nagarathars”, by them, meaning those who are from “Nagarams” – towns.

Chetty is the term commonly used for the vaisya caste in south India similar to the Banias in North India. The term ‘ar’ is added to “Chetty” to mark respect, as the term “ar” means “elder brother” in tamil. It is a common phenomenon in tamil nadu with many other castes like the “mudali” (which means the first person or leader) called as “mudaliar”. This change is relatively recent from around 1920s, and the documents prior to this period

mention them as “Chetty”. The literatures during this change in term mention chettiars as “chettyars” with a “ y” instead of “I” as it is used now. For the comfortability of spelling and pronouncing, later slowly the terminology got changed to “Chettiars”.

When “Chetty” is considered as a caste in the Indian social system, what makes some of these castes based business groups still called as communities by the historians and sociologists? When this curious question lingered in the front row of the research questions, the following definition seems fit to be an answer: “Community is an aggregation of individuals belonging to a definite geographical area and bound together by certain degree of cultural and economic interdependency”.⁸ According to this definition, the Chettiars to be called as community seems to be right as they have a definite geographical boundary, strict cultural practices and a totally economical interdependency displayed during the period 1800-1950s.

Further, the present scenario of their dispersion to various places in India and abroad still makes them called as community as the other definition of community goes as “functional elements generating cooperation and collaboration among the members of a collectivity, regardless of spatial boundaries.”⁹ The Nagarathar Associations are found in almost all the towns of India and major cities of the world, and their functioning of conducting common festivals like “*pillayar nonbu*” at the temples most often built and maintained by them.

1.3.1 Historical inference/ Maritime Trading

The modern research studies on historical facts are mostly based on documentary evidence. Any fact or information on the community of chettiars are not available until the 17th century, which throws light on their salt trading activities in the interior regions of

⁸Tripathi, D. (1984). *Business Communities of India*. NewDelhi, India: Manohar Publications.

⁹(Tripathi, Business Communities of India, 1984)

Tamilnadu.¹⁰ They were known in the ancient period as maritime traders, settled in the port town of Kaaviripoompattinam for many centuries. They have been in various kingdoms even before they settled in this port town. After kaveripattinam, they have moved to the present day settlement, chettinadu.¹¹ Maritime trading was the major occupation for the chettians. Money lending has become the profession for the past few centuries.¹²

Much noted for their sharp business acumen, frugality and simplicity, Chettians are as well much criticized for usury in the Colonial history. Where they claim high level of respect in the ancient Chola period for their honesty, ethicality, charity and spirituality they face accusations of being rigid, unethical, and greedy in the later years. They internationalized themselves, owing to their unique set of skills of entrepreneurship, financing and socio-cultural acumen right from the beginning.

1.3.2 Geographical Location

Chettinadu refers to the village clusters that were inhabited by the chettians. The number of villages and dimensions is debatable as there are various documents stating different statistics. However, the transition in their occupation from salt traders and maritime traders in historic period, moneylenders and indigenous bankers to industrialists and retail traders in present day have fanned them all over the world. Hence, the concentration of chettians found in the chettinadu has deteriorated day by day and it is very thin or nil in some of these villages today. What still makes these places as chettian villages are the annual temple ceremonies attended by the family members, the temples still receiving huge donations and maintained by chettians, the clan temples maintaining the

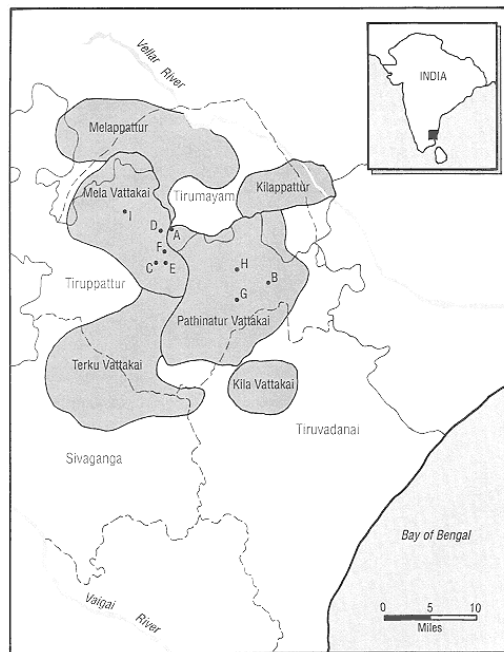
¹⁰Rudner, D. W. (1987). Religious gifting and Inland Commerce in Seventeenth Century South India. *Journal of Asian Studies*, 46 (2).

¹¹Thurston, E. (1909). *Castes and Tribes of Southern India* (Vol. V). Madras, India: Government Press.

¹²Grantham. S, M. A. (15th June 1930). *Burma Provincial Banking Enquiry Committee, 1929-30*. Rangoon: Government of India.

population registry and marriage registry of chettiers and the partly abandoned grand palatial bungalows without people living in it. It is a constant struggle for those who live in these big mansions to connect the two different points of economic statuses –once abundantly rich in wealth and heritage and now only the crumbling heritage and nothing else.

The chettiar legacy has that previously there were 96 villages,¹³ but slowly it got reduced to 80 villages under 7 clusters namely Melapathur, Kilapathur, Mela Vattagai, Kila Vattagai, terku Vattagai, Pathinaru Vattagai, and Neendakarai Pirivu. The list of villages is enclosed for reference in the appendices of this thesis.



Map 1-1: Vattagais and clan temples¹⁴

¹³ A archival group photograph in the Kovilur Mutt museum titled as “96 villages Chettiar Meeting”

¹⁴Source: Rudner, (1994)

According to the Burma Provincial Banking Enquiry Committee Report, which was a British India Government publication, Chettinad denotes a barren waterless region including 58 villages of the Ramnad District of the then Madras Presidency of British India and 20 Villages of the Pudukottai state.¹⁵

There is another count and a list of a total of 75 villages under 7 clusters¹⁶ mentioned by Rudner, with a little contradiction of names of the villages as per the old documents. In another document, Chettinad is mentioned as the property comprising a series of 3 clusters of total 11 villages, and network of 73 villages and 2 towns forming clusters spread over a territory of 1500 km² in the present districts of Sivagangai and Pudukottai in Tamilnadu.¹⁷ The number of villages can be finalized as 75, by simple majority of authors confirming the number.

1.3.3 Nine Temples – the Base

Chettiars basically belong to any one of the nine clan temples, all of them located in the chettinadu area. All of these temples are “Saivaite”, God Shiva and his wife Goddess Shakthi, as predominant deities. It is said that when they moved to the interior part of Tamilnadu from the coastal area on the request of the Pandiya King,¹⁸ he offered them these temples for them to get settled in his country. The temples are Ilayathakudi Temple, Mattur Temple, Vairavan Temple, Iraniyur Temple, Pillaiyarpatti Temple, Neman Temple, Iluppaikudi Temple, Sooraikudi Temple and Velankudi Temple.

¹⁵(Grantham. S, 15th June 1930)

¹⁶Rudner, D. W. (1994). *Caste and Capitalism in Colonial India, The Nattukottai Chettiars*. California, USA: University of California Press.

¹⁷UNESCO, P. D. (2014, April 15). *UNESCO-World Heritage Convention*. Retrieved September 2, 2015, from Chettinad, Village Clusters of the Tamil Merchants: whc.unesco.org/en/tentativelists/5920

¹⁸Chettiar, D. C. (Ed.). (1941). *Dhana Vaisiyaraagiya Nattukottai Nagarathar Charithiram*. Paaganeri, Tamilnadu: Dhanavaisiya Youth Tamil Association.

Chettiar have followed distinguished practices of clan temples like each of the chettiar family, called as “Pulli” is registered in their clan temple registry. When the son of the family gets married, the clan temple registers him as a individual “pulli”, thus recognizing his family. The clan temple of the groom as well as the clan temple of the bride acknowledges the marriage by sending a floral garland. The clan temples further acts as the place of reconciliations and family conflicts settlements. A male and female belonging to the same clan are not allowed to get married, only cross clan temple marriages are accepted, with an exception of two temples – Iraniyur and Pillarpatti . these two temples are treated as brother clan temples and hence, inter-clan temple between these two are not allowed. The clan temples are well maintained with huge amounts of money donated by the chettiars. Clan temples are one of the primary instruments of political integration for the people of Chettinadu.¹⁹

These temples are marveled for their architecture and stone sculptures. The details in the carving of the sculptures on the pillars of these temples are subject to wonderment and the stone pillar tubes²⁰ inside the temple to collect water from the top directly to the deep ground as a water harvesting system shows the responsibility of the collective society in an arid area.

1.3.4 Indigenous Bankers

As per the definition of Jain, “The indigenous bankers are a separate entity intermediate in nature and scale of operation between the money-lenders and the joint-stock bankers. They carry on all the business of a modern bank, but their scale of operation is small, and the form of the enterprise is that of the traditional firm”²¹. Thus, the chettiars

¹⁹Rudner, (1994)

²⁰Big pillars are holed up inside meticulously to use them as water tubes

²¹L.C.Jain. (1929). *Indigenous Banking in India*. London, UK: Macmillan.

operations as money lenders during the colonial period make them the perfect indigenous bankers.

The chettiars were the pioneers in Micro financing in Asia. What began as a communal activity within families and between chettiar families became a phenomenal development for this business community, extending their money-lending activity outside the country too. Their merchant banking activities are earlier to the documentation in western history. As the modern banking developed, the role of micro financing conducted by the chettiars slowly diminished after 1980s. The entrepreneurs like chettiars who starts up with smaller firms in new places and countries has to overcome the “liability of newness” and liability of smallness, and they have done this well.²² Between 1896 and 1930 their total assets rose steeply from 1 to 8 hundred million rupees.²³

Without going for adopting the business methods of their new business places, without learning the language of the people they do business with, without getting accustomed to the culture of the soil, without changing food habits or dress and without changing religion or religious habits, (instead they built their own temples to keep up with their rituals) chettiars have managed well in their business. Where ever they were, they didn't go for joint ventures or partnership with the sons of the soil of other kingdoms or countries. Instead, they cooperated with the Kings and governments to get their business established. This keeps their traditions intact even after 100s of years.

²²Rani Tan, W.-L. T. (2011). From Communal Entrepreneurship to International Networks: The case of the Chettiars in Asia. *The 56th International Council for Small Business*. Stockholm: ICSB World conference proceedings.

²³(Ito, S. (1966). A Note on the " Business Combine" in India- With special reference to the Nattukottai Chettiars. *The Developing Economies*, 4 (3), 367-380.)

1.3.5 Places of Business

The population of Chettiars was around 10,000 in 1896, and in 1921 consisted of about 40,000 Chettiars.²⁴ By 1930, it was 50,000²⁵ and It was predicted to be 80,000 during 1966.²⁶ The recent population status is not clear because there is no caste census data available. With such a narrow area as origin, during 1850 – 1940s, their business connections were wider. Their business areas apart from Madras presidency were in Burma, Ceylon, the Federated Malay States, the Straits Settlements and Cochin China. They have been overseas principally in Burma, and also in Ceylon, Malaya, Singapore and accumulated wealth. The major countries they adventured for conducting business ventures were

- Burma (Myanmar)
- Ceylon (Srilanka)
- Thailand
- Saigon (South Vietnam)
- Federal states of Malaya (Malaysia)
- Singapore
- Sumatra (Indonesia)
- Mauritius and
- South Africa

²⁴ Rudner, (1987)

²⁵ Mahadevan, R. (1976). The Origin and Growth of Entrepreneurship in the Nattukottai Chettiar Community of Tamilnadu 1880-1930. NewDelhi, India: JNU.

²⁶ Ito, S. (1966). A Note on the" Business Combine" in India- With special reference to the Nattukottai Chettiars. *The Developing Economies*, 4 (3), 367-380.



Map 1-2:Chettiar business locations (Starred)²⁷

It is noted that there were correspondents for chettiar firms in London and also in the continent.

1.3.6 Characteristics

Chettiars’ unique qualities and strict adherence to the community rules combined with spirituality and simplicity made them an interesting group. What made them the most interesting is the wealth they acquired in a short span and the business acumen they had. To quote Thurston’s words

“Of all the Chettiars, perhaps the most distinctive and interesting are the Nattukottai Chettiars”²⁸

L.C. Jain mentions them in his book “Indigenous Banking in India”, as

²⁷Source: (UNESCO, 2014)

²⁸ Thurston, (1909)

*“ they have a reputation throughout the land for their spirit of adventure and enterprise, for their natural shrewdness and ability and for their acts of magnificence.”*²⁹

They have a tradition of mobility in seeking trade opportunities. It is widely accepted by many of the researchers’ worldwide that Chettiars are the most enterprising community of South India and the most mobile community too.³⁰ They have shown preparedness for great austerities in pursuit of fresh business openings. The spirit of economy and finance of Chettiars in history is a subject of wonderment. The freedom given to the sons of the family in terms of share in the family estate, investment and management of business and funds, cooking etc gives the man a sense of responsibility and competition among his siblings.³¹

During their thriving period in 1900s, their individualism and asceticism in economic activity and the success hitherto was ensured by the

- peculiar joint as well as independent family system,
- Agency system in Business
- close knit community network
- Chettiar Associations
- sharp intuitive acumen for finance
- natural frugality
- great strong spirituality and
- simplicity

²⁹(L.C.Jain, 1929)

³⁰Takeshi, H. (2015). A comparison of the home remittance systems of Indian and Chinese migrants in South East Asia: Nineteenth and twentieth centuries. In C. K. Jayathi Bhattacharya (Ed.), *Indian and Chinese Immigrant Communities: Comparative Perspectives* (pp. 58-69). Singapore, Singapore: Anthem Press.

³¹(Ito, 1966)

Even though they go overseas to conduct business, there are only few instances in the historical period and colonial period that they have settled over in those countries. They kept their roots firm in their native land. Migration was not their idea. They are very much strong and stable in this concept and never got attracted to the charms of other countries.

As an unwritten rule, they kept their families back home, sent all their earning to their country and made it a rule to come back to the family after earning money, which was usually a period of 3 years. This was followed from the ancient period when they were maritime traders. They will set sail with their articles and goods, do the trading in other countries and come back home with huge profits as a reward for their adventure and risk taken to go overseas in those days without mechanical boats and living at the mercy of the seas for months together.

But, this characteristic seems to have dwindled in the post independence period and present scenario. There is still that adventurous spirit to go abroad not to conduct business but to be employed by other organizations. In the present day context, most of the chettiar youngsters who are living abroad are employees in software industry and some are working as doctors, administrators, bankers etc.

1.3.7 Family

What intrigued most of the western researchers as well as the South East Asian researchers while studying the chettiars family system during 1800-1930s was, their uniqueness of maintaining a certain degree of independence even though living as joint families. Chettiar family system is a mixer of both Indian and western system.³² They lived as undivided family like in Indian Hindu system, with parents and married brothers under one roof. The girls of the house were sent to their husbands house, on the same day of the

³²(Ito, 1966)

marriage and they lived in the husbands house thereafter,. But what makes them unique is the independence of married sons in terms of finance, cooking and family matters.

Houses were built huge to accommodate the sons and his (future) families under one roof. The rice, money and other necessary groceries are calculated and issued to each of the sons family in the house. If any son chooses to spend more, it is allowed but, properly debited in to his account. During the division of assets, which occurs usually after the death of the father, his excess debit is subtracted with interest from his share of assets. This indicates the business conduct is not away from the families. And families were also conducted on the lines of business.

The system slowly vanished into the big waves of modernizing India after independence and now the chettiars are not found to practice joint family system.

1.3.8 Architecture

The Chettiar mansions and palatial houses are widely acknowledged, appreciated and awed with wonderment all over the world for their grandeur in appearance, nuances of art work in their grand doors of Burman teak woods, chandeliers imported from Europe, china cutleries, Italian marbles, Aathankudi tiles, high elevation, big *thinnais*³³, low hung windows, courtyards that is big enough to conduct marriage ceremonies, Concrete figurines on outer walls for decorations, balustrades, parapets, cornices, wooden carvings, stuccos & wall paintings, huge carved columns of wood & stone, arches & porches, roofs capes and upper storey's with art works. What is not mentioned often is the water harvesting and management system inbuilt in the house and the architecture which supports communal living. The present dilapidated condition of empty chettiar mansions which are more or less abandoned by the present day successors who live far away from the native land is mainly due to the high maintenance cost. It is estimated that there is a loss of about 19%

³³(*Thinnais* are like platforms in the entrance of the house)

of heritage buildings, palatial houses in chettinadu.³⁴ But, still a good number of these architectures are surviving to showcase the uniqueness and importance of the water harvesting and culture based building system. The houses which were so meaningful for a joint family set up is not worthy for the community now which found its living in various cities worldwide and living as nuclear families.



Figure 1-1:Chettinadu Palace, Kaanadukaathan

1.3.9 Chettinadu cuisine

Another important identity of Chettiars is their cuisine. No part of the world which has NRIs is seen without a Chettinad Restaurant. The spicy and colorful Chettinad preparations win people with food affinity easily. The facts that are important to note on the chettiar cuisine is that, the main cooks that chettiar families employed are from other communities like vallambar, kallar, valayar etc of the chettinadu area. Food is treated as an important part of any ceremony and marriages and hospitality becomes an identity of chettiars due to their lavish, intense and grand food culture.

³⁴(UNESCO, 2014)

1.3.10 Chapter Summary

This chapter is an effort to consolidate the Chettiars business and culture in a nut shell. Even though they are identified mainly with business in the past, now the mention of this community is associated with diversified areas. This is due to the decline in their business and due to their vibrant socialization in the past few decades, raising the iron curtain of their secluded life style in Chettinadu. It is mostly for the historical architecture and cuisine they are remembered often, pushing the business achievements behind.

1.4 Review of Literature

1.4.1 Research Works on Nattukottai Chettiars

Even though there are a few numbers of studies on the Business communities of India, it is found that the north Indian business communities earn a great prominence than the south Indian business communities. The studies conducted so far on the south Indian business communities are very rare and not frequent, thus missing the documentation and data for years together. The long and rich history of entrepreneurship development of India will not be a complete one without understanding the growth and transitions of these business communities.

The study on Nattukottai Chettiars is not taken up in India as it deserved in terms of business, history, heritage and culture. Very few papers are published so far, and two studies were found relevant as a background literature for this present study. One is the unpublished M.Phil thesis (1976, JNU) of Raman Mahadevan, acclaimed Economic Historian, titled “The Origin and Growth of Entrepreneurship in the Nattukottai Chettiar Community of Tamilnadu, 1880-1930”. The other one is the “Local banking and material culture amongst the Nattukottai Chettiars of Tamil Nadu”, study by S.Sridevi, in 2005, Centre for study of social systems, JNU. Raman Mahadevan has contributed an elaborate study on the Chettiar Community and the overseas ventures. The time line of this study stops at 1930, whereas Sridevi’s study focus on the social systems and the material gifting and possession culture of the Chettiars.

Rudner's anthropological study³⁵ on chettians throws lights on the life style and rich heritage and history of chettians till 1932. The long field visits and stay in India helped him detail the important anthropological facts and information of the Nattukottai Chettians.

Sir James George Scott(1882) in his book "The Burman – His Life and Notions"³⁶give us a fair description of the Chettiar money lenders role in Burma during the end of 1800s. He compares the naïve ever care-less Burmans and the all-knowing businessmen –the chettiar money lenders - and the ill consequences of usury. His narrative explains the competition among the English Business men and others including the Chettians.

Sean Turnell (2005)³⁷had also contributed on the role of the Chettians in Burma in various perceptions. He analyses the Banking and cooperative credit of Burma during colonial era in his study and wonders whether the role of chettians in developing Burma into its present state is properly judged. He studies the rural credit system and effects of Japanese occupation of Burma.

Weerasooriya has a descriptive account on his book in 1974, the Nattukottai Chettians banking operations in Ceylon³⁸. Medha Kudasia tries to bring out the role of chettians in Singapore, and so does the authors Rani Tan and W.Tan³⁹.

³⁵(Rudner, Caste and Capitalism in Colonial India, The Nattukottai Chettians, 1994)

³⁶Scott, J. G. (1882). *The Burman - His Life and Notions* (Vol. I). London: Macmillan and Co.

³⁷Turnell, S. (2005). The Rise and Fall of Cooperative Credit in Colonial Burma. *Macquarie economics research papers*. Sydney, N.S.W: Macquarie University, Dept. of Economics.

³⁸ Weerasooriya, W. (1973). *The Nattukottai Chettians Merchant Bankers in Ceylon*. Dehiwala, Srilanka: Tisara Prakasakayo.

³⁹(Rani Tan, 2011)

Relatively, much earlier some studies were made on Chettiars in British India like Chester L.Coopers study on the Chettiars. Usha Mahajani's⁴⁰ study on Malaysian migration, Arasaratnam on Malaysian Chettiars. And K.S. Sandhu has studied the role of chettiars as migratory people in Malaysia. Hamashita Takeshi⁴¹ in his study compares the remittance systems of Chinese and Indian migrants in Southeast Asia, in which he tries to bring out the home remittance system of chettiars from Malaya.

All these papers lack the overall view of chettiars including their role and happenings in Chettinadu. They are all from outside India. It is very difficult to understand the nuances of this peculiar community as an outsider of the culture. Further, all these studies mostly based on the literature only. The information got from the chettiars is sure to have only the positive sides due to community affinity.

Shoji Ito⁴² gives a report on Business Combines that were formed by the Chettiars after 1930. He infers that the Business groups formed by the Chettiars are for more strong and richer than the other counterparts of Northern India.

Apart from these studies, there are few studies that mention the chettiars and their business practices occasionally in papers and studies that are of other dimensions.

MGG Pillai⁴³ looked at the political tangled ties of India and Burma as a result of the tragedy faced by the Nattukottai Chettiars in the 1960, when they were force evicted from Burma, leaving behind enormous wealth mostly in the form of agricultural lands.

⁴⁰(Mahajani, The Role of Indian Minorities in Burma and Malaya, 1960)

⁴¹(Takeshi, 2015)

⁴²(Ito, 1966)

⁴³Pillai, M. (1993, Feb 6). India and Myanmar: Tangled Ties. *Economical and Political Weekly*, 28 (6), p. 213.

Also he opines that India is unable to shake of her once dominating imperial presence over there.

Jawid Laiq⁴⁴ when analyzing the political, racial and economic condition of Tamils in Malaysia in his research work on “Socio-Political study of Indian Minorities” in Malaysia, Singapore and Ceylon, picks up a subtle bitter tone on the Nattukottai Chettiars opining that as this “Rentier” class with huge capital reserves unwilling to take risk and set up industries during the booming development economy of Malaysia is also one reason for the middle class Indians to lose place in politics and society.

V.Nath⁴⁵ in his article mentions that Nattukottai Chettiars owned a large proportion of lands of Myanmar and were involved in rice and timber. He also mentions that except one company there is no large industrial house is of Chettiar origin.

John Rogers⁴⁶ in his article about the Srilankan grain riots of 1866 clearly mentions the importance and influence of Nattukottai Chettiars in Srilanka in rice import and trading.

1.5 Research Origin

The present study was first intended on a much wider theme – Business communities of India and their Business practices with a historical perspective. The researcher being a south Indian, started with dominant business communities of south India. While trying to locate literature on Chettiar community as a first step, to the wonderment, it is found that only a handful of studies are made so far in this area. Hence,

⁴⁴Laiq, J. (1974, October 26). By-Product of a Plural Economy- A note on the politics of the Lost Indian in Malaysia. *Economic and Political Weekly*, 9 (43), pp. 1825 -1828.

⁴⁵V.Nath. (2000, November 25). Entrepreneurship by Religions and Castes: A Survey. *Economic and Political Weekly* , p. 4218.

⁴⁶Rogers, J. D. (1987, July). The 1866 Grain Riots in Srilanka. *Comparitive Studies in Society and History*, 29 (3), pp. 495-513.

it was decided to study deeper the Nattukottai Chettiar community which has such a rich history and heritage with the tradition of business still being carried out.

The major deficiency in the studies on Indian business groups based on family and community are either they have been conducted to estimate the economic wealth, or to criticize or praise the successful persons who built those empires. The basic foundation of causes that created the community business to be a concept after hundreds of years is not properly conducted.⁴⁷

Further, there is no analytical study done so far in India to find out the reasons for success or failure of these business groups with traditional community's perspective. The major reason for this is for want of data. There is no proper documentation done on these business communities after major economical changes in the country like World wars, Independence struggle and post independence period.

Hence, it seems fit to find and document the social and cultural changes that had the effect and influenced the growth and diversification of this community as the first priority step for future research works.

1.6 Research Gap

It would be apt to quote Prof. Tripathi's words here:

*"... very little attention has been given to the history of Indian business. The result is that our understanding of the nature of these communities, the process of their evolution and their distinctive contribution to the growth of Indian business system is woefully inadequate. If we wish to grasp the social dynamics of Indian business, this gap in literature must be filled".*⁴⁸

⁴⁷(Ito, 1966) Ito mentions with a worried tone of this part of history going undocumented

⁴⁸(Tripathi, Business Communities of India, 1984) Prof. Tripathi in his IIM-A Monograph series points out the importance and inadequacy of literature

An article written by Shoji Ito in 1966 throws some light on the gap of the documentation after 1930s. In his article he claims that regarding the industrial activities, the process of formation of industries and the state of their business combines during 1960's were not studied and published except for his paper in Japanese language. He also mentions that, till 1966, there is almost no reference to the business combines of this community. Basically the studies published on Nattukottai chettiar community can be divided into the following three major divisions:

1. The studies that were conducted as survey based on sociology and anthropology and was seen as a caste study
2. The Research works on rural indebtedness, agricultural credit, indigenous banking and finance of Burma
3. The Research works on History of Banking in Colonial Period, economic history of the countries Burma, Singapore, Malaysia and Ceylon (Srilanka)

The other kind of classification could be made as

1. Research works in India
2. Studies Outside India
3. Research works on other topics but that mentions chettiars issues

The studies on Nattukottai Chettiars are very few and moreover research works on their business practices are too little in number given the proportion and volume of their trade overseas.

After a thorough search and analysis of the past studies the following gaps in the literature are found:

1. Almost all the studies stop at the timeline of 1930-40s. No extensive research is made for their presence and role after that period. This paves way for speculations and assumptions, many times unreal. The Chettiar business under French colony of Saigon is almost not studied.

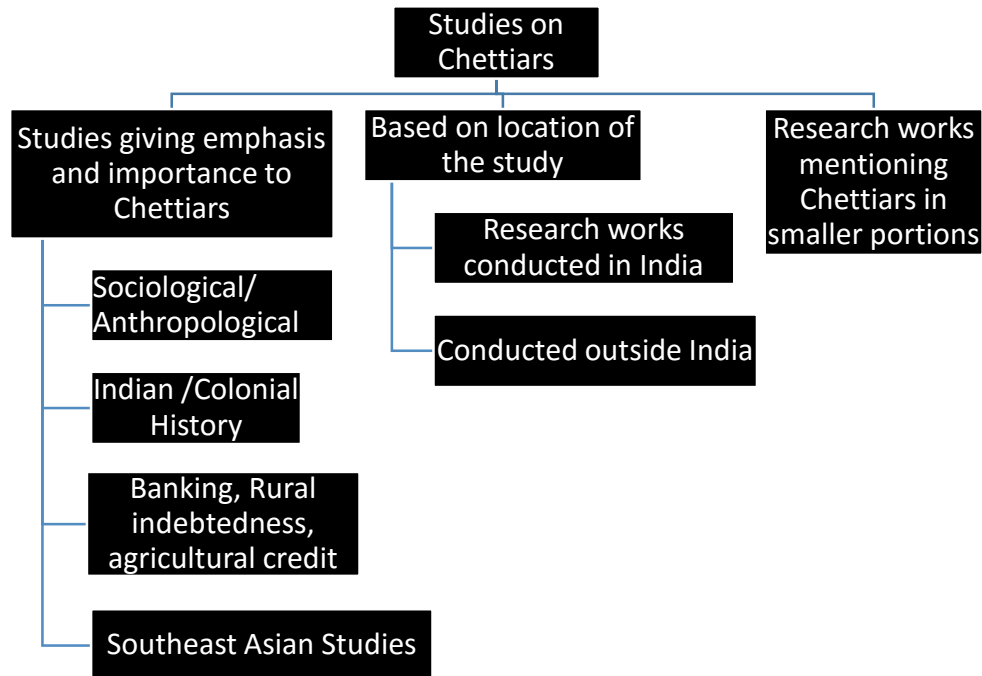


Figure 1-2: Studies on Chettiars

2. Here we can notice that, as there is no proper study on the wider area of establishments on chettiars, often there are misunderstandings, under or over estimations on chettiar investments. No effort is seen to make a comprehensive study on the fortunes made and the investments into industries thereafter.

3. Third, there is no comprehensive study on what happened back home in Chettinadu, the native area, where all the wealth accumulation were duly sent to, during those trying years for this community. The invisible drain holes were never mentioned are looked for.

4. Being such organized and successful professional businessmen, the strategies and crisis management efforts, if any, taken by them to handle the situation during repatriation from Burma was not studied

5. The dilemma and delay of chettiars in turning towards the industrial and trading world of newly formed independent India, with such a huge accumulation of assets business knowledge and practice.

6. Being influential in the British India and having cordiality with the British officials, what was their stand in the independence struggle and towards the National Congress? The contribution towards independence struggle is not analyzed or studied

7. The reason for the tumbling down of collectivity, close knit kinship and network of the villages and the migration of families from their native to urban areas, leaving the palatial homes left behind unattended is not clearly studied and understood.

8. The magnanimity of altruism and the abundance of charities – Factors that caused this behavior among the chettiars, which is still seen is not studied so far.

9. The subdivisions of Chettiars, as a caste, and the problems that rose out of marriage alliances outside the community during the colonial era and the days after are not studied, which is a main contributor for dilutions of the identity as business community.

10. The loose ends in the history of their origin from Chola period are not clarified and cleared.

Hence, the questions formed a fresh base for a new study to apprehend and understand the missing pieces of the literature. Most importantly, the present scenario of the chettiar community has to be understood to make the study an informative one for, what of business communities can contribute to the entrepreneurial side of India. Here, the business communities need not to be based on the caste, but a community can be based on the occupation and other objectives too. The study may contribute in understanding how a close knit community can grow and elevate the economy around them, taking chettiars business practices as an example.

1.7 Research Questions

Based on the research gap the following questions were framed to make a clear understanding to move towards the research objectives.

1. What is the historical background that they were called as maritime traders or salt traders from the start?
2. Were the Chettiars part of Indian Social structure as Business Community or just played a role in one of the stages of evolution of British India's economic expeditions in Southeast Asian countries?
3. Do they really display different practices of business to make them stand out from the crowd?
4. What is the role of "caste" in their Business?
5. What are the major business strategies and practices that have made their indigenous banking business a huge success during the British rule?
6. What were the accusations made on them during colonial period and were the accusations true and justified?
7. Are the appreciations on their honesty and charity well deserved?
8. How was the community and social network maintained and used for the business growth?
9. What were the impacts of sudden rush of huge wealth in their hometown in India and what were the major investments / what did they did with such wealth amassed?
10. At various points of the period in their long history, what changes happened in the social composition of this community and how they have handled/ handling it and what are the impacts of these changes in their business life?
11. Are they still into business? Are they still called as business community and are they willing to continue their journey with this tag of business community?
12. Is it their economic interest, competitive spirit even among siblings, religious affinity, and search of spiritual actualization through their established "Mutts", occupational grouping or the social division as traders made them stick together as community till today?

1.8 Need of the study

The studies on Business History are very limited. Even though the Business communities are studied under various disciplines and perspectives like Anthropology, Sociology, Political science, History and for their geographical location, in this stance Southeast Asian studies, it is to be noted that in the view of economics and management it is not even a handful. Furthermore, the studies discussed above are also conducted all by foreigners except two instances. In those two, one had not had the chance to study the tamil documents due to language barrier. Hence, it can be stated that for such a rich heritage community with a rich history, it has not got its due place in research and documentation of history.

Most of the studies stop by the chronological year of 1930, some till 1960 and nothing further. The geographical spread, modern day developments, cultural dilutions, Social changes and many more factors that transformed the community are not duly studied. The present day scenario dangles with the very identity of the community – Business entrepreneurs (?)Are the characteristics that portray the chettiars such as

- adventurous maritime traders,
- perfectly organized indigenous bankers,
- altruism/ philanthropy in abundance,
- simple living,
- confined to a small geographical area,
- spirituals to the core,
- family and business well managed together and so on,

still in vogue? This has to be found out because the entrepreneurial quality is closely associated with their social and cultural qualities.

When noticing the present scenario, the younger generation, leaving apart the youngsters of other communities, the very own youths of chettiar community is not aware of the historical facts and of the communities' rich heritage. For example, the fact that “Rajah” sir Annamalai Chettiar is not a King of Chettinadu, but Rajah Sir is a title conferred

to him by the British is not known to many of the youths of this community, which was found during the pilot survey made by the researcher. Drifted a long away from the roots, due to lack of authenticated and serious studies to throw light on the historical facts, the community lacks the energy to revive the spirit of entrepreneurship and our country is in need of courageous and adventurous youth to step into entrepreneurship with innovation and vigour to "make in India". The studies on this area may inspire to open up a path of entrepreneurship instead of seeking employment as a mandatory situation. Particularly in Tamilnadu, where the Engineering education has gained momentum and surplus supply of engineers are finding employment opportunities abroad or unemployed, the return of the spirit of entrepreneurship is the call of the day.

Hence, it is necessary that the gap in literature should be bridged with detailed and systematic study on the Nattukottai Chettiar community, which may inspire and rekindle the entrepreneurship nerves in us.

1.9 Scope of the study

The few studies made so far on this subject had been on various interdisciplinary perspectives as mentioned in the above chapter, i.e, anthropological perspective, Sociology perspective and Historical perspective. There seem to be no studies made so far in the field of management focusing on the business practices of Nattukottai Chettiars and their unique qualities and strategies in Business conduct.

Based on the pilot survey and interviews conducted in and around the Chettinadu area, it was understood that the people contain much more undocumented information and facts on chettiars. Further the treasure like documents, importantly in Tamil language gives tremendous insights which solve many of the research questions like the events and methodology of transition phase from merchant bankers to industrialists. This study would be an honest try to stretch the historical representation of chettiar community to a further period of globalization era.

Further, the thin line that differentiates the "caste" and Community of Indian society is blurred beyond repair in the fast growing world of infra structural developments,

cultural complexions and social collaborations. In the era of Face book and twitters as social media, the geographical boundaries of these social conventions seems to be crumbling forever from the top, but a crucial and deep look towards the foundation is the need of the hour to check the transitions of caste and community systems of India, as sometimes what seems in the surface need not be true. Hence, this study tries to bring in the interdisciplinary touch of the impacts of community and caste based business on the societies of the independent India.

1.10 Objectives

Based on the Research questions the study is framed with the following objectives:

1. To study the Nattukottai Chettiars Business Practices from the Historical period to the present date
2. To study and reiterate the social and cultural systems that complemented their business, then and now
3. To understand the philanthropic and spiritual characteristics of the community and
4. To understand the various centre points of interest and boundary of the community at different time periods

1.11 Research Methods

The case study approach is selected for this study, for the great advantage of case study helps in understanding the changes over a time period and can also be documented. For the present study being a longitudinal research, case study method is found as the most suitable approach. A case study strategy is a complex process. Case study method uses many types of method to collect data. It includes documentary analysis, questionnaire methods, observation and interviews. Hence, a wider variety of data are utilized in this research study.

1.11.1 Research Strategy

- a) The objective of the study is to understand, analyse and find the important events and turning points in the century long history of the Chettiars, based on the chronology and demography
- b) The broad area of the study is Management and business practices, focus being on the factors that affect the Business as occupation of the community.
- c) The locus of the location is primarily library, field interviews and observations.
- d) Qualitative data is primarily used to generalize any arguments and descriptions, analyse and conclude on concepts and cases.
- e) Procedure of the study is mainly comparison of data collected, descriptive measures of data wherever applicable, in-depth analysis of events and happenings, and evaluation of analysis of commentaries, policies and reports.
- f) The time dimension of the study is Longitudinal as basically the present study tends to fall under the category of Business History.

According to the definitions of originality of research by Phillip and Pugh (1994, pp.61,62) the present study falls under:

- Bringing a new evidence to bear an old issue
- Bringing cross-disciplinary view and using different methodologies
- Looking at areas that people in the discipline haven't looked at before.
- Adding to knowledge in a way that hasn't previously been done before
- Using already known material but with a new interpretation

1.11.2 Qualitative Methods

The present study is conducted with a collection of voluminous data from various sources mentioned below. The data thus collected were thoroughly studied, understood, arranged chronologically and chapter wise and interpreted after analysis of various versions and assumptions of facts and figures. The data were organized and the totality obtained after tireless study with a holistic approach. Documentary analysis method is used for the major part of the study. The study is also purposive and focused in nature to extract information on the business practices and factors that affected the business practices of chettiars. Hence, the perspective of interpretation of data was primarily business and entrepreneurship oriented. But, the study being of interdisciplinary nature, the sociology and anthropology perceptions are also taken into consideration.

1.11.3 Interviews

In this study, interview method is used to understand and analyse the community members' present mind-set on

- entrepreneurial intentions and willingness,
- their business practices,
- Heritage and heredity understanding and
- knowledge and history of the community,

The data gathered are qualitative in nature. Moreover, the field visits to the area in and around Karaikudi, the unofficial capital of modern day Chettinadu and Singapore were made in order to observe the present scenario of chettiar business families residing in India and Singapore. These observations and interviews are mixed with a tinge of anthropological approach to the study to look into the life style of chettiars in order to corroborate the generalizations on their natural frugality and simplicity.

1.11.4 Data Reduction

Before data analysis, data reduction method is used to screen the data for the relevance, authentication and importance. Condensing of data is done to make the gist of vast data obtained through secondary sources. Then transformation of empirical data was done through several ways as mentioned below:

- For the data on the topic of business practices, the data were paired down as statements similar in their core meaning.
- On the data of funds and wealth accumulation, précis of contents and comparison method was used to reduce the data.
- Further, for social and cultural data which was really voluminous and complex with observation data, interview data and various forms of documents as data, phenomenological analysis was used.
- Moreover, for the other difficult part of arranging the available data in chronological order with wider variables, Analytical categorization method is used to subsume a wide array of data under each category.
- Again, as overall structure, key themes and categories were made according to the data analysis, it became a cyclic procedure until a saturation point was met.

1.11.5 Coding of Data

Data coding method is followed for organizing and sectoring the data. Coding is done on two different methods for the present study:

1. Based on the chronology (time period of the data)
2. Based on the location of the data, in the present study – India, Burma, Ceylon, Malaya, Straight Settlements (Singapore) and Saigon.
3. Based on the activity – Business practices, social practices and altruistic activities.

Cross sectional as well as non-cross sectional methods were used to pull-in and analyse the data. Once the coding and labeling were done, which is the most difficult part, the un-orderly data became ordered, organized and ready to use and analyse. Then the comparisons and connections of concepts were made, with analytical explanations and interpretations were made.

1.11.6 Observation

The research being on the community and the behavior of a group of people, observation method is also used for the study. Generally, field based observations include qualitative observations, direct observations and participant observation. According to

Lofland (1971, p. 93), “All these terms refer to the circumstance of being in or around an ongoing social setting”. In this research, the researcher was better able to capture the context with direct observation. Direct observation method gives the advantage of understanding the concepts and facts that the participants would not be willing to talk in open or in an interview. The social gatherings such as marriages and temple festivals were taken as fields for observation for this study.

1.11.7 Simplistic Inductivism

The researcher followed the concept of simplistic inductivism that is the research is conducted with an open and flexible mind to allow the qualitative data analysis to take a course on its own for constructive theories and explanations. Even though it's a painstaking work, the changes in research design was considered and done a few times based on the analysis and finding of the data as the time passed by. But, at the same time, the study and analysis was not done with a empty mind, (not having any real idea for the base).

1.11.8 Analysis and Interpretations

The data interrogations, comparisons with intuitive comments were logged as memos in the report of interpretation of the data. This is purposefully done to make easy understanding of the method of analysis.

1.11.9 Concept generalizations

Three ways of generalizations are used in the study:

1. Representational generalization
2. Inferential generalization
3. Theoretical generalization

Proper use of evidential data from interview as well as observations, analytical methods and interpretations of documentary evidence has ensured the credibility of generalizations. Wherever possible, validation and inferences were drawn based on the evidences with great care.

1.11.10 Sources of data

The present study has used the two types of data –primary and secondary. Primary data are collected through

- Interview with an open ended questionnaire.
- Field visits to the towns and villages of Chettinadu (Karaikudi, Ponnamaravathy, Koppanapatti, Valayapatti, Tirumayam, Kovilur, and other important temples of Chettinadu),
- field visit to Singapore, to observe the Chettiars settled there,
- observation methods on social gatherings like marriage and other functions conducted in chettiar houses

Secondary data are collected from different locations, libraries and in digital format.

- Very old books found under the special archives in three libraries – Roja Muthiah Library, Connemara Library and National Library, Kolkatta
- Books on Chettiars – e-sources and libraries
- Journals and articles published by Chettiars in Burma and India
- Articles in Digital format available through Library e-source
- The journals, letters and diaries of chettiars through private collections of some chettiars
- Official Publications of British India and other Indian Government Publications
- Newspapers and magazines
- Souvenirs issued during chettiar marriages
- Memoirs and autobiographies of some chettiars
- Advertisements of chettiar firms
- Websites of chettiar industries
- Pamphlets, Reports of Nagarathar Associations, Resolutions book
- Blogs of some Chettiars

1.11.11 Reliability and validity of data

Since, the credibility of the data stands as evidence for the research findings and interpretations, great care is taken to ensure the reliability and validity of the data. Only the data which has a proper publication and authenticity were taken into account. The journals and articles were collected with great care to assure the greater resonance with the objectives of the study.

The interview schedules were well planned with handpicked interviewees, with whom the basic details can be checked with background check method. Further, great care was taken while asking questions to ensure that the interviewee understood the question and it was also ensured that the language didn't stand between the interviewer and the interviewee. Moreover, the information material used in the study from any interviewee was cross checked for relevancy.

In most cases, observation method was more useful, particularly in social gatherings, where the discussion and gossips between the relatives were more honest and without prejudice and bias. This was realized and understood, while the same question asked at an interview, the interviewee gave a different answer of what she/he was saying as in the gathering. Hence, the researcher tried to find out some of the crucial facts as a participant in group discussion than coming out open at an interview.

1.12 Future scope of the study

This study is an honest effort to put the missing pieces in the historical analyses of a business community and its transitions. When most of the studies made on the community were stopped at the year 1930 due to lack of data, and the authors openly requesting the future authors to continue the study, the researcher tried to put in the data available in a coherent manner. But still, the following areas are found as the scope for future studies:

- The behavioral pattern of chettiar business men and women to confirm with the depicted image of their frugality, simplicity and spirituality
- The migration pattern of chettiar NRIs who are spread now all over the world

- The Nattukottai Chettiar Associations and their operations towards the betterment of the community
- The business areas that is spotted with chettiars concentration like Chit funds, Medial wholesale business, Stationeries wholesalers and retailers and other major industries
- The major chettiar business groups like AMM and Rajah group and their developments as international companies
- The CSR of Chettiar companies in relevance with the historical glimpses

1.13 Chapterisation

The Chapterisation is planned based on the research objectives.

The first chapter has three major divisions, first being introduction to the topic and its concepts, focusing on the introduction to various concepts like Business communities on India, then moves on to the introduction to the Nattukottai chettiar community in general briefing their roots in ancient India, their occupation, movement from one place to other, their tradition and culture. Second division is a brief review on the past literatures and the third division is dedicated to the research methods followed in this study in detail.

The second chapter is the major analytical area of the study which comprises of chronological arrangements with further sub-division based on geographical locations and countries focusing on the business practices of chettiars. For easy understanding and processing, the chronology is divided into four major periods namely, ancient period, colonial period, after independence and present scenario.

The third chapter is dedicated to the Places of Chettiar Business, the important Southeast Asian Countries of their business. Burma, Ceylon, Malaya, Singapore and Saigon were taken for study and a detailed description of the historical incidents were presented with proper logical pattern.

The fourth chapter brings out the perspectives part of the thesis. Economical, Social, Cultural and political perspectives are presented in this chapter. Their philanthropy is studied under social perspective and spirituality under the Cultural perspective. This chapter brings out other dimensions of the Chettiars and their business.

The fifth chapter brings out the points for discussion throughout the study chapter wise. The points were discussed according to the past literature with the present scenario and analyzed. The generalizations are made on this discussion and conclusions are arrived at based on the generalizations

2 Business Practices

2.1 Introduction

Chettiars has sculpted a deep mark in the indigenous banking history of British India as well as the provinces of the then British India like Malaya, Singapore and Burma. Often in the literature, the Nattukottai Chettiars organization, cooperation and business methods are mentioned as a remarkable one like European Merchants⁴⁹. Their business skills, book keeping methods, adventurous business establishments in the places of unexploited opportunities, coordination among the kinship, cooperation with the Government and the locals, risk taking – even to the extreme of losing life, holding on to their faith in remote places, charity and spirituality as the backbone of their business and any other thing that was the day-to-day practice are studied in this chapter. Arranged in the chronological order, and geographical divisions inside, this chapter tries to bring out the differences and similarities between the past and present in the long journey of business conduct of the chettiars.

The previous studies on the business practices of the Nattukottai chettiars were mostly done on the time period between 1850-1930, due to the availability of data in the form of government documents and research studies conducted mainly by the authors outside the country. The other reason for the particular time period is that that was the glorious wealth acquiring years of the chettiars. Due to the non-nativity of the authors and the not-so-extroverts chettiars who are unlikely to open up their business details unless the details are on the good side of their business practices, the studies have a monotonous tone of the fixing up of interest rate and using the temples as a meeting place. The intricacies of the business and the native intelligence of the chettiars were not much focused. Hence, this chapter tries

⁴⁹Thurston, E. (1909). *Castes and Tribes of Southern India* (Vol. V). Madras, India: Government Press.

to look on the things that were often missed while studying the business (ad)ventures of Chettiars.

2.2 Trading – Historical inferences & Overview

According to the legendary stories on the history of the chettiars, they immigrated to the present location of chettinadu thousands of years ago from kaveripattinam⁵⁰. The folklores that were maintained as a part of tradition and pride of Nattukottai chettiar community is the main source of inspiration for many of the historical entrepreneurial adventures. The history then and again emphasize on that, the trading may have created the gut feeling to take up on new places where the other communities of North India or even the people around their habitation chettinadu, were not willing to go.

There are various mentions on Chettiars in the ancient literature. The culture, tradition and the cross verification of facts infers that the Chettiars were moving from one place to the other in Tamilnadu in groups and essentially did some kind of trading like salt, rice, and precious gems. A common usage of aged chettiars when mentioning their expeditions to Burma is “kondu vikka poradhu”, and they mention this word even today. The meaning of this Tamil term is “(setting sail) with goods (or gems) to sell”. They use this term for even those who went to Burma for banking business and not trade. The term thus is not literally used, but as a usage that is used for centuries to mention the expeditions. Thus, a curious linking of facts may throw light on the fact that, chettiars were doing maritime business for long time and that still lingers in their language!

