RURAL COMMERCIAL CAPITAL: ACCUMULATION, CLASS AND POWER IN PAKISTANI PUNJAB

Muhammad Ali Jan

Wolfson College

Thesis submitted in partial fulfilment of the requirements for the Degree of Doctor of Philosophy

The Department of International Development, University of Oxford

TRINITY TERM, 2017

DECLARATION OF AUTHORSHIP

Name (in capitals): MUHAMMAD ALI JAN
Candidate number: 577233
College (in capitals): WOLFSON COLLEGE
Supervisor(s) of thesis: PROFESSOR BARBARA HARRISS-WHITE & DR. NIKITA SUD

Title of thesis (in capitals): RURAL COMMERICAL CAPITAL: ACCUMULATION, CLASS AND POWER IN PAKISTANI PUNJAB

Word count: 86,553

There is extensive information and guidance on academic good practice and plagiarism on the University website: <www.admin.ox.ac.uk/epsc/plagiarism>. You must read all information contained here, and complete the on-line plagiarism course.

Please tick to confirm the following:
I am aware of the University's disciplinary regulations concerning conduct in examinations and, in particular, of the regulations on plagiarism (c.f. The Proctors' and Assessor's Memorandum, Section 9.6 at www.admin.ox.ac.uk/proctors/info/pam/section9.shtml). ☑

The thesis I am submitting is entirely my own work except where otherwise indicated. ☑

It has not been submitted, either wholly or substantially, for another degree of this University, or for a degree at any other institution. ☑

I have clearly signalled the presence of quoted or paraphrased material and referenced all sources. ☑

I have acknowledged appropriately any assistance I have received in addition to that provided by my supervisor(s). ☑

I have not sought assistance from any professional agency. ☑

I have not repeated any material from other pieces of work that I have previously submitted for assessment for this degree, except where permitted. ☑

I agree to retain an electronic copy of this work until the publication of my final examination result, except where submission in hand-written format is permitted. I agree to make any such electronic copy available to the examiners should it be necessary to confirm my word count or to check for plagiarism.

Candidate's signature: ……Date: ……..

ABSTRACT

The thesis examines the processes of capital accumulation, class formation and agrarian change taking place in small town 'provincial' Punjab, Pakistan. It does so through an analysis of the system of commodity markets in two distinct areas of the province. Based on extensive field research, it argues that agricultural markets are differentiated not only by function and technology but also by economic segmentation. At the top of the commercial hierarchy in both areas, it identifies a group that accumulates capital across the rural-urban, agro-commercial divide, that we term rural commercial capitalist (RCC). The thesis examines the strategies through which they establish control over commodity markets, raise finance and organize labour and how these strategies shape the institutional structure of the Agro-commercial markets themselves. Finally, it argues that in order to understand the evolution and current composition of the class, its diverse origins in distinct status groups need to be identified in order to understand the processes of class formation taking place in Pakistan more concretely.

Acknowledgements

I would like to begin by expressing special appreciation and thanks to my supervisors Professor Barbara Harriss-White and Dr. Nikita Sud. Barbara has been the single most important inspiration behind this work ever since I came across her work during my MSc in Development Studies at Soas. To have had the honour of working under her guidance was a dream come true but realizing that her brilliance is matched by her generosity has made me feel incredible lucky for the past five and a half years. Nikita's refreshing candour and razor sharp intellect have played an important role in the way the thesis has shaped up and I owe her a lot for it. Too Many people at Oxford and the UK have been amazing friends and teachers from whom I've learnt a lot and it is impossible to mention all of them. Matthew McCartney, George Kunnath, Lipika Kamra, Maryam Aslany, Ayyaz Mallick, Jean-Benoit, Nelson Oppong, Mihika Chattejee, Adnan Rafiq, Nazish Adnan, Umair Javed, Hassan Javid, Anushay Malik and several others who helped make Oxford a home away from home for me.

Speaking of homes, I would like to extend a special thanks to my second academic home in the UK, the Soas Department of Development Studies where I was able to teach the course on Agrarian Political Economy which first started me on this journey as a post-graduate student. Many thanks to Carlos Oya, Jens Lerche and Henry Bernstein for initiating my research in the field. A very big thank you also to Professor David Orden and the Institute of Food Policy Research (IFPRI) for providing me a very generous grant that funded my fieldwork as well as to the selection committee particularly Professor Akmal Hussain and Professor Imran Ali for considering my project worthy of funding.

Now a shout out to my family. Words cannot express how grateful I am to my parents for their prayers and support. Thank you to my brother Ammar, who has always been a close friend and intellectual companion as well as to my sister Nayab for all her love and support. More than

anyone else however, I want to express my love and gratitude for my companion, my closest friend and the love of my life, Reema Omer. Her willingness to listen to my rants hours on end, her razor sharp intellect and brilliant suggestions as well as her unflinching support through some of the toughest times in the past five and a half years means that she is literally the one person without whom this work would not have seen the light of day. Thank you so much my love!

Finally, to the people of Toba Tek Singh and Depalpur, whose generosity and hospitality made the time in the field perhaps the most rewarding experience of my life. I hope this will be the first of many forays into the field and I have them to thank for it. I dedicate this work to them.

TABLE OF CONTENTS

DECLARATION OF AUTHORSHIP i

ABSTRACT ii

Acknowledgements iii

List of Tables vii

List of Figures viii

Glossary ix

List of Abbreviations x

Introduction 2

1–Background: Rural-Urban Interaction and Agrarian Change in Pakistani Punjab 8

2 -Contributions of the Thesis 14

3 –Methodology 24

4 –Structure of the Thesis 33

Chapter 1-Studying Agricultural Markets: Review of Literature and Theoretical Framework 35

-1.1 -Markets in Search of a Theory: A Critique of the Mainstream 36

1.2 –Studying Agro-Commercial Markets: Embedding Capital in its Environment 43

1.3 –Summing Up: Diversity, Hierarchy, Actors and institutions in Agro-commercial Markets 64

Chapter 2 –Lineages of Rural-Commercial Capital: Markets, Class and Agrarian Change in Colonial and Post-Colonial Punjab 69

2.1 - Technology and Commerce: Productivity, Identity and the Lineages of Class in Rural Punjab 72

2.2 - Agrarian Change in the Postcolonial Era: Technology, Kinship and Class in Punjab 89

2.3 –Divergent Trajectories: Irrigation Technology, Agro-commercial Markets and the Paradox of Agrarian Transition 94

Chapter 3 –Class in the Agro-Commercial Marketing System: Diversity and Economic Power in Pakistani Punjab 105

3.1 –Town and Country: Elements of Agro-commercial Markets 106

..... 115

3.2 –The Complexity of the Agricultural Marketing Systems 116

3.3 –Beyond the Farm: Locating Capital and Labour in Agro-Commercial Marketing Systems 122

Chapter 4 – The Potato Market System: Strategies of Accumulation and Exploitation 157

4.1 –Capitalist farmers and Traders: Diversification and Origins of Rural Commercial Capital 158

4.2 The Market Environment: Demand, Supply, Institutions and the Context of Decision-making 167

4.3 –Confronting Complexity: Accumulation in Complex Systems and the specificity of Rural Commercial Capital 188

Chapter 5 –Accumulation Strategies and Bureaucratic Rents: the Wheat Agricultural Marketing System ... 195

5.1 –TTS: Peasant Capitalists and Arrested Transition 195

5.2 Wheat in TTS: The paradox of state intervention 202

5.3 –Complexity and Strategies of Accumulation in the Wheat AMS 213

Chapter 6 –Complexity, Control and Survival: Labour in the Agro-commercial System 221

6.1 –Beyond Orthodoxy: Socially Embedded Labour Markets and the Limits of Essentialism 223

6.2 -Heterogeneity and Hierarchy of Labour Arrangements 227

6.3 –Labour Relations on Farm and Firm: Strategies of Exploitation and Control 231

Chapter 7 –Rural Commercial Capital and its Politics: Class and Status in Pakistani Punjab 248

7.1 –Associations and the Rising Power of Business in Pakistani Punjab 249
7.2 –Class and Status: Unity and Divergence in Rural Commercial Capital 259
7.3 –Agrarian Change and Class Formation: The Continuing Paradox of Transition 264
Conclusions 269
Real Markets and Capitalism: Beyond Neoclassical Economics and Orthodox Marxism 270
Rural-Commercial Capital: Agency and Strategy in Capital Accumulation 272
Class and status among rural commercial capitalists 274
Beyond Bombs and Beards: Towards a Political Economy of Transition in Pakistan 275
Appendix: Sample Questionnaires used for the survey in 2013 277
Bibliography 284

List of Tables

Table 1.1 –Area and Size of Farms in TTS (2013) 25
Table 1.2 –Area and Size of Farms in Depalpur (2013) 25
Table 1.3 –Total Farming Population in Sample Villages of TTS 27
Table 1.4 –Total Farming Population in Sample Villages of Depalpur 28
Table 1.5 –Rural Household Samples in Depalpur Villages 28
Table 1.6 –Rural Household Samples in TTS Villages 28
Table 1.7 –Sample of Trading and Processing Firms in field areas (2013) 31
Table 2.1 -Area and Land size in TTS in 2013 78
Table 2.2 -Area and Land distribution in Depalpur 81
Table 2.3 - Weightage and Output of Groups of Crops 1921 85
Table 2.4 -Trend Rates in acreage and yields in Colonial Punjab 85
Table 2.5 –Area, Production, Yields and Avg Harvest Price of major crops in Depalpur 96
Table 2.6 –Agricultural Crop Cycle in Depalpur during field year in 2013 96
Table 2.7 –Area, Production Yields and Prices for different crops in TTS 2013 97
Table 3.1 –Multivariate Criteria of Class in the AMS 137
Table 3.2 –The Capitalist Class and its Strata in Depalpur and TTS AMS 144
Table 3.3 –Petty-Capitalist and its strata in TTS and Depalpur AMS 147
Table 3.4 –PCP and its strata in TTS and Depalpur AMS 150
Table 4.1 -Yearly Crop Data for Potato in Punjab (1997-2013) 159
Table 4.2 -Yearly Crop Data for Potato in Depalpur (2008-20014) 159
Table 4.3 -Area, Amount of Fertilizer, Quality of Seed and Yields of Potato in Depalpur 160
Table 4.4 -Estimate Cost of Production of Potato on 400 acres in 2013 161
Table 4.5 -Firm Financial Models in Potato AMS 164
Table 4.6 –Estimated Average Working Capital, Volume, Commission and Rent for Different firms in potato AMS 183
Table 5.1 –Sample of Cotton Farmers in T1 and T2 199
Table 5.2-Area, Production and Yields of Wheat in TTS by year (2008-2013) 199
Table 5.3 -Economic Segmentation in the Wheat AMS in 2013 214
Table 6.1 –Wage rates for Coolie Labour in Depalpur and TTS 233
Table 6.2 –Wage rates for different Types of Labour in the AMS 235
Table 6.3 –Potato Wage rates by task in Depalpur in 2013 244

List of Figures

Map 1 –Colonial Punjab circa. 1880 71
Map 2 –Punjab Canal Colonies 73
Map 3 –Okara District with Depalpur sub-district 81
Figure 3.1 –Elements of the Potato Marketing System in Depalpur in 2013 115
Figure 3.2 –Elements of the Wheat Marketing System in TTS in 2013 115
Figure 4.1 -Monthly Average Wholesale Price (Punjab) 169
Figure 4.2 -Average Monthly Wholesale Price (Depalpur market) 170
Figure 4.3 –Elements of the Potato Marketing System 179
Figure 4.4 –Flow of goods and funds in the Potato marketing system 187
Figure 5.1 –Elements of the Wheat Marketing System 203
Figure 5.2 –Flows and Relations in the Wheat AMS 215

Glossary

Arain	Peasant cultivator caste
Arhti	Commission agent
Atta	Flour
Beopari	Petty trader
Bhaiwaal	Partnership
Bhoosa	Wheat straw
Biraderi	Kinship group
Boli	Daily auction
Chakki	Small-scale grinding mill
Dalal	Broker
Dhar	Pile of mud and rice husk
Esai	Dalit convert to Christianity
Fard	Record of land title
Jathas	Labour gangs
Kammis	Service menial castes
Katcha arhti	Commission agents who act as intermediaries between farmers and the *mandi*
Khokhar	Peasant caste
Kumhar	Caste of potters now called “Rehmani”
Mandi	Marketplace
Muslim Sheikh	Dalit convert to Islam
Mussali	Dalit convert to Islam
Pakka arhti	Large trader/wholesaler/export agent
Palledar	Coolie labour
Patwari	Official of the revenue department
Peshgi	A system of debt bondage in Punjab
Sheikh	Prominent Muslim mercantile caste in Punjab
Syeds	Muslim upper castes claiming direct descent from the Prophet Muhammad
Tehsil	Sub-district
Wattus	Farming caste in Depalpur
Warabandi	System of canal water rotation
Warashikn	Breaking turn in water rotation system

List of Abbreviations

AAT	Anjuman-i-Arthiyan Toba Tek Singh
AAD	Anjuman-i-Arthiyan Depalpur
AMS	Agricultural Marketing System
DAP	Diammonium Phosphate
FP	Floor Price
MSP	Minimum Support Price
PASSCO	Pakistan Agricultural Storage and Services Corporation
PCP	Petty-Commodity Producers
PFD	Provincial Food Departments
RCC	Rural-Commercial Capitalist
TTS	Toba Tek Singh

Introduction

In a 2014 article for Economic and Political Weekly (EPW), Akbar Zaidi, a leading Pakistani social scientist, urged the need for 'rethinking Pakistan's political economy' in light of the numerous changes having taken place since Hamza Alavi's path-breaking work four decades earlier (Zaidi, 2014).[1] He emphasized how the growth of capitalist relations of production and exchange, particularly the explosion of the informal economy which is estimated as comprising 91% of the formal economy in terms of GDP (Kemal & Qasim, 2012) must prompt a change in our thinking on Pakistan.

He also pointed out how Pakistan was now 'entirely urban with rural areas becoming non-agricultural and the non-farm sources of income dominating' (Zaidi, 2014: 52). In short, a new political economy on Pakistan must break away from lazy characterizations of Pakistan as 'feudal' (e.g. Khan, 2012; Kristof, 2009) and make deepening urbanization and integration into global markets central features of any explanation of social and political developments in Pakistan, and in particular, the trajectory that capitalist development is taking in this nation of 200 million people.

While there is a need to draw attention to phenomena such as urbanization, commodification and informalization, there is a tendency to view these through the master prisms of neoliberalism and globalization in the literature on Pakistan. Whether it is the narrative of 'neoliberal' structural adjustment programs leading to agricultural stagnation and increasing food insecurity (Toor, 2011); the casualization of labour markets a result of 'globalization' (Khadija Ali, 2000); or even the decline of Pakistan's export sector due to unequal incorporation into the global economy (Noshab, 2006), an inordinate amount of research is focused on global processes of accumulation and exploitation without examining the central

[1] See Hamza Alavi (1972) on the overdeveloped state.

role of local mediating agencies, structures and institutions - in other words, without connecting the global to the local political economy where it is embedded, a more holistic view of the economic and political development of contemporary Pakistan remains incomplete.

To understand why studying larger processes as socially embedded in particular contexts is important, consider a few examples: First, despite the undeniable decline of agriculture in the total value added in GDP, Punjab, which is the largest province in the country, continues to rely (like its Indian counterpart) disproportionately on agriculture - both directly (in crop production) and indirectly (its major industries are agro-processing). This means that the narrative of agriculture's ever-declining importance in the economy needs to be qualified.[2]

Second, despite the growing importance of large-scale industry, the vast majority of enterprises continue to employ less than 50 workers and their share has actually increased in recent years with 70% of national value added to the sector contributed by the Punjab (Pasha, 2013: 81). Third, though the spread of markets is expected to drown 'traditional' caste and *biraderi* (kinship) relations, it has merely led to their reconfiguration and their importance in regulating economic processes may even have increased with greater informalization (Akhtar, 2011).[3]

More and more research highlights that capitalist countries do not converge towards a unique and common model of development and that capitalist relations can exist under under a diverse set of institutional arrangements, with different outcomes for growth, poverty and inequality (Basile, 2013). A singular focus on global processes of convergence tends to obscure the ways

[2] See Nair & Singh (2016) for a study of changes in rural Indian Punjab.

[3] It is important here to differentiate between caste and *biraderi* (kinship group) although the terms are used interchangeably. Biraderi denotes a horizontal relationship between next of kin while caste is a hierarchical ordering of society. In Punjabi society, biraderis are socially ranked as belonging to certain lower or higher castes with Syeds, Rajputs and other landowners at the top and service caste lower down. Dalit converts to Islam and Christianity are ranked lower than the service castes as well, though in some cases they may overlap. See Ahmad, 1977 for an informative view of caste and kinship in Punjabi society.

in which local histories, relations and institutions impinge upon larger processes and shape them in particular ways. There is an urgent need to combine a focus on the 'universal' unfolding of accumulation, globalization and urbanization with its 'particularities' to understand the uniqueness of capitalist development in concrete contexts.

Nowhere is this more urgent than in the small-towns and villages outside the metropolitan centres of Pakistani Punjab where the vast majority of people live and which are considered to be the 'spine of urbanization' in the country (Qadeer, 2006: 84). While there has been a long tradition of village studies (Ahmad, 1977; Alavi, 1973; Rouse, 1983) and recent years have also seen a number of works on the changing metropolitan centres (Anwar, 2015; Gayer, 2014; Ullah, Haroon, 2014)a belated realization is beginning to emerge that a study of the pattern of rural social change should be viewed in conjunction with the small towns outside of the metropolitan cities to which they are intrinsically tied (Hasan & Raza, 2013).

Factors such as growing urbanization; increasing mobility of the labouring poor through migration; the loosening of older patronage ties, especially the absolute decline in share-cropping arrangements; and better means of transportation (e.g. Shami, 2012) must be important ingredients in a revised study of the spaces we know as the rural and urban. A 'rural-urban interaction' perspective is therefore necessary for understanding both agrarian and urban change (Baker, 1990; Lynch, 2005; Parthasarathy, 2013; Tacoli, 2006). These 'provincial' towns - or '*mandi'* (marketplace) towns as they are referred to locally - are the marketing hubs through which the rural and urban are tied together. Therefore, nothing furthers our understanding of larger processes of social and economic change like an analysis of the *system* of agro-commercial markets.

A study of 'real markets' situated at the intersection of village and small towns, the social groups that operate in them, and the institutions that animate them is at the heart of our thesis

and is important for a number of reasons: first, these markets are the nodal points connecting villages not only to the country but to the rest of the world; second, economic growth in small towns and villages is typically slower and poverty and deprivation higher (Basile, 2013: 3) so understanding the structure of agricultural markets in which livelihoods are made may provide clues for why this is so; and finally, technological changes such as the building of canals in the late 19th and early 20th centuries and the Green Revolution have deepened commodity production, generating dynamism alongside deprivation, agricultural and non-farm sources of accumulation and survival - in short, the old and new are deeply intertwined in the 'provincial' market towns and their surrounding villages. Yet no study of Pakistani Punjab exists that tries to decipher what these changes have meant for agricultural production and the groups involved in the agrarian transition. This is unfortunate given that much more work has been done on the subject in the rest of the developing world and particularly South Asia that Pakistan can engage with and contribute towards (Bharadwaj, 1985; Crow, 2001; Harriss-White, 1996, 2008).

