

# Colonialism, Migration and Problems of Ethnic Integration in Asia: The Case of Modern Sri Lanka.

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Received: 20 August 2014

Accepted: 23 June 2015

## 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 labour 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.

## Keywords:

Colonialism, Migration, Ethnic Integration, Modern Sri Lanka

## 1. Introduction

Migration of peoples 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 at regional level. 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 diversified 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 to different parts of Asia from 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. Apart from these two streams a considerable number of Indians migrated all over the Asia in this period as bureaucrats and professionals both in government and private sectors. At the time these colonies gained independence and in the context of creating

their nation-states these migrant populations became politically and economically vulnerable. Various policies adopted by nationalists in different host countries in Asia, e.g. Burma, Sri Lanka, Malaysia, Singapore, Indonesia, Cambodia, Laos, Thailand, Vietnam and Philippines determined in different ways the fate and future of these communities. This article will discuss the development in Sri Lanka relating to Indian immigration and problems of national integration with some references to parallel situations in Burma and Malaya.

Sri Lanka with its own pattern of ethnic diversity confronted problems of ethnic integration and citizenship in the process of transition from a colony to an independent nation. Under the British rule specially in the first half of the 20<sup>th</sup> century there was a rapid strengthening of ethnic consciousness and identity. In the 1920s, Sinhalese identified themselves as the dominant 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 considered 'alien' communities in the society. Indians formed the vast majority of these immigrants both in number and diversity.<sup>1</sup> 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.

The economic thinking among the dominant Sinhalese leadership in their agenda for an independent nation was clearly autarchic which invariably envisaged control or eliminate of Indian influence in the economy as an urgent need in transforming the Sri Lankan colonial economy to a national economy. They considered the virtual monopolies held by Indians in many trading areas as

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<sup>1</sup> 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.

obstacles 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.<sup>2</sup>

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 operation of Indian trading communities had a long history of centuries in the pre-colonial economy in Sri Lanka. Under colonialism immigrant indentured labour and various business communities of Indian origin performed crucial roles in the operation of the colonial economy of Sri Lanka. These groups played economic roles that the indigenous people were either reluctant or incapable of playing. Their functions were essential for the survival and expansion 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.<sup>3</sup>

## 2. Plantations and Indian Labour

With the abolition of slavery, particularly in the British Empire and the French and Dutch colonies in the middle of the 19<sup>th</sup> century there was a severe shortage of labourers in plantation economies of these colonies. India and China became the obvious alternative sources of labour in sugar, tea, coffee, rice and rubber plantations in these colonies. During the period 1852 to 1937, approximately 2 million Indians went to Malaya to work in rubber plantations and approximately 2.5 million to Burma to grow rice. Emigration of contract labourers under the indenture system or Kangani system was maintained with the support of the colonial administration in these respective colonies.<sup>4</sup>

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<sup>2</sup> M.S. Gunarathne, *Role of Indian Business Communities in the Sri Lankan Economy, 1833-1949*, Ph.D. thesis, Jawaharlal University, New Delhi, 2011, p.169.

<sup>3</sup> For more details see Gunarathne, chap.4.

<sup>4</sup> *Report of the High Level Committee on the Indian Diaspora*, Chapter 20 South East Asia, p.252.

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. Colonial state directly involved itself in facilitating the plantation sector by creating the foundations for European 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.<sup>5</sup> 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 19<sup>th</sup> century. Thus indentured Indian labour became the essential element in the Sri Lankan plantation economy.<sup>6</sup>

In the second half of the 19<sup>th</sup> 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.<sup>7</sup> While

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<sup>5</sup> 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 34<sup>th</sup> International Congress Asian and North African Studies*, 22-28 August 1993, pp.17,20-21; Gunarathne, pp.49-50.

<sup>6</sup> Indian labour immigration to plantations in large numbers began at the end of the 1830s. About 3,000 immigrants 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.

<sup>7</sup> Jayasekera, 'Plantations and Underdevelopment of Indigenous Agriculture', pp.15-16; Gunarathne, p.49.

positively involved in maintaining continuous supply of labour the colonial state was committed to their welfare through various regulations.<sup>8</sup> 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.<sup>9</sup>

In the late 1880s tea industry replaced coffee and became the major commercial crop. In the first decades of the 20<sup>th</sup> 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 demand 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.<sup>10</sup>

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 to local bodies and various private commercial firms for essential services. Apart from these there were a large number of immigrant Indian labourers employed as domestic servants.<sup>11</sup>

### 3. Indian Merchant Communities

The second important component of Indian migrants in the Asian

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<sup>8</sup> 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.

