

March 9, 2024

At Sea Against the Empire

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Swadeshi Steam, the iconic shipping line, was a symbol of doughty economic nationalism in the early 20th century. Its failure tells us much about the contradictions of the anti-colonial movement.

If the foundation of the colonial project in India was trade, shipping was the fulcrum for Britain’s economic hegemony in the subcontinent and beyond. The feverish quest for Asian commodities amongst European traders from the 15th century onwards made shipping a critical instrument in subsuming India into the emerging global economic order.

It was thus that the establishment of the Swadeshi Steam Navigation Company in 1906 in the Madras presidency, was a “battle against the British maritime empire,” as the subtitle of A.R. Venkatachalapathy’s new book appropriately indicates. *Swadeshi Steam* weaves together a deeply compelling story of the varying fortunes of the iconic shipping line and its implications for the ongoing anti-colonial, nationalist movement of the time. Though confined to a small part of southern India and ultimately a failure, Swadeshi Steam provided the impetus for similar – and successful – efforts elsewhere in India.

Swadeshi Steam was the brain child of V.O. Chidambaram Pillai – known popularly as VOC – a lawyer-turned-businessman and a fervent nationalist. His was as much – or even more – a political project as commercial. VOC used the anti-colonial concept of swadeshi as a mobilising principle for garnering support for his cause and to encourage indigenous enterprises in place of foreign ones.

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What made Swadeshi Steam unique and a departure from the past was VOC’s effort, intent, ability, and timing to strike at the very foundation of the British Raj through the programme of swadeshi. His shipping line openly challenged the near-monopoly of British India Steam Navigation Co, whose “high handed methods” and racial discrimination had riled Indian traders.

British India Steam had emerged as the one of the largest British shipping companies during the 19th and 20th centuries. These shipping companies straddled Europe and the East Indies, including India, and controlled and monopolised much of the trade across the globe. British India Steam cemented its links with the government by helping the Raj move overseas troops to India as reinforcements to quell the revolt of 1857. The proximity to the colonial state, almost amounting to a “partnership between the Government and the company,” yielded much largesse, including a lucrative mail contract.

Towards the Indian traders who relied on their shipping though, British India Steam represented a discriminatory system, seen as “unfair and oppressive.” This was the trigger for them warming up to an independent shipping line like Swadeshi Steam. On the other side, the colonial state viewed the new entrant as an upstart interloper and did all it could to impede its growth.

Foreign vs native capital

In the Madras presidency of the mid-19th century, European capital had created conditions that facilitated the rise of indigenous capital, through increasing commodity production and commercialisation. Yet, the hegemony of foreign capital over the key sectors of the economy circumscribed the expansion of Indian capital.

Madras had a relatively favourable climate for private Indian investment during the first decade of the 20th century. This could be attributed to the impact and influence of the Swadeshi Movement. With its clear-cut programme of boycott of foreign goods and promotion of indigenously manufactured products, the movement strengthened the hold of the fledgling indigenous capitalists. The Hindu newspaper, in 1910, noted a significantly “greater demand for a number of local made articles in the presidency,” and along with it, of “an increasing desire to support and patronize local industries.” This preference in favour of Indian products was especially noticeable in the case of cotton textiles.

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Merchants and traders were quick to perceive the advantage arising out of this new situation. A large number of fairly obscure, small and middling entrepreneurs came up to promote industries and joint stock companies. However, they never managed to overcome the limitation of a lack of sufficient capital.

In contrast, the more established entrepreneurs from certain business communities, enjoyed the advantage of access to capital from banking and trade within and beyond India. Yet, they chose to stay clear of any involvement with an enterprise like Swadeshi Steam, because of political and commercial considerations.

This was the Catch-22 situation of the period. Those with the intent to take on the powerful lacked the resources, and those with resources were reluctant to join battle. VOC's swadeshi initiative would exemplify these contradictions, ultimately leading to its fall.

