Markets

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Markets and trade have always played an important role in Indian history. Whilst there is evidence of the significance of markets and monetary transactions in medieval India (Subrahmanyam 1994), it is concerning the eighteenth century that we find an abundance of information about the intricate networks of markets which characterized the Indian economy of that period. Such networks linked the periodical market (*hat*) of the countryside with the local urban markets (*mandi, ganj, qasbah*) of small towns, the great bazaars of important commercial cities, and the outposts for long-distance trade outside India (Chaudhuri 1994; Habib and Raychaudury 1982; Bayly 1983). Historians have also demonstrated that monetary transactions were not only limited to the domains of trade or to the collection of state revenue but also entered into other aspects of social life in pre-colonial India. For example, Dirk Kolff has shown the importance of a military labour market both for state formation and for the maintenance of the village economy (Kolff 1990). This richness of historical material makes it surprising that the study of markets and monetary transactions has played such a minor role in the development of the social and cultural anthropology of India. Ironically the main reason for this neglect is that the market has often been perceived as a relatively recent phenomenon and an alien imposition on Indian society and culture.

This neglect does not only concern India. It begs more general questions about the way markets have been studied within the framework of the social sciences and of economic anthropology in particular. It is probably true to say that the progressive hegemony of neoclassic theory in economic literature does not blend well with sociological approaches to the market in spite of recent efforts at reconciliation made by the so-called 'new institutional economics' school.[1] But it is not enough for anthropologists and sociologists to blame economists for monopolizing the field with their limited model of the market; the former are also partially responsible for the development of the situation.

On the one hand, sociologists criticize the neoclassic approach for its failure to consider the social and cultural factors which influence economic behaviour. On the other hand, the same critics will insist that social relationships and cultural values are obliterated by the market. In the first instance, they question the relevance and interpretative value of economic theory from a sociological point of view; but in the second, they find themselves implicitly validating the economist's model of the market, even if they intend to do the opposite. If anthropologists and sociologists are to escape from this double bind, they need not only to question the applicability of the economist's model, but to go one stage further to develop an alternative approach.

Paradoxically, it is amongst anthropologists working in non-western cultures, often perceived as not having market economies, that the tendency to endorse the standard economic interpretation of the market has been most apparent. Placing the emphasis on the social and the cultural specificities of the societies they study, these scholars inevitably recognize the discrepancy between the economic practices they observe and the economic model thought to characterize western societies. However, rather than using their observations to contest the model developed in the West, they tend to assume its relevance only for the West and that its limitation is simply that it cannot be applied cross-culturally.

The intensification of this debate in the anthropological literature of the 1960s and 1970s can be traced back to the influential role played by the work of Karl Polanyi (1886–1964). Polanyi attempted to show that the market economy characterized a specific and very particular moment of western society. It was therefore inappropriate to apply a model which had been built out of these specific circumstances to other societies. He also questioned the notion that the market economy was more 'rational' or more efficient than other forms of economic organization based on different principles. Like many other intellectuals of his time, Polanyi believed that the period of western history which had been marked by economic liberalism was coming to an end.

The ambition of Polanyi and his followers, who became known as the 'substantivists', was to draw up a typology of different kinds of economic organization found throughout the world at different periods in history. In effect, he identified three main economic principles: reciprocity, redistribution, and exchange: 'Reciprocity denotes movements between correlative points of symmetrical groupings; redistribution designates appropriational movements toward a centre and out of it again; exchange refers here to vice-versa movements taking place as between 'hands' under a market movement' (Polanyi 1992: 35). He was also anxious to avoid any form of evolutionism and did not want to give undue privilege to the sort of economic organization which characterized modern western societies. The social scientists who opposed this view, and who were collectively known as the 'formalists,' argued to the contrary that, in spite of the obvious differences in the economic organization of societies, the main task at hand was to delineate a few fundamental principles which could be applied to all.

