

**ITALIAN SILK-TRADERS,
AND THEIR TRADING NETWORKS IN INDIA:
THE *DE VECCHI* ENTERPRISE, 1860-1872 .**

Το παρακάτω σύντομο άρθρο ασχολείται με τα εμπορικά δίκτυα τα οποία ιδρύθηκαν (αναπτύχθηκαν) στην Ινδία από Ιταλούς εμπόρους που εργάστηκαν στην παραγωγή μεταξίου και στο εμπόριο. Συγκεκριμένα, το σημείο εστίασης είναι οι δραστηριότητες της πρώτης Ιταλικής εταιρείας, η οποία συστηματικά ανέπτυξε την επιχείρηση του μεταξίου στη Νότια Ινδία. Το άρθρο αποτελεί μέρος της έρευνας που γίνεται στο πλαίσιο διδακτορικής διατριβής, η οποία αναλύει την παρουσία Ιταλών και Ελλήνων εμπόρων στη Βρετανική Ινδία. Ο κύριος στόχος του άρθρου είναι να δώσει μια απάντηση στο ερώτημα πώς τα εμπορικά δίκτυα που αναπτύχθηκαν από Ιταλούς εμπόρους απέδωσαν στην πράξη. Είναι περιττό να πει κανείς πως η ανάλυση που επιχειρείται εδώ δεν είναι ούτε συνολική ούτε καλύπτει όλες τις πτυχές του θέματος. Το ζήτημα αυτό είναι ασφαλώς πιο σύνθετο από ό,τι θα επιχειρηθεί να παρουσιαστεί στο παρόν άρθρο των δέκα σελίδων, το οποίο για λόγους συντομίας θα εντυφώσει μόνο στις πιο σημαντικές πτυχές του εμπορικού δικτύου.

This brief paper deals with the trading networks established in India by Italians engaged in silk production and trade. The focus is specifically on the activities of the first Italian firm which massively entered the business of silk in South India (Mysore and Madras Presidency). It draws upon the research conducted in the framework of a PhD project regarding the presence of Italian and Greek traders in British India. The main aim of this paper is to give an idea of how the trading networks established by Italian traders worked in practice. Needless to say, the analysis provided here is neither exhaustive nor comprehensive, things were, of course, more complex than it will appear in this ten-pages-paper, but for sake of brevity only some crucial aspects of the trading network will be tackled.

1. Some general premises

Genrally speaking, the trading networks established by Italian silk-traders encompassed different silk-producing areas, and involved people with different ethnic, religious and cultural background. Looking at these networks as a whole, some aspects immediately

emerge as strikingly connotative. To begin with the hub of the trading networks built up by Italian silk -traders in India was an already established, steady and well- organized locality-based network¹, comprising economic operators engaged in the silk-industry in a given geographical area in Italy. The locality was usually a city with a relevant number of silk-traders linked to each others by economic, social and, more importantly, family ties (such as Bergamo, Como, Milano, Brescia, and so forth). This network was in many regards a micro- network, being essentially based on a specific geographical area, and highly depended upon the socio-economic interaction within a rather narrow group of economic operators closely connected by kinship and friendship². In spite of its micro-dimension, however, such locality-based network proved to be outstandingly effective in backing its members not only within the limited borders of their place of origin, but even at national and international level, becoming therefore an important point of reference for those who ventured new business abroad. Within a locality-based network members exchanged credit, information, and human resources. In the case of silk-traders, however, also technical know-how, and scientific knowledge regarding the different stages of the silk production- from mulberry cultivation to the reeling and weaving of the silk- was exchanged and shared within the network. Under some special conditions two or more locality-based networks could intersect and mingle, generating therefore a broader network. The crisis following the spread of the *pebrine*³ for instance, pushed a large number of sericulturists to cooperate and collaborate to get supplies of fresh *seme-bachi*⁴ from abroad. The creation of organizations such as *Associazione dell'industria e del commercio delle sete*, *Societa' per la filature dei cascami di seta* and later on *Ente Nazionale Serico*, further contributed to the merger of different locality

¹ C. Markovits has used a similar expression to characterize the regional-based trading networks of Sindhi merchants. See *The global world of Indian merchants, 1750-1947*, Cambridge, 2000.

