




REVIEW ARTICLE

Real abstractions: Markets, moralities, and social segmentation in modern India

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Abstract

This introduction begins with a brief overview of the three major factors shaping economic life and exchange in India, as laid out by contributions in the edited volume *Rethinking Markets in Modern India*: embedded exchange, contested jurisdiction, and pliable markets. The overarching logic of all the contributions is that markets in India must be understood as path dependent, that is, expressing a historical trajectory and specific, and changing, political and moral regimes. The remainder of this introduction discusses the origins of the distinction between ‘economy’ and ‘culture’ in the nationalist critiques of empire and how these critiques have led to a widespread moral ambivalence vis-à-vis the commercialization of everyday life in India that persists today across the political spectrum.

Keywords: Markets; capital; exchange; India; community

*Rethinking Markets in Modern India*¹ is a major contribution to the understanding of how exchange, money, accumulation, and structures of trust and community intersect in contemporary India. It is a volume of lasting value to those interested in understanding the multiple dynamics and deeply segmented markets that constitute an enduring feature of the economic life in one of the major, if strikingly undercapitalized, economies in the world. The term ‘undercapitalized’ is usually applied by economists to entities that have not converted enough of its assets, or potential value, into a fluid and exchangeable form (shares, stock, credit, cash flow). Something similar could be said about many facets of India’s economy—the limited scale of formal banking and savings, the emerging real estate and land market, the dominance of petty trade and family businesses in retail and multiple other sectors.

The editors of this volume posit that three fundamental factors have shaped the Indian economy as it appears today: first, the tenacity and durability of a myriad

¹Ajay Gandhi, Barbara Harriss-White, Douglas E. Haynes and Sebastian Schwecke (eds), *Rethinking markets in modern India: Embedded exchange and contested jurisdiction* (Cambridge: Cambridge University Press, 2020).

forms of *embedded exchange*. This is Karl Polanyi's² term for the not-yet-abstracted forms of exchange and circulation that depend on local, and often bounded, parameters of trust and custom rather than on abstracted, fluid, and fully disembedded flows of capital and value across national and global economies. While Polanyi's distinction between embedded/disembedded have often been mapped onto other dualities such as modernity/tradition, formal/informal, and so on, the editors and many contributors to this volume demonstrate the value of understanding 'embedding' as a form of historical path-dependency, that is, how new economies and market segments were shaped, conditioned, but never fully determined by historical networks of community-trust, institutions, and legal frames. A pronounced example of this can be found in David Rudner's chapter on the banking practices of the Nattukottai Chettiar community across colonial South India and South East Asia. Another example is Nikhil Rao's incisive chapter on the legal and institutional legacies that have shaped the real estate market in Mumbai. Sebastian Schwecke's account of the conventions and evolution of registers of trust and reputation around informal finance in Banares since the late colonial era also demonstrates such complex continuities. Similarly, Douglas Haynes' account of what he calls 'vernacular capitalism', which emerged around small textile producers and their products in small towns across the Bombay presidency in the early twentieth century, demonstrate the enduring effects of such path-dependency.

The second factor is what the editors call *contested jurisdiction* which is defined as the continued existence of multiple registers of authority, also well beyond the state, and a fragmentation of regulatory interventions by various governmental authorities. As a result, the editors argue, 'rather than open friction between competing centers of authority, there is selective collusion and, indeed, selective scrutiny by the state in various manifestations' (p. 16). This creates an environment where economic activity depends on constant negotiation, mutual favours, and barely visible connections (*sifarish*) and where the boundary between the licit and illicit is less than clear, almost always depending on intervention or protection by elected politicians. Barbara Harris-White and J. Jeyaranjan's chapter on the 'sand mafias' operating in Tamil Nadu and Ajay Gandhi's analysis of the role of 'black money' in public discourse and in a Mumbai neighbourhood are perhaps the clearest illustrations of what forms of exchange, extraction, and accumulation are possible under such conditions of uncertainty and deep segmentation of trust. Several other contributions also revolve around the problems and possibilities of fragmented regulatory regimes: Mekhala Krishnamurthy's fascinating account of the history of regulations of agricultural market sites (*mandi*) in Madhya Pradesh demonstrate how farmers, state officials, and traders have wrangled over the control of prices, market access, and state procurement over many decades. The question of whether such *mandi* should remain under local control, versus plans to create larger, and supposedly freer, markets in agricultural produce was at the heart of the prolonged farmer's protests in North India in 2020–2021. The question of governmental control and regulation of trade is also at the heart of Aditi Saraf's chapter on the limited, and heavily scrutinized, trade across Kashmir's Line of Control, a trade that was initiated in 2008 as a 'confidence building measure' between Pakistan and India. Matthew Hull's intricate account of state lotteries in Punjab shows the state not only in

²Karl Polanyi, *The great transformation. Origins of our time* (New York: Farrar and Rinehart, 1944).

the role of regulator but actually as a provider of an infrastructure that initially sought to take over the illegal betting economy. Eventually, Hull shows, the state lottery began to act as a front for several illegal lottery operations, some of which originate in other states in India. Roger Begrich provides an account of the exchange of and transactions around alcohol among Adivasi communities in Jharkhand. He demonstrates how officials insert themselves into a customary medium of exchange and sociality through the taxation of 'foreign liquor' while prohibiting the commercial exchange of 'traditional' rice beer—mahua—ostensibly in an attempt to protect these communities from the effects of an open market.