<sup>9</sup> *Ceylon Blue Book*, 1929, p.S1; 1938, p.S1.

<sup>10</sup> Turner, *Report on the Census of Ceylon, 1931*, Vol.I, p.5; *Ceylon Blue Book*, 1929, p.S1.

<sup>11</sup> *Ceylon Blue Book*, 1929, p.S2.

colonial societies was the various business communities who were already very active in their trading networks all over the Asia. As some of these communities had a long term connection with the Sri Lankan economy from the pre-colonial era, new opportunities under colonialism 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. This dual involvement made these Indian communities the agents of economic integration between pre-colonial and colonial modes of production. Besides, by successfully adjusting to the emerging colonial economy, transforming themselves from their pre-British economic roles they came to play dynamic roles, both collaborative as well as competitive and as intermediaries between colonial investors and indigenous entrepreneurs. In fact they came to perform essential intermediary roles in the colonial economy.<sup>12</sup>

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.<sup>13</sup>

<sup>12</sup> See Gunarathne, p.39, chap.4.

<sup>13</sup> 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.53,90.

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 the main suppliers 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 Asia and effectively marginalize even European competitors.<sup>14</sup>

Banking and money lending became a significant aspect of the role of Indian merchant communities, particularly of Chettiars and Muslims. In Asian colonial economies Chettiars played a significant role as moneylenders and bankers for the various levels of the indigenous society. *They made a unique and central contribution to the growth of the plantation economy in Ceylon, the emergence of the Burmese rice market, and the development of Malaya's rubber and tin industries.*<sup>15</sup>

Although a number of European banks established their branches in these areas European investments did not reach the lower and subordinated levels of these economies. The activities of European exchange banks were strictly limited to providing capital requirements of European enterprises engaged in these areas. This banking system therefore, did not play a direct role in integrating indigenous economic enterprises and in financing of the internal market of local products. Indigenous societies were therefore, confronted on the one hand with the serious problem of capital scarcity and faced with the

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<sup>14</sup> Gunarathne, p.108.

<sup>15</sup> David West Rudner, *Caste and Capitalism in Colonial India, The Nattukottai Chettiars*, University of California Press, Berkeley, Los Angeles, Oxford, 1994, p.54.

difficulty of obtaining institutional credit in order to benefit from the expanding colonial economies. On the other hand the monetization under colonialism subjected them to highly exploitative usury practices of Indian moneylenders. Chettiars, in particular readily ventured to profit from these requirements of indigenous societies. Accordingly, in Asian colonial economies Chettiars played a contradictory dual role, progressive as creditors for indigenous entrepreneurs and exploitative as usurious moneylenders to the indigenous sectors of the society.

Chettira commercial activities in Burma followed a similar pattern to that in Sri Lanka. Their operations commenced in Burma from the very beginning of the British rule.<sup>16</sup> Following the annexation of Upper Burma in 1885, numerous infrastructure projects started by the British colonial government and expansion of rice cultivation in the Irrawaddy delta region caused an unprecedented economic boom in Burma.<sup>17</sup> Rice was the main crop grown and was exported to Europe where there was high demand for it. The British even created a large

<sup>16</sup> *Nakarattars arrived in Burma with the British conquest of Arakan and part of Tenasserim in 1826. The rest of Lower Burma fell in 1852. Upper Burma was not taken until 1886. But by then the Nakarattar-financed development of Lower Burma was already well underway. Nakarattars began to move into Burma in greater numbers following the conquest of Lower Burma. The first major agency houses are reported in Moulmein by 1852 and in Rangoon in 1854. But it was not until the opening of the Suez Canal in 1869 that Nakarattars were really attracted to Burma in a major way. The canal dramatically reduced the transit time of trade with Europe and, in one fell swoop, opened up the European market for Burmese rice. Rudner, p.80. Operations for other business communities see Satyanarayana Adapa, "Subglobalization" and Regional Integration: Intra-Asian Migration, Trade and Commerce, 19-20<sup>th</sup> Centuries, Paper presented to the ENIUGH Congress, 14-17 April 2011, London School of Economics, London, p.6.*

<sup>17</sup> *.....colonial authorities enacted the Lower Burma Land and Revenue Act of 1876, which established important changes in Burma's land tenure laws. The intended purpose of the act was to provide settlers with a clear title of ownership to land that they occupied and on which they paid taxes for a period of twelve years. An additional, unintended consequence of the act was that it provided settlers with land to mortgage as security for loans to buy seed and fertilizer, and to meet other expenses. Rudner, p:80.*

market for Burmese rice in some of their colonies like Sri Lanka, Mauritius and India. After the opening of the Suez Canal in 1869, the demand for Burmese rice grew and vast tracts of land were brought under cultivation. From 1855 to 1930 the area of the Irrawaddy delta used for rice cultivation increased ten times to roughly four million hectares. Irrawaddy Delta therefore, became extremely attractive to many Chettira firms.

