

***CONIALISM, MIGRATIONS and ETHNIC INTEGRATION in ASIA:
The Case of Modern Sri Lanka.***

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Abstract

Colonialism fundamentally changed the traditional pattern of Asian migration and opened new avenues for trade and investment for migrant merchant communities and occupational opportunities as indentured labor for agrarian classes. The Indian communities who migrated to Sri Lanka during British rule played vital and diverse roles in the colony's economic transformation.

When Sri Lanka transformed from a colony to nation with independence in 1948 citizenship emerged as controversial and crucial issue. With transfer of power to Sri Lankan leaders their economic agendas and the requirements of citizenship of the new nation these migrant communities were confronted with critical problem of either expulsion or integration. The principle problem addressed in this research will be the impact of citizenship issue on the Indian communities and their responses. The proposed study will examine the complex dynamism with which these communities deployed their respective economic bargaining power and the potential political strength to overcome these problems and successfully integrate into the new nation while safeguarding their economic and occupational interests.

The research for this study will use primary archival sources and data from ethnological and biographical studies of different Indian communities, personal interviews and field research.

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Migration of people from one area to another is an innate phenomenon in the history of Asia. In the diverse Asian migration patterns from pre-colonial times, movements of trading communities provide a fascinating aspect to the history of the region. They not only exerted a crucial impact on the economic life by creating markets for many surplus products of host societies but also by providing channels for capital circulation in the region. Besides, they functioned as agents of cultural diffusion and interaction within the region, eventually contributing to the ethnic diversity of new nations.

This paper focuses on the period of European imperialist expansion from the sixteenth century that created new conditions changing the pattern and degree of migrations in Asia. The Europeans opened many economies for colonial exploitation and created new avenues and opportunities for migrant communities, particularly to those of Indian and Chinese origin. Various Indian business communities in large numbers were attracted by favorable environment created by colonial expansion and expanded their economic operations and their trading networks. Deviating from their pre-colonial role these communities assumed essential intermediary functions in various economies created by the European capital networks in Asia. At the same time colonial economic ventures created an increasing demand for labour resulting in Indian indentured labour migration in different parts of Asia. The emigration of indentured labor started during the mid eighteenth century and continued up to the mid twentieth century with direct involvement of colonial governments. Both these streams of migration played a critical role in the transformation of economies in Asia and in different ways became essential elements of each colonial economy. At the time these colonies gained independence and in the context of creating their nation-states these migrant populations became politically and economically vulnerable.

In multi-ethnic colonial societies decolonization and state building processes were often accompanied by intensifying ethnic conflict where the dominant majority elites tend to use political power to promote their interests. In their perception of the new nation those not permanently domiciled were not only considered outsiders but their roles in the economy were seen as harmful to the progress of the nation. The most convenient strategy of removing these outsiders from their former positions was to deny them citizenship in the new state.ⁱ Many Asian colonial societies like Burma and Sri Lanka were faced with this problem articulating their post-independence nation-state formation.

With its ethnic diversity the Sri Lankan Political leaders were confronted with the problem of ethnic integration and citizenship at the time of independence in 1948. Under colonial domination specially in the first half of the 20th century there was a rapid strengthening of ethnic consciousness and identity. In the 1920s, Sinhalese identified themselves as the major historical majority and the Ceylon Tamils and Muslims as minorities. Apart from this, number of immigrant ethnic groups of both European and Asian origin were alien communities in the society. Indians formed the vast majority of these immigrants both in number and diversity.ⁱⁱ The notion of differentiation between the indigenous and the immigrant aliens assumed a new importance in the context of competition for political power in confronting colonial dominance.