² Anderson, A. R., Sarah L. Jack, and S. Drakopoulo Dodd, 'The Role of family members in entrepreneurial networks: beyond the boundaries of family firm', in *Family Business Review*, vol. XVIII, no.2, June 2005.; Dyer, W.G., and W., Handler, ' Entrepreneurship and family business: exploring the connections', in *Entrepreneurship: Theory and Practice*, 19 (1), 71-84. , 1994; Rauch, J. E., ' Business and social networks in international trade', in *Journal of Economic Literature*, Vol. XXXIX (Dec. 2001) , pp. 1177-1203; Stewart, J., ' Help one another, use one another: toward an anthropology of family business', in *Entrepreneurship: theory and Practice*, 2003.

³ The name *pebrine* derived from the dialect spoken in the French Midi, and it referred to the black spots that appeared on the body of the diseased caterpillars. The disease was caused by a protozoan parasite - *Nosema Bombycis*- belonging to the order *Microsporidia* of the subclass *Neosporidia* of the class *Sperozoa*. It was highly contagious and hereditary. The symptoms were visible only in the final moult, when the worms were prevented from spinning the cocoons. No efficacious remedies were available until Pasteur experimented, in 1869, a method to detect the disease and select the healthy eggs.

⁴ Silk-worms eggs for propagation.

-based networks , making stronger and more stable the links among silk-producers, and traders from different regions. For silk-traders operating in markets where uncertainty, risk and alien normative frameworks governing economic transactions made trading operations overall difficult, if not hazardous, these locality- based networks represented a sort of long-term 'assurance', able to provide the necessary stability and confidence to work abroad. Furthermore the network was effective in detecting, for the benefit of its members, new business opportunities in the domestic market as well as in foreign markets. Italian silk-traders active in India constantly moved, according to their needs, across the micro-network of which they were part back in Italy, and the broader network they had themselves built up in the host country.

Italian silk-traders who established themselves in India worked jointly with Indian merchants – Hindu and Muslim-, British and other European traders, and when strategically convenient, even with British colonial administrators. A significant part of their activities in India depended upon the links they forged with Indian merchants and financiers. The trading networks ensuing from the close ties between Italian silk-traders, and their Indian business partners were very stable and long-lasting, and extremely flexible in their nature.

2.The De Vecchi Bros. and their trading network in Mysore

The case of the *De Vecchi* enterprise offers the chance to see this kind of network-based organization at work. The *De Vecchi* were sericulturists from Lombardy⁵, who established themselves in Southern India, (Mysore and the Madras Presidency) in the early 1860s. They entered the business of silk in South India when European sericulture was facing a very difficult conjuncture. In the 1850s the outbreak of a severe epidemic, named *pebrine*, impacted heavily on the Italian and French silk-industries, causing within few years a dramatic drop in raw silk production. *Pebrine* had a series of crucial repercussions in the international market for raw silk: loss of market shares for Italy and France in the world silk trade; significant rise in the price of raw silk as well as silk textiles in the European market; search for new seed⁶

⁵ They were originally from Milan. They owned a London-based company under the name of *De Vecchi, Metteief & Co.*, engaged in trading silk-seed and raw silk between Europe and Asia.

⁶ Silkworms eggs are technically known as *seed*.

from non-European areas supposedly disease-free; gradual rise of Asian countries as leading silk producers. The difficult conjuncture in which European sericulture was languishing, prompted British colonial administration to undertake several initiatives in order to promote and enhance silk-production in India, the possibility of successfully launching Indian silk in the international market being envisaged.

“The high price of silk arising from the ravages of disease in the silk-worm in the countries formerly contributing the greater portion of raw silk for European consumption, naturally roused attention to the possibility of rearing healthy breeds in regions untried, or of extending the productive powers of silk-producing countries still unaffected by the taint”.