According to the substantivists, the main characteristic of the domination of economic liberalism in the West lay in the separation of the economic domain from social and cultural values and constraints. By contrast, in more 'traditional' societies, economic relationships were 'embedded' within the social fabric and were subordinate to non-economic considerations. Such a conception corresponds well to that developed by Louis Dumont in the Indian context, and it is no coincidence that it was this author who wrote the preface of the French translation of Polanyi's major work, *The Great Transformation* (1957). Basing his argument both on ancient Hindu texts and contemporary ethnography, Dumont argued that one of the fundamental characteristics of Hindu society was that the economic and political domain (*artha*) was subordinate to the moral exigencies of a higher order (*dharma*). This hierarchy of principles was thought to inform the ideology of Indian society as a whole (Dumont 1970).

Most sociologists and anthropologists working in India have, at some level, proved 'substantivist' in their approach. They have tended to place emphasis on the logic of redistribution rather than monetary transactions, as if the latter could be dismissed as an alien imposition on Indian culture and society. Once market exchanges were perceived purely as a modern development, it became possible by contrast to define the ideological features which were supposed to characterize the 'traditional' economic system in India.

However, from the 1980s onwards this simplistic divide between so-called 'traditional' and 'modern' economic systems has been more and more contested. On the one hand, the use of the notion of 'tradition' has been questioned in the works of historians, cultural theorists, and anthropologists (Hobsbawm and Ranger 1983; Breckenridge and Van der Veer 1994). On the other hand, new approaches to economic sociology have emerged. As a result of these developments we find two new tendencies in Indian economic sociology. The first is to recognize and take a fresh look at the importance of markets in Indian culture, the second is to begin to question the dominant model of the market from an Indian perspective. It is on these two tendencies that I wish to focus.

Rediscovering the Importance of the Market in Indian Sociology

Sociologists and anthropologists have tended to draw a clear distinction between monetary transactions and other forms of exchange such as gift giving. The latter has generally been perceived as positive in value as opposed to the former which is thought to dehumanize social relationships. According to this view, it was usually taken for granted that exchanges of gifts not only expressed the values of a society but also reinforced social relationships within it; whilst money transactions implied the erosion of social solidarity and cultural values (Bloch and Parry 1989).

There is no doubt that gifts have positive connotations in western culture; and it is equally true that market transactions are often looked at with suspicion, particularly in certain spheres of life where commercialization may seem sacrilegious from a moral point of view. A good illustration of this is Viviana Zelizer's interesting discussion of the history of life-insurance companies in the United States (Zelizer 1992). She analyses the development of this specific market in terms of a complicated negotiation between mercantile values and particularly sacred human values which seem to contradict each other. She goes on to show that Americans were not only resistant to the idea that life could be evaluated in monetary terms but also to the idea that payment was appropriate as compensation for someone's death. The question raised by such an example is whether monetary transactions and market relationships are always evaluated in the same way in different societies. If economists have tended to universalize western economic logic, anthropologists have tended to universalize anti-market rhetoric. Joel Kahn put it neatly in his critique of Taussig's well-known monograph, '*The Devil and Commodity Fetishism in South America* (1980), when he argues that Taussig's approach 'places a Young Hegelian critique of commodities and markets into the mouth of Latin American peasants' (Kahn 1997: 75).

It is precisely this question which has been addressed by Jonathan Parry in his analysis of different types of economic transaction in Varanasi (Parry 1989). Parry argues that one cannot make a clear-cut distinction between gifts and commercial transactions in terms of the morality attached to them. Moreover, in India, it is gift relations, not monetary ones, which are perceived as a potential threat to social relations. Parry also demonstrates that commercial and monetary transactions are treated in a much more neutral perspective in India than in the West and in many other societies.

It is possible to question the generality of Parry's study, located as it was amongst the priests of Varanasi. There are, of course, many varied traditions and streams of thought in Indian culture, some of which do not fit his argument. Sanjay Subrahmanyam, for example, has shown that many currents of medieval poetry and literature in India express a range of ambivalent attitudes to money and trade (Subrahmanyam 1994) However, one should not undermine the importance of Parry's findings. There is, in fact, a large body of evidence in anthropological and historical literature to support his thesis. For example, we find often in India a more lenient and morally neutral attitude to debt and credit than that found generally in the West. In spite of the exploitation of debtors by creditors and of sporadic resistance, there is not as much moral condemnation of the former as one might expect (Vidal 1997; Hardiman 1987, 1996).