The increased demand for rice in Europe created good market for Burmese rice. This followed the disruption of rice supply to Europe from the two existing major sources, India and America. In this favourable environment many Burmese agriculturists were attracted from the northern heartland to the delta to engage in the production of rice. As the British banks did provide them credit the Burmese farmers were forced to borrow capital from Chettiar moneylenders at high interest rates in order to acquire land at competitive prices and to prepare them for paddy cultivation, to employ wage labour. As the demand for Chettiar credit increased rapidly the bulk of Chettiar investments went directly for loans to Burmese agriculturalists.<sup>18</sup> The Chettiars lent money on mortgages with land as collateral but foreclosed them quickly when prices of land and rice increased. Therefore, Burmese farmers often lost their lands as a result of foreclosure on default of loans and evicted from their lands.<sup>19</sup>

The Malayan economy integrated into the world economy under the British in the 19<sup>th</sup> century in the same way as Burma. By the late nineteenth century Chettiars financed most of the opium trade in Singapore and Penang and

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<sup>18</sup> Reports for 1929 indicate that in Lower Burma (where Nakarattars invested the bulk of their money) about Rs. 110–120 million was advanced in short-term loans to agriculturalists. Rudner, p.82.

<sup>19</sup> Manjori Mehrotra and N. Basistha, 'Collective Memories of Repatriates from Burma: A Case Study of West Bengal', *Refugee Watch*, 37, June 2011, p.96; Samart Butkaew, 'Burmese Indians, The Forgotten Lives', *Burmese Issues*, 16.2, Feb. 2005, p.2.; Adapa, p.2.

provided credit to Chinese traders playing a monopolized intermediary role between British exchange banks and the Chinese traders. In the growth of the colonial economy of Malaya from the beginning of the 20<sup>th</sup> century Chettiars became the principal source of credit for the local Chinese and Malay owners of tin mines and rubber cultivators as well as for the peasantry and European planters. Malaya's tin industry developed simultaneously with her rubber industry. Chettiars also entered the tin mining industry, both through foreclosure on defaulted loans or through direct purchase.<sup>20</sup>

As in the case of Burma and Malaya Chettiars functioned as bankers and moneylenders at various levels of the plantation economy of Sri Lanka. Particularly they became the capital source for the newly emerging indigenous entrepreneurial class that ventured into new avenues of entrepreneurship by taking part in economic activities associated with the new colonial economic structure but they severely suffered from lack of capital. As the European merchant banks refused to lend capital directly to indigenous 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. All these three groups labourers, peasants as well as indigenous entrepreneurs experienced both Chettiars and Muslims usurious exploitation as their interest rates were very high. As moneylenders they invariably got involved in mortgages and foreclosures of all types of property of the indigenous population.<sup>21</sup>

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<sup>20</sup> Rudner, pp.85,86,87.

<sup>21</sup> For more details see Gunarathne, chap.4.1.

#### 4. Sri Lankans Reactions

Two related developments in the Sri Lankan society at the end of the 19<sup>th</sup> century made these Indian merchant communities vulnerable groups. On the one hand the 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 merchant communities as exploiters and the source of all evil of the indigenous Sri Lankan society.<sup>22</sup>

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 into indebtedness and eviction from their lands. All these on the one hand aggravated the exploitative role of Indian moneylenders, particularly Chettiers and Muslims. On the other hand villagers' predicament was made worse since they were prevented from entering the plantations as workers due to the presence of Indian labourers.<sup>23</sup> Even in urban areas specially in Colombo,

<sup>22</sup> 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.

<sup>23</sup> 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.

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.<sup>24</sup> Even the indigenous capitalists utilized every possible channel to raise their voice particularly against the Indian business communities. Issues relating to the economic role of Indians were also raised by indigenous political leaders in the Legislative Council and in their various political organizations. 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 20<sup>th</sup> 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 Indian merchants to make large profit by creating artificial scarcity or hoarding stocks with the object of raising prices. This situation severely affected the Sri Lankan society increasingly dependent on imported rice.

