The network of Indian textile merchants in Thai society

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Abstract

In the second half of the nineteenth century, merchants from western India developed a network to sell textile products to a growing mass market in Thailand. This network expanded further in the early twentieth century, especially through the use of traveling salesmen, and import of cheaper Japanese goods. In the 1930s and 1940s, the network had to adjust to changes in both Thai domestic politics, and international politics (especially the Indian independence movement). The Indian cloth merchants’ trading network from 1857 to 1947 was characterized by mutual business interests, and cooperation among groups of different geographic background.

Introduction

In the past, studies of Thai economic history have primarily focused on the economic role of Chinese in the production system. Their predominance can be seen for example in the trading of domestic rice or imported textiles, owning rice mills, growing rubber trees, and operating mines. Therefore, the Chinese were important economic players when it came to rice, rubber, and tin, which were domestically produced and internationally exported. This is one reason why studies in the past have solely concentrated on exports, while no significant studies on imports can been found.

Imports are goods that have been manufactured abroad but are brought into the country for sale to fulfill the people’s demands. One major import to Thailand is textiles. Since the Ayutthaya era, Thailand imported textiles to supply royal family members and high-ranking people, a relatively small target group. Later, at the beginning of the era of the Chakri dynasty (Bangkok period), imported textiles were still limited to urban people. The Bowring

Treaty of 1855 between Britain and Thailand, and parallel treaties concluded with other foreign countries, led to a significant change in the domestic production system. Because many Thais turned to growing rice for export, the amount of imported textiles increased significantly, becoming up to 25 percent of total imported goods during World War I.

Merchants from China, Western countries, Japan, and India played a crucial role in textile imports. Studies on textile trading in the past shed light on the crucial role of Chinese merchants trading imported textiles for rice with Thai farmers. An economic survey of rural Siam stated, "Chinese or Thai creditors were also rice merchants.... Some creditors sold food and consumable items as well as clothes to the farmers." Consequently, studies on Chinese textile trading have led to the interesting discovery of a rice-textile trade-off. However, the case of Indian merchants is a different story since they made up a small part of rice production and sale. For this reason, it is interesting to investigate what made them successful in selling cloth, in spite of this not being significant in relation to rice production. Great Britain at that time was the biggest textile source in the world. Therefore, it is also crucial to learn if these Indian merchants, whose homeland had been colonized by Great Britain, gained any advantage over other merchants, and if they were affected in any respect by the Japanese take-over of Thailand's market. This study on the network of Indian textile merchants in Thai society between 1857 and 1947 mainly focuses on patterns of commercial roles and the formation of the trading network of Indian textile merchants in Thai society.

The background and trading system of Indian textile merchants in Thai society

Indian textile merchants have played a significant role in Thailand for quite a long time. India has been famous for colored and chintz cotton, silver or gold striped silk cloth, ikat (yarn which resists dyeing), chowls, and so on. Indian merchants have sold these textiles to several countries including those in Southeast Asia, where they managed to dominate the textile trade at the beginning of the eighteenth century, due to religious connections. Later, Indian
merchants adapted well to working with Western merchants when they became more influential in this region. Indian merchants did joint trading with Western merchants in import of goods to ports in Southeast Asia, including Thailand. Most of the goods were textiles. The imported goods in the early Chakri era were limited to the royal family members and high-society. After the Bowring Treaty of 1855, which brought about a change to the existing production system, rice production increased and therefore rice farmers gained more income. Furthermore, the low import duty of only 3 percent, helped to make it possible for everybody to afford the imported textiles. As a result, imported supplies were no longer limited to high-status people. Overseas textile factories increased their productivity as demand in Thailand constantly grew. The higher the productivity, the lower the production cost. Due to the price of imported textiles being significantly less than before, demand increased accordingly. However, domestic production became rare as imported textiles were cheaper and had a better quality. Chows were the most popular textile imported by Indian merchants at that time. India was famous for chows. Different cities were famous for different chows. Due to good connections with the hometowns where chows were manufactured, Indian merchants were able to dominate textile trading in Thailand. However, there were also other active textile merchants in Thailand apart from the Indians, such as the Chinese, Westerners, and the Japanese. Initially, textiles manufactured in Western countries were actively traded in Thailand. Before World War I, most of the imported textiles came from Great Britain. The war suspended import channels resulting in a bigger market share for Japanese textiles, which consequently made the Japanese become market leaders. The first to import Japanese textiles were Chinese merchants. The textile market became competitive among Chinese and Indian traders; however, the Indians still dominated the chows market. Due to the competitive situation of several traders, Indian merchants began to set up a textile network in order to secure the market share and expand their businesses. The trading network was shaped by domestic needs and tastes, namely consumer behavior, affordability, preference, as well as governmental policy in textile trading. In addition, sources of the fabric from other countries such
as Great Britain, India, and Japan also affected the network formation.