Parry's argument is not limited to India. In fact, he goes on to suggest that the condemnation of market relationships seems everywhere to be linked to the valorization of self-sufficiency in the economic domain—whether in the West or in Melanesia. So, reverting the conventional perspective on Indian society, Parry argues that it may be precisely because economic autarky has never been considered an ideal in Indian society that monetary transactions have not posed a serious threat to cultural values or social relationships. Such insights echo the mounting criticism of the idea that local economic relations can be understood purely in terms of what is known as the *jajmani* system.

The Jajmani System

The jajmani system is a term commonly used by sociologists and anthropologists to summarize economic relationships between members of different castes in the Indian village context. Jajmani relationships were thought to be based on a system of redistribution in kind where the monetarization and commercialization of goods and services hardly existed. This made economic interactions largely independent of market forces. Rather, they were deeply embedded in the social and ritual structures of the caste system.

W.H. Wiser is generally acknowledged to be the first author to have emphasized the importance of the jajmani system in village relations (Wiser 1958). But most village studies from the 1950s onwards make use of the concept even if some of them offer a much more nuanced picture of the rural economy than others, thereby pointing out some of the limitations of the jajmani model (Harper 1959; Pocock 1969). But in spite of these criticisms, the jajmani system came to be identified as some sort of normative principle at the very root of economic relations in village India, making it easy to contrast it with the logic of the market as defined by the West. The jajmani system was a good example of what Polanyi termed a 'redistributive' system, and its study allied Indian sociologists with the substantivist school.

It is for this reason that when C.J. Fuller (1989) and Peter Mayer (1993) systematically exposed the methodological weakness of the arguments which overstressed the importance of the jajmani system in the rural economy a turning point in the economic anthropology of India was reached. In particular, Fuller demonstrated the huge discrepancy which had always existed between the theorization of jajmani relations and the empirical evidence about them. In fact, he showed, beyond any possible doubt, that there was no general economic principle which corresponded to the variety of economic formations found in different parts of India. Neither could it be said that highly localized economic structures could be understood purely in terms of jajmani relations. Monetary transactions often existed alongside transactions in kind and were often an accompaniment to jajmani relations.

Once it is recognized that monetary exchanges are not incompatible with Indian social and cultural values, it becomes possible to re-evaluate the place of the market and trade within the sociological study of India.

Actors in the Market

In Indian markets, the social identity of local traders is often highly specific. Even in major cities like Delhi with a complex history of migration and rapid economic change, the vast majority of traders belong to specific socio-religious groups. Often a particular market is dominated by a particular community. For example, in the principal grain market of Delhi we find that most of the traders belong to the business communities of Haryana. Though the economic context of this market has changed considerably since Independence, there is evidence to suggest that it was these same communities which dominated it back in the first half of the nineteenth century (Bayly 1983: 332). Similarly, in local towns throughout south India grain markets tend to be dominated by traders belonging to specific communities (Harris-White 1996). While such a pattern is no doubt common in many places throughout India, and constitutes an important element of the sociology of the market, it is important to avoid the types of misinterpretations which are often made about its significance.

The first misinterpretation is about how such clusters reproduce themselves. If a trader's son becomes a trader, it is not because he is compelled to continue the tradition of his caste in any simplistic way. Rather, he is likely to explain his choice in terms of the fact that by following the family profession, he will have the best opportunity in terms of immediate access to business know-how, social and trading networks, and material facilities. However, one finds members of the same caste in a variety of different professions.