Sri Lankan members of the Legislative Council urged the colonial authorities intervene to prevent this situation but it had no such intention of interfering with the Indian businesses. When the some local entrepreneurs attempted with the support of the colonial state to take the Indian rice trade in to

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<sup>24</sup> Jayasekera, *Social and Political Change in Ceylon*, pp.226-245,319-349.

their hands the Indian merchants with their superior resources and control over the rice market in Asia were able to frustrate it.<sup>25</sup>

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 that large scale inflow of Indian labourers would amount to deprivation of opportunities for the indigenous workers. They asked for immediate control Indian immigration.<sup>26</sup>

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' as they transferred whatever savings to their relatives in India.<sup>27</sup>

These issues 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 and 1934. In this period strong agitation was directed against

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<sup>25</sup> *Hansard*, Debates in the Legislative Council of Ceylon, 4 December 1918, pp.330-338; Gunarathne, pp.60-64.

<sup>26</sup> *Ceylon Sessional Paper*, 12, 1926, Immigration of Indian Labour, pp.8-11.

<sup>27</sup> *Ceylon Sessional Paper*, 12, 1926, Immigration of Indian Labour, pp.8-11; Gunarathne, pp.195-196.

Indian labourers both in the plantations and urban sectors.<sup>28</sup> 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 secondly, the denial of franchise and citizenship rights to immigrant Indians. These became crucial political issues affecting Indians until the time of independence in 1948.<sup>29</sup>

At the end of the colonial period, as it was in many other Asian colonies political power was progressively transferred to indigenous leaders who 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 increasing 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.<sup>30</sup>

In multi-ethnic colonial societies decolonization and state building processes were often accompanied by intensifying ethnic conflict where the

<sup>28</sup> 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.

<sup>29</sup> Gunarathne, p.166.

<sup>30</sup> Gunarathne, p.195.

dominant majority elites tended to use political power to promote their interests. In their perception of the new nation those not permanently domiciled were not only considered 'aliens' 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. Many Asian societies such as Burma and Sri Lanka were faced with this problem in their post-independence nation-state formation.<sup>31</sup>

Sri Lankans were granted universal franchise under the recommendations of Donoughmore Commission in 1931. Besides, the Donoughmore Commission recommended adult franchise to immigrant Indians who had been resident in Sri Lanka for at least five years, subject to a temporary absence not exceeding eight months 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."<sup>32</sup> The Sinhalese politicians strongly protested 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'.<sup>33</sup>

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<sup>31</sup> *ibid.*, pp.194-195.

<sup>32</sup> *Report of the Special Commission on the Ceylon Constitution*, His Majesty's Stationary Office, London, 1928, p.87.

<sup>33</sup> 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.

These conditions affected mostly the illiterate Indian labour population. The inevitable effect of this was that the 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.<sup>34</sup>

The Sri Lankan politicians adopted 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.<sup>35</sup> 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.<sup>36</sup>

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<sup>34</sup> *Hansard*, Debate in the Legislative Council of Ceylon, 26 Oct. 1928, pp.1626-1628; 1 Nov. 1928, pp.1675-1681,1685-1690,1696-1704.

<sup>35</sup> Gunasekera, p.200.

<sup>36</sup> Gunarathne, p.107.

The other measure was to introduce an income tax bill aimed at stopping 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.<sup>37</sup>

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,<sup>38</sup> to redefine the citizenship rights of a large population that entered 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.<sup>39</sup>

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<sup>37</sup> *Hansard*, Debates in the Legislative Council of Ceylon, 15 July 1927, p.1018; Gunarathne, pp.69-73.

<sup>38</sup> Act, No. 18 of 1948, Citizenship Act; Act, No.3 of 1949, Indian and Pakistani Residents (Citizenship) Act.

<sup>39</sup> 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.

The two groups of Indian communities confronted the citizenship problem in two different ways. The Indian 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 in post-independent era.<sup>40</sup>

This problem of integrating ethnic groups with an Indian origin into the new nation had ramifications of deeper implication on Sri Lankan domestic politics. 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 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.<sup>41</sup>

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<sup>40</sup> Gunarathne, p.203.

<sup>41</sup> A. Jeyaratnam Wilson, *The Break-up of Sri Lanka, The Sinhalese-Tamil Conflict*, C. Gurts & Company, London, 1988.