Trading network: pattern and process

The development of the network of Indian textile merchants in Thai society was made according to the commercial situation and the network members. In addition, the network also functioned in relation to political changes both in the Thai and Indian setting. The pattern and process of the development can be divided into three periods: the formative period (1857—1897), the expansion period (1897–1937), and the period of adaptation (1937–1947).

The formative period (1857—1897), was the stage when Muslim merchants from the south and the west of India were highly active. These two groups sold different textiles and, therefore, their trading operated in a different fashion. Additionally, their networks were established distinctively. Merchants from the south sold high-value textiles such as wool and velvet, which were mainly used for uniforms and the attire of urban people. Due to the low demand for such textiles, these merchants formed a trading network only among limited and specific groups. On the other hand, merchants from the west sold textiles for everyday use to common consumers. The most popular textile at that time were the imported chowls. Chowl is the name given by Indian traders to a cloth about 8 feet long by 3.5 feet wide, which forms the chief article of clothing of Siamese of both sexes. They are dyed and printed by hand and a strong glaze is given to the surface which the people of Thailand much appreciate. This is proved in a trading report by the British Britain Consular Office in Thailand mentioning Swiss-made chowls which had been produced copying the Indian design. The Consular Office feared that these imported Swiss-made copies would affect the market share of the Indian fabric. The report revealed that

The only new imports of which I am aware are Swiss imitations of Bombay chowls. The chowl, sarong or hpa-nung, is a cloth about 8 feet long by 3.5 wide, which forms the chief and often only clothing of Siamese of all ranks and both sexes. Those manufactured in Bombay are the best....
During 1867 many imitations said to have been dyed in Switzerland were imported, they have been considered superior to the English manufactures; but I am told by natives, do not wear like Bombay chowls, and will not succeed for long.

The increasing number of imported chowls proved their long-term popularity among Thai consumers. Over one million pieces of chowl were imported to Thailand in 1872. Since this large number of chowls was significantly higher than demand in the capital city, it was understood that they were not only limited to consumption in Bangkok but were also for sale in provincial areas. The farmers could afford imported textiles since they made a very satisfactory income from exporting rice. The rice was valued at up to Baht 20 per cart, whereas in earlier days it had been valued at only Baht 10–12. In 1866, the scarcity of rice boosted the price to Baht 52–62 per cart. Thanks to higher incomes, farmers turned to the use of imported textiles rather than in-house production. One of the favorite fabrics among farmers were chowls, as stated in the record of Phra Nidhed Jalathee in 1890.

Chowl is the name of the cotton item of 3.5 feet width and 8 feet length made at Ahmedabad. In 1887 A.D. imported textiles were valued at up to 100,516 Pounds, 19,521 Pounds higher than the previous year, which registered a value of only 86,985 Pounds. It is noted that locals in the rural areas spent a longer time on the farms rather than producing clothes.... There is no doubt that they found the expansion of rice fields more worthwhile than fabric weaving for their own consumption, which was quite useless time-consuming work. This identifies the cause of the increment in imported factory-made cotton and wool.