Being silk a highly valuable product with a large market in Europe, Indian silk- industry had drawn the attention of Brits since their arrival in Bengal. The EIC first, and the British colonial administration later made attempts in order to improve both quantitatively and qualitatively silk production. In the late 18th century the EIC undertook several projects to enhance silk cultivation in Bengal, aiming at introducing European techniques, notably Italian-type mulberry cultivation and reeling machineries, which were to replace the native traditional methods of producing silk. Davini in his excellent study on the silk industry in Bengal⁸, has spoken of an *Italianization* of the local sericulture, which was, however, an unfruitful attempt. Throughout the 19th century, Italian silk-experts were largely employed by the British administration to carry out experimental silk-farms in several regions. The purpose was not longer a radical alteration of the local silk-industry through the massive introduction of Italian techniques regardless of the native sericultural tradition, but rather the improvement of Indian silk-cultivation by means of *ad hoc* programmes. By the mid-nineteenth century an increase in the number of programmes for the improvement of the silk industry is noticeable. The efforts of the British administration were mostly concentrated in those geographical areas which either seemed for climate and soil suitable for mulberry cultivation and silk-worms rearing or had an already established sericultural tradition. Attempts were thus made in Kashmir, Punjab, Central Provinces, Bombay Presidency, Madras Presidency and Mysore. Kashmir and Mysore above all, were considered better suited for silk-cultivation than other Indian regions. The efforts of the British administration

⁷ MRD, Proc. 115, 17th September 1872, OIOC, BL.

⁸ Davini, Roberto, *Una conquista incerta. La Compagnia inglese delle Indie e la seta del Bengala (1769-1833)*, unpublished PhD Thesis, EUI, 2004.

were chiefly directed towards the improvement of the marketability of native-reeled silk, which was largely consumed domestically, but was not suitable for the international market, especially the European one. By and large, European reeling –machines required a raw silk with specific characteristics (cleanliness, evenness, roundness and fineness and so on), otherwise the silk-thread would have broken during the reeling process.

In the mid-nineteenth century, raw silk produced in south India and especially in Mysore was in theory of good quality even by European standards, but the way it was reeled by natives reelers using the traditional *chakra*⁹ was too crude to obtain a fine produce. Therefore, proper reeling was a very concerning issue, as Sir. Alfred Chatterton reported in his memorandum on silk production:

*“the second stage in producing market for silk is reeling. The country methods are crude and inefficient and do not do justice to the high quality of the Mysore silk”*¹⁰.

Also Italian silk-traders acknowledged that the reeling stage was so too backward to enable native reelers to obtain a produce which could be competitive in the international market:

*“ For example native-reeled silk is so inferior that it is only worth about 10 shillings per pound, while similar silk properly reeled by suitable machinery is worth 36 shillings per pound.”*¹¹

The improvement, therefore, should be done in the view of making Mysore silk qualitatively similar to that produced by European, in order to increase its marketability in Europe.

Taking advantage of the situation briefly sketched above, *Achille* and *Henry De Vecchi* set up three silk-factories in the South. In 1865 they purchased a plot of land not far away from Bangalore, in a neighborhood named Kengeri, where they set up a silk-factory with a technically advanced Italian-type filature attached. As soon as they arrived and settled in

⁹ *Chakra* (from Sanskrit) means ‘wheel’; it indicates the spinning -wheel for reeling silk or cleaning cotton. In the Tamil-speaking areas the reeling-machine was known as *raaTTinam* (ராட்டினம்) or *iraaTTinam* (இராட்டினம்).

¹⁰ Alfred Chatterton, *Note on silk industry*, Private Papers of Sir A. Chatterton, OIOC, BL.

¹¹ Letter of A. De Vecchi to the Madras Board of Revenue, MBR Proceedings, April 1869, OIOC, BL.