⁵⁰(Chettiar, 1941) This book of Nattukottai Nagarathar Charithiram claims to be written on the base Poongondrai Velangudi Inscriptions. This was kept as a manuscript in palm leaves in one of the Mutts of Chettiars (Thulavur Mutt). This was reviewed and re-written by VR. L. Chinnaiya Chettiar as a small book in 1894, published by Thanjavur Subramaniya Aiyar of Devakottai and after a long wait, published in paper with the help of Ramanathan Chettiar and Arunachalam Chettiar in 1941. Interestingly, there is a debate on the authenticity of this book due to the non-availability of the stone inscriptions now in the said temple. Apparently, the very famous Edgar Thurston's work on Chettiars mentions some of the facts from this book.

To add the authentic facts, Rudner mentions the following religious gifting documentations: 11th century gifting to Chidambaram Temple, 14th and 15th century to Tirupathi, and 17th Century to Palani temple. Palani temple's palm-leaf documents (manuscripts) reveal many facts about the Chettiar trade practices.⁵¹

According to the “Nattukottai Nagarathar History”, chettiars were doing the business of precious gems in “Santhiapuri town in Naganadu”. Their mutt was called as “Sadasiva Guru Peetam”. During Kaliyuga 204 (உள்து in Tamil, 2898 BC) due to the torture of the King, they migrated to Kanchipuram and continued their trade on Precious stones and gems. During Kaliyuga 2312 (789 BC), again they migrated after living in Kanchipuram for 2107 years⁵² due to unjustified taxes and fines levied by the King Kanchi Prataparasan.

They reached the Chola Kingdom, assured by the Chola King Manuneechi Cholan, all the due respect in his country as Prime traders (Pradana Vaisiyas) along with the prestigious honor of crowning the Kings of his lineage. This is the town of Poompuhar, also known as Kaaviripoompattinam⁵³. The mention of Poompuhar and the trading families of Kannagi and Kovalan, the lead roles of Silappathigaram, a great Epic of Tamil, is often mentioned⁵⁴ by authors to show the connectivity between the Chettiars (traders) and the town of Poompuhar. Another link we can see here is that, the once flourishing port of

⁵¹Rudner, D. W. (1994). *Caste and Capitalism in Colonial India, The Nattukottai Chettiars*. California, USA: University of California Press.

⁵²Sridevi, S. (2005). Local banking and material culture amongst the Nattukottai Chettiars of Tamil Nadu. New Delhi, India: JNU.

⁵³Kaviripattinam is called on a lot of names. Kaviri means the river Cauvery and pattinam is city. It was a flourishing port town in the famous Chola dynasty. It was also called as Kaveripattinam, kaviripoompattinam, which is a version of kaviri – puhum- pattinam – meaning Cauvery river entering city, poompohar etc.

⁵⁴(Sridevi, 2005)

Kaveripattinam was destroyed or probably submerged⁵⁵ by a Tsunami⁵⁶ and it is believed that, they left kaveripattinam and settled in some interior parts of the state where there was no sea. AsTsunami destroyed the port and their business,they built high elevated houses in Chettinadu for the fear of Sea.⁵⁷

In Kaliyuga 3775 (674 AD), due to the humiliation caused by the Chola King Poovanthi Cholan ,the Chettiars out of sheer agony and self respect, committed group suicide, which was more or less a genocide, leaving apart only the 1502 male members of the community who were with the guru Atmananthasasthry in the Mutt.During Kaliyuga 3784 (683 AD), in order to crown the Chola king, the 1502 Bachelor boys had to get married, as bachelors are not eligible to crown the King. Hence, ainter-caste marriage arrangement was accepted with *Vellala* girls. After this marriage agreements, chettiars were called as '*Upayakula Bhoopala Vaisyar*', '*Ratna Dana Makuta Bhoopala Vaisyar*' and '*Chandra Gangakula Vaisyar*', each denoting the group of chettiars living in a particular street.

During this period, the flourishing Chettiars were invited by the Pandiya King Soundarapandian in order to enrich his kingdom which was resurrecting after destruction by war. Chola king asked one group of chettiars to go along with Pandya King, but they refused to move without the two other groups. Hence, Chola Kingsent them all together on assurance by the Pandiya King that the Pandiya kingdom will treat them with more respect and all the privileges they were enjoying in the Chola country. As per assurance, Pandya king gave the region that was West ofthe sea, North of the Vaigai River, East of Piranmalai

⁵⁵C.P.Rajendran, K. R. (2011). Geoarchaeological Evidence of a Chola Period Tsunami from an Ancient Port at Kaveripattinam on the Southeastern coast of India. *Geoarchaeology: An International Journal* .

⁵⁶*Nagapattinam District*. (2015). Retrieved March 26, 2016, from tn.nic.in: <http://www.nagapattinam.tn.nic.in/poombuhar.html>

⁵⁷(Muthiah. S, 2000), (UNESCO, 2014)

mountain and South of the Vellaru river. The King granted them the town of Ariyur and Piranmalai temple, Sundarapattinam and its temple, and Ilayathangudi village and its temple. This region is the present day Chettinadu. Among the groups, the seven lineages that settled in the Ilayathangudi area were called as Nagarathars or Nattukottai Chettiars. They formed into nine groups and eight groups got separate temples for each group from the King, the ninth division being the group that stayed with the Ilayanthangudi temple itself. Thus these nine temples became clan temples of chettiars.

This is where there are contradictions that, whether the Chettiars moved to interior of Tamilnadu on the request of the Pandiya King or because of the Tsunami in Poompuhar.

However, they thus got settled in Chettinadu, creating the arid region their place of habitation.

Kaveripoompattinam submerged into the sea is a known history. But for Pandiya King requesting traders to come to his country is the one in question. As a correlation to this theory, a similar request is found in Gangai konda cholapuram inscriptions (Time period –around 11 century AD): In the stone inscriptions of GangaiKonda cholapuram, a proud capital of Cholas, it is found that, Paranthaga Cholan had set up a market place, like a trade hub, for the benefit of the society and 500 tradesmen were stabilized in that market place. (in Tamil, it is called as *Nilai Thalam or pettai thalam*).⁵⁸ Further, tax free benefits were also given to enable their growth. These tradesmen in that kingdom proved themselves worthy of this gesture of the King. They constructed schools or donated lands for schools. Festivals were conducted or sponsored by them. The tradesmen built temples or donated gold to king for building temples.

Another interesting practice to highlight is the practice of donating oil to light lamps in the temples. It is called in Tamil as “*Vilakkerikka nei kuduthal*”. These practices

⁵⁸Pandurangan, A. (1997). *Kalvettukalil Chola Varalaru- Padhinoraam Nootrandu*. Pondicherry University, Tamil. Pondicherry: Pondicherry University.

soundvery synonymous with the Chettiar groups too, and thus helping us understand the possibility of the “Vaisyas” treatment in the History.

The Palani temple gift deeds (Manuscripts in palm leaves) are called as “Nagarathar Arapattayangal”,⁵⁹(நகரத்தார் அறப்பட்டயங்கள்) meaning the “Endowment deeds”. These help in understanding the business practices of Chettiars during the Seventeenth Century. It further stands as a testimony of the belief of Chettiars legend that they had been salt traders. The manuscripts range from year 1600 to 1805.

The elaborate deeds tell us the story of the Chettiar trader from Chettinadu, who went to Palani, a famous temple town with God Muruga as prime deity, to conduct salt trade. Palani had a huge demand for salt and the chettiar named as Kumarappan, made the God as a partner to his business and duly gave a share of the profit – called as “*magimai*” - in the diety’s name and the amount was used to distribute food(*prasadam*)⁶⁰ to the needy. Then, after he established his business well in the town, he brought some more Chettiars to conduct the trade, all in the same methodology of setting aside a certain share of profit to the deity as “*magimai*”. This practice of “*magimai*” was followed in the colonial business era too.

These Historical references help us understand the long history of chettiars as traders and have not changed their occupation even though they changed their living places, cultures, inter-caste marriages and so on.

⁵⁹ “*Aram*” in tamil means “Dharma” in Sanskrit and “gift” or “donation” in English. “*Pattayangal*” means documents. Hence, the meaning of the term comes to “Endowment deeds”. “*Aaru*” in tamil means the number six and might be because of the similarity in the pronounciation of the two words “*aram*” and “*aaru*”, Rudner mentions these documents as “Six deeds of gift”. Further, he elaborates that, the original manuscript of palm-leaves is not seen by him, but the transcript published by Prof. V.Sp Manickam is the base for his notes. It seems there are six deeds of gift mentioned in the transcript. Hence, it is a point to be clarified on the real translation of the term “*arapattayangal*”, whether six deeds or endowment deeds..

⁶⁰ Being “*prasadam*”, the food belongs to the God and first offered to him. Then in the name of Lord Murugan, it was distributed to the priest, the chettiar himself and also others.

After that, the importance of chettiars was mentioned in seventeenth and eighteenth century documents. Chettiars' trade endeavors extended to straits in the end of eighteenth century. They gained control of pearl fisheries in the Ceylon Straits and the Gulf of Mannar. The control was previously with the Muslim Marakayars, who was granted this control by the Ramnad King, called as Setupathi. The control was not easily acquired by the Chettiar traders; they had to settle monetarily the competitors like the Dutch, Raja of Thanjavur and the Nawab of the Carnatic⁶¹. This induced Chettiars to build a close relationship with the Rulers and Zamindars.



Figure 2-1: Chettiar Children⁶²

2.2.1 Pattinathar

Pattinathar, a famous saint, one of the “*sithars*”, who has sung marvelous philosophical hymns in Tamil is believed to be an ancestor of this trading community. Pattinathar, born in Tiruvidaimarudhur, Thanjavur District, Tamilnadu, is popularly known for his powerful hymns on renunciation and self realization. The history of

⁶¹(Takeshi, 2015)

⁶² Source: (Thurston, 1909)

Pattinathar depicts the voyages undertaken by the Chettiars to the near and far away countries to trade the materials they bought from various merchandise in the kaveripattianam port and to sell products grown and made in their own country. It is believed that the God Siva himself came as his adopted son to give him salvation. Even though there are difference of opinion in the authenticity and historical proof for mentioning him as the member of the Chettiar community, the festival called as “Pattinathar Vizha” stands as a testimony for the adoration of the Nattukottai chettiars for those who attains the salvation status. Nattukottai Chettiars are not very well connected with the art forms such as music and dance. But, in this festival, they enact the life story of Pattinathar on stage during the festival. This practice and rituals are followed for decades and this gives an interesting angle to put belief that he is from this community after all. In no other place or festival, chettiars perform like they do in this ritual. The other indication is the location of the pattinathar's salvation place – Thiruvottrur in Chennai, is still followed as the important cremation centre for the chettiars. “Pattinathar” means the person from town, which is synonymous to “Nagarathar” which also means people from town.

The Pattinathar tale reveals an important tactic on the maritime business of the merchant community. The adopted son, who is the incarnation of the God Siva himself, has brought the wealth earned abroad hidden inside the cow dung balls to safely guard the gems from the pirates. Another revelation from this life history is the destination of the chettiars of visiting Kasi and Rameshwaram in their old age to attain salvation, renouncing all their wealth earned during their prime time.

2.2.2 Karaikal Ammayar

The lady saint Karaikal Ammaiyar is believed to be an ancestor of this community by the locals living in Karaikal. She was born into a merchant community to a wealthy

merchant and lived in 5th century AD⁶³. Karaikal is near kaviripattinam, and out of her fervent devotion towards God Siva, she attained salvation by reaching Kailash, the abode of the Gods, by walking her head down, in order to not to touch the God's place with her feet. The location and the devotion to Saivism are two connections that give presumption that the legendary tale may be true.

2.3 Business practices -Colonial Era

2.3.1 British India and the Indian Business

Most of the research works on Indian Business History, when mentioning Colonial Period, speaks mostly about the Northern Part (Delhi being the political headquarters), eastern part (Kolkatta being geographically and strategically important location for business) and west (due to influential and rich Gujarathi and Marwari Merchants). Southern India often goes unnoticed with all the important happenings down here. The reasons for this ignorance may be language barrier (as Hindi is common and can be used to in any other part of north, east and western India but not so in southern part) and the political unimportance of South India during the Colonial Period. Further, because of the proximity to the place of rule, as Delhi is more accessible, the other business communities (than south Indian business people) had free access to the British and National Congress. However, the south Indian business portfolio gained importance only with the labor migration into the colonial settlement of other counties to develop infrastructure and agriculture of those countries. This huge Diaspora and migration of Indian moneylenders, traders and labourers from south India made the historians to at least look into this geographical area for any study.

Essentially the Colonial Government encouraged the migration to fill in the gaps in trading and infrastructure development sector. The huge financial needs to develop the

⁶³Sasivalli, S. (1984). *Karaikkal Ammaiyyar*. Virginia, USA: International Institute of Tamil Studies.

infra structure and the conversion of wet swampy forest lands of South east Asian countries into fertile agricultural lands needed a systematic funding network. Hence, the money lending communities were encouraged in several ways to form this network. The ever mobile and adventurous Chettiar community fitted into this profile as if specifically designed for this mission. It was said that the Chettiars set sail to Burma and Ceylon along with the Colonial troops themselves!

The chettiars who were maritime traders for centuries, turned towards money-lending and merchant banking in Southeast Asia only when the gates were wide opened, particularly the opening up of the Suez Canal.⁶⁴ The small sized business activity which started as rice trading, slowly converted into money lending as the opportunity was abundant. To elaborate, the rice trading was a big success and the demand was ever growing. The fertile forest lands, if converted into agriculture, the rice trade and export would extend further to the continents other than Europe. But, that conversion needed an elaborate network of financing services. The simple Burmese sparsely spread with a thin population did not have a great fire to work hard. Hence, British wanted labour as well as money to be pumped into the deltas of Burma.

The British colonial rule opened the gates of many countries bringing them all under one umbrella, making the migration and goods movements easier. For example, the Burma became a province of British India which was now easier to reach without any hustles. The British Government wanted a system to finance the farmers of Burma to start converting the wet lands, forest lands into agricultural lands. The fertile area of Burma with the river Irrawaddy flowing in abundance was ripe and waiting for British and Indians to convert it into the rice bowl of the world. The already adventurous Chettiars, who were used to sail to faraway places found it much nearer and safer to reach these South East Asian countries with money as commodity rather than ship full of goods and higher risks

⁶⁴Dobbin, C. (1996). Asian Entrepreneurial Minorities: Conjoint Communities in the making of the world economy 1570 - 1940. Newyork, USA: Routledge.

of trading. During the Colonial rule, the conversion of Merchant communities from trade and money lending to other Industrial opportunities was limited to the textiles and cotton mills.⁶⁵ The new trends, strategies, technologies, chances to export commercial goods, new ideas of entrepreneurship were all present during this period. Even though it appeared in surface as the commercial sector of Colonial India politically loathed the British rule, they actually were in appreciation of the business methods of English.⁶⁶

The traditional mercantile communities, interested in adventuring into new areas moved as the path lead them into new fields. Almost all the industries during that era were controlled by the English businessmen and their companies directly or indirectly except for the Cotton mills, which was left to Indian entrepreneurs. One or two exceptions are Tata steering the future into steel business after a lot of struggle, Walchand Hirachand competing with the Giant –British India Navigation. To mention some unfilled gaps in the industry, the Bengal entrepreneurs missed the golden opportunity of capturing the empty space in Jute Industry. Being located in the midst of the jute industry they shied out from venturing into the challenging industry. The Chettiars, who have shown loyalty to the rulers all along their history, didn't shy away being middlemen to the British. Money lending and banking was their major occupation along with other business in small volume like trading of rice, clothes, jewels and gems etc. They even had a few Timber saw mills in Burma.⁶⁷ The teak wooden door to the palatial bungalows of the chettinadu speaks of the volume of trade and the volume of timber imported to Madras. Huge quantitative of timber was imported every week for trade by few chettiar firms and supplied to Mysore and

⁶⁵Tripathi, D. (1991). Congress and the Industrialists (1885-1947). In D. Tripathi (Ed.), *Business and Politics in India* (pp. 86-117). New Delhi: Manohar Publications.

⁶⁶(Tripathi, 1991)

⁶⁷Medha M. Kudaisya, C.-K. N. (2009). *Chinese and Indian Business: Historical Antecedents*. Boston: BRILL.

Hyderabad in India⁶⁸. They spread to various provinces of British India and excelled in money lending and trade, their main occupation.

2.3.2 Business Practices

Chettiar business firms that operated during the colonial era excelled in their own way in many modalities of operations. They created business empires with sheer business skills, trust on kinship, organized proficiency and book keeping and insulated banking services. To mention the level of dedication to their business, Weerasooriya quotes Schneider. J as Follows:

*“A Nattukottai Chetty is born to business and for business alone”.*⁶⁹

The families and their firms were interdependent and thus created a complex network of business operations layered with various practices. The main business of Chettiars was money lending. They avoided speculative loans and were ready to grant loans to any business or reason with a proper security. Expected harvest or the agricultural land provided the necessary security and that's how the farmers became the principal clients for the chettiar firms.

Apart from money lending, issue and discount of hundis, accepting deposits, honouring cheques, discount usance hundis, money changing, accepting documents and valuables for safe deposit were some of the merchant banking services provided by the chettiars. Some chettiars were involved in conducting trade of cotton, rice, gold and gems too.⁷⁰

⁶⁸Dobbin, C. (2011). Nattukottai Chettiars - Caste and Business Organisation. In M. M.Kudaisya (Ed.), *The Oxford India Anthology of Business History* (pp. 143-147). New Delhi, India: Oxford University Press.

⁶⁹Weerasooriya, W. (1973). *The Nattukottai Chettiars Merchant Bankers in Ceylon*. Dehiwala, Srilanka: Tisara Prakasakayo.

⁷⁰Grantham. S, M. A. (15th June 1930). *Burma Provincial Banking Enquiry Committee, 1929-30*. Rangoon: Government of India.

They had very unique practices like identifying each other with their initials of Tamil alphabets. Even though it looks as complex network, chettians with amazing clarity and ease understood the kinsmen by these initials (*vilasamin* Tamil) that represents the family (usually the first letters of the fore fathers of three generations). These *vilasams* were judicially recognized in numerous cases.⁷¹ Krishna kumar while describing the chettian business during colonial era writes that “Chettians business area was like an empire built with complex network with the families intertwined and dependent on each other still with some defined restrictions and lines.”⁷²

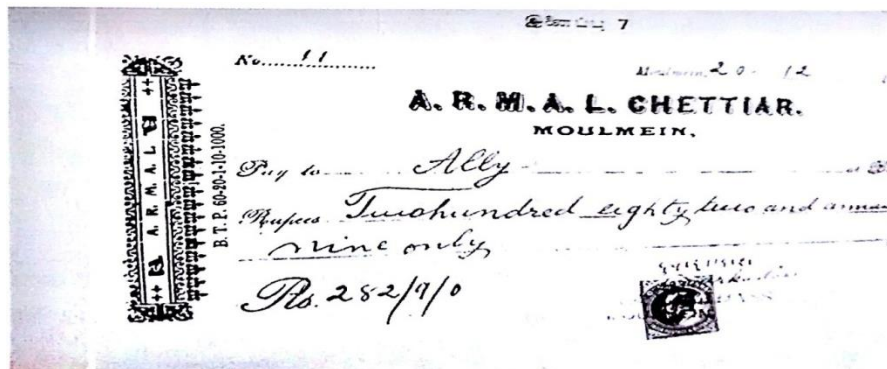


Figure 2-2: A cheque of 1910 displaying the *Tozhil Vilasam*⁷³

Their business practice in the area of finance was more or less equal and sometimes above the modalities of Italian financial firms. The money-lending firms as they were called acted as commercial banks in true operational sense. The firms accepted deposits, drafted bills and other financial instruments, lent money to peasants and other banks and their branch offices. The chettian business houses were based on their communal institutions,

⁷¹(Weerasooriya, 1973, p. 82)

⁷²Krishna B.Kumar, J. G. (2008). From Families to Formal Contracts: An approach to development. *RAND Duke Fuqua School of Business*. USA: USC Marshall School of Business.

⁷³ The exhibit of 1910 shows the money lending firm's name as “A.R.M.A. L Chettiar” of Moulmein, Burma. It says that a person named Margadas is requesting to pay Rs 282 and 9 Annas to a person called “Ally”. It is a current account cheque.

marriage alliances, blood relations, family of descent and clan temples. In short, the entire banking and trading during the colonial era was purely community oriented and was concentrated and headquartered mainly in the villages of Chettinadu.

2.3.3 “*Kittangi*” - TheShop

A Chettiar money lending firm was a unique specimen of business model which proven its worthiness long time ago. A firm is like a shop, called as “*Kittangi*” or “*arai*”. More often, the “*Kittangi*” was a small room of about 100 sq mts in a Temple building, Choultry or a simple building. A *Kittangi* would have probably the Agent of the firm, who is in-charge of running that *Kittangi*. Sometimes, if it is a medium level firm, then one of the partners may be in-charge of the *Kittangi*. In some cases, the owner himself will take care of the firm. It was an autonomous body, the agent having all authority and responsibility of that particular shop.



Figure 2-3: A *Kittangi*

The owner who hired this agent was called as “*adathi*” or parent banker. The agent was assisted by an accountant (*kannaku pillai*) and a boy, called as “*podiyan*” or “*Pettaiyadi paiyyan*” to do the errand works. Being a “all –male- business”, the *Kittangi* acted also as a place of stay in many instances. The hierarchy of a full- fledged *Kittangi* would be like this:

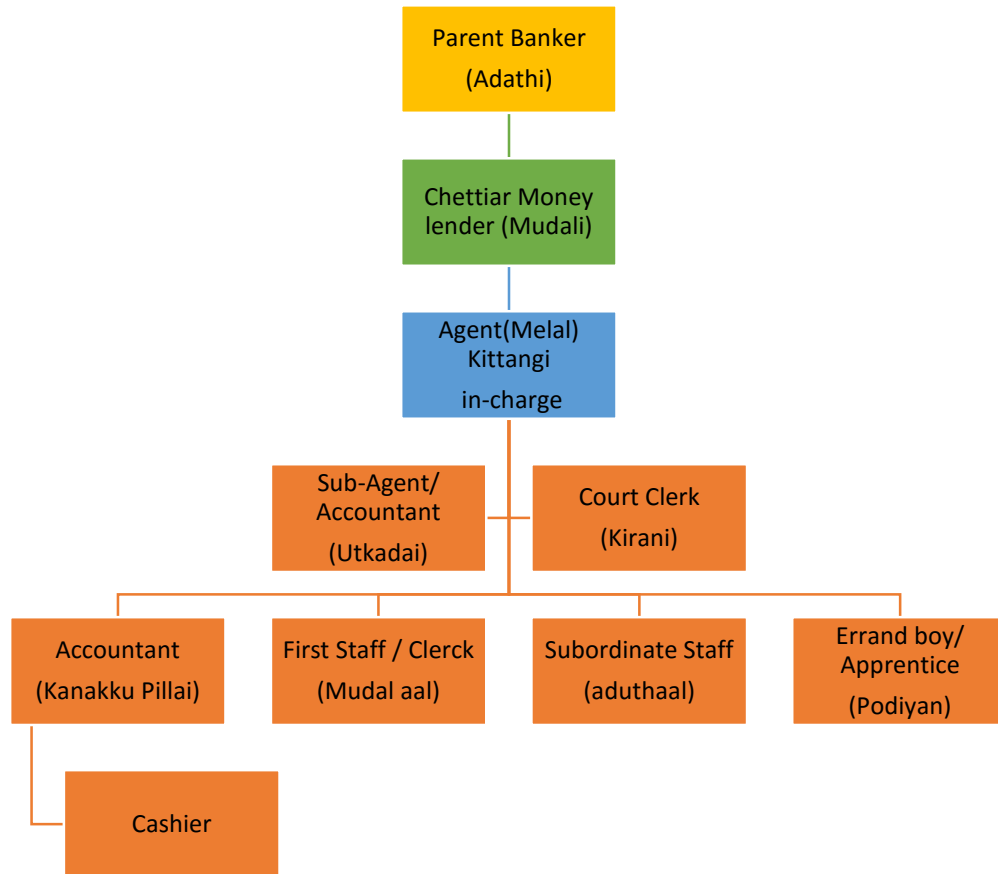


Figure 2-4: A *Kittangi* Organogram

All the other staff than the Agent, mostly were not Chettiars. The errand boys were from chettiar families some times, but were treated as more of trainees than errand boys. They did the works like buying stamps or getting papers stamped or buying edibles for the staff. The day's work started early in the *Kittangis*, the chettiars meeting clients till the lunch time and took a small rest till the sun cooled down. Then they did the administrative and account keeping works for the day.⁷⁴ The evenings were spent in Temple meetings or indoor games, as the family distraction was totally nil in the all-male life of *kittangis*.

⁷⁴Nataraj, M. (2014, May 2). *Singapore's first 'venture capitalists'*. Retrieved April 6, 2016, from Asiaone: <http://news.asiaone.com/news/singapore/singapores-first-venture-capitalists>

The staff will visit the farmer's house, checks the land and reports to the agent to decide upon whether a loan could be granted or not. The agent will be wholly responsible for the loans granted and keeps the securities and promissory notes under his custody. The client once enters into the ledgers of the Chettiars, the loans thereafter will be easier and scrutinies were less.

The Chettiar *Kittangis* were simple without sophisticated furniture and settings. It was a simple hall with a mattress on the floor and all the staff would sit on the floor cross legged, as per the custom of south India. At one point of time around 1920s, in Singapore, there were seven *kittangis* on the Market Street housing about 300 to 400 chettiar money lending firms.⁷⁵ The cashier and accountants had a simple wooden box like low desk short enough to sit on the floor and keep their ledgers on its slanting top and write. It is called as "*kai petti*" meaning "handy box". This box contains individual chambers for cash, coins and ledgers, sometimes Jewels and pair of scales too. It opened from top and used as writing desk when closed. A model found in the Kovilur Mutt Museum is given below for better understanding, which is glass topped making the items inside visible. Variations of this handy box were used in the shops.

⁷⁵Sim, M. (2013, November 17). *A History of Singapore in 50 Objects*. Retrieved April 6, 2016, from The Strait Times: <http://www.straitstimes.com/global>



Figure 2-5: Kai petti⁷⁶

2.3.4 Agency system

One of the most admired business practices of Nattukottai Chettiars is the system of Agents. Agents, called as “*Melal*” in Tamil, coordinated the activities of individuals and dispersed themselves to all the distant places which were feasible and reachable. The home base of the Chettiars spread around the 75 villages in and around the then Ramnad District acted as the headquarters. The principal investor, the owner of a chettiar firm appoints agents to act for him. Agency arrangements were one of the root causes for the success of chettiar banking network.

The agents usually were of two categories:

1. Chettiars and sometimes non-Chettiars who doesn't had enough funds to start up a firm of their own.
2. Young members of wealthy families of the community as apprentice to learn the business before starting up a new firm.

These agents were hired by the principal investor who has enough volume of funds to hire agents to do the business on behalf of them. The relationship between the principal and agent is of the lender-borrower one. Once, the agent earned enough of money and accumulated the necessary capital, he became a separate banker and started his own firm. More often, these new sprung bankers were supported by the previous employer chettiar,

⁷⁶ Kaipetti in Kovilur Mutt Museum, Photo Courtesy: Punitha. A

not treating him as competitor or not showing any bitterness but playing the role of a parent banker and utilizing the opportunity to invest further. This chain was faithfully continued, with “trust” as the basic bond between the chettiers.

The system of agents helped chettiers to bring down the overhead charges to low level while it encourages honesty and devotion to work by the system of payment by results.⁷⁷ These agents enjoyed complete freedom in lending money. They were treated as autonomous bodies. Apart from the salary they earned every month, it was the bonus accumulated for three years that kept them coming back again and again to the job, till they accumulate enough to set up their own firm. Usually the bonus came nearly to 10% of the profit earned by them. A detailed report on the recruitment and compensation methods of agents are discussed under the heading HR Practices in the forthcoming topics.

2.3.5 Sub –Agency or “*Utkadai*”:

An “*utkadai*” (உட்கடை) in Tamil means an inside shop. *Utkadai*s were opened in interior villages as outstations where the business was not big enough to run a *Kittangi* with a full-fledged book-keeping. Hence, the Agent will appoint a sub-agent, of course with the permission of the Proprietor of the firm. These shops will have the Accountant, who often has the rights to lend money up to Rs.1000 without the agent's permission to the villagers. The book keeping will be along with the main *Kittangi* and all the securities and deposits will be sent to the *Kittangi*. Any loan request beyond Rs.1000 or request for return of securities in a *Utkadai* has to be made priorly by the client for the Agent to attend to.

Normally, the Agent however will visit the *utkadai* every week to check the accounts and perform any other job he has to do like sanctioning big loans or returning of securities. As a rule the agents should have only one *utkadai*⁷⁸, but in some instances, where

⁷⁷Pillai, A. (1929-30). The Madras Province Banking Enquiry Committee Report - Written statement of Evidence. Madras: Government of India.

⁷⁸ This restriction might have been put in place to ensure proper monitoring.

the staff in *Kittangi* is sufficient enough to maintain more, there were two or three *utkadais* for big firms.

2.3.6 Capital and Deposits

About two thirds of the working capital was usually from the Proprietor of the money lending firm and it was their own money. The remaining capital comprises mostly (more than half) from the deposits of the Chettiars and only a small portion of working capital is thus derived from non-chettiar sources. This was followed by almost all the firms, including those firms that were working on the lines of western banks and also those firms having huge working capital. The average cost of working capital in major towns like Rangoon and Malaya were around 10% and in the districts inside was around 12%. Any shortage of money needed for rotation for a short tem was simply managed by the firms by taking an advance from the nearby Chettiar “*Kittangi*”. As the shops were usually concentrated in one place and sometimes in one building, the errand boy will run to the next shop to get money up to Rs. 10,000⁷⁹. This was called as “*Kaimathu panam*”. Usually this will be returned on the evening of the day or the next day. No interest was charged!

Chettiars were able to secure loans from the European Banks for their working capital. It was not easy to process loans with European banks in Colonial period, as the discrimination between white business men and the colored were very high. The elite chettiars were able to influence and secure loans and vouch for the firms under him. It was the commitment on repayment that made the European banks to continue issuing loans to the chettiars. It is interesting to understand how the chettiars were able to keep up their commitment in repaying their loans.

⁷⁹ The informant who mentioned this was very proud of the system, that at times of need, the Chettiars had such a tremendous trust among the Kinship that even the Chettiar “*Podiyan*” can transact money with a written note called “*Chittai*”.

The chettians use the loan amounts drawn from the European banks to lend money to the rural peasants, of course on security. In case of non-repayment of loans by the farmers, the chettiar firm, in turn, might have faltered the payment to the European bank. But, the Chettiar firm will draw another short term loan from other chettiar firm and repay the loan on time. The other chettiar firm who granted to this firm, in turn, will approach the European bank for loan and adjusted the working capital deficit. If looked at properly, it was actually the European bank money that was paid for the loan. This insulated system of transactions kept the chettiar capital not faltering in earning interest in at least any one firm. To quote the exact words of the expert witness in the Ceylon Banking Commission Report,

*“ the chettians’ through the age old practice of being their mutual lenders of last resort were able to use loans from banks, sometimes from the same bank, to meet the maturing bank loans. To the extent this happened, it was the banks’ own money which enabled the chettians to keep their loans contracts with the banks with striking promptness.”*⁸⁰

A. Proprietors Capital (*Mudhal Panam* - முதல் பணம்)

Any Chettiar money lending firm run by an agent will receive the capital supply from the owner of the firm. The chettiar capital is usually called as “*Mudhal Panam*”, and it is the fund contributed by the principal owner of the firm. It usually constitutes about 1/6th to 1/7th of the working capital.⁸¹ But, there are a lot of speculations on the finalizing or generalizing the percentage of capital employed by the owner of the firm. According to

⁸⁰(1934). *Ceylon Banking Commission Report*. Colombo: Government of Ceylon.

⁸¹(Mahadevan, *The Origin and Growth of Entrepreneurship in the Nattukottai Chettiar Community of Tamilnadu 1880-1930*, 1976, p. 58)Raman mentions this from a “Confidential Note” from the Nattukottai Chettiar Association of Burma, on the question of compensation payable to Indians for Nationalisation of paddy lands.

Rudner, the proprietor generally contributed 10% to 20 % of the working capital of their agency offices in the form of long term deposits. According to Burma Provincial Banking Enquiry Committee Report (1930), in Burma, the “*mudal panam ordinarily amounts to 1 to 2 percent of the total working capital*”. Another speculation is that, the proprietor’s capital amounted to 5 to 10 percent of the capital.⁸² All other funds used as capital were called under one category – “*Mempanam*” (meaning – other cashor surplus capital in Tamil). The division was made for the convenience of sharing profit and paying the agents bonus. For calculating the agent’s triennium, the dividend on the owned capital only was taken. For the borrowed capital or deposits from the relatives and kin, an amount of interest was credited to the account every six months and not included in the profit, for the convenience again, that the agent’s bonus is to be reckoned with the profit.⁸³

B. Other Funds and Deposits (*Mempanam* - மேம்பணம்)

The other sources of capital used for lending is the Deposits and loans taken from the Chettiar firms and other loans or borrowings from other English or European Banks. But not all the European banks lent money to the chettiar firms, or not all the chettiar firms had the privilege of getting loan from the European banks. They were selective, and the loan was given only to the big and influential chettiar firms in broader view, and in turn, the big chettiar firms lent the money to the small firms and agents, thus ensuring the rotation of money. In some instances, small chettiar firms took loan from Chinese moneylenders in Straits and Mahadevan mentions from a confidential note that in Burma they borrowed from the Marwari or Multani money lenders who were the competitors in the business. Apart from these sources there were other sources too, they are as follows:

⁸²Sridevi, S. (2005). Local banking and material culture amongst the Nattukottai Chettiars of Tamil Nadu. New Delhi, India: JNU.

⁸³(Grantham. S, 15th June 1930)

I. Deposits from close relatives and kins (*Sontha thavanai panam* - சொந்ததவணை பணம்) :

The deposits from the kin and close relatives come under this category. There are various arguments on the percentage of this fund in the capital. It is around 40 to 90 percent, according to various authors, based on various geographical areas. It was asserted that in Rangoon, Burma, during 1930's the average of 60 to 70 percent of capital was in this form⁸⁴. According to Sridevi, who quotes N.R. Chakravarti (1971) mentions that this amounted as high as 90 percent in some firms.⁸⁵ Current rate of Interest (*Nadappu vatti*- நடப்பு வட்டி) was calculated on this fund and credited to the account every six months.

II. Deposits from other Chettiars – Clan temple-lineage and distant relatives: (*Thandumurai panam*)

The deposits that were accepted from the clan-temple lineage (*Koodikira Pangali*)⁸⁶ and other distant relatives are called as “*thandu murai panam*”. They too carried a rate of interest.

III. Chettiar Women's deposits (*Aachimar panam* - ஆச்சிமார் பணம்) :

It is customary of huge dowry (*Sthri dhan or seedhanam*) payments in cash and kind, including gold and diamond jewels, Silver utensils and all other metal utensils like Bronze, iron, aluminium and ceramic. Out of these, a certain amount of cash was usually set aside in the name of the bride for her future. This fund is

⁸⁴(Grantham. S, 15th June 1930)

⁸⁵(Sridevi, 2005)

⁸⁶ When the clan temple –lineage is getting bigger with population, then there will be divisions and groups, so that for important family occasions only the group will be invited. The others are just “Pangaali” and the families of that particular group are “*koodikira pangali*”, meaning “conjoining member”

called as “*aachimar panam*”⁸⁷. Usually this fund gets deposited in the family’s business – husband’s firm or father-in-law’s or sometimes father’s firm too. The interest would be duly credited and in many instances untouched for years as there was no need for the money for the women, as the family is usually run by the male earning member. There were cases mentioned by the informants that, the *aachimar panam* were more than the proprietor’s capital in some firms at one point of time!

IV. Loans from Parent – Bankers (*Adathi Kadai panam*):

Apart from the capital from the owner, if the agent is able to do more *business*, usually, the Parent banker issues loan to the agent. This was usually like current account and the agreed rate of interest will not exceed two annas above the current rate of interest (*nadappu vatti*). The Burma Provincial Banking Enquiry Committee Report mentions the method of this issuance of capital as follows:

*“The capital so supplied is subject to the magamai charge of a quarter-anna per rs.100, the amount of the outstanding at the end of one year being reckoned for this purpose as a remittance in the next.”*⁸⁸

V. Temple money (*Kovil panam* கோவில் பணம் or *dharma panam*):

Chettians had a lot of temples built and also controlled many temples. The systematic deposits of *magami* into the temple account and the donations to the temple were not kept idle, according to the “*multiplying*”⁸⁹ philosophy of Chettians. They were taken as deposits into the business and duly the interest credited and the temples got richer enough to maintain and renovate.

⁸⁷ Chettiar women are addressed as “*Aachi*” irrespective of their age by all other community people as a term of respect even today.

⁸⁸ (Grantham. S, 15th June 1930)

⁸⁹ Chettians still use the term “*perukkuradhu*” meaning multiplying and they strongly believe that the money should be multiplied by investing in some business irrespective of the size of the fund.

VI. Deposits/ Loans from European banks (*Vellaikaaran panam* - வெள்ளைக்காரன் பணம்);

All the other deposits from the European banks were called as “*Vellaikaarna panam*” meaning “money from white men”. European banks were not ready to lend to other money lenders like Ceylonese⁹⁰ or Burmese or Chinese, but lent loans to Chettiers. All the chettiar firms were not privileged enough to get loans from the European banks. Only 3-4 percent⁹¹ of Chettiar bankers were able to procure loans from European banks. In rotation, these were borrowed by the smaller firms from the parent banker who borrowed from the European banks. In some cases, the Parent Banker (*Adathi*) maintained a list of Chettiar firms for whom they vouch to the European Banks. These Chettiers lent the money drawn as loan from the European bank to other Chinese and Ceylonese money lenders for higher rate of interest.⁹² The important point to be noted is that the European banks had not demanded any security for short term loans to chettiers.⁹³

On the other hand, there were many accusations on the Imperial Bank and other banks of discriminating Indian money lenders and white business men. As only some of the influential chettiar bankers were able to do business with them, the big chettiar firms like Rajah Sir Family, started their own banks to compete with the European banks. These are dealt separately in the forth coming topics.

⁹⁰(Weerasooriya, 1973)

⁹¹Rudner, D. W. (1994). *Caste and Capitalism in Colonial India, The Nattukottai Chettiers*. California, USA: University of California Press.

⁹²(Weerasooriya, 1973)

⁹³(Rudner, 1994)

2.3.7 Loans

Money lending of Chettiars was simple and effective. The process was less cumbersome when compared to the other money lenders from India like Marwaris and Multanis and even remembered now for their kindness and friendship when compared to Chinese money lenders⁹⁴

The Chettiar loans were granted based on securities like the land, jewels, and valuable items or even on the harvest to be made after a few months. Unsecured loans were not even considered by the Chettiar money lenders. The clients of the Chettiars were the peasants, small traders and hawkers, peddlers, other money lenders, rice merchants, cotton merchants etc. Apart from the normal secured loans, “*Kandu Kisti*” loans too were issued to small traders for smaller amounts. These loans will be issued after deducting the interest there off. We can say that essentially who were in need of money and had a good security approached Chettiars for easy loans.

In Burma and Malaya, it is the rural labourers and wage labourers who borrowed loans to meet their basic needs along with the farmers who often took loan for their farming needs. Apart from farming needs, loans were taken for marriage occasions, throwing feasts and for celebrating festivals. It was very common among the people that the secured loans were provided by Chettiars on the security of farm land and whenever the farmers needed unsecured- loans, it was to be provided by Chinese and other money lenders.

2.3.8 Interest rates on Deposits and Loans

Chettiars had a distinction between “demand deposits” and “Current account deposits”. The Current account deposits can be increased or withdrawn as per the need of the

⁹⁴Mortalangel. (2010, February 1). *An uncensored History of Malaysia*. Retrieved February 3, 2016, from <http://adifferentkindofmalay.blogspot.in/2010/02/uncensored-history-of-malaysia-what-our.html>

depositor, whereas the demand deposits cannot be increased and only can be demanded as whole or partial by the depositor. It is to be mentioned that the Chettiars financial transactions were considered and categorized mainly on the basis of

- the relationship with the transacting person
- repayment time of the deposit or loan
- Conditions of the location and nature of risk involved.

Based on the above factors, the current deposits called as “*nadappu kanakku*”⁹⁵ were accepted in to the shop account (“*kadai kannakku*”). The other deposits accepted from fellow chettiars which has a fixed term of two to six months time was called as “*thavanai kanakku*”. The other fixed deposits from other community people are kept under “*vayan vatti kanakku*”. According to the type of the deposit, the interest was fixed and called as “*nadappuvatti*” for current accounts, “*thavanai vatti*” for Chettiar fixed deposits and “*vayan vatti*” for other deposits. “*nadappu vatti*” or the current account rate of interest was taken as the base to fix the other interest rates.

Chettiar money lending firms in one particular region had a network and always followed a common rate of interest for every month. Whether it is Burma or Malaya or Ceylon, this practice was strictly followed. This common interest rate eliminated the competition among them. In the views of clients, who were mostly ignorant farmers in this case, this resolved the issue of finding a money lender with better interest rates. No matter the chettiar money lender is in Rangoon or Moulmein, or in his small village, the farmer

⁹⁵ “*Nadappu*” in Tamil means “current” or “present”. The term literally means the current account or present rate of interest. At the same time “*Nada*” means “walk”. In my opinion, this similarity in the term has made many authors like Rudner to translate “*nadappu*” deposit into “walking” deposit in English. When inquired this with old informants, they confirmed that “*nadappu*” is a Tamil term which is still used widely in chettinadu particularly to mention the current year.

knew that the chettiar firms will have the same interest rate. This is the first and foremost success factor for the Chettiars.

The interest rates were fixed in the temple, wherever or whichever country they had their business. This is one reason for their interest in building their own temple. The frequency of this interest fixing meeting was usually on monthly basis. The day would be most probably be the sixteenth day of every month⁹⁶ or an auspicious day, like “*Karthigai*”⁹⁷ which is an important day to worship Lord Muruga, the favorite deity of Chettiars. The interest rates were fixed in the major business towns of chettiars like Madras, Devakottai in Chettinadu, and Colombo for Ceylon rates, Penang for Malaya rates and in Rangoon for Burma rates. In the monthly interest fixation meeting, the financial situation was taken into account along with the current rates of other money lenders like Marwaris and Gujarathis from India. Great care was taken to fix the “*nadappu*” rates, as the firm’s survival was based on the interest rates.

According to Burma provincial banking Enquiry Committee Report, the “*thavanai*” or fixed deposits interest was fluctuating till 1920 to attract the Chettiar deposits, but later on from 1920 the rate was fixed in a systematic way of meeting on every Sunday at the temple and fixing the rate of interest based on *nadappu* rate or sometimes the other way. The interest rate in Burma was higher than in India. And so was the condition for any other country other than India. During 1800s, in Burma the interest rates were 8, 10 or 12% and sometimes even before the end of the transaction.⁹⁸

⁹⁶(Grantham. S, 15th June 1930)

⁹⁷(Sridevi, 2005)

⁹⁸Scott, J. G. (1882). *The Burman - His Life and Notions* (Vol. I). London: Macmillan and Co.

Table 2-1: Rates of return in different countries

Country	Rate of return on capital ⁹⁹
India	8 – 9 %
Ceylon	10 – 12%
Burma	12 – 15 %
Malaya	15 – 18 %

The *nadappu* interest rate was always calculated as simple interest. The time period of the loan or deposit was the base for this simple interest calculation. The interest rate on deposit was lower than the interest rate charged for loans. The other deposits from non-chettians (“*vayan vatti kanakku*”) was calculated on simple interest too, but a little higher than the *nadappu* rate, like an increase of few *annas*¹⁰⁰. It was the chettiar deposits (*thavanai* deposits) that attracted higher rate of interest along with compounded interest calculations; the frequency for compounding was six months or even sometimes two months.

⁹⁹C.J.Baker. (1984). An Indian Rural Economy 1880-1955: The Tamilnad Country Side. New Delhi: Oxford University Press.

¹⁰⁰*Annas* were old age units of rupees , 1 anna = 1/16 rupee

தொகுதி				கொடுப்பு			
மாதம்	தினம்	R	A P	மாதம்	தினம்	R	A P
மார்ச்	30	13	6	ஏப்ரல்	31	11	0
ஏப்ரல்	32	13	3	மே	31	10	9
மே	32	13	3	ஜூன்	32	10	3
ஜூன்	31	12	6	ஜூலை	31	9	6
ஜூலை	31	12	0	ஆகஸ்ட்	31	9	0
ஆகஸ்ட்	30	11	0	செப்டம்பர்	30	9	0
செப்டம்பர்	30	11	0	அக்டோபர்	30	9	0
அக்டோபர்	30	11	0	நவம்பர்	29	9	3
நவம்பர்	30	12	0	டிசம்பர்	30	9	9
டிசம்பர்	29	12	0				
	30	13	0				
	30	12	6				
	30	12	0				

Figure 2-6: Interest booklet

The above exhibit is the example for the calculation done meticulously, printed and circulated among the chettiar businessmen.¹⁰¹

This system of calculating various interest rates had a fool proof agenda behind. The “thavanai” or Chettiar fixed deposits were expensive, but gave a solid working capital for the business, as these deposits were fixed and predictable. There was never a crisis for these funds. Again, if we go deep further to understand how the chettiers had always surplus funds to keep deposits on other firms and not in demand for the money, it is the basic principle of the community – Multiplying the money. They never used the capital money for expenditures and always kept aside a part of profit for re-investment. This yielded more profit every compounding term and in return was yielding more interest when lent out as loans to clients.

It is customary of Chettiers to call the bowl like plate they use to eat food as “vatti”, which means “interest”. This is not a commonly used Tamil term in any other community for a bowl or plate. Hence, the informants mentioned that “it is to emphasize that, when any one says that “eat from the “vatti”(plate or bowl used to eat), that means, “earn your profit and eat from interest earned and never touch capital investment for

¹⁰¹Chetty, S. P. (1920). *Vanicar Thinarasi Vattiperukkam*. Malacca, Malaya. In this book, the interest rates are calculated for days for each Tamil month. The three columns represents R for Rupees, A for Anaas and P for paisa. It goes on for months and years based on Tamil Calender. It looks like a ready reckoner for any kind of interest calculation.

expenditures”!Even though with the cheap loans and higher interest rates for deposits to chettiar money lending firms, it was the unlimited credit opportunities open to the fellow chettiars on any time was the practice that helped the chettiars accrue money in abundance.

2.3.9 Practice of “*Magamai*”

“*Magamai*” or “*Magaimai*” is a practice of allocating a small portion of profit to a certain fund. It is like a subscription to meet certain expenditure. It is again a unique practice of chettiar business houses. It is like a ‘tithe’, practiced in any transaction, whether it is business or religious endowments or charity. The choultries, called as “*nagara viduthi*”, which was constructed for the benefit of chettiars travelling to various places due to usual business or for spiritual business, collected “*magamai*” from those who stay in the choultry. Even those who didn’t stay, but visited the town, paid the tithe as practice, just to make sure the money flow is continuous to maintain the choultries.

