



INDIA XXXI. INDIAN MERCHANTS IN 19TH- CENTURY AFGHANISTAN

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Indian communities in Afghanistan performed an array of commercial functions in both the private and state sectors that served to integrate the Afghan economy and link it to surrounding markets in Central and South Asia. These were socially diverse communities; their collective experiences in the country were quite varied, particularly in their capacities as “portfolio capitalists” who straddled the worlds of commerce and political participation (Bayly and Subrahmanyam, p. 242) and whose activities were directly tied to the fortunes of state authorities. In the medieval period there were sizeable groups of Indian merchants, often glossed as Multānis, active in the territory that would later become known as Afghanistan. The number and variety of these communities were greatly augmented by commercial and political processes associated with the mid-18th-century formation of the Dorrāni state (q.v.) under the titular leadership of Aḥmad Shah Abdāli (q.v.; r. 1747-72). From his base in Qandahār, Aḥmad Shah forayed through Hindustan (Hendustān) ten times in twenty-three years. These excursions brought him into contact with local merchants and the trans-Eurasian commercial



networks they formed, and ultimately resulted in the settlement of representatives of these firms in a wide range of market settings throughout Dorrāni dominions. South Asian businessmen and their families (preponderantly but not exclusively Hindus, mainly of the Khattri/Khatri caste) hailing principally from the cities of Shikarpur in Sind province and from Aḥmad Shah's birthplace Multan were most notable among the large and growing numbers of Indian merchants present in Kabul, Qandahar, and eastern Afghanistan during the initial phase of Dorrāni state formation (Gankovsky, pp. 84-85; Singh, pp. 339-40).

Situated between a number of established civilizations in central, south, and southwest Asia, Afghanistan has historically served as a connective transit zone. In addition to the 'through trade,' Afghanistan's many fertile valleys and constituent mobile social groups geared the country's economy to the export of numerous local products, including horses, opium, timber, dried and fresh fruits, and animal furs, meats, and skins. Indian merchants, known as Hendkis in Afghanistan, were the primary facilitators of both the transit trade and local commodity export aspects of Afghanistan's economy. Their commercial capital structured and lubricated the trade networks that circulated foreign commodities to and through Afghanistan and distributed local Afghan products to markets and consumers outside the country, particularly in South and Central Asia (Hanifi, pp. 92-141)

Hendkis were prominent actors in all exchange interstices of the Afghan economy. Their unique ability to obtain and dispense hard cash and paper credit resulted in manifold transactions and relationships amongst political elites and the general populace. Their handling of various cash currencies represent a banking function that was crucial for the popular classes. Hendkis provided small-scale loans, particularly during planting and harvest seasons, as well as throughout the year in the context of life course rituals and other situations requiring heightened domestic expenditure, such as the periodic need to purchase livestock or agricultural implements. Hendkis also put larger amounts of capital into circulation through paper money bills of exchange (termed *hundis* in South Asia and *hawālas* in Afghanistan). Hendkis regularly made larger loans to more successful merchants and state authorities, generally through *hawālas* (Hanifi, pp. 91-141).

Modern Afghanistan is the product of the 19th-century encounter between British Indian colonial authorities and Dorrāni political elites based in Kabul. Colonial records offer a wealth of data concerning Indian businessmen who



were key mediators of the fluid relationships between colonial authorities and their local clients in Afghanistan.

In 1809 Mountstuart Elphinstone conducted the first colonial reconnaissance of the region that would come to be known as Afghanistan decades later (this discursive shift occurred during the last third of the 19th century) and referenced the conspicuous involvement of Hendkis in the country's economy (Elphinstone, I, pp. 412-15). During the 1830s commercial considerations lured the British to, and structured their engagement with, Afghanistan. During this decade a number of colonial officials traveled through Afghanistan, and their observations about the commercial vitality of Hendkis reinforce Elphinstone's dictums about this community (Burnes, I, pp. 168-170). Between 1831 and 1835 colonial authorities sponsored four experimental trading excursions between South and Central Asia, the results of which highlighted the potential profitability of controlling the two main commercial arteries through Afghanistan, one via Qandahar and the other via Kabul. The success of these capitalist speculations substantiated the colonial project of "opening up" the Indus river to commercial traffic (Hanifi, pp. 223-34).

The two Anglo-Afghan wars (1839-42 and 1878-80) had diametrically opposed results for the Hendki communities in Afghanistan. More than two years after their first invasion of Afghanistan and occupation of Kabul, the British assumed direct and full control of the country's finances. Colonial revision of the existing Dorrāni fiscal regime in 1841 was extensive, and some of the most significant transformations in the account books and on the ground involved the Hendkis, whose fortunes were greatly advanced by this dramatic restructuring of the country's revenue system. Whereas Hendkis had formerly been most active in the private sectors of the Afghan economy, under the colonial financial administration they became intimately involved in governmental revenue affairs. In essence, their informal roles as private bankers and brokers were augmented by formal service as state revenue farmers and other activities performed in an official capacity (Hanifi, pp. 44-91).

Complete demolition of the first British expeditionary force in 1842 resulted in a lengthy colonial disengagement from Afghanistan. Despite limited data about the Hendki communities in Afghanistan for the years between the two Anglo-Afghan wars, the colonially induced financial advances they reaped at the end of the first British occupation appear to have been at least maintained if not furthered during the interlude. Rather than with a massacre, the second



British invasion of Afghanistan ended in a relatively orderly withdrawal of troops and the appointment of ‘Abd-al-Raḥmān (q.v.; r. 1880-1901) as Amir of Kabul. Unlike his Dorrāni predecessors ‘Abd-al-Raḥmān regularly received large cash subsidies from the British. Abundant subsidy-related documentation reveals a dramatic rupture of the intimate relationship between Hendkis and fiscal affairs in Afghanistan. ‘Abd-al-Raḥmān strove to purge the Hendkis from the country, which broke from a well-established precedent of toleration and incorporation established by earlier dynasts. The success of this policy greatly distanced Afghanistan from the trans-Eurasian commercial networks organized by the Indian merchant diaspora, thus significantly impeding the export of local commodities and ultimately isolating Afghanistan’s economy from surrounding and sustaining markets. Further economic detriment arose from ‘Abd-al-Raḥman’s imposition of state trading monopolies and exorbitant transit taxes that, in turn, led to a precipitous decline in the country’s historically vibrant through trade. The extreme poverty characterizing Afghanistan in the 20th century originated with ‘Abd-al-Raḥmān’s policy of driving Indian merchant communities out of the country at the end of the 19th century (Hanifi, pp. 92-141).

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