## 5. Indians in Burma and Malaya

The British amalgamated Burma to India during the period 1886-1937. This had a distinct impact on Indians migration into Burma compare to other colonies. During this period ethnic Indians formed the backbone of the Burmese colonial government and economy. Indians came to serve as civil servants, engineers, soldiers, river pilots, artisans, clerks and other professionals, etc. *The civil service was largely staffed by the Anglo-Burmese community and Indians. The western educated Bengali intelligentsia was the dominant class in colonial Burma and allied itself to the colonial masters. Burmese were excluded almost entirely from military service which was staffed primarily with Indians, Anglo-Burmese and Burmese minority groups. At the same time, thousands of Indian labourers migrated to Burma continuously and occupied most available jobs. Because of their willingness to work for less money these indentured Indian workers, quickly displaced the Burmese farmers.*<sup>42</sup> Apart from Indian traders, merchants and moneylenders the Burmese economy attracted various types of Indian entrepreneurs.

While in 1872 only 16% were Indians in Burmese population by 1930 the percentage grown considerably; in Rangoon alone 53% were Indians. At the start of World War II, almost half of Rangoon's (Yangon) population was either Indian or South Asian.<sup>43</sup> This large Indians presence created a situation far more serious than that in Sri Lanka. Between 1920s and 30s, there were some powerful currents of hostility against the Indian presence in Burma as they had penetrated into every avenues of the economy severely restricting economic opportunities for the Burmese. When the Economic Depression hit the Burmese economy a series of anti-Indian riots began at various levels of the Burmese society. In 1930

<sup>42</sup> Mehrotra and Basistha, p.96; [http://en.wikipedia.org/wiki/British\\_rule\\_in\\_Burma](http://en.wikipedia.org/wiki/British_rule_in_Burma)

<sup>43</sup> Samart Butkaew, 'Burmese Indians, The Forgotten Lives', *Burmese Issues*, 16.2, Feb. 2005, p.2; Mehrotra and Basistha, p.97; K.S. Sandhu and A. Mani (eds.), *Indian Communities in Southeast Asia*, ISEAS Pubs., Singapore, 2006, p.586.

anti-Indian riots in Rangoon killed many thousands of Indians. Starting from Rangoon port over two hundred Indians were killed and their bodies were flung into the river. The price of rice dropped during the Economic Depression of the 1930s and the Chettiar moneylenders in the rice belt began to foreclose on land held by native Burmese and they were often evicted from their lands. And at the same time Indians who played a prominent role in the British administration became the target of Burmese nationalists.<sup>44</sup>

When Burma became independent in 1948 the dominant ethnic group was the Burmans with 68% of the total population. The new Burmese government treated a large percentage of the Indian community as resident aliens. *The rising population and the growing economic power of the Indians were against the interest of the Burmans. The policy stressed on three strategies, namely, nationalization, industrialization and 'Burmanization'. Nationalization of land meant elimination of absentee landowners, moneylenders and redistribution of land amongst landless peasants. This was implemented by Land Alienation Act, 1948 and Land Nationalization Act, 1949. The Industrial Regulation of 1948 stipulated that the majority of the shares in every private enterprise must be owned by Burmese. With the implementation of Citizenship Act, 1982, the Burmese government took over the land and property of the Indians and refused to give them citizenship. According to this law, citizenship was denied to people who came to Burma before 1823.*<sup>45</sup>

After a military dictatorship took over in 1962, General Ne Win, the new Prime Minister of Burma, ordered a large-scale expulsion of Indians living in Burma as they were considered foreigners. Although many Indians had been

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<sup>44</sup> Amitav Ghosh, *Exodus from Burma, 1941: A Personal Account*, Parts 1,2 &3, June 21, 2011; [http://en.wikipedia.org/wiki/Burmese\\_Indians#Anti-Indian\\_sentiments](http://en.wikipedia.org/wiki/Burmese_Indians#Anti-Indian_sentiments)

<sup>45</sup> Mehrotra and Basistha, p.97.

living in Burma for generations and had integrated into Burmese society, even their situation deteriorated after 1964 when their businesses and assets were nationalized. They became a target of discrimination and oppression by the new military government. With the nationalization of private ventures in 1964 over 300,000 Indians were forced to leave Burma with only 175 kyat for their trip to India. This caused a significant deterioration in Indo-Burmese relations and the Indian government arranged ferries and aircrafts for evacuation out of Indians out of Burma.<sup>46</sup>