The Palani temple palm leaf documents (*arapattayangal*) mention the practice of *magamai*, which was set apart by the Kumarappan Chettiar to the God of Palani.¹⁰²

The practice of “*magamai*” is still followed in many chettiar firms and associations. Particularly, the Chettiar Associations in various towns of Tamilnadu still collect the rent for stay in the name of “*magamai*”. The previous generation is more aware of the term “*magamai*” whereas, the younger generation is not so. The importance of this concept is seen left behind in small and medium scale entrepreneurs of the community, particularly among the “*cross*” or “*new gen*”¹⁰³ chettiars.

¹⁰²Rudner, D. W. (1987). Religious gifting and Inland Commerce in Seventeenth Century South India. *Journal of Asian Studies*, 46 (2).

¹⁰³The lineage that arises from inter-caste or inter- religious marriages are generally referred to as “no.2” or “cross” chettiars by the community, and they are referred to as “original” or “asal” (which means original in tamil) by the “cross’ sect. But, as many of them feel offensive by the

2.3.10 Trade language

Many of the business communities have developed their own trading language to maintain secrecy of trade tricks. Chettians also had a trade language based on the initials of the gods. The small circles of chettian traders of particular location circulate the tables among themselves. The then Madras presidency had three tables for annas, rupees and tens of rupees. Annas table was made on syllables of the name of the Goddess Tiripurasundari (திரிபுரசுந்தரி), as follows:¹⁰⁴

Ti (தி) – 12 annas	Ri (ரி) – 8 annas	Pu (பு) – 4 annas	Ra (ர) – 3 annas
Su (சு) – 2 annas	Un (ஊ) – 1 anna	Da (த) – ¾ anna	Ri (ரி) – ½ anna

In the same way, the rupee table was formed with the syllables of the name of the God of Tirukazhugukundram – Vedagiriswararthunai (வேத கிரீஸ்வரர் துணை), meaning “with the support of God Vedagiriswarar.

Ve (வே) – 1 re	Da (த) – 2 rs	Gi (கி) – 3 rs	Ri (ரி) – 4 rs	
I (ஈ) – 5 rs	Is (ஸ்) – 6 rs	Va (வ) – 7 rs	Ra (ர) – 8 rs	Ar (ர்) – 9 rs
Thu (து) – 10 rs	Nai (நை) – 11 rs			

With the word Tirukazhu(gu)kundram (திருக்கழுக்குன்றம்) ten rupees table was made as follows:

name given to them as “no.2”, they are referred to as “new-gen” chettians for reference in this thesis, wherever necessary to mention the difference between the two divisions.

¹⁰⁴Thurston, E. (1909). *Castes and Tribes of Southern India* (Vol. V). Madras, India: Government Press.

Ti (தி) – 10 Rs	ru (ரூ) – 20 Rs	k(க) – 30 Rs
ka (க)– 40 Rs	zhu(ழு(சு)) -50 Rs	k (க்) – 60 Rs
ku(கு) – 70 Rs	in(ஈ) – 80 Rs	ra(ர) – 90 Rs im (இ)– 100 Rs

Anaas and rupees were also called in other names by the chettiars in particular locality like *vanakkam* for anaa, *velli* for rupee¹⁰⁵. In the interest calculations book of 1920 published in Malaya, the preface mentions “*Immu* 30 equals one *Mundiri*, 320 *Mundiris*¹⁰⁶ equals one *kasu* and 100 *kasu* equals one *velli*. ”

2.3.11 Choultries (*Nagara viduthi*)

Chettiars’ another business practice which had a totally social dressing on it was the building of choultries, called as “*nagara viduthi*” in Tamil. These choultries were built usually by community endowments called as “*kattalai*” in Tamil. Run by the trust board formed with the consent of the local chettiars, the *nagara viduthis* performed a lot of assistance to this merchant community which had a lot of mobile business members. The chettiars who are travelling to various places for the conduct of business like visiting the “*utkadai*”, parent banker visiting his firms in various countries and towns, agents travelling to collect loan amounts, chettiar families on spiritual trips to temples etc, always had a place open for them with all the assistance they need.

The chettiar who are new to the town just had to visit the Choultry with his native village and family name to get the entry to the warm hospitality of the chettiars who were

¹⁰⁵Thurston translates this mention of rupee as velle into white, which again translates into Tamil as Vellai, and not velli. When enquired some of the old chettiars about this mention of “white” for rupee, they clarified that “Velli” means “one dollar or one rupee” and not white. This practice might have come into use when the rupee was like a silver coin or dollar.

¹⁰⁶ The exact meaning and usage of these terms were not found even after enquiring a lot of informants. Even the aged chettiars were not able to comprehend the terms. One informant opined that, it might be the unique terms used for chettiar business in Malaya.

already doing business there. They welcomed the new member with a “commensal” meal¹⁰⁷ and a common worship in the temple symbolically ritualizes the association and kinship to be accorded among the community. This business morality of widening the community business instead of getting threatened by a new entrant as competitor is one factor that made the chettiar business flags fly high in various countries.

These choultries provided a common meeting place for the community members to conduct business meetings and other community related meetings. These served as a centre too to solve disputes among the members. It is found that these choultries are still maintained in many of the temple towns in India with the same architecture and modalities of operations.

2.3.12 Hundis (*Undi, Undial* - உண்டியல்)

Hundi is a kind of bill of exchange or written order for payment. Hundi system involves deep trust and a wide range of net works to operate successfully. Chettiars had these both qualities – trust and network. Hence, the hundi system was widely used among the chettiar bankers for money transfers, remittances and deposits. To draw a hundi, a client should have an account with the chettiar banker. Hundis were also used to transfer money from one place to another, among the chettiar money lenders. Rudner quotes that, according to Tun Wai, more than 75% of Chettiar Hundis were trade Hundis.¹⁰⁸ Hundis were the major remittance system of chettiars. The Issue and discount of hundis for remittance were the most important business for chettiars after lending.¹⁰⁹ Takeshi, when comparing home remittance systems of chettiars with Chinese moneylenders, mentions that

¹⁰⁷(Rudner, 1994)

¹⁰⁸(Rudner, 1994)

¹⁰⁹(Grantham. S, 15th June 1930)

*“from the point of view of business institutions, remittances by both Indians and Chinese did involve some sort of company. Indian remittance firms – which include Chettiar banking – were rather strong forms of institutions.”*¹¹⁰

There were four basic types of hundis – *Darisanai hundi*, *Nadappu hundi*, *thavanai hundi* and the Pay order hundi

- ***Darisanai Hundi*** or Dharshan Hundi: “*darisanai*” in Tamil means “on sight”. These hundis were exactly like the demand drafts. When presented to the firm, the hundi was payable within 3 days to the person and place specified in the hundi in the “*kadai kanakku*” or shop account.
- ***Nadappu Hundi* or *Current Hundi***: This type of Hundi was unique to Chettiar bankers and among them. These hundis neither had fixed term nor demand drafts. They were paid at the convenience of the drawee who paid the interest at the current rate of interest to the person who drew the hundi. The interest will be calculated till the time of encashment of the hundi.
- ***Thavanai Hundi* or *Fixed term Hundi***: These were paid under the *Thavani* accounts and will not be paid until the fixed term, usually short-term deposits. A *thavanai hundi* can be discounted.
- ***Pay order Hundis*** were actually receipts for the stridhan received as dowry from the bride and the interest was compounded and treated as *Thavanai* deposits.

Hundis were used for transferring funds from one place to the other. Moreover, it is the flexibility practiced by the chettiar bankers in handling the hundis gave them the

¹¹⁰Takeshi, H. (2015). A comparison of the home remittance systems of Indian and Chinese migrants in South East Asia: Nineteenth and twentieth centuries. In C. K. Jayathi Bhattacharya (Ed.), *Indian and Chinese Immigrant Communities: Comparative Perspectives* (pp. 58-69). Singapore, Singapore: Anthem Press.

advantage among the competitors. The relationship between the clients and the chettiar bankers were not merely of financial transactions. It went a step beyond by helping each others in times of need. The chettiar banker converted the *thavanai* hundis to *Dharshan* hundis if the client was in need of cash. There are confusions in confirming the modalities of operations of these hundis, particularly the distinction between the current hundis (*nadappu*) and the *dharshan* hundis. Rudner tries to conclude that as the situation of issuance of hundis depend on the monetary needs of drawer and drawee on that particular day and also on the deposits with the chettiar banker. Hence, the chettiar bankers had the control over the model of hundi to be issued and this might be the solution to construct a chettiar hundi system. But, under the Colonial Rule, the Hundis were not legally acceptable and fell beyond the negotiable instruments act.¹¹¹

The operation of hundi system seems simple when properly interpreted and understood. When a Hundi is drawn with a Chettiar banker, he sends that hundi copy to the other banker with whom the hundi is to be encashed. But, even before the hundi reaches the banker, if the person who bears the hundi reached the banker for money, the banker will pay for the hundi. This transfer of hundis can be done to two or three bankers in case of the locations being far away. To cut down the cost of commission when the hundi gets to many bankers, the second and third banker usually did not discount any commission, thus saving the cost of the client. This unique practice gave the clients a trust worthy feeling on the chettiar banking operations that anywhere the chettiar hundis will be respected in chettiar firms. Also the spread of the chettiar banks in many places inside the country and at many places in southeast Asia helped the clients to transfer money irrespective of country and of worrying about whether the bank will have a branch in that particular country.

¹¹¹(Grantham. S, 15th June 1930)

With their keen acumen of accounting and the organized way of working made the hundi operations possible for the chettiar bankers. With all the loop holes and possibilities of dishonoring payments, the chettiar bankers created a bench mark of sophistication and regulated transactions. The result of the hundi discounting system was tremendous and the errors were very minimal. According to Krishnan (1959), for a volume of 11 crore rupees and a number of 136 firms, the bad debts were only 4.3 lakhs, which works out 0.5% on the total volume of business.¹¹²

To summarise, Hundis played an important role among the chettiar bankers in many ways such as

- The clients had to maintain a decent amount of deposit with the chettiar bankers to draw Hundis.
- The networking of chettiar bankers all over the Southeast Asian countries and with the European banks helped the clients to draw Hundis for any location.
- The bondage and trust between the chettiar bankers ensured that the chettiar firms in even remote and interior parts of Malaya and Burma got business always.
- The service extended to the clients like, the discount is only once paid to the drawing chettiar banker, and the banker at the destination of hundi often will not charge a discount again, as an understanding between the chettiar networks.

¹¹²Krishnan, V. (1959). *Indigenous Banking in South India*. Bombay: Bombay State Cooperative Union.

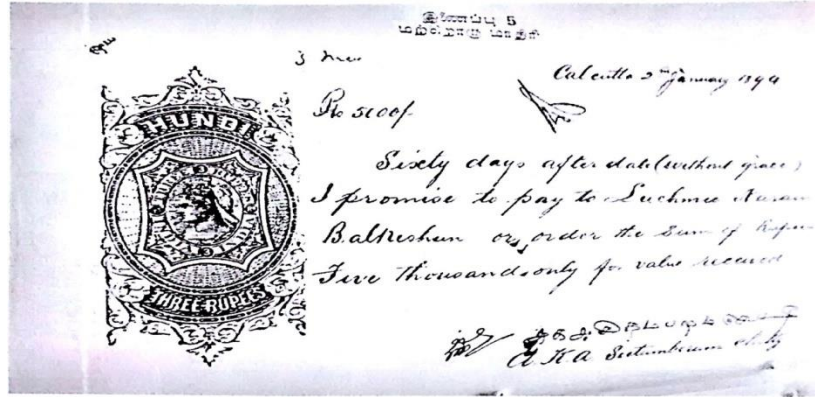


Figure 2-7: Thavanai Hundi Model¹¹³

This exhibit is *Thavani hundi* which is for a term of sixty days and for a sum of Rs.5000, issued by a.k.a.Sitambaram Chetty

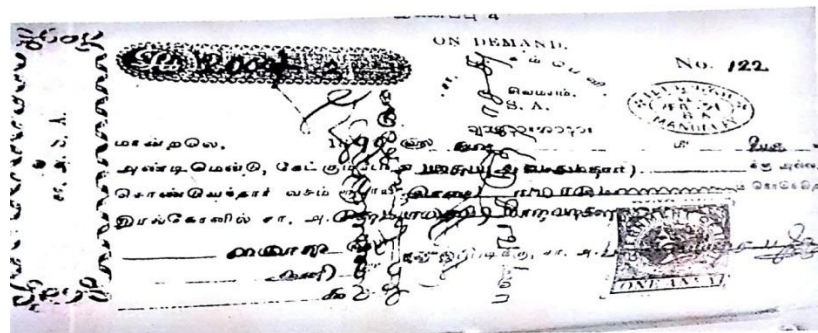


Figure 2-8: Darisanai Hundi Model¹¹⁴

This is a *Darisanai hundi*, to be paid on the sight of the hundi. This is dated as *Vilambi* year *Thai* month 5th day, also mentioned 1898. This hundi is drawn in *Mandalay, Burma* for Rs. 2000, by chettiar firm named S.A. Hundi written by another chettiar named M.M.N. the hundi is written for a Chinese name *Andai* and it is also written that the hundi

¹¹³ Annamalai, P. (1988). *Nagarathar Kanakkiyal Murai*. Chennai: M.M.Muthiah Research Centre.

¹¹⁴ (Annamalai, 1988)

to be paid on sight. It is interesting to note that the word “on demand” is written in Tamil¹¹⁵. It is also to be noted that the hundi is cancelled by writing diagonally that the amount is paid.

2.3.13 Book keeping methods

The accounting methods of chettiar Bankers are commended worldwide by scholars and authors who have studied on the banking practices of chettiers. Rudner writes with a tinge of alarm that

‘the detailed record that they leave us of commercial activities throughout south India and south east Asia represents a still untapped resource for historians. But it is one that is rapidly vanishing and merits attention before the opportunity is irrevocably lost.’

The following are the major books kept by the chettiar business men.¹¹⁶

1. Journal book – *Asal Kurippu*
2. Ledger – *Peredu*
3. Outstanding dues book – *Paakkipustakam*
4. Hundi register book – *undial anuppu varavu*
5. Voucher file – *Kacchathu or kaisaatru book*
6. Waste Book – *chittai kurippu*

Peredu or ledger book recorded all payments and receipts. The system of peredu ledger had two columns of debit and credit and correlating the expenses incurred by the account. Even though the debate of this system of bookkeeping missing the essentials of

¹¹⁵(with little pronunciation error which sounds as “un demand” if read)

¹¹⁶(Annamalai, 1988)

a western double-entry system, it is accepted that the ledger represents clearly separate transactions and is able to show the net difference between credits and debits.¹¹⁷

The other type of ledger is a *Pakkibook* which contains the outstanding dues, debts and deposits. But, the transaction records of payments and receipts will not be entered in this book. The *asalkurippu* is the cash book which recorded all the cash transactions on a daily basis. The Hundi register book records the type of hundi, place, names of the drawee and drawer, amount, time period, interest rate and number. There will be four segments in this book –First segment for the entries of hundis drawn in the firm, second for the hundis sent from the firm to another firm, third is the entries of hundis discounted or paid from the shop account of the firm and the fourth segment will consist of the hundis received in the firm sent by other firms.

Voucher file book is essentially a file with “kurippu” with the collection of vouchers and bills organized according to the transactions of the firm. In the same way all the correspondence of the firm was also maintained in a book or file called as press copies. If the firm is big enough and had a court clerk, then separate books were maintained for that. The “*vatti Chittai*” is the slip used for calculation of interest. But, chittai or small slips were used like memos, not only for internal use but to send to the nearby shops too.

Profit and loss account, called as *laabha nashta kanakku* was calculated once in a year during the month of *panguni or Margazhi*.¹¹⁸ The Balance sheet is called as *ayan thogai or indhugai* account. All the entries were made in Tamil and even the numbers sometimes were written in Tamil. The year, month and date were also written in Tamil.

2.3.14 Human Resources Management

The human resource for all the banking business of chettiars conducted all over the South East Asian countries were sourced from the areas in and around Chettinadu. Majority

¹¹⁷(Rudner, 1994)

¹¹⁸(Annamalai, 1988)

of the employment were reserved only for the community members. When studied meticulously the nature of human resource recruited and the needs for them to be essentially chettiars or Tamil for that matter, it is clearly understood that it is beyond the caste and community affinity. The chettiars being the pure business men to the core, looks at the importance of trust based business transactions, which is the core base of their business. Further, the chettiars were not keen in learning of new languages in the areas of the business too. It is for these two reasons; particularly the Tamil people were preferred for the jobs in the money lending firms. The other reasons might be the food culture and the worshipping in temples that stood as important criteria in selecting people for the job.

2.3.14.1 Expatriation and Repatriation models

The one practice which helped the Chettiar money lending firms sustain the flow of human resource is the term of employment. The Agents who were essentially chettiars, were recruited for a term of 3 years. After 3 years he will be repatriated to the chettinadu to spend the time and money with his family, which was left behind in chettinadu during his tenure abroad. This cooling period or resting period was the motivation for the next three years. This eliminated the anxiety of staying faraway, as it gave a mental conditioning that the term is limited and nearing to end day by day.

The re-expatriation of the experience agents were still more attractive as he is free now to join any firm and can visit a new country. The other employees who were non-chettiars too enjoyed the respect and trust of the chettiars and some authors mention the influence of chettiars' organizing skills, clarity of thinking, calculating skills, food and culture, the trust worthiness and honesty were infused into the staff working with them and their behavior changed and was similar to chettiars when they return back to home.

The expatriated chettiars were warmly received and encouraged by the chettiars who are already in business. The accommodation and food were well taken care of for the new entrants. The employees and the owners who shuttle back and forth to the places of business in various countries carried the necessary things for those who were staying abroad.

The peace of mind of the employees who stays away from family for three years was too taken care of, not only by the employer but by the whole as a community. As it the custom of the community that the male members set sail to faraway places on business, the women took care of the family and the community took care of their safety and security. As a close knit community living in small villages, everybody knows everyone, and the community living was a blessing to them. Further the system of joint family ensured that the women folk and the children are under the care of the elders.

In many cases, young boys too were sent along with adults, mostly uncles and not often with fathers. This practice was to eliminate the concession the boy might get if the father was with him in the training period.

2.3.14.2 Compensations, perks and packages

The Agents were well paid along with the bonus and incentives. The period of three years is called as “*kanakku*” and around 1930s the salaries were ranging from Rs. 3000 to Rs. 25000 ¹¹⁹. The turnover and the experience were the deciding factors of the bonus and other perks. Fifty percent of the salary was usually paid in advance to the family in Chettinadu and the remaining will be paid after his term is over. The profit share was calculated as bonus, and it was up to 12%.

2.3.14.3 Training and Human Resources Development

The important quality of the chettiar bankers was to encourage the career developments of the employees. The training was subtle and mostly of self-learning and through observations. However, it is also like vestibule practice as the professional and methodological on-the-job training is carried out. The boys start with just buying snacks and drinks to the staff working in the “*kittangi*”. They were called as “*podiyans*”, meaning small boy. They have to observe and learn the happenings of business around them

¹¹⁹(Grantham. S, 15th June 1930)

occasionally running to buy Stamps, tea for customers and staff, or to stamp the papers or to get “*kai mathu*” *panam* from the next shop. After some time, based on their ability and performance, they may get elevated up to “*melal*”. The rich chettiar sons too went with this schedule of training mostly to imbibe the humility and humbleness of being simple in their own firm. Many of the successful chettiars have started their career as errand boys, learning life along with business through the distinguished *kittangi* life. The other non-chettiar staff, who does clerical or accountant jobs mostly remained as supporting staff, unlike the chettiars who eventually started their own firm.

2.3.14.4 Education

In 18th century, Chettiars, being fervent saivaites from the day known to them and others, have made it a mandatory part of their life to know and recite God Siva’s hymns of Thevaram and Thiruvagasam. Chettiars primarily have three “Mutts” of their own namely Patharakudi Mutt, Kila Mutt and Tulavur Mutt. The male children were sent to these mutts for a period to get to know the basics of life and devotion. At the turn of nineteenth century, when schools replaced gurukuls, still chettiars were not interested in sending their sons to schools. They didn’t believe in the education of schools. They preferred practical hands-on training than theoretical practice.

Simple teaching of math knowledge combined with the long and strict apprenticeship training under their own caste member, who often is a relative, made them efficient enough to start a business of their own.

But, at the turn of English rule, which imposed the new education system based on McCauley’s methods, in the homeland, chettiars started to think their education system only based on trade and thus not allowing their children to improve their wisdom.¹²⁰ They started comparing with the other community children who completed their education in

¹²⁰Reporter, D. R. (1930). "Burmavil nam tozhil nilamai" - Tamil. *Dhanavanikan* , 24. The article emphasize that the chettiars should rethink on depriving their children of the foreign education possibilites

Government schools and continued with further studies. To coincide with that, the financial crisis during 1930s added fuel to the fire and the community had a turning point in their thought process that the children need to study more to find other avenues of earning apart from money lending. The importance of education was spread through various magazines and some of the rich chettiars set examples by sending their children to America for further studies. This paved way for transformation of schools and building up of new modern schools in the chettinadu area. It is worth mentioning that later on, some Universities and many colleges in Tamilnadu were built and run by Chettiars.

2.3.14.5 Agents

These agents were often clan members, from chettinadu. Wherever the chettiar firm is located, the agents will travel overseas to stay put there and do the work as agent for three years, He will be trained by the firm. In turn, during his last six months of three years, he will train the new comer.

After three years of living in a faraway land, the agent returns to his homeland with three years of leave, with whatever he earned. If willing, he can return back to the chettiar firm after three years or else can join any other firm, in any other country.

It was a strictly followed rule, that agents should be men. Women of the community were not permitted to travel overseas or to live with their spouse in a foreign country. The women stayed back home, looking after the house and kids.

The system of agents helped chettiars to bring down the overhead charges to low level while it encourages honesty and devotion to work by the system of payment by results.¹²¹

¹²¹(Pillai A. , 1929-30)

2.3.15 Other Business Ventures – Textile Industry

Even though, Nattukottai Chettiars are considered as slow transformers from banking to manufacturing industries, in the last thirty years of British rule, along with the prominent North Indian enterprising communities and the notable entrepreneurs like Tatas of Parsi Community, Birla, Dalia of Marwari community, Walchand Hirachand, Ambala Sarabhai, Kasturbhai Lalbhai of Gujrati Banias, Lala Shri Ram of Punjabi Banias, Maratha Bhramins and Patels of Gujarat in western India, Tamil Brahmins and Nattukottai Chettiars were the ones to be mentioned in the south as prominent entrepreneurs.¹²²

Following the opportunity born out of the decline of colonial cotton mills in Calcutta, these entrepreneurs found textile mills business adventurous and rewarding. As an aftermath of the great depression in 1930, there was a wide wild area of trade and manufacturing out there for exploitation, provided with very less competition. There was only a handful of Indian business communities on one side with investments and on the other side was the unexploited new India, ready to receive freedom, and ready to open the flood gates of business opportunities. Hirachand moving into shipping, Birla's starting up of textile machinery, Tata's domestic airlines and Shri Ram's sewing machines are fine examples. Comparatively, the Nattukottai Chettiars diversification, expansion and new ventures were very small. Around 1930s, when the Industrial sector in India started to wake up for new avenues, the tremendous growth of textile mills, were region specific and lead to the concentration of mills around some places. Coimbatore was one among those places in Tamilnadu and along with chettiars, non-chettiars like R.K. Shanmugam Chetty and

¹²²Tomlinson, B. R. (1993). Trade & Manufacture, 1860-1945: Firms, Markets & the Colonial State. In *The Economy of Modern India, 1860-1970, The New Cambridge History of India series* (Vol. 3.3, p. 143). Cambridge University Press.

Ratnasababathi Mudaliar were dominant and utilized the opportunity of transformation from agriculture and money lending to industries due to great depression.¹²³

Shoji Ito theoretically postulate the following two alternatives chettiars had when their business collapsed in Burma and other places too, due to Great depression and World War II¹²⁴.

1. Bringing into the running of the new enterprise the traditional individualistic spirit of business or
2. Conversely, building up a business combine as among other communities out of a number of blood-related nuclear families.

It is found that both the situations occur in the Independent India.

Even though in 1888 itself a Chettiar from Devakottai started Malabar Spinning & Weaving Mill in Calicut, Kerala¹²⁵, the expansion and new mills were not that much. Later in continuation, few Chettiars started textiles mills at Coimbatore, Ariyalur, and Koilpatti. These textiles mills were floated with paid-up capitals from various professionals like bankers and lawyers.¹²⁶ Some chettiars bought the defunct mills and revived them. The “textile King” Karumuthu Thiagarajan Chettiar started his textile journey in Madurai during this period.

¹²³ Mahadevan, R. (1991). The Politics of Business Interest Groups: Colonial Madras. In D. Tripathi (Ed.), *Business and Politics in India: A Historical Perspective* (pp. 224-240). New Delhi, India: Manohar.

¹²⁴ Ito, S. (1966). A Note on the "Business Combine" in India- With special reference to the Nattukottai Chettiars. *The Developing Economies*, 4 (3), 367-380.

¹²⁵ Al.Ar Chettiar started this mill along with a Namboothiripad family of Trivancore.

¹²⁶ Mahadevan, R. (1976). The Origin and Growth of Entrepreneurship in the Nattukottai Chettiar Community of Tamilnadu 1880-1930. New Delhi, India: JNU.

2.3.16 Other Industries

Apart from textiles mills, AL.AR Chettiar, acquired a sugar mill too in Attur. Mahadevan mentions this as the spirit of “entrepreneurship” of Chettiars to enter into unknown areas like starting up a Paper Mill in Punalur by AR.AR.SM. Somasundaram Chettiar, and a Modern Cycle Factory in Madras by SAA.Annamalai Chettiar. Also, a considerable number of rice mills were run by the Chettiars in Tanjavur and Kumbakonam during this period.

Few Chettiars were also involved in import of Motor Cycles & Motor Cars and various kinds of clothes from Manchester, England and Germany. The other important companies founded by the chettiars were the three Electric Corporations in Chettinadu, Joint stock Companies like Palaniappa & Bros, The Madras Railway Provincial Company. Mahadevan comments this as

*“a new stage in Chettiar entrepreneurial activity, a stage heralding modern capitalist enterprise”.*¹²⁷

Thus, the Chettiars, during the colonial era, gave a tough competition to the European business men, no matter how the British Government discriminated Indian business. The South Indian business industries owe a big chunk of gratitude to these high spirited spiritual entrepreneurs for pioneering in many sectors. It is true that, they lost a lot of business, but it is also true that their adventurous character took them to new heights in entrepreneurship in colonial era.

¹²⁷ For further elaborate details on the ventures of chettiars during this period, see Mahadevan, 1976. This analysis is based on Raman Mahadevan’s wonderful description on the new ventures of Chettiars in his study “The Origin and Growth of Entrepreneurship in the Nattukottai Chettiar Community of Tamilnadu 1880-1930. There is not much documents available on this mater. The informants are not able to recollect much and the facts that are revealed corelates with the facts mentioned above.

2.4 Business –The Phase of Independence

2.4.1 The Transition

The bankruptcy of their traditional money lending business during 1930s devastated the entire chettiar community in Burma and their lives back home in Chettinadu. Many of the chettiars had lost their livelihood, many lost a huge fortune of investments and many were left with nothing.

The Japanese occupation of Burma during 1942-1945 was another blow, as many of the Chettiars had to walk all the way leaving back all their earnings, savings and properties in Burma. The jolts caught the chettiars to act as in crisis, they “called in all their money, suspended business and closed their books, as if by one unified decision¹²⁸”. The loss was not uniform to all the firms. Those who have invested solely in Burma lost everything and other big firms whose investments were spread all over the South East Asian countries escaped with their excess assets in other places. The hesitation for transition was obvious¹²⁹. The transition of chettiar firms into modern industry took time; in fact we can say that in comparison with similar business communities like Parsis, Marwaris or other Baniyas, they were delayed.¹³⁰ It is an intriguing question that lingers in the readers and researchers minds.¹³¹ To the contrary, it was the people from other communities, those who were not often associated with business tradition, were much

¹²⁸Tinker, H. (1989). *South Asia- A short History* (Second ed.). London, UK: Macmillan Press.

¹²⁹(Medha M. Kudaisya, 2009)

¹³⁰Bagchi, A. K. (1972). *Private Investments in India 1900-1939, The Evolution of International Business 1800-1945* (1 ed., Vol. 5). London, UK: Cambridge University Press.

¹³¹(Ito, 1966)

faster to grab the opportunity in the south, such as the Seshasayee Brothers and C.Rajan Iyer, both belonging to Brahmin Community¹³².

It is to be assumed that the shock of losing business and properties overseas took its toll on the otherwise composed mindset of Chettiars and apart from that, their attachment to the traditional activities and their traditional outlook have “retarded their entry into the modern industrial sector”¹³³.

The shock wave of the loss hit hard on the chettiars back home, who were by now accustomed to big houses and splendid spending for marriages and other ceremonies. It became a status issue not to continue with the lavish throwing of money in marriages in various forms like dowry, hospitality for three days, jewels and gifts to the guests. It is to be noted that, by that time dowry was to be paid by the groom to the brides’ parents, and not by the bride to the groom. This resulted in various cultural hinges like only the wealthy chettiars get to marry (old widowers for second or third time) and poor bachelors were not able to find suitable brides for want of dowry money.¹³⁴ It took some time for the chettiars to understand the change and start looking for fresh starts. First to curtail the huge spending on ceremonies, the chettiars decided on shorter and less-expensive version of traditional practices in their clan meetings and circulated the resolutions in form of booklets to all the members called as “*Tonnutru aruvar kootta Theermanangal*”¹³⁵, meaning the resolutions made by the 96 villagers. This happened in a series and an organized way, mostly

¹³²Tripathi, D. (2011). Towards Maturity- Indian Business in the Inter-War Years. In M. M. Kudaisya (Ed.), *The Oxford India Anthology of Business History* (p. 318). New Delhi, India: Oxford University Press.

¹³³(Ito, 1966)

¹³⁴A.K. (1931). Chettimarnaatu ilanchingangale, innum urakkama? (Tamil). Dhanavanikan , 7.

¹³⁵These booklets are named on the village (Ex: “*Puduvayal Nagarathar Teermanangal*”) or a collection of villages (Ex: “*Ezhu oor Nagarathar Teermanangal*”) or village and Clan temple specific (Ex: “*Nerkuppai Nemam Kovil Nagarathar attavanai*”). a collection of which were saved by the great Roja Muthiah Chettiar in his library.

resolutions similar to each other. These resolutions were elaborate, mentioning minute details of gifting, time and till to the detail of whom to be called for what kind of function. Chettiar traditions being organized and strictly followed, this step helped in achieving a unanimous practice of gifting and other matters of functions and ceremonies without friction among the kin. The meticulous details and calculations of traditional gifts in these booklets stand as a testimony to the Chettiars acute eye of nuances and a perfectionism in documenting no matter whether it is business or relationships.

By that time, the scenario of independence struggle was changing the country upside down in all aspects. The perception of banking, micro finance, money lending, agriculture, zamindari system, politics, and government everything was under scrutiny and fast changing in tune to the reforming ideas of the eager and energetic Independent India.

Hence, the transition of business from money lending to other industrial ventures took its time for chettiars. Moreover, the big firms, who were cushioned from the loss due to their investments elsewhere and their enormous reserves and assets, were only having the base for new venture. But, they too due to various reasons that are discussed later in this study took some time to step into new areas.

But, the sad part is, a lot of families lost their motivation for new venture in this time to get out of shock and searching for new means. Hence, being simpletons, with the money they earned abroad, they started living on the capital instead of interest against their community's unwritten policy. Slowly, by the start of the next generation, the wealth eroded away, pushing the young to work for others forgetting the tradition of entrepreneurship and risk taking.¹³⁶

¹³⁶ This fact was not documented properly in any study. This is arrived from discussions with a lot of chettiar families who witnessed the erosion of asset to the last bit just to feed the family, which was bigger by that time. The number of children in each family was more than 6, sometimes upto 10. By this phase of time, a lot of intercaste marriages too took place, as the Chettiars didn't had dowry money to find brides from their own caste.

As a result, the modern corporate and enterprises of chettiars were mostly founded in 1940s.¹³⁷ The capitalism of India was also expanding by this time, and as a result, the counterparts of North India, the Marwari's also took the same turn and started investing in industries transforming themselves from money lending business.

Interestingly, it also should be pointed out that, even before the great depression and World War II, during 1920s, when the other business communities were entering vividly competing with the European companies, Chettiars were withholding their interests in large scale industries, with a considerable investment in hand. Bhagchi points out the reason as

*“Chettiars did not enter large scale industry in significant numbers until protective tariffs had been imposed on the import of cotton textiles and the grip of the Europeans on the economy of the southern India had been loosened in other ways”*¹³⁸

The commonalities among the communities like Marwaris and Chettiars were trading and money lending, joint family system, traditional occupation and conservative culture. The one major difference is they were more urbanized than the Chettiars who literally lived in villages in down south with limited exposure to the modern developments. Whatever may be the reason, comparatively these communities showed a keen fast pace in switching to modern industries than chettiars.¹³⁹ They took to diversified industries and new ventures which were totally different from their traditional occupations. In fact, half of the major players all over the country evolved in that period not belonged to any traditional trading community. What could have become a golden opportunity was missed

¹³⁷(Ito, 1966)

¹³⁸(Bagchi, 1972)

¹³⁹(Bagchi, 1972)

by the Chettiars.¹⁴⁰ Chettiars entered into cotton and textile industry slowly and continued with their banking business in some places. These cotton mills, banks and insurance companies had certainly put them in an influential and higher position in the business arena of south India. Apart from these, a considerable number of Chettiars started up leather business and trade in and around the Madras Presidency.

But, we cannot miss the fact that there were a lot of failures in the transition and formation period, and there was kind of competition between the enterprises and industries. As the Country was trying hard to build, the traditional family enterprises, being the only kind of business firms so far, was either trying hard to convert themselves or to give way for the newly forming industries. Ito rightly puts it as

“..the history of the development of industry in India has also been a history of the failures of enterprises”

In case of textile industry of Bombay, 44 economically weak companies went out of business between 1895 and 1915. This is two thirds of the total textile business.¹⁴¹ And the same was the scenario for chettiar textile mills too.

The major Chettiar groups identified as venturing into new business avenues were Somasundaram group, Karumuthu Thiagarajan Group, AMM. Murugappa Chettiar group, Dr. Alagappa Chettiar group and The Rajah Sir Annamalai Chettiar Group, which has a further lineage subdivision as Rajah Sir Muthiah group, M.A, Chidambaram and M.Ct groups. These few families were the new entrepreneurial face of the Chettiar Community. Other than banking and cotton textiles, the other industries chettiars ventured into are plantations, fertilizers, rayon, construction, engineering, sugar mills, tannery etc. AVM group, founded by AV Meiyappan Chettiar, successfully established a production company in the Tamil film Industry. Chettiars with medium level investments opted for wholesale

¹⁴⁰Tripathi, D. (1997). Historical Roots of Industrial Entrepreneurship in India and Japan - A Comparative Interpretation. New Delhi, India: Manohar.

¹⁴¹(Ito, 1966)

trade business and banking services like chit funds. The next level chettians opened up small money lending firms in India.¹⁴²

Between 1930 and 1960, the economic gap between the chettian community members was obvious. Most of the companies, board membership and other investments were controlled by a very few families and the rest of the community got in a grunt of crush between the image of a wealthy community who has to fulfill all the ceremonial customs which required money and the reality that they lost everything overseas.

Instead of filling up, this gap got wider and wider¹⁴³ as the year went by, and the present day conditions witness this gap which is discussed in the chapter IV, under Social perspectives.

Most of the other Chettians, who managed to come out of the damage with little investment, started up shops of consumer goods like stationeries, Medical shops or departmental stores. Throughout the period of research, it is found that no chettian is involved in business of perishable goods. This is interesting because, as per the Community rules mentioned in the *Nagarathar Charithram*¹⁴⁴ (based on the stone inscriptions of Velangudi temple) the chettians are prohibited from doing perishable goods business.

¹⁴² This discussion is based on the survey conducted by the researcher and the facts stated by the informants.

¹⁴³ Mahadevan, R. (1976). *The Origin and Growth of Entrepreneurship in the Nattukottai Chettian Community of Tamilnadu 1880-1930*. New Delhi, India: JNU.

Raman Mahadevan also mentions that this point is not brought out in most of the works on Chettians and he proves his point with ample data evidence from Burma.

¹⁴⁴ Chettian, D. C. (Ed.). (1941). *Dhana Vaisiyaraagiya Nattukottai Nagarathar Charithram*. Paaganeri, Tamilnadu: Dhanavaisiya Youth Tamil Association.

“List of Community rules” reads as “In Poongonrai, Velangudi, the Caste Rules decided by the Chettians”. In this a rule prohibits chettian doing business of perishable goods and butchery. But, it may not be the sole reason for chettians not conducting the perishable goods business, the present generation of chettians are not even aware of the existence of such rule book. And apart from that, we can see that a lot of rules mentioned in the book already gone to the oblivion. Hence, it might be the practice followed for centuries or simply the intuition of chettians, not

2.4.2 Cotton and Textiles

The immediate industry that gave shelter to these new entrepreneurs was Cotton and textiles industry. During 1963, according to a cotton mill owner of Madurai, 40 mills with one million spindles were under the control of the chettiars, amounting to one-fifth of the total spindlage of the four states of southern India.¹⁴⁵ These 40 mills include mills owned by almost all the big families of Chettinadu. Rajah Sir family and Alagappa Chettiar were to be mentioned for the development of textile industry among the chettiars, apart from the “Textile King” Karumuthu Chettiar. During 1960s Karumuthu Thiagarajan Chettiar group owned thirteen cotton textile companies, which amounted to sixteen mills in addition to a small bank and insurance companies.¹⁴⁶ The interesting fact about this group is that unlike the Rajah Sir group the Karumuthu chettiar and his three “independent” sons managed the group under one umbrella. Karumuthu Thiagarajan chettiar was called as “the textile King” for that reason. When the different companies under the management of different agents or treasurers faced financial bankruptcy, the group absorbed them and converted into profitable units. The same way, AMM group too comprised of six nuclear families formally separated, but jointly running the business group.

2.4.3 Banking Business

A small group of influential chettiars controlled four banks of various sizes, holding one-fourth of the total bank deposits in southern India during this period. Rajah Sir Annamalai Chettiar group’s possession of the two biggest banks of Madras province –

to get into the perishable goods trade! During interviews, when this issue was pondered, many answered that the risk taking ability of chettiars is diminished from the period of 1930s and any business which involved risk is avoided.

¹⁴⁵(Ito, 1966)

¹⁴⁶(Ito, 1966)

Indian Bank and Indian Overseas bank was the major factor for the unstoppable growth of this group in various industrial sectors.

2.4.3.1 Indian bank

In 1906 Arbuthnots, a leading European business house of Madras collapsed and paved way for Indian merchants to utilize the opportunity to come up with a new Banking initiative. The crashing out of three best-known British business houses including the Arbuthnots was the worst ever financial crisis Madras has suffered. Sir George Arbuthnot, a prominent figure and member of Madras Legislative Council was not able to hold up the firm despite his influential white race and numerous deposits, due to his ill-planned investments.¹⁴⁷

The closing of Arbuthnots created a vacuum among the banking area, particularly the English companies facing a sudden crunch in the absence of the credible firm. The popular notion accepted by many people was that the Chettiers who are already well versed with the merchant banking and money lending has started the Indian Bank, run by Indians for Indians, in the perfect time of bankruptcy of Arbuthnots.¹⁴⁸ But, the initiative was by a young lawyer named V.Krishnasami Iyer. Not one of the promoters was a Chettiar, but they provided funding for the bank though.¹⁴⁹

¹⁴⁷Building a bank, the MCt.way. (2004, April 12). *The Hindu* .

Sir George Arbuthnot spent the money on searching gold in the Nilgiris and Anamalais, on investment in American railway projects, on new south African gold fields and in the plantation crops of the West Indies. Actually, this shows the difference between the fall out of business of Arbuthnot and chettiar firms. Chettiar firms show a controlled conduct of business with measured risk where as the English firm shows a unplanned unmeasured risk in a large spread geographical area. When declared insolvent, the Arbuthnot &Co's liabilities were Rs.27 million and assets Rs. 7 million.

¹⁴⁸(Ito, 1966)

¹⁴⁹(Building a bank, the MCt.way, 2004)

Formation of Indian Bank in 1907 is the reflection of the differences between European and colonial Madras's capitalists, as a result of the rise of swadeshim.¹⁵⁰ Even though Chettiars didn't promote the Bank, it was clearly notified from the start that the promoters were relying on the Chettiars for funding. The chettiars important in the development of the bank are Rm.M.St. Chidambaram Chettiar (one of the First directors of the Bank), S.Rm.M.Ramasamy Chettiar, who was the elder brother of Rajah Sir Annamlai chettiar (also one of the first directors), Rajah Sir Annamalai Chettiar and PMA Muthiah Chettiar.¹⁵¹ It is to be noted that Annamalai chettiar was also in the Imperial Bank board from 1920. The Indian Bank was started with a paid-up capital of Rs. 10 lakhs in 1907 and went up to Rs.17,75,000 within one year, of which two-thirds subscribed by chettiars. Based on the facts and figures supplied by M.S.Natarajan (1934), during 1930, the total deposits were around Rs.1,92,56,000. The branches of Indian Bank were opened in the later years, in all the South East Asian Countries where the Chettiar business houses were operating.

This in turn helped the Chettiars accumulate more wealth, particularly the Rajah Sir Group, as the control over the Bank paved way for continuous flow of funds. The bank had the participation of both M.Ct family and Rajah Sir family till 1950. Then the Bank was controlled by the Rajah Sir family till its nationalization in 1969.

2.4.3.2 Indian Overseas Bank

M.Ct.M.Chidambaram Chettiar, son of M.Ct. Muthiah Chettiar founded the Indian Overseas Bank on February 10, 1937.¹⁵² His father was the nephew of Rajah Sir Annamalai Chettiar. IOB commenced operations in Madras, Karaikudi and Rangoon simultaneously.

¹⁵⁰(Mahadevan, 1991)

¹⁵¹(Building a bank, the MCt.way, 2004)

¹⁵²(Building a bank, the MCt.way, 2004)

In 1938 a branch was opened in Kuala Lumpur, Malaysia. In another 10 years, the bank saw a tremendous growth and opened up branches in many of the important and capital cities of many countries. The priority of the bank was to help the Indians overseas and help the industrial sector of the country. IOB was nationalized in 1969.

2.4.3.3 Bank of Madura

Bank of Madura was founded in 1943 by the “Kalaithanthai” Karumuthu Thiagarajan Chettiar. Given with his experience and stubbornness for success, the bank grew faster and acquired goodwill and popularity. After 16 years of inception, it became a scheduled bank in 1959.¹⁵³ A principled Thiagarajan Chettiar refused to open overseas branches even after the RBI clearance to do so.

The Bank of Madura, known for the service and efficiency of employees, merged with ICICI bank in 2001. The 58 years old bank carved out its place for being a traditionally focused banking strategies based on social objectives.¹⁵⁴

2.4.4 Other challenging industries

Insurance Companies were another important area of chettiar business. The United India Life Insurance and United India fire and General Insurance Company are the ventures of Mct.M. Chidambaram Chettiar of M.Ct group and Madurai Insurance Corporation founded by Karumuthu group are the major insurance companies to be mentioned. In 1962, Rajah Sir Muthiah Chettiar, son of Rajah Sir Annamalai Chettiar entered into Cement Industry by founding the Chettinadu Cement Corporation with a capital of 5.73 crores.¹⁵⁵ During 1960s the comparison between the big capitalist and their business groups

¹⁵³Thiagarajan, R. (2010). *Karumuttu Thiagaraja Chettiar, the textile king*. Chennai, Tamilnadu, India: Vaanathi Pathipagam.

¹⁵⁴Paul, J. (2003). Bank of Madura Merger With ICICI Bank: An Analysis. *IIM-Bangalore* .

¹⁵⁵(Medha M. Kudaisya, 2009)

of North and South of Independent India revealed the magnitude of the enormous wealth accumulated by the Chettiars. Interestingly the table (given below) published by Ito cites that the monopolies of that period in cotton, banking, cement, fertilizers, jute, sugar, tea, chemicals and many other industries were mostly North Indian big shots like Mafatlals, Birla and Tata. ¹⁵⁶Also, it is seen that when compared to the number of the companies of Birla group - 335 companies in total- is a huge number when compared to the few companies owned by each chettiar group which doesn't exceed a dozen. But, the paid up capital comparison shows a healthy race given by the chettiars to the northern India counterparts –like Mahindras, Walchand and Mafatlals. Further, the North Indian business groups had the advantage of shifting excess funds from one company to other, knowledge sharing etc. Still, as a overall view, Shoji Ito defends the Chettiars for their magnitude of business with smaller group. In his words,

“The Nattukottai chettiar groups share in the enjoyment of these (being business combine) privileges. Even in purely quantitative terms their economic power is great and they are in no way inferior when compared with the groups of northern India.”

Table 2-2: North Indian and Nattukottai Chettiars' Groups (Unit: 10 million Rupees)

	No. of Companies	Paid up Capital	Net Worth	Total Assets
1. The Tatas				
Sole & Majority Control	57	76.07	111.81	303.6
50:50	1	29.71	0.15	0.69
Minority Control	67		47.71	88.4
2. The Birlas				
Sole & Majority Control	335	66.86	102.83	296.47
50:50	1	2.38	-	-
Minority Control	10		2.36	4.83
3. The Mafatlals				
Sole & Majority Control	17	5.95	10.45	23.58
50:50	4	1.92	0.27	0.43

¹⁵⁶(Ito, 1966)

Minority Control	6		2.7	7.05
4. The Walchands				
Sole & Majority Control	16	4.91	9.57	19.81
50:50	4	14.86	3.02	9.35
Minority Control	10		14.95	49.71
5. The Mahindras				
Sole & Majority Control	8	1.77	2.19	15.99
50:50	1	0.18	0.14	0.22
Minority Control	2		0.5	0.81
Nattukottai Chettiars				
1. Rajah Sir Family				
i) Rajah Sir Muthiah				
Sole & Majority Control	1	0.83	1.69	54.38
50:50	1	1.75	6.38	8.88
Minority Control	4	1.91	2.87	8.83
ii) M.A Chidambaram				
Sole & Majority Control	4	0.87	0.89	3.17
50:50	-	-	-	-
Minority Control	5	6.43	8.97	18
iii) M.Ct. Muthiah group				
Sole & Majority Control	4	2.64	4.38	54.28
50:50	-	-	-	-
Minority Control	2	0.4	0.85	1.68
2. AMM Group				
Sole & Majority Control	2	0.64	1.11	2.09
50:50	4	3.01	5.09	8.76
Minority Control	8	6.26	7.11	14.3
3. Karumuthu Group				
Sole & Majority Control	13	3.35	5.74	16.22
50:50	-	-	-	-
Minority Control	-	-	-	-
4. Somasundaram Group				
Sole & Majority Control	7	0.65	0.73	3.05
50:50	-	-	-	-
Minority Control	-	-	-	-

(Source: (Ito, 1966), Restructured and used with license)

The major players in the chettiar community namely Rajah Sir group, Karumuthu group and AMM group conducted their new business ventures and manufacturing industries according to the unique tradition of independent yet joint family system and hence the business companies were controlled under one umbrella and owned by different sons of the family. It's only the Rajah Sir family that operated under three different heads, two of his sons Rajah Sir Muthiah and M.A. Chidambaram, and the third one by his nephew

M.Ct. Muthiah and his son M.Ct. Chidambaram Chettiar. Yet when the Rajah Sir group have the clear demarcation of names owning the companies, AMM group and Karumuthu group had the same banner for all the companies. Rm. Alagappa Chettiar cannot be called as family group, hence, was not mentioned in the comparison table. But, his business ventures included an array of different options like textile mills in Kerala, Insurance Companies in Calcutta, Hotels in Bombay, Cinema theatres in Madras, a stock broking company and to top it all up, a private airline.¹⁵⁷

To summarise, the newer generations of Chettiar during this period proved their business mettle after the serious setback before Independence. Many chettiars opted to stay in the countries of their business like Malaya and Singapore. Hence, the community had a considerable number of population split in Malaya and Singapore and a little less number in Ceylon, Burma and Saigon. The tradition of women folk staying back faded away and as a new leaf of social revolution many chettiars started living in other countries with family. The chettiars so settled mostly transitioned into trading business and some seeking employment. Fortunately, the governments of Malaya and Singapore recognised the Indians, particularly Tamils and accepted them as rightful citizens with respect.