The popularity of chowls spread from Bangkok to various areas. There was only a limited number of Indian Muslim merchants and therefore they failed to form an adequate network to cover all areas of demand. These merchants functioned only as importers and distributed the textiles to small retailers, who were of various nationalities. The record of the Post and Telegraph Department published in 1883, shows that out of 117 textile retailers in Bangkok, 72 were owned by Chinese, 18 by Indian, and 27 were unidentified. These stores sold a variety of fabrics namely chowls, silk loincloths, silk fabric, and plain-colored fabric. This confirms
the fact that imported textiles were released to all kinds of merchants for sale.

The reason why merchants from the west distributed their products through small retailers was because they aimed at establishing a wide network in Thailand. The wider the network, the better the distribution. The volume of imported goods and the rapidity of distribution had a direct impact on the import business. Failure to distribute goods would result in higher costs as loads of unsold goods would be stocked in the warehouses for nothing. Lower levels of import would generate only a little profit as importing costs were relatively high. Therefore, the wider network was an efficient means for merchants from the west to distribute goods. However, due to the small number of merchants, there was a need to form a network in collaboration with Chinese merchants. A network outside Thai society was established due to strong ties with manufacturing sources in India, especially with Gujarat where the Indian Muslim merchants came from.

In spite of being a small group, the merchants from Gujarat dominated the import business. This resulted from their good relationship with India’s chowl bases namely Ahmedabad, Surat, and Bombay, which are located in or near Gujarat. Chowls from these bases were not a factory-made product but hand-made from many villages. A good relationship with these bases was necessary for buyers and producers because they had to deal with one another with credibility and trust. If buyers ordered a large number of chowls, they had to pay a deposit and the goods would then be made in many villages in order to supply such a big demand. Ultimately, from the import of chowls from India to Thailand, these Indian Muslim merchants, whose base was in Gujarat, gained a distinct advantage from the strong formation of a network among Indian villagers.

During the formative period (1857–1897) Indian Muslim merchants were clearly the most active group. Those from the west of India established a strong network with their local bases, but in Thailand, due to their limited numbers, had to create a network with Chinese merchants in order to ensure efficient distribution. In contrast to this, Indian merchants from the south, whose target customers were specific, did not create a relationship with others as
their goods were not demanded by the common consumers. However, changes were to occur to the network later on due to the involvement of some other Indian merchants in textile trading, and due to changes in the social and economic situation of Thailand.

During the expansion period (1897–1937) groups other than Muslims began to take part, and the number of merchants increased. There is evidence of textile trading in various places in Thailand. An Indian salesman who traveled across the northern provinces was killed in a robbery in 1903. Another report on trading in Phrae, Rahaeng, and Mae Sot areas in the north, was written by the Assistant British Consul. As for Nakhon Sithammarat, a southern province, the Assistant British Consul reported that out of a total of seventy Indian merchants, fifty were livestock merchants and the remaining twenty were textile traders from the Punjab. Reports from Satun province in the south stated that Indian merchants were in the livestock, textile, and miscellaneous trading businesses. There are also additional reports mentioning the existence of two Indian trading companies, Gampat Ram Lal Chand and M.D. Ramchand, located at Bandon and Nakhon Sithammarat respectively.

Evidence of the expansion of Indian merchants across Thailand is also found in the business registration records from 1915 and 1925. Twenty-two retailers were registered in Bangkok. They were located in Ratchawong, Pahurat, Surawong, Yaowarat, Chakkrawat, Charoen Krung, and Bamrung Muang. In the provinces, there were six in Chiang Mai, two each in Lampang, Surat Thani, and Nakhon Sithammarat, and one each in Phrae, Chumphon, and Nakhon Ratchasima. In addition to these registered retailers, there were also traveling salesmen. According to a commercial report made by the British Consul, traveling salesmen appeared in response to excessive supplies of textiles in the market in 1905. In order to ensure a smooth flow of distribution, the products were sold at a discounted price or even on a credit basis, resulting in a larger number of traveling salesmen. They traveled to sell their goods at various places such as both sides of river banks, railway tracks, and on all transportation routes. The rapid expansion of the traveling Indian salesmen was a matter of concern for the Chinese merchants whose retail shops were located in the agricultural areas.
of the provinces. Indian merchants managed to take over most of the retail businesses over time. As stated by the British Consul, the traveling sales method of Indian merchants affected Chinese business. The Indian merchants sold their textiles in a direct sale fashion, whereas the Chinese had to wait around for customers at their shops. For those customers who had already bought the goods from Indian merchants at their own houses, there was very little or a decreasing need to go out shopping again.