Indian immigrants in colonies like Cambodia, Indonesia, Laos, and Vietnam were small in numbers and their functional roles in these societies were negligible. But in Malaya, apart from Indians, there were significant numbers of Chinese and Indonesian immigrants. With the expansion of the tin and rubber industries thousands of migrant workers of Chinese and Indonesian origin came to Malaya during the first three decades in the 20<sup>th</sup> century. Indian labourers were brought into these areas with increasing rapidity and in greater numbers to work in European plantations. *The largest average annual flow of Indians into Malaysia occurred during the period 1911-1930, when more than 90,000 persons arrived in the country every year.*<sup>47</sup>

Generally, these immigrations remained free and unrestricted until the 1930s, when the colonial authorities introduced a restrictive immigration policy on alien immigration. Although these restrictive legislation applicable to all immigrants, they were directed mainly at the Chinese. This policy helped to reduce the rising unemployment with the Economic Depression in Malaya.

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<sup>46</sup> Mehrotra and Basistha, p.97; Sachi G. Dastidar, *Descendants of Centuries-old Vibrant Burmese-Bengali Community*, February 2013.

<sup>47</sup> *Report of the High Level Committee on the Indian Diaspora*, Chapter 20 South East Asia, p.257.

However, there were growing demands from Malay nationalists for increased restrictions on the immigration of 'alien' Asians because of the increasing competition for jobs particularly in the public sector. In 1933 the Immigration Restriction Ordinance of 1928 was replaced by the Aliens Ordinance of 1933 in the Straits Settlements. This legislation was designed to regulate the admission of aliens in Malaya and to provide a means of registering those already resident in Malaya. This legislation too was directed primarily at the Chinese since Indians were classified as British subjects. Complementary legislation was also enacted in the Federated Malay States and the Unfederated Malay States. This legislation defined the status of Chinese as aliens in Malaya and, interestingly, the term included a large number of Chinese who had settled in Malaya but still retained their Chinese citizenship. *Chinese immigration to Malaya came to an end following the outbreak of World War II. Indonesian labour migration, however, continued to be encouraged by the British and there were some interesting developments for Indians as well.*

Although Indians did not fall under the jurisdiction of this legislation, the British sent back a number of 'undesirable' Indian labourers in the latter half of the 1930s. In 1938, the Indian government banned all assisted Indian emigration to Malaya in response to the demands of Indian nationalists for improvements in the working conditions and political privileges of Indian labour.

The Aliens Ordinance was replaced by the Immigration Ordinance of 1953. Unlike the earlier restrictions this ordinance specified nationality and occupation and thus placed greater emphasis on the skills of migrants. Clearly, this legislation was associated with the nationalist sentiment in the country. *New stipulations required potential immigrants to have job contracts of at least two years with Malayan firms and earn a salary of not less than MYR \$400 a month.* The ending of colonial rule in Malaya in 1957 is noteworthy in the sphere of

immigration policy in that more restrictive legislation was implemented to control unskilled Chinese and Indian immigration into Malaya and this was influenced largely by economic and socio-political considerations. *Second, border controls and internal enforcement measures assumed greater importance, coinciding with the prevailing political conditions in the country after World War II. The Malayan Emergency (1948-60)*<sup>48</sup> *in particular resulted in the introduction of the Internal Security Act and a compulsory system of identification cards for all residents aged twelve years and over. The identity cards categorized people on the basis of their nationality and residential or occupational status and, in effect, created the 'outsider'. Both these internal enforcement measures are an enduring legacy of colonial rule, and have been adapted or modified to suit the needs of the national state in the face of global pressures and the 'new' migrant labour market in Southeast Asia.*<sup>49</sup>

## 6. Conclusion

In pre-colonial times migrant communities generally played diverse roles which were considered beneficial by host societies and as a consequence their integration into the indigenous population was a natural process. But colonialism changed this pattern by promoting and organizing migration to serve its own systems of domination and exploitation. At the time of decolonization the degree of animosity and the pattern of reaction of indigenous societies to those migrants associated with colonialism was determined by the degree of deprivation, domination or exploitation that these communities were involved in collaboration with colonialism. Where these immigrant communities served essential roles for the stability of the economy of newly independent states they

<sup>48</sup> The Malayan Emergency was a Malayan guerrilla war fought between Commonwealth armed forces and the Malayan National Liberation Army, the military arm of the Malayan Communist Party, from 1948–60.

<sup>49</sup> Amarjit Kaur, 'Labor Crossings in Southeast Asia: Linking Historical and Contemporary Labor Migration', *New Zealand Journal of Asian Studies*, 11.1, June 2009, pp.283-288.

were accommodated in keeping with their own requirements of citizenship. Such communities integrated into the ethnic mosaic of new nations.

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