Our thesis aims to fill this gap in the literature by taking the Agricultural Marketing System (AMS) in 'provincial' Pakistan as a window into the processes of class formation, agrarian transition, and most importantly, the institutions and actors mediating capitalist development. We do this through a study of the markets for two agricultural commodities in two small towns and a selection of villages surrounding them in Pakistan's largest province, the Punjab.

Our initial aim was to study agricultural markets and exchange relations between farmers and traders for the two commodities in two different areas of Pakistani Punjab. For that purpose, over a period of approximately 11 months from November 2012 to October 2013, we collected data from over a 100 households of primarily farmers and traders, as well as interviews with state officials involved with agro-commercial markets. The qualitative and quantitative surveys sought to understand: i) the key resources whose access distinguishes accumulating households and firms from those barely surviving; ii) the strategies these households and firms use to

survive and accumulate capital in highly competitive settings (though sometimes restricting competition in key areas); and iii) the rationales behind these strategies, particularly the institutional environment in which farmers, traders, processors and labourers jostle against one another to perpetuate the process of social reproduction.

But during the course of our research we also discovered the importance not only of each specific commodity, but also of regional diversity in influencing not only the structure of the marketing system, but even more importantly, of the social groups that are at the top of its hierarchy and are crucial in understanding the nature of agrarian change in Pakistani Punjab. One can argue with some confidence that a province like Punjab, for example, which has great variations in land ownership patterns and agro-climatic conditions -from the northern *barani* (rain fed) tracts of small and fragmented landholdings and high recruitment into the army, to large landlords owning more than 5000 acres in the fertile South of the province - would reflect these variations in the patterns of class formation and capital accumulation. Viewing the diversity of agricultural production through the lens of the Agricultural Marketing Systems (AMS) for each of the two areas helped to understand the similarities and divergences in the patterns of agrarian change and the nature of capitalist development in each area.

Finally, though we try and show the relationship between the poor and the rich throughout the course of the research and have used a lot of our collected data to show hierarchy and segmentation in the entirety of the two AMS in the two areas, the main focus of our research was on the strategies of those at the top of these marketing systems.

The choice of Punjab as the site for research was also important for other reasons. First, it is by far the dominant province in terms of its population (though the second largest in terms of area after Baluchistan, which is also the most sparsely populated) as well as its weight in the economy. Second, it has been the site of two major agricultural transformations in the last 150

years: the large-scale irrigation system engineered by colonial authorities in the late 19th and early 20th centuries; and the introduction of HYV seeds (dubbed the 'Green Revolution') in the post-colonial period (Chaudhry, 1982; Islam, 1997; Niazi, 2009). Despite these major transformations agricultural growth is uneven and an investigation into its villages and small towns can reveal some of the reasons for this. These we believe are necessary ingredients for any attempts at 'rethinking' Pakistan's political economy.

We hope to make the following arguments and demonstrate the following findings through our thesis. First, unlike mainstream neoclassical accounts of 'the market', the AMS we observed were irreducibly complex, containing a diversity of actors and were divided into 'niches' according to functions, technologies and sites. Also, perhaps most fundamentally, these AMS were segmented by economic and social power. The differentiation of rural society so rigorously studied by scholars can be extended to exchange and processing in the AMS.

Second, the groups at the top of the hierarchy in these markets have their origins in diverse social status groups that greatly influence their approach to capital accumulation. These social relations need to be identified.

Third, despite their diverse origins, the process of commodity production has led to the development of a class of capitalists in each area with diverse investment portfolios cutting across production, marketing and processing and who straddle the rural-urban divide - a group we term 'rural-commercial capitalists' (henceforth RCC). In each field area, both their similarities and differences have to be explained.

Fourth, the strategies of accumulation of these RCC in relation to commodity, credit and labour markets and for accessing the state are crucial in understanding both the market structure and outcomes. And finally, the institutional environment in both areas and the peculiarities of each

commodity influence the pattern of class formation and the strategies RCC use to reproduce themselves. Together, these help identify the distinct paths towards the agrarian transition, the social groups leading the process and the type of capitalist development taking place in contemporary Pakistan.

This chapter provides an overview of the thesis and a summary of the main arguments that will be developed during its course. In Section 1 we discuss the relevance for understanding agrarian change and rural class formation of a rural-urban interaction perspective focused on particular agricultural markets. Section 2 briefly summarizes our main arguments and the contribution we hope to make in the wider literature on agrarian political economy. Section 3 provides an account of the methods used in the empirical study of the thesis, and the final section provides a breakdown of the chapters.

1–Background: Rural-Urban Interaction and Agrarian Change in Pakistani Punjab

Though a number of authors argue for the continued existence of pre-capitalist relations of production -be it a form of 'feudalism' or as some have argued 'Asiatic capitalism'- there is a growing understanding that capitalist relations have been developing in Pakistan from at least the colonial period (Hamid, 1982; Zaidi, 2008). The Punjab became central to this process when the Raj engineered the large-scale perennial irrigation system (known as the 'canal colonies') in the late 19th and early 20th centuries, which inserted it into global circuits of production and made the province into one of the most commercial and export oriented regions in all of colonial India (Gilmartin, 2003; Islam, 1997; Mishra, 1982).

In the post-colonial period, this region also saw major technological change with the introduction of groundwater tube-wells in the late 1950s and High-Yield Variety (HYV) seeds in the 1960s, leading to a breakthrough in crop yields now known as the 'Green Revolution'

(Chaudhry, 1982). Though in the recent period economic growth in the Punjab has not been as high as the peak of the 1960s, most scholars agree that commercialization of agriculture has deepened far and wide. Of course, commercialization of agriculture does not mean that there are no regional variations in dynamism but in general the penetration of commodity production into agriculture has entrenched itself in Punjab for quite some time (Khan, 2006; Rouse, 1983).

Less agreement exists, however, as to the nature of the agrarian transition and the regional variations that exist within it. Though some authors saw a tendency towards 'polarization' of rural society into capitalist farmers and proletarians in the wake of the green revolution in Punjab (Alavi, 1976; Hussain, 1982), the reality has been far more complicated. Small holdings have continued to reproduce themselves continuously, and though capitalist farming has become quite prominent, it has existed alongside small farmers continuing to persist even increase in numbers over time (GOP, 2010: 20). Moreover, contrary to expectations, commercialization has not always been accompanied by increased productivity - growth has slowed down in areas that were once thriving, while new pockets of dynamism have emerged in stagnant backwaters.

The unevenness of growth has generated a plethora of literature focusing on its causes with some highlighting environmental hazards such as waterlogging and salinity (Etienne, 1997: 89), while others pointing to the political clout of the 'landed elite' that has prevented resources such as water and credit from reaching the vast majority of rural producers (Javid, 2011: 360). Still others single out the fragmentation due to inheritance laws and population pressures as well as biased government policies (Khan, 1997: 434). On the other hand, some talk of increased concentration of land among large farmers (the inverse-size ratio), coupled with lower public and private investment in agriculture as the most important factors for stagnating yields (Toor, 2011: 103). Therefore, the dominant narratives in both mainstream accounts of

agricultural growth and political economy perspectives of agrarian change have tended to focus on the 'production' side of agriculture.

What is missing from such accounts is *an analysis of the system of agricultural commodity markets:* the networks of trading and milling firms and the means through which they control the marketed surplus, which have been identified as crucial determinants of growth and poverty in other contexts (e.g. Harriss-White, 2008; Krishnamurthy, 2015). With greater commercialization of agricultural production and the growing importance of markets in inputs, credit and land, this is a major oversight which needs to be rectified.

An analysis of agricultural production as part of a complex agro-commercial marketing system has been particularly important in illuminating some crucial questions related to growth, poverty, and the nature of agrarian transition in other contexts. For example, John Harriss' work on North Arcot in Tamil Nadu showed how the continued existence of small, fragmented and non-capitalist farms could only be explained once the role of merchant-financiers in the market town was taken into account (J. Harriss, 1982). By lending money to the small holders they not only managed to control the marketed surplus, but also allowed petty farmers to reproduce themselves without accumulating, thereby arresting the process of agricultural proletarianization.

Likewise, the existence of widespread deprivation in West Bengal despite high agricultural growth was persuasively explained by Harriss-White as resulting from the segmented nature of the rice marketing system: an oligopolistic set of large-scale rice mills sit on top of a sea of petty-producers and traders (with some brokers in the middle), controlling the marketed surplus through 'webs of credit' borrowed from nationalized banks lent forward through intermediaries to control the marketed surplus (Harriss-White, 2008). The mills are protected by favourable government policy and subsidized technology, which have created excess capacity, whereas

the smaller players in the marketing systems borrow at interest rates which prevent them from accumulating.

Some scholars have even traced a separate 'merchant-led' path to agrarian transition, where unlike indirect control in the above mentioned cases, mercantile groups directly own, control and cultivate land and are therefore the main class leading the development of rural capitalism (Moyo & Yeros, 2005: 30). A focus on agro-commercial systems thus adds an important dimension to a more holistic picture of growth and transition, particularly when commodification is the order of the day in almost all agricultural contexts.

We believe that studying agrarian change through agricultural markets can help shed new light on crucial issues facing agricultural development and the particular type of capitalist development taking place in Pakistani Punjab today. Firstly, unlike a binary understanding of the "rural and urban" and the "agrarian and non-agrarian", it locates class formation processes as taking place across an *integrated rural-urban, agro-commercial continuum* For example, many households continue to reproduce without accumulating as a result of financial ties with mercantile firms, the terms of which can simultaneously arrest their paths towards accumulation. Marginal farmers work as seasonal labour off-farm and plough back their savings to continue operating their smallholdings, managed perhaps by a brother or cousin (Qadeer, 2006: 127) Technological change is not generated within the rural economy but comes from outside – a process in which (as we shall see) traders play a crucial role as intermediaries. Even capitalist farmers invest a portion of their profits off-farm in markets and processing to create diverse portfolios of investment. Marketing systems therefore are at the heart of agrarian change in today's Punjab.

These observations have immense *theoretical* importance for understanding class formation as well. Much Marxist political economy views 'rural differentiation' through a primarily agrarian

lens leading to separate categories of 'capitalist farmers' and 'rich', 'middle', and 'poor' peasants (Athreya, Djurfeldt, & Lindberg, 1987; Cox, 1983; Patnaik, 1988). Though an important corrective to populist views of a homogenous peasantry, in our context class formation is best seen as taking place across the rural-urban spectrum in which few purely farming or trading households exist.[4] Even where they do, a capitalist farmer is likely to pursue strategies towards accumulation that have more in common with a large trader than a non-accumulating farmer, even while he retains some of his specific interests (Jha, 1980: 134). Therefore, understanding the changing nature of class relations in a setting where commercial agriculture has penetrated deeply requires moving beyond a model of rural differentiation.

The existence of 'impurity' and straddling across the rural-urban and agro-commercial divide is found not only among different classes in general but within actually existing commercial capital in particular. Contrary to the stylized formulations of 'merchant capital' that posit it as unconnected to and simply a drain on production, or in other accounts confined to the 'sphere of circulation' (Kay, 1975; Prasad, 1974; Sanyal, 2007: 16) the agro-commercial firms we studied were intrinsically tied to production by innumerable threads, a fact observed by other scholars studying agricultural marketing systems (Crow, 1989; Harriss-White, 1996: 41; Olsen, 1996).

These firms combined a range of activities alongside buying and selling of commodities such as investment in transport, storage (including forms of storage that contain industrial processes such as cold stores) as well as money and input loans that finance production. Moreover, their financial portfolios often (though not always) involve the ownership and/or cultivation of land along capitalist lines, managed as part of a portfolio of activities through a division of labour facilitated by the patriarchal family (Rutten, 2003: 57-60).

[4] Chattopadhyay (1981) termed such groups in West Bengal who owned assets across the rural-urban divide.

Even ‘industrial capital’ such as the millers found in our field sites is better understood as part of the local Rural-Commercial Capitalist (RCC) class, as are capitalist farmers, the reasons for which we expand upon in chapters 4 and 5. In fact, the confinement to pure brokerage or buying and selling was a feature not of capitalists who had greater flexibility in terms of the number of profitable outlets for surplus, but of those lower down in the AMS hierarchy, which we elaborate in chapter 3.

Though the thesis mainly deals with the firms, farms and households at the apex of the agro-commercial hierarchy, it nonetheless attempts to understand the relationship between them and other actors lower down the marketing system and how the strategies of the former interact with and impact the reproduction of the latter. In particular, it examines how RCC integrates petty commodity producers (PCP) of various types into commercial circuits and how the terms of this integration shape market outcomes for both.

However, perhaps the most important reason for undertaking such a study is to contribute to the research on the qualitative aspects of capitalist development in concrete contexts. The intricacies of capitalist development, the types of alliances and conflicts it generates, and the nature and pace of its growth cannot simply be ‘read-off’ from an abstract analysis of ‘modes of production’ and ‘social formations’ (Banaji, 2011a for a powerful critique of such theoretical formalism). A view of economic life where the actions of individuals and groups are functionally determined by impersonal imperatives of capitalist accumulation is simply the obverse of a neo-classical view of market determinism.

As William Roseberry has pointed out ‘Capital’ is invested by particular people in particular contexts whose hopes, desires, histories and orientations’ - in short, whose agency - are crucial for understanding how the process unfolds (Roseberry, 1983: 203). A study of capital needs to

be focused on the agents who actively navigate, interpret and translate institutions and accumulation imperatives in complex marketing systems and thereby reshape these processes. The diverse origins of the commercial groups dominating local markets in both areas and the strategies of accumulation of these capitalists are at the heart of our thesis.

2 -Contributions of the Thesis

The focus of this thesis is on the specific institutions and social groups directing capitalist development in the small town and villages of Pakistani Punjab. We study these through an analysis of the social groups, primarily those at the top who are central to accumulation processes in the two commodity market towns and their surrounding villages in Pakistani Punjab.

Disaggregating Markets: Uncovering Complexity, Diversity and Hierarchy

The variety and complexity of agricultural markets cannot simply be understood through a neoclassical lens which views them as natural, deinstitutionalized, and ahistorical with the sole function of allocative efficiency (Gudeman, 2001). Real markets are always ensconced in bundles of institutions and immersed in relations of rivalry and exploitation that require field research and a framework that can account for the multiple roles that markets play (including exploitation of PCP) as well as their institutional variety and complexity.

The framework for studying agricultural markets concretely is provided within a Marxian political economy lens which takes agricultural markets, institutions and their social embeddedness seriously. Agrarian political economy within the Marxian fold is essential for highlighting the dynamics of capitalism and how the imperatives of accumulation reconfigure the workings of ‘peasant’ households and integrate them into the logic of capital (Bernstein, 1979). At the same time, markets and their institutions have an autonomous, determinate impact

on markets and the process of capital accumulation that cannot be reduced to an abstract logic of capital. Therefore, real markets need to be disaggregated to identify the range of actors inhabiting them as well as the multiple institutional variables and strategies that influence their workings (Mackintosh, 1990).

We argue that actually existing agricultural marketing systems (AMS) contain several axes of diversity and complexity that belie any simplistic characterization into standardized labels. We found three such axes to be of particular importance: i) the range of intermediaries divided by function, site and technology; ii) activity combinations within the same firms and farms; iii) the diversification of asset and livelihood portfolios across the agriculture-commerce divide.

First, is the range of intermediaries within real agricultural markets; the AMS we studied did not contain some homogeneous or prototypical category of traders and farmers but a bewildering amount of different firms and farms that could be separated by their 'location', 'function', 'technologies' and forms of organization within the AMS. Moreover, these divisions by function, location, technology and organizational form were recognized by local market participants who had vernacular labels and terms for different activities as well as the firms undertaking those activities.

Location could separate itinerant traders who collect produce from a single or a cluster of villages from traders located within the central produce market to whom the commodity is sold. Function distinguishes firms that add productive value to the commodity (such as millers and other processors, themselves divided by technology and scale) from commission agents, traders and 'brokers'. Forms of organization could vary from family owned firms to partnerships between individuals and families alongside the presence of state owned enterprises and corporate capital in strategic parts of the AMS. Thus, contrary to any simplistic notion of 'middle-men' we found a range of intermediaries in actually existing agricultural markets, a

fact reported by other scholars working on the subject (Crow, 2001; Harriss-White, 1996; Krishnamurthy, 2011).

But even the diversity of firms and farms by function, site, technology and organizational form did not exhaust the actual complexity of the AMS. On the contrary we argue that labels such as wholesaler, retailer, commission agent and even their equivalents in local parlance do not adequately capture the functional complexity and range of activities that are concealed behind such labels. Buying and selling itself existed in different arrangements with varying rates of return but firms were not restricted to trade. Besides trade and brokerage, the same firms could invest in transport, inter-seasonal storage of commodities, lending money, seed and inputs on credit and milling in various combinations.[5] Firms were clearly far removed from the stylized formulation of 'merchant' capital and were deeply connected to production in various ways, particularly those at the apex of the AMS.

However, activity combinations within the same firm and their connection to production were accompanied by a third and equally important layer of complexity: by analysing both farms and firms as part of an integrated AMS the thesis also argues that actually existing units of economic reproduction (firms, farms, households) combine portfolios of investment and livelihood that cut across the rural-urban divide. Commercial capital had diversified portfolios of investment that were often facilitated by the institution of the patriarchal joint-family and/or partnerships (Damodaran, 2008; Rutten, 2003; Upadhya, 1988). Thus, diversification created an intrinsic link between production and trade often within the same household, adding further complexity to the marketing system and the dynamics of accumulation and survival within it.

[5] Harriss-White (1995: 317-318) discovered that such combinations are often unique within each firm which strictly speaking, make them non-comparable.

Finally, the diversity and complexity of markets was contained in a hierarchy shaped by economic power (Barrett, 1997; Harriss-White, 1999; Pujo, 1992). The largest firms and farms in the AMS had access to resources (not simply assets such as land and machinery, but trading networks and information) that allowed them to accumulate while those without such access were severely constrained in their ability to accumulate and often reproduced without accumulating. However, studying class formation across the agro-commercial divide required developing typologies which could present an integrated view of class without sacrificing the specifics of social and sectoral origins, which resulted in the second contribution of the thesis; an integrated view of class going beyond the farm.