Mysore, they got in touch with a prominent merchant family – the *Mustan family*¹²- engaged in silk trade in the town of Chennapatna. *Sowcar*¹³ *Muhammad Mustan Sahib*, who was the local *Silk Commissioner*, helped the Italians to get access to the production, and distribution channels in the local silk market. It seems that the members of that family had already worked with Italians in the 1830s, when an Italian silk-expert, *Alessandro Martelli*, was managing an experimental silk-farm in the Neilgherry Hills under the patronage of the local British authorities. It is not clear, however, if the *De Vecchi* brothers were those who first started the network with the silk-merchants of Chennapatna or if they jumped into a previously established network. There is a relevant gap in the documentation on this specific point. Such gap in the information, however, does not prevent us from making hypothesis. It may be possible that previous links between Italian silk-traders and the Mustan family were only a sporadic and occasional cooperation, which did not take the form of a proper trading network¹⁴. On the other hand, some sources regarding Martelli and his activity in the New South Wales¹⁵ (Australia) evince that he had some connections with the *De Vecchi* brothers. The two brothers were asked by the Madras Government to provide mulberry cuttings, and specimen of the Mysore native silkworms for the New South Wales. The request was written on behalf of the New South Wales authorities by Martelli himself, who referred in his letter to Henry De Vecchi as the best person to accomplish the task of selecting cuttings, and silkworms to be shipped to Australia. Under the light of this evidence, it seems plausible that it was the locality-based network to which the De Vecchi brothers and Martelli belonged- both were from Milan- that informed its members about the advisability to get in touch with the Mustan family. However, it has to be noticed that there is no direct reference to Martelli in any of the documents kept in the private archive of the

¹² The Mustan family was a Muslim family of warriors originally from Rajasthan. They established themselves in Mysore in the 18th century when Tipu Sultan came to power. They were granted a piece of land in the village of Mogenahalli (not far away from Chennapatna), and turned themselves into merchants entering the business of silk. Tipu Sultan introduced sericulture in Mysore by importing silkworms from China and mulberry cuttings from Bengal in the second half of the 18th century.

¹³ Sowcar- spelled differently in Kannada (saahukaara), Tamil (சவுகாரர்-cavkaar) and Hindi (बैंकर -saukar) - is a term of Sanskrit origin mostly used to refer to bankers. In Southern India, more specifically in Mysore, it is used to refer to a special category of merchants who finance different types of activities in the weaving industry.

¹⁴ It is worth to bear in mind that an economic network is a system within which a groups of agents pursue repeated and enduring relations with one another.

¹⁵ A Martelli was active in South India for a decade, then he left for Australia where he worked as silk-expert under the auspices of the British authorities of the New South Wales. He published in 1863 a handbook on sericulture in English.

Mustan family's firm. Nor Achille and Henry De Vecchi mentioned Martelli in their correspondence. Therefore, the issue stands as an open question.

What clearly emerges from the documentation is that, from the 1860s until the late 1930s, the Mustan family was the privileged referent for all the Italian silk-traders who operated in Mysore. The members of this merchant family always referred to their Italian business partners with a sort of affection which reveals that their relationship was something more than a mere business transaction¹⁶. The correspondence between *Achille De Vecchi*, and *Muhammad Mustan Sahib*, in particular, shows that their relations were marked by informality and confidence, which denotes in turn, a high degree of trust.

Trust is certainly a key-feature in the formation, and structuring of a trading network. It has been usually considered as the main element which operationalises networks, and makes them work in the proper way through an internal self-enforcing system which prevents members from misconduct¹⁷. There is little doubt that trust is generally speaking the underpinning of trading networks. The role of trust among members of a trading network has been mostly tackled by scholars working on Diaspora traders: groups of individuals with a highly homogenous ethnic, religious and linguistic background who settled at the endpoints as well as at transshipment points of a trade route. Trade Diasporas have been the breeding-ground of several theories on networks. As Cohen pointed out, a trade Diaspora creates trust by establishing a "moral community" on the basis of a shared set of norms¹⁸. Although research in this field has yielded very fruitful results in the assessment of trading practices based on reciprocal trust, some of the conclusions drawn by scholars from the experiences of Diaspora traders cannot be applied to trading networks of the type here surveyed, because of the diverse ethno-cultural background of the people involved in the network. These trading networks, in fact, address the issue of trust in networks involving 'complete strangers', who were not related to each other by blood, did not share the same cultural and religious beliefs, did not belong to the same social or ethnic group, and, generally speaking, had very little in common apart from a 'thirst for profits'. A trading network is never simply a system to exchange commodities, or a device to reduce

¹⁶ Fayaz M. Abdul Quddus, *Mustan Family and its activities in Mysore*, Bangalore, 1923.

