

CHAPTER 1V

BUSINESS PERSUITS, ORGANISATION, FINANCE AND LABOUR

Throughout the preceeding chapters there have been frequent references to " limited or traditional lines of business " persued by Indians. In this chapter these businesses will be treated in detail. There will also be an attempt to discuss some aspects of business organisation, finance and labour.

THE BUSINESS POSITION OF THE INDIANS

Due to lack of latest statistics resort ^{will} would have to be taken to the 1954 Registration of Businesses and 1957 Population Census figures. A look at tables V and VI shows that the business position of Indians is very weak compared to that of the Chinese who are better off in terms of absolute number as well as in distribution.

In terms of absolute number, the Indian population was 696,189 and it owned 12696 of the business units (made up of limited liability companies, partnerships and sole-proprietorships). This means to every 54 Indians there was one business unit. The Chinese were in a better position although their population figure far exceeded that of the Indians. The Chinese population figure was 2,334,000 and it owned 58,005 business units. This works out to one business unit to every forty Chinese. The Malaysians, however, were in a weaker position with 509 persons to one business unit.

As for the distribution of business units it can be seen from the tables that the Chinese owned the majority of the businesses. units in all the states of the Federation. Even in the predominantly Malay States of Trengganu (which had 92.1% Malaysian population) and Kelantan (which had 91.6% Malaysian population) the Chinese were better off. When the number of business units are taken in relation to the population in each state the Indians were slightly better off only in Penang and Trengganu. In the rest of the states the Chinese were in a much better position.

BUSINESSES IN THE FEDERATION

State/ Settlement	Total			Malays			I I
	Ltd. L/Co.	Busi- ness	Total	Ltd. L/Co.	Busi- ness	Total	
Perlis	9	771	880	-	177	177	
Nedah	83	6,334	6,467	4	2643	647	
Penang Is.	277	5,609	5,886	4	156	160	
P. Melleseley	24	2,901	2,925	1	362	363	
Kelantan	20	2,952	2,972	1	1,186	1,187	
Trengganu	9	1,896	1,905	-	558	567	
Perak	334	18,624	18,961	6	1,952	1,958	
Selangor	688	14,721	15,409	2	644	666	
Pahang	58	3,678	3,736	-	541	541	
N. Sembilan	80	5,030	5,110	4	566	570	
Malacca	55	4,004	4,059	-	205	205	
Johore	131	11,332	11,463	1	816	817	
Total	1,768	77,995	76,693	23	7,655	7,878	

BUSINESSES IN THE FEDERATION OF MALAYA

BUSINESSES IN THE FEDERATION OF MALAYA

Malays		Indians		Malays			
Busi- ness	Total	Ltd. L/Co.	Busi- ness.	Total	Ltd. L/Co.	Busi- ness	Total
	177		42	1	880	-	177
4	3,643		1,225	4	6,467	4	3,643
4	156	12	1,029	9	5,886	4	156
1	362	1	463	1	2,925	1	362
1	1,186	-	305	2	2,972	1	1,186
	558	-	313	6	1,905	-	558
6	1,952	7	2,967	24	18,961	6	1,952
2	644	19	2,965	21	15,409	2	644
	541	1	379	78	3,736	-	541
4	566	6	823	30	5,110	4	566
	205	1	877	04	4,050	-	205
1	816	2	1,558	32	11,463	1	816
23	7,655	52	12,644	95	76,693	23	7,655

TABLE V

BUSINESSES IN THE FEDERATION OF MALAYA 1954 BY STATE/SETTLEMENT

Malays				Indians			Europeans		
Ltd. L/Co.	Busi- ness	Total		Ltd. L/Co.	Busi- ness.	Total	Ltd. L/Co.	Busi- ness	Total
30	-	177	177	4	42	42	1	-	
67	4	1,643	647	3	1,225	1,228	33	5	
86	4	156	160	12	1,029	1,041	71	24	
25	1	362	363	1	463	465	6	1	
72	1	1,186	1,187	-	305	305	10	-	
55.	-	558	567	-	313	313	2	-	
61	6	1,952	1,958	7	2,967	2,974	153	30	
09	2	644	666	19	2,965	2,984	378	81	
36	-	541	541	1	379	380	23	11	
10	4	566	570	6	823	829	40	10	
59	-	205	205	1	877	578	21	6	
63	1	816	817	2	1,556	1,553	38	14	
93	23	7,655	7,878	52	12,644	12,692	776	182	

