Much of Indian business enterprise has been associated with certain banking and trading castes and mercantile communities. In one scholarly view, major entrepreneurs have emerged from communities with dominant cultures of banking and trading. Thus, specific caste groups and communities are perceived to possess the skills and attributes required to successfully engage in commercial pursuits. Some of these ideas derive inspiration from the writings of Max Weber, who argued that Hinduism and its allied social system generated attitudes that militated against economic enterprise. In Weber’s view, caste inhibited occupational mobility, and the dominant emphasis within Hindu philosophy on karma—of doing one’s duty without concern for rewards—offered little incentive for profit or material gain. Thus, entrepreneurial pursuits were the vocation of the hereditary trading castes and were hardly attractive to other sections of society.

Several scholars like Dwijendra Tripathi and Sanjay Subrahmanyan have challenged this view of Indian business, showing in their writings that caste alone has not been the determinant in shaping business fortunes in South Asia and that other factors such as exposure to new ideas, knowledge and the adaptation of Western technology and managerial organization have been equally important.

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3 See Dwijendra Tripathi and M. Mehta, Business Houses in Western India: A Study in Entrepreneurial Response, 1850–1947 (London, 1989); see also Dwijendra Tripathi, The Oxford History of Indian Business (Delhi, 2004); Sanjay Subrahmanyan, ‘Institutions,
Keeping this debate as an historiographic backdrop, this essay examines the story of two prominent mercantile communities in the Indian subcontinent, the Marwaris and the Chettiars, often portrayed as ‘counter-parts’ of each other in the historical literature on South Asian business. It traces the critical phases in their evolution and highlights the different historical trajectories of their fortunes. At the same time, it draws attention to the several similarities in their historical circumstances and their emergence as niche players in the subcontinent’s markets by the mid-nineteenth century. Both the Marwaris and the Chettiars were diasporic communities with strong community networks and support groups with long histories of trading. Both became beneficiaries of the expanded economic opportunities offered by the Pax Britannia.

The Marwaris, on the one hand, made the transition from being niche players in trading to becoming industrial conglomerates. The Chettiars, on the other, continued in their groove of moneylending, eventually lapsing into economic oblivion. From being brokers and bankers, the Marwaris went on to break the British monopoly over the jute industry after World War I; they then moved into other industrial sectors, such as cotton and sugar, and set up diversified conglomerates. By the 1950s, the Marwaris dominated the Indian private industry scenario, emerging as the establishers of its most prominent business houses. Each phase of Marwari development inducted new players from the community, even as the older groups continued to operate.

Meanwhile, the Chettiars were eased out of their niche areas of moneylending and trading after the 1930s due to extant political conditions, and economic depression in their territories. Thereafter, they were unable to make the transition to industry. It was not that they lacked capital, or opportunity. Yet they remained aloof from the modern sector, their industrial presence limited to only a few prominent houses. Tracing the divergent trajectories that traders from both

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agency and economic change in South Asia: A survey and some suggestions,’ in Burton Stein and Sanjay Subrahmanyam (eds), Institutions and Economic Change in South Asia (Delhi, 1996). Harish Damodaran’s India’s New Capitalists. Caste, Business and Industry in a Modern Nation (Delhi, 2008), Introduction, pp. 1–7 looks at entrepreneurial groups that have emerged from castes outside the hereditary mercantile order. Thus, it includes those from ‘agricultural and allied backgrounds’ and ‘scribal castes.’ He notes that their entry into industry is essentially a post-Independence phenomenon.

This paper is not making the case that some communities are more adept at commercial activities. It merely seeks to understand the different trajectories of two mercantile communities placed within similar historical circumstances.