The Indian scenario saw chettiars settling with what they had to do as business, profession or service. They broadened their occupational arena, struggled to adopt the dilution of traditions and cultures, and thus flew the unique practices and close knit net work. The spread was wider but they kept their roots strong in chettinadu by maintaining hereditary family homes, conducting marriages in Chettinadu and getting together annually for clan temple ceremonies.

¹⁵⁷ *Padma Bhushan Alagappa Chettiar*. (2010). Retrieved 2016, from Alagappa University: http://alagappauniversity.ac.in/quick_links/about_founder.php

2.5 Business – The Phase of Globalisation

In this phase of a strong India developing faster and the chettiar money lending stories left behind as history, the community members are more split socially than ever. The close connection between the social ties and their business conductivity is long gone. The newergenerations are more diversified and choose business as occupation not very often. Apart from the handful of conglomerates and Corporatesowned by the Chettiar families, the majority of chettiars in business are mostly restricted to retail and wholesale trading of non-perishable items. The employment generators once, are now employment seekers. The globalization introduced glamour to the metropolitan cities and as like any other village of India, the ever thinning chettiar population started to pour out of the villages for various business and job options.

Women empowerment touched new heights, education and literacy level flying high, and the diaspora almost complete with fewer chettiar families living in Chettinadu, the very identity of Business Community dangles dangerously in front of this proud community. The once charming palatial houses which were full with people were kept vacant and used only during marriage and other family occasions. Taking all these changes into consideration, An international conference was conducted in Singapore in the year 2013 (November 23 & 24) by the Nagarathar Association, Singapore, (International Business Conference of Nagarathars 2013 (IBCN - 2013))to “Rekindle Entrepreneurship, Revive Business networks, Reignite passion and Regain the influence”.¹⁵⁸ The Conference had subsequent meetings and voices around the globe among the chettiars to rethink on the shift of being 90% of the population being entrepreneurs in 1910s and 90% being employees in 2013.¹⁵⁹

¹⁵⁸Nagarajan. (2013). *IBCN 2013*. Retrieved 2015

¹⁵⁹(Nagarajan, 2013)

2.5.1 Change of Practices

In the era of glamour, glitter and advertisements, the simple Chettiars in interior Tamilnadu seems to be still simple in their business approach. The small and medium level entrepreneurs are content and seem to be unwilling to expand or compete vigorously.¹⁶⁰ The social stigma of not accepting the lineage of chettiars who married women from other caste is causing confusion and diversity among the members and act as an obstacle in cooperation among the community members. The “*new gen*” chettiars are conducting business similar to the chettiars with the same spirituality, unique practices and charity and it is very tough to find any difference until unless they reveal themselves.

There are a few cases of Chettiar Business houses that creates a mark and stands out of the crowd like the one of Mr.Vairavan , the grandson of Dr.Alagappa Chettiar.Mr.Vairavan, a Bio-medical Engineer, after working for around 25 years in USA, founded Caldon Biotech in California. He is also a co-founder of AutoGenomics Inc., a company engaged in the development of a new emerging technology of biochips.

In the case of high end business groups, the business practices are toned down to normalcy like any other business group of India that is conducted by traditional business community families.¹⁶¹ In 1999, M.V.Subbaih brought in a new Corporate Governance Structure to the Murugappa group. The individual business units were shifted to the headship of professional managers from outside the family. The family members who were heading these units were placed in a newly constituted Board where the family members are in a minority.¹⁶² The board had three external independent directors, three executive directors and two family members.

¹⁶⁰ Based on the interview conducted in Karaikudi, Tiruchi and Madurai

¹⁶¹ Based on newspaper articles on the Changes in the Corporate Governance and Boards of Murugappa group, Spic group and Karumuthu Group

¹⁶² P.R. Sanjai, A. R. (2014, August 19). Murugappa Group: From Burma to Parry's Corner. *livemint -e paper* .

The Group resolves the family issues within the family and ensures the company is free from family conflicts. Fourth generation heading the company and grooming the fifth generation, still the family values followed and gives the world a perfect example for the conduct of family business. The Company sticks on to the values and trust as it was 100 years before when the community was small and intact. Changes are only welcome in the area of management as they believe it is better to take best management personnel outside the family and earn more returns than manage themselves and face less returns.¹⁶³

The other chettiar business boundary Murugappa group crossed bravely is the aggressive acquisition policies followed recently. In 2003, A.Vellayan, after his ascend as chairman, acquired the Godavari fertilizers for his flagship company Coromandel fertilizers. Coromandel paid over 50 times¹⁶⁴ the market price for each Godavari fertilizers share. This marks the globalization business practice change for the chettiar community, in the past few decades in the area of risk taking. It is like the comeback of the risk taking ability of the chettiars from olden days. The otherwise fearless sea voyagers have become domicile and shied away from new ventures in business after the great break during the independence, and repatriation from Burma. Murugappa's aggressiveness is a dose of confidence.

Previously, Tube Investments of India (TII) of Murugappa Group has launched the green field unit to manufacture large diameter tubes at Tirutani, with a single largest investment in the south India of Rs.250 crores.¹⁶⁵

To summarise, the business and entrepreneurship activities are wider and shallow in the phase of Globalisation, totally opposite to its nature of being narrow and deep during

¹⁶³Ramnath, N. (2011, November 1). A.Vellayan: As long as there is growth, there is no problem. *Forbes India*.

¹⁶⁴(Ramnath, 2011)

¹⁶⁵ Special Correspondent. (2014, October 29). Tube Investment's green field project to go on stream. *The Hindu*, p. 13.

the colonial era. The moneylenders and bankers from the small area of chettinadu are neither identified as moneylenders nor from small villages any more. But there are from the community who achieved bench marks in Judiciary, Banking, Politics, Medicine, and Education and so on. Even though the awakening of reviving the identity of business professionals is high in the past decade, the revival of unity and network is the key to achieve a change in the outlook of this business community.

3 Business, Places and People

3.1 Burma (Myanmar)

3.1.1 Introduction

Burma and its transformation into rice bowl have always been enchanting to many researchers for its mysterious and complex tone underneath. Being a Buddhist nation, full of friendly people, Burma has allowed people of different ethnicities to live among them and in some cases -rule them. Colonialism, great depression, rice riots, and in this list of problems of the Burmese, the Chettiars are also included, indispensable in the history of Burma. Even though the contribution of chettiar money lenders was regarded high in the development of Burma, with all their due respect, they hated the Chettiars. Often blamed as usurers, fiery dragons and pot bellied land alienators – Chettiars found a historical acquisition of wealth and lost more than wealth in this mystic country.

Due to the border barriers and the rough closed nature of Military ruling Burma for the past six decades, literature and studies on this peculiar connection between Burma and Chettiars were not often taken. Few studies were made under the disciplines -International Political studies, Burma Cooperative Banking system, and Migration and Diaspora of Indians in Burma.

Chettiars started their Burma chapters around 1826, mostly with the British troops arriving in Burma. The first chettiar firm was opened in Moulmein during 1850. It would be apt, if we say, the opening up of Suez Canal opened up a new phase of life for the Chettiars. That was the turning point¹⁶⁶, as it cut down the journey time from Europe to Asia tremendously from around 6 months to 5 weeks, thus also opening up European Market for South East Asian rice, tin, coffee, cotton, rubber and other commodities. As already maritime traders for centuries, Chettiars as adventurous as ever, found a thriving

¹⁶⁶Turnell, S. (2005). The Rise and Fall of Cooperative Credit in Colonial Burma. *Macquarie economics research papers*. Sydney, N.S.W: Macquarie University, Dept. of Economics.

business opportunity in the neighborhood and started utilizing the chance. By the end of 19th century, a very great volume of Chettiar credit was extended to the small farmers of Burma and chettiar money lenders became the most important factor in the agricultural credit structure of Lower Burma. ¹⁶⁷The strong impressions created by Indians in Burma is still lingering in the minds of Burma, starting from the food habit to the buildings and structures that holds Indian names are proof to this concept. ¹⁶⁸

3.1.2 Chettiars, Indians and Burma - Impressions

The Burmese of 1800 were simple and care-less. With a gift of earth that can explode with fertility, they didn't have to think and act more. They liked to gamble after a good harvest of paddy that was sold in Rangoon, throw huge feast for marriages and they didn't understand the value of money and "squandered the rupees forthwith". ¹⁶⁹

The paddy that grows in abundance in Burma attracted the English business men to open up rice mills and export the produce to Europe. The competition and cunningness of the businessmen, the fixing of paddy rates, the game of scandalous "paddy Morality" ¹⁷⁰ was all new to the Burmese. The entry of Chettiars as money lenders to the Burmese who don't think twice before spending huge money (that was often taken on loan mortgaging the future harvest ¹⁷¹ or the agriculture land) on gambling or marriage feast easily pulled

¹⁶⁷(Turnell, 2005)

¹⁶⁸Bhattacharya, S. (2003). Indian Diaspora in Myanmar. In M. S. Sarva Daman Singh (Ed.), *Indians Abroad* (pp. 172-200). Kolkata: Hope India publications.

¹⁶⁹Scott, J. G. (1882). *The Burman - His Life and Notions* (Vol. I). London: Macmillan and Co.

¹⁷⁰(Scott J. G., 1882)

¹⁷¹ The chettiar agent will visit the farm for the condition of sowing, the paddy quality and the time of harvest before granting loans to the future harvest.

the Burmese into the ledger books of the chettiars. Scott (1882) mentions that “the Burmese, it is to be feared, have not sufficient stability of character”.

Burma by that time was a very thinly populated country with a vast forest area, abundance of water resources, fertile lands and unexploited other resources. The British ruled the Irrawaddy-Sittang Valley, Arakan and a part of Upper Burma and called it Ministerial Burma. British by this time needed a lot of Human resources and financial resources to develop the infrastructure and convert the forest lands into agricultural lands. The three types of Indians who went to settle in Burma are the labourers from Andhra, service-holders in Banks and Insurance companies were Bengalis and the third category was the richer Indians who did business like rice mills, shipping agencies. The third category was the effect of British Empire expanding to Burma.

The entry point for Indians to enter into Burma was Rangoon. Mainly Chettiars came to Burma to serve the British Interests.¹⁷² Other than that, there were many Indian populated areas like Mandalay, Moulmei, Pegu, Bassein, Maymyo, Akyab etc. The 1931 census of Indian Immigration by race and sex says there were 58,823 males and 25,504 females and females per 100 males were 43. When compared to Burmese population, in 1972 Indians were 16,000 and Burmese 70,000. But in 1931 Indians were 212,000 and Burmese 128,000.¹⁷³ This increased population helped the Chettiars to spread faster and to reach deeper areas and upper Burma too. And thus, the country which is very basic and not very well economically grown was easily dominated by the migrated merchants, traders, labourers and of course, the Chettiars from India. Indians, particularly chettiars had a worthy life style in Burma. One example is “The Indian Residence”, which housed the chief

¹⁷²(Bhattacharya S. , 2003)

¹⁷³(Bhattacharya S. , 2003)

agent of the Imperial bank of India. The palatial house with grandeur in every aspect had 22 servant quarters and enormous grounds.¹⁷⁴

British were keen in their expansion and by the year 1886 the upper Burma was annexed into the Mighty British India. It was seen as a symptom of growth for both the parties – British and Chettiars. During the second half of the nineteenth century, Chettiars spread their operations in almost all the parts of middle and upper Burma. The Chettiars were actually acting as the capital providers for the British when they needed it the most to develop Burma, with a hidden agenda of opening up of more export opportunities of rice to the other continents, thus making the British crown more wealthy. In return of favour, Chettiars firms were allowed to transfer money to their firms through Imperial bank and Lloyd's bank of New York and other European banks to smoothen and widen their business operations.

The Indo – Burmese relationship deteriorated slowly due to rice riots and inter-religious marriages between Muslim Indians and Buddhist women, which caused a bigger riot and unfortunately many literatures¹⁷⁵ specifies chettiars as the reason for this twist. The otherwise soft and accepting-everything type of Burmese Buddhist, were somehow disturbed by these Muslim men and Buddhist women marriages and violence was resorted to. But, Swapna Bhattacharya while discussing the Indian Diaspora in Myanmar, accuses Chettiars as a separate category, and indicates that this group contributed to the deterioration of Indo-Burmese relations, even though she agrees that their claim of share in the development of Burma is legitimate. She further reiterates that they remained excluded as a class by themselves. The reason of this exclusion was the spicy food habits, religion and language barriers. But interestingly, the language seems not have been a major issue due to the large

¹⁷⁴Pillai, M. (1993, Feb 6). India and Myanmar: Tangled Ties. *Economical and Political Weekly*, 28 (6), p. 213.

¹⁷⁵(Bhattacharya S. , 2003)

number of people from India migrated into Burma. It is said that “to communicate in Burma, one doesn’t need Burmese language, any Indian language or English is enough”.¹⁷⁶

The riots shook the relationship between Indians and Burmese and the consequences were the Burmese hatred towards Chettiars. There was always mixing up¹⁷⁷ of cultures and the frictions there forth. The complexities of people from different races and culture -entirely different, but put together under the political umbrella was prevailing underneath undoubtedly. When Upper Burma was annexed in the year 1886 by British, the Anglo-Burmese war front had a lot of Indian soldiers on British Side. This was a shock to the Burmese who thought Indians as neighborhood brothers and the Asian brotherhood feeling had a severe blow.

It was a pathetic situation for both the countries – India and Burma – treated as one country in the British Colony, one sent a lot of emigrants, whose future was uncertain in both the places. On the other hand, the chettiar community acting as middle men to the British, dominating the agricultural credit sector of the country got in the middle, not able to visualize the future if colonial rule comes to an end. In a big picture, it is often assumed as the Indian merchants have exploited the Burmese peasants. But, in reality, the big business of British utilized the poor Indians as financiers as well as labourers for their flourishing growth.¹⁷⁸

According to Michael Adas (1979), the transformation of the Delta areas into one of the richest province of British Empire and the World’s largest exporter of rice was a

¹⁷⁶Win, K. Z. (2008). *A History of the Burma Socialist party (1930-1964)*. New South Whales, Australia: University of Wollongong.

¹⁷⁷ Or we can say non-mixing up. The rigidity in adapting to the culture of the place is hindrance to the cordial relationships with the locals.

¹⁷⁸(Bhattacharya S. , 2003)

successful experiment of major participants British, Chettiars, Chinese money lenders, labourers, Burmese rice brokers and above all, the cultivators. Adas explains that the British having the laissez-faire policy encouraged the Chettiars money lending which helped in conversion of forest land into fertile land, and hence, did not safeguard the poor peasants from the avarice of Chettiars and other Chinese money lenders.¹⁷⁹ Contrasting to this, a recent study on the rural credit and cooperative credit systems of Burma to assess the growth and development of the country after the British rule, wonders that “whether Chettiars banking system might have been better than after all the microfinance reforms in Burma”.¹⁸⁰ However, it was evident that Chettiars were financing agriculture of Burma by the fact that their 940 firms out of the 1100 firms were in the 13 main rice growing districts of Burma.¹⁸¹

However, in any of the studies of relationship of chettiars with Burma, there is no denial in the major contribution from the chettiar investors in the transformation of the rice bowl. The following table shows the tremendous increase of paddy fields, which was possible from the systemized chettiar money lending and spread of chettiar firms in all the areas.

¹⁷⁹Adas, M. (1974). *The Burma Delta: Economic Development & Social Change on an Asian Rice Frontier 1852-1941*. Madison: University of Wisconsin Press.

¹⁸⁰Drake, P. J. (2009). Book Review: *Fiery Dragons*. *Asian Pacific Economic Literature*, 23 (2), 123-124.,

Drake in his review of the book “*Fiery Dragons*” wonders this way. It gives a twist to the victimizations of chettiars as usurers. His opinion is based on the analysis put forth by the author of the book. As the present state of rural credit compared to chettiar money lending period, and the development measures have lead to this statement.

¹⁸¹Medha M. Kudaisya, C.-K. N. (2009). *Chinese and Indian Business: Historical Antecedents*. Boston: BRILL.

Table 3-1: Paddy Cultivation area¹⁸²

Year	Acres sown in Paddy
1852-53	6,00,000
1872-73	18,71,542
1882-83	34,66,439
1892-93	50,86,853
1902-03	67,12,719
1912-13	80,81,677
1922-23	88,70,342
1932-33	97,11,396
1936-37	98,55,258

3.1.3 Funds

When calculated approximately with the data available, based on the spread of business in regions and countries, it is seen that, more than half of the working funds of the chettians during 1930s was in Burma. The wealth utilized to create assets back home is not taken for this calculation. The funds used in business as liquid assets abroad are the base. There is no concrete data available on the expenditure spent on the chettinadu area for building houses or celebrations like wedding and child births.

¹⁸² Source: Mahajani, U. (1960). *The Role of Indian Minorities in Burma and Malaya*. Bombay: Vora Publishers.

The Chettiars had in their credit about 500 million rupees worth lending, which was more than the worth of the total rice crop produced in lower Burma. As per the Government records, it is found that, by the year 1930, chettiars have accumulated around 750 million rupees of capital in Burma inclusive of outstanding loans and other investments.¹⁸³ The amount was about 60 to 80% of their total assets.¹⁸⁴ In late thirties chettiar investment ran parallel to British investment.¹⁸⁵ The annual Chettiar loans in total on that year alone were between 100 - 120 million rupees that were about the 70% of total loans lent in Burma.¹⁸⁶ In Burmese kyat, K 50 million lakhs¹⁸⁷ was owed by Burmese to chettiars as debts. At this point, the lands started falling into the hands of chettiars in great numbers. When compared, this was a figure almost equal to the British investments in Burma combined together. This gives us the magnanimity of funds owned by the chettiars, just only in Burma.

The English businessmen and rice trade merchants struggled against the chettiar money lending system which penetrated the whole farming community of Burma by one way or the other. But, all their efforts to stop the Burmese farmers falling into the clutches of chettiars went in vain. They tried to finance the farmers, who were not already in-debt

¹⁸³ Grantham. S, M. A. (15th June 1930). *Burma Provincial Banking Enquiry Committee, 1929-30*. Rangoon: Government of India.,

¹⁸⁴ Rudner, D. W. (1994). *Caste and Capitalism in Colonial India, The Nattukottai Chettiars*. California, USA: University of California Press.

¹⁸⁵ (Bhattacharya S. , 2003)

¹⁸⁶ (Turnell, 2005)

¹⁸⁷ (Win, 2008, p. 143)

to the chettiar money lenders before they sow for the next yield. But, still this debt drove the farmers to the arms of chettiars invariably.¹⁸⁸

The point to be remembered while discussing the volume of funds is that, it is not that all the chettiar firms were equally eligible for the above said amounts. It is a handful of chettiar families, their lineage with siblings of two to three generations owned huge chunks of these businesses. The other major part was owned by medium level firms, who would do the network with the bigger firms, and tend to show a followership to these bigger firms as leaders.

It is the basic concept of the chettiars “multiplying” the money that has lead to this massive fund circulation. Chettiars followed the practice of spending only from the profit, i: e interest that was earned from the investment. Out of the profit, a portion has to be invested and the investment grows continuously. This multiplying, meticulously and sincerely done, has made it possible for the small group of people from the corner of south India to get compared with the British investments.

When the separation of Burma came as a big thunder, the Chettiars were forced to move the capital invested in Burma to their native land. Majority of the firms tumbled down in no time for one reason- their assets was not that liquid; they possess lands in lieu of bad debts.

Another thunder struck to these Chettiar firms, in the form of land purchase bill, which literally ripped out all the lands owned by the Chettiars to the Government of Burma and in lieu compensation to be paid in installments. The not-so-properly-structured Burma government was the reason for big loss and if not for the efforts of Nattukottai chettiar

¹⁸⁸(Scott J. G., 1882)

association, the losses would have been more. However, the political environment and changing scenario forced the Chettiars to move out all their capital out of Burma.

In the year 1937-38 rupees 3,25,00,000 had been repatriated to India from Burma by postal money order.¹⁸⁹ The amount transferred through banks is unknown. Further, it is found that a tricky method was followed to send the money to the native in a safer method. The Currency bundles were cut diagonally and send the two bunches separately through postal service to a relative in Chettinadu, in an interval of one week. The receiver in Chettinadu will change the cut bundles for fresh currency in any of the Chettiar banks.¹⁹⁰

3.1.4 Firms

By 1910, Chettiars had 350 firms for money lending, mostly focusing on agriculture loans. The number grew to 1650 representative offices in 1930 and around 100 to 120 million of rupees of loan were issued from these 1650 Chettiar firms in Burma.¹⁹¹ Out of these the vast majority, more than 85% of firms were located in Lower Burma itself. It is mentioned that 343 offices were in Rangoon alone. It is said that “throughout nearly every well populated part of lower Burma there is a Chettiar money lender within a day’s journey of every cultivator”.¹⁹² A chettiar booklet for internal communication named “Burma Rangoon Members Jabda”, in 1936 elaborately lists out the names of 131 places where chettiars had firms along with the names of 1260 Chettiars who were having shops in these

¹⁸⁹ Mukherjee, B. S. (1975). *Burma and West*. Agra: Ranjan Prakashan.

¹⁹⁰ This method is stated by an informant, who worked in Burma for a while as Agent and whose uncle had a money lending firm in Burma. Cross verification was not possible due to limitation of informants who has insider information of Burma practices.

¹⁹¹ (Turnell, 2005)

¹⁹² (Grantham. S, 15th June 1930)

places in Rangoon.¹⁹³ According to this booklet, the Moghul Street of Rangoon, which was the major concentration area of Chettiar money lenders, had 199 Chettiar shops operating from around 50 *Kittangis*. By the door numbers of *Kittangis* given in the booklet, it is as if the entire street were studded with Chettiar firms only.

It would be easier to understand the volume of chettiar firms if we compare with the Marwaris, who are said to be the principal class of financiers. Their most important centre of business was Calcutta and they had a Marwari Association in Rangoon with 400 members, out of which there were only six bankers in Rangoon, three in Moulmein and five in Akyab.¹⁹⁴

3.1.5 Acquisition of Lands

Approximately 75 % of chettiar loans were to rural farmers, mostly in Lower Burma. Crop loans are usually given every year for the expenses of cultivation. The loan was to be repaid after cultivation. Collateral security was often the land itself, except for a very few and rare cases of other valuable items. The great depression turned the chettiar business upside down as the farmers were not able to repay the debts. Slowly the bad debts had to be compensated with the acquisition of land. The great Economic depression in 1929-1931 was a night mare to the peasants as the Colonial Government didn't lean and still forced the peasants to pay the annual land tax.¹⁹⁵ Chettiars too demanded repayment to keep the cash flow unperturbed. This resulted in chettiars becoming significant non-cultivating land lords, whether they liked it or not. During 1930s, they had become absentee

¹⁹³ *Angathinar Jaabdha*. (1936). Rangoon: Nattukottai Chettiar Association.

This booklet found in the Kovilur Mutt museum is the authenticated document of Nattukottai Chettiar Association, which lists out all the chettiar firms in Rangoon with names and addresses.

¹⁹⁴ (Grantham. S, 15th June 1930)

¹⁹⁵ (Win, 2008) It is mentioned that more than £38 Million were collected as land tax

landlords of nearly thirty percent¹⁹⁶ of the cultivable lands in Burma that is around three million acres.

This transformed the once land owner and farmers of Burma to mere agricultural labourers in their own land, which ignited the resentment towards the chettiars. Chettiars didn't want to do agriculture¹⁹⁷ and hence, they were keen in liquidating the assets and were not happy with the possession of lands. Hence, the practice of selling back to the owners of the lands was insisted by the Chettiars, but the failing economic stability of the country didn't allow that. Hence, the chettiars image among the common people was painted by the extremists group of Burma¹⁹⁸ as "dragons" that alienated the lands from its owners. The propaganda has created bitterness between the chettiar money lenders and the Burmese. This was the starting point for the chettiars to move out to their native land.

It is to note that all the land transfers are not done just as it is for bad debts. In most cases the land value and the debt value didn't match. In these cases, chettiars has to face the problem of giving cash to the Burmese farmer for the difference of value, otherwise the land will not get transferred. Some cases are mentioned that, the Burmese asked for more amount than the actual value of the land, exploiting the plight of chettiars for liquid cash, to transfer the title of land. In these cases, already crushed on the liquid assets, chettiars found it impossible to write off the debt or acquire the lands. This created another kind of

¹⁹⁶Tinker, H. (1989). *South Asia- A short History* (Second ed.). London, UK: Macmillan Press.

According to Hugh Tinker, around 48% of the farm land passed into the hands of absentee owners and 2/3rds of this alienated land was owned by Chettiars.

¹⁹⁷ It might be because of the community rule book which prohibits agriculture as occupation to Chettiars as the Chettiars during that period was strict with their tradition and community rules.

¹⁹⁸ They were essentially freedom fighters and against the British Rule, which automatically make them hate any other country mens' domination upon their own people and soil.

economic depression in the chettiar firms.¹⁹⁹ This scenario was conveniently not discussed by any of the foreign authors who accused chettiars of land alienation, might be due to the volume of funds on the other side was too huge when compared to the losses borne by the Chettiars.

3.1.6 Japanese Invasion on Burma

The World War II and the Japanese Occupation during 1942-45 saw to the remaining Chettiars and other Indians pour out from the country and ran for their lives leaving behind the prosperity they earned in the Burma. Even after the restoration of British Rule in 1945, the Indian population did not return back to Burma.²⁰⁰ It was calculated roughly that around 4,00,000 of Indian fled Burma during the Second World war and Independence Struggle.²⁰¹ The bitter experience of evacuating abruptly leaving all their earnings, possessions and assets in Burma added up with the turmoil of walking all the way from Burma to India. Lot of Indians died during this emergency repatriation. Chettiars who were elite and rich were saved from the stressful voyage, but the smaller firm owners and chettiars employed as staffs were caught in the distraught and were not able to regain their adventure spirit to go back to the torn land. The loss of property and money pulled them down in the economic status and the inefficiency in facing the change created a traditional and cultural friction in Chettinadu.

3.1.7 Nationalisation of Lands

The Burma Socialist Party on the upcoming Independence of Burma, took strong initiatives to take back the lands from the possession of chettiars and paved way by the Party's Agrarian Policy. The aim of the policy is to abolish land-lordism and put the

¹⁹⁹Reporter, D. R. (1930). "Burmavil nam tozhil nilamai" - Tamil. *Dhanavanikan* , 24.

²⁰⁰(Bhattacharya S. , 2003)

²⁰¹(Win, 2008, p. 219)

peasants back in the land owner status. The implementation of the agrarian policy was the last straw in the business episode of the chettiers.

The agrarian policy had provisions for compensation of land taken back from the possession of chettiar firms. But, the negotiations between the leaders of India and the Burma were not fruitful enough. Meanwhile the assassination of the chettiar – Vellaiyan,²⁰² son of Murugappa Chettiar, who was instrumental in the negotiations, posed a setback in the events of negotiations and minds of chettiers.

The land owned by chettiers was much bigger issue for the Burma's new government to tackle with as the priority issue, as they have promised the Burmese with the "perfect world for peasants"²⁰³ as the vision of the party. Hence, during the 3 days meeting between the then Indian Prime Minister Nehru and his daughter Indira Ghandhi with the Burma Socialist Party leaders, the chettiers' land property issue was discussed along with the border issues,²⁰⁴ but mostly favouring the peasants and politicians of Burma in this regard. These changed the negotiations status and Chettiers had to compromise with the conditions of compensations for the land taken by the government, and to the extent that the compensations will be paid in installments. The government constituted a compensation assessment Board to compute the compensation to be paid. Around 1,50,000 persons of Indian origin were entitled to compensation in 1963-1965.²⁰⁵

During 1962, around 150,000 Indians left Burma leaving behind 120 million rupees (Rs. 12 crore) worth of assets, which was estimated as 30 million by the Burmese

²⁰² Vellaiyan Chettiar was shot dead at his home's doorstep

²⁰³ (Win, 2008, p. 143)

²⁰⁴ (Win, 2008, p. 219)

²⁰⁵ S.R.Sudhamani. (1982). Indians in Singapore. In I. J. Singh (Ed.), *Indians in Southeast Asia* (p. 90). New Delhi, India: Sterling Publishers Private Ltd.

sources.²⁰⁶ According to J.Becka, (1995) in 1995 there were about 100,000 Indians in Myanmar.

As this case is still not settled, an association was formed to fight for the compensation. According to this association claim, 200 crores of rupees are yet to be paid by the Burmese Government to the Chettiars as on 1965²⁰⁷. The claim is more as of 2014, as per the calculation of a 77 year old Chettiar, who states the assets would be worth around Rs. 1 laks crore.²⁰⁸ He is a member of 'Burma *mudaleetalar kuzhu*' which means the Burma investors Group. This group tries to collect the documents from the community members who own buildings and bungalows to revive for compensation suits, but understands well that it is tough task. In case of lands, they understand well that it is not a tough task but an impossible one.²⁰⁹

3.1.8 Rice Riots and consequences

In 1930, when the Indian laborers performed strike for better wages, their demands were ignored and Burmese were employed as labourers. Hence, Indians returned to work withdrawing their demands. This was used to awake the anti-India feeling among the otherwise friendly Burmese indigenous population. In 1931, an anti-Chinese riot also broke out in Rangoon. Slowly, Burma changed itself from being a safe haven and a place of business opportunity. Chettiars, who are by nature god fearing and sidelining themselves from wars and fights, found it difficult day by day to conduct business in a land full of angry people. Hence, they started winding up the firms. But, the possession of lands, and the investment locked up as lands posed as a real hindrance to do so. Chettiars usually

²⁰⁶(Bhattacharya S. , 2003)

²⁰⁷Alagappan, A. (1965). Andru nagarathargal kanda Burma - Indru. Karaikudi.

²⁰⁸Narasimhan, T. (2014, January 3). To Burma, for our Properties. *Business Standard* .

²⁰⁹(Narasimhan T. , 2014)

avoided acquiring the title of land and preferred to keep liquid assets. The sudden change in the money lending occupation which is almost infused in their nervous system, it was like a nose dive to think on new avenues of occupations.

During 1938 again the racial tensions between the Indians and Burmese surfaced.²¹⁰ These communal riots between urban Buddhists and the Muslims created a deep impact between the Indian Hindus and Indian Muslims in Burma. The communal riots were based on the issue of marriage between Indians Muslims men and Burmese Buddhist women, for which the Buddhist groups were strongly agitating to. Often, this riot was misunderstood²¹¹ in some studies as riot caused because of Chettiars marrying Buddhist women.

However, the origin of rebel – the exploitation of peasants – seems to have an hidden agenda. It is worthy to mention that the saya san rebellion, the important rebellion of peasants, was not having the intention of sending the Chettiar money lenders (who were exploiting the peasants) and the Indian labourers (who were competing with Burmese laborers) out of Burma, but only to terrorize the British to take back the arbitrary taxation of the rural²¹². This clearly indicates that, the arbitrary taxation burden was more fearful and problematic for the Burmese peasants than the other issues. One reason for the attitude of Burmese to this reaction may be that, Burmese have always considered Indians and Chinese as their neighborhood brothers, but the English were not considered so.

²¹⁰(Win, 2008)

²¹¹(Win, 2008) Even though it is true that Chettiars too taken Burmese wife, the riot was primarily focused on the Indian Muslims marrying Burmese women, as that was more in number. But, win missed to mention the Indian Muslims marriage issue

²¹²(Win, 2008)

3.1.9 Separation of Burma

The British policy regarding the Indian laborers migrating into Burma was to leave at the hands of agents. In 1886, the Famine Commission of India recommended that the people from congested area should be encouraged to migrate into Burma for development of waste and unproductive lands, but such task can be given to private enterprises. And this has created a 50 years of constant flow of Indians into Burma. At one point of time the population of Indians were more than the Burmese, and it is said with a bitter tone in Burma that “you need not know Burmese language to be in Burma, any Indian language will do.”²¹³

However, it is to be understood that, the mere annexure of Burma as a province of India never worked between the two different countries. The differences between the people, their culture, religion, language and food were never to get reconciled. Burma stood alone always and never got the feeling as a part of the bigger neighbor. But the tangled ties of chettiar money lenders and labour migration posed a threat when the time of separation came. The British, who used the Indian labors to build the country, used the chettiars to fund the development projects. It proved to be a win situation for British and a loss situation for all the other stake holders – chettiars, Indian labourers and Burmese.

After all the years of sticking under one umbrella, it was a difficult task to separate the Burma ‘province’ into a country. But “Burma for Burmese” demand stopped the easy immigration of Indians into Burma. Hence, Simon commission recommended ‘separation’ as the only solution.

When laws started passing out against the Indian Business interest during 1938-40, the loud voice of protest started to pour from business men, labor leaders and some politicians. The separation affected the Indian business interest in many angles. The richest

²¹³(Win, 2008)

and strongly rooted Indian group was the Chettiars who fought back when “Burma land purchase bill’ was introduced by the Govt. of Burma. The notable negotiator of the Chettiar group during separation was the second son of AM Murugappa Chettiar, AMM. Vellayan Chettiar. During 1945, he went back to Burma to estimate the wealth left behind and to find ways to bring them back to India. This was a series of to and fro to Burma he was making during negotiations. One evening, when he neared his house after attending a meeting, it was dusk and someone from behind the garden shrubs shot him on the footsteps of his house door. He died immediately.²¹⁴ The devastated AM Murugappa Chettiar thus decided to pull all his business dealings from Burma and Malaysia and to settle in his own native Pallathur. His decision was to conduct business further only in India. This posed a huge setback in the negotiations.

Also this incident showed the growing opposition to the Chettiar business in Burma and the Burmese extreme groups working on that. The otherwise friendly soft Buddhist Burmese who were noted for their acceptance and patience would have never thought of such an act. These rang as warning bells and were like an announcement of closure of Chettiar business phase in Burma.

The magnanimity of the independence struggle obliterated the smaller issues of repatriating the business men and labourers from Burma. Mostly it was the businessmen who opposed the decision of separation of Burma. Obviously, the chettiars who cannot liquidate their money which got trapped as lands cannot digest the scenario of losing all their wealth in the land that is going to be separated soon and hence raised their opposition voice loud and clear. During the period of separation the wealthy Muslims of Indian origin who owned the Scindia Navigation Co., also rose against the separation of Burma along

²¹⁴Ramnath, N. (2011, November 1). A.Vellayan: As long as there is growth, there is no problem. *Forbes India* .

with the Chettiars. Important leaders of that community who were involved in the opposition were SAS Tayabji, SN Haji Dadachanji, MM Rafi and others.

The concern of these business men were brushed aside as “The Indian Vested” phenomenon.²¹⁵ This attitude of the Indian leaders during independence struggle can be understood by Nehru’s words “*British rule thus consolidated itself by creating new classes and vested interests who were tied up with that rule and whose privileges depend upon its continuance*, (Fenichel & Huff, 1971)

It was requested to the Secretary of the state by a wide range of entities like magazines and associations insisting on the long resident Indians in Burma and assurance for their citizenship and safety. The final report of the Riot Inquiry Committee conceded that “an autonomous state normally has the right to determine its population, but Government of Burma had gone to the length of laying the axe at the very foundation of Indian business in Burma.”²¹⁶ In an interview, the Burmese Representative U Bah Beh for Round table Conference mentions that “there will be only two kinds of citizens in Burma – Natives and Aliens. Even though the new Government cannot reveal the legislations, they can assure the rights and citizenship of those who stay for more than six months in Burma and do some business”.²¹⁷ But, According to the Constitution of Independent Burma, only those who have stayed in Burma for eight years out of the past ten years were only eligible for citizenship. In 1947, out of 40,000 Indians applied, only 10,000 became citizens of Burma.²¹⁸ But, in another estimation, during September 1949, the figures are that more than

²¹⁵(Bhattacharya S. , 2003)

²¹⁶(Bhattacharya S. , 2003)

²¹⁷V.G.Nayar. (1931). Pirivinai virumbum Burmier. *Dhanavanikan* .

²¹⁸Kaul, M. M. (1982). Indians in Southeast Asia: The Colonial Period and its Impact. In I. Singh (Ed.), *Indians in Southeast Asia* (p. 26). New Delhi, India: Sterling Publishers Private Ltd.

1,50,000 out of more or less 2,50,000 Indians in Rangoon had been accepted as Burmese Citizens.²¹⁹ However, as per the statements by the informants, the number of chettiars stayed back is not clearly known, except for one thing – it was very less and when compared to other Indian communities opted for citizenship, still lesser.

Many Burmese themselves were not very sure of getting separated from India at that particular time and wanted to prolong a little longer for one reason –the Burmese government if not formed strong, the country would face problems. Hence, they thought a mutual understanding between the two countries - India and Burma, of giving the Burmese the choice of getting separation whenever they are ready with a full- fledged strong Government, would be a better option.²²⁰

During the Second World War, and the exodus continued thereafter, the Chettiars and the Scindia Navigation Company were the ones to fast act to re-establish the rights of Indians in Burma. It is mentioned that, the entry to Burma itself was restricted and those who were living for a long time and those who had large financial stake only were the exceptions. After the gap between the exiled government of Burma and Delhi became unmanageable, then desperate Indians in Burma were waiting to come back to India. Approximately 3,00,000 lakh Indians may have evacuated by sea, air and other means during that period.²²¹

²¹⁹Kondapi, C. (1951). *Indians Overseas 1838- 1949*. New Delhi: Oxford University Press.

²²⁰Editor. (1931, June 19). A Round Table Conference for Burma. *The Spectator*, p. 5.

“The Spectator” article mentions that many of the people in England consider Burma as a province of India, and British crown is taking Burma, its people and their issues very lightly. It requests the Government to give weightage to those people too, who shouts “Burma for Burmans”, which is as right as in all the other places!

²²¹(Bhattacharya S. , 2003)

In 1947, Burma reached a stage of self-government. The Anti-Fascist People's Freedom League (AFPFL) and Aung San made it clear that "the Indian business communities' interest could in no way be accommodated with the interest of the indigenous one". Aung san praised Nehru for his efforts to check the "rapacity and economic imperialism of Indian big business".²²²

The fact was the priority to restore peace and independence in both the countries was higher than the importance of Indian business interest. Hence, the politicians and leaders from both the countries willingly hid the loose ends like business interests and properties of Indians abroad.

This is where the turn of plight taken its fast pace for Chettiars in Burma. The due compensation for their lands under the Burma's Land Nationalisation became a faraway dream. Approximately a total of 605,435 acres of land was nationalized and redistributed among the Burmese cultivators. Even though the compensation was promised, the remittance process was real difficult to move the money from Burma. The compensation process was done in steps, first a total of 2500 kyat will be paid and the remaining sum to be paid in "Government Bonds" bearing 3 percent compound interest over a period of 15 years.²²³

This issue was dealt as tripartite negotiations between the Chettiars, Indian Government and the Burmese Government. The attitude of Indian Government was not so favorable towards the business interest when compared to the newly formed two colonial countries neighboring friendship interests. Moreover the limitations also were there

²²²(Bhattacharya S. , 2003)

²²³(Win, 2008)

like interfering with the other countries internal decisions and policies towards land acquisition and distributions.

On the other side, the newly formed Burmese Government was playing a strategic defensive role to give importance to the indigenous farmers and citizens than to look after the issues of foreign business people, particularly Chettiars bankers, who were described as “Villains” of alienation of Burmese lands. The animosity of Burmese towards the chettiar bankers were another unfavourable reason.

The Chettiars who got entangled in the land loss issue were agitating but with no back support from either side. Some of the Chettiars start feeling that whatever they have earned in the foreign land and what they have got as compensation is enough and went back to native place. Some of the big Chettiar firms who have really amassed wealth were in dilemma to whether forego the properties or not.

The associations that were fighting in this issue were “ Nattukottai Chettiars Association”, “Burma Indian chamber of commerce”, “Burma Muslim chamber of commerce”, “Burma Indian national union”, “Indian farmers welfare association”, “Indian officers association”, “Bharat Chamber of Commerce” and “All Burma Indian congress”.

3.1.10 Nattukottai Chettiar Association

Almost all the Chettiars doing business in Burma were associated with Nattukottai Chettiars association.²²⁴ In 1923 NCA had 1498 member firms out of 1650 Chettiar firms including 350 in Rangoon.²²⁵ NCA acted as a powerful and influential entity in Rangoon. The school run by the NCA in Kanbe, Rangoon was exemplary in teaching

²²⁴ Based on the informants’ statements.

²²⁵ Editor. (1930). Dhanavanigar Munnnetram, Burma Nattukottaialargal Sangam. *Dhanavanigan* , p. 96.

the education for life and business for the Chettiar male children. Approximately Rs.1, 50,000 was spent to build the school and Rs. 2,00,000 was kept capital to run the school.²²⁶The Association requested the Burmese Governor for two seats for NCA in the Legislative Council of Rangoon, mentioning the fact that, Chettiars Association in Madras had the same privilege.²²⁷As a result, during 1941, the House of Representatives, Chettiars Association was allotted seats under “Chambers of Commerce” allocation.²²⁸The Association saw a lot of milestones in the journey of Burma episode of Chettiars.

3.1.11 Conclusion

Bhattacharya comments sadly that the India’s contribution to the making of a Modern Burmese state has not been accorded due recognition. The British has to be blamed for this for playing all the way and victimizing chettiars among the Burmese and also the Chettiars to be blamed for the attitude after the Burma crisis. The world is yet to speak about the major role played by the chettiars positively in building the city of Rangoon. During 1965, there were 17 Chettiars, all aged above 65 years, living in Rangoon, holding to their chettiar identity alone and nothing else.²²⁹The temples built by them are now maintained by the local Tamils. In the temple room of the God Muruga, favourite deity in their famous Rangoon Kittangi “Aararai” (meaning 6 rooms), a stone inscription says that “even we go home, we will always be your devotees”.

Certainly Chettiars have created a deep impression in the building of Burma and that cannot be denied ever. The beautiful set up of networking, systematic money handling

²²⁶Editor. (1931). Kanbe Dhanvaisiar Kalvi Kazhagam. *Dhanavanigan* , pp. 343,344.

²²⁷Editor. (1931). Rangoon Sattasabai. *Dhanavanikan* , p. 58.

²²⁸Mills, L. A. (2001). Burma. In P. H. Kratoska (Ed.), *South East Asia - Colonial History* (1 ed., Vol. III, p. 158). London, UK: Routledge.

²²⁹(Alagappan, 1965)

and organized business operations are true to be felt like a perfect model of community business in the world history. Even if the chettiars wants to replicate it again, the possibility seems to be a distant one.

3.2 Ceylon (Srilanka)

3.2.1 Introduction

Chettiars have started their expeditions in Ceylon in the year 1796,²³⁰ which is comparatively very early than the Burma Business which started in 1824. There are other mentions like they have set foot in Ceylon during 1930 itself.²³¹ It is evident in history that Pandya kings were maintaining a close relationship with the Ceylon rulers for a long time. Being the honourable residents of Pandya kingdom, it is seen possible that even before the documented date, the chettiars could have conducted trade with the Ceylon long ago.²³²

The role played by the chettiars in conducting the trading and money lending business in Ceylon for more than a century is undeniable in the areas of tea estate developments in Ceylon. The maritime trading should have included rice trade, the abundance of rice from Tanjavur and Kumbakonam to the ports of Ceylon from kaviripatinam during the Chola Period.²³³

²³⁰Muthiah. S, M. M. (2000). *The Chettiar Heritage*. Chennai, TamilNadu, India: Chettiar Heritage Publishers.

²³¹Sharma, V. (1970). *Nattukottai Nagarathar Varalaru*. Madras: Vaanathi Pathipagam.

²³²Karashima, N. (1984). *South Indian history and society: studies from inscriptions, A.D. 850-1800*. NewDelhi: Oxford University Press.

²³³P.Vengatesan. (2002). *Kaviripattinam maritime activities in India*. Pondicherry: Pondicherry University.

According to Weerasooriya, Chettiars had connections with Ceylon during the Dutch period 1656-1796²³⁴. However, from around 1820's, the Chettiars were predominant in the trade of rice and cloth from India to Ceylon and in turn imported arrack and other coconut products from Ceylon to Madras and set up a lot of firms for trading Rice and cloth in coastal Ceylon. It is quite interesting to note that, the Chettiars not only captured the market of Ceylon rice trading by the rice they procured and imported from Tanjavur of Madras Presidency, but also from Calcutta of Bengal. Their trading and networking skills were acute and calculative, that they were able to exercise high influential power over the fisheries, rice, cloth and salttrading in Ceylon.²³⁵ Their money lending firms placed them in an influential place in the island and they flourished with the business from Ceylon.

In the advent of 20th century, chettiars were in the trade of Coffee, tobacco, and to the surprise, even one chettiar had the monopoly of Opium trade in the island by obtaining the entire opium license with the partnership of five other chettiars.²³⁶ Some chettiar firms possessed fleets of ships to shuttle goods to and fro from Ceylon to India and vice versa.²³⁷

3.2.2 Rice Riots

The chettiars in Ceylon have conducted various trades other than money lending and banking services in Ceylon. The trades included rice, silk clothes and jewelries. The

²³⁴Weerasooriya, W. (1973). *The Nattukottai Chettiars Merchant Bankers in Ceylon*. Dehiwala, Srilanka: Tisara Prakasakayo.

²³⁵Takeshi, H. (2015). A comparison of the home remittance systems of Indian and Chinese migrants in South East Asia: Nineteenth and twentieth centureis. In C. K. Jayathi Bhattacharya (Ed.), *Indian and Chinese Immigrant Communities: Comparative Perspectives* (pp. 58-69). Singapore, Singapore: Anthem Press.

²³⁶(Weerasooriya, 1973)

²³⁷Mahadevan, R. (1976). *The Origin and Growth of Entrepreneurship in the Nattukottai Chettiar Community of Tamilnadu 1880-1930*. NewDelhi, India: JNU.

colonial government's policies on grains trading affected the living and trading of chettiers in Ceylon inadvertently to a great extent. Chettiers were often accused of rice hoarding and exploiting the poor farmers of Ceylon. Even though the chettiers were accepted as part of population due to their long stays in Ceylon, the difference in the economic status between the chettier community and the indigenous people were so obviously high. The resentment of foreigners being so wealthy was prevalent among the people of Ceylon.