¹⁷ See Gambetta, D., *Trust; making and breaking cooperative relations*, Oxford, 1988.

¹⁸ See Cohen, A., 'Cultural strategies in the organization of trading diasporas' in Meillassoux, C., *The development of indigenous trade and markets in West Africa*, London, 1971. Curtin, Ph. D., *Cross-cultural trade in World History*, Cambridge, 1984;

transaction costs, and solve the ever-concerning problems inherent to the merchant-agent relationship. Nor is it only a strategy to overcome, and bring down trade barriers, and maximize profits. A trading network as a form of business organization is a rather complex system characterised by a broad spectrum of non-market relations, that range from family ties to social, cultural and religious bonds. It required for its full, and efficient operationalisation a set of shared norms, and a self-enforcing system of control in order to prevent misbehaviour, malfeasance, and cheating. However, it is not always possible for traders of diverse origin who voluntarily engage in trading with each other to share in common norms of conduct, and thus implement an internal system of control over the members. Nor is it always possible to settle a trade transaction within a costless, and adequate legal framework. When all the aforementioned conditions cannot be satisfied, trust among members of the same network becomes an essential element for the transaction to take place. Silk traders, and their trading network offer a good starting point to look at the formation of trust, and preservation of a good level of trustworthiness within networks comprising economic actors culturally, religiously and ethnically different in an environment marked by regulations that discouraged social and economic relations between groups of diverse origin, and within a legal framework that penalised those who established relations of this type. This paper cannot engage in an in-depth discussion of the formation of trust in the trading network of the *De Vecchi Bros.*, this would be beyond its scale and scope; however it aims at pointing at two elements: 1- the level of trust between the Italians and their native partners, namely the Mustan family, was very high; 2- levels of trust and trustworthiness among the members of this trading network were difficultly detectable in the beginning. Despite its importance, trust remains an elusive element, whose detection within a network often requires a long and complex process. In the case of the *De Vecchi's* network, as the reconstruction of their activities has been mostly based on business documents regarding economic transactions – silk-skeins to be sold or to be purchased; prices of raw silk; *seed* to be distributed and so forth- it has been initially quite difficult to locate trust. It has been necessary to reed between the lines, and focus on the modalities of the exchange rather than on the exchange itself. This type of perusal implied to compare, and cross-check different sources over and over again until when from the scattered pieces collected here and there, a jigsaw slowly took shape. But this jigsaw, which sheds new

light on the trust-based cooperative relations between the Italians and their trading partners, is anyhow incomplete, and it will probably be so forever, unless documents of different nature are combined with business records in order to unveil the socio-cultural dimension of the network.

3. Institutionalising the network : the Madras and Mysore Silk Company

As the business was thriving well, in the 1868 the Italians purchased two new silk-farms (one in Oosoor, in the Coimbatore district, and one in Maddoor, in Mysore) and entered the large-scale governmental programs for the improvement of the local sericulture in the Madras Presidency. In order to better pursue their commercial interests, the Italians launched a limited liability company, the *Madras and Mysore Silk Company*. The scattered documents on the organization of the firm reveals that a relevant share of the start-up capital was raised among British and Indian partners: *Daniel David Dymes* and *Albert Foster Pater*¹⁹ of the *D.D. Dymes & Co.*²⁰, and a *G. Narasimooloo Chetty* and *G. Sidloo Chetty* of the *G. Sidloo Chetty & Co.* . The financial contribution of the Indian businessmen, in particular, seems to have been substantial . The company *G. Sidloo Chetty & Co.*, which was owned by a family of the powerful merchant caste of the *Chettiars*²¹, propped up the commercial activities of the Italians by providing considerable financial resources. The links with *cileettar*²², which were established through the intermediation of the silk-merchants of Chennapatna²³, enabled

¹⁹ A.F. Pater was the manager of the *Dymes & Co.*. He was member of the Madras Chamber of Commerce.