Economic Power in Agro-commercial Markets: a View of Class beyond 'Rural' Differentiation

Beginning with Lenin's seminal analysis of the development of capitalism in Russia, Marxian agrarian political economy has burst open the populist myth of a homogeneous peasantry by demonstrating how rural households differentiate economically under the pressures of commodity production (Bernstein, 2009: 58-59). Scholars have shown how access to resources such as land, labour, technology, water and credit shapes the capacities of farmers to accumulate capital, with a handful making a transition to capitalist farming while a majority unable to accumulate and quite often joining the ranks of the rural proletariat (Janakarajan, 1993; Olsen, 1996; Sarkar, 1981). Despite a lively debate on the most appropriate methods for marking out boundaries between different strata (Athreya et al., 1987; Patnaik, 1987), the fundamental insight about a stratified countryside under the imperatives of commercialization remains unassailable, even if this does not necessarily result in the polarized classes of capital and labour.

There are of course some oversights in the Marxian view of rural differentiation: it has justly been criticized for not taking into account other axes of differentiation (such as gender, caste and race) and their complex interaction with class, a charge that has largely been corrected in

contemporary studies of rural differentiation, which give appropriate weight to these identities and relations and their dialectical relationship with class (Agarwal, 1994; Lerche, 2010). This is particularly true for societies where what Weber calls 'status' distinctions have traditionally been important and where these have to be reconfigured under the pressures of capitalist development (Weber, 1978: 305-307). As Schumpeter has brilliantly observed: 'classes co-existing at any given time bear the marks of different centuries on their brow.' (Schumpeter, 1955: 111).

We argue that class formation in our two field sites has been strongly shaped by the historical 'status' (more specifically caste) groups found in them with consequences not only for the evolution of markets and agrarian change, but also for the local distribution of political power. In one area, the dominant class has emerged out of a group of erstwhile 'peasant castes' with strong kinship ties between them and diversification off-farm into industry and trade. In the other area, the locally dominant capitalist class has evolved out of upper-caste landlords and traders from lower-caste non-landed backgrounds. For the latter, increasing economic power has not resulted in political power equal to the landed faction which we elaborate on in the last chapter and which suggests the complex interaction existing between status, class and political power (Gazdar, 2007; Poulantzas, 1974; Zeitlin & Ratcliff, 1988).

But perhaps an even more important critique of a rural differentiation perspective is how the process of agricultural commercialization makes it impossible for 'rural' class formation to take place without interacting with the wider marketing system (Cox, 1984: 44). Class formation is not hermetically-sealed off from the larger agro-commercial circuits, and including these alters our understanding of the process of class formation. As Teodor Shanin rightly observes: 'to study peasant differentiation without a money-lender or a trader and their impact is to disregard what every peasant knows to be central…an operationalization within which the richest trader-usurer of a village (and a capitalist farmer in a year?) can be delineated

as a ‘middle-peasant’ is utterly insufficient.’(Shanin, 1977: 1940). ‘Class’ represents a wider relationship to property (or means of production) and the process of surplus appropriation which cannot be reduced to a particular sector, as the literature on ‘rural’ class differentiation tends to assume (Balagopal, 1987; Basile, 2013; Parthasarathy, 2013; E. O. Wright, 1997).

Taking forward our argument about the integrated nature of relations in the AMS the thesis presents a view of class that goes beyond ‘rural differentiation’ to study economic stratification across the agricultural marketing system. This requires expanding the commonly used indicators of ‘peasant classes’ to include new features such as access to market niches, information and networks, control over marketable surplus and inter-seasonal storage of commodities to obtain a more holistic view of class. We develop a multivariate classification schema which accounts for the diversification of activities and assets between rural commercial circuits but also accommodates those firms and farms relatively (or entirely) confined to cultivation or commerce.

Using this schema, we argue that instead of separate ‘rural’ and ‘urban’ classes, there exists a relatively coherent group of people at the apex of the agro-commercial hierarchy in both areas that have diversified portfolios of investment across the marketing system, access to considerable resources, similar strategies of control over labour, credit and product markets, and a similar approach to agriculture. In short, despite their diverse social origins and their different occupational labels (traders, financiers, processors, farmers etc.) - both of which are important - they are nonetheless unified in their overall relationship to the accumulation process and are distinct from the mass of petty-producers and labourers. We term these households ‘rural-commercial capitalists’ (RCC) to stress their integrated nature.

Thus, the work contributes not only to the literature on relations of production between social groups but also helps contextualize ‘segmentation’ and fractions ‘within the same class’

(Batatu, 1979; Zeitlin & Ratcliff, 1988). The RCC we study in the thesis is a capital accumulating class and therefore distinguishable from the mass of labour and petty-commodity producers. However, its internal organization, scale of operation as well as rootedness in local institutions give it a distinct place and specific interests within the overall social formation and separates it from corporate capital operating on a national scale, with which it nonetheless shares a similar relationship to means of production and surplus accumulation. The thesis therefore presents a concrete study of class formation that pays attention to internal segmentation/intra-class contradictions and the consequences of these for the trajectory of capitalist social relations and agrarian change.

The issue of a concrete study of class brings us to the third contribution of the thesis, the need to study the dynamics of accumulation by observing the interaction between capitalist strategies/behaviour and the institutional and social matrix of real marketing systems.

Restoring Agency: Strategies of Accumulation in Embedded Markets

In a perceptive essay on industrialization in colonial India, the historian Rajnarayan Chandavarkar noted how a functional and linear understanding of capitalism based on the unique experience of a handful of European countries dominates the thinking of historians and sociologists (Chandavarkar, 1985: 630). The 'behaviour' of developing country capitalists is then measured against these European cases which end up representing the 'normal' routes to economic development. As a result, not only are these groups burdened with the history of others against whom their successes or failures are judged, they are also only interesting to the extent that they can conform to the experience of others - their own histories are merely footnotes in the 'true' (i.e. Western) history of capitalist development (*ibid*).

Following in the footsteps of critical social scientists who reject such a teleology, our thesis aims to show that capitalism does not unfold in the same manner everywhere and neither do

the classes that represent capital display the same behaviour in all situations apart from a fundamental propensity to seek profits (Hobsbawm, 1969; Kocka, 2016). As a result, the study of the diversity of capitalist behaviour and the specific strategies employed by capitalists in particular contexts must be mapped out. Moreover, the impact of these strategies on the trajectory of capitalist growth not only helps us understand the quality of economic relations in developing countries, but enriches the global history of capitalist modernity. In short, we propose examining more closely the specific 'strategies of accumulation' used by capitalists and the diverse set of motivations for them (Hill, 1963; Moore, 1997; Oya, 2007) .

But behaviour and the complex set of motivations behind it, nonetheless have to be placed within specific environmental, institutional and social contexts with which they interact in dialectical ways (Bourdieu, 1977; Elster, 2007; Weber, 1978). Elaborating on this theme we argue that the AMS in each area contained a range of formal and informal institutions which were influenced by the specificities of each commodity, by diverse land ownership patterns as well as a differentiated agro-ecology. Taken as a whole, the AMS and its formal and informal institutions formed the context in which firms, farms and households (in our case RCC) pursued their strategies of accumulation (Guyer, 1997: 22; Nee, 2005; Schneider, 2013).

Moreover, the thesis demonstrates that the marketing systems in each area contained within them 'niches' associated with the largest volume of profit, access to which marked the RCC from smaller capitals and the mass of petty-commodity producing units of economic reproduction. The key strategy of accumulation for the RCC was not simply the direct exploitation of labour but control over marketable surplus attained through the indirect subordination of PCP farmers and traders through a range of methods (e.g. Gerry & Birkbeck, 1981; Harriss-White, 2010). These methods included tying individual producers through credit relations and buying their produce at a lower price, accumulating through the inter-seasonal storage of commodities and delaying payments to weaker parties in a contract which prevents

them from accumulating (Basole & Basu, 2011; Harriss-White, 2014). In other words, the RCC undertook the most profitable activities in each market, sought to control its access to these activities as well as actively prevented others from entering profitable niches.

The context of the marketing system in each area shaped the types of institutions that organized the AMS, created niches which capital sought to access and control and thereby shaped its strategies of accumulation. In the case of wheat, the context was; i) the co-existence of large modern mills alongside small scale grinders and the latter's greater local demand; ii) state intervention at both farm and mill gate and the avenues for rent-seeking this created; iii) the numerical dominance of petty-commodity producers in a stagnant agriculture. Together these factors shaped the creation of these niches as well as how the RCC strove to accumulate. The RCC in this area (a segment of the locally dominant class) was composed largely of big traders and millers from 'peasant' backgrounds and organized mainly through join-family enterprises which impacted their strategies in non-trivial ways and distinguished them from corporate capital (Chari, 2004; Harriss-White, 2003; Rudner, 1994).

By contrast, in the case of potato it was the uncertainty and capital requirement of export trade in a stratified but dynamic agricultural district which provides the context for RCC behaviour, composed of capitalist farmers from upper-caste landlord backgrounds and traders from erstwhile 'lower-castes'. Farming was profitable and thus attracted capitalists 'traders' but the most profitable niches were export trade and the inter-seasonal storage of commodities in which all fractions of the RCC participated. Joint-family enterprises existed alongside partnerships which allowed firms to raise capital in large amounts but could also lead to conflict among partners.

Moreover, no firms in the AMS had a corporate structure either up-stream or downstream which differentiated this huge but informal AMS from the so-called 'buyer-driven' chains of

GVC (Selwyn, 2011). Even the final destinations of this exported commodity were not supermarkets but informal wholesale and retail markets in Afghanistan and Central Asia where local capitalists tend to dominate (see Karrar, 2017; Persaud, 2013). Finally, though these markets were impacted by state intervention, it was social regulation, either through commercial capital's associations, or through networks of family, caste and kinship and gender (though we were unable to study gender) that performed an even more important role in determining market outcomes (Basile & Harriss-White, 1999).

Thus, the thesis argues for a conception of accumulation that contains more layers, 'tensions' and complexity 'than any straightforward confrontation between capital and labour' (Banaji, 2016: 411). Accumulation in real marketing systems is not simply reducible to the direct exploitation of labour but also strategic 'control of the market' (Banaji, 2011c: 275; Braudel, 1983a) or more specifically, as the thesis tries to argue, of niches associated with the highest profits and preventing competitors (and the poor) from accessing these. Moreover, strategies involve 'exploiting' petty-commodity producers (PCP) in markets other than labour through a variety of interlinked contracts that lower the price of their produce, what Marx referred to as 'secondary exploitation' (Olsen, 1991), but also through asymmetries of payment that starve PCP and prevent any nascent accumulation trajectories (Harriss-White, 2014). A richer conceptual apparatus for understanding the multiple modes of accumulation emerges when it is embedded in marketing systems.

Finally, though our thesis focuses mainly on those at the apex of the agro-commercial system, we also briefly examine how their decisions affect those lower down the hierarchy of the AMS, particularly PCP firms and households but also labour. Our study reveals that the impact of RCC's accumulation strategies is contradictory, undermining the reproduction of PCP with some acts while constantly recreating it through others, which is also true for state intervention (see Harriss-White, 2012; Mooij, 1999). A more integrated view of accumulation through the

AMS would of course have to combine the strategies of accumulation of the RCC (in its various forms) with the strategies of reproduction and survival of PCP and labour but this was not the main focus of our thesis.

Therefore, our aim is to use the Agricultural Marketing Systems (or AMS as we term them) for each commodity as a window into larger processes of accumulation, class formation and agrarian transition in Pakistani Punjab through our field based inquiry. The next section gives an overview of our fieldwork methodology.

3 –Methodology

Site, Sample Selection and Research Questions

Needless to say, between the initial project proposal and the writing of the thesis, the experience of fieldwork alters the shape that one's project takes in some fundamental ways. I began this study primarily from a Marxian agrarian political economy perspective seeking to investigate how farmers and traders interacted in a concrete agricultural market of Punjab. Apart from notable exceptions (Crow, 2001; Olsen, 1996), most works within this body of literature study farmers and traders in isolation from one another whereas my aim was to study both sides of the relationship to gain a better understanding of the overall process.

Aware of the fundamental importance of the agrarian structure on the workings of the market, I wanted to choose two areas with contrasting land ownership patterns. This is what led me to my two field sites which I briefly introduce below but which will be described in greater detail in subsequent chapters.

The first is Toba Tek Singh (TTS), an agricultural sub-district around 240 km from Lahore the capital of Punjab. It is located within the large-scale canal irrigation system that the British

engineered in the late 19th and early 20th centuries and is dominated by relatively smaller farmers who mainly cultivated cotton and wheat. The second field site, Depalpur, is around 150 km South-west of the provincial capital and though both areas are roughly within the canal colony zone, the latter has a very prominent presence of farmers belonging to the 'aristocratic' landed elite and is the centre of potato production in the province.

Tables 1.1 and 1.2 present the land ownership patterns in the two areas based on the data obtained from the agricultural department and corroborated with the last census of agriculture in 2010. The presence of large farmers (50 acres and above) in Depalpur highlights the importance of the landed elite.

Table 1.1 –Area and Size of Farms in TTS (2013)

Farm Size (acres)	Number of Farms		Farm Area		Cultivated Area		Average Size of Farm	
	Total	%	Total	%	Total	%	Farm	Cultivated
< 5	59801	60	130806	22	125439	24	3.4	3.3
5 < 12.5	28791	30	215383	36	202437	38	7.7	7.25
12.5 < 25	6351	7	105420	26	102277	20	16.6	16.1
25 < 50	2859	3	56437	16	54546	18	30.4	29.3

Source: District Agricultural Department; 1 acre = 0.37 hectares (approx.)

Table 1.2 –Area and Size of Farms in Depalpur (2013)

Farm Size (acres)	Number of Farms		Farm Area		Cultivated Area		Average Size of Farm	
	Total	%	Total	%	Total	%	Farm	Cultivated
< 5	66425	54	150147	16	143349	18	1.8	1.7
5 < 12.5	36935	30	271210	30	262967	32	7.7	7.4
12.5 < 25	14166	12	226775	25	217655	27	16	15.4
25 < 50	3098	3	99734	11	92617	11	32.3	29.9
50 < 100	879	1	55485	6	52362	6	63.1	59.6
100 < 150	175	*	21286	2	16473	2	121	94.1
150 >	221	*	71154	8	31027	4	322	150.4

Source: District Agricultural Department

Though we initially selected two villages (that we call T1 and T2) on the basis of distance from the central marketplace, it soon transpired that problems associated with groundwater and the lowering yields were their real defining features. This had reversed agrarian dynamism and led to off-farm diversification of livelihoods on a widespread level. As we explain later, the main purpose of this was to understand how class categories need to be reformulated through an analysis of the AMS. Thus, even though there were people owning 25 acres which would be considered high in other contexts, poor irrigation meant that most of it remained uncultivated for half the year and there was not enough income from cultivation. This had important implications for the manner in which the wheat AMS worked.

For Depalpur, irrigation was not a major consideration so the main criterion was distance from the market. We label one village that was initially selected according to this criteria 'D1'. However, one additional factor was the weight of the landed elite and to make this group prominent within our sample, we added two more villages ('D2' and 'D3') with one landed family owning the entire land. As we discovered, the existence of the landed elite and its increasing participation in capitalist agriculture turned out to be the most important feature of the area.

It should be clear that our approach rejected outright the notion of an 'average representative farmer' used in most neo-classical studies of farm economics (as in Dorosh & Salam, 2008). In keeping with the method used in most studies of rural differentiation, we first sought to obtain a census of all households in our sample villages with the aim of selecting a stratified sample from a known population. The aim of this exercise was to select those stratification characteristics that can separate the population into a few, very disparate groups. While an enumeration of the local population was obtained from the town council office's revenue department, it is useful practice to enumerate households independently alongside the official population list (Olsen, 1993: 59). Unfortunately, owing to time constraints we were only able

to carry out a census of one village in TTS and one village in Depalpur and therefore mostly relied on the government census.

It should also be kept in mind that the classification schema obtained in government census figures divides the population according to size categories. Though our initial sampling was based on the government's classification, we were cognizant of the fact that land ownership did not correlate with class in any straightforward manner - at the very least due to land quality and irrigation status (Rakshit, 2011). The final class categories were not simply based on land but were the result of an iterative process involving multiple criteria that were only evolved during and *after* the survey interviews, the details of which are in Chapter 3. We discovered, for example, that there were no real capitalist farmers in TTS of the kind we studied in Depalpur.

Nonetheless, a land-based classification, despite its arbitrariness, was useful for narrowing down to our initial sample. Tables 1.3 and 1.4 show the population of the villages stratified by land size distribution in our sample villages while Tables 1.5 and 1.6 show the sample of rural households that we finally selected for our in-depth survey interviews. In addition to these, all seven villages had non-landed households (hh) that we identified: T1 182 hh (mostly labour but four traders), T2 57 (one trader), D1 126 (one trader), D2 and D3 with 43 and 63 labouring hh respectively.

Table 1.3 –Total Farming Population in Sample Villages of TTS

Land Size	T1	T2	T3
< 5	184	122	213
5 < 12.5	165	110	127
12.5 < 25	102	68	87
25 < 50	8	11	5
Total	459	311	432

Source: Revenue Board, TTS

Table 1.4 –Total Farming Population in Sample Villages of Depalpur

Land Size	D1	D2	D3
< 5	72	n.a	n.a
5 < 12.5	48	n.a	n.a
12.5 < 25	27	n.a	n.a
25 < 50	19	n.a	n.a
50 < 100	4	n.a	n.a
100 < 150	2	n.a	n.a
> 150	3	n.a	n.a
Total	175	1	1

Source: Revenue Board, Depalpur

Table 1.5 –Rural Household Samples in Depalpur Villages

Village	< 5	5 < 12.5	12.5 < 25	25 < 50	50 < 100	100 < 150	150 >
D1	20	17	10	6	4	3	2
D2	0	0	0	0	0	0	1
D3	0	0	0	0	0	0	1
N = 50	20	17	10	6	4	3	4

Source: Field Survey

Table 1.6 –Rural Household Samples in TTS Villages

Village	< 5	5 < 12.5	12.5 < 25	25 < 50
T1	6	5	4	2
T2	6	4	4	2
N = 33	12	9	8	4

Source: Field Survey

The process of sample selection for traders was much more complicated. As scholars have demonstrated, traders in general are extremely wary of divulging any information about their dealings because of fear of government interference (Harriss, 1992: 138). This is particularly true for a place like Punjab, which has a long history of popular scorn for the 'evil middle-man' that has often been reflected in official documents, beginning with colonial authorities (e.g. Thorburn, 1983). It was imperative that we establish a relationship of trust with merchants, which required spending a lengthy period of time in the market place discussing the general characteristics of their particular commodity, the type of problems they face from the government, as well as a range of other topics like family, politics, and of course, religion. Not only did this help us win the trust of several (though not all) traders, but in the process we found particularly useful information about the marketing system and its participants. At the very least, after close to two months of these initial trips my research assistants and I were no longer suspected of being a tax inspector!

Unlike our sample villages, no reliable population census is possible for the marketing system due to the existence of an immense number of enterprises, the vast majority of which are unregistered and several of these are seasonal. We took the main markets in each small town as the central nodal points of our inquiry. Since all firms in the markets had to be registered, a population of these firms was readily available. However, as we later found, this was only the tip of the iceberg and both sub-districts were littered with hundreds of unregistered firms, alongside several petty-farmers who were also seasonal traders and brokers. We used a snowball sampling method beginning with the registered commission agents in the central market all the way down to the various small traders and brokers. We differentiated and categorized these firms according to their functions using the terms local people used for them. We then took random samples from these strata that are shown in Table 1.7. The various terms used to segregate firms by their roles in agricultural markets will be explained in greater detail in Chapter 3.

