Modern Asian Studies (2023), **57**, 1677–1683
doi:10.1017/S0026749X23000094

REVIEW ARTICLE

The entanglements of exchange in India

Muhammad Ali Jan

Department of Economics, Information Technology University, Lahore, Pakistan
Email: ali.jan@itu.edu.pk

(Received 16 January 2023; revised 8 February 2023; accepted 10 February 2023)

Abstract

In this *Modern Asian Studies* book symposium, scholars of South Asia analyse the political, ethical, and epistemic aspects of market life, building on the volume *Rethinking Markets in Modern India*.[1] This interdisciplinary conversation approaches transactional realms from the disciplines of history, anthropology, development studies, and political economy. The symposium's contributors examine a range of pertinent issues that encompass customary forms of exchange and capitalist aspects of trade. Among the topics discussed are those of market fetishism, bazaar knowledge, social embeddedness, forms of transactional representation and translation, and institutional and regulatory contexts for commerce.

Keywords: Markets; India; Pakistan; embeddedness

The vast literature on markets in South Asia has hitherto been dominated by two overarching frameworks: neoclassical economics and heterodox political economy. The former views markets mainly as vehicles for the balancing of supply and demand—often under conditions of asymmetric information and transaction costs—while the latter is concerned primarily with the shaping of exchange through relations of power and access to productive resources; 'efficiency', 'price discovery', 'openness', and 'globalization' are watchwords of the former, while 'relations of production', 'distribution', 'class', and 'exploitation' pervade the latter. Both traditions have evolved in close contact with thinking about policy and, at least in the case of the latter, sought relevance with social movements of farmers, workers, and the Left in general.

Given this background, what makes the present volume unique is that it eschews any pretence at relevance to immediate policy in favour of exploring new vistas in the study of South Asian markets. With contributions mainly by historians and anthropologists, its principal aim is to demonstrate that the language of economists and policymakers is often at odds with how those operating in India's economy conceive of

[1] Ajay 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).

their activities, and it seeks to bring out these myriad understandings in a range of different spheres. In place of the familiar themes associated with the existing literature, it draws on a different conceptual vocabulary emphasizing 'reciprocities', 'ambiguity', 'embedding/disembedding', 'materiality/immateriality', and 'meaning making'. Furthermore, it questions the idea of markets as bounded sites governed by state-imposed strictures and instead highlights the existence of multiple sovereignties and contestation over the very meaning of what constitutes a market. All this leads to a remarkably fecund collection with wide-ranging implications for the study of markets in the region as a whole.

However, the work resists a conventional review since it is held together more by a commitment to exploring diversity within Indian economic life than a core argument running throughout it. Although the introduction does make a valiant attempt at emphasizing thematic coherence—and succeeds to a certain extent—the book ultimately settles for a chronological division of chapters. More telling is the absence of a conclusion that brings together the different threads explored in the various chapters. This is understandable: after all, how does one bring together arguments from chapters on (among other things) caste-based banking, advertising, sovereignty, land, alcohol licences, lotteries, and even the occult? In fact, the lack of a conclusion indicates one way of reading the text: as an open-ended exploration of different themes, concepts, and contexts than a work fitting within an overarching schema. Indeed, if Indian markets are characterized by ambiguity, hybridity, and messiness, why must our scholarly frameworks seek out uniformity?

In keeping with this spirit, my review will focus on themes in the book that I believe constitute novel contributions to the existing literature and that have great potential in broadening our view of commodity exchange in South Asia. I will begin with the conceptual frames highlighted in the introduction and their importance for rethinking markets in South Asia. Owing to the constraints of the word limit, I shall only be able to interrogate how these and other concerns are manifested in a few selected contributions; the review will engage with the arguments in these chapters, highlighting their novelty, as well as contextualizing them within the larger literature on South Asian and international exchange, with a few insights from my own fieldwork. It will conclude with a very brief remark on whether the conceptual and empirical concerns set forth in the volume can be brought into meaningful conversation with the older literature on markets highlighted at the beginning of the review.