During the year 1866, the colonial government withdrew itself from the grains trade, and due to this the price in the rice started fluctuating. Rice being the staple food of the Sinhalese and the bare necessity of everyday life, it was equivalent to famine for them, except there was no famine and rice production was stable. It was only the market was manipulated and the rice sales were always facing demand and as a consequence, the price rose high.

The rice that was produced in the coastal areas of Ceylon was mostly consumed by the locals and a very little excess rice was sold by them. It is to be noted that a common characteristic of Burmese, Malays and Sinhalese was not to produce in excess or work very hard to produce more. They were content with what they produced - less work and more peace - till this culture is changed by the colonialism.²³⁸ The concept local production – local consumption was followed in almost all the Southeast Asian countries for that matter.

The other source for rice is from the major exporter – India. The price of the rice fluctuated based on the production, economic and market conditions of India.²³⁹ Chettiers were the major importers of rice from India in Ceylon. The counterparts to chettiers in rice import were the Indian Muslims called as coastal moors. The coastal moors were of

²³⁸H.Kratoska, P. (1975, June). The Chettiar and the Yeoman. *Occasional Paper No.32*, 1-11., Rogers, J. D. (1987, July). The 1866 Grain Riots in Srilanka. *Comparative Studies in Society and History*, 29 (3), pp. 495-513.

Both Kratoska and Rogers mention this common characteristics of Malays and Coastal Ceylonese.

²³⁹(Rogers, 1987)

highlypopulated community, but not able to compete with the capital investment of chettiars, which was very high.

In 1866, following the bad weather and the horrible famine in India, the imports to Ceylon got minimized.²⁴⁰As the colonial government's monitoring of the price of rice failed, the rice price rose very high, out of reach to the common man. As often said, hunger see no boundaries, and hence, riots started breaking out here and there, often vandalizing the rice shops which were suspected of hoarding rice. Riots mainly had one aim- looting the shops and vandalizing them.

As a result, when the traders threatened to close the shops, the riots became stronger. The situation got worse, and the streets where Nattukottai chettiars were having their shops in concentration were targeted. Curious to study, it was not only the rice trading chettiar shops that were targeted, but also the silk traders and other merchants²⁴¹ were also targeted. This shows that the accumulated longtime resentment on the wealthy status of chettiars acted as ignition to the common Sinhalese.

It is worth noting the point that being identified as spiritual and simple, when the riots broke, chettiars responded with an army of men gathered with guns and knives to defend themselves from the Sinhalese villagers who planned to loot the rice from their shops. It was a clear case of racial and ethnic tensions between two groups with different economic status, when the difference goes unchecked.

During the rice riots in Srilanka, one of the shops vandalized belonged to Anandappa Chetty and the loss was estimated as five thousand pounds, which includes the stock of rice in the shop, clothes, silk, money and jewellery.²⁴²When a labourer's earning was between one to two pounds a month, five thousand pounds in a shop of a Nattukottai

²⁴⁰(Rogers, 1987)

²⁴¹(Rogers, 1987)

²⁴²(Rogers, 1987)

Chettiar, who is considered as foreigners obviously will create animosity. Even though Chettiars were believed to be in trade in Ceylon from sixteenth century, this stark difference seems a valid reason for the Ceylonese to grow bitterness towards the wealth accumulation and wealthy chettiars.

3.2.3 Chetty Crisis

The period around 1920 was difficult for the chettiars as there was a general contraction of credit all over Ceylon. Already the Money lending Ordinance of 1918, which fixed a ceiling in the interest rates, created a negative tone on the chettiars business and started a closing phase of businesses. In 1925, a leading Chettiar firm “Ar. Ar. Sm., collapsed, taking down a lot of firms’, along with it, which were dependent on it. This incident was called as “Chetty crisis”. The firm was declared insolvent as the assets in Ceylon was estimated at 1.5 lakhs and the liabilities were 17 lakhs along with a revelation of number of malpractices.²⁴³ Generally, the reason cited was the chettiars’ practice of repaying a European bank loan by inter-chettiar loans, i.e, taking a loan from another chettiar firm, who in turn takes loan from the European bank itself to issue to the former. Hence, it was actually the banks money that was used to repay the loan to the bank itself. It went up to a huge volume of fund – Rs. 25 million²⁴⁴ without proper securities. This was the result of the chettiars and European banks acting hand in glove in the banking business for a long period. Hence, this incident was not seen as an individual firm’s failure, but in the words of Ceylon Banking Commission (1934)

“as possible types which could be and might be adopted by other firms of chettiars in the island.”

²⁴³(Mahadevan, 1976)

²⁴⁴(Rudner, 1994)

When the incident created a question mark on the credibility of both Chettiar as well as the European banks, the European banks stopped further credit²⁴⁵ to all chettiar bankers. As a chain of consequence, when the credit from European banks stopped, chettiars started to close their loan accounts and denied extension on loans to Ceylonese farmers and other clients. This created a gap between the chettiars and the Ceylonese and also within the span of 5 years, 1929-1934, brought down the chettiar firms business from 150 million to a low of 100 million. During this period, around Rs. 26 million (Rs. 2 crores 60 lakhs) of their capital was remitted to India to their home land.²⁴⁶

3.2.4 Acquisition of lands and estates and accusations

The Ceylon Banking Commission Report reveals a lot of facts about the acquisition of lands and estates by the chettiars. In its report in 1934, it mentioned that, the chettiars cannot be blamed for acquisition of lands, as they don't seem to be very anxious to acquire lands". It further states that "the chettiars does business with money and are willing to hand over the lands and estates whatever they acquire for even a lesser price".²⁴⁷ They clearly stated that the acquisition was forced upon the chettiars by the debtors, who preferred to transfer their properties rather than face more difficulties. When the peasants were enquired, some accepted that chettiars are the source of easy loans with or without security. Still they deny admitting that even though they take high risk on lending money without security, the loss they faced on doing so was not proportionate to the wealth acquired. And, looking back from now, it seems to be quite true. However the witness statements during the inquiry clearly state the hatred of Ceylonese peasants towards chettiars.

²⁴⁵(Mahadevan, 1976) Imperial Bank reduced its advances to chettiar firms from Rs.100 lakha to just Rs. 6 lakhs.

²⁴⁶(1934). *Ceylon Banking Commission Report*. Colombo: Government of Ceylon.

²⁴⁷(Ceylon Banking Commission Report, 1934)

3.2.5 Chettiars Association

The Chettiars money lenders of Ceylon were all members of the Ceylon Nattukottai Chettiars Association, which was established in the year 1927. As in any other place of business, in Ceylon too, the association decided the rates of interest at a frequent interval and communicated to all the members to follow. They built a number of God Muruga Temples in Ceylon and with the money collected through “*magamai*”, purchased gold and silver cars (*ther*) for the procession of the god.²⁴⁸ The chettiar community collectively celebrated the ceremonies and kept their closeness to each other. Exceptional cases were there too in claiming worshipping rights to temples built by them, which went till law suit.²⁴⁹

3.2.6 Exodus of Chettiars from Ceylon

Weerasooriya in his book “Nattukottai Chettiars Merchant Bankers of Ceylon”(1973) gives a fine analysis on the reasons for the departure of the chettiars from Ceylon.²⁵⁰ They are

- The money lending Ordinance No.2 of 1918, which fixed a ceiling on the rates of interest and required them to maintain proper books of accounts prescribed by the ordinance.
- Income tax act in 1931 and the subsequent double taxation in Ceylon and India
- Citizenship laws of Ceylon in 1948 after the Independence of Ceylon, which denied citizenship to majority of the chettiars and issued temporary Resident Permits.

²⁴⁸(Weerasooriya, 1973)

²⁴⁹(Weerasooriya, 1973)

²⁵⁰(Weerasooriya, 1973)

- The final blow was the provisions of the Finance Act No.65 of 1961. This act prohibited the chettiers of money lending business as they are non-ceylonese, and only Ceylonese can conduct money-lending business.

Apart from these, there are few other reasons like

- The enactment of the Business names Regulation Ordinance of 1918. As mentioned in earlier topics, the “*Chetty Vilasam*” or the initials of the Chettiers were used for their business too as the name of the business and received judicial recognition as combination of letters. But, the Ordinance forced the Chettiar firms to register the business mandatorily under a name. As per the observation of a Justice. Mr.Schneider, the decision was that “no chetty in Ceylon who trades unders a *vilasam* can carry on his trade without registering his business”.²⁵¹
- The Pawnbrokers Ordinance No.13 of 1942
- The Indian and Pakistani Residents Act No.3 of 1949.

The establishments of the Bank of Ceylon in 1939, State Mortgage Bank in 1931, and Agricultural and Industrial Credit Corporation of Ceylon in 1943 were the other obstacles that hindered the business of chettiers which was very thin already. These were partly the work of British to keep a check on the foreign capital preceding independence²⁵² and unfortunately, it victimized the chettiers. With this, the chettiers lost all the motivation to stay back in Ceylon and wound up for good to return to India.

²⁵¹ See more in (Weerasooriya, 1973, pp. 104-105), the case of “*Annamalay Chetty vs. Thornhill*”

²⁵² Moore, M. (1997). The Identity of Capitalists and the Legitimacy of Capitalism: Sri Lanka since Independence. *Development and Change*, 28, 345.

3.2.7 Conclusion

It is a natural phenomenon if we see through the history, that, a group of people working or conducting business in an alien land can never get to the status of natives unless they settle in the real sense, that is living as family and getting into the veins of the lands culture. The language, dressing, food, habits of chettiars, who goes back every now and then to his “home” and keeping roots very strong with their homeland could have never made them, settle in any alien land. This happened in Ceylon too, and as of now there are very few chettiars living in Ceylon. But the island acted as an entry for chettiars to other Southeast Asian countries and gave a lot of wealth to this community which is the base of many companies today.

3.3 Malaya (Malaysia)

3.3.1 British Malaya

The ancient history of Nattukottai Chettiars passed on to generations through legends mentions the movement of their people to various countries for trade particularly to Malaysia, which is still mentioned in Chettinadu area as “Malaya”, the former name of Malaysia. The Malay word for capital “*modhal*” used in the flourishing commercial transactions of the sixteenth century is more or less similar to the Tamil word for capital - “*mudhal*”.²⁵³

As a part of colonial spread, the British started taking interest over Malaya states during 1874.²⁵⁴ The British Malaya had three divisions:

1. The Straits Settlements comprising Singapore, Malacca, Penang, which included province Wellesley.

²⁵³Tarling, N. (1999). *The Cambridge History of Southeast Asia - From Worldwar II to the Present* (Vols. 2, Part 2). London, UK: Cambridge University Press.

²⁵⁴(H.Kratoska, 1975)

2. The Federated Malaya States – Perak, Selangor, Negri, Sembilan and Pahang
3. The Un-federated Malay states – Johore, Trengganu, Kelantan, Prelis and Kedah

It is believed that chettiars would have moved into the Straits Settlements during the middle of nineteenth century.²⁵⁵ There is one study from Malaysia that states that the pressure imposed by the British on Indians made the chettiars to look for new places for business.²⁵⁶ But it seems to be a little polarized, as the chettiars had quite a good cooperation from the British and acted as middlemen for British in many instances. Moreover, the historical evidences prove that chettiars were habitual of looking for business opportunities outside the country from a far long history. There are a few Dutch documents which mention the presence of chettiars in Malaya during 10th and 11th Century, and it correlates with the other evidences of maritime trading during the Rajaraja Cholan era.²⁵⁷ Moreover, there are also mentions that Chettiars were exporting textile and rice for spices to Melaka, Malaya during 1511-1522.²⁵⁸ However, among the Indian commercial groups that entered Malaya, Chettiars had the widest impact on the country.

3.3.2 Swampy jungles to paddy lands – The conversion

The abundant jungle and swamp area of Krian District in the state of Perak, Federal states of Malaya, were waiting to get converted into lands of some value. But, until the arrival of British and the Chettiars to grant loans for conversion of lands into cultivable areas, the Malaysians - who were contented with what they had and with a culture of conducting agriculture only for the needs - were not ready to work more.

²⁵⁵(Takeshi, 2015)

²⁵⁶Umadevi Suppiah, S. S. (2013). Origin and History of Economic Activities - Chettiars in Malaya (Malay). *Malaysian Journal of History, Politics and Strategy*, 40 (1), 63.

²⁵⁷Annamalai, P. (1988). *Nagarathar Kanakkiyal Murai*. Chennai: M.M.Muthiah Research Centre.

²⁵⁸(Umadevi Suppiah, 2013)

The British cliché on Malaysians was that they are lazy and not willing to open new rice areas. Hence, they thought, they should teach the “lazy” Malaysians²⁵⁹ how to undertake commercial rice cultivation. Even though this justification was made by the British Officials as common statement, the obvious hidden agenda was to increase the rice exports to Europe.

The items of substantial value the Malaysians possessed were only the land and the yearly crop. These two formed the basis for the rural debt. Malaysians borrowed from Chettians not only for land cultivation, but also for bigger expenses like marriage ceremonies or journey to Mecca, which were costly affairs. It is not only for the peasants the Chettians were lending money, but also to the European entrepreneurs, Chinese speculators, Indian hawkers and peddlers and even to the Malay Royalty!²⁶⁰ The Colonial Government was favorable to Chettians in Malaya in various aspects and was well aware of their operations and extensions. When there was criticism against the chettians during 1923, the Chief Secretary made favourable references to Chettians in the Federal Council²⁶¹.

The competitors to the chettian money lenders were the Chinese shopkeepers. Being middlemen in the rice trade, the Chinese shopkeepers used to lend money to the rice farmers, usually before a few months of harvest, based on the assumption of the quality and value of the paddy.²⁶² That would be the time for most of the farmers to approach money-lenders, as the previous harvest profits would have eroded before a few months of harvest. This helped the Chinese shop keepers to acquire rice at a lower price as they

²⁵⁹(H.Kratoska, 1975)

²⁶⁰Arasaratnam, S. (1970). *Indians in Malaysia and Singapore*. London: Oxford University Press.

²⁶¹(Takeshi, 2015)

²⁶²(H.Kratoska, 1975)

befriend the farmers first by issuing loans and second by not pulling them to court even in the case of defaults. In such case, they can acquire rice at a still lesser rate.

But a Chettiar money lender will pull them duly into the court of law for not repaying the money. This might be depicting the chettiar professionalism, but later on, as chettiars too were in rice trade, they bought the rice at a competitive rate for the money due.

3.3.3 Rural Indebtedness and Colonial reactions

Till 1914, the cultivation was not good due to unfavourable cultivable conditions and hence, the peasants were not able to pay tax, resulting in the Government reclaiming 1799 acres of rice land. In 1915 it rose to 1809 acres. The total cultivable land in the district during that period was just over 50,000 acres.²⁶³ The scenario changed, only when the lands got some value, and the Chettiar money lenders started granting loans on these lands.

Loans on lands mortgaged were amounting to as much as 100% or even 150% of the value of the security. It was to be mentioned that the processing of loans with a chettiar was quick and easy. As the cultivation was not assured and the risk level was high, the interest rates were high too, 24% to 36% per year.²⁶⁴

In 1938, it was estimated that an average Malay family was taking loan way more than their income from the Chettiars.²⁶⁵ For example, it was found that, when the average income was around 120\$, the loan taken from the Chettiars were somewhere between 100\$

²⁶³(H.Kratoska, 1975)

²⁶⁴ The high interest rate was commented in an article by Sri.Iyer in a Tamil magazine during 1930s and as a reply to that, in the Dhanavanigan magazine, a article written by the Editor states that, the people who are critisizing the high interest rate of chettiars are not looing into two things – the risk involved and the money drain from ceylon to England, which was very huge. so, this is how the chettiars justified themselves for charging higher rates.

²⁶⁵(H.Kratoska, 1975)

to 1000\$, sometimes even more. As mentioned earlier, these were not purely agricultural loans, but also including the luxurious spending on marriage and other occasions of the Malay.

To tackle with the problem of rural indebtedness of these Malays to chettiers, the Government took an alternate step of providing mortgage loans for purely agricultural purposes or to redeem the mortgaged land. The important point was that this loan was offered at an interest rate of **one-half of one percent** per month which was way lower than the chettiar rate of interest and with repayment by installments over a period of not more than three years, which was far better than chettiers terms.

The government loans didn't succeed even with all the benefits and this strategy proved to be a failure to curtail the chettiar loans on lands. As a result, a committee was appointed in 1911 to inquire on the reasons for failure of the scheme. The major two reasons found were

1. The lengthy period of two to three months of processing, whereas the chettiar loans were granted then and there. The farmers, if can wait for three months, they don't need the loan at all, as their harvest will supply them with the money. Hence, the time period taken to sanction the loan was unbearable by the poor farmers.
2. The amount of loan sanctioned was only half of the value of the land mortgaged.

On the other hand, the chettiar loans were more than the land value.

The usage of loan amount was also restricted in the government loans. Further, as per an informant who is still in Malaysia, not only the cumbersome procedures were liked by the Malays, but also the simplicity of Chettiers and their firms, their credibility, the Professionalism, underlying tone of friendliness and the trust the Malays had in Chettiers were unbeatable.

The worry of Malay rice farmers' indebtedness to chettiers, which was very common, was mentioned by Hastings Rhodes, Legal advisor to Federal Malay states as

“Thus a race of yeoman-peasantry aforesaid happy and prosperous incapable from the very nature of their country and

*genus of supporting themselves in any other country find too late
they have become homeless wanderers in their own land”²⁶⁶*

Although it is true that the race of yeoman-peasantry have become landless and partly chettians were responsible for that, the other part of the statement that “once happy and prosperous” cannot be blamed on the chettians, if one look at the issue closely. The once contended Malays were made into “people-with-more-wants” by the English Rule and the two responsible parties were the manipulating English and the innocent Malay peasants.

However, the British administrators in Malaya were forced to bring the problem of “landlessness” under control, and the chettian debts became priority issue for two reasons – one is Chettians don’t do farming and the productivity goes low if the lands are not cultivated. The other is, the chettian loans should only be controlled and not banned, because the network of banking services chettians offered was indispensable for development.

Hence, reservations of lands were considered as yet another strategy. During 1908 there were a considerable number of chettian firms all over Malaya. Out of approximately 60,000 acres of cultivable land, only 15,739 acres was reserved to control the chettians acquisition of land. The reservation required the parties to ask for government consent before it was sold to meet the debt on it.²⁶⁷ It committed the Government to repay the debt, up to the value of the land immediately before it was made a reservation area. The Scheme took no time to take a nose dive, because of its poor design. The procedure was complex and a costly affair. Hence, the state council often allowed the chettian to acquire a land in case of default payment or it was sold at auction with a condition that the land to be resold to a Malay again.

²⁶⁶(H.Kratoska, 1975)

²⁶⁷(H.Kratoska, 1975)

The other restriction thrown at chettiarsto control the rural indebtedness of the Malays was “Usurious Loans Enactment” of 1919 and the provisions of the “Land Enactment” relating to mortgages on land. The usurious loans enactment permitted court to take action if excessive interest was slapped or the transactions were proved to be unfair. Interest acted as the primary evidence to decide the level of “unfair” transaction. Unfortunately, these laws enacted to keep the chettiar loans at bay, didn’t succeed up to the expectations.

The biggest challenge in implementation of this act was often the debtor himself, for one reason – he was ignorant of the laws passed on his favour and was not willing to go to court for relief even if he knows the law. He instead, was contended with the agreements with the chettiers in case of defaults. This was due to the British English system and the natural ignorance of the rural peasants, who saw both the Chettiers and English as people high above them, and Chettiers seemed to be more closer (might be because of their Asian race) than whites, who looked more alien. More than that, Chettiers were seen as saviors, since they issue currencieswithout a word, as and when required by the peasants. Hence, in the view of Malays, it wasfair and justice if they take the lands on non-repayment.²⁶⁸

In general, the British saw the Malay’s rural indebtedness as a failure and disgrace, but for Malays borrowing money from Chettiers was the easiest option to get money. On the other hand, for the Chinese, loans were for business but for the Chettiers, loans were their business.²⁶⁹ Chettiers viewed the issue of indebtedness as part of their professional consequence and not as a moral issue, whereas Malay Peasants saw usury as a moral issue and not as indebtedness. In a country where these three races live together, that too with

²⁶⁸(H.Kratoska, 1975)

²⁶⁹(H.Kratoska, 1975)

these many differences in beliefs, it was not easy for the British to make them dance to their tunes.

3.3.4 Acquisition of Land and Estates

As in any other place of their business, in Malaya too, when the mortgage loans were unpaid, the lands fell into the laps of chettiar money lenders. But, here the lands were also in the form of Rubber plantations. Unlike in Burma and paradoxical to the common belief that the chettians were not interested in owning lands than liquid cash, in Malaya, during 1920s Chettians utilized the opportunity of owning rubber estates for default loans. By 1930, 242 rubber estates were owned by the chettians.²⁷⁰ They had well-organized chamber of Commerce to protect their interests.²⁷¹

It was estimated that during 1930s, Chettians could have lent a total of \$125 million.²⁷² As a result of depression, they also acquired high volume of agricultural lands. Most of these lands came through the default payments of small farmers. But on the whole, it is believed that, due to economic depression in 1930s, chettians suffered a loss amounting to the volume of \$120 million.²⁷³

²⁷⁰(Mahadevan, 1976)

²⁷¹ Govt. of India, (1933). *Annual Report of the Agent of the Government of India in British Malaya*. Calcutta: Government of India Press. (This might have been the result of the high returns they received from the acquired plantations and estates or because of the need to invest the excess profit. Again, this seems paradoxical, as they were used to remit all their profits to their home town. Hence, it is a question to be still studied, to understand the factors that pushed the chettians to invest in an foreign land willingly).

²⁷²Bella, C. V. (2014). *Tragic Orphans: Indians in Malaysia*. Singapore, Singapore: Institute of Southeast Asian Studies.

²⁷³(Umadevi Suppiah, 2013) The difference of money lent and loss shows \$5 million, and hence has a contradiction. If the land acquisitions were true, then that can't be taken as loss. I was not able to find a document which mentions the exact loss.

As the land holdings of Chettiars were increasing, following the representations from the Sultan of Perak, the Colonial authorities passed the Small Holdings (Restriction of Sale) Bill in 1931. The bill focused on the exclusion of the properties of Malay farmers from foreclosures to Chettiars. Another bill – Malay Reservations Act of 1933 followed, which ensured the land reservations against sale or escheat and in effect prevented the disposal of Malay Reservation land to non-Malays. Clearly these two bills were targeted towards the land acquisition of Chettiars and raised a debate in the Malay province.

3.3.5 Trade

The Malaysian scenario of trade and development was totally dependent on the rubber and tin exports. The Japanese occupation during 1943-45 and the Korean War during 1950-1953 are the two major events that boosted the flow of exports of rubber and tin and thus resulting in the faster economic development of Malaysia. Obviously, the big firms of Europe like Dunlop and Guthries were the biggest beneficiaries of rubber trade.²⁷⁴ During this period, Nattukottai Chettiars who had now a large reserve of capital with them chose to establish insurance, banking and other finance related companies which has always been their forte. Interestingly, there is one account saying Chettiars were also involved in Opium trade.²⁷⁵ When their counterparts, the Chinese money lenders chose to risk their fortune by setting up adventuring new avenues of industries, the chettiars who are by nature adventurous, chose to play subtle.

Money lending slowly faded away into the background, due to the Moneylenders Bill in 1951²⁷⁶ and Chettiars moved into Property –Ownership. The property –ownership investments are a long term commitment, which will result in capital gains rather than the lucrative annual returns in money lending. The safe-play phenomenon of Nattukottai

²⁷⁴(Mahadevan, 1976)

²⁷⁵(Umadevi Suppiah, 2013)

²⁷⁶(Umadevi Suppiah, 2013)

Chettiars is again a main reason for this diversion when the entire country was open to industry building and entrepreneurship opportunities were abundant.

It is also interesting to note that the Nattukottai Chettiars had been in the debtor list of Chinese business men, issuing large loans to build new industrial firms. They financed the Chinese to open tin mines²⁷⁷ and to buy over rubber estates from the English men²⁷⁸. The question is why they themselves have not utilized the money to start up the industry themselves. When enquired, members of “The Chettiar Chamber of Commerce”, Kuala Lumpur have answered in an interview (1966) that money lending is safer than investing in industry. “Chinese gamble while the Chettiars never gamble”²⁷⁹. As a testimony to this phase, in 1970, while the Chinese controlled 22.5% of the share capital of the limited companies in Malaysia, Indians held only 1% and Malays 1.9%. ²⁸⁰This may be a resultant to the riots on May 13th, 1969. Worried about their unsecured future and threatened by the violence, nearly 60,000 Indians returned to India immediately.²⁸¹ The number of Chettiars crossed the sea is not known.

Being the wealthy “rentier” class of Indians in Malaysia, chettiars were blamed for not opening up industries to employ the “lost” Indian labourers²⁸² in Malaysia after the colonial period. The labourer class and the middle class Indians who got migrated to Malaysia during the British era, found it very difficult to survive in a place, which is no

²⁷⁷(Umadevi Suppiah, 2013)

²⁷⁸(S.R.Sudhamani, Indians in Singapore, 1982, p. 90)

²⁷⁹Laiq, J. (1974, October 26). By-Product of a Plural Economy- A note on the politics of the Lost Indian in Malaysia. *Economic and Political Weekly*, 9 (43), pp. 1825 -1828.

²⁸⁰Suryanarayanan, V. (1982). Indians in Malaysia- The Neglected Minority. In I. J. Singh (Ed.), *Indians in Southeast Asia* (p. 38). NewDelhi, India: Sterling Publishers Private Ltd.

²⁸¹(Suryanarayanan, 1982, p. 44)

²⁸²(Laiq, 1974)

more a province of British but a “country” now with its own ethnicity and rules, obviously giving weightage to the uplift of their own people. Many of the Indian plantation labourers lost the opportunity of citizenship just because they were ignorant and the superior classes chose to return home. Hence, when compared to the Chinese upper classes who established business industries and dutifully employed only Chinese and helped their survival was seen far better than the chettiars in this particular issue.

3.3.6 Conclusion

It is quite interesting to learn the view of a Malaysian of present generation on the issue. (in a blog spot titled as “an Uncensored History of Malaysia). It says,

“Chettiars are “friendly nice men usually carrying an umbrella and dressed in white robe. It was the lack of the ability for arithmetic and managing finances or money is the culprit that led Malays to be in-debt”²⁸³.

As of now, for many Chettiars, Malaya has become their country, settled there for generations. But, still they keep their roots in Chettinadu, visit the native country for festivals in their clan and village temples, conduct marriages in Chettinadu and keep their heritage homes unused.

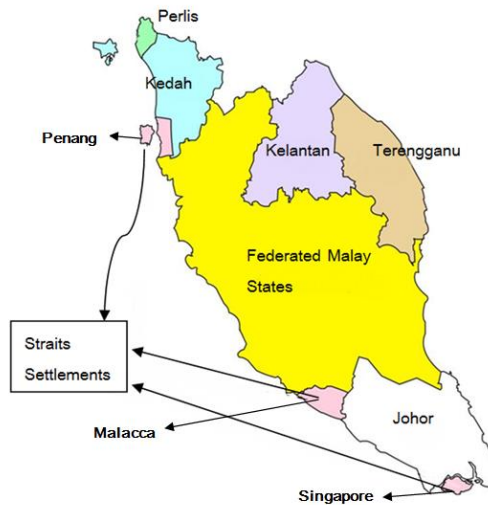
3.4 Straits Settlements and Singapore

3.4.1 Introduction

In 1826 three settlements of Singapore namely Singapore, Penang and Malacca were amalgamated and formed as Straits Settlements, acquired or established by the East India Company. Labuan was added as fourth settlement in 1912. In this settlements Singapore includes Christmas Island and coco keeling group and Penang includes the province

²⁸³Mortalangel. (2010, February 1). *An uncensored History of Malaysia*. Retrieved February 3, 2016, from <http://adifferentkindofmalay.blogspot.in/2010/02/uncensored-history-of-malaysia-what-our.html>

Wellesley. Till 1867 April, the control of strait settlements was with the Indian Government²⁸⁴. Occupied by the Japanese in World War II, these settlements were dismantled in 1946, thus Penang and Malacca added to Malaysia and Labuan is now called as Sabah, which is also a part of Malaysia.²⁸⁵ The arrival of chettiars in Singapore was early as 1820s, soon after Sir Stamford Raffles, founder²⁸⁶ of the Port city of Singapore in 1819.²⁸⁷



Map 3-1: Straits Settlements and Federated Malay States

²⁸⁴R.J.Jarman (Ed.). (1998). Straits Settlements Annual Reports 1855-1941. *East and Southeast Asia* .

These 12 volumes brought out a lot of information on the formation of Straits settlements from the government records

²⁸⁵*Straits Settlements*. (2015). Retrieved 2016, from Encyclopedia Britannica: <http://www.britannica.com/place/Straits-Settlements>

²⁸⁶*Sir Stamford Raffles*. (2016). Retrieved 2016, from encyclopædia Britannica. : <http://www.britannica.com/biography/Stamford-Raffles>

²⁸⁷K.S Sandhu, A. (1993). *Indian Communities in Southeast Asia*. Malaysia: Institute of Southeast Asian Studies.

3.4.2 Trade and Banking

Considering the location chettians selected for their business and staying implies that they were well aware of their foreigner status and their exclusiveness in social and cultural habits. Their stay was closer to the port and they resided together for support. The choice of location was because they were mainly working with traders and exporters, and exchange of hundis was easier this way. Mostly they took the area of Market Street, a central area in the commercial district which is essential for their money-lending business. They were ready to move back anytime in the first phase of their migration, if anything happens worse in the political scenario. The *Kittangis* in the Market Street are still remembered for the chettian presence.

During 1825, Singapore was handling over three-fifth of the total trade of Southeast Asia.²⁸⁸ The geographical location of Singapore made it as an entry port point to the whole of Southeast Asia within a short span of time. By 1870s, the chettians financed most of the opium trade in Singapore. They also financed the Chinese businessmen from Straits Settlements to open up new tin mines in Malaya.²⁸⁹

During 1880s, the chettians were strongly placed in the banking services of Singapore, with the cooperation of the Singapore and Penang Branches of Chartered Bank. Discounting of *Hundis* of the Chinese traders and purchasers of Opium were discounted and all these acceptances were drawn at two or three months date.²⁹⁰ During this period all the Promissory notes drawn by the Chinese traders were in favour of the Chettian Bankers.

²⁸⁸(Mahadevan, 1976)

²⁸⁹(Mahadevan, 1976)

²⁹⁰(Mahadevan, 1976)

Raman Mahadevan quotes Compton Mackenzie (1954)²⁹¹ for the position of chettiers in Straits Settlements. As per Mackenzie there was a steady increase of Chartered bank's rupee sales on Calcutta and Rangoon, drawn by the Chettiers. The chettiers who had money laid down in India, Burma and the Straits looked for the favourable exchange rate and draw the money to invest in the profited proceedings into other countries where they conduct business or they simply remitted back the money to India to their home or to Burma, to their firms, which was doing big enough business to pull in any amount of money.

As an advancement in their profession, chettiers started Joint stock Trading Companies in all the three components of Straits Settlements – two in Singapore, three in Penang and two in Malacca. In 1928, they opened up Chettiar Chamber of Commerce in Singapore, as they do in every other place of their business. The Penang Chamber of Commerce was opened in 1934.²⁹²

Later, during 1930s, along with the counterparts, Singapore too felt the economic depression tremors, and as a result the repatriation pattern was evident here too. Now, however, it is noticed clearly that, the Once – thriving Chettiar money lenders, “the poor man's bank”, are almost extinct in contemporary times.²⁹³

²⁹¹ See more in Compton Mackenzie, *Realms of Silver, One hundred years of Banking in the East*, London, 1954

²⁹² (Mahadevan, 1976)

²⁹³ Bhattacharya, J. (2015). *Beyond the Glitterati: The Indian and Chinese Jewellers of Little India*, Singapore. In C. K. Jayathi Bhattacharya (Ed.), *Indian and Chinese Immigrant Communities: Comparative perspectives*. Singapore: Anthem press.



Figure 3-1: A Statue of Chettiar with his “*kai petti*” in Boat Quay, Singapore²⁹⁴

3.4.3 Conclusion

The scenario in Singapore was almost like its sister Malaya. Many Chettiars opted to get settled and took their families from their native land. Many others returned with the assets and started their much simpler life in India. Still some others continued to live the same way, working in Singapore, leaving the family behind in India till last generation. The Chettiar in Singapore had changed aspirations²⁹⁵ in their successive generations, whose education system have now taught them new avenues of employment and business. The chettiar firms were seen in Singapore until 1970s. But, the Chettiar impressions are still seen in many places of Singapore. The “*Sri Thendayuthapani Temple*” or otherwise popularly known as “*Chettiar Temple*”, built by the Chettiars during 1859, was recently

²⁹⁴Source: Martin Ebner Archive (Ebner, 2014)

²⁹⁵(Takeshi, 2015)

announced to be the Singapore's 67th National Monument and gazette by the National Heritage Board of Singapore.²⁹⁶

3.5 Indo China (Vietnam) and Saigon (Ho Chi Minh City)

3.5.1 Introduction

Saigon is a city in South Vietnam. Chettiars, as adventurous as ever, in search of new business place, moved here from Singapore. Unlike the other expeditions of Chettiars, this was not under the British, but French. French Indochina (Union Indochinoise) comprised of Tonkin, Annam and Cochin-China of Vietnam, Laos and Cambodia and was called as French Protectorates since 1887, except for Laos, which was brought under in 1893. It was named so by French due to the geographical location of the area, being the point of contact of India and China.

3.5.2 Money lending in Saigon and Cochinchina

There were 110 chettiar money lending firms in Cochin China by 1930 and 340 Chettiars residing in the French protectorate including agents and other staff working in the firm.²⁹⁷ Madras Provincial Banking Enquiry Committee Report mentions the role of chettiars in granting loans to the traders was on a big scale and the short term loans to the

²⁹⁶ Zaccheus, M. (2014, October 20). Sri Thendayuthapani Temple is Singapore's 67th national monument. *The Straits Times* .

²⁹⁷ Pairaudeau, N. (2010). Vietnamese Engagement with Tamil Migrants in Colonial Cochinchina. *Journal of Vietnamese Studies*, 5 (3).



Map 3-2: French Indo-China

agricultural sector was on the security of crop harvest.²⁹⁸ The land security helped the peasants to secure loans for long term. The interest rates were as high as 15% to 25% per month, which was common in chettiar loans all over Southeast Asia. When the economy was booming, the peasants borrowed huge amounts above on their lands and harvest, in order to increase their cultivations, relying on the yield to repay the loan. Chettiers were believed to increase the interest rates, utilizing the opportunity of high demand for the

²⁹⁸(Mahadevan, 1976)

loans. The farmers, who have already, took loans from the Société de Credit Agricole, had only margins of security and they were the first to fall out on a bad harvest.

3.5.3 Depression, Riots and Expulsion

The rural peasants, who were happy with the Chettiar loans to increase the cultivation area once, were no longer in the position to repay loans in 1930s due to the crisis, resulting in land alienation. The peasant of Annam range and Cochin China failed to repay their loans, thus making the chettiers seize their lands for the bad debts. During 1930s chettiers were holding around 25% of the land in Cochin China.²⁹⁹ In September 1932, Ar.M.Soccalingam Chetty, who was rich became richest by accumulating a fortune of around 2-3 million piaster³⁰⁰, which is equal to 20-30 million francs,³⁰¹ “*the Pitilessly seized property of an indigent Vietnamese.*”³⁰²

When this created resentment among the Vietnamese, during 1933, a Government Institution of Saigon, called as Long Term Credit Society, suggested for reductions of debts, which was declined by the Chettiers. This resulted in the expulsion of chettiers from Saigon.³⁰³ At first, it was reported as an expulsion caused because of alleged activities in the politics of Indo-china, but the enquiry revealed that it was because they declined to accept reductions of their debt suggested by a government institution called the Long – term credit society. This society was trying as a mediator between the chettiar money

²⁹⁹(Mahadevan, 1976)

³⁰⁰ South Vietnam money

³⁰¹ A rough calculation based on 1930 exchange rates reveals the amount to be around 32 lakhs in 1930.

³⁰²Gunn, G. C. (2014). *Rice Wars in Colonial Vietnam: The Great Famine and the Vietminh Road to Power*. Maryland: Rowman & Little Field.

³⁰³Chettiers Expulsion from Saigon - Alleged refusal to accept reductions in Debts. (1933, August 14). *The Straits Times*, p. 12.

lenders and the Annamite³⁰⁴ peasants. When some few chettiars refused the decision of this society, they were expelled.

Interestingly, the leader who negotiated and represented “Chettiars” to The Viceroy of Delhi, to the authorities in London and Paris for the reinstatement of those expelled into Saigon was a non-chettiar – Sir A. Ramaswami Mudaliar³⁰⁵. It is also mentioned that His Highness Agha Khan too intervened to solve the problem³⁰⁶. After negotiations the five chettiars were allowed to return to Saigon. This caused stir in Paris and India for the misleading reason stated on chettiars expulsion. But, however this incident created a kind of insecurity in the minds of chettiars and started the phase of repatriation from Saigon.

Gunn (2014) looks this incident of expulsion as a necessary measure to “defuse the situation”, taken by the French authorities who were “mindful of concurrent events in British Burma”, where similar riots “occurred alongside a massacre of Chettiars”.³⁰⁷ Soccalingam Chetty was one among five chettiars who were expelled.

3.5.4 Chettiars – Villains and Heroes

Even though the chettiars earned a fortune in Saigon, some chettiars went bankrupt during the depression. But due to their efforts and the law suits, some of their assets were restored. But however, the number of firms was halved and came down to 55 and the total credit came down to 20 million piaster in 1937.³⁰⁸ But still they possessed 1/3rd of total rice credit in Cochin China, which was over 6 million piaster. During 1940s it was said that

³⁰⁴ Annamites are the vietnamese from the Annamite mountain ranges, which runs through Laos, Vietnam and Cambodia.

³⁰⁵ Rajah Sir Annamalai Chettiar's Statement in Kovilur Nattukottai Chettiars Meeting. (1930). Tamilnadu, India.

³⁰⁶ (Rajah Sir Annamalai Chettiar's Statement in Kovilur Nattukottai Chettiars Meeting, 1930)

³⁰⁷ (Gunn, 2014)

³⁰⁸ (Paireudeau, 2010)

half of Indo-China was indebted to chettiars and the outstanding loan amount was 9 million piaster.³⁰⁹ As the British tried to curtail the rural indebtedness in colonial areas, French government too increased the credit for the rural areas to eliminate the land alienation. But, again, as in the other South East Asian countries, the peasants themselves were not willing to take loans from other sources but for chettiars. Chettiars remained as the reliable money-lenders to large number of “improvident”³¹⁰ landowners in Cochin China and Annam. Vietnamese liked the chettiars for their simple living among them, but got thrown away by the grandeur of the temple processions conducted by the chettiars with their god in the silver chariot with gems studded jewels. The jewels and other assets in the Saigon temple were estimated as 50 million Rs (Rs. 5 Crores) in 1971.³¹¹ This invariably announced the chettiar wealth accumulation to the Vietnamese. They appreciated chettiar loans and risk with least security, but resented the higher interest rates and acquisition of lands. The violence and resentment was in no way comparable to the riots in other Southeast Asian countries.

A newspaper named as “*Echo Annamite*” mentioned the issue of chettiars³¹², but not for their higher interest rates, but for to express the inadequate salary of government to the civil servants which forced them to be debtors to the Chettiars! To quote Natasha (2010),

“This omission of Chettiars in Vietnamese responses to Tamil presence in this period is even more stark when we consider that the newspapers’ land-owning readership was reliant on Chettiar capital.”

³⁰⁹(K.S.Sandhu)

³¹⁰(Gunn, 2014)

³¹¹(K.S.Sandhu)

³¹²(Pairaudeau, 2010)

To mention further, it is stated that Chettiars “oversaw” the end of the political and journalistic Career of a Vietnamese leader of the Minh Tan Movement, as at the time of his arrest he was largely indebted to a chettiar named “Sp. Ar. Supramanian Chetty”³¹³

But, in the land of Chettiars, the “usury” was not accepted and several points were made to justify the higher rates such as “French were forcing Chettiars to pay the same tax amount as earlier in the distressed period of depression”³¹⁴ and the interest rates were lower than the Chinese money lenders.

3.5.5 Conclusion

The common image of the Indians, particularly Tamils, in the Vietnam was not a good one. They were treated as aliens for their “colour”. The problem that rose out of Indian men asking for the hand of their women in marriage created a furor, added oil to the fire already burning due to the land alienation of chettiars. Chettiars were depicted as “Monsters”, “sucking blood of farmers”, “Vampires with ferocious appetite” shows the intensity of hatred level on chettiars.³¹⁵ The professionalism of chettiars in finding remedies of default loans through French courts was seen as an act of “Colonised” and “Coloniser” together working to squeeze Vietnamese.

As the antagonism grew, the “notoriety” Chettiars had no other option except to turn their backs and head to their native. There are not so many Chettiars in Vietnam today, but they are felt through the temples they built.

³¹³(Pairaudeau, 2010) It is mentioned as “Souna Parra Ana Sirra Soupramanianchetty”. Actually, chettiars while pronouncing the initials (*vilasm*), as per the Tamil language rule, adds the term “na” to every syllable. The letter “pa” in Tamil will be read as “pa na”. Hence, the author obviously includes the speaking terms into initials while writing too.

³¹⁴(Rajah Sir Annamalai Chettiar's Statement in Kovilur Nattukottai Chettiars Meeting, 1930)

³¹⁵(Pairaudeau, 2010)

4 Economic, Social-cultural and Political Perspectives

4.1 Economic Perspectives

4.1.1 Multiplying money

Chettiars economy flourished because of one important reason – the multiplying of the money. No matter, how meager the amount, the respect is same for the money, “money is money”. According to the Burma Provincial Banking Enquiry Commission report, they doubled their money and assets every ten year for the thirty year’s period of 1900- 1930, for which the figures are available.

4.1.2 Assets and Investments

The once flourishing chettiars always kept a low profile as their unwritten practice. But, the economical status of Chettiars elite group is still high, due to their intelligent investment plans during their thriving days. The “Economic Times” tried to list out the top 10 wealthy chettiars during 2003. The findings were astonishing and the important point is that all elite groups and families are cash rich and inherited a lot of land, coffee and rubber estates. The top slots were Murugappa group and MAM. Ramasamy Chettiar group³¹⁶. Murugappa group has a number of companies under its banner - Carborundum Universal Ltd., Cholamandalam Investment and Finance Company Ltd., Cholamandalam MS General Insurance Company Ltd., Coromandel International Ltd., Coromandel Engineering Company Ltd., E.I.D. Parry (India) Ltd., Parry Agro Industries Ltd., Parry Sugar industries Ltd, Shanthi Gears Ltd., Tube Investments of India Ltd., and Wendt (India) Ltd. Murugappa is now INR 269 billion Group and one of India’s leading business conglomerates, comprising 28 businesses including eleven listed companies traded on the

³¹⁶Kumar, K. S. (2003, August 19). Chettiars reign where wealth meets godliness. *The Economic Times* .

NSE and BSE, with a work force of 32,000 employees.³¹⁷ The total wealth of the group is estimated to be above Rs.1500 crores in 2003.³¹⁸

The other major group- Chettinad group of Raja Sir Annamalai Chettiar's family, (First son Rajah Muthiah Chettiar) has it in its credit companies in the areas of Cement, and Silica manufacturing, Service providers like Construction, Transport, Steel Fabrication, Coal terminal, power and Security and the group has a turnover of Rs.4000 Crores.³¹⁹ "The chettinad house", the palatial estate of MAM.Ramaswami Chettiar sprawling in an 70 acres land in Chennai is said to be of worth between Rs.1700 crores to Rs. 2000 Crores³²⁰. Known for his love for horses and horse –racing, MAM. Ramaswamy had a team of around 1000 horses, valued as Rs. 5-10 lakhs each.

The MA.Chidambaram Chettiar group, (Raja Annamalai Chettiar's second son) has companies in the areas of fertilizers, logistics, and Petro products. MAC group is one among the top five industrial conglomerates in the country.³²¹ The group is under the leadership of Ashwin Muthiah, the grandson of Chidambaram Chettiar. By 2003 the networth was estimated as Rs.750 crore³²².

³¹⁷ Murugappa Group(2015). Retrieved Feb 29, 2016, from Murugappa Group: http://www.murugappa.com/index_home.htm

³¹⁸(Kumar K. S., 2003)

³¹⁹Chettinad Group (2013). *Chettinad Group*. Retrieved from <http://www.chettinad.com/new/about.php>

³²⁰Sangeetha Kandavel, V. N. (2015, May 25). M.A.M.Ramaswamy's family feud turns ugly. *The Hindu* .

³²¹Ananda, J. (2015, June 15). Charting the Chettiars: Raja of Chettinad to the Disowned Son. *The New Indian Express* .

³²²(Kumar K. S., 2003)

M.Ct. M (M.Ct.Muthiah Chettiar)Group (nephew of Rajah Annamalai Chettiar), though doesn't have any listed companies, they have inherited coffee estates and plantations in Malaya which makes them cash rich.

The Karumuthu Thiagarajan group, run by his sons too hits the list of wealthy chettiars with two listed companies doing successful business in the textile industry. The turnover of the groups Thiagarajar Mills and Virudhunagar Textiles had a turnover of around Rs.250 crores in 2003³²³.

The documentations of business industries and turnover of the companies are very less in the case of Chettiars. The issue of identification as "Pure" Chettiars or "new gen" Chettiars –who crossed the boundaries of the community by cross-marriages with person of other caste or other religion - creates confusion in the community itself. The power of money and influence makes the border invisible in case of wealthy chettiars and hence, the data on the medium level chettiars and their business are to be done meticulously to ascertain the economic status of all the strata of the community.

The overall economic status of chettiars as wealthy citizens had given them the classification under the Government of India as "Forward" or "Other castes", which means that they are not eligible for any special quota.

4.2 Socio-cultural Perspectives

4.2.1 Introduction

The Nattukottai Chettiars have always shown a high level of rigidity in following the cultural and religious practices. The traditions are followed for centuries except for a few that were dropped or included during the important crisis periods like Great depression and Burma breakdown. The important elements that comprise of the Social basics of the

³²³(Kumar K. S., 2003)

Chettiar community were the lineage of nine clan temples, the marriage alliances between the clan temple members, the adoption of son among the clan temple members, grouping based on the occupation and firms and the religious and village temple affiliation among the various clan temple members who lived in one village.

These factors that keep hold of the clan temple lineages as outer ring, families' lineage as inner ring and the unconventional or untraditional families those got out of the lineage as an external space can be represented as the moving bubbles or circles. The situations and environments of the society is not a static one but highly dynamic, and hence these circles tend to move from their place to other, boundaries shrinking or expanding. The fluidity of the interdependence of these factors is somewhat indeterminate. When it comes to society and culture, the grey area between a community and a caste becomes dark. Caste takes up the predominant place than being a community. As in any other community of India, the evolution of the Chettiar community too gets stagnated in the name of Caste-ism.