After several informal interviews with our sampled farmers and traders, we developed two separate survey questionnaires for each of these types. We collected quantitative data on key variables such as prices, costs, sales etc.; more sensitive information such as inter-seasonal storage; and qualitative information on variables such as social background, contractual relations, mobilization etc. The interviews were all face to face and were open-ended, during which we aimed to collect as much information as possible based on our questionnaires, alongside any relevant (and often irrelevant) information on the subject.

The interviews were carried out over an 11 month period beginning from December 2012 to November 2013. A generous fieldwork grant allowed us to hire three research assistants (2 in Depalpur, 1 in TTS), who were present during the questionnaire development phase and had prior survey experience. I conducted the majority of interviews myself, and also crosschecked interviews conducted by the assistants against my own for inconsistencies as well as for mutual learning. We combined this with participant observations on various aspects of the agricultural marketing system and also used official secondary data on variables such as prices, crop production and landownership.

Although we use quantitative data for our class categories which are explained in great detail in Chapter 3, the major focus of our research is *qualitative*, trying to understand the different strategies that firms and farms (particularly those at the top) use to accumulate, and the impact this has had on the evolution of class formation in the two areas.

Table 1.7 –Sample of Trading and Processing Firms in field areas (2013)

Area	Type	Population	Sample	Fraction (%)
Depalpur	Flour Mill	n.a	n.a	n.a
	Chakki Mill	Several '00s'	n.a	n.a
	Cold Store	103	8	-
	LCA	48	13	17
	UCA/*beopari*	Several '00s'	25	-
TTS	Flour Mills	3	3	100
	LCA	42	14	33
	UCA/*beopari*	'00s'	22	-
	Chakki Mills	Several '00s'	5	-

Source: Field Survey and Market Committee data
LCA = Licensed Commission Agent; UCA = Unlicensed Commission Agent

The following research questions guided our empirical inquiry:

1) Who are the different actors in the agricultural marketing systems in the two areas?

2) What factors differentiate farms and firms in terms of economic and social power and how and to what extent do these determine outcomes within markets?

3) What are the strategies of accumulation that capitalists operating in these marketing systems use to accumulate capital and what are the differences between the two areas and commodities?

4) How do their strategies interact with the institutions (both formal and informal) regulating these markets to explain the type and trajectory of economic development taking place in contemporary Pakistani Punjab?

A Note on Methodology and Theory

Finally, it is important to say something about our methods and the relationship between theory and practice during the course of fieldwork. Following the tradition of Polly Hill's 'field economics', we term our method 'empirical' where valid statements about the economy can only be derived through painstaking estimations of key economic indicators and careful descriptions of the variety of activities (Hill, 1972: 5). Under the influence of postmodernism, social scientists have placed an inordinate amount of emphasis on 'theory' where observations of individual behaviour and social relationships are not considered adequate until they are categorized into a pre-existing theoretical framework. However, the breath-taking variety of firms and farms, the range of activities they undertook, and the influence of multiple factors on market behaviour we encountered made us realize the need for what Geertz called 'thick descriptions' (Geertz, 1973: 3). In other words, understanding the categories we use to classify social behaviour, relations and individuals requires going through the maze of descriptions that we provide alongside.

In fact, I would go so far as to say that the categories themselves only make sense provided we understand the context in which they are used; e.g. that I classify certain households and firms as capitalist does not in itself describe their social behaviour in Pakistani Punjab in any meaningful way. Their actions need to be placed within the social and institutional matrix that enlivens their decision-making. Thus, more important than abstract categorization are the patterns of social behaviour that we observed through the course of our empirical inquiry, making changes to the theoretical categories. It was this realization during fieldwork of the centrality of individual agency shaping larger processes that directed the orientation of our research towards a *qualitative* analysis of strategies and the rationales behind them in the context of complex agricultural markets. We therefore second Clough's plea for a study of 'patterns' intermediate between theory and description (Clough, 2014: 20).

4 –Structure of the Thesis

The thesis is divided into the following chapters. The next chapter (Chapter 1) will provide an overview of our theoretical framework through a review of the main literature that we engaged with in the course of arriving at it. Chapter 2 will provide the historical background to the development of agro-commercial markets in Pakistani Punjab by highlighting the importance of both canal irrigation during colonial rule and the Green Revolution, and how these have shaped the particular trajectories both field sites and the social groups that inhabit. Chapter 3 introduces us to the main elements of the agro-commercial marketing systems in our two areas i.e. the firms and farms, their variety and diversity as well as the specificity of each of the two commodities we studied, Moreover, it also shows how lurking behind this diversity is a fundamental hierarchy according the economic power which results in a stratified marketing system with a rural-commercial elite at the top, a mass of labour and PCP at the bottom, and varying shades of participants in the middle.

In Chapter 4 we explore in great detail: first, the evolution of the potato AMS and the two different social groups dominating it; and second, the nature of AMS, with its diversity and complexity, particularly as a result of a decentralized system of export trade that structures opportunities within the entirety of the system. Furthermore, we highlight the segmented nature of this system where high rates of accumulation are associated with certain select activities that have higher barriers to entry as opposed to those where entry is easier. Finally, we try and look at the strategies that those at the top of this AMS use to try and gain access to these high profitability activities. Chapter 5 tries to do the same but for the wheat AMS differentiating it on three accounts: first, the nature of the social groups that dominate it; second, the presence of a technological niche that impacts local demand and third, the importance of government intervention which results in creating specific kinds of opportunities for accumulation.

Though we try and show that many segments of the rural commercial capitalists did not hire labour on any significant scale, it was hired in massive numbers and under diverse contracts by the capitalist farmers of Depalpur. The forms of labour arrangements in large scale capitalist agriculture and their connection to the accumulation strategies of the landed commercial capitalists, is the subject of Chapter 6.

Finally, in Chapter 7 we move to the politics of agricultural markets. Through a study of the behaviour of the Merchants Associations in the two areas, we demonstrate how the different behaviour of the two associations in terms of their presence in local politics reveals something important about the social backgrounds of the business groups in each case and highlights the stratification based on status that continues to affect class formation, despite the increasing integration of the rural and urban through the AMS.

Our concluding chapter reiterates our approach for studying agrarian change through a perspective of rural-urban, agro-commercial interaction and how this can not only illuminate the complex trajectories that capitalist development is taking in provincial Pakistani Punjab, but also have important implications for development policy, particularly those related to agro-commercial markets.

Chapter 1-Studying Agricultural Markets: Review of Literature and Theoretical Framework

Introduction

Our aim in the thesis was to undertake a theoretically informed yet empirically grounded inquiry into agro-commercial markets, particularly the qualitative pattern of relations and strategies within them. To ignore the dialectic of theory and empirics is to fall into one of the elementary errors of social sciences empiricism, the belief that facts or data alone are sufficient for explaining social reality (Bhaskar, 1975). Facts need to be pieced together and ordered to generate explanations that often speak to or are informed by existing frameworks of explanation (Elster, 2007: 46). An engagement with theory is therefore essential for any empirical study.

This chapter presents an account of the literature that was necessary in order to meaningfully engage with the study of agro-commercial markets in Pakistani Punjab. This specific inquiry was guided by a larger *theme* of understanding economic relations in general, and the development of capitalism in diverse contexts, especially agrarian societies in particular. At the same time, while we draw on a number of case studies from around the globe, our framework drew most heavily from the studies of agricultural markets and agrarian change in the *South Asian context*, particularly the Indian context, where similar studies are much more common than in Pakistan.

The chapter is divided into three sections: Section 1.1 engages critically with the mainstream literature in economics, arguing how it presents an idealized view of markets devoid of power as well as the complexities of 'real' agricultural marketing systems and entirely dispenses with the category of capitalism which makes it inadequate for our inquiry. Moreover, the section also appraises the literature on Global Value Chains (GVC) as an alternative to mainstream

theories of the market and finds it wanting in both empirical and theoretical terms. Section 1.2 presents a review of Marxian agrarian political economy, arguing why the categories of class and capitalism are essential for understanding actually existing agricultural markets, highlighting the strengths of both and presenting a case for marrying their insights in order to get a better understanding of agro-commercial markets; and finally, Section, 1.3 fleshes out the framework developed through the literature in a clearer form and goes into detail about the kinds of questions this poses that we hope to answer during the course of the thesis.

We begin the chapter by reviewing how the market has been studied in mainstream economics, specifically neoclassical and new institutional economics as well as the global value chains approach which posits itself as an alternative to these views, but which we feel is inadequate for studying real markets.

-1.1 -Markets in Search of a Theory: A Critique of the Mainstream

The framework we have used for our study of the AMS in two different areas of Pakistani Punjab is built upon the insights of Marxian agrarian political economy which takes a field based study of marketing systems seriously. The emphasis is on understanding the multiple roles that real markets play that go beyond the singular focus of mainstream studies on the efficiency function of markets. We contend that markets perform at least two other functions besides efficiency: those of extraction of resources and exploitation of labour and petty-producers (Jan & Harriss-White, 2012: 39). Even efficiency is better understood in a dynamic framework which takes institutions and social embeddedness of the economy into consideration (Granovetter, 1992). Finally, we consider the strategies of accumulation that firms and farms undertake and the rationale behind them as central to our framework of understanding economic relations in provincial Pakistani Punjab.

Our research deals directly with questions of economic relations, institutions and organizations that make up marketing systems and draws upon a long and illustrious tradition of work within the social sciences on markets (Braudel, 1983a; Marx, 1992; Polanyi, 2001; Weber, 1978). Nonetheless, the literature we build upon continues to represent a minority when compared to the vast majority of work on markets which is situated in neoclassical and new institutional economics. In recent years, an alternative framework for studying production and exchange has also found its place within the mainstream which is the global value chains (GVC) literature. It is therefore important to begin with some of the shortcomings of these bodies of scholarship before moving on to the literature that the thesis builds upon.

1.11-Rational Choices and methodological individualism: the NCE and NIE perspectives

The most widely used bodies of scholarship on agricultural production and commodity markets are situated within the mainstream 'neo-classical' economics (NCE) perspective and its variant, 'new institutional economics' (NIE) (Bardhan & Udry, 1999). However, a number of commentators have shown why the commitment of these frameworks to 'methodological individualism'; their ahistorical nature; and an absence of 'elementary sociological concerns such as power, norms and networks' (Lie, 1997: 342) make them unsuitable for even posing the kinds of questions the present work seeks to answer. In Pakistan's rural economy, the NCE literature's most prevalent manifestation has been in the form of 'price integration' studies that use data from sites to see if prices are determined interdependently – that is, whether the prices of a commodity in spatially separated markets move together and price signals are transmitted smoothly through them (e.g. Kurosaki, 1996; Mukhtar & Javed, 2007). As a result, consumer preferences are assumed to be transferred without distortion to producers, who use this price information to make allocatively efficient production decisions.

As critics have demonstrated, this approach assumes that increased price integration *ipso facto* denotes a fair and competitive price. In actual fact, prices between producers and traders vary

according to class as well as the type of contract; for example, indebted producers typically receive a lower price than non-indebted ones as demonstrated for example, in Crow (2001). Moreover, as scholars have shown, prices can move together even in oligopolistic markets (Ellis, 1993; Harriss, 1979; Rudra, 1980). Methodologically, the averaging involved is incorrect since it is from an unknown population of transactions and also abstracts from transport costs which vary considerably with the structure of the transport market itself (Harriss-White, 1995: 303-305). Therefore, it has been long established that this approach cannot even adequately answer the question of the efficiency implications of the structure of the marketing system.

The NIE literature tries to grapple with the serious shortcomings of NCE while retaining its 'rational choice' framework and a focus on 'methodological individualism'. It incorporates the existence of institutions in real markets as rational responses to the prevalence of transaction costs due to information asymmetries which force agents to evolve institutions in order to overcome these costs and obtain efficient outcomes (e.g. Eswaran & Kotwal, 1985). In the context of South Asia, NIE has been used widely for understanding interlinked markets - a widespread phenomenon whereby one or two markets are connected together through a specific contract (for example, a trader advancing money to farmers in exchange for their crop at harvest, thereby linking the credit and output markets) (see Bardhan, 1980 for a comprehensive overview of the literature). NIE literature's emphasis on information asymmetries and the problem of supervision as well as high transaction costs has produced useful studies of agricultural, credit and labour markets in developing countries (Bardhan, 1983; Basu, 1983; Smith, Stockbridge, & Lohano, 1999)

Some theorists have conceptualised inter-linkage within principal-agent models, where interlinking is an outcome of the principal's need to monitor the agent's activities and the high monitoring costs incurred in the process (e.g. Bose, 1993; Mitra, 1983). When lenders cannot

observe or monitor the behaviour of borrowers (a situation inviting moral hazard and adverse selection) the problem may be overcome by making contracts that interlink markets (A. Braverman & Stiglitz, 1982). The literature has also made use of a principal-agent model to explain credit markets in rural Sindh, where interlinkage is usually the outcome of the principal's need to monitor the agent's activities and the considerable costs involved in supervision that are borne by the trader - termed the 'lender's risk' (Aleem, 1990: 330). The framework has also been used to study the institution of share-cropping in Pakistani (especially Sindh) agriculture (Jacoby & Mansuri, 2008) and the phenomenon of credit layering (Mansuri, 2007).

While this is a definite advance over the simple neoclassical framework, as many scholars have shown, NIE is still deeply beholden to it. There is a tautological understanding of institutions as rational responses to various economic constraints, primarily transaction costs, because minimizing transactions costs is their function (Bates, 1995: 65). If firms and households are seen as automatically adjusting to 'rules of the game' (i.e. institutions), then their own organizational structures and strategies - in other words, their agency - is completely obliterated (Schneider, 2013: 5-6).

Moreover, even if one were to accept that to some extent institutions are rational maximizing responses, as Clough rightly points out: 'the very definition of maximizing is heavily informed by family upbringing, social notions of personhood… and familiarity with a range of existing institutions so that a theory of maximization is inherently vague beyond situations involving calculations of strictly measurable and material benefits and costs' (Clough, 2014: 83). Finally, the framework does not pay adequate attention to the unequal bargaining power of different parties in a transaction, i.e. to the existence of power relations that can often be a crucial blind spot for analysis (Byres, 2004: 244-247).

In general both the NCE and NIE literature eschew any systemic understanding of capitalism: in fact, the very term capitalism is entirely dispensed with in favour of a narrow view of agency and markets. An idealized view of the market, devoid of social relations and oblivious to exploitation, corresponds closely with the period of neoliberal hegemony and provides the latter with ideological support (Lapavitsas, 2005: 34). These bodies of literature are unsuitable for understanding the relations of power and exploitation as well institutions of social regulation which run actually existing markets and which are analyzed in the thesis.

In recent years, the global value chains approach has become increasingly popular within mainstream thinking and presents itself as an alternative to the NIE and NCE approaches. It is therefore important to interrogate the novelty of the approach as well as its effectiveness in understanding marketing systems.

1.12 –Global Value Chains: Ignoring the Marketing System

Over the last few decades, however, the most commonly used framework for the study of agricultural markets has been global value chains (GVC). The GVC framework describes the 'full range of activities that firms and workers perform to bring a product from its conception to end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer.'(Gereffi & Fernandez-Stark, 2016: 7). Typically, the analysis has focused on production and distribution networks spread over large geographical distances and the different types of strategies firms use to seek control over these networks.

The concept of chain governance structure involves two types: producer-driven and buyer-driven systems. The producer-driven commodity chains (PDCCs) are often controlled by large transnational corporations that exert control both over backward (e.g. raw materials) and forward (e.g. retailing) linkages in coordinating the production process. PDCCs are usually

associated with industries such as automobiles, computers, aircraft manufacturing and electrical machinery -these industries are known to be capital and technology intensive and are characterised by vertical integration through ownership and control (Gereffi, 2001).

On the other hand, buyer-driven commodity chains (BDCCs) are characterised by the outsourcing of production processes typically in developing countries where the governance functions are undertaken by large retailing, branding and trading companies that have strong market power (Gibbon, Bair, & Ponte, 2008: 5). Examples of BDCCs can be observed in consumer goods that are labour intensive, such as garments and footwear. The main leverage of BDCCs is the lead firm's ability to increase sales by promoting strong brand names and popular designs (e.g. Nike footwear, Levi's jeans etc.), as well as ensuring a reliable out-sourcing network with overseas producers. Though GVC methodology initially focused principally on economic and competitiveness issues, recently social and environmental dimensions have also been incorporated. GVC research is now exploring new topics such as labour regulation issues, workforce development, the greening of value chains, as well as gender (e.g. Barrientos, 2001; Selwyn, 2011).

It is important to recognize that the GVC approach has illuminated a number of important aspects of transnational production networks and is a useful lens for asking interesting questions about the structure of chain governance. At the same time, the framework suffers from certain fundamental flaws; for example, Raikes et al. have rightly criticised the governance dichotomy of commodity chain, and regarding PDCCs and BDCCs, they argue that the framework is overpoweringly supportive of the governance dimension (Raikes, Jenson, & Ponte, 2000). Similarly, other scholars (Henderson, 2002) have criticised the producer and buyer-driven governance structure as unsophisticated, and ahistorical.

Still others have criticized it for reducing development to the successful creation and protection of rents inside GVCs (Harriss-White, 2010: 134) or even to the mere integration of local production into GVCs (Mezzadri, 2008: 604). For our purposes, there is a fundamental logical flaw whereby the framework aims to identify a representative chain for a particular commodity without studying the marketing system of which that commodity is a part (Harriss-White, 2016: 480-481). In the absence of the marketing system, a vertical chain with firms reduced to highly stylized archetypes (middlemen, lead-firms etc.) not only fails to capture the actual diversity of economic activity that firms undertake, but its selection as 'representative' is entirely arbitrary and unsubstantiated. Moreover, the fundamental importance of costs, returns and capital accumulation to any study of market actors, not to mention the impact of state regulation and networks of family, caste and kin, are excluded from this bird's eye view of an arbitrarily selected value chain.

In order to understand the role of markets not simply as channels for price information and exchange but also as conduits for the inter-sectoral transfer of resources and as arenas for surplus accumulation and exploitation, we need a framework of agro-commercial markets as *systems* where the accumulation strategies of market actors embedded in local institutions are placed firmly in the limelight. Such a framework can best be obtained through a critical engagement with the *Marxian political economy* literature on agrarian change that studies the contradictory impacts of capitalist development on rural society but which also takes the tensions and complexities of accumulation within real marketing systems seriously.

We next turn to a survey of the Marxian political economy literature and its use for the study of the dynamics of agrarian change, in particular the relationship between farming and the wider social and economic networks with which it interacts.