More generally, gender, caste, regional origin, and economic power are all significant factors of the identity of traders but their particular relevance varies according to specific markets, localities, and professions. It is possible to find a group of traders all of the same caste, even when this caste is not conventionally associated with trading activities. For example, in the street market for Gujarati embroidery in Ahmedabad, all the traders are from the same caste and most are linked by close kinship ties, yet their ancestors had no links with this trade (Tarlo 1997). What matters is not caste identity as such, but the types of networks that a person's identity enables him or her to tap into, both in terms of business opportunities and social connections. This is true not only for traders but for all types of participants in the market. For example, in the grain market of Delhi, it is not only the traders who have a specific identity, but also accountants, peons, and coolies. In each case it is different criterion that is emphasized. In the case of coolies in the grain market of Delhi, for example, it is regional origin, rather than caste identity, which forms the most important basis on which networks are established.

The example of the coolies in Old Delhi also highlights another common stumbling block in the sociological interpretation of markets. It is often assumed that markets can be distinguished according to whether they are organized along corporate or individual lines. However, in old Delhi we find that some coolies are operating purely on an individual basis whilst others, by contrast, pool all their earnings and work together in teams.

Finally, it is a mistake to consider that networks based on different aspects of social identity (caste, religion, locality, kinship, etc.) are necessarily obstacles to the smooth functioning of the market, as economists from Adam Smith onwards have tended to assume. Not only can one demonstrate that it is often by the mobilization of such networks that Indian markets are constituted (Tarlo 1997) and maintained (Lachaier 1997), but also that social networks play an equally crucial role in markets in the West which are generally supposed to be the purest incarnation of neoclassic economics (Carrier 1997).

Once we recognize that the perspective of the conventional economist is undersocialized whilst that of the conventional social anthropologist is generally oversocialized, it becomes clear that the study of socio-economic networks is essential to any empirical understanding of the market. And once such networks are placed at the centre of the analysis, the distinction usually drawn between economic transactions in western and non-western societies rapidly dissolves. Not only do economic transactions in non-western countries appear much less embedded than previously assumed, but also economic transactions in western societies appear much more embedded than economists have supposed (Granovetter 1992).

By rediscovering the importance of markets in India, anthropologists can now make use of the advances made in other social sciences. On the one hand, they can take advantage of research on markets in other parts of the world for studying markets in India, without either sacrificing or exaggerating Indian specificities. On the other hand, they can take advantage of the studies done in India which may have a real sociological content but were conducted under the umbrella of other disciplines such as economic geography, economic history, and political economy. The question which then emerges is how can one make use of these different works, not only in order to get a more satisfying picture of the history, geography, and sociology of markets in India, but also to reconsider the concept of the market itself in a broader context.

Redefining Markets

Analysing the economic writings of Indian nationalist thinkers (from Justice Ranade and his classic address on the Indian Political Economy, delivered at Pune in 1892 to the works of K.T. Telang, Dadhabhai, Bipen Chandra Pal, or G. Subramanya Iyer and others), Bipan Chandra has shown their awareness of the Eurocentric bias of economic theory. This, they felt, limited both its significance and its applicability to India (Chandra 1966). This tradition of defiance helps explain why economists who have worked either in or about India have kept a distance from neoclassic theory, many pointing out its limitations and recognizing the legitimacy of historical and sociological approaches. But although many have criticized the neoclassic theory of the market from the perspective of the political economy, this exercise has often proved little more than an intellectual routine (Basu 1994: 111–18).

Goods, Money, or Commodities?

Markets have been criticized both for dissolving social bonds and for reducing goods to commodities. This point of view has been perpetuated as much by economists as anthropologists. The latter have generally maintained a clear-cut distinction between the status of things which circulate as gifts and those which circulate as commodities (Mauss 1970). In the former case objects are thought to retain something of the quality of the giver whereas in the latter case they become neutralized through the market.

However, as Appadurai and others have shown, such a distinction only makes sense if one ignores the trajectories which objects follow before and after they enter the market context (Appadurai 1986).