Indian merchants had a good relationship with Indian textile import companies. According to a report by the British Consul on the import of goods, most of these companies were run by people from areas under British colonization, such as the retailers from Bombay who ran direct sale textile businesses in many areas. The commercial connection between Indian importers and the expansion of Indian traveling salesmen led to a larger proportion of the textile business falling into Indian hands. It was reported that most of the goods transported along the Ping river between Chiang Mai and Bangkok belonged to Indian and Chinese merchants in Chiang Mai. These goods were garments, cotton, silk, various kinds of pieces of fabric, and consumer necessities.

Apart from chows, Indian merchants traded factory-made fabrics and thread. Factory-made fabrics from Japan dominated the textile market in Thailand after World War I. Initially, the most influential merchants in this business were the Chinese, as can be concluded from a July 1925 report by the Commerce Publication Society about goods distributed by Japanese factories:

There were goods sold by Chinese merchants and goods merchandised in provincial coastal cities. It is difficult to forecast what was going on in such trading i.e., business among Chinese merchants in Bangkok and Japanese shipping traders. It can be seen that these two merchants made a lot of deals in import and export trading; Chinese merchants sold rice to the Japanese, whereas the Japanese sold textiles to Chinese.

Since Chinese merchants utilized their commercial networks to distribute Japanese imported textiles to farmers in many provinces, the trading cooperation between Chinese and Japanese merchants might have brought in a great expansion of Japanese imported textiles. In 1912, the Bangkok Times newspaper reported that
middlemen sold rice as well as other exported goods to commercial firms in Bangkok and helped to sell industrial products imported by these commercial firms to consumers in provincial areas. This led to a rapid expansion of Japanese textiles in Thai society. However, between 1928 and 1937, Chinese merchants' protests against Japanese goods brought Japanese–Chinese trading cooperation to an end due to political conflict regarding the invasion by the Japanese army into Chinese territory. Japanese merchandisers, in search of new business counterparts, opened the door for the Indian merchants. The more intense the protests became, the better the opportunities for Indian merchants to replace the Chinese. A report by an Assistant British Consul shows that, "Protests against Japanese goods by the Chinese made all Indian merchants in Thailand become silk and cotton fabric traders, replacing the Chinese." This led to expansion of the Indian textile business.

In the expansion period, Indian Muslim merchants were the major textile importers and distributors in spite of their being just small but very active retailers. However, in general, they were still able to secure their expanding market share and, from time to time, they even gained a bigger segment with the help of other newly established Indian merchant groups, of which the most active ones were from the Punjab region. They fully utilized their expertise in the textile industry for widening career opportunities in Thailand. Goods merchandised by Punjab merchants were chowls distributed by Indian Muslims, factory-made fabrics, imported clothes from India, Great Britain and Japan, as well as a variety of threads. With a higher number of trading network members than the Indian Muslim groups, they managed to create a complete network at import, distribution, and retailing levels. The traveling sales method was an effective mechanism that ensured their success. It was fairly easy for traveling salesmen to reach prospective customers. The wider the area the salesmen could cover, the more customers they would reach. Conversely, the number of customers in retail shops was limited, in particular since trading had to take place in specific areas. Therefore the traveling sales method was considered to be an advanced mechanism which led the Indian merchants to secure their trading role as well as reduce their dependence on Chinese retailers in goods distribution.
Some other factors helping to stimulate the expansion were the higher consumption of fabrics everywhere in Thailand, the increase in population, the decrease in import duty, and the import of low-priced clothes from Japan. Although Chinese merchants were the first to import and distribute fabrics from Japan in large volumes, political conflict changed the situation. Protests against Japanese goods by Chinese merchants in 1927 made it possible for Indian merchants to take over their trading role. Consequently, this is the period of expansion of Indian merchants.

