



INDIA XXX. INDIAN MERCHANTS IN CENTRAL ASIA AND IRAN

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The Indian merchant diaspora in Central Asia and Persia emerged in the mid-16th century and remained active for over four centuries. The earliest available report of an Indian merchant diaspora community in Central Asia is found in the account of Anthony Jenkinson, an agent of the Muscovy Company. Jenkinson visited Bukhara in 1558-59, where he observed that it was common for the Indian merchants who traveled there to stay for several years while they conducted their trade (Jenkinson, p. 87). The lengthy residence of these Indians suggests that, rather than itinerant caravan traders, they were “Multanis,” the commercial group that comprised the dominant population of the Indian diaspora in Central Asia and Persia. Legal records dating to 966/1559 and 968/1561 place several Multanis in Bukhara (Ivanov, pp. 109-10, 122-23, 247-48), and a series of entries in the late 16th-century *Majmu‘a-ye waṭā’eq* (Collection of deeds), the register of a judge (*qāẓi*) in Samarqand from 1588-91, illustrates the commercial activities of a number of Multanis in Samarqand (*Majmu‘a-ye waṭā’eq*, foll. 182a-189b).



The designation Multani identifies these merchants as agents (*gomāšta*) of one of the numerous family firms centered in the northwestern Indian city of Multan. While each individual family firm was homogeneous on the basis of caste, the term Multani more generally referred to the heterogeneous conglomeration of Indian merchants who participated in diaspora commerce as agents of numerous Multani firms. The vast majority of the Multani merchants belonged to a variety of Hindu commercial castes, although the diaspora also included a significant number of Muslim Multanis and smaller populations of Marwari Jain and, later, Sikh merchants. From the late 18th century, observers began to refer to the majority of the Indian diaspora merchants in Central Asia and Persia by the designation Šekarpuri rather than Multani. This can be attributed to the deterioration of the commercial climate of Multan in the 18th century, which prompted the wholesale migration of the Multani firms' center of operation to Šekarpur, located some 250 kilometers to the southwest in the neighboring province of Sindh (Masson, I, p. 353; Levi, pp. 112-19). A small minority of Multani firms had members who had abandoned their ancestral religion for the Sikh Khalsa and had relocated to the Punjabi city of Amritsar, where they established the commercial center of the Sikh diaspora.

Several historical processes led to the development of this merchant diaspora in the years following the establishment of the Safavid and Mughal empires and the Bukharan khanate. These include a general intensification of cultural and economic relations among the peoples of these regions, an increase in the global flow of precious metals into South Asian commercial markets, and a corresponding increase in competition among the Multani firms of northwestern India. As competition intensified in the subcontinent, Indian family firm directors began to seek out under-exploited opportunities in the neighboring markets of Central Asia and Persia. Late 16th-century sources mention Indian diaspora communities in the urban centers of Bukhara, Samarqand, Tashkent, Qazvin, and Kāšān. Over the course of the 17th century, these communities grew larger and more numerous. One 17th-century Bukharan Khan issued a decree (*farmān*, q.v.) that refers to Hindu communities in “Boḳārā, Balk, Badaḳšān, Qonduz, Ṭālaqān, Aybak, Ġuri, Baḡlān, Šabarḡān, Termed, Samarqand, Nasaf, Kiš, Šahr-e Sabz, and wherever else they may live” (*Maktubāt*, foll. 185b-186a).

Several primary centers of diaspora activity emerged in those Eurasian locations most conducive to mediating trans-regional commerce, including



Isfahan, Bandar-e ‘Abbās, Astrakhan, Kandahar, Kabul, and Bukhara, each of which hosted communities of several hundred to several thousand Indian merchants. By the mid-17th century, the Indian community of Isfahan had grown to become the largest of the diaspora with an estimated 10-15,000 Indian merchants in that city alone. In the 1660s, Jean Chardin reported that more than 20,000 Multanis resided in Safavid Persia (see INDIA V.). At that time, Central Asia was home to an estimated 8,000 Indian diaspora merchants, roughly 500 of whom lived in Bukhara. The total number of Indian merchants involved in trade and moneylending ventures throughout Central Asia, Persia, Afghanistan, the Caucasus, and Russia was probably in excess of 35,000 (Levi, pp. 177-78). It should be stressed, however, that, while many Indian diaspora communities remained continuously active for several centuries, they consisted of a rotating population of Indian merchants.

The Indian family firms utilized a well-developed system to enlist agents and dispatch them to work in distant locations. Agents underwent rigorous training that encompassed complex accounting techniques, mathematical formulas for computing various types of interest, moneylending procedures, instructions for issuing and cashing bills of exchange (*hundis*), a variety of legal issues related to their own traditions and those of other legal systems, secret codes, and a lengthy period of apprenticeship. Prior to their departure to a location in the diaspora, firm directors loaned agents a substantial amount of capital. This generally took the form of a commodity that was in demand in the specific destination’s market, most commonly cotton textiles. The Indian agents traveling to Central Asia and Persia then made arrangements to have their commodities transported by caravan across the inhospitable areas that had to be traversed in order to reach their destination. Upon arrival at their destination, they took up residence in a caravansary, where, under the direction of their firms’ senior representatives (known in Central Asia as the *āṣāl* and in Persia as the *kalāntar*), they would begin selling the goods that their family firms had given them on credit. Considering that every caravan that brought Indian merchants to distant markets also brought hundreds, even thousands, of camel-loads of cotton textiles, these merchants were inclined to sell only a small percentage of the total, hoarding the rest for sale over an extended period of time in order to avoid saturating the market and consequently driving down the price of their commodities. It was common for individual merchants to spend several years, occasionally even decades, in the diaspora before returning to India. During that time, the agents actively participated in a number of commercial ventures, only one facet of which was



the sale of merchandise (Levi, pp. 200-22).