1.2 –Studying Agro-Commercial Markets: Embedding Capital in its Environment

The emphasis on a systematic understanding of capitalism makes Marxian political economy an indispensable starting point for any study of agricultural markets. However, as the section argues, orthodox Marxism either ignores the complexity of markets or attempts to understand them through highly stylized conceptions of merchant capital. The section shows the inadequacy of orthodox Marxism in capturing the variegated relations and forms of surplus appropriation that characterize real markets. Furthermore, the emphasis in this literature on rural relations of production without an adequate theory of markets and exchange relations is a serious flaw which needs to be rectified.

The section then looks at studies of markets undertaken by critical Marxist scholars as well as economic anthropologists and argues for the former to incorporate some of the insights of the latter, particularly the emphasis on the internal diversity and complexity of markets, while keeping the category of capital centre stage. A Marxian agrarian political economy which takes markets and their internal relations seriously is best suited to the kind of concrete study undertaken in this thesis.

We begin with an overview of Marxian agrarian political economy.

1.21 –The centrality of Capital and Class: Marxian Agrarian Political Economy

Jurgen Kocka, a foremost historian of capitalism, recently proposed a definition of the term that emphasizes three characteristics: i) decentralization, i.e. actors have certain property rights which allows them to make decisions in a relatively autonomous and decentralized manner (the word decentralized refers to the existence of property rights which allow firms to make economic decisions, even as actual concentration and centralization in capitalist markets can be extremely high); ii) commodification, the tendency of production for markets to become the main mechanism of allocation and coordination, and iii) accumulation, utilizing resources for

present investments in expectations of future gains, accepting credit in addition to savings, dealing with risk and uncertainty while maintaining profit and capital accumulation as central goals (Kocka, 2016: 21).

Yet, how firms and actors that resemble this ideal type emerge has been an uneven process that has not unfolded everywhere fully formed, suddenly and all at once. This is particularly true for agriculture where the imperatives of nature, seasonality, soil, water (Mann, 1990) as well as the diversity of land ownership patterns, labour-arrangements and 'primordial' identities like caste, kinship and gender all play an important role in determining the nature and pace of capitalist development (Barrientos, 2001; Granovetter, 1992; Rogaly, 1997).

However, as Jairus Banaji has argued, capitalist 'relations of production', which denote the wider totality of economic relations are compatible with a range of 'forms of exploitation', which refers to the immediate deployment of labour for surplus appropriation (Banaji, 2011: 2). Nowhere is this more apparent than in agriculture where the older forms of social reproduction are most firmly entrenched and are slowest in responding to the impetus of markets and capital accumulation. Not only are capitalist production relations compatible with a variety of labour arrangements from 'bonded labour' (Lerche, 2007) and slavery (Tomich, 2004) to share-cropping (Martinez-Alier, 1971: chapter 2), but wage-labour has also been found under pre-capitalist social formations (Banaji, 2011a), which means that a view that posits 'free' waged labour as the sole source of accumulation erases a lot of the history and contemporary reality of 'actually existing capitalism'.

The historical development of capitalism in agriculture, i.e. the increasing tendency of farm production to integrate into circuits of exchange where commodification and accumulation are central, is best captured in the Marxian political economy literature on 'agrarian transition' (Bernstein, 2010; Byres, 2003; Kautsky, 1988). By 'transition' we mean 'those changes in the

countryside, necessary to the overall development of capitalism and its ultimate dominance in a particular national social formation' (Byres, 2003: 55). Since it is recognized that 'infinitely diverse combinations of elements of different types of capitalist development are possible' (Lenin, 1977: 33), historians have revealed the variety of paths through which agrarian capitalism has developed in different parts of the world, paying particular attention to the class alliances that have been crucial in steering the transition.[6]

Moreover, since the precise nature of such class alliances is a crucial component of analysis, the most important contribution of the literature has been the identification of different classes in rural society (Mao, 1975). Debate continues as to what particular criterion is best suited in order to study the nature of 'rural differentiation' and the different social classes that inhabit rural areas. Scholars have used a range of different variables, from land and machinery ownership, to labour exploitation and crop surpluses in order to describe the fundamental divisions in rural societies (Kohnert, 1979; Patnaik, 1987; Rakshit, 2011). There exist some important empirical studies on class formation in rural Pakistan, which are indispensable in understanding the formation of classes in village Punjab and which have used different criteria (cultivated land, labour exploitation, minimum expenditure) to delineate rural classes (e.g. Akram-Lodhi, 1993; Khan, 1983; Nazir, 1991).

Moreover, the literature is also notable for its emphasis on the role of agriculture in the process of national development, i.e. the manner in which agriculture enhances or inhibits the spread of industrial development in the wider economy through the transfer of certain key resources (e.g. food for the burgeoning work force, raw materials etc.) on the one hand, and as a market (through consumption) for the articles produced by the industrial sector (Mundle, 1985) on the

[6] See Byres (1991) for a comprehensive overview of the paths to transition in different countries. The most in-depth analysis of the debate on the development of capitalism in Indian agriculture are the three articles in EPW written by Alice Thorner (1982a, 1982b, 1982c).

other. Thus, agriculture has essential backward and forward 'linkages' to other sectors that play a crucial role in their subsequent development, and which in turn impact its own trajectory.

Despite its shortcomings, this literature has considerable merits which make it an essential starting point for our analysis. Firstly, it accepts the existence of *exploitation* through agro-commercial markets. It has produced empirical works that emphasize 'indirect' or 'secondary' exploitation through exchange relations as essential complements to the primary exploitation through production relations (Olsen, 1996: 7). Markets are therefore complicit in the process of exploitation of rural labour and petty rural producers. Second, by highlighting the importance of agriculture to the development of national capitalism, the literature posits the role of agricultural markets as conduits for the inter-sectoral transfer of resources, i.e. it admits that agricultural markets play an *extractive* role in transferring resources from agriculture to industry and vice-versa, which has important implications for agrarian change and industrialization (e.g. Kahlon & Tyagi, 1980; Mitra, 1977; Mugekar, 1992).

However, too often the role of traders and agricultural commodity markets has been under-theorized or completely misunderstood in this literature (Harriss, 1990: 93). Marx's path-breaking analysis of capitalist development highlighted the contradiction between capital and labour as its central driving force, with the imperative of surplus value accumulation from workers by capitalists giving the system both its dynamism and its tendency to experience recurrent crises (Marx, 1973, 1976). However, the abstract analysis of capitalism he developed in Capital volume 1 was anchored at the 'point of production in industrial capital' of the factory system, where the relationship between capital and labour was relatively straightforward.[7]

[7] Volume 1 was made more concrete in later volumes dealing with circulation and the overall process of economic reproduction, but like all great theorists, Marx's works contain several silences and tensions, not simply in the logical structure of the argument, but more importantly, as Marx was fully aware, between the abstract analysis of the 'laws of motion' of capitalism and a study of the history of capitalism. See (Banaji, 2011a; Harvey, 2013; Krätke, 2007) for excellent discussions of these issues.

Moreover, the privileging of 'production', logically coherent from the point of view of discovering the source of accumulation, nonetheless created a tendency among subsequent Marxists (and in some of Marx's own works) to treat exchange and production in a binary manner, in which exchange was determined by production and thus of secondary importance – and with consequences for a theory of integrating production with exchange and understanding how vast swathes of humanity were brought into the fold of modern capitalism (Banaji, 2011c; Bernstein, 2010; Linden, 2008).

The simplistic binary between production and exchange found its most famous expression in a reified conception of merchant capital as a substitute for a concrete analysis of marketing systems (see Kay, 1975 for the most theoretically sophisticated of these forumations). The mercantile class is seen here as exerting a stranglehold on commodity and money markets, appropriating and perpetuating monopoly profits to be reinvested either 'unproductively' in conspicuous consumption, or in land and property in order to extract rent and protect its monopoly position (Chattopadhyay, 1969; Prasad, 1974). Similarly, Bhaduri (1973, 1983) constructed a formalised model of commercial exploitation under production relations of stylized landlord-trader-cum-moneylenders and sharecroppers though 'forced commerce', which he termed 'semi-feudal'.

Although appeals were made to Marx's authority, his own concept of 'merchant capital' was more refined and he saw its role as contradictory - both enabling and stymying capitalist development. He emphasized the role of merchant capital in facilitating capitalist development by increasing commodity production, by the monetization of the economy, and the integration of regions even as it acts as a fetter by not contributing directly to production (Marx, 1991: 445). Furthermore, Marx famously called trade necessary but unproductive since 'the process of social reproduction itself includes unproductive functions as necessary interruptions to production' (254).

Marx was also cognizant of the 'heterogeneous functions' (both 'productive' and 'unproductive' that commercial capitalism performed before the advent of industrial capital' such as storage and transport' and according to him, it was only under the full development of industrial capital that commercial capital is finally subordinated to the imperatives of the former, 'stripped' of these and confined more and more to its true function in buying and selling only, in short, to the sphere of circulation (Marx, 1981: 395). Perhaps because of Marx's reluctance to explore more fully the complex interaction between 'production' and 'exchange', the binary image of production and exchange as counterposed to one another has tended to dominate Marxian thinking.

Since 'merchant capital' was theorized at best as 'necessary but unproductive' or (in its avatar as commercial capital) confined to the 'sphere of circulation' and at worst as simply a 'drain on production', the 'standard model' of development of capitalism in agriculture has been an 'internalist' one (Bernstein, 2009: 242) concerned primarily with the development of rural classes of labour and capital and the struggles between them, ignoring the role played by markets and capitalists outside of agriculture who increasingly asserted their power over peasant producers in all sorts of varied ways. Thus, the dominant paradigm lacked a theory of the integration of the countryside into the circuits of capital and therefore overlooked (and misinterpreted) much of the history of early (and contemporary) capitalism (Banaji, 2002; Roseberry, 1978).

Both historians and social scientists (non-Marxists and even a few Marxists) have long demonstrated how the 'real history of capitalism' cannot be written without the crucial role played by merchants and traders not simply for the west (Julia Adams, 2005; Braudel, 1983b; Kocka, 2016) but for the formerly colonized countries (Boone, 1992; Stewart, 1998; Vicziany, 1979). Peasant producers in these societies were first perpetually integrated into commodity

circuits via export crops that were controlled at the apex by a vast structure of Merchant capital (itself closely tied to finance and industry) with various layers of intermediaries in between (Bernstein, 1977: 64). The dominant trajectory of the integration of agriculture into capitalist accumulation has been through this route, whereby social reproduction of peasant households slowly becomes impossible outside of commodity circuits (thus transforming them into petty-commodity producers) controlled by large commercial houses (and intermediaries) even as direct producers retain some control over the organization of production, which capital does not directly undertake (Harriss, 1982).

A powerful exposition of this view has been put forth by Jairus Banaji in a recent paper. Using vast amounts of historical literature and combining it with theoretical insights from the works of Marx, Chayanov and Henry Bernstein, it presents a comprehensive picture of the manifold ways in which capitalism dominates the countryside (Banaji, 2016). It proposes a four-fold taxonomy of the trajectories by which capitalism penetrates agriculture namely; 1) commercial capitalism of the produce trades; 2) contract farming; 3) vertical integration between agriculture and industrial capital and; 4) industrialized agriculture.

In particular, the paper develops the first of these trajectories by demonstrating how export crops in much of the colonized world worked through a system of money advances which tied the direct producer to the large-scale colonial merchant houses with several layers in between (2016: 416). In this integrated 'system of accumulation' those lower level intermediaries below large scale merchant capital were not mere appendages, but substantial capitalists with their network of supplies and specific interests, often at odds with commercial capital at the apex, the latter advancing loans to them but in turn dependent on their supplies (415). Through these loose and multi-layered 'chains', direct producers were subsumed under the logic of capital at varying degrees of control (428).

Moreover, Banaji argues that stronger forms of 'vertical integration' whereby capital seeks to dominate production as a 'total process' breaking down the boundary between 'discreet moments (industry, science, agriculture etc.)' only emerge with the development of large scale industrial capital, best described in William Cronon's study of Chicago (Cronon, 1992; See also Weis, 2007: Chapter 2). The commercial capitalism of the produce trades by and large operated through 'distended chains' with at best partial 'vertical integration' even as it was vertically concentrated at the apex (422). Banaji thus presents a powerful formulation which demonstrates the inextricable link between production and exchange and is more 'involved, complex and full of tensions' than the relatively 'straightforward confrontation between capital and wage-labour'

Nonetheless, as the author himself admits, it is a provisional model and primarily concerned with transnational commercial houses and their attempts at control over particular commodities at a specific historical juncture. Systems with the centrality of transnational commercial capital at the apex may not be the only manner in which circuits of export trade are organized, not just historically but even in the contemporary period. The vast export trade in potatoes that we studied in one of our field sites contained a complex system of advances (money, input, etc.) as well as relatively large commercial capitalists at the apex.

Yet, borrowing Banaji's hierarchy, those at the top in our case were neither like the large colonial commercial houses nor akin to the lead firms in buyer-driver value chains (Banaji, 2016: 413; Gereffi, 2001) but local commercial capitalists, many times more economically powerful (thus with more concentrated assets) than the mass of PCP households but nevertheless with a restricted sphere of influence. Nonetheless, these non-corporate firms, organized through family, kinship and partnerships, facilitated an extensive informal export trade across long-distances in which no firm's orbit of control went beyond the locality. Neither is this an exceptional situation in much of the contemporary world as other scholars have

demonstrated (Clough, 1985; Meagher, 1990; Wan, 2001). The potato export trade is part of a transnational informal trading network called the informal shuttle trade, which extends throughout Central Asia (Karrar, 2017). Therefore the specificities of the accumulation structure of particular commodities have to be taken into account.

Second, the integration of agriculture into global circuits of capital - clearly meant as a corrective to a simplistic model of internal differentiation of rural classes - still cannot ignore the specificity of the 'local' context, understood not merely as the rural but the rural-small town interface that can create several opportunities which impact the outcome and trajectory of capital's subsumption of other forms of production and livelihoods (Lynch, 2005; Tacoli, 2006). Large commercial capital may face a stratified countryside where the bargaining power of some farmers is much greater than others, or competition 'between capitals' may lead some firms to advance loans on preferential terms to farmers in order to build reputation and a stable clientele, thereby enabling a section of the 'peasantry' to benefit (Williams, 1988: 386). Co-operation between capitalists may restrict access not just to those below but also to large multi-national conglomerates, as is evident in the case of FDI in Indian retail (Goswami & Mishra, 2009) .

Therefore, while Banaji is mindful of the competition between capitals at the apex and those lower down, he tends to see it working only to the advantage of capital without considering how the logic may work to create opportunities for certain sections of the direct producers, even the poorest. The bargaining power of cultivating households vis-à-vis large capital may be higher for richer sections of the community, or for small producers if they collectively organize to demand better terms of engagement in markets (Otero, 1999). Finally, the state may itself increase the bargaining power of farmers by providing cheap credit and inputs, higher prices, guaranteed markets or some combination of these. As a result, the producer's engagement with commodity circuits may not entirely be on capital's terms which ends up

creating complex trajectories whereby several forms continue to co-exist without one entirely subordinating the other.

This brings us to the most important shortcoming of Banaji's framework, i.e. studying merchant capital without paying attention to the nature of the larger marketing system in which capital operates or which it seeks to subordinate or control. As a result, a certain teleology is sometimes noticeable in the paper whereby capital, particularly large scale capital, is seen as automatically subsuming all other forms of social reproduction to its logic; for example, Banaji argues that stronger forms of vertical integration only emerge with large scale industrial capital since the scale of operation requires a certain regularity of supply which can only be obtained by gaining greater control over the production of a commodity.

While this may be an important tendency from the point of view of capital, the extent and form of vertical integration is never a foregone conclusion since it also depends on the existing production and marketing systems which capital seeks to transform and the number of actors, the types of institutions and the layers of complexity within these systems. Large scale industrial capital's ability to integrate rural petty-commodity producers as a total process (the definition of vertical integration given in the paper) is not a necessary outcome, either due to the specificity of the commodity in question, or the inability or unwillingness of capital to take direct responsibility for the production process and the existence of informal forms of exchange (e.g. credit and seed exchange among farmers at the village level or through co-operatives) which may cushion against some of the imperatives of capital.

Finally, the existence of different niches within the marketing system may allow the latest industrial technology to co-exist alongside smaller scale production since the segments of the market they cater to may be different (Harriss-White, 2003: 56). Likewise, large scale industrial farming continues to co-exist with small scale family farms by combining a range of activities

for survival (Brookfield & Parsons, 2007). Therefore, the loose, 'distended chains through which accumulation typically occurs under commercial capitalism' (Banaji, 2016: 428) may continue to persist with little or no vertical integration even as industrial capital at the apex upgrades in scale. It also means that for many agricultural contexts, petty-commodity producers involved in complex relations of debt and advances from various sources but with a measure of autonomy over their production process may represent the extent of vertical integration. In any case, Banaji's excellent work on merchant capital needs to be complemented by understanding the nature of the marketing system in which it is embedded to highlight the complex trajectories that may exist.

Complex and many sided outcomes are precisely what Barbara Harriss-White has observed through almost 40 years of field research on the marketing systems of rice in parts of Tamil Nadu. Here, various forms of production, trade and processing continue to co-exist despite the very obvious increase both in the asset concentration and the scale of production at the top (Harriss-White, 2016). Despite concentration and the use of new technology, there is 'no sign of vertical integration' by the rice millers at the apex, neither do economies of scale exist (2016: 490-491). Large modernized mills continue to co-exist with local hulling mills. The former's increase in scale has not been reflected in lower unit costs of production which explains the rising importance of branding in the system to make purchases price inelastic. Meanwhile lower unit transaction costs have enabled many new wholesalers, commission agents and petty-traders to emerge. This co-existence and complexity is mirrored in the countryside where 'polarization has existed alongside the persistence of landed petty-production'.

In our field sites we observed a similar complexity in forms and trajectory; large scale flour mills did not displace small scale grinders which continued to operate through their own niche markets in TTS. Capitalist farmers managing large estates operated alongside PCP farmers who could also be traders in the marketing system or had members of their households working

in the cities or even outside national boundaries which assisted reproduction and even some level of accumulation. Moreover, the activity of commercial capital as well as the state could both continuously preserve and increase PCP in certain parts of the system while undermining it in others (Mooij, 2001).

Moreover, even with the emergence of large-scale industrial capital, commercial capital did not shed multiple portfolios of activities, undertaken in order to specialize more and more in large-scale production. Commercial capital at the top continued to combine not merely processing and trade but even inserted cultivation as part of a complex portfolio of activities. In other words, rural commercial capital rarely ever existed in a pure form but combined several activities at various scales.

Are the complex trajectories that accumulation and exploitation take in such contexts deducible only from an analysis of merchant capital at the apex and its relationship to capitals lower down? Is the co-existence of different scales of production and technology understandable without accepting that a multi-layered marketing system may contain subsystems and niches with their own relative autonomy even as they are interconnected to the overall system (Shanin, 1990)? Moreover, can the continuous reproduction of PCP be understood only through the need that capital has for their existence, without paying any attention to decisions made by these households or the political imperatives of the state (Roseberry, 1983: 207)? Finally, can markets be understood without the social identities of religion, caste, gender and ethnicity that enable networks of trust to emerge but also allow capital to control the labour of women and lower castes for the purposes of accumulation (Clough, 1985; Ebner, 2008; Nee, 2005)?