BY STATE/SETTLEMENT/NATIONALITY

MALAYA 1954 BY STATE/SETTLEMENT

Europeans

Indians

European

1	Europeans				Indians				European	
	Ltd. L/Co.	..Busi- ness	·Total	Ltd. L/Co.	· Busi- ness.	·Total	Ltd. L/Co.	..Busi- ness		
42	1	-	1	8						
228	33	5	38	43	42	42	1	-		
041	71	24	95	187	3	1,225	1,228	33	5	
465	6	1	7	16	2	1,029	1,041	71	24	
305	10	-	10	9	1	463	465	6	1	
313	2	-	2	7		305	305	10	-	
974	153	30	183	168		313	313	2	-	
984	378	81	459	285	7	2,967	2,974	153	30	
380	23	11	34	34	9	2,965	2,984	378	81	
829	40	10	50	30	1	379	380	23	11	
578	21	6	27	32	8	823	829	40	10	
553	38	14	52	90	1	877	578	21	6	
692	776	182	958	909	2	1,556	1,553	38	14	
					2	12,644	12,692	776	182	

Source:

1954 BY STATE/SETTLEMENT/NATIONALITY

Europeans				Chinese			Others	
Total	Ltd. L/Co.	Business	Total	Ltd. L/Co.	Business	Total	Ltd. L/Co.	Business
42	1	-	1	8	550	558	-	-
1,228	33	5	38	45	4,499	4,542	-	1
1,041	71	24	95	187	4,386	4,573	3	1
465	6	1	7	16	2,071	2,087	-	-
305	10	-	10	9	1,432	1,441	-	2
313	2	-	2	7	989	996	-	-
2,974	153	30	183	168	13,667	13,835	-	1
2,984	378	81	459	285	10,998	11,283	4	1
380	23	11	34	34	2,746	2,780	-	-
829	40	10	50	30	3,628	3,658	-	-
578	21	6	27	32	3,209	3,241	1	-
1,553	38	14	52	90	8,921	9,011	-	2
12,692	776	182	958	909	57,096	58,005	8	12

Source: Goh Joon Hai, op. cit. p. 86.

/NATIONALITY

	Chinese .			Others .		
	Ltd. L/Co.	Busi-ness	Total	Ltd. L/Co.	Busi-ness	Total
1	8	550	558	-	2	2
38	43	4,499	4,542	-	12	12
95	187	4,386	4,573	3	14	17
7	16	2,071	2,087	-	4	6
10	9	1,432	1,441	-	29	29
2	7	989	996	-	7	7
183	168	13,667	13,835	-	11	11
459	285	10,998	11,283	4	13	17
34	24	2,746	2,780	-	1	1
50	30	3,628	3,658	-	3	3
27	32	3,209	3,241	1	7	8
52	90	8,921	9,011	7	25	25
958	909	57,096	58,005	8	128	136

Source: Goh Joon Hai, op. cit. p. 86.

TABLE VI

FEDERATION OF MALAYA
POPULATION COMPOSITION BY RACE

	Total	Malaysians	Chinese	Indians ¹
Federation	6,279,000	4,008,000	2,334,000	707,000
Johore	927,000	48%	42.4%	7.7%
Kedah	702,000	67.7%	20.5%	9.7%
Kelantan	506,000	91.6%	5.7%	1.2%
Malacca	291,000	49.1%	41.5%	8.1%
N. Sembilan	365,000	41.5%	41.2%	15.1%
Pahang	313,000	57.2%	34.6%	7.0%
Penang	372,000	22.8%	57.2%	12.2%
Perak	1,221,000	39.7%	44.2%	14.9%
Perlis	91,000	78.4%	17.4%	1.8%
Selangor	1,013,000	28.8%	48.2%	20.1%
Trengganu	270,000	92.1%	6.6%	11.3%

Source: 1957 Census Report, op. cit. p.4.

¹This includes Pakistanies. The total number of Indians enumerated was 696,189. See Table VII

THE COMPONENTS OF THE INDIAN BUSINESS COMMUNITY

The 1957 Census enumerated around 696,186 Indians in the Federation making up 11% of the total population. From Table VII it is seen that the majority of the Indians in Malaya are from South India like the Tamils, Telugus and Malayalies and these are mainly heavy skilled or unskilled labourers. The North Indians only make up 8.8% of the total number of Indians in Malaya.