The third factor sketched out by the editors is what they call *pliable markets*, that is, the adaptability of various market structures to conditions, commodities, and beliefs that seem rather far from the rational and individualized market agent that is the foundational figure (or fiction) of mainstream economic theory. Rather than suggesting that Indian markets are governed by irrational forces and undue secrecy—as was the standard critique of Indian economic behaviour by many colonial officers—several contributors show that markets in India are extraordinarily flexible and able to encompass commodities and knowledges that pervade the context in which they are embedded.

Projit Bihari Mukharji provides a fascinating account of what he calls the 'bazaar grimoire', that is, circulating texts and manuals that describe and offer 'occult technologies' that divine and interpret otherwise opaque relationships and forms of exchanges in bazaars in Bengal and Assam. Drawing on material from North Indian bazaars and markets, Andy Rotman contrasts what he calls 'brandism'—the global marketing of commodities as powerful brands that index the global power of the corporation behind it—with 'bazaarism', that is, the naming of goods and stores after divinities and virtuous personalities that index the piety and good reputation of the shopkeeper. Bazaars remain the most important sites of commodity exchange across much of India, and Rotman suggests that the model of trust and interpersonal accountability he identifies in the bazaar is still cherished and relied on by millions of Indians.

The richness and depth of the contributions in this volume illuminate how complex economic and exchange relations are in India and they also raise questions about whether the analytical categories, concepts, and distinctions that social scientists and historians deploy, including in this volume, are adequate to the task. The four very substantial commentaries that follow pose several questions along these lines. In the remainder of this Introduction I will briefly consider just two of the categories under discussion: first, the market as a social ideal of exchange that is haunted by uncertainty and moral ambiguity; and secondly, the unstable and morally charged status of money, both as floating cash but also as a measure of value.

As Johan Mathew and other commentators discuss so insightfully in their commentaries, the term 'market' may well be too imprecise, and too ideologically charged, to help us understand forms of exchange in India and elsewhere. The idea of the modern capitalist market and free trade as rational and peace-making structures—*doux commerce* in Montesquieu's terms—that promoted rational self-interest,³ emerged in

³See Albert Hirschman, *The passions and the interests: Political arguments for capitalism before its triumph* (Princeton, NJ: Princeton University Press, 1977).

the late eighteenth century. This idea was in stark tension with the monopolistic policies that were central to governance by the East India Company and other chartered companies pushing the expansion of the British empire and other European empires. Aiming at expanding the role of British interests across the subcontinent, colonial officials in India promoted reforms that would create larger and more fluid and abstract markets, codify private property, create a class of productive yeoman farmers, and facilitate capital accumulation.⁴ Indian forms of exchange and accumulation were almost invariably seen as too closed, opaque, and limited, held back by what colonial officials saw as irrational and ‘clannish’ impulses.⁵ For liberal-minded officials vested in creating a modern peasantry, the *bania* and the moneylender became symbols of the unproductive greed and unpredictability that governed the ‘traditional’ Indian economy. In the twentieth century, the Indian mainstream Left developed a very similar critique of conventional economic practices and advocated for a more rational and semi-planned economy.⁶

However, Indian nationalism was intellectually built on a critique of the modern capitalist markets that had drained India of capital, created predatory forms of exploitation, and introduced instrumentalized and monetized social relationships that many Indian nationalists portrayed as alien to Indian culture and values. The conceptual polarity between the ‘economy’ and ‘culture’ structured most nationalist discourse in colonial India: the former standing for rationality and modernity but also deracination, and the latter standing for ‘tradition’, cultural depth, and authenticity as antidotes to both capitalism and Western modernity. Partha Chatterjee’s analysis of the world view of the colonized elite split between an ‘outer world’ of dominating power and economy, and an ‘inner world’ of sovereign cultural expression and domesticity succinctly expresses this conceptual matrix.⁷

The character of market exchange was central to each of these positions: to the progressive reformers, both colonial and post-colonial, the modern market was productive and rational but also a source of exploitation and inequality that had to be ameliorated and contained in order to protect the ‘weaker sections’. For colonial officials, and later for policymakers in the post-colonial state, cooperatives of all kinds became an instrument to boost and protect socially marginal communities in an otherwise unforgiving market while also playing a valuable pedagogical part in producing new economic subjects less dependent on the parasitical figure of the *bania*.⁸ For those

⁴Ritu Birla, *Stages of capital: Law, culture, and market governance in late colonial India* (Durham, NC: Duke University Press, 2009). See also A. K. Bagchi, ‘Transition from Indian to British Indian systems of money and banking 1800–1850’, *Modern Asian Studies*, vol. 19, no. 3, 1985, pp. 501–519.