At the end of the colonial period as it was in many other Asian colonies political power was progressively transferred to indigenous classes that emerged in association with colonialism. In the 1930s Sri Lankan leaders were given semi-autonomous powers under the Donoughmore Constitution and in 1948 Sri Lanka became a fully independent state. As the British gradually transferred power to the leaders of the dominant majority group they utilized their political strength and existing democratic institutions in order to control the immigrant communities which were already under threat from indigenous economic competition. As far as the Indian merchant communities were concerned their stranglehold over a large part of the economy was sufficiently stable so as to withstand indigenous competition. Therefore, the Sri Lankan political leaders had to resort to the use of institutions of power to control the operations of these merchant communities.ⁱⁱⁱ

The economic thinking in their agenda for an independent nation was clearly autarchic which invariably involved removal of migrant communities, both labour and commercial. Therefore, in the national economic ideologies of these leaders the main objective was to control Indians influence in the economy as an urgent need in transforming the Sri Lankan colonial economy to a national economy. At the same time they considered the virtual monopolies held by Indians in many trading areas as an obstacle to the development of agriculture and industries in the country. In every possible way they tried to undermine Indian businesses in order to reduce their influence in the economy.^{iv}

The influence of the Indian immigrant communities both in the sphere of labour and commerce in the Sri Lankan economy was wide and deep. Specially the function of trading communities had a long history of centuries in the pre-colonial economy in Sri Lanka. Immigrant indentured labour and various business communities of Indian origin played a leading role in making the colonial economy of Sri Lanka practicable. These groups played economic roles that the indigenous people were either reluctant or incapable of playing. Their functions were essential for the developments and survival of the colonial economy. Therefore, they were able to gain favoured treatment from the colonial state and strengthen their relative positions in the host society.^v

Pre-colonial economy of Sri Lanka gradually transformed into a plantation economy with the introduction of commercial agriculture with coffee, tea and rubber by the British since the 1830s. With this transformation the economy started to depend heavily on import and export trade and the world market. Colonial state directly involved itself in facilitating the plantation sector by creating the foundation for foreign capital investment. At the same time the pre-colonial and mercantilist restrictions were gradually removed. The administrative and institutional apparatus of the colonial state intervened by creating a land market procuring immigrant labour and by providing roads and railways.^{vi}

Since indigenous peasantry refused to provide the essential services and resident labour force as these offered no economic incentives, immigrant Indians became the main source of labour for the plantations from the mid of the 19th century. Thus indentured Indian labour became the essential element in the Sri Lankan plantation economy.^{vii}

In the late 1880s tea industry replaced coffee and became the major commercial crop. In the first decades of the 20th century with the war time demands rubber plantations increased rapidly absorbing a considerable number of immigrant labour. Then the numbers of Indian immigrations swelled annually with the rapidly increasing demands in the plantation sector. Out of 2,289,006 total immigrants in Sri Lanka 1,063, 258 were Indian estate workers for the ten years period of 1921-1930. The total resident estate population of Indian labourers was estimated to be about 740,000 at the end of the 1929.^{viii}

Later these migrant labourers were attracted to various low-wage job opportunities of urban centres like Colombo and other developing towns which were the main supply and service centres of plantations. They were also gradually absorbed in large numbers to Government departments such as Public works, Railways, Harbour Works etc. and others, to local bodies and various private commercial firms for essential services. Apart of these there were a large number of immigrant Indian labourers employed as domestic servants.^{ix}

In the second half of the 19th century European planters became a strong pressure group on the colonial state. They influenced the policies of colonial states to ensure an uninterrupted supply of cheap indentured labour.^x While positively involved in maintaining continuous supply of labour the colonial state was committed to their welfare through various regulations.^{xi} Under Ordinance No.11 of 1865 and Ordinance No. 9 and 10 of 1912 the state provided for free medical facilities at the government hospitals and dispensaries and under Ordinance No. 34 of 1935 it offered a free supply of rice for plantation labourers.^{xii}

The second important component of Indian migrants in the colonial era was the various business communities who were already very active in their trading networks all over the Asia. Since some of these communities had a long term connection with the Sri Lankan economy from the pre-colonial era number of new opportunities for trade and investment attracted them in large numbers. The greater involvement of the Indians in the new economic ventures was evident in their vigorous participation in different aspects of the economy as well as in their greater numerical presence. However, this plantation economy developed alongside with the pre-colonial agrarian economy of Sri Lanka where Indian business activities continued to be dominant. These Indian communities integrated the Sri Lankan economy into the circuits of colonial European capital. At the same time, they successfully adjusted to the emerging colonial economy, transforming themselves from their pre-British economic roles. In this process they came to play dynamic roles, both collaborative as well as competitive between colonial investors and indigenous entrepreneurs. In fact they came to perform essential intermediary roles in the colonial economy.^{xiii}

In this process specially Chettiars and Muslims of Indian origin came to play diverse roles. They supplied capital requirements of the rural economy stimulated and aggravated by new economic developments and opened the rural areas to the expanding market through their small shops and boutiques and at the same time carried back village produce to the outside market.^{xiv}

The expansion of the plantation economy created new opportunities for capital investment for these Indian communities and their role acquired a new significance.