A life in swadeshi

Born in September 1872, VOC belonged to the relatively well-to-do landowning Saiva Vellalar caste from Ottapidram, a small, non-descript town in Tirunelveli district. Starting his career as a small-time pleader in the district munsif's court in Ottapidram, he soon moved to Tuticorin, the epicenter of the present book.

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The shift to Tuticorin was in many ways a turning-point in VOC's life. Apart from developing a flourishing legal practice, he developed a great interest in contemporary literature, and through it, got drawn into public life and the developing anti-colonial nationalist movement. VOC's interest in business and industry was an offshoot of his political philosophy of swadeshi.

By 1906 he gave up most of his legal practice and devoted much of his time to swadeshi industry and trade. The Tharmasangaam handloom factory was the outcome of this interest. This deep interest in swadeshi textiles and promotion of a modern textile mill was an early indication of his keenness to challenge British dominance.

VOC got drawn into shipping as a consequence of the efforts by local traders to reduce their dependence on British India Steam by leasing their own shipping.

The south-east coast had a tradition of steam shipping that challenged the British monopoly and these early initiatives may well have influenced VOC's decision to challenge the incumbent.

Dhanakoti Raju, "a leading Indian Christian gentleman" of Tuticorin, and a Chettiar firm from Ramnad had launched shipping firms. Neither was particularly successful, being unable to withstand competition from the more entrenched shipping interests.

Swadeshi Steam's own roots lay in another such initiative, the Sena Vana Company of Tuticorin, promoted by S.V. Nallaperumal Pillai, who belonged to an affluent landholding and trading family. Sena Vana became a rallying point for most of the Indian traders who had been racially discriminated and harassed by the European agents and officials of the British India Steam. When and how Sena Vana metamorphosed into Swadeshi Steam is a bit fuzzy. However, when it was registered as a joint stock shipping company, most of the Tuticorin-based traders wholeheartedly supported VOC.

Like Sena Vana, Swadeshi Steam initially chartered ships from the Bombay-based Shah Line Company owned by Essaji Tajbhoy, a Dawoodi Bohra. But friction over contracts for the leased ships ultimately prompted Swadeshi Steam to acquire its own ships.

Swadeshi Steam faced multiple challenges, brought out well by Venkatachalapathy. VOC and his compatriots constantly grappled with issues of floating the company, raising the necessary capital, taking leasing and acquiring ships, handling management and technical problems, the absence of a level playing field and, above all, having to constantly contend with a positively hostile state.

Willing hearts, unwilling purses

The biggest problem Swadeshi Steam faced throughout its short lifespan was severe under-capitalisation. Swayed by the prevailing swadeshi fervour, VOC and his associates overestimated the ability of the middle-class supporters to meet the financial requirements of a shipping line. Many retail investors reneged on their commitment to fully pay for their shares. This mismatch between subscribed capital and paid-up capital only added to the company's woes.

The absence of stock exchanges in south India rendered the problem of raising capital that much more problematic. None of the businessmen supporting Swadeshi Steam had pockets deep enough to sustain a venture of this kind. Despite some relatively substantial contributions from a few wealthy individuals in Tuticorin, the capital raised locally fell substantially short of the target.

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VOC and his associates travelled extensively to canvas for subscription of shares all across south India and beyond. The most disappointing response to the appeal for capital, ironically, came from Madras. Calcutta and Bombay contributed more. Prospective investors were unwilling to contribute to share capital as Swadeshi Steam did not have its own ships. Yet, when the company acquired two reconditioned steamships, *Gallia* and *Lawoe*, and recruited “English” crew and technical personnel, the costs only further exacerbated the financial crisis.

The lack of capital at Swadeshi Steam was mirrored by the narrow social and economic base of the company's shareholding. The biggest segment of large shareholders were landholders and lawyers of the Vellalars, a landed agrarian caste from the Tirunelveli region. In addition, there were a few Brahmin landowners and lawyers and a few Muslim traders. Local trading communities of Nadars and Bharathars were conspicuously absent – an issue that could have merited closer investigation by Venkatachalapathy.