It is important to begin with the introduction, which lays out the book's thematic orientation. The authors identify three concepts that broadly organize the scope of the enquiries: 'embedded exchange', 'contested jurisdiction', and 'pliable markets'. The first concept is deployed to highlight how Indian markets continue to be influenced by a range of customary and social 'codified and semi-codified means and practices' (p. 7) that are the products of long histories of cooperation, conflict, and accommodation. This makes it different from Polanyi's framework where the modern market was theorized as the antithesis of embedded forms of exchange.[2] More importantly, it extricates the concept from its traditional usage in studies confined to 'ascriptive' communities

[2]Karl Polanyi, *The great transformation: The political and economic origins of our time*, 2nd edn (Boston: Beacon Press, 2001).

https://doi.org/10.1017/S0026749X23000094 Published online by Cambridge University Press

of caste, religion, and ethnicity and instead theorizes embedded exchange as a transactional realm traversing the spheres of individual, community, and locality to create new solidarities beyond one's immediate spatial and social grid.

This expanded understanding of embedded exchange is complemented by the concept of 'contested jurisdiction'. This implies that in place of a veritable Leviathan, markets are sites of contestation between different forms of regulative authorities, resulting in multiple sovereignties that shape exchange culture. Most significantly, they demonstrate how the dichotomy between legal and illegal/formal and informal spheres of market practice is a product of the ways in which the late colonial state intervened to 'regulate' what it believed to be the 'chaotic' domain of indigenous commerce. In other words, it is the state's desire for ordered and legible transactions and the peculiar modes of instituting these that prepare the ground for the proliferation of informal economic activities. But the authors also insist that the state—in its many layers—is often found selectively scrutinizing, accommodating, and even colluding with other centres of power and authority, many of which it officially castigates, in order to ensure the smooth functioning of commerce. The resultant market order is full of productive tensions emanating from multiple actors, institutions, and their manifold objectives. The chapters by Mekhala Krishnamurthy on grain markets in Madhya Pradesh and by Barbara Harris-White and J. Jeyaranjan on sand cartels in Tamil Nadu engage with these themes.

The third term—'pliable markets'—is used in two senses: first, to signify the sheer range of markets that exist across a number of goods and services, navigating the boundaries not simply of legality and illegality, but even materiality and immateriality; second, to show how far the evolution of markets in India is an outcome of their ability to accommodate, evade, and adapt to a range of influences that are at once economic, political, social, and ethical. Therefore, in order to map the contours of contemporary capitalism in India, the existing framings in terms of distinct ruptures—for example, between colonial and post-colonial eras—or the unfolding of a universal operational logic, say 'capital', are rightly deemed inadequate. Instead, the chapters in the collection seek to unearth the genealogies of particular markets—with their attendant twists and turns—to make a statement about the market economy in South Asia. The relationship between these three ordering devices—embedded exchange, contested jurisdiction, and pliable markets—is not always spelled out, however.

How do these and other concerns manifest in specific accounts? The chapter by David Rudner—based on his seminal work on the Nattukottai Chettiars—reveals how official views of informal finance as a chaotic, disordered, and unregulated realm were belied by the remarkably well-organized, transnational network of financial relations established by members of this group. From 1870 to 1930, this caste-based banking system not only became the premier means of private finance in the Madras presidency, but, more significantly, the main source of loanable funds in Southeast Asia, mainly Burma, Ceylon, and Malaya. In vivid detail, the chapter recounts how the Chettiars (or 'Nakarattars') were identified by their families and temples; how individuals were initiated into the world of business by apprenticeships in the agency houses of their family firms located across South and Southeast Asia for specific time periods; and how a highly complex configuration of deposit banking, *hundi* (privately negotiable instrument of credit), and credit transactions between caste members and accounting systems, based on diverse instruments with indigenous names and communal methods of monitoring, enforcement, and sanction, was constructed and functioned across long distances and various trades. A remarkable feature of the system was that it required all individual firms, whatever their specific business activity, to simultaneously act as commercial banks: taking money on deposit and drafting *hundis* so that each individual firm was tied together to all others, with the elite Nakarattars (called *adithis*) acting as clearing houses, thus allowing all members to draw on the collective assets of the entire caste. In this way, individual firms were able to access deposit capital at lower rates than non-Nakarattars could obtain and far cheaper than borrowing in secured or unsecured loans.