North Indian Businessmen

The North Indian businessmen are mainly from the Sindh, Gugerat and the United Provinces of India. Among them the most important are the Sindhies (often called the 'Bombay Men') and the Gugeraties. They are mainly wholesalers, retailers and traders in textiles from India, Hong Kong and

TABLE VII

TABLE SHOWING NUMERICAL STRENGTH OF
OF EACH COMMUNITY AMONG THE
INDIANS UP TO 1957

Community	1921	1931	1947	1957
<u>South Indians</u>				
Tamil	389,509	514,778	460,985	556,453
Telugu	39,986	32,536	24,093	27,089
Malayali	17,190	34,898	44,339	51,118
Other South Indians			15,968	
<u>North Indians</u>				
Sikh	9,307	18,149	10,132	
Punjabi	6,144	12,794	20,460	
Pathan	804		3,166	
Bengali	5,072	1,827	3,834	
Maharashtrian	29		556	61,442
Gujerati	402	1,386	1,301	
Marwari	?			1,355
Sindhi	?		728	
Rajput	?	?	479	
Parsee	?	?	98	
Other North Indians	3,736	5,479	12,122	
Total- All Indians	470,180	621,847	599,616	696,186

Source: Usha Mahajani, op. cit. pp. 103-104.; The
1957 Census Report, op. cit. p.14.

Japan. Sikhs and Punjabies also deal in textiles, but they are usually travelling salesmen and watchmen. Their more important source of income, however, is from sideline moneylending. The other North Indians are either dealers in textiles or professional men, but they are very seldom heavy unskilled labourers like the South Indians.

South Indian Businessmen

Although the South Indians are mainly labourers, there are among them several small but important business groups. First and foremost are the Tamil-Muslims (Karakkayars) from Madras. Although they are Muslims they seem to have put aside their religious restrictions on accepting interest and profits or have interpreted these concepts in a different way from the Malays. They are however one of the most important Indian business groups in Malaya today. They are mainly booksellers, general merchants, restaurant keepers, money-changers and drug and medicine dealers. The Tamil-Muslim petty shopkeeper and newsagent are famous all over Malaya. The Chettiars are also another important group who are mainly bankers, moneylenders and land owners. There are also a number of Tamil shopkeepers who mainly deal with goods from India for the Indian market in Malaya. Malabar-Muslim petty shopkeepers and hawkers are also found in all the urban areas.

The above shows that one of the reasons the Indian business community is small is because of the smaller percentage of Indians in the country out of which only a small portion participates in business.

BUSINESS OCCUPATIONS

Business occupations can be generally classified into three main groups. They are:

- (a) Industrial occupations, which are concerned with the growing, extracting and manufacturing of material goods.
- (b) Commercial occupations, which are mainly concerned with international trade and distributive trade like wholesaling and retailing.
- (c) Personal services and other direct services.

Indians in Malaya do participate (either in the capacity of employers or employees) in all the above occupations; but the extent to which they do so varies greatly depending on the type of business concerned. Again, to look at Indian in the right perspective, it would have to be related to the participation of others, especially the Chinese.

INDUSTRIAL OCCUPATIONS.

Indians are usually said to participate in the rubber industry; but Table VII shows that the participation is chiefly in the capacity of labourers and not owners. For example (leaving aside European and American participation) in rubber cultivation, Indians as employers or self-employed persons make up only 1.99% while the Chinese percentage is 19.74% and the Malaysians 78.27%. This does not, however, give a true picture of estate ownership; the Malaysian percentage is high due to the large number of self-employed small rubber farmers. In Table 14 of the 1957 Census the number of estate owners and managers is as follows: Malays 13.03%, Chinese 70.16% and Indians 16.08%. Although Indian participation is higher in this case, it is still very low compared to the number of Indians employed in the rubber industry. Indian businessmen do not seem to be interested in the rubber industry although the majority of their community is employed there. The few estates owned belong to the Chettians who are mere speculators than permanent businessmen. The most probable reason why Indian businessmen are not interested in this industry is that it takes a long time (at least 7 years) to derive any return on their investment. This enhances the Indian attitude described in the preceeding chapter about quick profits in the least risky of occupations.

In mining and quarrying too, which is another important sector of the Malayan economy, Indian participation as employers or self-employed persons is negligible. A similar case is found in the manufacturing industry as well as in building and construction. In these too, Indian labour is in a small percentage.

COMMERCE

Only in the commercial field and in the field of personal services do Indians participate to some extent. Generally speaking, percentage distribution of employers and self-employed workers in commerce is as follows: Malays 21.56%, Chinese 63.65%, and Indians 14.79%. A breakdown of this field is necessary to get a more clear picture. In retailing the self-employed Indian percentage is 14.6; but when only the self-employed proprietors and managers in retail trades are taken into account the percentage comes up to 15.1%. In retailing the main lines of business pursued by Indians is as follows:

(1). Textiles.

