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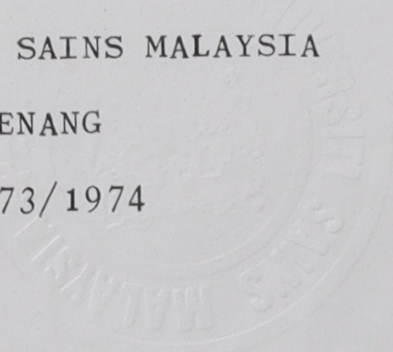
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UNIVERSITI SAINS MALAYSIA

PULAU PINANG

MALAYAN CHETTIERS AND THEIR ACTIVITIES, 1930 - 40

KUNA TEVI NAGALINGGAM

Practicum presented to the Universiti
Sains Malaysia in part fulfilment to-
wards a Degree in Arts with Honors,
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P R E F A C E

This paper, presented to the Universiti Sains Malaysia in part fulfilment towards a Degree in Arts with Honours for the academic session 1973/74 was largely motivated by my own interest in the controversial subject of the chettiar role in the Malayan economy. Originally intended to be much more in depth, gathered from personal interviews from all parties in the controversy, those who are chettiars as well as those who are fiercely opposed to them, as well as those who seem more calm and rational, this intended scope was greatly limited owing to lack of time, as well as the obvious reluctance of certain sources who have been rather unwilling to talk frankly. Hence my great reliance on the primary as well as Secondary sources. In this respect I am indebted to the following institutions which have rendered assistance - the Perpustakaan Universiti, Universiti Sains Malaysia; the Library of Universiti Malaya; and the Arkib Negara Malaya, even though much of the material was unavaible, being away for repairing and binding for some 3/4 years.

Above all, I'm most indebted to my supervisor, Dr. Lim Teck Ghee for the ultimate in patience that he has shown towards me, for his valuable guidance, insights, and assistances, towards the completion of this work.

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INTRODUCTION

It was even as early as at the time of the writing of Malay's geographical history that there were instances of extensive expansion of Indian colonization and commerce, ranging from Burma and Malaya to Indonesia and India. At some point along this time scale, the Chettiar community, maritime traders and bankers for centuries, when Indian trading interests began to decline in the nineteenth century, began to focus their sights primarily on banking and developed a wide and well-organized net work of banking business in South and South-East Asia, in particular, in Malaya, Ceylon, Burma, Malaya, Indochina, Thailand, Indonesia and Mauritius.

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Of all these countries, it has been in Burma and Malaya that the Indian minority has been of importance. Though the Chettians were but a tiny portion of the entire Indian immigration to these countries, yet they have succeeded in achieving a unique degree of socio-economic and political impact.

It was in Burma that they established their main field of business, to the extent that it has been regarded that their business activities in Burma were more important to them than all the business that they carried on in all the other countries put together.¹

¹ Cheng Sook Hoo, The Rise Industry in Burma
(Kuala Lumpur: University of Malaya Press 1968)
p. 187.

INTRODUCTION

It was even as early as at the time of the writing of Ptolemy's geography at about A.D. 50 that there were instances of extensive expansion of Indian colonization and commerce, ranging from Burma and Malaya to Indonesia and Indochina. At some point along this time scale, the Chettiar community, maritime traders and bankers for centuries past, belonging to the vaisyas caste, the indigenous population of the Chettinad District, a barren and waterless region near Madras, became involved in this overall picture of Indian maritime enterprise. When Indian trading interests began to decline in the nineteenth century in the face of stiff competition from Western maritime traders with their newly-developed industrial products, the Chettiars began to focus their sights primarily on banking and developed a wide and well-organized net work of banking business in South and South-East Asia, in particular, in Madras, Ceylon, Burma, Malaya, Indochina, Thailand, Indonesia and Mauritius. Of all these countries, it has been in Burma and Malaya that the Indian minority has been of importance. Though the Chettiars were but a tiny portion of the entire Indian immigration to these countries, yet they have succeeded in achieving a unique degree of socio-economic and political impact.

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¹ Cheng Siock Hwa, The Rice Industry in Burma (New York: Russell and Russell) (Kuala Lumpur: University of Malaya Press 1968) P. 187.

And it was in Burma that perhaps they achieved their greatest impact. As the Report of the Banking Enquiry of 1929 says, the outstanding and superb qualities of the Chettiers as a financial organization proved to have the merits that were so conducive to their gaining such a stranglehold on the Rice Industry of Burma. They provided more than 99 percent of all direct crop loans, financing to a great extent as well, the Burmese and other lenders. All their activities led them to a stage when following the fall in value of land in the wake of plummeting world cereal prices during the Depression in the early 1930's, much land came into their hands. When in 1930 they had owned about 6 percent of land in 13 principal rice producing districts of the total area occupied, by 1937 this percentage had risen to some 25 percent of the best Burmese ricelands, thereby making the chettiers a major portion among the other Indian and Chinese land owners who had appropriated more than half of the entire agricultural lands of Burma. Such an enormous transfer of land into their hands led to the passing of the Land Alienation Bill which held that land could not be permanently alienated and that at best a creditor could hold on to land for only 15 years, after which time period it had to be returned to the original owner without further payment being made. Other similar moves towards protecting the Burmese against the Chettiers, such as the Land Purchasing Bill 1941, Tenancy Act 1947, Land Nationalization Act 1948, Land Alienation Act 1948, Disposal of Tenancies Act 1948, and the Money-lenders Act 1945, were all calculated to have serious adverse effects on Chettiar interests.² And inspite of representations from the Government of India, Chettiar claims to adequate compensation for their losses have come to little and even nothing at all.

² Virginia Thompson and Richard Adloff, Minority Problems in Southeast Asia (New York; Russel and Russell) pp. 84 - 87.

Of much controversy and interest is the duality of personality that the chettyars have been vested with in Burma. In a public speech in December 1927, the ⁿtheir Governor of Burma, Sir Horcourt Butler, is reported to have held the view that "... Without the assistance of the Chettyar banking system the Burmese would never have achieved the wonderful advance of the last 25 - 30 years ... The Burman today is a much wealthier man than he was 25 years ago, and for this state of affairs, the chettyar deserves his share of thanks ..." ³ This is but one side of the coin. The other, gathered from the evidence given by a Karen witness to the Banking Enquiry Commission in 1928 goes thus " ... Tersely and pointedly speaking, chettyar banks are fiery dragons that parch every land that has the misfortune of coming under ^{their} wickid creeping. They are a hard-hearted lot that will wring out every drop of blood from the victims without compunction for the sake of their own interest ... the swindlings, cheating, deception, and oppression of the chettyars in the country, particularly among the ignorant folk, are well known and there are to a large extent responsible for the present impoverishment of the land ..." ⁴ Little wonder that Dr. Cheng Siok Hwa was led to write. " ... The chettiars, like moneylenders all over the world, have been praised as well as condemned. Some claimed that without chettiar capital Burma's rice-producing capacity could not have developed at the rapid pace it did. Other that the price paid by Burma was too high ..." ⁵

This, a very ^{brief} review of the chettiar role in Burma. The point of study now, is their activities in the other of the lands in which they have played so important ^a role in the economy of the country - Malaya.

³ Chakravarti, Nalini Ranjan, The Indian Minority in Burma
(London; Oxford University Press, 1971) P. 68

⁴ Ibid. P. 189.

⁵ Ibid. P. 189