In the period of adaptation (1937–1947), Indians in Thailand were watched closely by the Consular Authorities of Great Britain. The political changes in Thailand, namely the growth of the patriotic movement after 1932, and political changes overseas, namely the call for the independence of India, significantly affected the Indian textile network. These circumstances forced the network to adapt in terms of membership, trading, and relationship to the government.

Patriotism was encouraged in the era of Field Marshall Phibun Songkhram, who became prime minister in 1938. Under new regulations, all shops in Thailand had to be registered and were liable for tax. In addition, signboards in foreign languages had to be translated into Thai, and accounts had to be made in Thai in order to facilitate auditing. The government announced the First State Convention changing the nation's name from Siam to Thailand. Later on, twelve other Conventions, and the Culture Act in 1940, encouraged more patriotism. These political changes affected the Indian merchants in spite of their not being Chinese, the target group of the new regulations.

On 1 August 1940, the so-called Great East Asia Allies Group was established by Japan. It consisted of Japan, China, Manjukua, and nations in Southeast Asia. Many Chinese and Indians were resident in the Southeast Asian nations. Some of the 2 million Indian people who had worked in Southeast Asia returned to their home country, and others hid overseas for political reasons connected to the independence movement. They supported the Indian Congress. Japan was well aware of the existence of these Indians as they were one of the most important groups helping to defend Malaya and Burma.
From 1937, most of the members of the secret agent network of the Japanese navy were Sikh who were located everywhere including major port cities on the Pacific Ocean. The network was based on the relationship with the Ghader Party, the advocates of independence during World War I. Besides this, Japan also encouraged local people in the south of Thailand to become supporting allies. Based on information delivered by the French Consul, the British Consul's report of July 12, 1939 on Japanese movements submitted to the Foreign Ministry showed that,

Some Malays have lately entered the country via Pattani and Yala and report that many Japanese are now entering the peninsula in parties for the purpose of carrying on propaganda. The method used is to explain to all Malays in this part (or to Thai Moslems) that they are all one in the Moslem faith, and that they have arrived with the object of visiting all Moslems in this area. They have exhibited pictures showing groups of Moslems in Japan as a means of arousing interest among the Moslem community here. They explain further that they have every wish to give all the Moslem states in this part their complete freedom.

Thailand told the British Consul that they had no knowledge of this Muslim Japanese movement. On 4 October 1939, a Malay merchant who was staying in Bangkok reported to the British Consul about this movement. This merchant had traveled from Bangkok to various places in the south such as Ban Nasrang, Bandon, Hat Yai, and Pattani since 23 August, and was considered a reliable source. Moreover, Hat Yai was at that time a second home for Italian and German immigrants who had escaped from Malaya after England's declaration of war on Italy and Germany. Japan had built up relationships with a variety of groups calling for independence, in particular the Indians.

The India Independence League, initially led by Rash Behari Bose, was successful in cooperating with various Indian communities including those in Thailand. One piece of evidence for this is a confidential report submitted to the Home Department stating that a meeting of the India Independence league was held on 28-30 March 1942 at the Sanna Hotel in Tokyo. Rash Behari Bose informed the meeting of the death of Swami Satyanand Puri and Pritam Singh in a plane crash on their way from Thailand to Japan.
At this meeting it was also discussed that the next meeting would be hosted in Bangkok during the third week of May 1942, and more Indian delegates planned to attend.\textsuperscript{22}