In textile retailing the Indian participation goes

TABLE VII

DISTRIBUTION OF MALAYSIANS, CHINESE AND INDIANS
BY STATUS IN SELECTED INDUSTRIES, 1957

INDUSTRY	MALAYSIANS		CHINESE		INDIANS	
	Self-employed/ Employer	Employee	Self-employed/ Employer	Employee	Self-employed/ Employer	Employee
Rubber cultivation	92,318	167,563	23,238	172,328	1,362	148,481
Coconut estates	527	3,222	117	1,029	45	6,901
Mining and Quarring	96	7,808	2,730	33,588	37	5,230
Manufacturing	14,119	12,457	25,263	72,005	2,483	7,467
Building and Construction	3,344	18,477	4,470	28,007	301	12,000
Commerce	22,881	9,136	67,532	59,249	15,695	17,010
Personal Services	4,942	10,112	15,073	45,895	5,601	12,998

Source: 1957 Census of the Federation of Malaya.
Table 12.

up to 22.3% while the corresponding figure for the Chinese is 47.3% and the Malaysians 30.4%. Most of the Indian textile shops are found in the major towns, especially in the town shopping centres. They are usually single shops, but there are also a number of departmental stores owned by North Indians (chiefly Sindhis and Gugeraties). In addition to retailing they also perform tailoring and outfitting services. The large and more

fashionable shops of North Indians aim mainly to serve the higher income groups from every community. On a smaller scale are Indian-Muslim and Tamil textile shops who chiefly serve the Indian community. There are also a number of Sikh travelling salesmen who deal with the sub-urban residential areas.

Textile retailing is very competitive to-day. Indian businessmen have complained that any form of "sale" poster in front of their shops, they would at once lose customers. The larger textile shops have resorted to newspaper, cinema and radio advertising. Other promotional devices used are free gifts, percentage discounts, one-dollar or two-dollar departments and such likes. Such devices are necessary if Indians are to continue holding their position in textile retailing. Fortunately for them the Chinese seem to be satisfied with their share of the market, that is, the Chinese from the lower and middle income groups.

3. Bookselling.

Since the time shops like Dulfakker and Eusoff Brothers were established in the 1910s, Tamil-Muslims have been dominating the bookselling business. Their success is due to the early start in relation to the Chinese. During the British in Malaya most of the English books were from India and Britain and hence Indian book-sellers were in an easier position to establish contracts with overseas publishers. Now they are showing signs of being affected by competition; they are renovating their shops and air-conditioning them. However, there are no figures to show their participation and the extent to which competition is affecting them at present.

Prospects in this business are good. The general public is becoming more educated and there is a large annual increase in school-children. If we look further into the future the prospects still remain good. As J.G. Wilson says, "..... bookselling is really the most hopeful of all trades because in an increasingly mechanistic age, it can never be mechanised; and in an age of mass movements it must remain individualistic."¹

¹Herman Levy, The Shops of Britain: A Study in Retail Distribution, Routledge and Kogan Paul Ltd., 1949, p. 105.

TABLE IX

DISTRIBUTION OF MALAYSIANS, CHINESE AND INDIANS
BY STATUS IN SELECTED OCCUPATIONS, 1957

	MALAYSIANS		CHINESE		INDIANS	
	Self- employed/ Employer	Employee	Self- employed/ Employer	Employee	Self- employed/ Employer	Employee
Retail Trade.	22,236	6,457	63,507	47,138	14,507	13,451
(1) Provision Store or main- ly foodstuff.	14,515	3,562	40,715	24,906	9,011	7,797
(2) Textiles.	1,732	319	2,765	3,574	1,193	1,290
Banks and other finan- cial instit- utions.	9	253	218	2,315	841	1,261
Wholesalers	73	837	1,274	3,582	127	902
Road Trans- port.	6,589	6,338	6,602	14,742	1,171	2,768
Restaurants.	2,187	1,703	8,492	12,716	2,947	5,242
Laundries.	195	509	1,563	1,976	562	680
Barbers.	1,720	328	2,972	2,767	1,873	1,568
Jewellers.	495	177	1,582	3,206	638	437

Source: 1957 Census of the Federation of Malaya
op. cit. Table 12.

3. The General Merchants.

In this broad group we can include the provisioners, druggists and chemists. This group can be divided into two:-

- (a) The fashionable Tamil-Muslim shops and departmental stores;
- (b) The Tamil and Sikh provision shops.

The Tamil-Muslim shops mainly deal with the higher income group; they sell a great variety of things like provisions, tinned goods, confectionary, tobacco, toilet requisites, pharmaceuticals, drugs, chemicals and such like.² Most of them act as representatives for manufacturers in Europe and the United States of America; for example Naina Mohamad and Sons (Malaya) Ltd. represent over fifteen overseas manufacturers.² The Tamil and Sikh provisioners deal chiefly with goods from India like grains, onions, chillies (dried), piece goods, Indian patent medicines and herbs,³ fruits, and such-like. Their consumers are mainly Indians from all income groups.