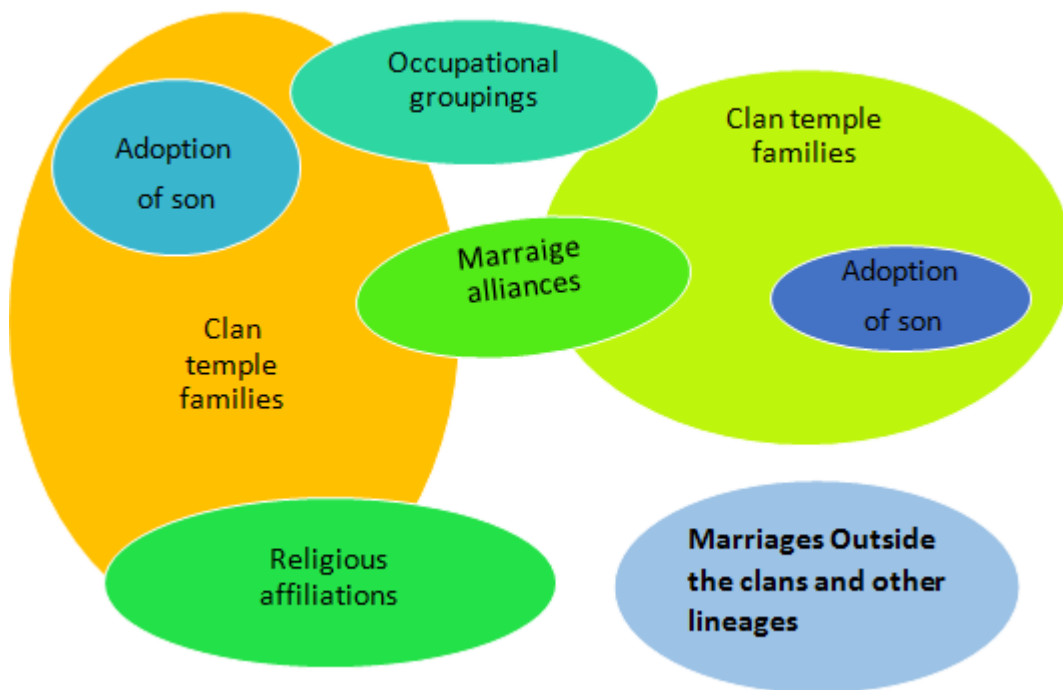


Figure 4-1: Important Elements of Chettiar Society

4.2.2 Chettiars in Society and Chettiar's Society

Chettiars are an interesting community which revolves around their nine clan temples. These clan temples are their social pillars on which lies the entire networking of this community. All the chettiars are registered under the name of the family head, called as “*pulli*”. A boy when gets married, is registered as a head, a *Pulli* in the register.

Clan temples act as the population and marriage registry. Unlike in a normal census, the chettiar registry maintains the names of “*Pulli*”. When a groom gets married, his clan temple will be informed along with the details of the bride and her clan temple. The same goes with the bride. The bride's clan temple will issue a “certificate” to be adjoined to the grooms clan temple register. On the day of marriage, the acknowledgement of the clan temple is sent in the form of a flower garland and *Prasadam*.

No deviation is allowed; for example, marriage between the bride and groom from same clan temple or bride or groom from any other community. The clan temple will not register the marriage in these cases. The groom loses his chance to become a member (*pulli*) of the clan temple and his lineage will be cut from the clan temple. His successors cannot claim to be member any more in the clan temple.

The caste-conscious and clan-conscious community is facing adversity because of this practice, as the youth is not clan or caste-conscious as in the previous century. Thus the identification of the chettiars in these lines are done as “No.1” and “No.2” referring to “*asal*” or “original” Chettiars and “Cross” or “new gen” chettiars (who crossed the boundaries!) respectively.

The outer circle of other communities of the society, unaware of these differences, treats both the divisions as Chettiars. The “new gen” chettiars, even though is not registered in the Clan temple and doesn't get “blessed” garland and *Prasadam* during marriage ceremonies, still continue with the traditions as per the other division, identify themselves with the clan temple, follow the rituals, and keeps up the marriage relationships among themselves. As of now, the population of the second division chettiars are seems to be high.

The above cases testify the problems in the networking of the community which is said to be one of the important factors for business success of the community. The business

cooperation among the chettians stands out in the crowds of other money lenders in the British period and the close knit-ness is gone now. The social well being of the chettians acted as the pivot for the business operations and the mismanagement of the same costs up to loss of identification as a business community in the present scenario.

4.2.3 Family

A chettiar family starts with a conjugal family called as “*Pulli*”, comprising with husband, wife and their children. The joint family is the “*valavu*”, all the conjugal families living under one roof. “*Valavu*” means the living area of the big house, the conjugal families will have separate rooms from the hall. All the *pullis* or the conjugal families cook their own food and leads an independent financial and occupational life, under the surveillance and guidance of the head of the joint family. The ration for each of the independent family will be issued by the head. Once, the head of the family dies, his sons will separate from each other and will start his own joint family with his sons and their family. This practice of independence is highly followed, that even a widowed mother will not dine with her sons, instead, will cook her own meal³²⁴ and live from her assets.

All these “*valavu*” or joint families together are grouped and are part of “clan relations” – “*koodikirra pangali*”. All these groups of clan relations together are the population under one clan temple. Essentially, all the member of one clan temple is brethrens by belief, as these clan temples were established by brothers. But, as the time evolved and the population multiplied, it became unmanageable to invite all the “*pangalis*” for ceremonies and occasions. Hence, the concept of grouping the “*pangalis*” came into vogue and the term “*Koodikira Pangalis*” was practiced, which means those brethren who

³²⁴Jain, L. C. (1971). *Report of the Study group on Indigenous Bankers*. Bombay: Government of India.

attend family occasions. In present day, the practice of joint families are rare, but still all the other practices of *Pulli*", "*Valavu*", and "*Koodikirra Pangali*" are all sustained.

When a son is born into a chettiar family, a certain sum is set aside. The sum is usually invested in the family business, for the money to multiply and the interest accumulates as he grows. The money and the boy grow together. This is practiced till date in many of the chettiar families; sometimes the deposit is made in the form of jewels, as the investment of money into business to grow is not an option now for those who don't do business.

Earlier along with the basic education of math and language, the children, particularly male, were taught with hymns on Lord Siva, the Primary God of the Chettiars. The important of them were Thevaram and Thiruvagasam.

The reasons behind this practice found after talking to many elders of the community are:

- The memory capacity of the child increased while he memorized the hymns, no matter he understood the meaning or not
- Discipline and spirituality increases as the habit of reciting divine hymns

Until the male member of the family attains an age of thirteen or fourteen he is sent to small schools, most often run on the "*thinna*" or verandah of the teacher's house. Then, he is ready for entering into the training of trade. The accumulated sum in his name was used for his business capital, when he started his own venture.

Usually, the training began with a relative's firm, never in any other community member's firm, and not in their own firm. This is purposively done to avoid any leniency he might get in the father's firm. He is remunerated, taught with the basics of business and when he is ready he takes off with his own firm.

These practices are not carried out nowadays as the occupations, education system and social system have changed.

4.2.4 Marriage

Not all the Chettiar families had business firms, many of the chettiars worked for wealthy chettiar firms. The skill and family background of the son is very important for one thing – his marriage. The fact that has to be noted here is that during that period, the groom has to pay dowry to the girl's father to get her hand in marriage. The brighter and

smarter the groom, the lesser he has to pay. Hence, the sons were taught well to get married to a good bride, more often with a financially equal status family. Jain mentions chettiar marriages as not only a religious duty and a social function, but an occasion for economic independence and liberty.³²⁵

It is the responsibility of the sons to support their father in marrying the daughters of the house. But, long before the end of the colonial era, not able to find correctly when, but somehow this system changed and dowry giving became reciprocal.

4.2.5 Reciprocated Dowry and its consequences

The practice of groom paying dowry to bride was an important factor for the big social change in the community during 1900s. The maternal deaths rate was high during those periods and hence chettiar widowers was a common phenomenon, who needed to remarry but not able to afford for a second marriage as the dowry range was higher for a second marriage. Hence, many chettiars chose to marry girls from other communities in order to take care of their children and also had children from the second marriage. Duly, the clan temple denied recognizing the children from the other community wife and thus a lineage of “new gen” chettiars were created. Till 19th century, there were no cases or documentation found on this issue. The elderly informants, who shared these information blames those chettiars for breaking the community rule and for “spoiling” the pureness of the community.

After independence, not for a defined reason, the dowry system got reciprocated and the bride started offering dowry to the groom like many other castes. The dowry system is called as “*seedhanam*” or “*Sthri dhan*” meaning the bride to pay dowry to the groom. It is enormous in the case of chettiar community, like other mercantile communities of India. Some of the articles the bride’s family has to accumulate for the marriage are a certain amount of cash, gold jewels, diamond jewels, stainless steel utensils, brass wares and

³²⁵(Jain, 1971)

utensils, silver articles, clothes for bride and groom, house hold items etc. The tradition of gold ornaments as investment and fixed asset is still practiced. One unique jewellery piece of chettiars is the “*Kazhuthiru*”, a solid gold ornament meant for “*thali*”(mangal sutra), made in pieces and tied with a yellow string . According to the respondents, there were occasions of this necklace made out of “101”soverign of gold (808 gms) in elite families.



Figure 4-2: “*Kazhuthiru*”

4.2.6 Division of Assets

Another important part of chettiar families and business bonding is the way they divide upon the assets on the eve of the death of the head of the family. Usually, the entire family assets were divided into equal shares among the sons. The daughters were not considered, the reason being they were married off with a fortune of wealth and jewelley from the house, and traditionally the sons are the rightfull owners of the estate.

Essentially, the Chettiar families are Hindu Undivided family and the status of a member is only acquired by birth or by adoption. Once a family is established, the jointness of food and worship, the ownership of property, and a “coparcenery”³²⁶ is acquired by the

³²⁶Takeshi, H. (2015). A comparison of the home remittance systems of Indian and Chinese migrants in South East Asia: Nineteenth and twentieth centureis. In C. K. Jayathi Bhattacharya (Ed.), *Indian and Chinese Immigrant Communities: Comparative Perspectives* (pp. 58-69). Singapore, Singapore: Anthem Press.

members by birth. This is usually consisting of son and grandsons (generally the male successors). Thus, the properties handed over to them by generations are distinct as ancestral property from that of the property each member earns of his own. The self-acquired property is thus attached to the ancestral property of each member and passed on to his successors, creating differences in the assets values according to the capability of individual member.

The big palatial houses, given with the architecture which is very peculiar with one big open verandah and living room, leading to smaller rooms for each son in no way can be divided and shared. The living room is so common to all. Hence, usually the worth of the assets were calculated and whoever wants the assets keeps them, and the others were paid in cash by the one who takes up the particular asset. This, in a way, helps in keeping up the legendry home with any of the family member and not sold out to outsiders.

If there was no consensus arrived at on who has to own the property, then the elders from the community, particularly from the same *Kovil*(temple clan) called as '*Pangalis*' will be the negotiators and decisions makers. The decision may be arrived at by lucky draw. So many peculiar cases were brought up during the interview schedule with the people in and around the Kariakudi town. While division of assets the big house is usually kept as it is in the present scenario.

Any misbehaving was unforgivable, particularly inter caste marriages were not allowed. If happens the lineage is cut and they were not considered as Chettiars anymore and their children cannot marry from the caste.

Another prohibition was inter-clan marriages. No groom can marry the bride from the same *kovil* or clan, as it is seen as a marriage between brother and sister, even though they may not be really related by any means. It is assumed so, because the lineage of each clan (*kovil*) comes from a band of brothers and whoever from that temple clan is considered as brothers, even after centuries. Out of the nine temples, two temples- Iraniyur and Pillayarpatti - are further considered as brother clans and marriages between these two temples clans are also prohibited.

4.2.7 Adoption of Son

The Chettiar community has a unique practice of adopting a son in case if the couple doesn't have an heir or have only daughters. In order to continue the initials or name of the family heredity a family needs a minimum of one son. But the adoption has some set of rules like the boy should be from only the same clan temple and usually the son of the brothers are preferred. Unlike in other communities, chettiars adopt even a grown boy. This adoption of a grown son into a new family, keeps up the cordial relation between the families through the boy, in many cases. Still the practice is in vogue and the advertisement in the community magazine "*aachi vandaachu*" stands as a testimony to that. Obviously the business ties between the two families grow a notch higher because of the new social commitment between the two families.

When the 40 year old son of AM Murugappa Chettiar, A.M.M.Vellayan was shot dead in Burma in 1945, the devastated AM Murugappa Chettiar still wisely decided and requested his eldest son to adopt the second son of Vellayan.³²⁷ It is customary as the eldest son AMM.Murugappa Chettiar had two daughters only. This helped the AMM family's unity and ensured the growth of all the businesses into a conglomerate as now.

But there are certain cases, where the concept of adopting a grown adult misfires. The Rajah Sir Annamalai Chettiar family had faced the consequences of adopting grownups for the two grandsons MAM.Ramaswamy Chettiar and MAM.Muthiah Chettiar.Both of them are sons of Rajah Sir Muthiah Chettiar, and as they didn't have children, Ramaswamy Chettiar adopted Iyappan alias MAMR.Muthiah, at the age of 20, and the recent family feuds brought the lime light to the Rajah family for wrong reasons. This adoption of a son- an adult working in USA³²⁸—naturally found the adaptation little

³²⁷Ramnath, N. (2011, November 1). A.Vellayan: As long as there is growth, there is no problem. *Forbes India* .

³²⁸TNN. (2014, August 27). When raja, prince cross swords. *The Times of India* .

tough and it was against the community rules, as the boy belonged to another clan temple³²⁹, but due to the power and influence of the family, this was submerged in the community circles. The efforts taken by Ramaswamy chettiar to disown his adopted son didn't succeed, and was the major torment in his last years of life.³³⁰ The other problematic adoption is of Kumararani Meena Muthiah, wife of MAM.Muthiah Chettiar. She adopted a grown Mr.Annamalai Chettiar as her son and the Mother and Son were estranged and not even in talking terms afterwards³³¹.

4.2.8 Characteristics

Secrecy: “They say Freemasons are more open than chettiars”, to highlight the secretiveness of Chettiars. The book keeping methods, the trade language, their absolute low profiles and their calm and cool exterior reveals very less to any one from outside. A special deputy Collector was appointed during 1950s for the assessment of tax of the Chettiars, as their accounting methods were complicated.³³² Most of the studies conducted on chettiars looks into the aspect of their living style in Southeast Asian Countries can conclude that they are secluded. Arasaratnam comments that “*Chettiars are an introvert group, separatist in outlook, having their own exclusive organizations and religious institutions and leading an isolated social life*”³³³

³²⁹Ananda, J. (2015, June 15). MAMR Muthiah, the Second Adopted Son in the Family Who Failed to Fall in Line . *The New Indian Express* .

³³⁰Babu, V. (2015, December 3). With MAM Ramaswamy's death, who will control Chettinad Group legacy? *Business Today* .

³³¹(Ananda, 2015)

³³²(Jain, 1971, p. 31)

³³³Bella, C. V. (2014). *Tragic Orphans: Indians in Malaysia*. Singapore, Singapore: Institute of Southeast Asian Studies.

Superstition: It is hard to generalize the superstitious beliefs of chettiars. It is believed that the chettiars will throw away appointments if they see any bad omen while starting from home. It is accepted by more than half of the interviewees. It is also said by many elder chettiars that, when Rajah Sir Annamalai Chettiar was searching for a suitable place for establishing a university, the sight of “Garuda” (Vulture) was the deciding factor for the location of the Campus for Annamalai University.

On the other hand it is also mentioned that the Madurai temple “*netta Kopuram*” plastering work was completed by a courageous chettiar, not caring the tales of unlucky tagged to the renovation.³³⁴

Frugality: The one characteristic all the interviewees accepted was the frugal and simple living of chettiars, even now. The high paradox is, the same chettiars spend stupendously on marriages, charity and building temples. A respondent during the interview stated that the chettiars assign their 1/4th of earnings to fixed assets, 1/4th to liquid assets, 1/4th to business and 1/4th in hand.

Hospitality: Chettiar hospitality is applauded in many instances and always merits a special place in the studies. The marriage ceremonies are examples of grandeur of feasting. Exceptional cases of lavish and royal hospitality were seen during the hay days of Rajah Sir Annamalai Chettiar’s period. When Lord Wellington was Governor of Madras in 1920s, the tea parties thrown by the Raja Sir to the Lord and Lady Wellington were noteworthy. It opened many commercial doors for the Chettiars, as the Lady Wellington was highly influential with the Lord Willington, and she favored the chettiars.

³³⁴Thurston, E. (1909). *Castes and Tribes of Southern India* (Vol. V). Madras, India: Government Press. (Source indicated as - from Gazette of Madura)

Till date, the Chettinadu hospitality is mentioned as one among the best in the country. But there are other curious pieces of information like that the first meal of the guest is free and the other meals will be charged and debited in his account in Colonial period³³⁵.

4.2.9 Seclusion/ inclusion with other communities:

“It is true that Chettiars don’t mingle with other communities” told one respondent, but based on the observations of the researcher, the “mingling” or “socializing” concept is relative and based on the extent of socializing of other communities. When compared to other communities of chettinadu, chettiars do live a little secluded life, preferring to socialize among them. This is found in the area of Chettinadu, and in case of chettiars living outside the boundary and in metro cities, it is seen to some extent. InBella’s opinion, Chettiars genuinely identified with the broader Indian community in Malaya due to various reasons like the great tradition of following Hinduism, being religious, educational and cultural endeavors and philanthropy³³⁶.

It is to be understood and accepted that the philanthropic life style of chettiars of building temples wherever they conducted business has brought them closer to other Indian communities, as most of them were following Hinduism. Even though in some cases they built separate temples for them and other communities, in the villages, the other community members seems to be contended with their nobility and accepts the separation without antagonism. This practice was not practically possible in other countries and hence, the temples they built in Malaysia and other countries were common to all the people. This is one point where they mingled with others. Apart from this window, the Chettiars were

³³⁵ Mentioned in the Edgar’s note. When cross checked with the informants, some say it might have been true in old days when there were transaction between firms, which is common with all the families of the relatives, and hence it was possible to debit the account. But, now, the practice is not followed. On the other hand, even though the hospitality is highly applauded, the guests too doesn’t visit the relatives without prior information or permission.

³³⁶(Bella, 2014)

secluded and closed community- nice, respectful and kind, but does not allow closeness to others.

In 1900s, there was a designated person called “*vairavi*”, who would be the one point channel for chettiars towards other communities. *Vairavi* is essentially from other community called “*pandaram*”, those who work for the temple. “*Vairavi*” is thus a temple servant, who played the role of messenger of inter-community of chettinadu. He brought cooks, servants, Agents(for business) and any other employees from other communities whenever required for the chettiars. Thus, the connections and socializing between the chettiars and other communities are limited to a considerable extent.

Another example on how the people of other communities look on the chettiars is the case of “Kampung Chetti” in Melaka, Malaysia. This enclosure of “Chettis” does not indicate Nattukottai Chettiars of Chettinadu but Devangam Chettis of Chennai. This group of Chettis are in Malaysia from 1700s and they have other communities living with them close like Paduachees, pandarams, Mudaliars, Pathars and Konars, all different communities of India. They have richly merged bloodlines extending upto Sumatra, Java and Indonesia. When asked whether there is any possibility of Chettiars of Chettinadu being their part, their response was “No, they are different, they never married local women”.³³⁷

Hence, it is observed that the chettiars for generations chosen to maintain their seclusion to the extent possible and adapts themselves according to their place of living with whatever possible socializing among themselves.

³³⁷Gantzer, H. a. (2013, January 5). The Curious case of the Malaysian Chittis. *The Hindu*

4.2.10 Community Organization and Associations

The chettiar community has shown a classic organizational practice from the period documented. The business conduct, networking, movement to places, employment methods, social organizing, practicing of rituals are all examples for this organizing skill.

As a community, they had shown unity and obedience. They have maintained their population details and records through the temple registry and also by taking census based on business places, villages, clan temples and “*koodikirra pangalis*” or the group of clan members. There are various exhibits to showcase the meticulous work done by the chettians at various points of time to keep a count and control over the population. A census book of 1920 based on Clan temples is maintained in the Kovilur Mutt museum. There are many booklets printed by chettians of different clan temples groups to list the names, address and phone numbers in this century. A snap shot of one such booklet printed by the chettians of Devakottai with the details of their clan temple name, their village home address and present address is given below for example.

[illegible]

Figure 4-3: 1920 census based on nine clan temples³³⁸

³³⁸Document courtesy: Kovilur Mutt Museum

Name	House Name & Devakottai Address	Place of Living	Phone No.
Maragatham Achi.VR.CT	15/8, Muthu.KR.Street	Devakottai	
Veerappan.VR.CT	15/8, Muthu.KR.Street	Karaikudi	04565 - 250410
Ramanathan.VR.CT	15/8, Muthu.KR.Street	Salem	98427 - 56494
Lakshmanan.L	15/8, Muthu.KR.Street	Chennai	
Chidambaram Chettiar.RM.AR.MV	15/8, Muthu.KR.Street	Devakottai	04561 - 273694
Muthuveerappa Chettiar.A.A	25/28, Sivarkkottaiyar Street	Madurai	0452 - 2884550
Venkatachalam.M	25/28, Sivarkkottaiyar Street	Devakottai	04561 - 270440
Meenambal Achi.MV	25/28, Sivarkkottaiyar Street	Coimbatore	0422 - 25A230
Sekar.M	25/28, Sivarkkottaiyar Street	Gujarat (Rajkot)	
Ramanathan.M	25/28, Sivarkkottaiyar Street	Chennai	
Muthukaruppan Chettiar.RM.AR	25/28, Sivarkkottaiyar Street	Coimbatore	0422 - 24
Lakshmanan.M	25/28, Sivarkkottaiyar Street	Coimbatore	98422 - 1

Figure 4-4: 2006 census of Devakottai Chettiars ³³⁹

The Kinship understanding is to be mentioned, which stands as a strong factor of the community. The great success of their Southeast Asian business ventures were mostly attributed to their kinship and networking. To quote Rudner's words, "*it is impossible to understand Nakarattar business practices without understanding Nakarattar kinship.*"³⁴⁰ While Rudner attributes the success of chettiar to the caste organization and Markovits in his argument states that this is a rare case in India, as chettiars had the advantage of congruence of caste and locality.³⁴¹ But, even though both the arguments are earning their weight in their own course, the locality of chettiars converged at one point was not a coincidental occurrence. Till they moved out their families to their place of occupation after the Independence, they have kept themselves together out of their own coalition. If we look back at the history, there were cross roads for them to settle in different places. The invitation of Pandya King to his Kingdom was accepted on one condition that they will move together from all the four streets from Chola country. It is this instinct of togetherness is that kept them networked with each other even now under the banner of clan temple or family or village or marriage alliance or any such factor.

³³⁹ Census Record courtesy: Kovilur Mutt Museum

³⁴⁰ Rudner, D. W. (1994). *Caste and Capitalism in Colonial India, The Nattukottai Chettiars*. California, USA: University of California Press.

³⁴¹ Markovits, C. (2000). *The Global World of Indian Merchants, 1750-1947: Traders of Sind from Bukhara to Panama*. Cambridge: Cambridge University Press.

4.2.11 Community Decisions and Obedience

During 1940s, when the entire community was suffering a huge loss from the money lending business outside India, they understood that their lavish spending on festivals and occasions are taking a toll on their already weak financial position. Hence, the village elders took resolutions to stop the extravagant spending on occasions. These resolutions³⁴² were printed and circulated to all the members of the community and strictly followed. Some of the “low-down” version of rituals mentioned in the resolution of Pudukkottai Nagarathar during 1952 (*Nandana* year, *Panguni* Month) are as follows:³⁴³

- The occasion of child birth and girl children attaining of age
- Kaapu kattu pudumai, maru pudumai and sweekara pudumai
(காப்பு கட்டு புதுமை, மறு புதுமை, சுவீகார புதுமை)(the celebrations on welcoming a child into the family)
- Finalizing of marriage alliance
- Occasion of marriage
- Sreedhan in Marriage (dowry)
- Food expenditure in marriage and other occasions
- Bride farewell from mother’s home
- Medicine giving ceremony on the eve of conceiving a child
- Inviting the pregnant female member of the family for delivery and dropping her back at in-laws home
- Toys giving ceremony to the new born child (for 2 years)
- The subscription to be paid to the village on each occasion

³⁴² See more for the various base of these resolutions mentioned in Chapter 2 of this thesis under the topic “The Transition” in The Independence Phase.

³⁴³ Pudukkottai Nagarathar. (1952). *Pudukkottai Nagarathar Teermanam*. Pudukkottai: Nagarathar.

- The money and other materials to be given and taken from the relatives
- To leave the child on the first day of school
- The gifts to be given to the teacher of the child
- The ceremony of accepting diksha from the three mutts of the community
- The diamond jubilee (60 years and 70 years) marriage ceremony (sashti aptha poorthi & sadhaahishekam)
- For house warming ceremonies
- on the occasion of deaths and the rituals related to that
- any other common festival of the village

The Associations of Chettiars are an important factor in keeping them networked and united, as small groups. The various divisions based on geographical location of business, clan temple and its divisions, occupations and village base are some of the examples of forming a chettiar association.

The contents of Annual Report of the Nattukottai Nagarathar's Association, Madras for the year 1956, give the glimpses of the nature and purpose of the Association. The various resolutions based on the political environment of 1950s are discussed and the stand of the chettiars clearly mentioned in the report. In any of the major towns and cities of India and major capitals of the World, there is probably one Chettiar Association. The keeping up of the network among themselves seems to be an important concept in the socializing of the chettiars. As examples, two of old association facts are given below.

4.2.11.1 Chettiar's Chamber of Commerce, Malaya

The Chettiars Merchants' Association in Malaya was formed in 1933, by the efforts of O.A.R. Arunachalam Chettiar.³⁴⁴ Apart from the Merchants association, Arunachalam

³⁴⁴Brown, R. A. (1981). *The Indian Minority and Political Change in Malaya, 1945-1957*. London, UK: Oxford University Press.

Chettiar was active in the Indian Independence League and was a founder member of the Malacca Congress in 1946. Chettiars association of Malaya established the Chettiar's Chamber of Commerce in Kaulalumpur.

4.2.11.2 Chennai Nattukottai Nagarathar Association

This association was established during 1920s. The yearly subscription of this association was 12-0-0. One representative from this association was sent to the Legislative assembly of Chennai. Sir Raja Annamalai Chettiar was elected member during 1930s.

4.2.12 Women's role in the Community and Business

As any typical Indian community, till 1900s the Chettiar women were not encouraged to pursue higher studies or allowed freely to take up risky ventures, even though they have shown keen management acumen in finance and investments. Chettiar women are simple from the start and seem to be so even in the present scenario.

Chettiar women are as thrifty as men. From the day one, there are no exceptions for this fact and this is no understatement. The documents and data pertaining to 1800s – 1950s clearly infers that the women played an important and vital role in the chettiar's business successes.

From the historic period women of chettiar community weave baskets³⁴⁵ with dried and neatly cut palm leaves and coconut leaves. They practiced it not only to avoid idleness but made a point of earning by selling these baskets. Modern days brought the substitute of plastic wires in the shape and size of cut palm leaves and the baskets also got a new look. These baskets called as "*Chettinadu kottan*"³⁴⁶ has recently acquired the "geographical indication" (GI) tag.

³⁴⁵(Thurston, 1909)

³⁴⁶ These "*Kottan*" or baskets are used to carry various items and is important for the gifting ritual in Chettiar marraiges called "*vevu eduthal*".



Figure 4-5: “Chettinadu Kottans”³⁴⁷

What makes this habit curious to look deeply and study is the small amount, sometimes tiny when compared to the earnings of the family male members. Still the women worked so hard to weave baskets and sell them for meager amounts, and the smaller amounts are accumulated and invested in the family business in their account. The interest accumulates and the women have their own share of money in the business.

When the husband is away on business, the wife takes charge of all the family matters. Financial management of the house, decisions on family matters are all handled by women. Whenever, there is an important decision that needs husband’s concurrence or suggestion, the wife makes it a point to contact him overseas through letters and decides there upon.³⁴⁸ This context is seen even now as the women of the community are stronger

³⁴⁷Courtesy: Kovilur Mutt Museum, Photo: Punitha.A

³⁴⁸(Thurston, 1909)

and don't fuss much about the additional responsibility they have to undertake in the absence of their husband who works abroad. During the interview schedule, when asked about this characteristic, to a woman who suits to this situation, answered calmly that "it runs in her blood".

In previous decades, usually the daughters-in-law of the house needs to take care of only her family and hence, the major decisions of the joint family don't come to her. But now in the absence of joint family system and exposure and education of young women makes it easier to handle the family matters from the start as nucleus family. A widow, even though she has sons living in the same house, cooks and takes care of herself alone. She was treated as half *pulli*.

As justification to the first statement of this topic "women as thrifty as men", the statement of an old female interviewee may be noted. She is 78 years old, lives in the family house in one of the villages of chettinadu and her sons have factories in Chennai and is wealthy enough to lead her life luxuriously. As a hobby to while away her time, she collects the flowers (kanakambaram which is to be tied with a thread and used to beautify girl's hair dressing) from her small garden, *sundakkai* and *murungakkai* from the trees and sells them to the neighbourhood women. She does this for years, for a very meager amount and paradoxically her contributions to the nearby temple as charity and donations are far larger. When pointed out, she said, "business is separate and charity is separate. Selling flowers and vegetables is business, our tradition. I can't forget that, ever, whatever may be the income, it is still income and I respect the money even it is a single pie". Chettiars this concept of respect to the money is their base for absolute frugality and of course, may be their secret of wealth making.

4.2.13 "*Nagara viduthi*"

The concept of building choultries called as "*nagara viduthi*" is an important social factor of chettiars. The culture of making the guests comfortable has lengthened itself to build choultries in various destinations, particularly the important places of worship in the country.

The choultries usually comprised of private rooms, an office, dormitories, small kitchen, dining hall and the unique “*patthi*” model³⁴⁹ of chettinadu architecture. Big choultries had a temple or *Sami arai* in-built, and they were called as “*NagarattharMadam*”, meaning Nagarathar Mutt. During colonial period, the choultries in southeast Asian countries not only provided boarding and lodging, but also offered other additional services to a new comer like mailing services, assisting in clearing baggage from the local customs, making travel arrangements etc. In short, a *nagara viduthi* in a town means that, if a chettiar new to that place can be assured of, as if going to a relative’s house.

The choultry in Kasi called as “*Kasi Nattukottai Chettiar Satram*” was established in the year 1863. The Allahabad *nagara viduthi* was built in 1891. The *nagara viduthi* in Gaya was established in 1884 in a rented building and built in 1911. In Kolkatta it was established in 1921. In Nasik a *viduthi* was built in 1865.³⁵⁰ In Penang, Malaya, the *nagara viduthi* was built in 1932.³⁵¹

There are chettiar choultries in almost all important towns and cities of the country, and a list of “*nagara viduthis*” is given in the appendix. The chettiar associations maintain these choultries under a trust formed for it, and keeps the details of other choultries to assist the members who needs to travel to new places. Many of these choultries are built in the heydays of the chettiars. But, even though the flourishing days gone by, the practice of

³⁴⁹ “*patthi*” or “*valavu*” is a long verandah running along central courtyard, a open-to-sky area in centre of the hall called as “*muttram*”, which was used for conducting ceremonies and water harvesting. The *patthi* will be a little elevated from the open area and was used a living area. These verandahs will be having line of rooms. The “*patthi*” is still divided into two areas called as “*mel patthi*”, which means “high corridor” and “*kil patthi*” which means lower level.

³⁵⁰ *Sri Kasi Nattukottai Nagarathar Satram*. (2010). Retrieved April 6, 2016, from Sri Kasi Nattukottai Nagarathar Satram: <http://kasinagarathar.com/varanasi7.html>

³⁵¹ *Penang Nagara Viduthi*. (n.d.). Retrieved April 6, 2016, from Natukottai Chettiars Temple: <http://pttemple.com/penang-nagara-viduthi/>

building community choultries is followed till date and many new choultries are built and old choultries get renovated in the country continuously.



Figure 4-6: Rameswaram Nagara Viduthi

4.2.14 Social Life of Chettiars in Southeast Asia

Even though Chettiars lived for a long time in Burma, they were very strict in following the traditions of the religion. There was only minimal socializing with the Burmese. They didn't try to adapt to the language, food or culture of Burma. As for the data gathered by the researcher and through the review of Literature there were few marriages happened between the Chettiars and the Burmese woman, in most of these cases, the Chettiars were already married and had a family back home in Chettinadu. Hence, the Burmese family thus formed was left over there itself. Two views are found in this culture of marrying Burmese women. One is the mention of Burmese women using their charm and setting trap for wealthy Chettiars to get married to them, and once married will never allow them to go back to their country.³⁵² This was written as a warning to the young members of the community to keep distance from the Burmese women. The other information was given by one of the young informant. His grandmother is a Burmese woman, who married the Chettiar, left everything behind and settled in Chettinadu. He

³⁵²Iyengar, R. (1924). *Rangoon Burma Top Nondi Sindhu*. Chennai.

sounded very proud to be a grandson of such a strong lady. These two versions indicate the intra racial marriages that happened in this period. However, as per the Chettiars tradition, inter-caste marriages were never allowed and hence, the names of the children born out of these wedlock was not included in the temple register.

The long journey of Chettiars and Burmese together was very pleasant at the first phase and they maintained elusive but cordial relationship. As the Chettiars were god fearing and spiritual, built temples in Burma and Burmese the Buddhists, were known for their religious tolerance and hence, there was no reason for ethnic conflicts.

4.2.15 Spirituality

Chettiars are fervent saivaites, wearing *Rudraksham* bead around their neck with a cotton thread or gold chain. The loyalty towards saivam is still seen and the practice of wearing rudraksham is also continued till date, if not by all the male members, atleast the old members. Chettiars are known for their religious contributions like building, maintaining and renovating Sivan temples. During 1900- 1909, renovation and repair of Sivan temples in Chidambaram, Madurai and Tiruvannamalai were undertaken by the chettiars with lots of monetary contributions³⁵³.

The Chettiars used devotion and temples to maintain network and cohesion among their communities to conduct the business.³⁵⁴ Being highly spiritual, they have followed the habit of keeping aside a part of their business profits to their deities as share. They have shown their altruistic nature in the development of temples and their maintenance by donating happily with utmost sincerity and “*Bhakthi*”. This is evident through the grandeur in architecture of the temples they have built and renovated, and the day to day

³⁵³(Thurston, 1909)

³⁵⁴Halabi, A. (2003). Asian Merchants and Businessmen in the Indian Ocean and the China Sea. *Journal of World History*, 14 (1), 95-98.

maintenance. Hence, it can be understood that, it is their rich spiritual heritage that had made this community render contributions selflessly to the society.

The building of temples in wherever land they set foot in is a curious characteristic of Chettiars. Temples are used for community business meetings, social gatherings, celebrating festivals and conducting ceremonies apart from the primary objective of regular worship. The amount of money, time, energy, and effort of chettiars put into the building and maintenance of Temples is enormous. And, this is continuing for centuries, till date. The present day chettiar magazines like “aachi vandachu”, “Poocharam” etc are continuously publishing the temple renovation and replenishing works undertaken by the Chettiar associations. If they are measured and statistically documented, the researcher’s hunch is that, it will not be any less than the previous centuries’ contributions. The magnanimity of this effort and money they put in are the evidence for their sincere following of the spiritual tradition.

The building of temples for business or business conducted in the temples they built – either way paves way for the speculation that it is not any newer for the community which houses a small temple room in each traditional house, called as “sami arai”, meaning “the room of god”. Unlike many other communities of Tamilnadu, the chettiars live in the same house, along with their family god and goddess. Hence, it can be understood that the *Kittanigis* (Business places) too housed the Gods, and hence becomes the temple. The older version of Kittangis, that is, those built during their first years of expeditions to Southeast Asian countries had the first floor for temples and ground floors for business. As the business and the fortune grown, the separate places were affordable and thus grand temples were built. The Sri Layan Siddhi Vinayakar Temple in Singapore is very popular among the temples they built abroad and one of the oldest. The original idol was brought to Singapore by a soldier of Indian National army during the World War I. He handed over the idol to Chettiars of Singapore on his return to India and Chettiars duly built a small

temple and in 1920 with great effort and money put in, they built a new temple, in which is now the deity “Vinayakar, not only worshipped by Indians, but also by Chinese.”³⁵⁵

As a testimony to the continuation of the spiritual thirst and building temples to this day, stands the stupendous works of Dr. Alagappan Chettiar of Kanadukathan. Educated in Shantinikethan and worked on a high profile at United Nations, Newyork, Dr. Alagappan founded the “The Hindu Temple Society of North America” and today there are 700 temples across USA.³⁵⁶ The serene “*Arupadai Temple*” in Chennai with replicas of all the six houses of God Muruga is another one of his great contribution.

Another curious point is that, the God Murugan is treated as a mandate partner to any business and the presiding chairman for any business meeting. This gave a share to the god and temple from each business transaction and hence the flow of cash was not a problem for building temples. This kept the community network strong, with an invisible spiritual string in the name of temple tied the entire community in each town of a new country.

Any business day of Chettiars money lenders in olden days will start with “puja” or worshipping the God and ends with the same. Any business day will start with a transaction of money transfer to the account of God, a small amount but, accumulating every day.³⁵⁷ Takeshi strongly mentions that “the overt emphasis placed on their religion cannot therefore be overlooked or ignored”. The same way, the success attributed to their business as a community with such a close network, should also be seen in the light of the spirituality and the outcomes of practicing it on a common and compulsory basis.

³⁵⁵Gopal, R. (2014, September 5). A Multi-cultural Link. *The Hindu* , p. 3.

³⁵⁶Venkataramanan, G. (2014, November 21). Icon of Secularism. *The Hindu - Friday Review* , p. 4.

³⁵⁷(Takeshi, 2015)

The conduct of puja and the first transaction to god is till date followed in many of the chettiar firms.

4.2.16 Philanthropy

The philanthropic characteristic of chettiars is a true mark of their identity. The contributions of the chettiars can be broadly categorized into two – Religious contributions and educational contributions.

The religious contributions are the historical practice for them, from the daysof Chola country where it started with donating oil to the lamps of the temples³⁵⁸. Later when they moved to the arid region of Ramnad district, they were instrumental in digging wells, ponds and water harvesting channels. There are hundreds of “*ooranis*”(big ponds) still live in chettinad standing tall with stone inscriptions carrying the name of the chettiar who contributed for the digging of the pond³⁵⁹.

Listing of chettiar contributions to the temple renovations in Tamilnadu is a herculean task. K.V.Ct.V.Venkatachalam Chettiar during 1985 out of his curiosity visited 456 temples and estimated the monetary contributions of chettiars to be around Rs. 4.5 Crores³⁶⁰. Out of the temple contributions, consecration (*kudamuzhukku or*

³⁵⁸Pandurangan, A. (1997). *Kalvettukalil Chola Varalaru- Padhinoraam Nootrandu*. Pondicherry University, Tamil. Pondicherry: Pondicherry University.

³⁵⁹ The researcher witnessed many ponds during the field visits. Many such ponds were maintained in good condition by the elite chettiars of the villages even though they reside somewhere else. In one instance, near a pond called “Visalakshi oorani” (named after the donor’s wife), a villager belonging to other community sitting on the steps of the pond, (who misunderstood that the researcher is from the family of the donor of the pond, as the researcher was clicking photos of the name board and curiously watching the pond) said voluntarily “after the leaving of the chettiars from the villages, there is no one to care the ponds and the welfare of us. Younger generation chettiars like you from your family should return to the villages and help us like your fore fathers did”)

³⁶⁰ Unpublished report of a chettair from Kovilur Mutt Library

kumbabhishekam) of a temple is a highly dedicative, cost consuming and tiring effort and Chettiars do this task every twelve years to all the temples they worship, including the clan temples, village temples and the temples associated to them in the past like Poompuhar Patinathar samy temple. Some of the recent consecrations taken care of totally by the chettiars and the details are given below for sample³⁶¹:

- 1978 - Kovilur Temple
- 1982 – Vairavan temple
- 1985 – Illupakudi temple consecration
- 1985 – Nithyakalyani Kailasanathar temple
- 1985 – Ilayantrangudi Sundara Vinayagar temple
- 1989 – Kazhanivaasalkudi temple
- 1990 – Iraniyur temple
- 1991 – Nemam Temple
- 1995 - Poompuhar Pattinathar temple
- 1996 – Vairavan Koil
- 2002 – Mathur Ainootreeswarar temple
- 2003 – Ilayaathnagudi Pattinasamy temple
- 2006 – Velangudi Kandeewarar temple
- 2007 – Iraniyur temple
- 2008 – Poompuhar Pattinathar temple consecration

For “their” temples, chettiars usually doesn’t utilize the contributions from other communities and any money donated by others are duly dropped into the “*undial*”, the

³⁶¹These data are collected from the collection of consecration Souvenirs from Kovilur Mutt Library, Roja Muthiah Library and personal collections of few respondents.

donation box and not shown in the expenditure accounts of the ceremony. The entire expenditure is borne by the chettiars and as far as possible they keep it among the clan temple members. The chettiar contributions in building and renovating other temples are published as a book named “*Nagaratharin Arappanigal*”³⁶² in 2001. During 1800s, the endowments were drawn from a unique account of common fund from the chettiar firms. The money collected in the common fund comes through the 5 percent cash back from the shipping companies, given as incentives to the chettiars, for using their ships for bulk export and import of rice. It is said that around Rs.20,000 was collected each year and the fund was used for temple renovations and to build choultries in North India.³⁶³

During their stint in Vietnam, the chettiars gave generous donations to renovate the mausoleum of General Lê Văn Duyệt in the late 1930s³⁶⁴. Lê Văn Duyệt (1764–1832) served as Emperor Gia Long’s viceroy in the south, before the region came under centralized control. This contribution indicates the chettiars respect for fellow human belief even though of other faith and even if it is a mausoleum, which is not a practiced concept of this community.

Apart from building temples, schools, colleges and universities as part of their philanthropic activities, the curious case of a chettiar, MA.Chidambaram, (son of Rajah Sir Muthiah Chettiar), taking effort to build a cricket stadium is the testimony for their diversified channeling of charity. For his efforts in building that cricket stadium in Chennai, the stadium is named after him – MA Chidambaram Stadium.

³⁶²See more for chettiar charity works in - Valli, N. (2001). *Nagaratharin Arappanigal*. Karaikudi: Krishna Publishers.

³⁶³Sridevi, S. (2005). *Local banking and material culture amongst the Nattukottai Chettiars of Tamil Nadu*. New Delhi, India: JNU.

³⁶⁴Gunn, G. C. (2014). *Rice Wars in Colonial Vietnam: The Great Famine and the Vietnam Road to Power*. Maryland: Rowman & Little Field.

4.2.16.1 Practice of “Magamai”

As mentioned in the previous chapters, “*Magamai*” is a definite percentage of commercial profits earned by the Chettiars to be set aside for charity. Out of this, certain types are set aside only for the temples. It is a unique attribute of this community, that wherever they go to conduct business, from Saigon to Cochin China, they have built a temple out of their business earnings. The “*magamai*” contributions helped the upkeep of these temples. They had the practice of collecting “*magamai*” wherever they set foot for business. That’s how they were able to build temples in all the places of their business.

Every year according to the needs of the temple, they conjointly decide upon their contributions based on the size of the business. In Burma during 1850 - 1930s, generally one rate fixed for loans and another for acquired property in lieu of debt. For example, the Burma Provincial Banking Committee Report says, 14 annas per Rs.1000 on loans are kept aside and 9 annas per Rs. 1000 for property taken over debt, the value of the property being reckoned always as the principal money outstanding of the debt³⁶⁵. It is further mentioned that, all gave their contribution honestly without fail, and a failure means boycott by others. As a close-knit community, living as concentrated groups in villages back home, this boycott punishment is a real scare and hence, no Chettiar money lender evaded this contribution.

The second type of “*magamai*” was derived by a sort of cess upon certain kinds of business done. Every year during accounts closing the amount received from one shop to other and the amount paid to one shop from the other is calculated and the difference in every pair is taken as base to calculate “*magamai*” at the rate of quarter of an anna per Rs.100. The receiver of the total amount pays this to the shop that paid to them, and the shop which received this “*magamai*” use this for charity. Apart from this, gifts are paid

³⁶⁵Grantham. S, M. A. (15th June 1930). *Burma Provincial Banking Enquiry Committee, 1929-30*. Rangoon: Government of India.

from time to time based upon the needs of the society. Some examples mentioned in the BPBEC report are

- Gift promised in May 1930 by the Rangoon Chettiars to the fund for relieving sufferers in the pegu earth quake
- Collections for the gift to Rangoon University
- Kanbe school endowment (A school built and run by the Nattukottai Nagarathar Association, for the Nagarathar boys in Kanbe, Burma. The residential school was specifically designed to help the chettiar boys learn Values, Spirituality, Maths and Physical Education)
- Apart from these group contributions, individually chettiars give freely for charitable purposes.
- Above all, it is said that Pagodas were built in Burma with gold plates on them.³⁶⁶

The contributions they have made in India during 20th Century, with the huge fortunes they earned in Southeast Asian Countries are also to be studied for a thorough understanding of their change in the course of charities. Temples of 19th century were social places for community meetings and sharing and maintaining social values. But, the turn of 20th century opened up other necessities of the society like educational institutions, especially for girls, Research institutes, Health care places, Rural development centers and digging up of tanks in the water scarce Chettinad. Hence, the sensible Chettiars, by that time winding up their business firms in other countries and settling back in the home town due to repatriation of British from Asian colonies, turned their interest of charity towards education. The big chettiar firms are pioneers in setting up schools and colleges in their home town. Even though it would be a herculean task to enumerate all the donations and

³⁶⁶Win, K. Z. (2008). *A History of the Burma Socialist party (1930-1964)*. New South Wales, Australia: University of Wollongong.

Win also mentions that these plates were robbed by the members of Burma Socialist Party during 1940s to meet with the expenses of the party.

charities made by the chettiars to the education field, the paper tries to bring in huge contributions, leaving small ones by the smaller firms and individuals, due to the limitations of time and cost.

4.2.16.2 CSR of Raja Sir Annamalai Chettiar Groups

We can say that Education is the thrust area for *Nagarathar* contributions, next to spirituality. Tamil music was highly patronized by Raja Sir Annamalai Chettiar. His son, Raja Sir Muthiah Chettiar was honoured with a title “*Tamil Isai kavalar*” – meaning protector of tamil music- for his flawless contributions towards the development of Tamil music. Raja Sir Annamalai Chettiar’s contribution towards Education development of society is tremendous. He is visionary and a strong believer of education’s role in free India. His first venture is “Sri Meenakshi College” in 1927. Later, the additions of Tamil college and a Sanskrit college adorned Chidambaram, a temple town in Tamilnadu. Further the additions of College of Music and Oriental Training College lead the path way for expansion. With these colleges as nucleus, Annamalai University was formed. The splendid development of the University today inspires us and makes us think about the first big step by Raja Sir and his Son Muthiah Chettiar.

4.2.16.3 Dr.Alagappa Chettiar

An adorable philanthropist, Alagappa Chettiar is another icon of Chettinadu. It takes a lot of courage to give as much money as Mr.Alagappa Chettiar was able to donate. He was a business tycoon, but the money earned came back to the development of rural Tamilnadu. He gave even his palatial house, where he resided, to convert into a women’s college in Kottaiyur near Karaikudi, his place of birth.