In his anthropological study of the Muria Gonds, Alfred Gell points out that consumption is generally identified with the destruction of goods and that this may well be because our notion of consumption is conceptualized on the basis of eatables. He goes on to argue that 'consumption as a general phenomenon really has nothing to do with the destruction of goods and wealth, but with their reincorporation into the social system that produced them in some other guise' (Gell 1986: 112). One only has to consider the land market to recognize the inappropriateness of the metaphor of destruction. Such observations highlight the deficiencies of the economic categories so often accepted as uncontested truths.

To take another example, let us consider the market for jewellery which plays a very important role in Indian social and economic life. Much of a woman's jewellery is given to her at the time of marriage. This means that shortly after being purchased in the market place, jewellery will apparently lose its status as 'commodity' and acquire the new status of 'gift.' In fact, jewellery serves several functions at once. Not only is it both a beautifier and symbol of status and wealth but also it is considered a form of quasi-money which can be exchanged for other commodities or used in pawnbroking as a guarantee for loans. Viewed in this context, jewellery plays a very significant role in the monetization of the Indian economy.

What is true for jewellery is also true for other things. In a fascinating historical study, Christopher Bayly has demonstrated the diverse range of roles played by cloth in socio-economic life in India during the eighteenth and nineteenth centuries. He demonstrates how the Moghuls used textiles in a complex circuit of tribute and redistribution in such a way that 'at no point did cloth become "merely" a commodity whose production and distribution was solely determined by market forces'. Bayly also argues that even when cloth is acquired through the market place, it nevertheless retains the qualities associated with the conditions of its production and sale. So, even from this point of view, the distinction usually made between gift relationships and market relationships loses much of its relevance. As with the jewellery example it is not only the distinction between 'gifts' and 'commodities' that is called into question but also that between 'money' and 'commodities'.

The Market and the State

In India, as elsewhere, most of the public debates surrounding the market in the last two decades have focused on the issues of economic liberalization and deregulation. In its crudest and most ideological version, which is also its most common form, the whole debate is reduced to a simplistic dichotomy between the influence of the state, thought to impede the optimal functioning of the economy, and the influence of market institutions, thought to encourage it.

A more refined version of the same argument—largely developed nowadays in economic literature—consists in arguing that non-markert institutions cannot simply be regarded as negative and arbitrary influences on economic life which can be removed at will. State intervention can in fact be motivated by the 'failure' of markets. In such cases 'non-market' institutions are considered a 'rational' answer to the functioning of the economy. This is the line of argument first used by economists like R.H. Coase then Oliver E. Williamson in their explanations of the existence of firms, and on which the theoretical advances put forward by the 'new institutional economics' school are built (Williamson and Winter 1993).

A more socially sensitive form of the same argument is found in the work of Amartya Sen and Jean Drèze, though they would not necessarily identify with this school (Drèze and Sen 1995). In order to widen the debate from its narrow concentration on issues of liberalization, they insist on the importance of distinguishing between different domains: those where state intervention may be considered an impediment to the efficiency of the market and those where state intervention should be considered not only necessary but also desirable. For example, in areas like primary education or public health, they argue that it does not make sense to consider that there is (or could be) any real competition between the market and the state in a country like India. As a matter of fact, state intervention needs to be increased. So whilst it makes sense to debate the relative efficiency of the state and the market in domains where they are 'excluding' each other, one must also recognize that there are many domains where they should rather be complementary (Drèze and Sen 1995: 9–27).

From a sociological and anthropological point of view, the dichotomy between market and state is more than just a question of economic policy. First, in these disciplines, it is generally taken for granted that state and market are largely interdependent institutions. But the interaction between market and state is also much more complicated than is generally assumed. For example, every time individuals are confronted with one or another form of corruption, they are obliged to settle the debate about the 'deregulation' of government activities on their own terms and for their own use. So, an immediate consequence of corruption in ordinary life is to 'privatize' a debate which is more often analysed as a public one. More fundamentally, the accumulative result of this is to blur precisely the sort of distinctions that Drèze and Sen attempt to establish between 'market-complementary' governmental activities and 'market-excluding' ones. For example, access to public social amenities and services in the fields of health and education are often more 'privatized' than they appear. Moreover, while simple acts of corruption displace rather than abolish the distinction between monetary transactions and public services, such a distinction rapidly becomes irrelevant in the case of more insidious forms of corruption based on social networks and patronage. Such considerations are interestingly taken into account by an economist like Kaushik Basu, when he argues that 'the problem with the Indian economy is not that its market is less or more free but that its freedom is in the wrong domains' (Basu 1994: 154).