²⁰ *Dymes & Co.* was a Madras-based firm engaged in a wide -range of trading activities. The firm also acted as agent of the *Eastern Insurance company of Bombay*, *Western insurance Company of Bombay*, *Hercules Insurance Company*, *Marine Dept., Liverpool*, *London and Globe Fire and Life Insurance Company*, *Lancashire Insurance Company*, and *Imperial Fire Insurance Company*.

²¹ The *Chettiars*, and especially the Telugu-speaking *Komati Chettiars* and the Tamil-speaking *Nattukottai Chettiars*, were the most important economic elite in the Indian Southern regions, deeply involved in a wide range of financial and banking activities.

²² *Cileettar* (Tamil- சிலேட்டர்) are members of the *Chettiars* .

²³ The firm of Muhammad Mustan Sahib was bankrolled by Hindu bankers. In the 19th century, Telugu-speaking groups of *Chettiars* dominated the local credit market.

the Italians to benefit from the extensive Chettiars networks²⁴. In the second half of the 19th century the Chettiars -especially the *Nattukottai Chettiars*- began to gain a prominent position in the Indian credit market. West Rudner in his insightful survey on the Nattukottai Chettiars, has highlighted their outstanding capacity of efficiently mobilizing large-scale finance in India as well as throughout South-east Asia. He has put emphasis on the 'complex network of financial debts, opportunities, and possibilities that indigenous moneylenders and bankers could activate outside of Western-style banks through relationships of kinship and caste in a variety of religious and secular institutions'²⁵.

The links between the *De Vecchi* and members of the Chettiars community are under many ways particularly revealing of the crucial role of the Indian networks in the making of the economic activities of Italian traders. In the second half of the 19th century, Italian silk-traders active abroad were in the habit of raising capital to invest in new business within their own locality-based network. Credit was a very sensitive issue, and financial resources could be exchanged only by people who had a thorough knowledge of each other. The locality-based networks of Italian silk-traders were particularly effective in providing their members with the capital they required in a very short time. Notwithstanding the *De Vecchi* brothers decided to turn to Indian bankers rather than ask their 'friends' back in Italy for the necessary capital. Why? The first answer that springs to mind is that raising capital on the spot was more convenient. Capital available on the spot was in effect what Italian traders, regardless of their economic activities, wanted to have²⁶. But when searching for capital in India, Italians were confronted with the discriminative policy of the formal credit system dominated by British-owned banks. Anglo-Indian banking system, due to the rigidity in lending rules, was not really an option for Italian traders. The lack of long-term lending policy, and the high, and variable rates of short-term lending made access to credit very difficult. Short-term loans, which was essential for traders considered the seasonality of many

²⁴ During the 18th-19th centuries the Chettiars had progressively expanded their financial networks towards South East Asia. Big communities of Chettiars were strongly present in Singapore, Ceylon, Hong Kong, Malaysia, and Indonesia.

²⁵ West Rudner, D., *Caste and capitalism in colonial India. The Nattukottai Chettiars*, Berkley, 1994.

²⁶ Projects for the establishment of an Italian Colonial Bank in India were frequently addressed to the Italian Parliament from the second half of the 19th century onwards, which, however, refused to grant any aid. Italian economic operators complained that beyond the Suez canal there were no Italian credit intuitions to support Italian trade. The only Italian bank in Asia was the *Banca Italiana* in Constantinople, which could meet only the financial needs of the Italo-Levatine community.