They came to engage extensively in the export-import trading activities and in small scale industrial ventures exploiting each and every profitable avenue. They became main suppliers particularly of rice, cloth and other food items which were basic consumer needs of the expanding Indian labour population in the plantations. They were able to maintain a virtual monopoly in these areas using their vast trading networks all over the Asia and to marginalize European competitors.^{xv}

Money lending became a significant aspect of the role of Indian merchant communities, particularly Chettiars and Muslims. As the European merchant banks refused to lend capital directly to indigenous entrepreneurs Chettiras readily stepped in as the principal money lenders to this class and also played an intermediary role between the merchant banks and the Sri Lankan borrowers. Beside, the Chettiras along with the Muslims became the principal moneylenders to both the rural peasantry and the urban and plantation workers. As moneylenders they invariably get involved in mortgages and foreclosures of all types of property of the indigenous population.^{xvi}

Two related developments in the Sri Lankan society at the end of the 19th century made these Indian merchant communities vulnerable groups. On the one hand emergence of an indigenous merchant class created intense rivalry between the two groups. On the other increasing economic difficulties of both the peasantry and working classes, particularly in view of tax burdens and rising prices of essential items of food and the increasing need for credit made these Indian communities extremely unpopular. In this background the popular nationalist ideology portrayed these Indian communities as exploiters and the source of all evil of the indigenous Sri Lankan society.^{xvii}

Simultaneously there was an increasing opposition to the Indian labourers both plantation and urban. Peasantry of the central highlands largely exposed to plantation agriculture was confronted with serious economic distress. Villages in these areas surrounded by plantations were suffering from scarcity of land necessary for natural expansion in keeping with population increase. With the money economy penetrating in to these villages and the strict implementation of the grain tax by the colonial state peasants were forced in to indebtedness and eviction from their lands. All this aggravated the exploitative role of Indian moneylenders, particularly Chettiars and Muslims. Villagers' predicament was made worse since they were prevented from entering the plantations as workers due to the presence of Indian labourers.^{xviii} Even in urban areas specially in Colombo increasing job opportunities were filled by the continuous inflow of cheaper Indian labour.

In this situation the Sinhalese press constantly highlighted a hostile image of both the Indian merchants and immigrant labour.^{xix} The indigenous capitalists utilized every possible channel to raise their voice against the Indians. Issues relating to the economic role of Indians were also raised by indigenous political leaders in the Legislative Council and in their various political bodies. One of their major arguments was the 'harmful' impact of Indians on economy and society.

They raised two issues for the consideration of the colonial state in the first three decades of the 20th century; that the Indian exercised a monopoly control over the rice market and that the Indian labour migration continued uninterruptedly, both harmful

to the welfare of the indigenous population. They argued that the Indian control of the rice trade was particularly harmful as they had direct connections with producing areas and were able to manipulate prices as it was adequately illustrated during the First World War. The shortage of transportation from the rice growing areas of South East Asia and India was exploited by the Indians to make large profit creating artificial scarcity and hoarding stocks with the object of raising prices. This situation severely affected the Sri Lankan society largely dependent on imported rice.