Buying and Selling

It is not only corruption but also a certain laxity in the enforcement of social and legal norms which must be taken into account for analysing the functioning of the market in India. Such, for example, is the case with the real-estate market. In all Indian cities, but particularly in major ones, a large amount of land is bought, built on, or sold without legal authorization. As a consequence of this, property rights cannot be taken for granted. And even when property rights are not questioned as such, broken contracts are very common and the legal apparatus for dealing with them is slow and inefficient. More generally, in the context of Indian markets, transactions are often made without formal contracts to fall back on. Such occurences are well known and scholars as different as Kaushik Basu and Amiya Kumar Bagchi have noted the importance of taking them into consideration when studying markets in India (Basu 1989: 51–5). This is also why both insist on the importance of trust in market transactions where there is always 'a time lag, however brief, between each agent performing his side of the exchange' (Basu 1989: 53). But even if it is worth noticing that 'where contract-adherence norms are weak, markets function poorly and may not even exist' (Basu 1989: 53), one should also point out the possibility of the opposite phenomenon. In some contexts it is precisely because the level of trust that exists between all sorts of actors that the time lag between transactions may, in fact, be extended as different categories of intermediaries become involved, and the market thereby expands.

The Key Role of Intermediaries

At first sight markets in large Indian cities look as if they might conform to the neoclassic paradigm: the choice of goods is plentiful, as is the competition; customers are free to purchase goods where they wish, to enquire about their quality and to negotiate prices to their advantage. And as long as they are willing to pay cash, the anonymity of buyers and sellers does not impede negotiations. However, only a very small proportion of commercial transactions actually conform to such a description. More usually, customers know exactly where they want to buy. This may be because they are regular clients of a particular shop or because a particular shop has been recommended to them. This is not to say that price and quality do not enter the equation, but rather that commercial transactions are usally enmeshed in a series of other factors where the identities of sellers and buyers are taken into account. These interactions are not dissimilar from what Clifford Geertz describes in his study of Moroccan bazaars (Geertz 1992). The merit of Geertz' analysis is his avoidance of the trap of assuming that one should give a central role to social and cultural factors in explaining bazaar transactions on the one hand, and discarding them automatically while describing market principles on the other. He bases his distinction between markets and bazaars on the way in which knowledge and information are acquired in each.In bazaars, the search for information is primarily intensive because knowledge has to be acquired by asking a large number of diagnostic questions to a few people, rather than a handful of index questions to a large number of people. The former approach, exploring nuances rather than canvassing populations, is what characterizes the bazaar economy in Geertz's view.

However, when one tries to apply Geertz's model of the bazaar to the Indian context, one finds that his analysis applies only to retail transactions. Only here can one draw an effective contrast between 'extensive' and 'intensive' forms of search for economic information; or that one can oppose anonymous styles of market interactions with more personalized ones between buyers and sellers. But when one analyses the sort of commercial transactions which take place between buyers and sellers at the wholesale level, not only the style but also the whole process and inner logic of the transactions totally changes. Not only can one no longer contrast different sorts of economic transactions on the basis of the knowledge that buyers and sellers individually possess, but, more fundamentally, one can no longer consider the confrontation between buyers and sellers as a the central element of the market institution. Rather, it is the presence of intermediaries and the different functions they assume that defines the characteristics of the market.[2]

At first sight, the activity of brokerage might seem a simple act of mediation between supply and demand, and the percentage taken on negotiations made via a broker might simply be considered as one of the many 'transaction costs' known to characterize any market. However, it needs to be recognized that the very existence of brokerage does, in fact, radically change the characteristics of the market. What it does is allow buyers to know what is available in a market well beyond their individual capacities for acquiring information. It also allows traders to know about the demand in the market place well beyond their capacities to accumulate information directly through their networks of clients; third, the mediation of brokers introduces a degree of trust between market partners who would not otherwise know each other sufficiently for entering into commercial relations. This is a particularly crucial point because all significant transactions involve financial credit which presupposes both trust and knowledge about the credibility of the partners involved.

