

Shares, land, and market

Rethinking Markets in Modern India: Embedded Exchange and Contested

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Departing from the production–consumption nexus, *Rethinking Markets in Modern India* takes up cases of ‘transactions,’ including those of black money and crime, and positions them as central to understanding Indian society. Recent scholarly works focusing upon consumption rather than production seem to have succeeded in opening new perspectives in studies of Indian economic history (Haynes *et al.* 2010). Mushrooming global history studies have also contributed to opening new fields in understanding distinctive socio-economic features of Indian society (Riello and Roy 2009). Developments in the study of trading activities, both inland and maritime, are also remarkable (Choi *et al.* 2019). The essays in this book, however, do not belong to these streams. Topics taken up here are not always the volume of trade, destinations of commodities, or traders, but the distinctive nature of various transactions observed across India from the colonial period.

Among all the marketed commodities, landed property has occupied the most important place. The separation of land from embedded social relations and its commoditization by the colonial land administration, the progress of land and agricultural development pushed by Asia’s deepening involvement in the global economy in the latter half of the nineteenth century, and the limited choice for investment in other industries all gave investment in land a leading role in economic activities in India and other Asian countries. I will choose to focus here on the first two essays in the volume as they deal with this issue.

The period beginning with the latter half of the nineteenth century witnessed rapid land development in Burma and other Southeast Asian countries. The growing demand for rice and other primary products and the unprecedented population growth in this period pushed the cultivation

border towards virgin areas. What is to be noticed in this process is that the actors driving these developments were none but small peasants with bare means to accommodate themselves in the changing global economy. The first essay by David Rudner, 'Banking in the Bazaar: The Nattukottai Chettiars,' focuses on an indigenous banking community that played a leading role to interlink these small peasants with the global market.

The Nattukottai Chettiars (NC) were by far the most important moneylending community that operated across Southeast Asia during the colonial period. The growing demand for cash by small farmers for new investment and consumption and their lack of access to 'modern' banking facilities contributed to make the NC the most influential financiers through the end of the 1920s. Rudner's essay investigates the internal structure and functions of the community and clarifies the secrets of their success.

The features of NC's activities appear specific and unique in the caste-bundled Indian society, but we can find parallels in other social contexts. Some comparative examples include the managing agent system that dominated Indian colonial businesses 'behind closed doors' or the Japanese *Zai-batsu* system that adopted male successors to manage family businesses. Rudner's study thus contributes to a new field of comparative study of the similarities and differences of market management across the world.

One thing that remains to be clarified in the essay is the internal logic that brought about the abrupt disjuncture of NC's activities in Southeast Asia in the 1930s. The essay hints that the establishment of the Reserve Bank of India in 1935 was a contributing factor and suggests that further study is needed, but this point seems critical as it would give keys to clarify whether their 'embedded' assets of communal ties could, or did, continue at this disjuncture. The Great Depression and the bankruptcy of one of the NCs' banks, the anti-NC movement in Burma, the reinforcement of the Malay Reserve policy in Malaya, and the imminent Japanese invasion and other external factors must have conditioned their move. But what needs to be clarified is the internal logic that pushed them to new directions. Were their communal ties intact throughout those critical changes, did the move symbolize the collapse of their unity, or was it another expression of their pliability? Clarification of this issue will offer clues to understand the viability and the flexibility of the 'embedded past' of the Indian merchant communities when they encountered political and/or economic changes.

The second essay by Nikhil Rao, 'Space in Motion: An Uneven Narrative of Urban Private Property in Bombay,' is a welcome addition to land system studies. In contrast to the long history of rural land system studies, studies in urban land systems are few. Rao's undertaking offers new historical insight in this regard.

Using Bombay case studies, Rao argues that the colonial land administration was ambivalent and changing, in contrast with the assumed 'historiographical common sense' that observes 'an unruffled surface to the state's attitudes with respect to private property' (p. 63). He traces the processes through which land property emerged as a commodity for transactions and clarifies the degree to which 'the notions of "property" remain fluid and flexible' in accordance with actors' positions (p. 82).