Sri Lankan members of the Legislative Council urged the colonial state to intervene to prevent this situation but it had no such intention of interfering with the Indian businesses. When the local entrepreneurs attempted with the support of the colonial state to take the Indian rice trade in to their hands the Indian merchants were able to frustrate it.^{xx}

At the same time the agitation against the Indian labour employment was strengthening. The indigenous representatives of the Legislative Council raised the problem of Indian migrant labour from the 1920s and the potential political and economic dangers if these workers were enfranchised. Fears that they would swamp the Sinhalese vote in the hill country districts were openly expressed. They criticized the policy of the colonial state on the heavy expenditure on Indian labour recruitment and expressed their fear of large scale inflow of Indian labourers would amount to deprivation of opportunities for the indigenous workers. They urged the need for immediate control Indian immigration.^{xxi}

The second point they raised was that these immigrants did not have a permanent or an 'abiding' interest in the country. Indians were considered as a floating population and described as mere "*birds of passage*". The argument was that these labourers did not come to Sri Lanka to settle down permanently but only to earn a living. In that sense they were transient aliens and an economic 'drain' and transfer whatever savings to their relatives in India.^{xxii}

This issue burst out in to prominence with the Economic Depression of 1929. The Depression badly affected the Sri Lankan economy with crop failures and decline of commercial activities causing widespread unemployment between 1929 to 1934. In this period strong agitation was directed against Indian labourers both in the plantations and urban sectors.^{xxiii} They were accused as plunderers of opportunities of the indigenous labourers, a threat to local labour supply.

Several issues emerged in association with this agitation; firstly, the control of Indian immigration and the restriction of their franchise rights and, secondly, the denial citizenship rights of immigrant Indians. These became crucial political issues affecting Indians until the time of independence in 1948.^{xxiv}

Sri Lankans were granted universal franchise under the recommendations of Donoughmore Commission in 1931. Besides, the Donoughmore Commission recommended adult franchise to immigrant Indians under a different set of conditions to adults who had been resident in Sri Lanka for five years; subject to a temporary absence not exceeding eight months in all during the five year period. The purpose of this condition was to confine the voting right to Indians "who have an abiding interest in the country or who may be regarded as permanently settled in the Island."^{xxv} A

strong agitation arose among the Sinhalese politicians against this recommendation of the Donoughmore Commission. The extension of the franchise to include plantation workers was bitterly opposed by the Ceylon National Congress. In order to prevent transitory Indians being enfranchised they altered the Donoughmore Commission recommendation on Indian franchise by adopting certain limitations. Under their new proposals persons who were not domiciled in Sri Lanka had either to satisfy a literacy and property qualification or obtain a 'certificate of permanent settlement'. Under these proposals domicile was made the standard test for franchise. Non domiciles could enjoy franchise right under two conditions; either by satisfying literacy or property qualifications or by submitting a certificate of permanent settlement.^{xxvi}

These conditions affected mostly the illiterate Indian labour population. The inevitable effect of this was that a bulk of the Indian immigrant population was left disqualified from exercising the franchises, and was thereby excluded from the permanent population of the Island. Only the estate Kanganies and Indian traders were able to meet the prescribed property qualifications to be eligible for the vote. Therefore, these conditions did not severely affect the Indian business communities since they were able to satisfy both conditions. But specially nominated Indian representatives in the State Council recognized the disadvantage of reducing the numerical strength of Indian votes. Members who represented Indian interests in the Legislative Council strongly opposed these resolutions presented by the Sinhalese members. Since their numerical power in the legislature was not strong enough they were unable to make an impact on the final outcome.^{xxvii}

The Sri Lankan politicians used several other policy measures for the purpose of controlling Indians. One was to control banking activities of Indian moneylenders by establishing a government bank to provide capital to indigenous entrepreneurs. The high demand for a national bank which could meet the credit needs of the Sri Lankans led to the appointment of the Ceylon Banking Commission in 1934.^{xxviii} In the Depression period the existing European banks refused to accommodate Chettiar loans and they soon lost their credibility as credit agencies. Filling this gap the Bank of Ceylon which was established in 1939 on the recommendation of the Ceylon Banking Commission came to replace Chettiar credit agencies in the financial market.^{xxix}

The other measure was to introduce an income tax bill aimed at stopping the capital expatriation of Indians as profit from the Sri Lankan economy. The colonial state introduced income tax to the Sri Lankan society in 1931 for the purpose of raising money to balance the 1931-1932 budget. In the period of the Depression, the expenditure had surpassed the estimated revenue. Sri Lankan members supported the introduction of income tax as it would prevent the drain of money out of the country by foreign investors specially Indians. This bill severely affected Indians businesses.^{xxx}

At the time Sri Lanka was transformed from a colony to a nation with independence in 1948 the citizenship of the new state emerged as a crucial and controversial issue. In 1948, the indigenous political leaders of the new government brought two legislative enactments,^{xxxi} to redefine the citizenship rights of a large population that entered to Sri Lanka during colonial rule. Under these enactments the Indian communities were faced with citizenship requirements that defined those with dual

domicile in Sri Lanka and India as aliens. They were pressurized to choose one country as their homeland and be bound by economic restrictions of the new state.