Despite being a caste-based system par excellence—with strict demarcation between Nakarattar and non-Nakarattar—the caste itself was far from being an internally homogenous group. The most important aspect of this differentiation was the pattern of marriage alliances, which did not follow standard Dravidian kinship systems but drew upon a much wider universe, so that distance and differentiation were created not only in terms of blood and marriageability, but also financial cooperation. The segmentation did allow for demarcation of channels through which capital flowed, but it also meant that some groups had more privileged access than others and that many were simply connected through being part of the system without ever really coming into contact with one another. This supports the notion of 'embedded exchange' set out in the introduction as being supra-local but also complicates it: not only were the interests of individual firms an integral part of the system, but these firms employed a conceptual vocabulary that differentiated transactions based on proximity, with non-kin Nakarattars treated differently from others. Thus 'embeddedness' must be understood as a continuum, with more and less embedded forms and points in the system, something that becomes clear when the Nakarattar dispensation went into terminal decline post-1930 and eventually unravelled, leaving the vast majority of non-elite caste members disembedded and having to re-embed themselves into new forms of employment.

But a more important theoretical implication, not clearly spelled out, is that the functioning of an 'embedded' system across such vast distances and heterogeneous groups is an outcome of constant construction, reconstruction, and maintenance; as the work of scholars like Michel Callon and Bruno Latour demonstrates, notions of embeddedness presuppose a fully formed 'society' in which exchange is supposedly embedded. Yet embeddedness is better seen as an 'effect', an 'assemblage' of myriad connections between diverse groups of people, the instruments and goods that circulate among them, the means through which they move, the meanings they convey, and the contradictions that are inherent to them.[3] A constructivist understanding of 'embedded exchange' achieved through a reading of the work of these scholars would complement the account set out in the chapter.

Such a constructivist view of finance comes forth more clearly in Sebastian Schwecke's chapter on the functioning of trust in North Indian 'informal' lending. Drawing on the term 'artifice' from Frank Perlin's recently published magnum opus

[3]Koray Caliskan and Michel Callon, 'Economization, Part 1: Shifting attention from the economy towards processes of economization', *Economy and Society*, vol. 38, no. 3, August 2009, pp. 369–398; Bruno Latour, *Reassembling the social: An introduction to Actor-Network Theory* (Oxford: Oxford University Press, 2005).

https://doi.org/10.1017/S0026749X23000094 Published online by Cambridge University Press

City Intelligible to denote human devices that skilfully 'fix' entities (in this case trust and finance) in the face of formidable difficulties and uncertainties, he delineates two registers of trust operating in the financial markets of the city of Banaras from the mid-twentieth century: *procedural* and *reputational*.[4] While procedural means of handling trust—with their foundation in formal codes backed by the legal authority of the state—are widely recognized as having systemic properties, the common assumption is that reputational forms of handling trust rely on personal proximity and intimate knowledge. The latter are thereby deemed as 'localized' and 'primitive' compared to the former and something to be overcome in the march towards 'modernization'. It is a major contribution of this chapter to recognize reputation as constituting an intricate system in itself; with a degree of unknowability handled through adherence to codes of appropriate behaviour, a common transactional grammar, ways of circulating information that allow it to operate on supra-local scales, as well as a means of certification and sanction.