As is clear from our discussion, by explaining the internal complexities of markets, the institutions that enliven them and the multiple trajectories of accumulation and survival that result through their functioning solely through the lens of capital one risks falling into a

functionalist trap. So while the critical Marxist approach of Banaji and others (Bernstein, 1977; Cowen, 1981) is an essential starting point, it does not on its own provide a framework for a concrete study of capital and the environment in which it is embedded. What is needed instead is a framework that understands agrarian change by 'taking markets seriously, identifying their elements and relations, and which lets in commercial capital, social institutions and the state' (Harriss-White, 2016: 485).

Scholars working on the economic anthropology of markets have paid attention to some of the aspects which govern real markets (such as trust) and have directed our attention to the embeddedness of markets in local institutions. We now turn to this literature.

1.22 –Studying Markets from the bottom up: Economic Anthropology

The fundamental insight of field based economic anthropology of commoditization is a rejection of the 'market' as if it were a 'single integrated exchange environment, particularly in the settings of rural societies in the third world' (Alcantara, 1993: 7). Economic anthropologists have particularly emphasized the importance of trust alongside competition in markets and undertaken penetrating studies that help understand how trust is established in complex marketing relations (Dannhaeuser, 1989; Gudeman, 2001; Wan, 2001).

Kate Meagher's work on small-scale entrepreneurs from Igbo ethnic backgrounds in the shoe and garment cluster of South-eastern Nigeria shows the importance of long established networks of trust between firms in regulating firm behaviour (Meagher, 2010). Combining interviews with surveys of close to 250 firms, she demonstrates how market competition in this cluster exists alongside the widespread practice of sharing tools, information and small scale borrowing among firms, which has enabled the Igbo to emerge as one of the 'few business groups to successfully 'make a transition from trade to manufacturing.' (2010: 5). She also charts the formation of new, more personalized networks with fellow producers that the Igbo

have had to form under the pressures of structural adjustment as substitutes for the declining strength of older, more established networks based on kinship and hometown associations. What the work successfully demonstrates is that even under the ideological hegemony of neoliberalism and formalized exchange, actually existing markets are dependent on a range of informal social institutions.

A powerful recent study of the anthropology of agricultural markets has been presented by Mekhala Krishnamurthy in her ethnographic study of wheat markets in *Harda Mandi*, Madhya Pradesh (Krishnamurthy, 2011). She traces the dramatic change from a wheat market dominated by small commission agents who tied farmers through the interlinking of crop with credit markets in the 1970s to one where these agents are virtually non-existent (Krishnamurthy, 2015: 94). This has also been accompanied by a change from interlinked contracts to '*nagd'* (cash) transactions, aided by the complex political calculus of the ruling party to present itself as 'pro-farmer' in a context where the opposition party's base was among the commission agents. This study also demonstrates just how closely market relations are embedded within the larger web of social relations that need to be captured for a better understanding of underlying processes.

Likewise, Jane Guyer in her study of the commercial circuits in Western Nigeria highlights the importance of an inductive field-based approach. She demonstrates with rich empirical detail how farming in this region has been transformed as a result of providing food for the growing city of Ibadan. Stressing the need for understanding market competition as having a 'thoroughly localized sociology and culture', she demonstrates how the Western Nigerian staple food economy has its own configuration of market attributes that overlap with developed countries such as monetization and competition, but operates in the virtual absence (barring a few key enclaves) of corporate organization, banking, insurance, a complex tax code, and land valuation as a basic element in both public and private asset formation (1997: 19). Moreover,

though farmers respond to price, they do this not on the basis of the reductionist 'rational/responsive' mechanism of methodological individualism. Also, while hired labour has expanded sharply since the late 1960s, this too is managed through long-established institutions.

Guyer calls this complex commercial system a ‘niche economy’ to stress how its innovation and experiment, technological change, widespread use of hired labour and dramatically increasing commercialisation nonetheless do not result on the development of capitalism in the hinterland of Ibadan. There exists not one niche - supplying the food demand of Ibadan — but multiple niches that overlap but are differentiated. Thus, if one occupational niche - for example crop purchase at the farm by specialist bulk traders - becomes more reliable, then this allows other niche occupations to develop and consolidate in relation to it. For instance, it allows for the increasing specialisation by farmers in one line of production for the market, resulting in a smaller degree of crop variety on a given farm.

In a similar vein, Clough’s long-term study of the village of Marmara, Northern Nigeria, identifies a distinct trajectory of economic growth and commercialization that is thoroughly embedded in local history, culture and society. Here the concept of wealth is not limited to the pursuit of capital accumulation, but also includes the provision of adequate means for a man’s multiple wives (polygamy is a sign of high status) as well as having a web of clientelistic relations with kin and friends that involve mutual obligations. The desire to expand ones family through polygamy and circle of friends and relatives through clientelism requires certain obligations that slow down the third form of wealth that ‘farmer-traders’ aspire to attain: i.e. capital accumulation. Thus, economic growth is negotiated through a complex pattern of competition and co-operation where individual well-being is embedded in ideas of mutuality, and where capital accumulation has to be placed within a larger framework of wealth that includes obligations to family and friends. He terms this specific path where deep

commercialization exists in a web of social relations a ‘non-capitalist trajectory’ of growth (Clough, 2014: 85).

While not all forms of production nor all actors involved in circuits of production and exchange are capitalists exploiting wage-labour and there are several layers of petty-commodity producers - particularly those at the bottom rung of agro-commercial marketing systems - we nonetheless take issue with the manner in which the category of capital is dispensed with in much of the economic anthropology literature. As scholars have pointed out, capitalist classes in developing countries are often differentiated into various segments: a segment is ‘a relatively cohesive group within a class having a comparatively distinct location within the process of social reproduction, and consequently, its own specific political economic requirements and concrete interests’ (Zeitlin & Ratcliff, 1988: 8). These interests may sometimes be in contradiction with other capitalists with whom they nonetheless share the same relationship to property and the process of accumulation.

The common lines of segmentation are around scale, spatial location, and social origins, but there can be others as well (see Harriss-White, 2003: chapter 3 for more detail). In much of the developing world, there is a clear difference between corporate capital often located in metropolitan centres, relying for its sources of capital and goods on a national or transnational level; and ‘local’ capital, based in the provincial towns and villages which is embedded in institutions of family, caste and kinship and whose scale of operations, sources of credit and labour are essentially local. This is due to the existence of several ‘pools’ of small markets linked together at varying degrees of tenuousness to national or international markets that give rise to distinct cycles of accumulation, which create opportunities for people to emerge as capitalists (Tyabji, 1981: 151). To equate modern institutions of corporate organization and banking with qualifications for capitalism is to assume that all capitalists are alike and that capitalism develops in an identical manner everywhere.

There are number of excellent field based studies on these non-corporate segments of the capitalist class whose social origins as small traders, farmers and labourers as well as their rootedness in family and caste networks define the nature of their accumulation strategies. Chari has traced how a section of the *Gounder* peasant caste in Tiruppur district transformed into textile and knitwear capitalists, utilizing 'fraternal' caste solidarity in developing horizontal ties with other capitalists and for controlling labour that belonged to the same caste (Chari, 2004: 28-29). The Gounders were dominant groups in villages around Tiruppur and had utilized caste relations to discipline labour in the villages (Heyer, 2013: 320), a strategy which they continue to employ in the industries they own and manage. Similarly, Nadvi has highlighted the role of kinship networks in the development of the export-oriented surgical instruments industrial cluster in Sialkot, Pakistani Punjab, where firms themselves evolve as kinship-based family enterprises and reputation is closely tied to reciprocity within dense social networks (Nadvi, 1999). These 'non-monopoly' segment of rural capitalists, merchants, and medium scale factory owners have also been termed 'intermediate classes' (Harriss-White, 2003; Jha, 1980).

Similarly, Baru has demonstrated how 'regional' capital in the small towns of Andhra Pradesh and Maharashtra emerged through rich farmers investing in industry and trade giving birth to a diversified rural economy, strongly rooted in agrarian capitalism and seamlessly traversing the rural-urban divide in the small provincial towns, a point also made by Rutten in the case of the *Patidar* caste in Gujarat (Baru, 2000; Rutten, 2003). Upadhya's work on the 'farmer-capitalists' of coastal Andhra Pradesh belonging to the *kamma* caste tells a similar story of how the rich peasant segment of this caste used their agrarian surpluses and caste networks to diversify their investment portfolios and emerge as the leading business elite of the region (Upadhya, 1988), and Anita Weiss shows similar processes at work in the emergence of an industrial bourgeoisie from artisanal backgrounds in Pakistani Punjab (Weiss, 1991). Such

groups are often found to have conflicts of interest with more established corporate capital on various aspects of policy.

If one takes Kocka's definition of capitalists then certain farms and firms operating at the local level share key features with corporate capitalists in dealing with uncertainty, taking risks, and most importantly, gearing their enterprises towards capital accumulation. Yet their origins, scale, organizational structure, and strategies of accumulation differ greatly from corporate capital in agro-commercial chains. Our research looks specifically at these capitalists who operate at the level of the local, small-town agro-commercial economy and aims to contribute to this literature.

The study of markets in economic anthropology has illuminated several aspects of real markets that were obscured in only looking at competition in a one-sided manner. However, there is a certain romanticism to many of these studies which tend to only emphasize trust in markets at the expense of exploitation (Plattner, 1989). This may be because of the reluctance in this literature to 'seriously engage with the category of capital' (Roseberry, 1989: 173). Trust and exploitation can easily co-exist and do often co-exist in real marketing systems and privileging one over the other hampers our understanding of their actual workings. Therefore, while the literature in Marxian agrarian political economy tends to focus on merchant capital without embedding it in the AMS, economic anthropology pays much attention to markets and their networks but dispenses with the category of capital altogether. What is needed is an approach that can combine the two.

Finally, real marketing systems cannot function without state and non-state forms of regulation and economic anthropology of markets has often ignored this important aspect. It is to this that we now turn.

1.23 –Interest Groups, State and Social Regulation: the Politics of Markets

As much as the mainstream discourse may de-institutionalize the market, for real markets to function, a whole set of rights and guarantees is required, These include 'definitions of legitimate tender', rules regarding price information, and conventions and penalties, all of which demand a bundle of regulatory institutions (Harriss-White, 1995b). At the apex of these is the institutional ensemble commonly referred to as the 'state' (Therborn, 1978: 148). The nature of the state has been the subject of intense debate among political economists, sociologists, and anthropologists and has spawned a rich and diverse literature that has captured several elements of the logic and working of the state and its relationship to class formation and capital accumulation (e.g. Alavi, 1972; Bardhan, 1998; Kohli, 2004; Rudolph & Rudolph, 1987; Sud, 2012).

The literature on market regulation as well as actual regulative policies reflect two conceptions of agricultural markets among policy makers: one as so flawed that they need state intervention to stabilize prices and decentralize supplies, and the second so competitive that all they need are sites and a set of rules for open auction. Not only are these two approaches to regulation in constant tension, one may also be subordinated to the other, and both to yet other interventions (see Harriss, 1984). Liberalization has meant that the latter conception is becoming increasingly ascendant and especially from late 1980 onwards the dominant understanding within policy circles is that state intervention in markets is the main impediment to development, shifting the terms of the debate from the older question of the 'type of intervention' to a simple binary of 'more' vs. 'less' intervention, with the latter as the ultimate goal (Bernstein, 2010: Chapter 5). The state's role is primarily that of creating unearned bureaucratic rents that are bad for efficiency and equity outcomes, which can only be obtained by 'getting prices right' through the market mechanism.

As scholars of state intervention in markets have shown, however, it is important to make an analytic separation between the regulative mechanism in the discursive annals of official state proclamations and the actual manner in which agricultural commodity markets are regulated. Based on meticulous fieldwork in Karnataka and Kerala, Mooij highlights this gap in the case of India's Public Distribution System (PDS). The state procures a set fraction of the output of licensed grain mills at prices below the current post-harvest levels. This leads to a hike in commodity prices in the residual open market by traders who hide the majority of their produce from the government and sell in the open market in order to compensate for the loss of lower procurement prices. Thus, an attempt by the government to lower prices ends up increasing them for the vast majority of people (since PDS coverage is much more limited compared to open markets) (Mooij, 1999: 232-234).

On the other hand, the higher profit margins through open market hikes attract a range of unlicensed, small scale traders and producers, and the illegal sale of state procured food, with the connivance of government officials, creates livelihoods for a range of unlicensed retailers, transporters and petty manufacturers, all of whom have an interest in perpetuating the existing state of affairs. Thus, while leading to price hikes for the majority of poor people not covered by the PDS, it also creates livelihoods through high profit margins. This hiking of open market prices in response to price fixing by the government has also been noticed in other cases (Jha, 1980; Harriss, 1977; Harriss-White 2008).

Moreover, government policy ostensibly aimed at removing the 'middle man' between producer and state procurement may actually benefit from the creation of an oligopolistic market structure in a staple crop, as Harriss-White demonstrates in the case of the heavily state-patronized rice mill oligopoly in West Bengal (2008). In other words, a standard policy package designed in the abstract cannot be implemented in the abstract - it will be moulded by a diverse array of social forces and its manifestation may be completely unrecognizable from its initial

conception with several unintended consequences. We study the effects of government intervention in the wheat market and the impact of this on capitalist strategies of accumulation.

In the final instance, therefore, whether the state's regulative or incentive structure meets the desired results or whether it morphs into a steady stream of unearned rents depends not just on its internal coherence and connections with society - what Evans calls its 'embedded autonomy' - but also the organizational capabilities of the social groups that are the subject of intervention (Evans, 1995; Schneider, 2013). This can be gauged by studying the associational behaviour of different social groups through their organs for collective action, i.e. traders associations, farmers associations, labour groups, and not to mention a range of caste and kinship organizations that are the stuff of 'modern' civil society in the towns of the global south (Basile & Harriss-White, 1999).

Associations are the foremost vehicles for protecting the interests of a particular social class: they are measures of its internal coherence, organizational power, and self-identity (Cadene, 1998; Lyon, 2003). In the case of small scale rural commercial capitalists, they are instruments for protecting their interests against encroachments by larger corporate capital, the regulative power of the state, and for keeping labour and petty-commodity producers in check (Harriss-White, 1993). In other words, to counter attacks from below and above.

Contrary to mainstream thinking that tends to posit contradictions and tensions between state and market actors, a disaggregated view of the state shows more often than not there is collusion between local bureaucrats and local capitalists. Whether it is helping obtain a contract for a new road, seeking to smuggle goods across provincial or national borders after a ban has been placed, or evading taxes and labour laws, a lot of evidence exists for the increasingly intimate relationship between the local state and dominant groups - in the last resort cemented through outright bribery when other social relations fail to deliver (Fuller & Harriss, 2001;

Jeffrey & Lerche, 2001). The associations of the local elites play a crucial role in helping cement this relation.

1.3 –Summing Up: Diversity, Hierarchy, Actors and institutions in Agro-commercial Markets

Our theoretical framework obtained through a critical engagement with both agrarian political economy and economic anthropology is an attempt to understand *the complexity and functions of real agro-commercial markets; the range of formal and informal institutions that regulate them; the diversity of actors inhabiting them; their strategies for accumulation and survival; and the implications of these for class formation and capitalist development in particular contexts*. It borrows heavily from the framework on marketing systems developed by Barbara Harriss-White through her seminal studies in different parts of India and which has been utilized by others to study the social relations of local capital and markets in other contexts (Crow, 2001; Krishnamurthy, 2015; Olsen, 1996).

The most important feature of the framework developed by Harriss-White is its creative use of complex systems theory with Marxian political economy to study the nature and functioning of agricultural markets. Complex systems theory aims to analyse the functioning of highly organized but decentralized systems composed of very large numbers of individual components (Beinhocker, 2006). It recognizes the ability of complex systems to configure their component parts in an astronomically large number of ways (i.e. they are complex), the ability to change both in response to environmental stimuli and their internal development (i.e. they are adaptive) but nonetheless demonstrate recognizable, stable patterns in their configuration and reproduce themselves in a non-equilibrium manner (Foley, 2003: 1-2).

Complexity theory was developed in the natural and biological sciences and was first utilized in the study of agricultural markets by Rolando Garcia through the 'Food Systems and Society' research program under the auspices of the UNRISD (Garcia, 1979). However, to date its fullest implementation in the context of agricultural markets in the developing world has been through the work of Harriss-White. Though our thesis does not study marketing systems in the same detail as her work, the emphasis on markets as systems with various subsystems and niches, the variety and complexity of firms and farms in a context of formal and informal institutions as well as the existence of stable economic hierarchies draws considerably on her work.

The following are the most salient features of studying complex agricultural commodity markets:

First, the different *elements* and *flows* of a particular agro-commercial marketing system (AMS) - by elements we mean the firms and farms in all their diversity and differentiated economic power (e.g. from petty-traders at the bottom to highly capitalized mills at the top); their particular forms of organization (family based, partnerships etc.); and technologies of production and exchange. This requires gathering quantitative data on variables such as costs and profits, which involves great care in a system where profit itself may be a residual claim on a family firm (where labour costs are not included) or where depreciation costs are extremely difficult to calculate (in the case of certain agricultural implements for example). Nonetheless, these markets are often hierarchical, which requires getting a sense of the distribution of assets (including land) within the marketing system.

At the same time - as empirical research demonstrates - there is a tendency for a range of firm types and technologies to co-exist and persist rather than converge towards a prototype. The thesis aims to convey a sense of this duality, i.e. the existence of a range of different types of

firms performing different functions without converging towards a singular type as well as the clear concentration of economic power among certain strata within markets.

Relations and flows between elements, on the other hand, take the forms not only of commodities (transported, stored, processed – with by- and by-by- products subject to the same logistics), but also of money, information (especially about prices), and energy (human animal, renewable and fossil). Mapping these is essential for gaining an understanding of the dynamics of the system.

Second, the *instituted behaviour* which maintains order within these systems: this includes contracts within and between firms that may be, but are not always, the sites of class conflict and power. All institutions reflect power and capillary power pervades the non-economy as well as the system of markets (Harriss-White, 2005). If the system is conceived as having boundaries then power is both endogenous and exogenous. It flows through socially engineered organisations noted among which are business associations and lobbies, but also through social/'cultural' institutions such as the caste structure, *biraderi* (kinship relations) patriarchy, ethnic solidarity, religious authority and the multifarious practices of locality. Often reduced to social capital or networks, the power exercised through these institutions has a unique and fluid character. The *state* supplies order, even indirectly to the informal non-state-regulated economy. Yet, the notion of order does not mean the system is free of tensions and conflicts that shape the evolution of markets in determinate, often unexpected ways. We aim to capture these tensions for the commodity markets we study in our thesis.