The meeting in Bangkok, chaired by Rash Behari Bose, was held in June 1942. It was agreed that Subhas Chandra Bose would take over the leadership of the India Independence League. Subhas was unanimously made the President of the League as well as of the Indian National Army (INA) in July 1943. He provided a new organizational setup for the INA by creating a Chief of Staff, Divisional Commands, and the Army Department of the League. The Indian National Army was endorsed by Japan and later on by Thailand, following a letter sent from the Japanese ambassador to the Foreign Affairs Ministry. Indian people in Thailand were not negatively affected at all by Thailand’s declaration of war on Britain, even though they were British colonial subjects, because of the connection between Thailand, Japan, and the Indian National Army. The Indian merchant groups in Thailand supported each other economically as well as politically. Ishr Singh, the Indian textile leader in Thailand, was appointed president of the Indian National Army in Thailand. Ishr Singh was the oldest son of Kuramuk Singh Narula, the owner of the Giansingh & Nansingh Textile Trading Company in Thailand. This trading firm was a part of the Arora group, a big trading cooperative consisting of a variety of subsidiaries in Singapore, Penang, and India, and functioning as a communication center for Arora merchants. Many textile trading owners initiated their business here, starting as low-ranking staff or with financial support from group. The political position of Ishr Singh reflected the active role of Indian merchants in Thailand.

Despite being supporters of the Indian National Army, which was endorsed by the Thai and Japanese governments, the Indian merchants were affected by new policies of the Thai government to prevent price rises and goods shortages. Examples of the new policies were price control measures, quotas of fabric and thread setting, as well as the re-registration of retail and wholesale shops. Stored amounts and the locations of goods had to be reported to the government between March 27 March and 2 April 1943, and all the shops had to be re-registered during 1–15 April 1943. Indian merchants adapted themselves to comply with these policies. One
of the obvious cultural adaptations was the mixture of Thai and Indian languages for shop names such as Siri Thai Store, Thai Charoen Magut Singh, or Choen Chom Store.

The period of adaptation (1937–1947), was a time when Indian merchants came under internal and external pressure. The government took control of the production of consumer goods, including fabric. Therefore Indian trading became more dependent on the government. After World War II, some merchant leaders returned home to take part in the independence movement. The Indian textile network had to adapt. Trading was influenced by politics. Networking extended beyond Indian and Thai textile merchants to other Indian groups with common political goals.

In summary, the trading patterns and processes of the Indian textile network in the three periods between 1857 and 1947 were shaped by the types of textiles and the active Indian merchants in each distinctive period. With extensive hands-on trading experience in India, Indian merchants were successful in establishing strong networks, both local and overseas. The success of the network was determined by internal and external factors, which will be discussed in detail in the next part.

Determinants of the textile network

The textile network in Thai society was determined by both internal and external factors. The internal determinants were relationships among relatives and people from the same homeland. Sharing the same homeland and culture made it easy to strengthen the relationship among Indian merchants, whereas offering a credit trading system and certain types of textiles helped expand the network. The external determinant was the opportunity to explore trading channels in the new area. At that time, textile consumption was increasing in Thailand. It was easy for Indian merchants to draw a higher number of prospective members into the network, making it strong and long-lasting. A good example can be seen from the commercial records of Durgadass Sachdev.

Sachdev came from a Hindu family originating in the Punjab, where his grandfather and father owned a grocery shop. His uncle, when only 14 years old, was the first in the family to come to...
Thailand with one of his relatives in 1912. They traveled by train from Punjab to Calcutta then by land via Burma to Thailand. After four to five years of being a peddling textile salesman, he returned to India to marry. The father of Sachdev was then persuaded to come to Thailand to sell textiles with him. After peddling for a further period, they managed to open a retail shop with credit offered by a friend during the first few months of the operation. Later the shop was changed to a wholesale outlet, located in Pahurat, one of the textile trading centers in Bangkok.