The Tamil-Muslim provisioner-druggists face very little competitions from the Chinese; the competition they have to face is among themselves. The Tamil and Sikh provisioners however do face competition from the Chinese although they deal mainly with the Indian community. One Tamil provisioner interviewed complained that, "Indians patronise both Tamil and Chinese shops, but the Chinese never patronise Tamil shops."³ One reason for this is that Indian shops are centralised in certain sections of the towns while the Chinese shops are more decentralised. Although the Tamil provisioners have developed a free delivery system, Indians living in the town suburbs prefer to deal with local Chinese shops.

PERSONAL SERVICES.

Table VI shows that the highest percentage attained by Indians is in this area of business. The Indian percentage in the self-employed and employer status is 21.84% while the corresponding figures for the Chinese and Malaysians are 58.86% and 19.30%. The following notes would clarify the types of business pursued by Indians in this field.

²The Straits Times Directory, 1962.

³Interview with the proprietor of V.O.K. Ganapathy Pillay, Ampang Street, Kuala Lumpur.

⁴For example, in Kuala Lumpur, they are centralised along Ampang and Malay Streets.

1. Restaurants.

Table XI shows that in this business Indians in the employer status have a relatively high percentage of 21.6%. However directory listing shows that the Indians own 59, the Chinese own 207 and the others (mainly Malaysians) own 48 of the 314 restaurants, eating shops and cafes in the Federation.⁵ This reduces the Indian percentage down to 18.7% showing that quite a number of Indian shops are too small to worth listing.

Of the Indian restaurants the most popular and fashionable are the ones owned by the Tamil-Muslims; they are found in all the major towns and are patronised mainly by Muslims (Malay and Indian), Chinese and Europeans of the higher income group. The Tamil and Sikh food shops deal mainly in Indian dishes and sweetmeats and do not expect a market wider than their own community.

A typical problem faced by the smaller Indian (and other) restaurants is given by S.O.K. Ubaidullah of the Indian Chamber of Commerce. Complaining about the insufficiency of commercial statistics he says, " _ _ in a town which has room only for 50 restaurants out of sheer ignorance, 50 more are opened. Due to insufficiency of turnover, such restaurants tend to disregard rules of health and hygiene and offer poor service to the public."⁶

2. Jewellers.

In the employer group Indian share in the jewellery business goes up as high as 27.2%. This however cannot be used as an indicator of the number of jewellery shops for a large number of Indian jewellers are small-scale self-employed people. Some Indian jewellers are at present complaining about the decline of their business.⁷ This is most probably because of the Chinese inroads into the business

⁵Directory of Hotels, Restaurants and Bars for Singapore, Malaya and Hong Kong, Chee Hong Press, Singapore. It is unfortunate that no date is given in this tourist publication but there are evidences to show that it is a recent guide. one.

⁶The Straits Times, 27th. February, 1961.

⁷Interview with Mr. Sithambaram Pather, goldsmith.

in the form of jewellery shops and pawnshops as well as the reduction in popularity of investing money in jewellery among Indians. Furthermore the increasing Malay market patronises mainly Chinese jewellers.

The owners of large jewellery shops are Tamil-Muslims and Tamils; the large number of self-employed craftsmen-jewellers are mainly Tamils found both in the rural and urban areas. However it is important to note that the majority of gold wholesalers are Chinese.⁸

3. Barbers, Laundrymen and Millers.

Indians still have a strong ^{position} in the above business occupations. From Table IX it is seen that about 23.6% Indians ^{barbers} are in the self-employed and employer group forming the highest percentage in all Indian business occupations in Malaya. In laundry service the percentage is as high as 24.2%. In both these occupations Tamils participate most. In milling (of grains, dried chillies and other spices) both Tamils and Tamil-Muslims are found.

The above list of Indian business participation in the Federation is not meant to be complete; a large number of Indian businessmen participate in wholesaling and importing and exporting in conjunction with retailing. Indians also participate in financial occupations like banking and insurance. Inadequacy of information prevent the discussion of these businesses except for moneylending which is dealt with in the next chapter.

FORMS OF ORGANISATION

Generally speaking the limited liability company has not yet entered the Malayan business world to any great extent. As Silcock says " — the different individuals are to a greater extent trying to do the same thing, each in business for an individual profit within a given social framework rather than each playing an assigned role within an organisation, the growth of which will benefit all."⁹ This feature is very noticeable in table V. Only 1.4% of the Chinese business units were limited companies while for the Indians the percentage was below one% (0.4%).

⁸Ibid.

⁹T.H. Silcock, "The Commonwealth Economy in South-east Asia, Duke University Press, Durham, 1959.p.128.