Third, the *strategies and motivations of actors* themselves in dealing with marketing systems: as is evident by now, our understanding of agricultural markets is not limited to buying and selling of goods but involves a range of other actions such as controlling the supply of marketable surplus, production, regulating labour, credit relations, engaging in and restricting

competition, managing risk and uncertainty, and maintaining relationships with the state. A study of marketing systems must therefore necessarily involve a study of the strategies firms and farms use to undertake these activities and the motivations behind them. The thesis aims to highlight some of the important strategies that actors use to accumulate capital subject to the system of markets.

Finally, we try and study the impact of these strategies of actors, particularly how they move across the AMS on class formation in the two areas. In one area, diversification by capitalist farmers has led to a greater integration with traders who are non-landed to create a relatively coherent rural-commercial capitalist class (RCC) which nonetheless is internally fractured along political and status lines. In the other area, diversification across the AMS by farmers from 'peasant' backgrounds have created an RCC with strong roots in the countryside, even as agriculture in the area declines in absolute terms. These different strategies of diversification across the sections of the AMS have great implications for class formation (both ruling and exploited though our focus is on the former) and understanding the diverse paths of agrarian change unfolding in different parts of the world.

A final caveat is in order –the markets we studied were entirely dominated by men particularly at the apex of the marketing system. Owing to the invisibility of women as property owners (particularly capitalists) and the difficulty of access owing to social taboos, we decided not to study gender in the AMS. Nonetheless, we accept that a holistic understanding of markets cannot ignore gender and perhaps the invisibility of women at the apex of the hierarchy itself speaks about the gendered nature of these markets.

Conclusion

This chapter has provided an overview of the eclectic theoretical framework that we employ to study agro-commercial markets and the actors and institutions that constitute them. We

highlighted how the complexity of real markets cannot adequately be understood within neoclassical and NIE frameworks based on methodological individualism and rational choice; and that GVC analysis, though illuminating in certain respects, fails to convey the complex institutional configurations of real markets and the strategies of capitalists, particularly in the rural-urban nexus that is the subject of our study. Instead, we proposed a critical engagement with the political economy of agrarian change literature due to its emphasis on the centrality of class formation and capital accumulation.

Moreover, its recognition of the opportunities for exploitation and resource extraction through exchange relations is essential for any concrete study of agro-commercial markets. Yet political economy requires an economic anthropology to help ground the dynamics of capitalist development into local contexts with all their complex histories. By combining insights from these and highlighting the role of institutions, actor strategies and their impact on market outcomes, a deeper understanding of the paths to agrarian commercialization and capitalist development can be obtained.

Contrary to mainstream views, we see markets as historical entities that require understanding of their evolution through time. We begin our study of rural-commercial capital in Pakistani Punjab through a historical overview of commercial development in this once important agrarian province.

Chapter 2 –Lineages of Rural-Commercial Capital: Markets, Class and Agrarian Change in Colonial and Post-Colonial Punjab

Introduction

The formation of different classes, the axes of segmentation *within* the same class and the strategies used by classes to survive and thrive within the AMS are at the centre of our work. It is through the study of the institutions that regulate agricultural markets, the actions and motivations of the groups that inhabit them and the dialectic between the two that we can develop a more concrete understanding of the specificities of capitalist development which takes a variety of forms particularly in its agrarian and small-town manifestations (e.g. Basile, 2013; Haynes, 2012). Based on field research into agro-commercial capital our study aims to be sensitive to local context, institutions and power relations all of which are not simply logical constructs but historically constituted entities (Hodgson, 2001). It is therefore impossible to understand the contemporary research without placing it in the historical context of the region that forms the site of our fieldwork.

This chapter therefore provides a background to the development of agro-commercial capitalism in present day Pakistani Punjab, with particular focus on our two field areas, their similarities and contrasts. We show how rural-commercial capitalists that occupy a position of prominence within the agro-commercial marketing system of small-towns and villages initially emerged out of the twin imperatives of productivity and order that the colonial state sought to attain. Furthermore, we demonstrate how this 'intermediate' or 'provincial' segment of the capitalist class -which can be differentiated from the corporate capitalist segment (also known as 'monopoly' or 'national' bourgeoisie in the literature (e.g. Alavi, 1998; Kochanek, 1983) - has itself evolved out of 4 different caste/status groups: a) aristocratic landlords; b) 'peasant' cultivators; c) non-agrarian mercantile castes and 4) *kammi* groups (the service/artisanal/menial 'lower' castes who are extremely important for understanding class formation in one of our field sites). This highlights how concrete class formation is a historically constituted, yet

incomplete process that constantly reconfigures and interacts with other axes of identity and social power (Fantasia, 1995: 275).

It is our argument that in the post-Green Revolution era these four status groups have evolved into a more coherent 'provincial' rural-commercial capitalist class; nonetheless, their different origins are important in understanding both their attitude towards accumulation as well as the continuing tension between class and social/status positions that persists to this day. Finally, we evaluate the imperatives faced and strategies employed by different agro-commercial groups in both the colonial and post-colonial context particularly with respect to markets, labour and state policy in order to provide an understanding of how these had changed by the time of our fieldwork in 2012-13. In doing so, we also assess how far the Leninist schema of landlord and peasant led capitalism is useful in understanding agrarian change in Pakistani Punjab or if it needs to be replaced by a more complex framework that does not pre-suppose 'agrarian capitalism' as an endpoint and is mindful of status identities, state policy, as well as the role of mercantile groups in understanding agrarian change.

The chapter is divided into three parts; in part one, we trace the origins of the agro-commercial marketing system beginning with one of the most important projects of social engineering ever attempted: the construction of the world's largest system of perennial canals in colonial Punjab and the contradictory imperatives of social stability and economic growth it generated. We show how state policy helped increase agrarian commercialization and dynamism while simultaneously helping to enhance the divisions between the gentry, peasantry and mercantile castes. State policy provided the context for commercialization but the specific forms that it took owed a great deal to the accumulation and survival strategies of social groups within them. In the second part we trace the further development of rural-commercial capital particularly with the advent of the Green Revolution and how the aforementioned four status groups began to come closer as a more coherent rural-commercial capitalist class.

Finally, in the third section, we bring the discussion to our two field areas, highlighting the different paths to agrarian transition they have taken and how the Leninist schema of agrarian transition from 'above' and 'below' pre-supposes a teleological move towards a full blown agrarian capitalism and neglects the role of non-agrarian mercantile groups in both aiding and impeding the transition. Throughout we show not only how seemingly 'pre-capitalist' social relations like 'share-cropping' and primordial institutions like 'kinship/caste' are entirely compatible with commercialization and capital accumulation but also how these are manifestations of the type or variety of capitalism that exists in our field areas.

Map 1 –Colonial Punjab circa. 1880



Source: Ali, 1988

2.1 - Technology and Commerce: Productivity, Identity and the Lineages of Class in Rural Punjab

2.11 –The Rule of Order: State Policy and the Bureaucratization of 'Kinship'

When the British conquered Punjab in 1849, it was the last province to be annexed by the Company before the 1857 revolt brought it under the direct rule of the Raj. The province that was conquered included present day Indian Punjab as well as parts of the North West Frontier Province (now called Khyber Pakhtunkhwa) (Map 1). In the western part of the Punjab, the *bars* (pastoral highlands) beyond the Sutlej were a vast scrubland stretching all the way to Multan in the South West (Map 2). They had an arid climate and apart from a few places of settled agriculture near river banks, were largely inhabited by nomadic pastoralists who traversed the landscape with their camels and herds, a scenario that was an anathema to the colonial state's idea of 'order' and 'progress'. By the 1880's, these vast scrublands were taken over, reclassified as *rakh* (wasteland), mapped, surveyed and bounded (Bhattacharya, 2012: 1)

The high-minded ideologies of order and progress co-existed with more mundane needs such as that of finding new raw material and food grain markets for their industries, enlarging the revenue base and decreasing the demographic pressure on land in the districts of Eastern Punjab (Islam, 1997: 14). These considerations combined in the construction of nine canal colonies between 1886 and 1930 in the largely pastoral areas opening 10 million acres of irrigated land for cultivation and comprising the largest canal system in the world at the time (Fox, 1985: 53). Over these huge new tracts, thousands of families were settled from the Eastern wing of the province, accompanied by their artisanal servants, pejoratively called 'menials' by the British and *kammis* by the *zamindars* (landowners). By the early 1930s the population of the canal

colonies had begun to overtake that of the older settled districts and today comprise the most densely populated parts of Pakistani Punjab (Heitzman, 2008).

Map 2 –Punjab Canal Colonies



Source: Ali, 1988

As scholars have shown, the colonists aimed delicately to balance the logic of commercialization and revenue generation with that of maintaining hierarchy and social order (Akhtar, 2006: 483). The latter could best be guaranteed in their view, if the rationalized bureaucratic authority of the colonial state rested on cultural foundations that were 'indigenous' to local society, especially in the wake of the 1857 revolt. The legitimate basis for bureaucratic authority was to be found in the affective bonds of *biraderi* (kinship/tribe) solidarity which colonial officials believed was the defining feature of Punjabi society (Gilmartin, 1994: 5). The term literally means 'brotherhood' denoting the principle of common descent among a group of people and while this may be possible to trace for a small group living in a locality, it is

impossible to track for a larger entity such as for example, the *Jats* and their various *Goths* (sub-*biraderis*) (Ahmad, 1972). So in practice *biraderi* relations often manifested themselves in expectations of (often unequal) reciprocal obligations between members who notionally consider themselves to be hailing from common ancestors.

What mattered for the British was less the complexity and fluidity of actual *biraderi* relations but their conversion into rational legal categories as a means of stabilizing rural society (Gilmartin, 1988: 20-21). Punjab was considered different from Bengal, where 'Hindu Law' set out in upper-caste texts was to be the defining feature of the legal order. Instead, it was argued that the various *biraderis* of rural Punjab were governed by 'customary law', the central tenet of which was the preservation of the agnatic brotherhood through inheritance of land within the 'patrilineal' family (Nelson, 2011: 34). It was only through the codification and enforcement of 'tribal' customary law aimed at preserving the coparcenary body of village proprietors that the British could best guarantee their alien rule. As C.L Tupper, one of the chief architects behind the codification, explained in the following words:

"It is through the tribe and clan that Government can gain its firmest hold on the inclinations and motives of the people. The people can be led by their own leaders. It is much easier for a foreign Government to deal with organized bodies of men, through those who can be trusted on both sides, than with miscellaneous hordes of individuals" (1881: 17)

These 'leaders' were to be identified from among the various agricultural 'clans' and quite often created where they previously did not exist. The latter was especially the case in the canal colonies that were previously inhabited mostly by pastoralists with social relations different from the agriculturalists of central Punjab. Thus, a duality was created whereby the state recognized individual property rights based on payment of revenue through the law of contracts, while on the other hand, in crucial matters such as land inheritance, law was to follow

the ‘custom’ of preserving the property of the patrilineal family (Bhattacharya, 1996: 21). Most importantly, the conception of kinship shaped the regime of property rights that the British instituted in the area: a stark division was instituted between ‘agriculturalist’ and ‘non-agriculturalist’ tribes and the latter were legally barred from owning land for cultivation through the passing of a remarkably paternalistic legislation, the Land Alienation Act of 1901 (Barrier, 1965: 54).[8]

The practice of tying agricultural property with certain ‘castes’/‘kinship’ groups through customary law and its culmination in the Land Alienation Act was of immense significance for it turned land into a hereditary property that could only be transferred to the next of kin within the patrilineal family of kinship groups that the law recognized as ‘agricultural castes’. As such, ownership rights were completely denied to at least three sets of groups: i) women who had no customary shares in land according to colonial understandings; ii) a majority (though not all) pastoralists inhabiting Western Punjab before the construction of the canal colonies; iii) ‘non-landed’ labouring (*Kammi*) service (or ‘lower’/menial) castes, many of whom made contributions to production as labourers, service providers and tenants (Ali, 1988: 44). By legally sanctioning and reifying ‘cultivating castes’, the state sought to create a cohesive pro-British agrarian bloc out of the diverse types of landowners that existed in this vast province, pitting urban groups, most of whom belonged to Hindu mercantile castes against mostly Muslim and Sikh landowners (Wilder, 1999: 69).

However, the cohesive landed elite that the British were seeking to patronize was not as homogeneous as they had initially thought but differentiated along axes such as attitude to cultivation, size of landholding as well as status/caste background. This made the process of

[8] The non-landed *biraderi* included both the non-landed trading groups, the overwhelming majority of whom were Hindu although there were some Muslims, as well as the vast majority of non-landed ‘lower’ castes, including the so-called untouchables or ‘Dalits’.

class formation wrought with tensions and set the stage for the diverse origins of rural commercial capitalism in Pakistani Punjab.

2.12 - Imperative of Productivity: the 'Peasant' and the 'Gentry' in Colonial Punjab

The creation of a cohesive agrarian bloc that was primarily driven by the imperative of order and legitimacy was only part of the driving logic behind canal construction. This is because the Raj was also interested in enhancing the productivity of agriculture through irrigation. In order to do so, colonial officials were careful in selecting who they thought should obtain land grants in the new Western agrarian frontier (Fox, 1985: 58).[9] Here they were once again guided by a peculiar mix of colonial ethnography and English political economy, but instead of the cohesive agricultural interest they sought to create through paternalistic legislation they came to identify two main types of 'agriculturalist' households according to their status and attitude to farming (Mooney, 2013: 279).

The first was the self-cultivating 'yeoman' peasantry, whom the British identified as the backbone of Punjabi society as well as the 'finest cultivators' in the land (Darling, 1928: 43). Since the area where canals were being constructed was largely inhabited by pastoralists, the title of 'finest cultivators' referred to the peasant cultivators of central (now Eastern/Indian) Punjab. Chenab Colony, the earliest and the largest of the colony areas, was begun in 1892 and the vast majority of land settlements were made as 'peasant' and 'yeoman' grants (14 to 60 acres per household for the former and 55 to 160 acres per household for the latter) to the upper-strata of Eastern Punjabi farmers or what Orientalist ethnographers called the 'peasant agricultural castes' of *Jatts, Arains, Kambohs, Sainis* and *Gujjars* as well as a few other smaller peasant castes (Chaudhuri, 2008: 362). The rationale behind such a policy reflected the desire

[9] A major reason for this was that the British needed to find new locations for their raw material and food needs, especially in the wake of the 'cotton famine' at the end of the American? Civil War (Islam, 1997: 15-16).

to increase productivity given the technological and ecological constraints at the time (Islam, 1997: 15). The self-cultivating peasant took pride in tilling his land and utilized his own and his family's labour intensively over a small area, leading to greater output. All that was needed was to provide him with enough land, adequate irrigation and access to credit and he would be able to produce hefty profits for himself as well as handsome revenues for the government.

Chenab Colony (Map 2) is where our first field site Toba Tek Singh (henceforth TTS) is located. Around 240 km south-west of Lahore, it was settled as a canal colony area during the British Raj and was a *tehsil* (sub-district) of the Lyallpur district (present day Faisalabad) till 1982 when it was upgraded to a district. Lyallpur was regarded as the most prestigious of the canal colonies by the British where, between 1891 and 1941, approximately 1.3 million people were settled from the densely populated parts of Eastern Punjab (Agnihotri, 1987: 53).

The district was overwhelmingly populated through 'peasant' grantees that received around 80 % of total grants and hailed primarily from the districts of Jalandhar, Hoshiarpur (present day Indian Punjab) and to a lesser extent, Lahore (Ali, 1988: 21). This was followed by 'yeoman' grants of up to 10% of total land allotted, where yeoman referred mostly to the more resourceful of the 'peasant' proprietors and was as such simply their extension (Agnihotri, 1987: 130). In TTS, the most prominent of the 'yeoman' and peasant castes were the *Arain*, a traditional Muslim clan of small holding 'market gardeners' who were considered among the 'finest cultivators' by British ethnographers due to their intensive use of family labour (Ibbeston, 1916: 193-199). The number of *Arains* in TTS *tehsil* far exceeded that of any other group, followed by Sikh and Muslim *Jats*, so much so that one colonial observer referred to it as '*Arainistan'* (land of *Arains*) (Gilmartin, 1988: 141).

The land distribution and commercialization of agriculture in TTS therefore correspond most closely to Lenin's formulation of the 'American' (or peasant) path to agrarian development

where self-cultivating peasants spearheaded the transition towards capitalist agriculture, also referred to as 'capitalism from below' (Byres, 2003; Lenin, 1977). Due to a combination of irrigation and initial distribution mainly geared towards 'peasant' households from 'agricultural' castes, those able to take advantage of the new export market in wheat and cotton that grew in these areas were mainly from cultivating castes such as *Jats* and *Arains* (Darling, 1928: 135-136).

Therefore, the initial land distribution in this area was low and it continues to be relatively less unequal than our other field area (though by no means egalitarian since lower-castes were excluded from land ownership and many early grantees now have tiny plots left through four generations of subdivision of land through inheritance laws). Land is mostly held by the cultivating castes, most notably *Arain* and *Jats* (see Table 2.1). How far was this growth sustained and did it eventually lead to a dynamic agrarian capitalism? These are questions we explore later, though it is important to bear in mind that commodity production does not necessarily lead to full blown capitalist development in agriculture (Williams, 1988: 385).

Table 2.1 -Area and Land size in TTS in 2013

Farm Size (acres)	Number of Farms		Farm Area		Cultivated Area		Average Size of Farm	
	Total	%	Total	%	Total	%	Farm	Cultivated
< 5	59801	60	130806	22	125439	24	3.4	3.3
5 < 12.5	28791	30	215383	36	202437	38	7.7	7.25
12.5 < 25	6351	7	105420	26	102277	20	16.6	16.1
25 < 50	2859	3	56437	16	54546	18	30.4	29.3

Source: District Agricultural Department

But all land was not simply distributed to the 'peasant' and 'yeoman' grantees, since the British could not simply ignore the old upper caste absentee landed gentry of the Western tracts. According to colonial authorities these men, 'wedded to the idle pursuits of aristocratic life',

were either uninterested in farming, or unable to manage their estates given their sheer size (Darling, 1928: 34). They were 'thriftless, extravagant…and by all accounts the worst cultivators' (*ibid*) but due to political expediency they had to be accommodated within the settlement process. As lieutenant Governor of the Punjab Michael O'Dwyer put it succinctly, the landed gentry as a class was, in comparison to others:

"*declining in wealth and influence owing to various causes such as the recurring partitions in each generation of ancestral lands and in some cases even of jagirs (estates), the simultaneous rise of a prosperous middle class, and the growing wealth of the peasantry as a whole. But its members are still – and if properly handled should continue to be - an important political asset and a great support to the district officer and to the administration generally in dealing with the rural classes. Little has been done for them in the various colonization schemes compared with what has been done and what it is proposed to do for the peasantry, and the present scheme offers one of the few opportunities still left for assisting them and strengthening their position."* (O'Dwyer, 1882, quoted in Agnihotri, 135)

The extent of 'gentry' grants increased greatly between the construction of the Chenab Colony with its domination of peasant and yeoman grants and the Nili Bar and Sohag Para Colonies (See Map 2) in the early 1900s. The 'gentry' grants were on average much larger in size (150 to 360 acres in many districts to thousands in some) and were almost exclusively managed and cultivated on a share-cropping basis (Mukherjee, 2005: 110). In districts such as Montgomery (which has now been broken into the districts of Sahiwal and Okara, the latter being where our second field area is located) in the Nili and Sohag Para colonies, gentry grants covered close to 20% of the area and were mostly given to the upper caste Muslim *Ashraf* (meaning 'nobility' mainly *Syed* and *Pathan biraderis*) as well as to Hindu and Muslim *Rajputs* (Ali, 1988: 73). While these categories increasingly overlapped with one another over time, settlement policy had a bearing on the nature of the land ownership structures that were created in the canal colonies of present day Pakistani Punjab.