In other words, brokerage cannot be dismissed as marginal to the functioning of the maket; on the contrary, it is the most decisive element in the constitution of the market itself. It is through the broker that supply and demand are defined and that the evaluation of customer and trader is made. The same trader may be presnted as a simple shopkeeper to some and as a commercial intermediary or potential business partner to others. Similarly, a customer who might not be taken seriously if unknown to a trader might be considered an important client if introduced in the right manner by the right broker. In other words, both the market actors and the supply and demand undergo a constant process of redefinition with the result that the same market will appear in a very differnet light according to the identity of different actors.

The role of brokerage in Indian markets is one example which shows why it is necessary to reconsider most of the hypothesis which lies at the foundation of the standard interpretation of markets. What characterizes the institution of brokerage is precisely the fact that it blurs the sorts of distinctions which are usually made between markets and bazaars but, more generally, between 'neoclassic markets' and supposedly less 'rational' economic institutions. Basically, in any market where brokerage prevails, all transactions are concretely made on a very personalized basis between people and intermediaries. And yet, at the same time, the buyers and sellers often remain anonymous to each other.

All over the world, markets are intricate institutional or quasi-institutional spaces in which different sorts of actors, often with different sets of values, interact, and which cannot be understood purely in terms of a confrontation between buyers and sellers. This is certainly the case with India. Barbara Harris-White's work on the grain market (1996) confirms the impossibility of reducing the function of trade to a simple intermediary stage between production and consumption. In the entire sample of merchant firms that she studied, none limited its activities to buying and selling. All of them were involved to varying degrees in other activities which ran all along the economic chain from agricultural production until the delivery of products to the final selling point. The pattern of their involvement was so diverse that she considered it impossible to classify according to function and had to devise new ways of analysing them in a pluri-functional perspective. Her example demonstrates the impossibility of reducing the market to a simple encounter between buyers and sellers or, at a more abstract level, between demand and supply.

Demand and Supply

Until quite recently, two sorts of theoretical perspectives have dominated the debate in economic literature. On the one hand there are those who insisted on the crucial importance of production in the economic process; on the other are those who focused on exchange. It was also taken for granted by many sociologists that to analyse society from an economic perspective, it was necessary to focus on the domain of production which was considered the driving force behind social and cultural identities. In most of these approaches, the role of consumption was largely ignored. The works of scholars like Werner Sombart or Thorstein Veblen were unusual in according a significant role to the consumption process. However, from the 1970s onwards, an increasing number of social scientists began to insist on the declining importance of the sphere of production in post-industrial societies. Follwoing thinkers like Jean Baudrillard and Roland Barthes, renewed importance was given to the symbolism of consumption and, more particularly, its importance for defining identities (Douglas and Isherwood 1978).

It is no coincidence that this new trend should find an echo in social and cultural anthropology. Most anthropologists, with the exception of Marxists, have always privileged the process of exchange above the process of production. Nevertheless, as I have already suggested, the one form of exchange which anthropologists rarely considered worthy of study was monetary transactions in 'ordinary' markets. So, in spite of the obvious importance of market culture in India, there were very few studies by sociologists and anthropologists which delineated the sorts of cultural practices displayed in Indian markets. Until recently, Ostor's study of bazaars in Bengal could be considered an exception (Ostor 1984). Nevertheless, new research has now been undertaken in this domain (cf., for example, Carrithers and Humphreys 1991; Cadene and Vidal 1997). The other dominant tendency in economic anthropology was to consider consumption and the use of objects largely in terms of their symbolic meaning rather than their utilitarian use. It is only recently that the importance of consumption in the making of social identities has been highlighted in different case studies (Appadurai 1986; Breckenridge 1993). For example, Emma Tarlo's study of the clothing choices made by different groups in India highlights the symbolic importance of consumption practices (Tarlo 1996).