In contrast to this 80.9% of the European firms were limited companies.

Sole-proprietorships, Partnerships and Limited Companies

REASONS

There are several probable reasons why Indians especially, avoid large concerns like limited companies and stick to the smaller business forms like sole-proprietorships and partnerships. Based on the Indian business attitude in Malaya it can be said that Indians cling to the latter forms of organisation because of their personal nature. The sole-proprietor enjoys freedom of action to a degree not possible by partners or managers of limited companies. He does not have to consult with associates before taking action. Profits are also maximised by the owner for he does not have to share them when the business is successful. If the business is a failure the Indian businessman would most probably close down his business and return to India; or try another line of business; or go into partnership with a close relative. But he would never try to participate in any form of business where his personal interest is not adequately represented.

There are other possible reasons why Indians prefer sole-proprietorships and partnerships. With the exception of Labour Legislation in the Federation, these forms of organisation are not closely regulated by the Government. Their formation is simple and organisation costs low. What is more important from the Indian standpoint is that they can have privacy of business affairs. It is easier to keep trade secrets if these are shared among a fewer number of people. Again, although the amount of the owner's income must be reported for tax purposes, this information is not made a matter of public record as is similar information submitted by limited liability companies. Finally, a tax of 40% has to be paid by limited companies while the other forms of organisation are not taxed as such.

An insight into the Indian business goals will show that the common disadvantages of not being permanent and difficulty of raising long-term capital for expansion are not significant. Expansion is usually done from personal capital or with capital from close relatives or friends. This cuts down debt financing so the effects of unlimited liability are not felt to any great extent. As for limited life, it does not concern those who do not intend to stay here permanently; if permanent residence is the aim then it is common to bring their sons into partnership and later leave the business fully in their hands.

TABLE X

OWNERSHIP OF SELECTED INDIAN LIMITED
LIABILITY COMPANIES IN KUALA LUMPUR

Name	Ownership	
	Racial	Type
1. A.M.N. Abdul Hamid & Co. Ltd.	Tamil-Muslim	Private
2. M.S. Ally & Co. Ltd.	Tamil-Muslim	Private
3. Tajmahal Store Agent Co. Ltd.	Punjabi	Private
4. Chotirmall & Co. Ltd.	Sindhi	Private
5. Hidustan Theatres Ltd.	Indian	Public
6. Asia Trading Corporation Ltd.	Tamil	Private
7. C.J. Doshi & Co. Ltd.	Gujerati	Private
8. Marican & Sons (Malaysia) Ltd.	Tamil-Muslim	Private
9. The Jublee (Book) Store Ltd.	Tamil-Muslim	Private
10. Eusuff Brothers Ltd.	Tamil-Muslim	Private
11. Majeed Co. (M) Ltd.	Tamil-Muslim	Private
12. Lakshi Vilas Restaurant Ltd.	Tamil	Private
13. Muthu Taxi Co. Ltd.	Tamil	Public
14. Ensign Book Store M. Ltd.	Malayali	Private
15. K.S. Gill Ltd.	Indian-Chinese	Private
16. Jaswant Singh & Co. Ltd.	Indian	Private
17. Naina Mohamed & Sons Ltd.	Tamil-Muslim	Private

Private Limited Liability Companies

It is important to note that not all Indian limited companies are public companies. In fact, as seen from Table X a substantial portion of them are private companies. Since only two members are necessary to enable the company to carry on business this form of organisation

guards owners against unlimited liability without diffusing ownership. Again the Indian need for privacy is satisfied to some extent for the annual return need not include a balance sheet; and the company may also commence business as soon as it is incorporated, without restriction. Hence, these closely held companies are popular among Indian businessmen.

In general it can be said that the Indian's desire for close control and centralised decision-making are the motivating factors in choosing the form of organisation. Such basic motives are not conducive to large-scale industrial success; hence, Indian businessmen are mainly concerned with commercial pursuits.

SOME ASPECTS OF FINANCE

Since most of the Indian businesses are private concerns it is difficult to obtain information about their financing methods. From the discussion above it can be concluded that for most enterprises capital is from personal resources of the owners. However no further generalisation can be made except that the need of remitting money to India cuts down financing capacity in Malaya to some extent.

There are two interesting sources of finance for petty Indian businessmen. Sometimes Indian labourers, when not investing their money in jewellery, deposit their savings with Indian businessmen. However this source of finance is not reliable for the money can be withdrawn on demand. Another source is a form of saving called kuthu which is similar to the Chinese tontine.