Even more interestingly, Schwecke shows how so-called 'modern' banks actually drew on reputational registers of trust in order to build their clientele. This is demonstrated through a close reading of banking advertisements and practices from mid-twentieth century Banaras, where moral vocabularies of '*sakh*' ('good credit'), denoting not merely sound finances but also social standing and reputation are more widely employed for disseminating credit than formal procedures, with the manager's own 'reputation' an important draw for customers. Moreover, information about the reputation of customers was collected through neighbourhood and bazaar enquiries much like indigenous bankers and the branches dealt in *hundis* rather than in 'modern' financial instruments like cheques (pp. 160–161). The framing of reputation as an artifice resonates with my own research on agricultural markets in Pakistani Punjab where ideas of '*wihar*' (simultaneously denoting social standing and sound credit) were not simply confined to traders, but were even employed by managers of private banks that did business with them.[5]

While advertising is a small part of Schwecke's chapter, it takes centre stage in two very interesting contributions by Douglas Haynes and Andy Rotman. Advertising is usually confined to the flashy world of Indian corporate capital, which is contrasted with the 'bazaar' and its reliance on undifferentiated products bought through face-to-face interactions between market intermediaries and customers. Haynes directs our analytical gaze towards the existence of a third form of enterprise that he terms 'vernacular capitalism': the small, individual, or family run firms that produced consumer goods and advertised them through the emerging print medias—particularly vernacular newspapers—from the colonial period onwards. One of the main aims behind this practice was the manufacturers' desire to assert greater control over the meaning their products conveyed and to wrest it away from bazaar intermediaries, shopkeepers, hawkers, and *vaidyas* (indigenous medical practitioners). This process of 'disembedding' was made possible due to the emergence of a middle class that rejected traditional sources of product information as 'unscientific' and 'backward' and looked

[4]Frank Perlin, *City intelligible: A philosophical and historical anthropology of global commoditisation before industrialisation* (Leiden: Brill, 2020).

[5]Muhammad Ali Jan, 'Rural commercial capital: Accumulation, class and power in Pakistani Punjab', DPhil, University of Oxford, 2017, pp. 70–75.

towards the vernacular press for information about commodities. Thus, the rise of vernacular capitalism was closely tied to the self-fashioning of the Indian middle class as quintessential bearers of modernity and allowed a number of firms—especially medical firms capitalizing on middle-class anxieties about sexual health—to considerably expand their scale of production and geographical reach.

Apart from the theme of embedded exchange, advertising crucially adds the dimension of cultural meaning that was entirely missing in both the neoclassical and political economy traditions; commodities are always entangled in webs of meaning and themselves generate new cultural relations so that questions of livelihood and accumulation are intimately tied to values and self-identity. But this realm is itself composed of several nuanced distinctions, as Rotman highlights in his chapter 'Brandism vs. Bazaarism', where 'brands' in the contemporary corporate sense are different from how they are experienced and interpreted in India's bazaar economy. Drawing on ethnographic work among merchants, consumers, religious leaders, devotees, pilgrims, and politicians in Banaras, Rotman argues that its bazaars have their own processes of differentiation and affiliation that 'branding' seeks to achieve for the corporate world; for example, while the modern brand maker explicitly wants to bring the attention of the beholder back to the company through legibility in order to forge 'stern fidelity', product 'labels' on jute bags in the Banaras bazaars—ranging from random images and texts in English—are not susceptible to such a reading; indeed, it is their 'exotic' or 'foreign' quality that made them desirable, though more important reasons are their perceived quality and durability.