Such works undoubtedly give new insights into a previously neglected domain; but it is also interesting to reflect on the reasons for this sudden interest in consumption in the social sciences.[3] A historical comparison may be helpful here. William Reddy has shown, for example, that until the second half of the eighteenth century, market people in France possessed considerable expertise concerning the goods in which they dealt but had very little interest in how these goods were produced (Reddy 1986). Nevertheless, in the few decades which preceded the French Revolution, new attitudes developed and market people started taking a strong interest in the details of production they had happily ignored until then. Reddy argues that this apparently small change was part of a larger cultural shift which was to completely transform the existing perceptions of the economic process; and this cultural shift took place before any technological transformation had occurred. The question is, might the sort of demonstration that Reddy makes for eighteenth-century France be helpful for understanding contemporary trends? Is it not the case that another cultural shift of similar importance is taking place today in the economic field? But while, in eighteenth-century Europe, the consequence was to affirm the link between the market and production, today it is to reinforce the link between the market and consumption.

Conclusion: Towards an Anthropological Study of Markets

To summarize, the study of markets in the social sciences has long been dominated by two perspectives: the dominant tendency, especially among economists, to analyse the functioning of the market in a formalist manner, leaving little space for sociological or historical considerations, and a counter-tendency, especially among sociologists and anthropologists, to dismiss the abstract model of the market because of its ideological content and to focus on the destructive characteristic of the market economy. However, in the case of India, what was fundamentally lacking was the attempt to reformulate the analysis of markets on the basis of Indian material. As far as economists and economic historians were concerned, the question was rather to know which of the existing frames of analysis Indian markets could better illustrate. Whilst attempts to impose a neoclassic frame were few,[4] there was much discussion concerning the exact nature of the Indian economy at different stages of its history, especially from a Marxist point of view.[5] Whilst most sociologists shared the same debates and sometimes the same perspective as economists (Breman 1985) the majority of anthropologists simply ignored the existence of the market altogether because it did not fit their idea of India.

There has, nevertheless, been an important renewal of interest in the anthropology of markets in the last two decades. This interest has taken two directions. On the one hand, the study of networks came to play a central role in the study of markets both in non-western and in western contexts. On the other hand, diverse notions and interpretations of the market—including academic ones—have ceased to be perceived either as pure ideologies in the Marxist sense or as more or less adequate representations of the 'real world'. Finally, a few sociologists and anthropologists attempted to contextualize interpretations of 'the market' and to study how people were using such interpretations (Carrier 1997). It was, in a way, only to be expected. This is, after all, what they have done for most institutions they have studied in different cultures.

One of the main strengths of the new sociological perspective on markets is that it should help definitively to dissolve the false dichotomy which has survived for so long between the study of markets in the West and non-West. On the one hand, it enables us to recognize the discontinuities in the progress of market culture in the West. On the other hand, it helps us also to recognize the exaggerated nature of the civilization gap assumed by the distinction between market economy and all other forms of economic organization. As a result, recent advances in economic sociology of the market are no more confined to western economies as the two collective volumes edited by Stuart Plattner and by Roy Dilley show (Dilley 1992). The study of Indian markets is playing an increasing role in this wider process. Kaushik Basu points out:

> A developing country provides a fascinating range of institutions. A lot of these remains unexplored because these phenomena are not of primary interest to economists in developed countries and economists in developing nations have a tendency to choose their research agenda from ongoing themes published in the major journals of developed countries [Basu 1994: 115].

In economic sociology and economic anthropology, this trend is slowly being reverted.

ENDNOTES

1. For an anthropological evaluation of this school, cf. Harris et al. 1995.
2. For another interpretation of bazaar transactions in India, cf. Panselow 1990.
3. For one critical interpretation of this trend, see Carrier and Heyman 1997.
4. For an exception, see M.D. Morris 1967.
5. For a critical assessment of these debates, see Subrahmanyam 1994 and 1996.

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