The merchants of the Indian diaspora were trained to reinvest the retrieved cash in other commercial activities, most commonly in interest-earning lending ventures. Jean Baptiste Tavernier suggested that the Indian merchant-moneylenders were capitalized at 8-10 percent annual interest, and they used that principal to extend loans at considerably higher interest rates (Tavernier, pp. 159-60). Indian moneylenders were active in both urban and rural markets. Although the risk involved in agricultural loans was greater than that of a loan against sufficient collateral, the Indians' attraction to rural markets can easily be understood, as the interest earned was correspondingly higher and the term of agricultural loans was usually less than six months, making their wealth available for other investments throughout the rest of the year.

The Indians, therefore, served their host societies by providing investment capital to facilitate agricultural and industrial production, even when local peoples could not by themselves afford the initial investment in raw materials or seeds for planting. Additionally, those Indian merchants who operated as rural credit agents commonly purchased the agriculturalists' harvest and arranged for its sale in urban markets, thereby extending a monetized economy into the countryside and facilitating the state's collection of taxes in cash. Indian merchants also served their host societies by importing necessary goods and supplying a considerable tax income for the treasury. It is not surprising that, despite popular traditions portraying the merchants of the Indian diaspora as exploitative usurers, they enjoyed the protection of the Safavid and Bukharan rulers.

That situation changed, however, as the Indian merchant communities that dominated Indo-Persian commerce during the Safavid period suffered severely during the Afghan invasion and occupation of much of Persia in 1722. Petros di Sarkis Gilanentz, an Armenian observer of the invasion, reported that they extorted a considerable sum from the Hindu merchants of Isfahan. Indo-Persian commerce waned as many Hindus fled to safer places or returned home; others are reported to have been so distraught at their financial ruin that they drank poison or simply died of grief (Gilanentz, p. 36; Hanway, III, pp. 159-65). The Indian merchant communities in Persia continued to suffer as Nāder Shah Afšār (r. 1736-47) ejected the Afghans from Persia but kept their anti-Hindu sentiments. Reports from the Indian communities of later years suggest that Nāder Shah used the Hindus' unprotected (non-*demmi*) status as the pretext to confiscate much of their



wealth and property. This traumatic period remained strong in the collective memory of the Indian merchant diaspora even as late as 1824, when the Hindus in Baku reported that, although they had no complaints at that time, “Nadir Shah treated their predecessors with great cruelty; impaling them, and putting them to several kinds of tortures” (Keppel, p. 294).

Following the assassination of Nāder Shah in 1747, Zand and Qajar rulers worked to re-establish an amicable commercial environment for foreign merchant communities in Persia, and significant numbers of Indian merchants returned. At the end of the 18th century, George Forster came across Indian merchant communities in Mašhad, Yazd, Kāšān, and Qazvin; he also visited the Persian town of Taršiš (Toršiz; see author’s comment), where he observed a sizeable community of Indian merchants occupying their own private quarter and conducting their business “without molestation or insult” (Forster, II, p. 186; for a similar report of the Indian community in Bušehr in 1802, see Waring, pp. 3-4). Forster also observed a number of Indian merchant communities mediating Russo-Persian trade on the shores of the Caspian Sea, and he reported that larger Indian communities were found in the numerous Persian Gulf ports (Forster, II, pp. 186-87). At the end of the 19th century, George Curzon reported that Hindu merchants were active in a number of locations in Persia and that they dominated the trade in the Persian Gulf port cities of Bandar-e Lenga and Bandar-e ‘Abbās, where they had even purchased the rights to collect taxes for the state (Curzon, I, p. 291, II, pp. 244, 401, 407). Indian merchants remained active in Persia throughout much of the 20th century, although their role in Indo-Persian trade became increasingly subordinate to that of the British.

In Central Asia, Arminius Vámbéry observed in the 1860s that Hindu merchants in the Bukharan emirate continued to dominate the moneylending business and that they had “in some wonderful manner got all the management of money into their hands, there being no market, not even a village, where the Hindoo is not ready to act as usurer” (Vámbéry, p. 372). The strength and numbers of the Indian diaspora in Central Asia declined rapidly following the Russian conquest of Tashkent in 1865. Just one year later, in 1866, the Russians began to address the Indians’ financial dominance over their new colonial territory. Over the next few years the Russian colonial administration devised and effectively implemented a series of policies strategically designed to undermine Indian moneylending activities in Central Asia (Levi, p. 253). In subsequent decades, as Russian control expanded to



cover virtually all of Central Asia, the Indians abandoned their communities there and, by the time of the 1917 Bolshevik Revolution, the Indian diaspora in Central Asia had declined to such a degree that it almost no longer existed.

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