Indian products, remained mostly limited to British-sponsored trade, and thus to British-based companies. Moreover British-owned banks usually were not so inclined to deal with Indian businessmen as well as with foreign traders –especially small and medium size companies- which could difficultly meet the bank’s requirements in terms of guarantees of solvability. Only in the early 20th century, Anglo-Indian banks became accessible to Italian traders, thanks to the intermediation of powerful Italian banks, such as *Banca Commerciale Italiana* and *Credito Italiano*. But even with the mediation of Italian credit institutions, to discount bills of exchange- which were the most common tool to conduct overseas economic transactions- in India was not cost-effective for Italian traders. Informal credit market remained, therefore, the only practicable way to raise capital in India. It was certainly a convenient option, especially in terms of flexibility, as native bankers could meet more easily the requirements of their customers. But it was also risky, as Indian bankers and moneylenders had their own business practices, and contracts were usually enforced according to a specific system inside each community (*hundi*²⁷ system). If something went wrong, and a dispute arose, there was little chance to appeal to British courts, as Anglo-Indian Merchant Law was not meant to govern *Hundis*, which therefore fell under the jurisdiction of customary law. Among the Indian bankers, the Chettiars were those who had developed a very efficient and far-ranging system for mobilizing capital, and lending money within their community in India as well as abroad²⁸. However, when setting trading transactions with non-Chettiars, they required some guarantees. In the case of the *De Vecchi*, the connections they had established with the silk-merchants in Chennapatna served as guarantee of the solvability and reputability of the Italians. Without the intermediation of *Sowcar Muhammad Sahib*, it would have been very difficult, if not impossible, for *Achille* and *Henry De Vecchi* to borrow money from the Chettiars. The links between the *De Vecchi* and British companies based in Madras served as a further assurance²⁹. In discussing the role of the Indian bankers in supporting the economic activities of the Italians, another important element had to be taken into consideration. The case of the *De Vecchi*, is a very special one, as

²⁷ *Hundi* is a bill of exchange in a native language.

²⁸ Chettiars usually exchanged financial resources within their own caste through a system of “loan on trust” (கடன் கொடுத்தல், - *kaTan koTuttal*, literally ‘to lend money to a person without security, depending on his honesty’).

²⁹ The Italian consul in Madras, Mr. Lecot, was asked by A. F. Pater to provide some information about the solvability of the *De Vecchi*. MAE, ASD, *Le Scritture del Ministero degli Affari Esteri del Regno d’Italia dal 1861 al 1887, Consolato Italiano a Madras*.

they owned a London-based firm , and were thus in the position of getting access to the London credit market – at that time the cheapest one in Europe- as well as to the British-owned banks in India³⁰. Therefore if they opted for the native banking system, it was because of opportunistic considerations about the possibility of getting not only the money for financing the new enterprise, but gaining also powerful trading partners who could help them in many others ways. For instance, the Italians considered the possibility to have members of the extensive Chettiars network helping them in handling the seed-trade. The *kaaTu kanakku pillai* ³¹ of the firm *G. Sidloo Chetty & Co.* in Singapore took care on behalf of the *De Vecchi*, of the seed-trade between Japan and India. Singapore was an important transshipment point where *seed-cartoons*³² were usually transshipped in order to be sent to Madras . Being seed a very perishable and expensive commodity – to loose a cargo of seed-cartoons would have meant to loose a huge amount of money- it was crucial to have on the spot personnel who could control and supervise that the cartoons were loaded on board with care.