Kuthu

Kuthu is a form of saving in which the participants pool their money monthly and draw lots to find out the claimant for that month. Another type is to pool the money monthly and the person who bids for the lowest receives that amount for the month; but he loses the remainder of his share.¹⁰ The

¹⁰Example: Assume that there are 10 participants each contributing \$100 monthly. The total amount for each month will be \$1000. The person who bids for the lowest amount in the first month, say \$600, loses the other \$400 which is accumulated monthly. Every ~~one~~ month the lowest bidder gets the money plus a percentage in the accumulated loses of the previous bidders.

person who bids in the ^{end} of the period gets his share with a large percentage of all the amounts lost by the previous callers. There are several other variations but the basic idea is the same.

According to Gamba," during the period of the world depression between 1932-1938, the kuthu was the means whereby Indians labourers put themselves into business and became ice-water sellers, hawked kachang puteh, or were able to operate a small stall at a street corner, or in the empty recess between shopwindows, where they sold cigarettes by the stick or the ingredients for chewing of betel nuts. Similarly to many Chinese hawkers, the Indian disguised unemployed of present day Malaya, attempts to subsist on what he can eke out of similar types of enterprises."11 The extent to which Indian businessmen use kuthu to finance their businesses however cannot be easily determined since this (like the Chinese tontine) is a form of illegal saving.

SOME ASPECTS OF RECRUITMENT AND TREATMENT OF EMPLOYEES

A discussion of the above aspect is important in any discussion of a business community for it reflects to some extent the business ideas of that particular community. The approach taken here will be to discuss the past conditions before dealing with the present.

Past Conditions

In 1938 the Straits Times reporters investigated the working ^{conditions} in Indian mercantile firms and found a marked difference in the status of North and South Indian workers in Singapore. The North Indians recruited their employees from India on contract whereby shop-assistants were re- required to work in Singapore for two to three years, and and their passage, board and lodging were paid by the employer.¹² The quarters provided by the employer were

11 Charles Gamba, "Poverty, and Some Socio-economic Aspects of Hoarding, Saving and Borrowing in Malaya," Malayan Economic Review, October, 1958. p.41.

12 V. Thompson, Labour Problems in South-East Asia, Institute of Pacific Relations, New York, 1947. p.90.

usually located on the floor above the shop and:"consisted of
" consisted of a small ill-ventilated room situated
under the watchful eye of the employer. Working hours
were generally from 8a.m. to 9p.m. with a half-holiday
on Sundays and only one full holiday at Deepavali. Two
hours were allotted for lunch and tea but dinner could
be eaten only after the shop was closed. Wages were
scheduled on a rupee basis. Sindhi merchants paid a
minimum salary of 30 rupees(\$18), with annual increments
ranging from 5 to 10 rupees, and also supplied food
and lodging. But half the salary was sent to the employee's
family in India and the remainder credited to the
employee's account. No actual money was paid to the
employee in addition to the advance given him before
leaving India, unless a specific agreement to that effect
had been made in the contract."13

The employees of South Indians however suffered a
worse plight. They:

"had to work from 6a.m. to 11p.m. with only three half-
hour breaks for food. Most of the Muslim and Tamil
employers recruited their Indian assistants locally;
nevertheless they, too, forwarded half the salary
earned to the employee's family in India. Employers,
uniformly claimed that they and their assistants were
one big, happy family, mutually concerned for each
other's moral and physical welfare. They blandly
asserted that their assistants loved long hours, dis-
liked holidays, and did not know what to do with the
leisure time they had. Their assistants, however, told
the investigating reporters another tale. They complained
of crowded living accommodations, which also served as
dining rooms, of poor food, of a 15 hour working day,
of inadequate wages ranging from Straits \$7 to \$35
unequally paid, and of punishment meted out to them
on the slightest pretext. Their employers took charge
of computing salaries and refused to render them by
accounting; having no means of redress the employees
had to accept all the fines marked 'personal expenditure'
which were chalked up against them. Their ^{chief} grievance
however, was the lack of privacy and of leisure time."14
The publicity from the Straits Times investigators forced the
South Indian Chamber of Commerce to recommend a reduction of
hours and increased leisure time, but these minimal reforms

13 Ibid. p.90.

14 Ibid. p. 90-91.

were resisted by a significant section of the Indian business community.¹⁵ This gives sufficient background to what Indian businessmen thought, in the past, how their relations with their employees should be.