Complex developments similar to those in Rao's study were in fact observed elsewhere. In the Madras Presidency, for instance, there occurred frequent disputes among the revenue collectors regarding the land system to implement in the late eighteenth century. After a number of 'systems' were built and scrapped, the so-called 'raiayatwari system' was adopted by an order from the Home Government in the late 1810s. The difference of social structure in different regions, however, made its enforcement extremely difficult. Whereas the inner drier region had generally a simple structure composed only of cultivators called raiyats, the wetter coastal region had much more complex social structures, as it had higher surplus production and higher population density. Here, the differentiation of peasants was too wide to use the simple term of 'raiayat.' Above the cultivators, there existed village lords called mirasidars, a Farsi term originating from Arabic (*mirasi* meaning property and inheritance, and *dar* meaning holder), who

maintained their power and position by claiming lordship over entire village resources including land, water, and people. The Madras Government faced strong resistance from these mirasidars, who never allowed non-mirasidars to acquire landholding under the raiyatwari system. Like the Bombay examples studied by Rao, the government policies became a mixture of concessions, compromises, complications, and contradictions, and a number of court cases between the mirasidars and the non-mirasidars continued for decades. The colonial government consolidated its policy only in the 1850s. The mirasidars' claim of territorial ownership was at last dissolved into a number of plots. Their position as landlords was, however, acknowledged in the form of proportional landlord rent to be paid by the non-mirasidars for the respective plots. In addition, the mirasidars won a pre-emptive right to some previously abandoned plots that were again claimed for ownership.

The case of the Madras Presidency raises two questions. The first is the importance of uncovering the impact of the changing relationship between landholders and tenants upon government policy-making in the urban setting of Bombay. Like the Madras Presidency that became a stage for conflicts between the mirasidars and the non-mirasidars, the Bengal Presidency under the zamindari system similarly experienced severe conflicts between zamindars and tenants. How, then, was the situation in urban Bombay studied by Rao? Didn't the tenants in urban Bombay play any role in influencing government policy-making?

The second point is general but appears more important when we 'rethink' markets in modern India. That is, how do we locate the emergence of land markets – in other words, land-based society – in the overall development of a market economy in India's past? The abundance of land in the pre-colonial period prohibits us from presuming India to be a land-based society. Aside from the regions along the big rivers like the Ganga or the Cauvery, the population was sparse and land was abundant in the late eighteenth century. When did land ownership become the defining factor of the societal order, and how did it differ from what came before? I agree with Rao in his characterizing phrase, 'from landholding to plot.' However, considering India had been organized differently prior to the emergence of the colonial landed society, this phrase should be reconsidered. As this issue is closely related to the main theme of the book, more detailed investigation is needed, and I will offer a short discussion below.

The colonial state took two steps to transform the social system. As Rao clarifies, making territory into an assemblage of plots was one of them. Owning plots now became a decisive source of power. Another step was to transform a share-based society into a land-based society, which is not touched on in Rao's essay but seems more critical. It was important because this step led to overall development of the market economy in rural India.

Colonial officers posted in South India noticed the prevalence of a share distribution system and described the details. Local produce was distributed among a number of recipients in every village. These share recipients had specific roles to sustain the local production as well as local society. Not only people like priests, artisans, and farmers, but also institutions like temples, reservoirs, etc. received shares. Anthropologists have called this system *jajmani* or a service-exchange system. The shares, along with assigned roles, were usually inherited inside the same functional group. This share system was closely connected with the caste system.

What was conspicuous in the eighteenth century was that some of the shares in the system, especially those of mirasidars, had become mortgageable or saleable and were transacted as market commodities across groups or localities. Similar practices were reported in other areas like Maharashtra and Orissa, and probably many other regions in India, too. This feature signified the loosening of local society that had been sustained by the share distribution system and also the birth of the market economy in rural India.

During the early stages of colonial administration, the share distribution system was investigated and attempts were made to convert it to a landholding system. The assigned roles along with the assignees were separated from the local production system and were relocated in the emerging market economy. The market economy now entered into a new stage where every service or labour was

exchanged through market transactions. To summarize, the shift from 'share-based to land-based society' and the shift from 'landholding to plots' proceeded almost in parallel in colonial India, and Rao's study covers the latter process in urban India.


Land markets still occupy a primary position in India and other Asian countries. Land markets, however, did not emerge without transformations in the institutional, economic, and social frameworks. The two studies taken up here shed light on these aspects and broaden our perspectives in this regard.

Notes on contributor

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