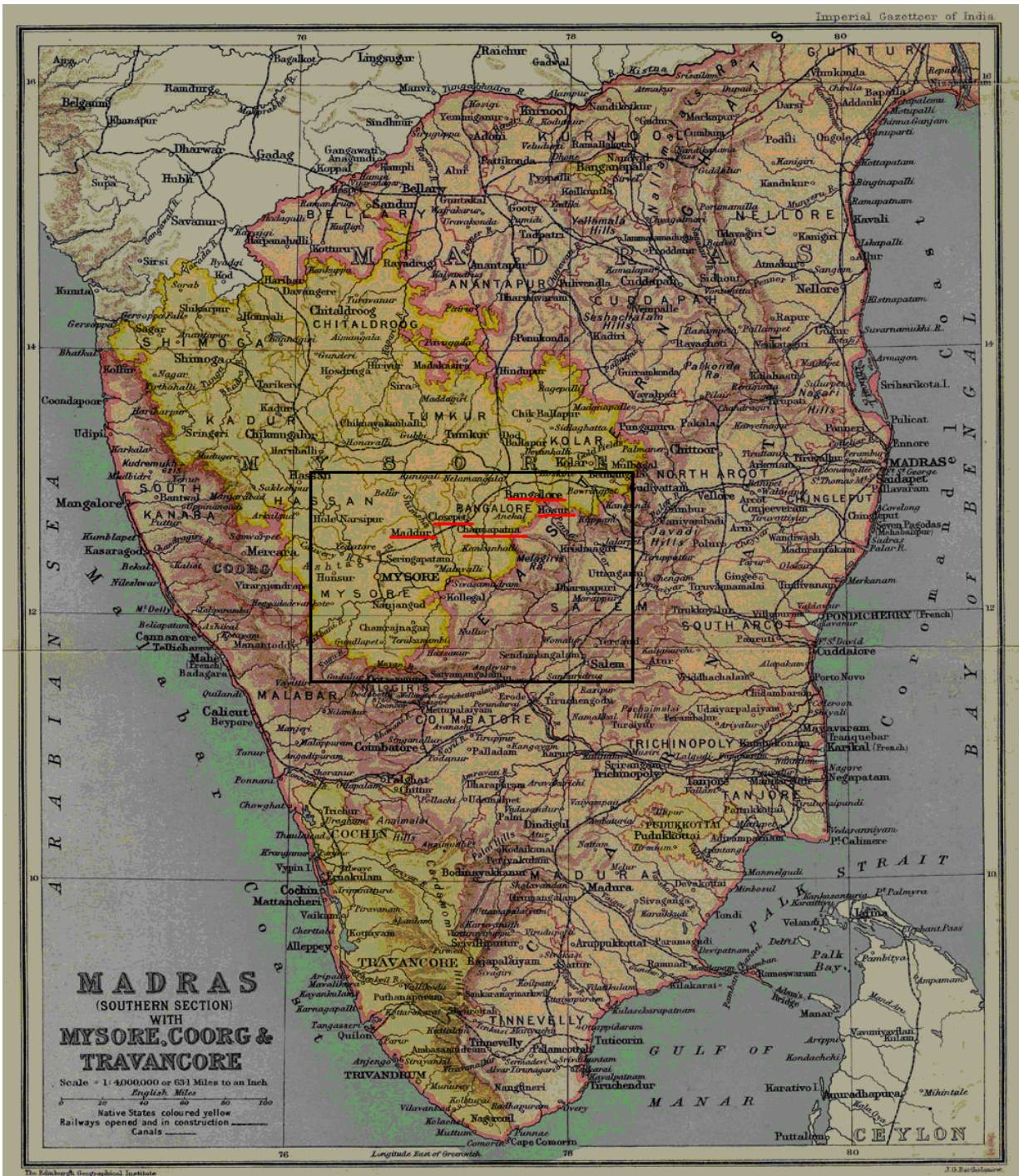
Under the light of what has been said, the importance of informal trading networks with Indian business partners in the making of the activities of Italian silk-traders is rather self-evident. The network of the *De Vecchi* served fifty years later as a starting point for another network built up by other Italian silk-traders from Brescia. The case of the *Gorio-Bettoni* ³³enterprise, which operated in South India in the early 20th century, brings more evidence about the importance and the endurance of the trading networks that Italian silk-traders were able to establish in India.

³⁰ It has to be noted that, in spite of the close links with the London credit market, the *De Vecchi* preferred to self-finance their London-based firm or to turn to their network back in Italy. This was typical to most Italian silk-traders.

³¹ In the banking agency system of the Chettiars, *kaaTu kanakku pillai* (Tamil காடு கணக்கு பிள்ளை, literally an ‘accountant from the country’) indicated the ‘field staff’ in overseas settlements.

³² Cartoon (in 19th century English; in current English it would be cardboard) was the unite of measurement for silkworm eggs in Japan.

³³ Giovanni Gorio and Francesco Bettoni were entrepreneurs and industrialists from Brescia who operated in Mysore between 1910-1930. Their trading network was centered around the close relations with the descendants of the Mustan family .



Map of South India by J.G. Bartholomew, from the *Imperial Gazetteer*, vol.18, 1907-1909. Circled in black is the area where the Italian silk-traders operated. Bangalore, Closepet, Chennapatna, Hosur and Maddur are marked in red.