The Chettiars, who had had significant commercial and industrial investments in the Tirunelveli region, chose to play it safe by limiting their involvement to providing credit. The indifference of the Chettiars did not go down well with the nationalists, but the former's attitude was not inexplicable. Their enormous financial stakes spanning India, Ceylon, Burma, and Malaya created a dependence on the British for the protection of their vital overseas interests. Even as a business proposition, the Chettiars realised the unviability of the Swadeshi venture, given the monopoly of British India Steam over this sector.

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Though tragic, the paucity of capital at Swadeshi Steam was not exceptional. Small capitalist ventures in the Madras presidency were perennially handicapped by the lack of sufficient working capital. With an uncertain market, they remained commercially unviable and apt to fold up. The Koilpatti Textile Mill and the Pettai Sugar Mill, set up in the 1890s by the local Muslim merchant family of V.M.V. Rowther with the help of Nadar and Vellala traders, were eventually bought up by wealthy Chettiars. The South Indian Mills Company of Tirunelveli, a swadeshi venture of 1908, by Vellala promoters, failed to take off, despite the advantage of cheapness of labour and abundant supply of raw cotton. So did a swadeshi weaving mill in Salem started in 1908 by the lawyer C. Vijayaraghavachariar, an ardent and steadfast supporter of VOC.

Decline, fall, and iconisation

To edge out Swadeshi Steam, British India Shipping resorted to the common – though unfair – practice in the shipping trade: ‘rate-cutting’. Despite this enticement the majority of the Tuticorin traders preferred swadeshi, and, Venkatachalapathy claims, British India Steam suffered heavy losses.

Yet, given the irregularity of Swadeshi Steam's services, owing to the multiple problems it faced, how severe could have been the competition to British India Steam, or the losses? Given the larger company's monopoly over several other routes across the globe, would losses in one trade route have hit its overall profitability?

The second half of Venkatachalapathy's book, on the decline and fall of Swadeshi Steam, makes for sad reading. A majority of directors felt that the company needed to dissociate itself from “political activity” and serious efforts were underway to sideline VOC. VOC himself was arrested in 1908, for his support for striking workers at the Tuticorin's Coral Mills – incidentally, managed by the same firm that were the local agents for British India Steam. (The charges were made graver by the violence that followed a public

meeting to protest the arrest.) The company without VOC appeared rudderless. Heavily indebted and unable to raise capital, Swadeshi Steam finally went under and was formally liquidated in July 1911.

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The case of Scindia Steam Navigation Company, another Indian shipping firm from a decade later, throws light, at least counterfactually, as to where things went wrong with Swadeshi Steam. Scindia Steam also had to contend with British India Steam but could carve out a space for itself through a compromise with its rival over route sharing. Its ability to navigate had to do with its promoters, Narottam Morarjee and Walchand Hirachand, being seasoned entrepreneurs from traditional Gujarati merchant communities, who had access to enormous capital.

Despite its failure, Swadeshi Steam and VOC became part and parcel of Tamil folklore as symbols of a fearless anti-colonial crusade. The huge success of the 1961 Tamil film, *Kappal Ottiya Tamizhan* ('The TAMILIAN Helmsman'), a biopic on VOC, is testimony to the emotional chord that he struck in the minds and hearts of Tamilians across generations. The renaming of the Tuticorin Port Trust as V.O. Chidambaranar Port Trust in 2011, is another instance of VOC's popular appeal and the political mileage to be gained from it.

Venkatachalapathy's book captures the ethos rather vividly. Drawing upon a wide range of archival and non-archival sources, *Swadeshi Steam* skilfully underlines the critical and symbiotic link of politics and commerce. Venkatachalapathy well situates the company in the context of the Swadeshi movement in the "benighted province" and the growing commercial importance of Tuticorin as a centre for overseas trade. Noteworthy is his innovative use of shipping archives, especially Lloyd's Register of Shipping and Bureau Veritas (Paris), for a time-series tracking and status of Swadeshi Steam's ships. His is undoubtedly the most comprehensive assessment of the helmsman and his times.