The increase in tariffs on imported textiles in Britain’s colonized countries helped to expand the business of Sachdev’s father. The increase, which was part of Britain’s attempt to minimize the import of Japanese textiles to its colonized areas, boosted the prices of imported textiles in Burma and Malaya. The tariff rate on silk clothes was 30 percent of the selling price and 20 percent for cotton and silk clothes. At that time, only a 3 percent import tariff was applied in Thailand. The Indian merchants then shifted from Burma and Malaya to Thailand. Bangkok became not only the textile domestic hub but also the center for neighboring countries. In 1934, Dugan opened a branch in Japan, where his brother already owned a business. This branch office was run as an agency distributing textiles on orders from Bangkok and elsewhere. It also had telecommunications and banking contacts with various firms in Singapore owned by Chinese, Sindhis, and Punjabis.

The trading record of Sachdev’s family is a good example of the determinants of the textile network. Sachdev’s father was initially persuaded by a relative to begin trading in Thailand, and in turn he urged more relatives to come to trade after his success. Thanks to the helpful economic situation in Thailand at that time when tariffs on imported goods were low and local demand for consumables had increased, Indian merchants and their newly arrived relatives and friends made good business selling textiles, without causing any conflict. Besides this, the strong relationship among Indian traders in and outside Thailand helped them gain the utmost mutual benefit. Furthermore, the increase in tariffs by Great Britain was one of the determinants of the Indian merchants’ success in establishing and maintaining their networks.
Characteristics of the trading network

The network was based on the relationship of its members sharing mutual economic benefits. The members of this network were from the same families, or were relatives or people originating from the same communities because these people were considered reliable and trustworthy. Non-family members from the same communities had to be under employment by an Indian merchant business for at least two and a half years, in order to judge that they were qualified regarding their honesty and working efficiency. This also served as one of the means of keeping certain information confidential to the network. This is apparent from a report made by the British Consul in 1884.

The Customs reports that the value of imported goods was boosted up to more than 100,000 Mexican Dollars. However, it has not been confirmed that the report is accurate since there have been a number of restructuring processes to the Customs as well as strict measurements on reporting goods values. Nevertheless, it can be announced that the actual value of the goods for tariff charges is still lower than the market prices by about 10-25%, depending on importers.\(^3\)

The network was based on a credit system of two types, domestic and overseas.

The domestic credit system consisted of trading loans and cash loans. Qualified new members were given a certain level of trading loans to start up their business. The creditors gave out the loan without extra charge on top of the goods value as they were already benefiting from smoother goods distribution as well as lower costs on stocking. Furthermore, cash loans were a way of guaranteeing the goods supplied from other dealers. Creditors did not receive any profit from selling goods but were paid a certain amount of guaranteed remuneration by network members. These network members then were able to sell the goods without paying cash to the suppliers in advance thanks to this credit system.

An overseas credit system was established in response to the opening of trading branch offices in foreign countries and commercial relationships with Indian merchants overseas. When placing orders from overseas, Indian merchants in Thailand did not
need to make a cash or property guarantee on imports with the bank but simply relied on credit lines offered by their branch offices in the country. After the goods had been delivered to Thailand, the money was remitted to the overseas branch. Using this kind of credit system, costs were reduced and interest and order expenses were also lowered.

The trading network extended beyond the community of Indian merchants. In the early stages, the number of Indian Muslim merchants in Thailand was too small to expand through small self-owning retail businesses. Instead they cooperated with Chinese merchants whose networks covered all levels of trading, ranging from small retail to wholesale as well as imports. These Chinese merchants also maintained good relationships with Indian Muslims for mutual benefit in textile distribution. Chows, for example, were imported by Indian Muslims and distributed on a small retail level by other Indian groups.

The network was primarily based on direct sales. Since the number of Indian merchants was smaller than the Chinese, the direct sales method was applied in order to reach more customers, which eventually meant better sales. Moreover, the merchants from the Punjab adapted their direct experience to the new setting. Since they were from a community where trading and agriculture were geographically separated, it was common that merchants brought goods for sales to the rural areas. In Thailand, they applied the same method which worked efficiently.