⁵Manu Goswami, *Producing India: From colonial economy to national space* (Chicago and London: University of Chicago Press, 2004). See also S. Schwecke, ‘A tangled jungle of disorderly transactions? The production of a monetary outside in a North Indian town’, *Modern Asian Studies*, vol. 52, no. 4, 2017, pp. 1375–1419.

⁶Many of the policies that sought to ‘discipline’ the market in India around independence were rooted in wartime regulations. See, for instance, Rohit De, ‘“Commodities must be controlled”: Economic crimes and market discipline in India (1939–1955)’, *International Journal of Law in Context*, vol. 10, no. 3, 2014, pp. 277–294.

⁷Partha Chatterjee, ‘Colonialism, nationalism, and colonized women: The contest in India’, *American Ethnologist*, vol. 16, no. 4, 1989, pp. 622–633.

⁸Rita Rhodes, *Empire and co-operation: How the British empire used co-operatives in its development strategies, 1900–1970* (Edinburgh: John Donald, 2012). Nikolay Kamenov, ‘The place of the “cooperative” in the agrarian history of India, c.1900–1970’, *The Journal of Asian Studies*, vol. 79, no. 1, 2020, pp. 103–128. Efforts by

defending cultural values, local or national, the modern market, modern industrial labour relations, and consumer culture threatened to hollow out and destroy an older culture of trust, reputation, and community-based networks and replace it with individualized consumer desires, beholden to (disembedded) global cultural flows and alienated from Indian forms of sociality. For several decades, the protected and limited markets of the Licence Raj managed to encompass both of these views of the (im)moralities of market exchange. Today, after the extensive market reforms of the 1990s, one finds variations of this moral critique of the modern market alive among many older cadres of the Rashtriya Swayamsevak Sangh (RSS), as well as among many Gandhian and progressive social activists across India.

This brings us to the question of money as the mediator of exchange relations in both modern capitalist markets and in bazaar economies. As Ajay Gandhi points out in his chapter, 'black money' has for many decades been deployed in public debates in India as a broad label for all kinds of illicit activities, corruption, and tales of ill-gotten wealth. If black money is money 'gone bad' because of its improper/illegal origins, it raises the broader question of the moral status of money as a medium of exchange. In their classic volume *Money and the Morality of Exchange*, Bloch and Parry observed that the distinction between modern, monetized economies and non-monetary (traditional) economies is not at all clear. All exchange, including gift exchange, is uncertain and fraught with moral danger. Exchange, even of the most informal kind, is also always governed by a set of tacit or explicit rules and assumptions about the proper relationship between people, things, and value.⁹ The heterodox Marxist philosopher Alfred Sohn-Rethel suggested many decades ago that the exchange of objects and value form the basis of materially anchored 'real abstractions' of many kinds in all societies. However, the emergence of capitalism and modern commodities allow money to be not only an equivalent of value, but a 'general equivalent', that is, the potential measure and mediator of all social relationships.¹⁰ Modern money produces alienation in both senses of the term—as making everything alienable and thus exchangeable, and as estranging social life from itself by injecting calculability and self-interest into the equation. It is precisely the potential for complete abstraction and disembedding from context and origin that makes modern money so morally fraught—no more so than cash, a form of money that is unmarked by origin (does not smell, as the saying goes) and signifies pure potential and therefore also temptation and vice.

Modern India abounds with ambivalences about money and worries about its corrosive effect on cultural values and social relations. Money can be purified and made moral by honest work, legal regulation, or religious piety. At the same time, many Indians across community and class remain sceptical and ambivalent about how the commercialization and monetization of social life seem to upend established hierarchies and customs, including hierarchies of taste and propriety. One can think of the persistent critique from many quarters of the escalating cost and opulence of Indian

anthropologists like Verrier Elwin gave cooperatives a central role in the policies protecting tribal zones in areas defined by the Sixth Schedule of the Indian Constitution. See, for instance, Debar Commission, *The Scheduled Area and Scheduled Tribes Commission* (New Delhi: Government of India, 1961).

⁹Jonathan Parry and Maurice Bloch (eds), *Money and the morality of exchange* (Cambridge: Cambridge University Press, 1982).

¹⁰Alfred Sohn-Rethel, *Intellectual and manual labour: A critique of epistemology* (London: Macmillan, 1978).

weddings, fuelled by excessive cash flow. Or how the increased monetization of dowry payments is widely blamed for an increasing instrumentalization of marriage arrangements, while also levelling the symbolic playing field for communities not previously included in a larger cultural economy of prestige and prestation.

In the English language, the terms 'property' and 'propriety' have the same root. This reflects the historical emergence of commercialism and possessive individualism as moralizing forces that would turn every object and relation into orderly ones. In modern India the relationship between property and propriety is far from settled. The question of what a market is, how exchange should be properly conducted, and how far one should accept and embrace the force of law and the temptation of money are burning everyday issues for many individuals and communities. The editors of *Rethinking Markets in Modern India* have enabled us all to have a deeper and more historically attuned understanding of the braiding of multiple practices, conventions, rationalities, and moral regimes in India's economic and cultural life.

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