Out of 825,000 people of Indian origin who applied, 134, 000 were registered as citizens of Sri Lanka, under the Indian and Pakistani Residents (Citizenship) Act of 1949. This number was assimilated and given equal rights with the rest of the population.^{xxxii}

The two groups of Indian communities were dealt with the citizenship problem in two different ways. The business communities had more economic power and political influence and were in a more advantageous position compared to Indian plantation labourers. But the latter were not entirely helpless as their role was crucial for the sustenance of the plantations, the mainstay of the economy, apart from their numerical strength in a democratic political system. Over and above these factors Indo-Sri Lanka relations played a vital role in determining the outcome of the citizenship issue. After Sri Lanka's independence many attempts were made by the two countries to find a solution to the controversy over the citizenship of Indians domiciled in Sri Lanka who could not qualify for Sri Lankan citizenship. The problem of 'stateless Indians' in Sri Lanka remained for decades a major issue between India and Sri Lanka.^{xxxiii}

This problem of integrating ethnic groups with an Indian origin into the new nation had ramifications in Sri Lankan domestic politics with had even greater implications. The Sri Lankan Tamil population in particular viewed the above legislation of the new Sri Lankan state with alarm. The issues of citizenship of those of Indian origin aggravated the relations between the majority Sinhalese and the Ceylon Tamil population. The latter viewed these developments as a warning it them and their demand for special safeguards for the minorities in the constitution became stronger. The demand for a federal constitution came to the forefront of Sri Lankan politics with this development. The failure to accommodate this demand for a federal arrangement eventually precipitated Tamil separatist politics.

ⁱ M.S. Gunarathne, *Role of Indian Business Communities in the Sri Lankan Economy, 1833-1949*, Ph.D. thesis, Jawaharlal University, New Delhi, 2011, pp.194-195.

ⁱⁱ Among the immigrants who were living in the Colombo Municipality in 1931, 74.91% were Indians. L.J.B. Turner, *Report on the Census of Ceylon, 1931*, Vol.I, The Ceylon Government Press, Colombo, 1931, p.138.

ⁱⁱⁱ Gunarathne, p.195.

^{iv} Gunarathne, p.169.

^v For more details see Gunarathne, chap.4.

^{vi} P.V.J. Jayasekera, 'Plantations and underdevelopment of indigenous agriculture: The impact of the policies of the colonial state in Sri Lanka', *Paper presented to the 34th International Congress Asian and North African Studies*, 22-28 August 1993, pp.17,20-21; Gunarathne, pp.49-50.

^{vii} Indian labour immigration to plantations in large numbers began at the end of the 1830s. About 3,000 immigrations arrived in 1839. About 50,000 annual arrivals were recorded in the period of 1840-1860. In the 1870s the peak years of coffee exports, it rose to about 100,000. By the 1880s permanently settled immigrant workers in Sri Lanka amounted to about 200,000. Donald R. Snodgrass, *Ceylon: An Export Economy in Transition*, Richard & Irwin, Illinois, 1966, pp.25,26; Satchi Ponnambalam, *Dependent Capitalism in Crisis; The Sri Lankan Economy 1948-1980*, Lake House Investments Ltd., 1980, p.7.

^{viii} Turner, *Report on the Census of Ceylon, 1931*, Vol.I, p.5; Ceylon Blue Book, 1929, p.S1.

^{ix} Ceylon Blue Book, 1929, p.S2.