The network grew horizontally. These merchants never progressed to manufacturing, but continued to improve their import, wholesale, and small retail activities. When it became possible to produce chows domestically, it was the Chinese who undertook this manufacturing business while the Indians remained in their trading role. This was probably because the Indian merchants had a relatively loose relationship to the Thai setting. They maintained very tight connections with their home towns, which they visited frequently even after they had been living in Thailand a long time.

The main characteristics which helped define the Indian merchants’ success in trading were connections across different groups and the direct sales method.
Summary

Muslims from Surat, Bombay, and Gujarat came to trade textiles in Thailand since the late Ayutthaya era. Most of the imported fabric was sold to royal family members and high-ranking people. In the late nineteenth century, a mass market emerged when farmers began to export rice, and when import tariffs were reduced. Factory-made textiles began to replace handmade ones, and most of the Thai people stopped in-house weaving. The major item of imported fabrics was chowls. With strong connections to the source of supply in Gujarat, Indian merchants dominated the import, along with some Chinese, Western, and Japanese traders. Initially factory-made goods came from Britain and India, but Japanese goods, imported by Chinese traders, took a larger share when imports were disrupted during World War I.

A network of Indian textile merchants developed in three periods: formation (1857–1887), expansion (1897–1927), and adaptation (1937–1947). The changes that occurred were a function of changes in consumers, affordability, preferences, policies of the government as well as the sources of the fabric, most significantly from Great Britain, India and Japan.

In the formative period, some south Indian merchants sold high-value goods such as wool and velvet to a limited market, while Muslim merchants from western India developed a larger mass market. As scale was important for this segment, the Indian merchants cooperated with Chinese retailers to maximize distribution.

In the period of expansion, Indian merchants handled a larger variety of imported items from India, Britain, and Japan. They concentrated on import and wholesaling, while expanding the consumer market through traveling salesmen in both Bangkok and the provincial areas. The low-end market expanded because of population growth, the reduction of import tariffs, and cheap goods from Japan. Because of Chinese protests against Japan in the late 1920s, Indian merchants replaced the Chinese as the dominant traders of Japanese-made textiles.

In the period of adaptation, Indian merchants had to adjust to patriotic government policies, and the complications of external politics. Some Indians decided to return to their homeland after the
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call for independence.

The networks among Indian textile merchants were bases on common origins, especially Muslim merchants from Bora and Punjabi merchants from Arora. They worked in loose cooperation with outsiders.

Notes

3 B.P.P.2/4, 1866-1868, 'Commercial Report.'
5 Alfred John Lofton, Ekkasan nuangnai wankhunpimai ruang wiwatthanakan khong anachak siam,' (Essay on the evolution of Siam written on the occasion of the New Year celebration), translated by Saowalak Keechanon, in Ruamruang plae nangsue lae ekkasan tang prawatisat chut thi song (Bangkok: Krom Sinlapakorn, 1992), pp. 192-3.
6 Sara banchi suanthi song kue ratsadon nai changwat tanon lae trok CS 1245, (Second part of the record on provinces, streets, and lanes 1883] (Bangkok: Sommakpem tang chabap, 1998).
7 B.P.P.3/9,1904, 'Diplomatic and Consular Reports.'
8 NAI, Foreign and Political Department, External-B, March 1915, No. 296. 'Reported by Mr. R. S. Le May, Acting Vice-Consul at Nakawn Lampang, on a tour made by him in the Eastern part of the Chiangmai District.'
9 NAI, Foreign and Political Department, External-B, September 1918, No. 18-19. 'Report on a tour made by Mr. H. Fitzmaurice, H.M.'s Vice Consul at Nakawn Lampang to Raheng and Term.'
10 NAI, Foreign and Political Department, External-B, November 1916, No 1. 'Report by H.M.'s Acting Consul at Senggora on a visit to Nakawn Sritammarat relating to the attitude of Indians in the district.'
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