Crucially, the bazaar operates on its own kind of franchise model, unlike that of the corporate sector where the corporate entity is the locus of trust; in bazaarism's franchise, the individual owner and their reputation are the focus of trust, with owners drawing on a range of imagery—from gods and goddesses to assert the owner's piety to photographs of deceased parent-owners to express a glorious lineage—in order to convey their 'franchise' and attract customers. There are some points of contention: such as the author's view that, unlike corporate branding, where transgressions by one franchisee reflect poorly on the entire corporate entity, this is not so for the bazaar. This may not be true for certain marketplaces which are seen as more than the sum of their parts—for example, the agricultural markets studied by this reviewer and contributors to this volume such as Barbara Harriss-White and Mekhala Krishnamurthy—which explains the need to punish behaviour that can potentially harm the reputation of the entire shared space. However, the author's larger point about understanding the rationality of the bazaar on its own terms, particularly the importance of forging complex, cross-communal social relationships, is of fundamental importance.

The significance of social relations in markets and the transactional grammar associated with them is a key concern throughout the book, with contributions by Ajay Gandhi and Roger Begrich revealing a dense moral universe of exchange in seemingly immoral spaces: the 'black economy' and the alcohol trade. Yet there is some debate in the contemporary literature on whether, in our quest to emphasize the importance of social relations and embedded exchange as a counter to the economist's singular focus on 'rational maximization', we may be entirely ignoring the latter's increasing importance as the moneyed economy penetrates deeper into our everyday lives. Of course, unlike the mainstream view, which naturalizes this process, anthropologists and historians can map its historical and institutionally constructed nature.

The work of Timothy Mitchell, for example, has shown how the 'embedding of certain 20th century practices of calculation, description and enumeration into regulatory, government and market practices' creates the economy as an 'effect'.[6] But the pervasive importance of short-term means-and-ends calculations, or what Georg Simmel terms 'calculative reasoning', is undeniable, as are their effects on established relations between market participants, even those of the small-scale bazaar-based enterprises studied in many of the chapters. Although Matthew Hull's work on the Punjab lotteries does give us some sense of the complexity of this calculative reasoning, the overwhelming majority of contributors do not interrogate this aspect.

This brings me to a general observation about the volume: by truly living up to the claims of the title, the contributors have unearthed a whole new conceptual and empirical terrain that will hopefully generate research for many years to come. Yet the break with the concerns of the earlier traditions, especially political economy with its emphasis on issues of poverty, distribution, accumulation, and institutions of the market, is too conspicuous. Many of these concerns, about exploitation in the market, about the nature and trajectory of growth, about the ability of markets to provide decent livelihoods as well as the role of governments in facilitating and thwarting these outcomes are—to paraphrase Joan Robinson—too important to be left to the economists. Hopefully those who engage with the volume's themes and who are simultaneously concerned about these questions will bring the two into conversation.

Finally, it is interesting to note that a book about markets does not contain a chapter focusing on what many think of when the word 'market' comes to mind: prices and price formation. This is perhaps also because of the rather unimaginative way in which the existing literature has thought about prices but it is also true that in recent years some excellent critical scholarship on the subject has emerged, looking at, for example, how global prices are set and their multiple meanings,[7] the social relations, prices forges and constraints, and their fetishism,[8] as well as contestations over notions of 'fair pricing' so relevant to global and local commodity chains.[9] While one would not go so far as to say that studying markets without prices is akin to 'Hamlet without the Prince', given their importance, this is a curious omission.

Despite these minor oversights, this is a major work that should inform the discussion on South Asian exchange for many years to come.

Competing interests. The author declares none.

[6]Timothy Mitchell, *Rule of experts: Egypt, techno-politics, modernity* (Berkeley: University of California Press, 2002).

[7]Coray Caliskan, *Market threads: How cotton farmers and traders create a global commodity* (New Jersey: Princeton University Press, 2010).

[8]Stephen Gudeman, *Economy's tension: The dialectics of community and market* (New York: Berghahn Books, 2008).

[9]Stephen Ouma, *Assembling export markets: The making and unmaking of global food connections in West Africa* (Chichester: Wiley, 2015).

Cite this article: Jan, Muhammad Ali. 2023. 'The entanglements of exchange in India'. *Modern Asian Studies* 57(5), pp. 1677–1683. https://doi.org/10.1017/S0026749X23000094