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- ^x Jayasekera, 'Plantations and underdevelopment of indigenous agriculture', pp.15-16; Gunarathne, p.49.
- ^{xi} See Michael Roberts, 'The Master-servant Laws of 1841 and the 1860's and immigrant labour in Ceylon', *The Ceylon Journal of Historical and Social Studies*, 8.1,2, Jan.-Decem. 1965, pp.24-37.
- ^{xii} Ceylon Blue Book, 1929, p.S1; 1938, p.S1.
- ^{xiii} See Gunarathne, p.39, chap.4.
- ^{xiv} S.E.N. Nicholas, *Commercial Ceylon*, Times of Ceylon, Colombo, 1933, p.137; H.A. de S. Gunasekera, *From Dependent Currency to Central Banking in Ceylon, an Analysis of Monetary Experience 1825-1957*, University of London, London, 1962, p.205; A.C.L. Ameer Ali, 'Changing conditions and persisting problems in the peasant sector under British rule in the period 1833-1893', *Ceylon Studies Seminar Paper*, Series 1970/72, No.3a, University of Peradeniya, Peradeniya, [], pp.26-27; Gunarathne, pp.43,53,90.
- ^{xv} Gunarathne, p.108.
- ^{xvi} For more details see Gunarathne, chap.4.1.
- ^{xvii} Nira Wickramasinghe, *Ethnic Politics in Colonial Sri Lanka 1927-1947*, Vikas Publishing House Pvt. Ltd., New Delhi, 1995, p.34; P.V.J. Jayasekera, *Social and Political Change in Ceylon, 1900-1919, with Special Reference to the Disturbances of 1915*, Ph.D. thesis, University of London, London, 1970, pp.320-321,337,340.
- ^{xviii} Ameer Ali, pp.1,12-17,21-22,26,27; Asoka Bandarage, *Colonialism in Sri Lanka; The Political Economy of the Kandyan Highlands, 1833-1886*, A Stamford Lake Publications, Pannipitiya, 2005, pp.135,137,138,143; Gunarathne, pp.50-54.
- ^{xix} Jayasekera, *Social and Political Change in Ceylon*, pp.226-245,319-349.
- ^{xx} *Hansard*, Debates in the Legislative Council of Ceylon, 4 December 1918, pp.330-338; Gunarathne, pp.60-64.
- ^{xxi} *Ceylon Sessional Paper*, 12, 1926, Immigration of Indian Labour, pp.8-11.
- ^{xxii} *ibid.*; Gunarathne, pp.196-195.
- ^{xxiii} By 1931 there were nearly 700,000 Indian workers and their dependents in Sri Lanka. In Colombo there were 33,000 Indian workers in the Municipality, the harbour, railways, public works and factories doing unskilled work at lower rates of pay than indigenous workers. Kumari Jayawardena, *The Rise of the Labor Movement in Ceylon*, Duke University Press, Durham, 1972, p.318.
- ^{xxiv} Gunarathne, p.166.
- ^{xxv} *Report of the Special Commission on the Ceylon Constitution*, His Majesty's Stationary Office, London, 1928, p.87.
- ^{xxvi} Haraprasad Chattopadhyaya, *Indians in Sri Lanka*, O.P.S. Publishers Pvt. Ltd., Calcutta,1979, pp.207-209; Nanda Jayasinghe, 'Indo-Sri Lanka relations and the problem of Indian plantation labour, 1910-1931', *Kalyani*, 5,6, 1986-1987, pp.298-300.
- ^{xxvii} *Hansard*, Debate in the Legislative Council of Ceylon, 26 Oct. 1928, pp.1626-1628; 1 Novem. 1928, pp.1675-1681,1685-1690,1696-1704.
- ^{xxviii} Gunasekera, p.200.
- ^{xxix} Gunarathne, p.107.
- ^{xxx} *Hansard*, Debates in the Legislative Council of Ceylon, 15 July 1927, p.1018; Gunarathne, pp.69-73.
- ^{xxxii} No. 18 of 1948, Citizenship Act and No.3 of 1949, Indian and Pakistani Residents (Citizenship) Act.
- ^{xxxii} S.U. Kodikara, 'Indians in Ceylon: problems and prospects', *Indians Abroad; Asia and Africa*, Anirudha Gupta (ed.), Drient Longman Ltd., New Delhi, 1971, p.61.
- ^{xxxiii} Gunarathne, p.203.