Recruitment

At present several problems concerning wages, working hours and holidays have improved mainly due to recent labour legislations. The pattern of recruitment has not changed much except for recruitment of workers from India which has been reduced by the Immigration Ordinance of 1959.¹⁶

Generally Indians still prefer to employ Indians. If this is further broken down, it would be seen that Tamils will try to employ Tamils; Tamil-Muslims will try to employ Tamil-Muslims and North Indians will try to do the same. As to the employment of other races, a spokesman of the Indian Chamber of Commerce had said as early as 1953 that in employing workers Indian businessmen had "no prejudice against a man's community ~~or~~ or religion."¹⁷ Yet, at present, only in cases where there are insufficient people in their ^{community} would Indian businessmen try to employ others. For example, the number of Sindhies in Malaya is so small that they are forced to employ Chinese, Tamil and Malay shop-assistants. The reasons for employing close relatives and people of the same race are obvious. Employees of the same language are easier to communicate and deal with especially in the case of Tamil shops where the accounts are kept in Tamil. Furthermore, they appear to be more trustworthy from the employer's viewpoint. However, such a pattern of recruitment is not without its disadvantages. The source of efficient people for responsible posts is limited to one community; and there is also disincentive among workers (especially non-Indian) at the lower level who see no chances of promotion. It has also helped commerce to develop along communal lines. Generally speaking, this tendency of employing people of the same race is prevalent among all races in Malaya as far as commercial enterprises are concerned; it is only in industrial undertakings where changes are seen. This is chiefly because of the larger volume of workers required. If Indians go into industry they would have to face this problem.

¹⁵Ibid. p. 91.

¹⁶See Chapter V

¹⁷The Malay Mail, 24th. April 1953.

Treatment

Unless a large-scale investigation is carried out it is difficult to be specific about working conditions of workers of Indian businessmen today. The fact that up to 1947 there was no single firm (Indian) instituting a Provident Fund for its workers¹⁸ would indicate the apathetic attitude of Indian employers. However the Indians seemed to have some valid reasons for this. According to H.E. Tyab Khan of the Penang Indian Chamber of Commerce, the Employee's Provident Fund was in the main beneficial to employees, but he felt that it should apply only to permanent staff and not to temporary labour forces or shop-assistants.¹⁹ At present such provision is compelled by law.

Training is an area where no importance seems to have been attached. From interviews it was discovered that shop-assistants were usually given a few instructions and asked to learn the necessary procedures as time goes by. Indian employers fail to realise that even if workers are well treated, "without training they are no more an efficient goodwill building organisation than a mob of untrained recruits in a conquering army."²⁰ Exceptions however can be found. One Tamil-Muslim shop investigated was seen to employ tests as part of the training programme.²¹ Success in these tests would result in either: (a) a yearly increment or (b) a better bonus or (c) a better position.

The present trend in Indian shops seems to be greater emphasis on advertising and other promotional activities; they seem to have failed to keep abreast of developments in personnel relations. In 1962 Mr. V. Manickavasagam speaking at the Penang Indian Chamber of Commerce had said that Indian employers (like other Asian employers) were not keen to join employers' organisations and often obstructed the formation of trade unions and their activities.²² He further added that "each employer was trying

¹⁸The Straits Times, 4th. July, 1948.

¹⁹Ibid., 19th. April, 1953.

²⁰T. Mahoney and R. Hossion, Public Relations for Retailors, The Macmillan Co., New York, 1949. p. 48.

²¹Eusuff Brothers Ltd., Kuala Lumpur.

²²The Straits Times, 6th. November, 1962.

to outdo the other in finding ways and means to undercut him. As a result the workers suffered."²³ Recently the National Union of Commercial Workers protested against the anti-union tactics by the employers in C.J. Doshi Ltd., Kuala Lumpur.²⁴ These facts, although inadequate, show that Indian businessmen still fail to realise the importance of good employer-employee relations. Like a famous American merchant says, "If we want to create contentment in front of the counter, we have to first create contentment behind it. Many employees learn their manner of serving the public from the manner in which they are treated by their managers."²⁵

In conclusion it would be appropriate to repeat the warning made by Mr. V. Manickavasagam that if Indian businessmen "do not change their attitude towards workers and adopt generally accepted methods of dealing with them they are going to be left behind and their businesses are bound to suffer."²⁶

CONCLUSION

The above discussion of Indian businesses has given some idea as to the position and business pursuits of the Indians in modern Malaya. The position of Indian business is relatively weak; the business community is small; and Indians are mainly concerned with commercial activities. It would be easy to criticise these activities based on Western standards. But it must be understood that Indian enterprises are usually too small to encounter serious personnel problems or require elaborate organisation or large amounts of long-term capital investment. The more important problem is that Indians are avoiding industry; only when they go into this field can the above problems be viewed in their proper perspective. But for this shift of business interest, a basic change in the Indian business attitude is necessary.

²³Ibid.

²⁴Monthly Report of the Ministry of Labour and Social Welfare, Federation of Malaya, July, 1962.

²⁵Mahoney and Hession, op. cit., p. 26.

²⁶The Straits Times, 6th. November, 1962.