Alagappa University is his contribution to the Karaikudi, a small town of Chettinad. The other notable educational contributions³⁶⁷ from this noble person are

- Alagappa Chettiar College of Engineering & Technology (ACCET) at Karaikudi, Tamil Nadu. (Now an autonomous government institution)
- Alagappa Primary School, Karaikudi, Tamil Nadu
- Alagappa Montessori School, Karaikudi, Tamil Nadu
- Alagappa Model Higher Secondary School at his birth place, Karaikudi, Tamil Nadu
- A ladies' hostel at Vepery, Chennai
- Foundation of an engineering college at Annamalai University, Chidambaram, Tamil Nadu
- Foundation of a college of technology at Madras University, subsequently named Alagappa Chettiar College of Technology, Guindy, Chennai
- A donation to establish the South Indian Educational Society at New Delhi in 1948
- A donation to establish higher education in Malaysia
- A donation for publishing Tamil Kalanjiyam (Tamil Dictionary)
- A donation for geological research by the Travancore government
- A donation for indigenous medicine research by Ernakulam Maharaja College
- A donation to fund students from Kochi, Kerala to study abroad
- Funding the morning food scheme for Kochi children
- The installation & development of Tamil Department of Travancore University.
- A donation to the Lady Doak College at Madurai

Apart from these contributions towards educational development, he also has donated for establishing a maternity hospital and childcare centre in Kochi, Kerala. He donated for the development of the township infrastructure of Kottaiyur, Tamilnadu, an Indigenous medicine Research by Ernakulam Maharaja College, a fund for Students of Kochi to study abroad, and a fund to establish South Indian chamber of commerce in Kochi, Kerala.

³⁶⁷*Padma Bhushan Alagappa Chettiar.* (2010). Retrieved 2016, from Alagappa University:http://alagappauniversity.ac.in/quick_links/about_founder.php, (Dr.Alagappa, www.alagappa.org)

The compassion of Dr. Alagappa Chettiar is not only for the people of his place of birth, but from the above information we can understand that he cared about the societies where he ran his business, even if it is a foreign country. The contributions he made in Kerala and Malaysia are fine examples for this.

4.2.16.4 Murugappa Group -AMM Murugappa Chettiar

The late chairman AMM Arunachalam best summed up the Group's philosophy in community service:

"The Murugappa Group believes not only in value-added business but also in discharging its responsibilities to various sections of society and in providing opportunities to learn, contribute, advance; recognise and reward initiative, innovativeness and creativity. We believe in not only making our customers delighted but the community around us also delighted, by established service-oriented philanthropic institutions in the field of education and medicare." ³⁶⁸

AMM Murugappa Chettiar group of companies (Murugappa Group) are carrying their philanthropic activities for generations. The Murugappa group follows the community tradition of "Magamai", spending a part of profit towards community and social development. One percentage of profit after Tax ^{is} forwarded to AMM Foundation, the initiative of the group's NGO activities. AMM foundation runs two higher secondary schools (government aided), one in Chennai and another in Chettinad. A polytechnic college serves for the suburban Chennai students.

In the Health care area, AMM Hospital, from 1924 is to be noted for the service it is rendering to the rural people in Pallathur, Chettinad. Apart from that, Sir Ivan Stedford Hospital, a Hospital with all modern equipments for surgery, is a boon to the suburban

³⁶⁸(Murugappa Group, 2015)

Chennai people, for whom Government Hospital with all the amenities is a little far away. Valliammai Hospital in Kanyakumari district, Tamilnadu is another contribution from this group to the society. Murugappa Group focuses its Corporate Social Responsibility also towards Research and development. Murugappa Chettiar Research Centre(MCRC) is another bench mark of Murugappa Group in the rural development sector, designing simple technologies for the use of local artisans.

It is worth noting here that all of the outcomes of charity are not named after AM.MurugappaChettiar and his family, as usually seen in other cases. But, a hospital is named after anEnglishman -Sir Ivan Stedford, to recognize his donations and to appreciate his partnership with the group. Similarly, the school run by the trust is named after Sir Ramaswami Mudaliar, who was a noble man and guiding spirit for Murugappa Chettiar and was instrumental in introducing the joint ventures with foreign companies for the group's initial Tube Investments Ventures. This unique characteristic is seen as a gesture of nobility as the action speaks more than name.

There are many more educational institutions and schools run by the trust formed by the chettiars like the Thiagaraja College in Madurai, and listing would be out of the perspective of the study and hence not delved deeper. To conclude the topic, it would be apt to quote the words from an century old book "Southern India: Its History, People, Commerce, and Industrial Resources"³⁶⁹,

"The spending of lakhs and lakhs of rupees year after year on the renovation of time-worn temples and in the construction of new ones, and the revival and maintenance of institutions which have had their origin in

³⁶⁹Wright, A. (1914-1915). *Southern India: Its History, People, Commerce, and Industrial Resources*. London: The Foreign and Colonial Compiling and Publishing Co.

*prehistoric times, have, from time immemorial, been the **exclusive privilege of this community***”

4.2.17 Conclusion

Sometimes, just a small look back into the background of our values system may inspire us to look forward. It is human tendency to forget the path we have traveled. Along the path, we deviate, enter new path, new values, new life style, and new business system and so on. Perception also grows and changes. It is our responsibility and duty to see to that, that all these changes are towards the improvement of humanity and to make the earth a better place to live. Business is an occupation for survival, if anyone is fortunate to make money out of it, the self-less nature should be turned on, and that is what is understood from the above perspectives.. From the activities of altruism mentioned above the following values are perceived as their community values.

1. Religiousness and spirituality is well balanced with modern life styles and treated as the basic string to keep the community intact.
2. The importance of education is well understood and thrust is given to that area
3. It is well understood that the altruist activities know no boundaries. As per the ancient tamil literature hymn “*yaadhum oore yaavarum keelir*” (meaning “all the places are same and equal) Chettiars philanthropy is wide spread beyond frontiers. They have treated even the places of business in foreign countries with respect and it is testified by the temples built over there.

Apart from these, a common characteristic of the community to learn is the treatment of success and failure. They stand back together again after every major problem and disasters -from the Tsunami hit Puharto the the dry land, from dry land to swampy forests and wet lands in Southeast Asia, and from there to various places in the world now –the unity counts. They earned a lot, and lost a lot in many incidents of history, but still they stood back. When this was discussed in an interview session with a group of Chettiars, a chettiar aged 87, said in tamil “*dharmam talai kakkum*”, Meaning “charity will save the head”, which seems to be true in their case.

4.3 Political Perspectives

4.3.1 Colonial Phase

Chettiars have been influential with the rulers of the place of their business is undebatable through the various historical evidences and studies. The crossing swords with Chola king in the legends is one example. During the colonial era, the chettiars are noted for their influence with the Raja *Setupatis*, (Rulers of the small kingdom of Sivaganga and Ramnad Distrit). The acquisition of villages and taluks by chettiars were seen in 1800s for non-payment of loans by Raja *Setupatis*. In 1860, 24 villages were leased out to a chettiar of Devakottai³⁷⁰ for his granting of loans to the Raja Setupathi, who was unable to pay the growing *peshkash* demands and to meet the expenditures to maintain the Royal status. The Chettiar well aware of the vulnerability of the Setupathi that it will be practically not possible for the *setupathito* pay interest or to repay the loan in cash. And as per the expectation of chettiar manipulations, in 1870, *setupathi* has to give two more taluks and 5 divisions to few chettiars to get more loans. In 1889, the total debt was amounted to Rs.3,50,000 and in 1892, it is said that a chettiar possessed 255 Villages under his control, as recovery of loans. In 1896, the 24 villages were given permanently to one chettiar named Ramasamy and officially instated as “Zamindar of Devakottai”, and by that time he had 40,000 acres of wet land and 60,000 acres of dry land along with his 24 villages³⁷¹.

Similarly, in 1897, the Zamindari of Andipatti was sold by the Government to the S. Rm. M. Chidambaram Chettiar, elder brother of Raja Annamlai Chettiar. Later, it

³⁷⁰(Sridevi, 2005)

³⁷¹ for more details see (Sridevi, 2005)

descended to his son S.Rm. M.Ct. Pethachi Chettiar. There are few more chettiars who acquired *Zamins* in 19th Century³⁷² in various districts of Tamilnadu.

If we look into these closeness to rule and acquisitions of *Zamindaris*, it is to be understood that, the underlying need was the dominance of trade of rice and to be dominant, the closeness to the throne becomes must. Hence, the chettiars have followed that. In case of acquiring *Zamins*, it is only a few chettiars' thirst to acquire more than money and trade and hence cannot be generalized as chettiars were interested in political roles.

4.3.2 Phase of Independence Struggle

Struggle for Indian Independence is a period which marked the various important attributes and characteristics of the traditional trading communities, who have been in trade and merchandise for ages particularly under Kings and Kingdoms just before the English invasion. The support and standoff they took has to be seen with a special focus as these communities are tuned for generations to put their business good first above anything else. Birla's devotions towards Gandhiji and his interest to safe guard the businesses³⁷³ at the same point is a classic example for the dilemma and transitions of these business men went through during the independence struggle. Birlas words "*having to defend Bapu before English men and English men before Bapu*" explains this phenomenon. The loyalty was split due to various reasons like

- To maintain a conducive environment for business
- Patriotism
- The undeniable charisma of Gandhiji

³⁷² See more in Mahadevan, R. (1976). *The Origin and Growth of Entrepreneurship in the Nattukottai Chettiar Community of Tamilnadu 1880-1930*. New Delhi, India: JNU.

³⁷³ Tripathi, D. (1991). Congress and the Industrialists (1885-1947). In D. Tripathi (Ed.), *Business and Politics in India* (pp. 86-117). New Delhi: Manohar Publications.

- The undeniable attraction towards the western technology and opportunities for new business
- Business methods of west
- Keeping their age old tradition of nearness to the rulers – be it the King or English rulers or Congress

During 1870s and 1880s, the entrepreneurs felt the British were better. Dadabhai Naoroji once told “we were comparatively happier under the British rule”³⁷⁴. It is only from 1928, capitalist classes were favouring nationalist movement. As there were not much studies on the south Indian Business men’s part in the holistic picture of the nationalistic movements, it becomes mandatory to understand the stand of the North Indian business men to draw the status of their south Indian counter parts.

The Political awareness of these businessmen is also understood by the notable businessmen contesting the elections in 1937, and with two notable winners -one from Tata’s and the other from Walchand’s in North India. Even though there are contributions coming from business communities to the Independence struggle, Gandhiji and the Congress, in many places it had some hidden agenda. Gandhiji, a person with foresight, never expected much from the Indian capitalists and preferred the congress funds to come from its supporters at the grass roots. The close associate of Gandhiji GB Birla himself was not able to convince Gandhiji to act according to the notions of Indian business groups³⁷⁵.

The business communities of North India were threatened by the national movements on the line of declining businesses, and it should be understood that they were not against

³⁷⁴Piramal, G. (1991). Entrepreneurs and Political Awareness: A Study of Bombay's Business Groups. In D. Tripathi (Ed.), *Business and Politics in India: A Historical Perspective* (p. 136). New Delhi, India: Manohar.

³⁷⁵Kumar, K. (1991). Big Business and the Peasantry. In D. Tripathi (Ed.), *Business and Politics in India* (pp. 268- 281). New Delhi: Manohar Publications.

independence struggle. The friendly relationship of the Capitalists with the British on the one hand and their growing influence in the Congress on the other remained a constant factor in the freedom struggle. As true business men, they put their business interest before anything else. It is evident by the following statements.

During 1940s the capitalists were confused or self centered. Lala Shriram's statement of "tanks, guns and lorries" should go through the town often to keep the resisting people in check and the instances of Congressmen buying hundis (Rajaji from Capitalists like Birla, mortgaging of estate by Rajendra Prasad to Birla) are examples of the influence of the business men over the party men.

Being in south, the Madras Presidency and the business communities were not playing an important role equivalent to the Northern and Western Indian business communities. The Madras Chamber of commerce was dominated by the European business houses like Arbuthnots, Binnys and Parrys, until 1920s³⁷⁶. The other business men in the picture of south Indian commerce were the Nattukottai chettiars, Komatti chettys of Andhra Pradesh, Muslim traders of North Arcot region, Nadar Merchants, Kalladaikurichi Brahmins and Sourashtrians of Madurai.

Chettiars were not often seen in any leading positions deviating from their business occupation. The exceptions were very few cases and one among them is the Raja Sir Annamalai Chettiar Family. Raja Sir Muthiah Chettiar was one of the members along with

³⁷⁶Mahadevan, R. (1991). The Politics of Business Interest Groups: Colonial Madras. In D. Tripathi (Ed.), *Business and Politics in India: A Historical Perspective* (pp. 224-240). New Delhi, India: Manohar.

G.D.Birla, A.D. Shroff and others in the apex body of the All India Policy Committee during 1943.³⁷⁷

In the eve of Burma's separation from India, the Nattukottai Chettiars side was clearly indicated through the Rangoon Chettiars Association (Nattukottai Nagarathar Association). They were also supported by some of the groups in Burma like All Burma General Council. The interest shown by the chettiars cannot be perceived as their interest in Politics, but was of course of the capital invested in the Burmese lands.³⁷⁸

4.3.3 Southern Indian Chamber of Commerce

When Swadeshi movement gained momentum, "Southern Indian Chamber of Commerce" was established in May 1909, with over one hundreds of best businessmen of colonial Madras. But only 8 members were chettiars out of the total 110. The European dominated Madras Chamber of Commerce had Annamalai chettiar as a prominent member. In this Chamber, he was not a member. It might be due to two reasons – first, His business interest spreading outside India and his interest in Chettiar Association related to business and second, his association with the influential English authorities and his hesitation to be identified with the Swadeshi movement.

But later on, in 1931, Annamalai Chettiar gathered the Chettiar businessmen, into SICC(Southern Indian Chamber of Commerce) and at one point of time more than 60% of members of SICC were chettiars. This was of high relevance because only SICC and Nattukottai Nagarathar Association had the advantage of representation in Madras Legislative Assembly during that period. Hence, as already the NNA(Nattukottai Nagarathar Association) was under the influence of Annamalai Chettiar, now SICC also

³⁷⁷ Chattopadhyay, R. (1991). Indian Business and Economic Planning (1930 -56). In *Business and Politics in India - A Historical Perspective* (p. 327). New Delhi: Manohar.

³⁷⁸ Editor. (1930). Separation of Burma. *Dhanavanikan* .

was dominated by him. But in the whole picture, the chettiars were more dominant in the political scenario than any other business community of south India. This led to the formation of Andhra Chamber of Commerce in 1934, and the reason stated was “the SICC has become a mere adjunct to NNA”.

Naturally, the dominance of elite “Madras” chettiars as the face for the whole chettiar community created resentment among the chettiars in the chettinadu and to condemn the “omission” of small scale and medium level entrepreneur chettiars, they conducted a meeting in Karaikudi in 1936. The meeting declared NNA an unrepresentative body and urged the Government to make the reserved seats in Madras legislative assembly and Corporation open for the whole chettiar community.

Among the total number of 215 seats of Madras Legislative Assembly in 1950s, two seats reserved for the Indian Commerce Sector and one of those two was for The Nattukottai Nagarathar Association. Raja Sir Muthiah Chettiar contested and won the local elections in Ramnad District under this. Mr.P.Chidambaram, Former Finance Minister of India, is the noteworthy politician from the community in the recent times, and interestingly, he is the grandson of the Raja Sir Annamalai Chettiar.

To conclude on the chettiar attitude towards politics, the following quote suits better:

“Chettiars are the most unlikely people to interest themselves in anything but money, let alone politics³⁷⁹”.

³⁷⁹ Mr. N.A Perumal, an Indian on Mission of American Newspapers’ comment on the incident of Chettiars expulsion from Saigon, charged with alleged Political activities.

Chettiars Expulsion from Saigon - Alleged refusal to accept reductions in Debts. (1933, August 14). *The Straits Times*, p. 12..

5 Conclusion

5.1 Discussions – Business Perspectives

5.1.1 USURY - Criticisms and Crucifications on Chettiar Interest rates

The chettiars are far more remembered in the history of Burma and Ceylon than the history of Tamilnadu or India. There is no study that elucidates the growth and development of Modern Burma without mentioning the Chettiars money lending. But, as much as remembered and mentioned, it is more of accusations and crucifications of chettiars for their “Usury”. One accusation that still lingers before the chettiars is, their charging of “higher rate of interest” during their money lending stint.

Usury of Chettiars pulls a long demanded look into the issue. To understand how they are depicted in the pages of history during their flourishing period in Burma and other Southeast Asian countries, the following excerpts from various studies are given below:

Edgar Thurston, who pioneered the Caste studies of southern India wrote as follows in **1909**:

“Owing to their wealth and their money lending, the Nattukottai Chettys have been called the Jews of South India, but their kindliness and charity deserve more recognition than this description accords³⁸⁰”

Sir Harcourt Butler, Governor of Burma in **1927** said that

“without the assistance of the chettiar banking system Burma would have never achieved the wonderful advancement during 1900 to 1920s. The Burmans of 1930s were wealthier than he was 25 years ago, and for this state of affairs the chettiars deserves the thanks of Burmese³⁸¹.”

³⁸⁰Thurston, E. (1909). *Castes and Tribes of Southern India* (Vol. V). Madras, India: Government Press.

³⁸¹Turnell, S. (2005). The Chettiars in Burma. *Macquarie University Research papers- Faculty of Business and Economics* .

The testimony given by Karen³⁸² witness to the Burma Provincial Banking Enquiry Committee, 1929.

“Tersely and pointedly speaking, Chettiar banks are fiery dragons that parch every land that has the misfortune of coming under the wicked creeping. They are a hard-hearted lot that will ring out every drop of blood from the victims without compunction for the sake of their own interest...the swindling, cheating, deception and oppression of the chettians in the country, particularly among the ignorant folks, are well known and these are, to a large extent, responsible for the present impoverishment in the land”³⁸³

Cady in his book “History of Modern Burma” states that

“their(Chettiar’s) organization was efficient and internally honest”³⁸⁴

Sir James Scott accuses the Chettians as follows:

“the appearance of the chetty element in the trade upset everything. They are charming men of business and know all about bulling and bearing, and all the other civilized expedients of trade. Poor “jack Burma”, listless and good-natured as he is, would never have thought of such things himself; hapless is the man, Burman or

³⁸² Karens were an ethnic group of Burma

³⁸³ Grantham. S, M. A. (15th June 1930). *Burma Provincial Banking Enquiry Committee, 1929-30*. Rangoon: Government of India.

³⁸⁴ J.F.Cady. (1959). *History of Modern Burma*. Cornell.

Englishman, who has dealings with the fat, shaven-headed Madras money-lender.”³⁸⁵.

He further says that the chettiars hovers around the paddy fields, watches the Burmese plant and harvest, fixes the rate and all but takes the money himself.

Sean Turnell, who has contributed many studies in this subject, mentions that

“a proper functioning financial system could have provided better solution perhaps for Burma’s long-term development, but Burma did not have such a system, then or now. Easy scapegoats for what went wrong; the Chettiars merit history’s better judgement””³⁸⁶

Jews of South India, Villains, Usurers, Fiery Dragons, wicked creepers, pot bellied demons, scapegoats, are some of the adjectives given to chettiar money lenders by the people of Burma and Ceylon during their Business in colonial era.

In case of Malaysia, the lookout is different. The Malay blogger Mortalangel compares Chettiars of Malaysia to today’s Ah-longs³⁸⁷ who throws red paint on the house of people who doesn’t pay back loans on time. He mentions

“chettiars were instead very kind and soft spoken nice people who understood the clients conditions and really wanted to help them during monetary needs” .

The opinion of the Scholars and authors who studied the role of chettiars in Burma often faced contradictions

- due to the loyalty towards the country they belong to

³⁸⁵Scott, J. G. (1882). *The Burman - His Life and Notions* (Vol. I). London: Macmillan and Co.

³⁸⁶(Turnell, The Chettiars in Burma, 2005)

³⁸⁷**Ah Long** is a term for illegal loan sharks in Malaysia and Singapore. They lend money to people who are unable to obtain loans from banks or other legal sources, mostly targeting habitual gamblers.

- due to the non-availability/ under-availability of detailed studies of chettiar operations or
- got carried away by the age old hatred on the money-lenders.

But, it is interesting that, even those accuse them of usury didn't forgot to mention or deny the contributions of chettiers in the development of lower Burma, Malaysia and Ceylon. Win, in his book "A History of the Burma Socialist party (1930-1964)", accuses chettiers for the exploitation of the native peasants, but, again he explains in the same paragraph the undeniable role of chettiers in the development of lower Burma.³⁸⁸

The money lending operations benefitted chettiers to a great extent monetarily and there is no fact to deny that. But, how come the operations benefitted them so much when there were other players too operating in the same sector – is a question to be analysed before answering the higher rate of interest.

Chettiers were able to attract and retain peasant clients than the Burmese and Chinese Money lenders due to one major reason – lower interest rates³⁸⁹. Chettiers were able to provide lower interest rate because of their influence with English Banks and the loans they acquired at lower cost.

On the other hand, according to Siegelman (1962)³⁹⁰, even though the chettiar rates were lower, still it exceeded the profits that could be obtained by the rice harvest of the peasants. Hence, it is to be understood that if, a comparatively low rate chettiar loan exceeded the profit of the crop, what was the alternative financial option left out for the

³⁸⁸Win, K. Z. (2008). *A History of the Burma Socialist party (1930-1964)*. New South Wales, Australia: University of Wollongong.

³⁸⁹Rudner, D. W. (1994). *Caste and Capitalism in Colonial India, The Nattukottai Chettiers*. California, USA: University of California Press.

³⁹⁰(Rudner, 1994, p. 81)

peasants?. Burmese and Chinese money lenders charged still higher and the English banks were not open for common peasants. And in any case, if the peasants had not borrowed to increase the area of cultivable lands, the British Colonial growth would have staggered which they would not have allowed. Either way, it seems to be a problematic scenario, simply because all the provinces were under greedy British colonialism. Hence, all the points converge towards the ruling British, who should have controlled the situation, rather than encouraging the one-sided development. An article in *Dhanavanikan* argues that 24 percent interest rate charged by Chettians are far more less than the 300 percent profit earned by the Englishmen³⁹¹.

Sean Turnell's interesting analysis on the accusation of higher interest rates throws some light on the dark corners of this issue. According to him, the maximum reported rate of interest of chettians are not more than 25 percent that is for unsecured loans only, where the risk rates were higher too. The loans on security of lands, issued to peasants were less than 12 percent and this should not be judged with the modern rates of money lending. For the mentioned era, the Colonial period, the rates in question were low. He further compares the "true Usury" loan in Burma, called as "*Sabape*", loans granted by Burmese land lords to Burmese tenants, which had an interest rate ranging up to 150 to 220 percent³⁹².

The well conceived and neatly operated "*hundi*" system of indigenous banking methods were also widely commented for their credibility and hence, was not legally approved during the colonial period. The major part of Chettian transactions was in *Hundi* and the legal un-acceptance proved as a major hindrance for Indian money lending system including the chettian business. Rudner slashes away the argument as "*stereotypic*

³⁹¹(Editor, *Dhanavanikan*, 1931)

³⁹²Turnell, S. (2007). A "Wicked Creeping": The Chettians in Burma. *SEAP Bulletin*.

views about Indian bankers... the British and British-trained jurists never really comprehended the systematic operation of Indian financial institution”³⁹³.

5.1.2 Rural Indebtedness

The peasants of Burma as well as Ceylon and Malaysia took loans not only for farming, but also for their family need, festivals, buying clothes for celebrations etc to meet the expenses before their harvest period. Added to this burden, they had to pay a capitation tax in cash to the British Government. In case of any calamities like flood or drought they failed to repay their debts.³⁹⁴ This added upon their burden for the next year of harvest and at one point they stood in the position of losing their land. Hence, it is to be judged not only basing the poor economic status of the farmers, but also the mismanagement and planning of funds and failure of British rulers to support farmers during calamities. But in the case of Burmese exploitation, the rulers- British- themselves are accused of exploitation and they focused on their benefits and not on the petty problems of poor peasants, which is obvious from the 300 years of colonial history. The chettiars thus framed as scapegoats³⁹⁵ getting victimized for being loyal and acting as the middle men for British rulers. To quote the then Prime Minister of India Jawaharlal Nehru “these issues are the bad result of colonialism”.³⁹⁶

³⁹³(Rudner, 1994)

³⁹⁴(Win, 2008, p. 5)

³⁹⁵(Turnell, The Chettiars in Burma, 2005)

³⁹⁶(Win, 2008, p. 220) When the border issues and Chettiar owned property issues in Burma were discussed between the leaders of the two nations, Nehru responded with these words, as mentioning that both the countries has seen the worse of colonialism.

5.1.3 Insider's Perspectives

In a short fictional story written on Chettiars by the acclaimed writer Aikkan of Tamilnadu, an impoverished chettiar in Tamilnadu who was badly in need of money refuses to take a loan repayment from an old debt from his father's business in Burma. He denies on the basis of his father's Accounting Journals, stating that if it was a debt, his father would have entered in the journal and it should have been a donation. He further states, chettiars don't take their donations back. This story exhibits the image chettiar community holds in the society.

Another interesting viewpoint is that "chettiars does not regard usury as a sin".³⁹⁷ Contradictory to that, in an interview session, the researcher came through two interesting criticisms. One is from the female member of the community, an "aachi" aged 65. The content she shared is as follows:

"My father worked in Burma and came to India during Japan bombings during the world war II walking all the way from Burma to India. We were such a wealthy family. We lost everything after that, as there was no other occupation found suitable. All the wealth drained in rearing the big family. Our elders think that it is the curse of the poor farmers of Burma who lost their lands and felt cheated by chettiars"

The other old aachi, aged 72, said " aadikku thai pathu maasamnu kannakku ezhudhi setha sothu" meaning the tamil months "aadi" and "thai" comes in sequence of seven months, but written in the account books as 10 months, and interest charged for more period than necessary.

These two open statements (which is very rare with chettiars and their loyalty and secrecy) gives us a clear view of insiders perspectives against the view of externals - "until

³⁹⁷(Thurston, 1909)it's the comment of Mr.P.R.Sundara Aiyar

*1900s the good faith and honesty of chettiars are proverbial, and are even now conspicuous*³⁹⁸”.

Many of the Chettiars and Chettiar women, wanted to suppress the negative side of the communities’ business practices, not wanting to be the one who tarnished the glorifying image of the community in the outside world. They want to keep all their short comings among themselves, by crucifying, commenting, judging, finding fault and cursing their own actions without any hesitation among themselves. This characteristic was often observed by the researcher. When confronted with questions about the community in open, they talk only about the glory and nothing else.

Hence, it can be considered either they didn’t realize usury is a sin or it is not an act of usury at all as depicted by others.

To summarise, it is understood from the above analysis that chettiars were very strict in their occupation and there was no charity in the money lending operations. They were not willing to leave a single penny which is rightfully theirs. On the other hand, they were ready to donate without a second thought huge amounts of money for temple renovations, building new temples or educational institutions. Hence, we can generalize that they had a value line drawn between their profession and personal feelings. They were kind and altruistic but displayed opposite behavior in profession.

5.1.4 Criticism -Cooperation with the Colonial government

It is often mentioned with a tone of sarcasm in the literature that chettiars were hand in glove doing /exploiting the Burmese with the colonial government. As a matter of discussion, it is to be analysed with the traditional background. From the ancient period, the vysias were accustomed to acquisitions of various kings on countries. In order to survive and continue their business, they were used to be the consort of any government

³⁹⁸(Thurston, 1909)

that rules the country. The tradition can be seen all over India all through the history. Hence, the three hundred years rule of British also had the same practice. Further, it is not only chettiars, but also one can see that Birla. G.D was the chief negotiator between Gandhi congress and British³⁹⁹.

The economic development of country relates with the business men and hence, the development during British period owes to these business men too.

On the other hand of discussion, at the extremity of the independence struggle, many chettiars like any other business men in the country supported the congress. For example, the researcher came across a case of a chettiar⁴⁰⁰ who converted his well established shop into a “*Khadhi*” shop to support Gandhi knowing full well of his closure of business in the hands of British. In one of the nine clan temples of the chettiars, which had a reconstruction and consecration (Kumbabhishekam) during the independence struggle, to the wonderment of the researcher, Bharat mata and Gandhi with “*raatai*” (spinning wheel) carved in the ceiling. For a community so into the clan temples, this depiction is an extreme exhibition of patriotism. Hence, it can’t be generalized that the chettiars were totally supportive of Colonial rule. It was the *VaisyaDharma* and the love for the sustainability of business that made all the business communities of India to get along with the British for a certain period.

³⁹⁹Tripathi, D. (1991). Congress and the Industrialists (1885-1947). In D. Tripathi (Ed.), *Business and Politics in India* (pp. 86-117). NewDelhi: Manohar Publications.

⁴⁰⁰He was then called as “*kadhar kadai*” Lakshmanan Chettiar and known by the nametill date

5.1.5 Financial Cliques⁴⁰¹

The Nattukottai chettiar business groups are compared with the Japanese “Zaibatsu” or financial cliques⁴⁰² by Ito. He finds these groups similar to Japan’s Mitsui and Mitsubishi combines. This concept was propounded on the basis that the chettiar business houses were not that easily allowing any external people other than the family members in the previous decades. Chettiar family firms tend to push for higher share prices to increase the value of their holdings and are conservative like Parsi firms than other business communities like Marwaris⁴⁰³. The present business scenario testifies the same scenario continuing with a few exceptions like the Murugappa Group. Murugappa group revolutionized the concept when former Wipro vice-chairman P S Pai joined the group as its executive chairman during 2002⁴⁰⁴. This appointment of an external professional at a top management position witnessed the changes in the mind set of the traditional merchant communities. But, it stands out as a single case in the elite strata, and not followed by any other big corporate.

Even though the past decades were struggling period for SPIC (Southern Petrochemicals Industries Corporation, established in 1969, belonging to Raja Sir Annamalai chettiar’s son MA Chidambaram Chettiar’s group), it was the great grandson of Raja Sir Annamalai Chettiar, Ashwin Muthiah who rescued it in 2015 from closure⁴⁰⁵.

⁴⁰¹ The term Cliques denotes the small close knit group or circle of people that doesn’t allow othersto join them.

⁴⁰² Ito, S. (1966). A Note on the " Business Combine" in India- With special refernce to the Nattukottai Chettiars. *The Developing Economies*, 4 (3), 367-380.

⁴⁰³ Dutta, S. (2011). Family Firms in Present-Day India. In M. M. kudaisya (Ed.), *The Oxford India Anthology of Business History* (pp. 209-212). New Delhi, India: Oxford University Press.

⁴⁰⁴ Business Standard Bureau . (2002, OOctober 17). Former Wipro Vice-Chairman Pai Joins Murugappa. *Business Standard* .

⁴⁰⁵ (Narasimhan T. , 2015)

Ashwin Muthuiah joined SPIC in 2009, taking the reins from his father AC.Muthiah Chettiar and steered all the way to bring the company back to stability from the diversification strategies that went wrong. They never opted for external professional help. The company has strong political ties with a Political Party of Tamilnadu, which adds advantage to the company when Party is in rule and affects adversely when the opposition party comes to rule. The see-saw of the two Political parties that exchange the power hold in Tamilnadu decides the destiny of growth of this company.

The same goes with the other Major Company of the Raja Annamalai Chettiar family – Chettinad Cements. Managed by the family line, this group faced adversaries due to the family feuds. The adopted son of MAM.Ramaswamy Chettiar, Mr. Muthiah Chettiar leads the corporate and external professionals are welcomed in the top circle.

In case of other companies like Karumuthu groups, the textile mills are all governed by the successors and the Boards are well stocked with the internal people.

Hence, it is to be summarised that the globalization had not changed much of the way the business is conducted in the Chettiar groups. It stands in the status quo of the statement written by Ito in 1966.

5.1.6 Business Bonds or Familial bonds

It is said that the Crisis of the 1930s made chettiar form family business set ups which was not so before the depression. Ito mentions this change in format as that from managing separate companies as tradition to a contrary tendency is seen during 1960s. The families started working as groups, “the familial bond strengthened to attain the objective result of group strength”⁴⁰⁶.

Out of the five major business groups today namely Murugappa, MAC Group, MAM Group, M.Ct Group and Karumuthu group, it is to be noted that only AMM group and

⁴⁰⁶(Ito, 1966)

Karumuthu group holds all the companies under one banner and fulfills the necessities of Ito's statement.

But, it is to be understood that this trend doesn't develop into a phenomenon. The age old tradition of small separate business for each son is still proving to be the trend. MAC, MAM and M.Ct all come from one family – Rajah Sir group, but now grown into three different groups, separated as per the tradition of the Sons starting their own business and naming the companies after them (or their initials). The group concept worked with only some of the major players often mentioned in our studies, and not with the majority of the chettiar business people.

The unseen factors behind the economic pressure of that time caused the familial bonds to grow stronger in order to survive and that stood true only for that period till stabilization. It may not be the traditional bonds or family structure. In other words, the group would have been formed to stop from decline and not based on family bonds.

While looking horizontally at other communities, the major groups of India from historical period – Tatas and Birlas may have acted as a source of inspiration to other business groups to think of combining familial bonds with business bonds. Unlike the merchant banking firms they run individually, they preferred to stay united and stay strong during the depression might be to avoid the scattering of the capital what was left after huge losses. This is a noted and accepted as business combines.

But, in all the other smaller cases and after the Independence of India, with the small available data, it is found that almost all the interviewees who does business does it alone and sometimes the siblings does the same business yet separated. The unity looks very thin in the present scenario.

In one case, it is found that the elder brother works for the younger brother in his manufacturing company, whereas, as per the Colonial era literatures, in the absence of father, elder brother is treated as the heads of the family and gets to decide and enjoy all the privileges of the family. Hence, obviously the family a bond doesn't play to be the business bonds and the factors that made Ito to think so, were the need of the period and nothing more.

But, this hypothesis is not accepted by some scholars like Raman Mahadevan, who argues that, “*there are serious limitations in the quantifying the effects of traditional social institutions on the economic motivations of business men.*” The argument validates the point that only the middle and lower strata of the community was wounded hard by the depression. He further suggests that it is better to consider the tangible material constraints on the Chettiar capital to industry than to question the smallness of chettiar investment in the industry.⁴⁰⁷

It is true that even though small number of chettiars entered industry the investments were huge. But, given with the enormous investment earned before depression and given with the business knowledge, centuries of trading traditions, network of kinship, availability of human resource, it is too small a transition and investment into industries by the chettiars. It could have been furthermore, if the same network and unity was kept up during and after the depression too.

5.1.7 Values and Ethics

The Community of Chettiars had a set of rules to be followed strictly for social as well as business conduct. These rules were often printed⁴⁰⁸ and circulated among the community members. Often put in the acid test, the debate continues on their questionable ethical standards in the conduct of business. During 1820s the chettiars started their operations in the Eastern Indian Ocean selling cotton piece goods from the Coromandel Coast. But, there is an argument that their real fortune making came from the hand in glove cooperation with the European Exchange banks in financing the Opium trade from

⁴⁰⁷ Mahadevan, R. (1976). *The Origin and Growth of Entrepreneurship in the Nattukottai Chettiar Community of Tamilnadu 1880-1930*. New Delhi, India: JNU.

⁴⁰⁸ Chettiar, D. C. (Ed.). (1941). *Dhana Vaisiyaraagiya Nattukottai Nagarathar Charithiram*. Paaganeri, Tamilnadu: Dhanavaisiya Youth Tamil Association.

India.⁴⁰⁹ The twist in the accusation is that the author also mentioned that the Chettiars are not as sordid as the other business men of India, like Gujarathis, who would go low enough to get involved in the slave trade of East Africa.⁴¹⁰

Any act is weighed in its situation for the decision of righteousness. On the other hand, just because of comparative good, the bad cannot be turned into good. It is just, better than the worse. But, in this case, if we look into the perspective of chettiars, it is to be understood from the background. The chettiars are manipulative in financing and they did it with the European exchange banks for more commission obviously, and for survival in the business too. The business values of chettiars which was often based on the rules book they follow, states that financing is right. But, what is the destination of that financing is not noted. The chettiars thus have done the opium trade financing, growing their profit on one side and the influence and nearness to the throne on the other side, which they have done successfully for centuries. However, by the turn of the century, more legit opportunities were awaiting them like tin mines and rubber plantations in Malaya and agricultural development in Burma.

The money accumulation and squeezing of peasants of Burma and other countries was not taken as “against Values” by many of the members of the community, as their perspective falls on the “loss” they suffered in the hands of depression. Few opines that the “curse” of loss was the consequence for the sins of the chettiars – starting from their action of killing their women in instances of Pandya Kingdom⁴¹¹ to the usury in Southeast Asia.

⁴⁰⁹Bose, S. (2015). Blackbirders Refitted? The journey of capitalists and labourers in the Indian Ocean, 1830-1930s. In C. K. Jayathi Bhattacharya (Ed.), *Indian and Chinese Immigrant Communities: Comparative Perspectives* (p. 5). Singapore: Anthem Press.

⁴¹⁰(Bose, 2015)

⁴¹¹ According to the legend of chettiars and as per the “Nagarathar Charithram” book, Chettairs had the rule of “honour killing” their women in the instance of any involvement with other

Rudner elaborately describes the case of Raja Sir Muthiah's political activities in 1930s, which displays the other grey side of the Chettiars. The words of Lord Wellington, the then Governor of Madras points out on the issue that "I must say that I thought I knew something about playing funny politics but I must take off my hat to these Indians. They are past masters at the art"⁴¹². In case of Ethics and Values, generalizations cannot be done based on few cases, but, this gives an interesting introspective view on the changes of values under the influence of money and power.

The recent case of insider trading accusation on Mr. Vellayan of Murugappa Group resulted in Mr. Vellayan stepping down from the Chairmanship of Murugappa Group on May, 2015. The charges were based on the link sought to be made by SEBI between Vellayan and A.R. Murugappan, a distant relative of Vellayan (son of a grand aunt) and had had a property transaction with Vellayan. Murugappa Group responded to this as "based merely on suspicion and is a far-fetched tenuous conjecture"⁴¹³ of SEBI, and later the Murugappa group Corporate Board requested A. Vellayan to resume the Chairmanship of the Group Board⁴¹⁴ after an assessment of the status of the ongoing proceedings against the SEBI's charge and expert legal advice on the matter.

community men, no matter whether the woman in question is responsible or not. In one instance, when their "Guru" of the Mutt was not able to convince them on "not –to –kill" the women who were raped by some dacoits, went away to "Kasi" to wash the sins of his followers. On another instance, a five year old girl child was killed, because a Pandya King, unaware that she is a chettiar girl, took her to his palace. Even after the pleading and threatening of King, the girl was killed to save the purity of the community.

⁴¹²(Rudner, 1994)

⁴¹³TNN. (2015, May 23). Vellayan steps down as Murugappa chairman on insider trading charges. *The Times of India -Business* .

⁴¹⁴PTI. (2015, October 23). A Vellayan returns as Murugappa Group Chairman. *The Economic Times* .

To summarise, Beliefs leads to intentions and intentions are the base for the planned behavior⁴¹⁵. Chettiars do believe in God and Goodness, which is evident in the entire interview schedule. Chettiars are trusted by other communities of the society in a big picture since long time like a tradition, and the inner-circle trust among chettiars are not as high as it used to be in Colonial Era. Along with the time, the community values and beliefs too have eroded in many areas, but as for the observations, the basic respect on one's own conscience, respect and fear towards the God and religion, spirituality and community discipline all acts as the monitoring factors of this community's ethics scale.

5.2 Socio-cultural Perspectives

5.2.1 Origin and time line

Chettiar community can trace its origin to the 2nd century AD. Two great Tamil epics of that period describe the Chettiars as traders and merchants who eventually won the honour of crowning every successor to the Chola throne⁴¹⁶. While mostly the literatures in the pasts rely heavily on Edgar Thurston's famous book on Castes and tribes of south India, there is a controversy on the authenticity of the information, as Thurston's book was based on the historical Tamil book on Chettiars. The book claims to be written on the basis of the palm leaf manuscript preserved in the *Tulavur Mutt*. The palm leaf manuscript was the interpretation of the Poongonrai Velankudi temple Stone Inscriptions. This was reviewed and re-written by VR. L. Chinnaiya Chettiar as a small book in 1894, published by Thanjavur Subramaniya Aiyar of Devakottai and after a long wait, published in paper with the help of Ramanathan Chettiar and Arunachalam Chettiar in 1941⁴¹⁷.

⁴¹⁵Icek, A. (1985). *From Intentions to Actions: A theory of Planed Behaviour*. Springer.

⁴¹⁶Chidambaram, P. (2001, January 29). Book Review: The Chettiar Heritage. *India Today* Review on "the Chettiar Heritage Book" in the India Today

⁴¹⁷(Chettiar, 1941)

Unfortunately off late, during 1980s there is a claim that there are no such stone inscriptions mentioning the history of chettiars or no such history mentioned in the stone inscriptions available in the location to backup the history.⁴¹⁸ But, the non-availability of stone inscriptions searched after a lengthy period of more than 100 years cannot be taken for decision as the stone inscriptions do get damaged or misplaced during the years. The example of *Gangai Konda Cholapuram* temple stones, which got vandalized in 1836 by the Public Works Department officials to construct a dam nearby,⁴¹⁹ indicates the lack of value of stones and inscriptions. Hence, missing of stone inscriptions, after 100 years of period is a plausible occurrence in a temple which is not very popular or of any archaeological value.

The other reference of Chettiars often debated and discussed is of Karaikal Ammaiyar. Karaikal Ammaiyar, identified as from the 6th century AD, was born in a merchant community of *Kaviripoompatinam* (near Karaikal). The place of her living, born into merchant community and being a deep devotee of God Siva makes the people believe that she is a chettiar. Hence, it can be well conceived that based on the above said notions, the merchant community was thriving at the 6th century itself near the ports of *Kaviripoompattinam*. The historical facts of chettiars being maritime traders yet well establish the reason for their living near the port towns. In the middle of 19th century, *Kaaviripoompattinam*, the seashore town where chettiars were living was devastated by a tsunami and hence, moved and settled in an arid region to avoid tsunamis⁴²⁰. The area they inhabited came to be known as Chettinadu, meaning the land of chettys. This corroborates

⁴¹⁸Sridevi, S. (2005). *Local banking and material culture amongst the Nattukottai Chettiars of Tamil Nadu*. New Delhi, India: JNU.

⁴¹⁹Nagaswamy, R. (1970). *Gangaikondacholapuram*. Madras: The State Department of Archaeology, Government of Tamilnadu.

⁴²⁰Muthiah. S, M. M. (2000). *The Chettiar Heritage*. Chennai, TamilNadu, India: Chettiar Heritage Publishers.

that the chettiars were living for more than 15 centuries in the same place till the tsunami hit. Tsunami could be one reason they searched for other places to move in, other than the legend of Pandya King's invite to move to his country.

The legendary story of Pattinathar, who is believed to be a Chettiar, speaks about the flourishing maritime trading and renunciation in old age. This practice of renouncing, or "Diksha", the idea of getting renounced is still followed in the areas of Chettinad.

An authenticated excavated document found in a France documentary keepers treasure says that "Chettiars main town was Devakottai. Under the Chola king, they lived in the capital Kaveripattinam (also known as Kaviripoompattinam, poompuhar). During his reign, the prosperous Vellalars of his country assumed the name of Chettis."⁴²¹ The document also mentions the measurement of their inhabitant as 96 villages within a square area of 4 *kathams*⁴²². *katham* is a old measurement, which gets converted into 40 miles.(The calculation of 10 miles = 1 *katham*).⁴²³

The two notions on the shifting of this community to Chettinad from Chola Kingdom are:⁴²⁴

1. The popularly believed tale of Pandya King requesting them to come and settle in his country to grow the trade.

⁴²¹M.Gobalakichenane. (2004). *The Origin of the Nattukottaiyars and their Communal Practices*. (M.Gobalakichenane, Trans.) Chennai: EastWest Books.

⁴²²(M.Gobalakichenane, 2004)

⁴²³Garstin, J. H. (1878). *Manual of the South Arcot District*. Madras: Lawrence Asylum Press.

2. The other tale, which is not much popular but believed by scholars are the devastating tsunami that swallowed the town and houses of the community and the chettiars moving to an interior place of Tamilnadu where sea will not destruct. There is very little evidence to prove either side, but the movement is accepted in both cases.

Hence, it is to be accepted that there is a possibility of the legendary tale of this community on mobile from Kanchipuram to Kaveripattinam and kaveripattinam to Chettinadu.

5.2.2 Architecture: Implications and impact of the palatial houses

There are nearly 11,000 mansions⁴²⁵ in the area of Chettinadu, most of which are locked during most of the months of a year, as the families reside elsewhere. The chettinadu palatial houses are usually seen with a high elevation, steps leading to the entrance, whereas the other houses of other community people look simple and at the ground level. There is a notion that the steps indicate their fear of tsunami⁴²⁶, which is the reason for their emigration from their homeland in Chola country, *Kaviripattinam*.

The chettiars who believe in frugality and simplicity, who don't spend much on clothes⁴²⁷ or luxury items till their ventures in southeast Asia, showcased a paradigm shift in behavior by building palatial bungalows spotted all over the chettinadu area. To derive clarity on this change of investment pattern and life style, the following points were noted to have an analytical look:

- The life style of frugality is not matching to the huge money invested in the luxurious ornamental decors inside the home

⁴²⁵ *Chettinadu Mansion* (2009). [Motion Picture]. India.

⁴²⁶ UNESCO, P. D. (2014, April 15). *UNESCO-World Heritage Convention*. Retrieved September 2, 2015, from Chettinad, Village Clusters of the Tamil Merchants: whc.unesco.org/en/tentativelists/5920

⁴²⁷ (Thurston, 1909)

- The concept of “multiplying”, which is a core rule of investment for chettiars, was not followed, as these houses are dead investments. (Even today, as the houses are built in remote villages of Chettinad property value is very low compared to the other towns and cities of Tamilnadu).
- Logically, the need and the reason for bigger houses were to accommodate big joint families. But, the grandeur of some houses is very huge to define under this concept. Hence, the love for showcasing the wealth is to be considered too. The imported materials like Italian chandeliers, Belgium glasses and Burmese teak render supportive evidence to this display of wealth.

The discussion leads us to reconsider the past historical behavior through the legend, which narrates the mass suicide of chettiars⁴²⁸ in Chola kingdom during “*Saalivaahana Sahaptham*”, *Kaliyuga* year 3775(674 AD). The tale narrated in the “*Nattukottai NagaratharCharithram*” mentions the imprisonment of Chettiar women by the Chola King and as consequence to the humility and insult, they committed mass suicide. But, the reason for imprisonment is not mentioned. As per the folklores passed on to generations in the chettiar community, the reason for imprisonment is as follows: (As told by an elderly chettiar woman, and cross verified the version with two historians, who accepted that they too have heard of the story, but have not come across any proof for the authenticity)

“One evening the Chola king went through the chettiar residential areas during his routine rounds and found silver doors to chettiar houses which infuriated him, as he himself doesn’t have silver doors in his palace. He ordered king’s men to remove the doors that night. The next day he went to see the houses again, presuming they would have replaced with wooden doors, but to his shock there were gold doors on the house. He got wild and

⁴²⁸(Chettiar, 1941), (Sridevi, 2005)

out of sheer anger that touched the limits of madness, he ordered to imprison chettiar women, which he knew will hurt deeply the chettiar community, as they had high self-esteem and have very rigid rules regarding their safe keep of their women.”

Whether this story is proved true or not, the chettiars who believes their origin and heritage believes this story. On this argument, it makes us think that it is after all not new for them to build such huge ornate bungalows for exhibiting their wealth.

5.2.3 Behavioral Changes

There is a mention of Chettiar being “poor” community till 1800⁴²⁹. Hence, the fortunes that tumbled upon the community from money lending had spun them off-balance obviously. The Behavioral changes like from simple and frugal living to display the status and wealth were triggered from that point. The chettiars should have started looking ways to convert the wealth into status. The more the bigger and richer the place looks, the more the status gained and the more the status gained the more was their influence and respect in the society, which in turn helped them earn more in their business. Unfortunately, the community, which is strict in following traditions and custom, seems to have had such a great flaw and weakness.

Usually, it is very hard to break customs and rituals of a chettiar tradition. Through observation the researcher was able to find out that the major changes started with a single case, and only if those singles change was initiated by a highly rich, influential and elite family. Similarly, the display of wealth through bungalows and palatial houses should have become infectious to other rich chettiars in the village, and then the order of the village was for everyone to follow.

⁴²⁹(M.Gobalakichenane, 2004) M.Gobalakichenane in his translation work mentions that this poor community acquired prominence and wealth only after their overseas trading started during 1800s.

Regarding the acquisitions of *Zamindaris*, which was totally out of role for the chettians, it could be the interest in keeping up amicability with the rulers of the state that turned into becoming one among them. The case of acquiring Zamindari status under the Setupathis of Pudukottai emphasise this concept. They have shown interest in showing themselves nearer to the throne by exhibiting their wealth. But, this was a case of very few chettians, and a generalization cannot be pulled out of this. When this change in behavior is questioned during the interview schedule and in a group discussion, some of the Chettians who are in business for a long time commented this as “competitive ego” of showcasing the wealth played heavily against the sensible business acumen and simplicity. The other common opinion of the group was that the long suppressed desire to spend and long suppressed humility of being thrifty could have ignited the outburst of spending.

However, the addiction to build bungalows and lavish display of wealth during marriages took its toll on these simple living tribes. A 1930 Chettiar Magazine⁴³⁰ article sarcastically condemned the import of hundreds “*Maravai*”⁴³¹ from Moulmein, Burma as a container for Betel nuts, a souvenir gift for the guests of a marriage. The article condemned this act for setting a wrong example in the times of economical depression of the community. When questioned on the unmaintained condition of the mansions today, a chettiar commented that the mansions “now stand as a vulgar display of wealth”⁴³².

To summarise, it can be seen that the flow of change of chettians behavioral pattern has resulted in improper financial investment decisions, which swallowed the major portion of capital investments of middle level chettiar firms. The maintenance cost of the luxurious life they turned towards was unmanageable with the crisis of great depression

⁴³⁰(Editor, Dhanavanigan , 1930)

⁴³¹*Maravai* is a wooden box intricately carved and painted. It is a handcraft product of Burmese

⁴³²(Sridevi, 2005)

looming on their town. The only saving grace was the Chettiar mansions built in cities and towns of their settlement like Madurai, Tiruchi and Chennai, which proved as a right investment decision, as the real estate soars to sky in these towns.

5.2.4 Population

The population of chettiars was maintained with the nine temple's registers, where the data of married men (*Pullis*) are duly entered. During previous decades, usually, the number is arrived by multiplying the number of men registered in the temples by 5, assuming a family consists of three children. Now the smaller families are in practice and no proper number is arrived at. Moreover, the registers in the temples take the count of men marrying bride from another "*koil*", (clan temple). Hence, due to the present social scenario where young Chettiar people are sent out to mingle with a lot of other communities, there is a lot of scope of love marriages, which most often happens to be an inter-caste or inter-religious marriages. Hence, instead of increasing population, the paradox of decreasing population happens in chettiar community.

On the other hand, the Chettiar males who marry outside the community still claim themselves and their family as Chettiars, as he is a descendant of Chettiar. As mentioned in the earlier chapters, the families thus formed in this way are called as "2nd" category of chettiars and this population grows in numbers. The Women who marries outside the community often take the communal identity of her spouse as per the Hindu tradition and thus goes out of question.

The recent meetings of Chettiars in clan temples and associations stress the youngsters on the values of adhering to the rules of the community and to not marry outside the community, but it seems to be not that fruitful.⁴³³ A journal printed and

⁴³³ This was the statement of a middle aged chettiar, who get divorced and in a dilemma of marrying a woman outside the community.

published from Karaikudi, for the Chettiars by the chettiars, recently published an interesting request – to have more than two children in a family to increase the population of the shrinking community.

As mentioned earlier, the two divisions of chettiars are thus called as “No.1” or “original” and “No.2” or “cross”. The Nagarathar associations usually don’t enroll the 2nd category chettiars, the assurance of their being “original” is to be verified through the temple registry, which is not practical for the locations of associations are scattered. Unless a chettiar reveal himself, it is tough to find the division. Sometimes, in the present scenario, there are cases of 2nd category getting into the business and social associations of chettiars, identifying themselves as “originals”.⁴³⁴ Hence, according to a respondent, in a meeting conducted by the “*Pangalis*” of a clan temple, it was decided to issue identity cards to their members. But it didn’t work out due to the internal agitations. The reason told by some respondents was the non-availability of NRI chettiars details and their absence during meetings. As it seemed to be a surface reason and knowing the secretiveness of chettiars, when probed, a respondent with a lot of hesitation told to the understanding of the researcher, that while the process of identity cards was going on, one of the sons of the chettiar in the leader capacity married a girl from another community, and as per rule, he can’t be given a identity card. The chettiar thus with a broken heart, lost the motivation and the process stopped.

The attitude difference was visibly clear between the two sects, when the discriminations were discussed during interview. 100 percent of the 2nd category accepted that they want to be identified as chettiars on par with the other sect and all the elderly

⁴³⁴ A chettiar informant who got enrolled in Nagarathar Association revealing his father’s identity and suppressing the fact that his mother is from other community, confessed confidentially to the researcher.

chettians belonging to the “Originals” sect answered fiercely with a big “No”. But, some of the youngsters from the “originals” category answered they don’t object to the idea.

The researcher confronted some of the elderly as well as middle aged informants with the fact mentioned in their history “Nattukottai Nagarathar Charithram”, that once, when there were no female available to marry the chettiar males during the Chola period, it was “Vellala” women, who was equal to them in community status, helped to continue the survival of the community and all the 1502 male members of the chettiar community were married to “vellala” women. All the elderly respondents refused to comment, and 87% of the middle aged respondents accepted the flaw in the concepts and were of opinion that the rules of the community should be reconsidered.

When the same questions and facts were stated to the second division of “new gen” chettians, they felt exactly opposite and were of the opinion that all the chettians are equal and the first division’s denial of incepting them into the clan temple registry is not fair, as they have such a history. But it was found as an overall view that the second division hesitates to identify themselves as “second” division, unless stressed to reveal. It is felt by the researcher that an inferior feeling is ingested into them in the society of “first division” chettians.

There is another division claiming for the joining into the society of chettians are the Urudhikottai Vattagai Chettians. It is said that during 1823, in a “96 village” meeting, an influential chettiar caught in a conflict with others. Out of rage he and his supporters, 104 families, separated and started living as a group of chettians, but continued the same customs and rituals. Now, the future generation, around 1200 families, claims the reunion with the main stream of chettians, proving they are the descendants of those 104 families⁴³⁵. The Meeting in the Kovilur Mutt has recognised them and with the help of great efforts

⁴³⁵MR. M. KR. M.Somasundaram, S. (1989). *Naam nammai chera*. Karaikudi.

from the Kovilur Mutt, during 2003, it was decided to accept them into the main stream and acceptance indicated by sending garland and *Prasadam* from temple⁴³⁶.

To summarise, the purity in breed notion is pulling the community backwards as till date the two segments don't socialize as members of same community. The business networks would be brighter and would have been brighter if the relaxation in accepting the other category also as chettians. The cooperation and coordination to live as a community is the need of the day, as it has been the proven success story of this community.

5.2.5 Characteristics

5.2.5.1 Settling in the Migrated Country and adaptability

It is debated in many studies on the chettians adaptation to the country of their business. They lived a secluded life in other countries in colonial era, and in the present scenario, even though they live abroad with their families, they keep themselves rooted to the native village by attending the clan temple functions and by conducting marriages in their villages. One classic example is the “*Sevvai Pongal*” ceremony conducted in Nattaransankottai in chettinadu. Around nine hundred chettiar families⁴³⁷, most of them living in various places converge at this village and cook “*Pongal*”(sweet rice) in the temple of their Goddess. Many chettians settled in foreign countries visit their village to take part in the ceremony⁴³⁸.

⁴³⁶(MR. M. KR. M.Somasundaram, 1989)

⁴³⁷Special Correspondent. (2016, January 20). ‘Sevvai Pongal’ draws Nagarathar families and foreign tourists. *The Hindu* .

Even though the other communities are allowed to cook pongal along with the chettiar families, they were given with a separate slot outside the main area! The seclusion of the chettiar community is understood through this.

⁴³⁸Scott, D. J. (2014, January 22). ‘Sevvai pongal,’ an annual occasion for Nagarathars to come together. *The Hindu* .

Swapna mention in her study on the Burma business as “They invested huge and considered Burma as their country.”⁴³⁹ Here this statement seems to be a little paradoxical, given with the practice of Chettiars to be in Burma for three years and go back to their native where their family resided. They never considered Burma as their country, as they never tried to learn the Burmese language, or they never took their family to Burma to settle and they never stayed for too long in Burma. Only a very few chettiars opted to stay in Burma, relenting to all the conditions of the new government of Burma.

When it comes to other countries Malaysia and Singapore, the story was entirely different. They strictly followed the not-adapting to foreign traditions, but a considerable number of chettiars made Singapore and Malaysia their homes.

5.2.5.2 Peculiar system of joint as well as independent families

Obviously, the joint family system is not seen any more in any of the societies in India, and this community is not any exceptional. The changing times has changed this characteristic of this community. During the whole period of research, no joint family, up to the definition of the elderly being the head of the family, was found. In some cases, parents live with the son (not sons, the siblings are not living in same house even in a single case) the parents doesn't have the leadership or decision making authority as practiced in olden day joint families. Hence, it could be concluded that the community has long forgotten their unique system of “joint as well as independent families” which was awed by many of the foreign scholars.

⁴³⁹(Bhattacharya S. , 2003)

5.2.5.3 *Close knit community network*

The Community still has associations all over the world (in most of the major cities of developed countries),⁴⁴⁰ in the nook and corner of every town in Tamilnadu and in all the major cities of India. This indicates the network of chettians still exists. But, if we analyse in the sense of this knit work being an aide for the business conduct as it was used to be in the colonial era, then it is not. The meaning of “Close knit” community in the 1800-1930 is different from the meaning in present. These associations only enable the cultural and traditional sharing and in no way a business sharing place.

5.2.5.4 *Sharp intuitive acumen for finance*

Through the indirect questions in the interview schedule, and through the observation of some chettian business men, it is found that the sharpness and intuition for money calculations and accounting are still in there group. The elderly women in the Chettinadu, who doesn't have formal education, calculated the interest for a certain amount faster than the young people during an interview schedule. They keep their transactions in their bank accounts very naturally in mind, and have a very good track of their income and expenditure. Budgeting seems to be an involuntary activity of almost all the members of the chettians households even today. Mr. V. Nagappan, Former Director of Madras Stock Exchange once mentioned his NRI son still sending his budget and expenditure details in excel sheet to him for suggestions.⁴⁴¹

5.2.5.5 *Natural frugality*

The case of expenditures spent in weddings and the investments that went with the building of big mansions stand as the denial to this statement. But still, the frugality is the

⁴⁴⁰ The effort to list all the associations was dropped half way due to non-activity and non-responsiveness of some associations, and more importantly the list was never ending.

⁴⁴¹ Mr. V.Nagappan, Oriental Stocks in a TV Show on 25th Nov 2012

base for accumulation of the wealth that went into the above said expenditures. Moreover, the frugality in small expenditures seems to prevail till date as per the observation of the researcher during the field visits of the study. Hence it can be summarised that the day-to-day living is simple and frugal but spending on occasional expenditures seems to be the destination of the thrift.

5.2.5.6 Great strong spirituality

If one thing that is still practices from day one of the community, beyond doubt it is the religiousness and spirituality. The number of community members going for the “padhayatra” to palani temple, the “Sevvai Pongal” and “Poochoridhal” ceremonies conducted till date, the maintenance of temples, the unbeatable belief in their clan temple deities, wearing a mark of ash in the forehead by both men and women, are all seen till date. 74% of the young respondents (below 30 years of age including those who answered the interview schedule with rebellious ideas⁴⁴²) accepted that they are religious and spiritual.⁴⁴³

5.2.5.7 Organized Living:

As mentioned in the previous chapters on their business organisations, they are highly organized in their social life too. During the field visits and interviews, it was observed that they have a sense of organization profoundly obvious in their activities. It is noteworthy to mention one thing - the pattern of the women drawing *kolams*⁴⁴⁴ during important festivals and occasions.

⁴⁴² The informants who denied following many traditions of the community and expressed willingness for change in the practices of the community

⁴⁴³ The questionnaire mentioned religiousness as “belief in religion, religious traditions and practices” and spirituality as “belief in searching a meaning for life and self-actualisation”

⁴⁴⁴ A drawing with the rice flour drawn on the entrance. *Kolams* called as *Rangoli* in North India.

Chettiars important *kolam* design is commonly called as “*nadu veetu kolam*”, meaning drawing for the centre of the house. The diagram is a symmetrical extendable design, complex enough to take one’s patience away. The *kolam* design is exactly the same in exterior outline for almost all the clan temples and all the families follow the same pattern without any major changes. The inner boxes are filled with the creativity of the drawer, which is always the women of the family. It is a joint effort of women in case of a big *kolam*, and the same design and pattern is used for all the good occasions of the community like Pujas, Pongal festivals, wedding and other ceremonies.



Figure 5-1: A joint effort for community functions

The theme of such *kolam* drawings of other community is most often to “beautify” the house. Floral designs and curves are the base of normal *kolam* of Tamil women. Unlike those designs, the curious thing about this chettiar *kolam* is, beauty plays secondary role and symmetry takes up the priority. With little or no floral designs and curves, lines dominate. Perfect, proportionate lines, which reminds of book keeping journals.



Figure 5-2: “*Nadu veetu kolam*” for occasions at homes

This explains that the organization and aesthetics plays more important role in chettiar lives than the beauty in relative social norms. Above all, to the amazement of other

people, a chettiar house keeps a traceable wooden structure to draw lines of the *kolam* neatly!

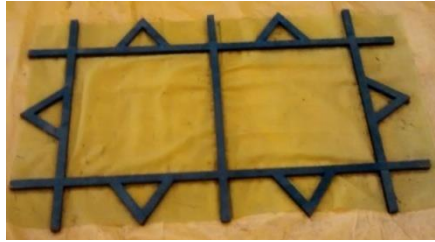


Figure 5-3: Board to draw lines

Even though the environment and occupational changes has modified some of the peculiarities of the community, it still tries to keep a strong hold on these characteristics through traditional weddings and temple festivals.

5.2.6 Identity

Chettiars prefers to call themselves as Nagarathars than Nattukottai Chettiars. When asked about this preference, many Chettiars presumed that, it may be due to the commonality of the word “chettiar” in Tamilnadu as there are so many variations of the sect chettiars like Komatti Chettiars, Devanga Chettiars, Valayal Chettiars, Vaaniya Chettiars etc. To differentiate themselves, and to emphasize the uniqueness, they would have chosen to call themselves as Nagarathars. On another angle “Nagarathars” mean the people in City or from city. Hence, when the community shifted to Chettinadu on the request of Pandya King, they could have been named so, as they come from a well established port town kaviripattinam.

5.2.7 Socio-Cultural Evolution

The generation gap was visible in the answers to the proud heritage questions in the interview schedule. The current generation is the exception to the previous two generation in talking way proudly on their heritage. Some exceptions in the older generations too noted in the bitterness of accumulating huge wealth and the wider gap between the rich and poor chettiars. The socio- cultural evolution and the reasons can be put in a nut shell as follows:

1. Even for being such a small number of population, they established themselves as an important community of South India

2. For a community hailing from an interior village cluster, the gumption they have showcased in crossing oceans and boundaries commands respect
3. Courageous families which sent their sons to far way places in pursuit of money risking their lives
4. Adaptability and acceptance of the new countries with their own style of food, language and culture
5. Women empowered with authority and responsibility of economic and family matters
6. The frugality and savings concept as a generalized concept of the community
7. Unabated love for their soil and native land
8. The unique system of adoption of son – not in the sense that other communities do by adopting infants for the sake of parenting joy, but adoption of grown adults too, not bothering about the emotional bonding, but for the economical bonding. The heir to ensure the continuance of family name and heir to the property is the purpose of Chettiar adoptions.
9. The much appreciated network well established in other countries was not even tried in our own land. The possibilities of networking in special industries where a lot of chettiars do the same business like medical stores retailing, chemical industries, textile industries etc, there seem to be more rivalry among the kin group than the rivalry with other community people. The chettiars are now ready to mingle with other community people for partnership but think twice if it is with other chettiars⁴⁴⁵.

⁴⁴⁵ A booklet printed for circulation among chettiars containing a speech of a Chettiar Named “Rathinam” in a Deepavali festival meeting of chettiars held on 28.10.78 in Kuala Lumpur.

5.3 Recommendations and Conclusion

From all the analyses conducted as above, the following are found as important areas to infer meanings and recommendations:

5.3.1 Wealth creation and Multiplication:

The techniques and strategies followed by the chettiars in Burma, Singapore and Malaysia are proven successful beyond doubt. Even though the situation of unexploited business areas is indicated as reasons for their success, the strategies are worth for what they were. The “Multiplying” of money rule stands as a testimony for “little drops maketh an ocean”, proved practically. The amassing of wealth they created and multiplied henceforth is the major lesson for the banking service. It can be further strategized and followed in present day small level banking services.

5.3.2 Wealth Management:

The wealth thus accumulated were invested in huge mansions and losing the easy liquidity principle of the community. The expenditure in ways of weddings, huge donations to charities and temples acted as drain holes of wealth. The mismanagement of capital is the reason and not forecasting the market and not having a control over the expenditure due to the egoistic competitiveness acted as other drain holes. The realization of these pit falls may help any community not to repeat the flaws in future.

5.3.3 Social status and Heritage

The chettiars still seems to live in the glory of their past and hence still haunted by their bitter experiences. The social status of the chettiars as per the Government of India norms are “Forward Caste” and there is contradicting opinions among the younger and older generations of the community. It would be better for the community to revisit the past to learn the lessons and not only bask in the glory of the past. It would be fruitful if the past is used to ensure the values and ethos that are transferred down the generations. The heritage of the mansions can be used for tourism entrepreneurship as already some of the mansions are converted into hotels. Instead of locking up the heritage houses unused, the avenues to remake the history should be identified and utilised.

5.3.4 Spirit of Entrepreneurship

The revival of the spirit of entrepreneurship and adventurous risk taking ability for which the community is known for is the need of the hour. The education and thinking of the community members may be focused towards establishing business rather than finding employment. The natural business acumen that has followed them for generations would be put to use, if the community members follow the pattern of past and kindle the cooperative coordinated business ventures, which is not seen now. The associations that are working towards the cultural sharing can be used as a platform to bring in the spirit of business, by starting up angel investment initiatives.

5.3.5 Stepping beyond caste and towards community

The need of the hour of the community is to think as a community and not as a caste. If the members would be willing to step beyond the caste notions and understand the community concept it would help all the three stake holders- the community, society and the country. What made them into a group is the common occupation – business, and not the caste concept. The occupational grouping may be followed now to perform as a community, only if the other boundaries such as divisions, sects and clan discriminations are neglected. “Community” represents more socially conscious groups whereas “Caste-ism” represents social divisions, which divides the society. Hence, stepping beyond the narrowness of Caste-ism to the wider goodness of communities will certainly help the members of this community to get elevated.

5.3.6 Possibilities to remake the history

If a small band of chettiars can travel beyond oceans and change the fate of a country and make it into an agriculturally empowered one two centuries ago, given the development, technology and population, a well conceived entrepreneurial community initiative can change the fate of our farmers too. We have a rich history to learn and rectify the mistakes. The scenario of country’s farmers’ today is no better than the peasants of Burma or Ceylon in 1900s. The increasing number of suicides of farmers indicates the shortcomings in the micro-financial system with empathy. As pioneers in the area, the chettiars can rethink and reconsider a revolution again with their hereditary expertise.

5.3.7 Conclusion

Wealth creation, multiplication and accumulation –all is fine only if the stakeholders of the society are part of the beneficiaries to the accumulated wealth. The belongingness to the country and the rights of being the citizen is in no way smaller and no ethnic minorities have dominated for such a long period in a foreign land.

The “drain” from India to Britain was loathed by Indians till date. The “drain” from Southeast Asian countries to India through chettians’ well developed due remittance system of their profit and earnings is no way less than that. The channels and methods might be different, but the “loathe” is same and it remains.

The chettians victimized or not, but surely hurt and still the older generations hold the scars. As the time rolls, the newer generations of the community holds the hope and tries to create a new identity for them – not just any business group but a multi-dimensional one.

To conclude, it is our duty to visit our past and to do so, documenting our past as history, without any bias and prejudice is the first step. Revisiting the path of our forefathers enrich us with knowledge and lessons, to continue our journey more successfully. This study is a small contribution to take the first step. It is proved from the study that, a band of brothers can create a community and a land and culture of their own. With unity, the members of the community can establish business empires in far off places and can uplift their society with social responsibility. It is the need of the hour for the Indian business communities to repeat the success story of agricultural credit in India.

5.4 Limitations

The present study is an attempt to fill the void in the area of business history and business communities, particularly Nattukottai Chettians. But the following are noted as limitations of the study:

2. This is not an exhaustive study by any means. The history of the community is very long and the documentation is poor in chronology and statistics. Further, the

authenticity of the data obtained from the personal journals and magazines are questionable.

3. The information obtained from the interviewees are subject to moral subjugation
4. There is no authentic information on the population growth of the community except for the temple registers which register the married population. Hence, the world wide spread population is unknown.
5. The wide gap in the community due to inter caste/ inter religious marriages are getting wider and thus shrinking the population register in the temples. Hence, the interviewees are reluctant to voice out their opinions.
6. The time and cost factor, for such a wide study with various research locations proved to be limitation for the researcher to interview the people in person.
7. The controversies among the community and their ethical practices in business could not be properly interviewed and documented because, the loyalty to the community, pride and prejudice to safe guard the good name of the community and the natural affinity to the community acted as a limitation.
8. The availability of historical data proved a real limitation due to careless maintenance, many documents thrown away not understanding the real value.
9. The studies that are made abroad are not easily available unless a huge cost is involved. Hence, it proved as a limitation.
10. The generalizations are made after a thorough logical and content analysis but still the researcher is conscious of the errors that may arise in generalisations due to biased opinions and misinformation provided by the interviewees
11. After all the effort put in, still the study may have the imperfections and shortcomings, an inevitable side effect of the case study method.

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Appendix

Abstract of the Journal Publication



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CHARITIES AS CSR – A CASE STUDY ON THE NATTUKOTTAI CHETTIARS OF TAMILNADU

Punitha . A* Dr. Chitra Sivasubramanian**

*Assistant Professor, Pondicherry University, Pondicherry, India

**Associate Professor, Pondicherry University, Pondicherry, India.

Abstract

Nattukottai Chettiars, also called as Nagarathars, hail from the southern part of Tamilnadu. The place they inhabit is called as “Chettinadu”, meaning –the land of Chetty. Chettiars are southern equivalent to the “vaishyas” or “baniyas” of Northern India. The Nattukottai chettiars stand out for their adventurous spirit of entrepreneurship, as the history mentions them as Maritime traders. They acquired huge wealth and fame during 1800- 1940s by venturing into the Southeast Asian countries as money lenders and traders. Their indigenous banking system, combined with organizing and accounting skills that were compared with the European bankers, made their centuries full of money. Frugal, spiritual and simple chettiars found their way in the development areas of Burma, Malaysia, Singapore and Ceylon, out of which, Burma was their important headquarters for banking operations in the past century. The wealth gained by the industrial giants from this community is duly given back to the society in various forms. The purpose of this paper is to appraise the role of Nattukottai Chettiars in development of the state in the areas like Education, Health Care, Spirituality, Research etc. The altruistic activities of the major Chettiar Business Houses, like Murugappa Group, Raja Sir Group are studied in this paper. The paper tries to relate the Business Values of these groups with the community values, family values, cultural values and historical values. This paper is a qualitative study, using case study method.

Introduction

Nattukottai Chettiars are an interesting community with a rich heritage and traditions. They are also called as Nagarathars. Nattukottai means country castles in Tamil, a name that well suits the community, as they are noted for their marvelously designed palatial houses. Historical studies mention them as “maritime traders”⁴⁴⁶ and “salt traders”⁴⁴⁷. These adventurous entrepreneurs spread their wings during the colonial era to many of the Southeast Asian countries like Burma (now called as Myanmar), Malaya (now called as Malaysia), Singapore and Ceylon (now called as Sri Lanka). This paper tries to

⁴⁴⁶S. Grantham, M. A. (15th June 1930).

⁴⁴⁷Rudner, D. W. (1994).

bring out their most appreciated quality “charity” as a quality of CSR. A note from Thurston’s⁴⁴⁸ says,

“The chettys are believed to be the most charitable class in southern India, and undoubtedly they spend the largest amount of money on charity”.

Methodology

This paper is a qualitative study, using case study analysis method. This paper aims to study and understand the altruistic characteristic of chettiars through their contributions to various needs of the society.

Historical Overview

Much noted for their sharp business acumen, frugality, spirituality and simplicity, they claimed high level of respect in the ancient Chola and Pandya period for their trading abilities and bringing wealth to the kingdom. Even though the myths and legendry stories of chettiars in ancient period is under debate for want of authenticity, the chettiars beliefs are that they are descendants of the traders from Kaviripattinam (Poompuhar) of Chola kingdom, as the folk lore and a tamil book called “Nattukottai Nagarathar Varalaru” says so. The Chettiars were flourishing traders of Chola Kingdom, at Kaviripattinam a port town which helped their trading to faraway places. Hearing on their achievements and credibility, the Pandya king invited them to his kingdom. Thus, this mobile community moved to this present location called “Chettinadu”, meaning the “land of Chettys”.

This story of Chettiars is often questioned for its truthfulness. But, the practice of inviting traders is seen through stone inscriptions⁴⁴⁹ of *GangaiKonda cholapuram*, a proud capital of *cholas*, around 11th century. It is found that, *Paranthaga Cholan* had set up a market place, like a trade hub, for the benefit of the society and 500 tradesmen were

⁴⁴⁸Thurston, E. (1909). (Thurston mentions this quote from Mr.Sundara Aiyar)

⁴⁴⁹South Indian Inscriptions, Vol. XIX

stabilized in that market place. (in Tamil, it is called as *Nilai Thalam*). Further, tax free benefits were also given to enable their growth. In return, those tradesmen constructed schools and donated lands for schools. Festivals were conducted and sponsored by them in the place of their business. Moreover, the tradesmen built renovated temples and donated gold to king for building temples. The women of the merchant community donated oil to light the lamps in the temples. This gives an insight on the tradition of business men, from the day known to us and gives a grip that the legendary story of mobility of Chettiars may be true.

Geographical Location:

Chettinadu refers to the village clusters that were inhabited by the chettiars. The number of villages and dimensions is debatable as there are various documents stating different statistics. However, the transition in their occupation from salt traders and maritime traders in historic period, to moneylenders and indigenous bankers in the medieval period, and then to industrialists and retail traders in present day have fanned them all over the world. Hence, the concentration of chettiars found in the chettinadu deteriorated day by day and it is very thin or nil in some of these villages. What still makes these places as chettiar villages are the annual temple ceremonies attended by the clan and family members, the temples still under the huge donations and maintenance of chettiars, the clan temples maintaining the population registry and marriage registry of chettiars and grand palatial bungalows without people living in it. The chettiar legacy has that previously under the Chola period there was 96 villages, but slowly it got reduced to 80 villages under 7 clusters namely Melapathur, Kilapathur, Mela Vattgai, Kila Vattagai, terku Vattagai, Pathinaru Vattagai, and Neendakarai Pirivu.

Spirituality and Charity

According to the legendary tale, the Pandya king gave the Chettiars Siva temples as per their request to get settled in his kingdom. As the Community grown, the temples they took under as their clan temples increased to nine. These nine temples are still considered as the base of clans of chettiars, and these temples are all located in and around

the Chettinad. Nattukottai Chettiar Community revolves around these nine Sivan temple divisions (*Kovil pirivu in tamil*). Being highly spiritual, they have followed the habit of keeping aside a part of their business profits to their deities as share. They have shown their altruistic nature in the development of temples and their maintenance by donating happily with utmost sincerity and “*Bhakthi*”. This is evident through the grandeur in architecture of the temples they have built and renovated, and the day to day maintenance. Hence, it can be understood that, it is their rich spiritual heritage that had made this community render contributions selflessly to the society.

Other than the major contributions to their clan temples and the village temples, they have rendered their financial contributions to almost all the major temples of Tamilnadu. The renovations made at the Chidambaram, Madurai and Tiruvannamalai Temples around the end of 19th century are mentioned as huge works with “very large sums”⁴⁵⁰ spent by the Chettiars.

Fortunes and misfortunes

During 19th century, the extreme accumulation of wealth of this community was unimaginable. The Burma Provincial banking enquiry, 1929 estimated a total of Rs.1200 million⁴⁵¹ of *Chettiar* money lending in all their operations in all the countries including the then Madras presidency. The wealth thus earned outside India, was channelized to the development of their native place, except for the unfortunate incident of flight of Chettiars from Burma, leaving behind the land and other assets acquired in Burma, during World War II. As any other history of communities, they too had their own share of ups and downs. Apart from being traders and money lenders, Chettiars are well known for their

⁴⁵⁰Thurston, E. (1909).

⁴⁵¹Turnell, Sean (2005) p.10

indigenous banking abilities, which are often compared with the European Merchants⁴⁵². Bank of Chettinad, (now defunct), Indian Bank, Indian Overseas and Bank of Madura (merged with ICICI) are some of their initiatives. Apart from Banking Industry, they had diversified business ventures starting from Rubber estates in Malaysia to Tin mines in Burma, Engineering products to organic pesticides, Cloth mills to Cycles. Raja Sir Annamalai Chettiar, Karumuthu Thiagarajan Chettiar, Alagappa Chettiar, AM Murugappa Chettiar, AV Meiyappa Chettiar are some of the great Industrialists of this Community.

Charity as a part and practice of Business

During their expedition in Burma during colonial era, Nattukottai Chettiars used to conduct their business meetings at the temple⁴⁵³. Temples are not only treated as a spiritual place, but also a place for community development. They had even small rooms for business in the ground floor of the temple, called “Kittangis”. Their business days started with puja and ended with evening prayers. The first entry made in their accounting journal everyday would be the expenditure written off to their god⁴⁵⁴. Building Murugan temples in other countries they operate is also their unique practice. It is a gesture for communal unity and to keep their faith intact. The temples they built in Malaysia and Singapore stands today as a congregation place for even Chinese communities, and people of all walks of life take part in the festivals conducted in these temples.

Practice of “*Magamai*”

“*Magamai*” is a definite percentage of commercial profits earned by the Chettiars to be set aside for charity. Out of this, certain types are set aside only for the temples. It is

⁴⁵²Thurston, E. (1909).

⁴⁵³S. Grantham, M. A. (15th June 1930).

⁴⁵⁴ Information based on the interview with an elderly chettiar, who worked in Burma for few years

a unique attribute of this community, that wherever they go to conduct business, from Saigon to Cochin China, they have built a temple out of their business earnings. The “Magamai” contributions helped the upkeep of these temples.

Every year according to the needs of the temple, they conjointly decide upon their contributions based on the size of the business. In Burma during 1850 - 1930s, generally one rate fixed for loans and another for acquired property in lieu of debt. For example, the Burma Provincial Banking Committee Report says, 14 annas per Rs.1000 on loans are kept aside and 9 annas per Rs. 1000 for property taken over debt, the value of the property being reckoned always as the principal money outstanding of the debt. It is further mentioned that, all gave their contribution honestly without fail, and a failure means boycott by others. As a close knit community, living as concentrated groups in villages back home, this boycott punishment is a real scare and hence, no Chettiar money lender evaded this contribution.

The second type of “*magamai*” was derived by a sort of cess upon certain kinds of business done. Every year during accounts closing the amount received from one shop to other and the amount paid to one shop from the other is calculated and the difference in every pair is taken as base to calculate “*magamai*” at the rate of quarter of an anna per Rs.100. The receiver of the total amount pays this to the shop that paid to them, and the shop which received this “*magamai*” use this for charity. Apart from this, gifts are paid from time to time based upon the needs of the society. Some examples mentioned in the report are

- Gift promised in May 1930 by the Rangoon Chettiars to the fund for relieving sufferers in the pegu earth quake
- Collections for the gift to Rangoon University
- Kanbe school endowment (A school built and run by the Nattukottai Nagarathar Association, for the Nagarathar boys in Kanbe, Burma. The residential school was specifically designed to help the chettiar boys learn Values, Spirituality, Maths and Physical Education)
- Apart from these group contributions, individually chettiars give freely for charitable purposes.

The contributions they have made in India during 20th Century, with the huge fortunes they earned in Southeast Asian Countries are also to be studied for a thorough understanding of their change in the course of charities. Temples of 19th century were social places for community meetings and sharing and maintaining social values. But, the turn of 20th century opened up other necessities of the society like educational institutions, especially for girls, Research institutes, Health care places, Rural development centers and digging up of tanks in the water scarce Chettinad. Hence, the sensible Chettiars, by that time winding up their business firms in other countries and settling back in the home town due to repatriation of British from Asian colonies, turned their interest of charity towards education. The big chettiar firms are pioneers in setting up schools and colleges in their home town. Even though it would be a herculean task to enumerate all the donations and charities made by the chettiars to the education field, the paper tries to bring in huge contributions, leaving small ones by the smaller firms and individuals, due to the limitations of time and cost.

Raja Sir Annamalai Chettiar Groups

Education

We can say that Education is the thrust area for *Nagarathar* contributions, next to spirituality. Being basically banking community, they excelled in book keeping. Tamil music was highly patronized by Raja Sir Annamalai Chettiar. His son, Raja Sir Muthiah Chettiar was honoured with a title “*Tamil Isai kavalar*” – meaning protector of tamil music- for his flawless contributions towards the development of Tamil music.

Annamalai University

Raja Sir Annamalai Chettiar’s contribution towards Education development of society is tremendous. He is visionary and a strong believer of education’s role in free India. His first venture is “Sri Meenakshi College” in 1927. Later, the additions of Tamil college and a Sanskrit college adorned Chidambaram, a temple town in Tamilnadu. Further the additions of College of Music and Oriental Training College lead the path way for expansion. With these colleges as nucleus, Annamalai University was formed. The

splendid development of the University today inspires us and makes us think about the first big step by Raja Sir and his Son Muthiah Chettiar.

Dr.Alagappa Chettiar

An adorable philanthropist, Alagappa Chettiar is another icon of Chettinadu. It takes a lot of courage to give as much money as Mr.Alagappa Chettiar was able to donate. He was a business tycoon, but the money earned came back to the development of rural tamilnadu. He gave even his palatial house, where he resided, to convert into a women's college in his place of birth.

Alagappa University

Alagappa University is his contribution to the Karaikudi, a small town of Chettinad. The other notable educational contributions⁴⁵⁵ from this noble person are

- Alagappa Chettiar College of Engineering & Technology (ACCET) at Karaikudi, Tamil Nadu. (Now an autonomous government institution)
- Alagappa Primary School, Karaikudi, Tamil Nadu
- Alagappa Montessori School, Karaikudi, Tamil Nadu
- Alagappa Model Higher Secondary School at his birth place, Karaikudi, Tamil Nadu
- A ladies' hostel at Vepery, Chennai
- Foundation of an engineering college at Annamalai University, Chidambaram, Tamil Nadu
- Foundation of a college of technology at Madras University, subsequently named Alagappa Chettiar College of Technology, Guindy, Chennai

⁴⁵⁵www.alagappa.org, homepage of Dr.Alagappa Chettiar

- A donation to establish the South Indian Educational Society at New Delhi in 1948
- A donation to establish higher education in Malaysia
- A donation for publishing Tamil Kalangiyam
- A donation for geological research by the Travancore government
- A donation for indigenous medicine research by Ernakulam Maharaja College
- A donation to fund students from Cochin to study abroad
- Funding the morning food scheme for Cochin children
- The installation & development of Tamil Department of Travancore University.
- A donation to the Lady Doak College at Madurai

Apart from these contributions towards educational development, he also has donated for establishing a maternity hospital and childcare centre in Cochin. He donated for the development of the township infrastructure of Kottaiyur, Tamilnadu, an Indigenous medicine Research by Ernakulam Maharaja College, a fund for Students of Cochin to study abroad, and a fund to establish South Indian chamber of commerce in Cochin.

Care beyond native lines

The compassion of Dr. Alagappa Chettiar is not only for the people of his place of birth, but from the above information we can understand that he cared about the societies where he ran his business, even a foreign country. The contributions he made in Kerala and Malaysia are fine examples for this.

Murugappa Group -AMM Murugappa Chettiar

AMM Murugappa Chettiar group of companies (Murugappa Group) are carrying their philanthropic activities for generations. The Murugappa group follows the community tradition of “*Mahimai*”, spending a part of profit towards community and social development. One percentage of profit after Tax is forwarded to AMM Foundation, the initiative of the group’s NGO activities. AMM foundation runs two higher secondary

schools (government aided), one in Chennai and another in Chettinad. A polytechnic college serves for the suburban Chennai students.

In the Health care area, AMM Hospital, from 1924 is to be noted for the service it is rendering to the rural people in Pallathur, Chettinad. Apart from that, Sir Ivan Stedford Hospital, a Hospital with all modern equipments for surgery, is a boon to the suburban Chennai people, for whom Government Hospital with all the amenities is a little far away. Valliammai Hospital in Kanyakumari district, Tamilnadu is another contribution from this group to the society. Murugappa Group focus its Corporate Social Responsibility also towards Research and development. Murugappa Chettiar Research Centre(MCRC) is another bench mark of Murugappa Group in the rural development sector, designing simple technologies for the use of local artisans.

Discussion

The interesting and intriguing feature worth noting is that, Chettiars are criticized for their strict business practices in money lending, with higher interest rates on loans, which is the reason for their wealth accumulation in a short period. During 1930's they were even described as 'fiery dragons'⁴⁵⁶ for acquiring land (for unpaid loans), from the Burmese peasants. But, on the other hand, in all the countries they have set foot for business⁴⁵⁷ and back in home country, they were contributing selflessly to the society, mostly in the form of constructing and renovating temples. This clearly contradicts the characteristics of "not considering usury as sin" and keeping the chief aim as making money.⁴⁵⁸ This shows they practiced business strictly, sticking to the goal of earning profit and multiplying money as per their community tradition, but at the same time socially

⁴⁵⁶Testimony of a Karen witness to the Burma Provincial Banking Enquiry, 1929

⁴⁵⁷Thurston, E. (1909).

⁴⁵⁸Thurston, E. (1909).

responsible too. Having been appreciated as well as accused of being frugal all throughout their history, the voluminous charities opens up the other side of this community, which needs to be judged better.

Conclusion

Sometimes, just a small look back into the background of our values system may inspire us to look forward. It is human tendency to forget the path we have traveled. Along the path, we deviate, enter new path, new values, new life style, and new business system and so on. Perception also grows and changes. It is our responsibility and duty to see to that, that all these changes are towards the improvement of humanity and to make the earth a better place to live. That's what all the personalities mentioned above did. Business is an occupation for survival, if fortunate to make more money, the self less nature should be turned on. From the activities of altruism mentioned above the following values are perceived as their community values.

4. Religiousness and spirituality is well balanced with modern life styles and treated as the basic string to keep the community intact.
5. The importance of education is well understood and thrust is given to that area
6. It is well understood that the altruist activities know no boundaries. As per the ancient tamil literature hymn "*yaadhum oore yaavarum keelir*" (meaning "all the places are same and equal) Chettiars philanthropy is wide spread beyond frontiers.
7. People are treated with empathy, which is understandable through their health care services.
8. Women folks of the community are well respected and they participate actively in the selfless activities of their fellow men. Mrs.Umayal Ramanathan, daughter of Alagappa Chettiar and the Women of Murugappa family are fine examples.

Apart from these, a common characteristic of the community to learn is the treatment of success and failure. They stand back together again after every major problem and disasters -from the dry land they come from to the disastrous flight from foreign

countries. They earned a lot, and lost a lot many incidents of history, but still they stand and start business again with of course, charities as a part. When this was questioned in an interview session, a Chettiar, aged 87, said in tamil “*dharmam talai kakkum*”, Meaning “charity will save the head”, which seems to be true in their case.

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Interview Guidelines

1. Personal details
 - Age
 - Gender
 - Native village & clan temple
 - Sub sect: No.1 or No.2
2. Business or occupation
 - Father's occupation
 - Grandfather's occupation
 - If employed, willingness to conduct business
 - Risk taking ability
 - Any unique Business practices in the family
 - Financial Status
 - Accounting methods
 - Hiring any chettiars?
 - Training methods
 - Help from associations or kins?
 - Marriage alliance helps present business?
3. Business and Community (Conversational)
 - Any overseas ventures from the family?
 - How & Why did they came back?
 - Do you have business partners from your community?
 - Do you think the business network concept as it evolved in the past helped the Community to attain Prosperity? Is it possible to revive these institutions by drawing some lessons from this experience ?
 - Will you be interested in bringing it back?
 - Do you think the identity as business community is anyway helpful to your business?
 - Do you think the network is possible now because the IT is much better advanced now?

- Do you think if we do the same practice of networking among the business we do like, paper and stationeries traders together if they had networking, we may do much better business?
- There is a controversy on the Ethicality of Chettiars' business practices in overseas trading. What do you think?
- It is accused by the Burmese (in general, but particularly the Banking enquiry commission) in the history that Chettiars have cheated the Burmese farmers and taken over the lands. What do you want to say on this line
- Did anyone from your family come to acquire land in the course of their banking business in Burma?
- Do you have any documents/records family papers of your ancestors relating to the pre-Independence period?

4. Community

- Do you feel proud to be a member of this community?
- Are you a member of any community based association?
- How have you benefitted as a member?
- How is your relationship with your Kins, Relatives, and "Pangalis" ?
- How do you relate yourself to the community?
- Do you know about the rich heritage of your community?
- In a situation, will you reveal your community identity with pride and dignity?
- In the nation's present scenario, do you think it is good to hold a person's communal identity?
- What would you prefer –community based marriage alliances or inter caste marriages?
- What is your overall assessment of your community
- Chettiars are known for the charity. Do you feel pride for that?
- Are you happy with the altruistic identity?
- Do you have this altruistic characteristic of your forefathers?
- What do you know about the elite Chettiar families?

List of Nine Clan temples, divisions and the Deities

S.No	Temple	Divisions	Deities
1.	Ilayatrangudi Koil	1. Okkurudaiyar 2. Pattanasaamiyar 3. Perumarudhoorudaiyar 4. Kazhanivaasaludaiyar 5. Kinginikoorudaiyar 6. Perasendoorudaiyar 7. Sirusethurudaiyar	Kailasanathar, Nithyakalyani
2.	Maattrur Koil	1. Uraiurudaiyar 2. Arunbakkurudaiyar 3. Manalurudaiyar 4. Kannurudaiyar 5. Karuppurudaiyar 6. Kulathurudaiyar	Ainootreesar, Periyanayagi
3.	Vairavan Koil	1. Sirukulathoorudaiyar 2. Kazhanivaasaludaiyar 3. Marudhendirapuramudaiyar	Valarolinathar, Vadivudaiyammai
4.	Iraniyur Koil	Tiruvetpurudaiyar	Aatkondanathar, Sivapurandevi
5.	Pillayarpatti Koil	Tiruvetpurudaiyar	<ul style="list-style-type: none"> • Tiruveesar, Sivagamavalli • Marudeesar, Vaadamalarmanga i • Karpagavinayagar

6.	Nemam Koil	Ilanalamudaiyar	Jeyankonda Choleesar, Soundaranayagi
7.	Illuppaikudi Koil	Soodamanipuramudaiyar	Thanthondri eesar, Soundaranayagi
8.	Sooraikudi Koil	Pugazhvendiya pakkamudaiyar	Desikanathar, Aavudainayagi
9.	Velangudi Koil	Kazhaninallurudaiyar	Kandeeswarar, Kaamatchi ammai

The list of chettiar villages under clusters:

Therkku Vattagai (South)

1 Nattarasankottai	8 Vettriyur	15 Sakkandhi
2 Paganeri	9 Natarajapuram	16 Karungulam
3 Madagupatti	10 Pattamangalam	17 Aranmanai Siruvayal
4 Okkur	11 Kollangudi Alagapuri	18 Panangudi
5 Cholapuram	12 Chokkanathapuram	19 Sembanoor
6 Kalayarmangalam	13 Alavaakkottai	
7 Kandramanickam	14 Keela Poongudi	

Mela Vattagai

20 Kilasivalpatti	24 Aavinipatti	28 Sirukudalpatti
21 P. Alagapuri	25 Mahibalanpatti	29 A. Thekkalur
22 Kandavarayanpatti	26 Viramathi	30 Sevoor
23 Pulangkurichi	27 Nerkkupai	

Keela pathoor Vattagai

31 Arimalam
32 Rayavaram
33 Kadiapatti
34 Thenipatti

Keela Vattagai

35 Devakottai

37 Aravayal

36 Thanichaoorani

Mela pathoor Vattagai

38 Valayapatti

43 Rangiyam

48 Vendanpatti

39 Kulipirai

44 Kuruvikondanpatti

49 Vegupatti

40 Nachandupatti

45 V.Lakshmiapuram

50 Virachilai

41 Melachivalpuri

46 Ulagampatti

51 Panayapatti

42 Kopanapatti

47 Pon. Pudupatti

52 Mithilaipatti

Pathinaru Vattagai

53 Karaikudi

63 Konapet

72 Palavangudi

54 Kandanur

64 Athangudi

73 Chokalingamputhur

55 Kottaiyur

Muthupattinam

74 Kallal

56 Uyikondan Siruvayal

65 Ramachandrapuram

75 Kallupatti

57 Kothamangalam

66 Shanmuganathapuram

76 Siravayal

58 Nemathanpatti

67 Pallathur

77 Athangudi

59 Ariyakudi

68 Puduvayal

78 Viswanathapuram

60 Amaravathiputhur

69 Ko. Alagapuri

79 Sivayogapuram

61 Managiri

70 Kanadukathan

80 Karaikudi

62 Nachiapuram

71 Ko. Lakshmiapuram

Muthupattinam