Depalpur, our second field site corresponds more closely to this type of land ownership regime; it is the name of a *tehsil* (sub-district) in district Okara as well as the town which acts as the headquarters of this *tehsil* (see map 3).[10] The town is located approximately 150 km South-West of the provincial capital Lahore within the Nili Bar canal colony districts. While Depalpur was one of the few towns in the region that preceded the construction of the canal system, it underwent a considerable decline afterwards as neighbouring Okara (all of them part of Montgomery district, present day Sahiwal, at the time) transformed from a pastoralist area to a bustling *mandi* (marketplace) town within the space of fifteen to twenty years. Established in 1915, Okara had grown to 20,000 inhabitants by the time of the first census in 1931. This was primarily due to its location near the railway system that the British laid down.[11] The 1931 Punjab census report captured this phenomenon in the following words:

"*The decaying older towns of Kot Kamalia, Dipalpur, Gugera and Shahpur ceased to be important because many of their inhabitants moved to colony towns such as Lyallpur, Okara, Montgomery, Sargodha, Gojra etc*" (Government of India, 1931: 91).

As a key military outpost, Depalpur was an area of considerable importance during the pre-colonial Mughal period and had a heavy presence of the old landed gentry within it (Vandal, 2004: 12). The British realized they needed the services of this group and sought to win it over through land. As a result, even though a large number of peasant grants were given out, the 'gentry' allotments were of considerably greater importance in this area compared to Chenab colony (Ali, 1988: Chapter 4). This had a profound impact on the land ownership structure in the district, with very large landowners comprising a high proportion of total cultivated land to

[10] For a basic understanding of the administrative divisions in Pakistan see (Hasan & Raza, 2013: Chapter 1)

[11] During the British period Okara was a *Tehsil* of Montgomery district (present day Sahiwal) and became a district in 1982 while Depalpur became a sub-district of Okara in the same year.

this day (Table 2.2). At present, even though many of the large landowners belong to the old upper caste gentry (mostly *Syeds* and *Raputs*) a number of households from 'peasant' castes have also become large scale capitalist farmers.[12] But the *form* of the large landed estate, similar to the *Latifundia* in Latin America and the dominance of the old landed elite has remained, a fact that has had immense significance for the trajectory of capitalist development and class formation in the area.

Map 3 –Okara District with Depalpur sub-district



Source: (Javed, 2011: 15)

Table 2.2 -Area and Land distribution in Depalpur

Farm Size (acres)	Number of Farms		Farm Area		Cultivated Area		Average Size of Farm	
	Total	%	Total	%	Total	%	Farm	Cultivated
< 5	66425	54	150147	16	143349	18	1.8	1.7
5 < 12.5	36935	30	271210	30	262967	32	7.7	7.4
12.5 < 25	14166	12	226775	25	217655	27	16	15.4
25 < 50	3098	3	99734	11	92617	11	32.3	29.9
50 < 100	879	1	55485	6	52362	6	63.1	59.6
100 < 150	175	*	21286	2	16473	2	121	94.1
150 >	221	*	71154	8	31027	4	322	150.4

Source: Agricultural Census 2010

[12] The *Syed biraderi* (kinship group/clan) claim to be descendants of the Prophet Muhammad and occupy a position similar to Brahmins in Hinduism as religious leaders and saints, while *Rajputs* are descendants of the old warrior caste. Neither of them is attached to their traditional occupations. For a basic understanding of the caste system in Pakistani Punjab see (Ahmad, 1977).

As can be seen from the table, the large landowners (usually understood to be owners of more than 100 acres) control a considerable amount of land in proportion to their size in the farming community. However, it is important to point out that official statistics both over-estimate as well as underestimate the extent of land concentration. In response to the 1959 land reforms, many large landowning families started distributing their lands in the name of their heirs and close family members (even trusted servants in some cases) to circumvent the landholding ceiling of 500 acres of irrigated land set by the government (Herring, 1983: 148). On the other hand, the separation between ownership and actual cultivation through tenancy means that land can be cultivated by 'outsiders' with access to capital who can increase their incomes without recourse to direct purchase.

As against the 'American' or peasant led path to agrarian transition, Depalpur presents a picture much closer to the 'Junker'/landlord or Prussian Path highlighted by Lenin, where instead of the self-cultivating peasantry, it is the traditional landlords who transform their estates toward capitalist farming utilizing the labour of their erstwhile serfs, as a result of which the transition is much slower and coerced forms of labour deployment are often the norm (Lenin, 1972: 328). It is important not to translate the 'caste' differences between the gentry and the peasants directly into agricultural productivity. As Eric Stokes notes, even the British were aware that more than some innate caste characteristics, it was the nature of the land itself which was the key to determining agricultural productivity and attitude to farming, with many *Jats* acting like the thriftless gentry in areas of *barani* (rainfed) agriculture while the *Rajputs* were much more interested in farming in places where land could profitably be cultivated (Stokes, 1978: 233-234).

Nonetheless, the existence of different kinds of agrarian property and their embedding in kinship and underlying caste relations had real consequences for class formation. As Weber has reminded us, social differentiation exists not only on 'economic class' lines but also by 'status' which refers to the ranking of groups along a social estimation of 'honour' gauged through the specific 'style of life' that members of the same status are expected to have (Weber, 1978: 305-307). In general, status group membership is based not on wealth but on social prestige and styles of life, particularly for traditionally dominant groups in the form of inherited prestige (like aristocratic landlords) (Bendix, 1966: 87).

Yet because class is a multiform phenomenon it can either exist on its own or in interaction with other axes of differentiation: modern class relations have often evolved out of a complex interaction with prior social status groups, particularly in highly stratified traditional societies undergoing modernization which requires attention (Batatu, 1979: 232). Therefore, not only were the peasant and aristocratic landlords different in terms of the size of land ownership and methods of cultivation, but more fundamentally, they represented two distinct status groups in terms of their caste rankings in society. It was out of these that the British sought to create a homogeneous 'agrarian bloc' and though both social groups subsequently produced 'agrarian capitalists' through the increased penetration of commercialization, they emerged from distinct segments of rural society.

The mercantile castes - largely Hindu but with a small Muslim presence, most notably the *Sheikhs* (Papanek, 1972) - who had legally been barred from owning land under the controversial Land Alienation Act 1901 (Section 2.11) represented another distinct status group whose profession was generally frowned upon in traditional society. At the bottom rung were the non-landowning 'service'/artisanal castes that were pejoratively referred to as *kammis* (whom we term 'service castes'). Thus, four distinct status groups in terms of caste rankings existed when canal colonization began to change the social fabric of the Punjab.

We next discuss the emergence of agro-commercial marketing systems for cotton and particularly for wheat which was the main export commodity in colonial Punjab - and how this shaped the process of class formation out of prior status groupings.

2.13 - Canal Irrigation and Dynamism: Diversification and the Burgeoning Agro-Commercial System

Scholars belonging to the nationalist school of thought have argued that Punjab was in no way a dynamic region of agricultural growth and despite the huge sums of money spent on canal construction, agriculture remained mired in low productivity and dispossession of the peasantry along with the rest of India (Hamid, 1982; Mukherjee, 2005). They reason that instead of reinvestment in agricultural productivity, most of the surplus was appropriated as rent and interest due to the fact that a large proportion of land in the areas was cultivated on share-cropping bases and most farmers borrowed money from usurious landlords. This argument is similar to the influential 'semi-feudal' view of Indian agriculture most eloquently articulated by Amit Bhaduri (Bhaduri, 1983) whose formulation Mridula Mukherjee wholeheartedly endorses for Punjab.

But other historians have pointed out that although by no means sustained, canal irrigation alongside the steady growth of the railways, did indeed lead to considerable bursts of commercial activity (e.g. Blyn, 1966; Islam, 1997; Pray, 1984). A more disaggregated picture, especially one that separates irrigated from un-irrigated tracts points to greater agrarian dynamism in the canal colonies. As Table 2.3 shows, the preference for cash crops was much higher in irrigated areas (the majority of which were in the canal colonies) than in un-irrigated ones. Furthermore, data also reveal a greater increase in both extensive and intensive cultivation (the latter clearly more than the former) beginning in late 1800s especially after the introduction of new wheat and 'American' cotton varieties.

Table 2.3 - Weightage and Output of Groups of Crops 1921

Year	Cash Crops		Minor Crops		Food Grains	
	A	B	A	B	A	B
1907-16	17	8	20	28	83	92
1917-26	21	8	18	28	79	92
1927-36	21	7	17	26	79	93
1937-46	23	8	17	26	77	92

A = Irrigated; B = unirrigated **Source: Islam, 1997: 68**

Table 2.4 -Trend Rates in acreage and yields in Colonial Punjab

Crops	Acreage				Yield	
	1887-1900		1906-46		1906-46	
	A	B	A	B	A	B
Total	2.4	-3.1	1.4	-0.2	0.8	-0.1
Cereals	1.8	-3.7	1.0	-0.2	-0.01	-0.02
Wheat	2.0	-2.2	0.9	-0.1	0.2	-0.04
Cotton	4.3	-2.8	2.9	-2.5	1.8	0.5
Cash Crops	3.5	-4.6	2.3	-1.6	0.9	0.2

Sources: Islam, 1997; Pray, 1984

The construction of railways alongside the increase in agricultural production gave rise to new *mandi* (market) towns for the handling of agricultural surpluses (Hasan & Raza, 2013: 12). Karachi, till then a small fishing village at the coast of Sindh, quickly emerged as a port which connected the Punjabi heartland to the rest of the world (Cheesman, 1997: 49). More than cotton, it was wheat that became the primary export crop of the Punjab canal colonies and was considered one of the main zones of wheat production in the burgeoning world wheat market that began to develop from the late 19th century onwards (Friedmann, 1978: 549). The main export destination for Punjab wheat was Europe (especially Britain), where it 'filled the gap in June and July between the American and Australian crop' (Fox, 1985: 35). The integration into global commodity circuits mean that wheat production (and cotton to a lesser extent) was highly susceptible to fluctuations in external demand and supply –prompting one colonial

observer to remark that 'the price of crops in Punjab depends not on local conditions but on the price in Liverpool' (Calvert, 1936: 12).

Like the complex 'commodity chains' described by Banaji for indigo, jute and sugarcane, wheat was also exported through a transnational export system involving various intermediaries (Nazir, 2000). At the top of the hierarchy were large British trading firms with an 'extensive organization comprising several branches in the various market towns across the province', whose agents bought crops from farmers of different sizes and types, ranging from petty producers to landlords. They often faced stiff competition from local warehousemen (large traders) also seeking to buy the produce post-harvest at low prices but aiming to sell for a profit to the exporter's agents (Wright & Davis, 1927: 358).

A majority of large local traders were Hindus belonging to mercantile castes that we introduced above (such as *Khatri, Arora* and *Bania*) which played a significant part in intensifying communal tensions in the region (Fox, 1984: 469). In the close to fourteen new *mandi* towns that grew up in the canal colonies between 1880-1910, they began to take advantage of the new opportunities by investing heavily in agricultural trade - and a minority of them began using these surpluses to diversify into agro-processing (Bhattacharya, 1985: 311).

The main method for exerting control over marketable surplus was the provision of loans to different types of cultivating households (Darling, 1928; Hamid, 1982; Mishra, 1982). However, contrary to the claims of the 'semi-feudal' school of thought, the objective was not to earn interest like 'traditional money-lenders' but to 'control prices of purchase and sale and ensure regular channels for the supply and disposal of commodities' (Bhattacharya, 1985: 307). In other words, these were not an unproductive 'drain' as orthodox Marxian formulations of 'merchant capital' would suggest, but 'crop-tying' loans meant to facilitate 'production' by the farmer often with the condition of giving up the produce at a lower price to the financier (e.g.

Gill, 2004; Harriss-White, 1996; Olsen, 1996). Therefore, advancing productive finanace to peasants in order to exert control over commodities (especially wheat) whose export prices were increasing was perfectly compatible with the profit motive

But the strategies of traders were not confined to control over marketed surplus produced by peasants but included direct control over land and cultivation itself, even when legislation explicitly forbade them from doing so. Traders used techniques such as '*benami'* transactions (transactions of un-named property) in collusion with petty revenue officials to purchase land but also gained usufruct rights as 'tenants-at-will' over the lands of their debtor peasant households (Islam, 1995: 285). In this way Hindu commercial traders from non-agrarian castes were able to undercut the Land Alienation Act prohibiting land transfer to them and came to control a significant amount of land directly and indirectly.

But the impact of these complex markets was not the same for all farming households. Through their integration into the burgeoning transnational marketing system, a majority of peasants were transformed into petty-commodity producers (PCP) who had to sell their produce to merchants at below market prices. However, as other scholars have shown, a substantial stratum of 'rich peasants' also emerged that took produce directly to the market and received a high price, sometimes even 'negotiating directly with export agents' (Agnihotri, 1987: 88; Bhattacharya, 1985; Islam, 1997). Some of them even took advantage of the state's attempts (partially successful) to undercut the 'merchant-financier' by using their agrarian surpluses to enter the agricultural commodity trading business, leading to the rise of the 'agriculturalist moneylender' (Raulet, 1976: 207).

As is clear from the discussion, the integration of agriculture into regional and global capitalist circuits was a system full of tensions and contradictions, where trading companies had control over certain strategic nodes but not the entirety of the chain, while both local traders from

Hindu backgrounds as well as certain sections of cultivators had room to manoeuvre as well as considerable ability and capacity to accumulate. There was no clear tendency toward class polarization with a group of rural capitalists on the one hand and proletarianized labour on the other (Mukherjee, 2005) but this did not mean that agriculture was not subsumed in capitalist circuits. Most importantly, a section of farmers and traders were both diversifying across the agricultural marketing system which could be seen as the beginnings of the integrated rural-commercial capitalist class that is analyzed in the thesis.

Thus, already in the early 20th century there was a burgeoning agro-commercial marketing system in which certain section of traders and farmers were increasingly interconnected and the boundaries between them were beginning to blur. Although agricultural growth in the canal colonies of pre-partition Punjab was not sustained for a long period and never morphed into a full blown agrarian capitalism based on hired wage labour and constant improvements in technology, it was nonetheless dynamic enough to provide the initial conditions under which agriculture and markets became integrated and actors from agrarian and mercantile backgrounds slowly began to diversify across the emerging agro-commercial marketing system. Furthermore, many of the strategies used by them were not 'unproductive' usury, as suggested by certain orthodox Marxists who view merchants as external to production, but productive investments in farming aimed at attaining greater control over the marketable surplus in conditions of uncertainty and therefore central to the emerging agro-commercial capitalism (Banaji, 2002: 105-106).

To summarise, on the eve of partition the situation was one where state policy towards canal irrigation and rationalization of kinship identities had allowed for a relatively dynamic agro-commercial capitalism to emerge where traders (overwhelmingly from Hindu mercantile castes), upper-caste aristocratic landlords and cultivators from 'peasant' castes were

increasingly producing for the market and accumulating substantial amounts of capital, while partly retaining their differences as social status groups.

At the same time, this was not a full blown agrarian capitalism where constant improvements of technique were the order of the day and where polarized classes of capitalist farmers and rural labourers crystallized. Instead, it was an export oriented system where large-scale commercial capital (mainly British trading monopolies) and local commercial capital (mostly Hindu mercantile castes) attempted to control household production. Production was largely undertaken by share-cropping tenants using family and hired labour, but a group of rich farmers investing surpluses off-farm was also emerging and though wage-labour did exist, share-cropping was the dominant form of production. What were the changes that took place in the transition from the colonial to postcolonial era? That is what we investigate in the next part.

2.2 - Agrarian Change in the Postcolonial Era: Technology, Kinship and Class in Punjab

2.21 – The Segmented Rural Elite: Green Revolution and the Class-Kinship Dialectic

Perhaps the most important social change that the partition of the Punjab and the horrific violence accompanying it brought was the ethnic cleansing of Hindus and Sikhs from present day Pakistani Punjab. This meant the mass exodus of mercantile groups that controlled agro-commercial markets and processing leading to a vacuum which was not entirely filled by the refugees from East Punjab (Wright Jr., 1974: 194). This created opportunities for the comparatively small and hitherto dominated Punjabi Muslim mercantile caste of '*Chinioti' Sheikhs* to enter trade and processing in a big way (Papanek, 1972: 25).[13] But as we discovered during fieldwork, not only did surplus farmers enter trading to fill this void but most

[13] *Sheikhs* from the West Punjabi town of Chiniot and one the Punjab's oldest business communities are not to be confused with the name '*Muslim Sheikh'* used by Dalit converts to Islam, who are pejoratively referred to as *musallis*.

importantly, certain sections of the '*kammi'* (lower caste artisan/menials) *birderis* also found this to be an opportune moment to break into agricultural commerce.

The most prominent '*kammi'* groups to enter trade were '*kumhars'* (potters), '*julahas'* (weavers), '*telis'* (oil-pressers) and *mirasis* (bards), sections of whom were able to experience mobility from being clients of landowners to setting up their small-scale trading business. As we show in the following chapters, by the time of our fieldwork, the largest trading firms in Depalpur were owned by members from erstwhile '*Kammi' biraderis*, many of whom had 'Islamized' their names to a new status appropriate to their newfound upward economic mobility. Thus, the *Kumhars* (potters) were now called '*Rehmani'* (an Arabic name of God), *Julahas* were called '*Ansari'* (after the Medina tribe that welcomed Prophet Muhammad in exile), the *Mirasis* were called *Qureshi* (after the Prophet Muhammad's own tribe and), and the telis became known as *Malik* ('property-owner' in Urdu). Some had even taken advantage of the abolition of the Land Alienation Act 1901 to buy land for cultivation, while others were controlling land indirectly through lease. This remarkable change further blurred the *economic* boundaries between commercial farmers and traders and helped create a rural-commercial capitalist class even as *political* and *social* differences remained.

But what were the economic changes that occurred in the decades after partition and how did the four status groups of 'peasant farmers', landed gentry, mercantile castes, and *kammis* react to these? Since agricultural growth in the canal colonies was based on extensive cultivation made possible through irrigation technology rather than intensive growth based on increased productivity, once the land frontier was exhausted growth was bound to stagnate (Prabha, 1969: 344). In the decade preceding the partition of the sub-continent in 1947 growth had already begun to slowdown and was made worse by the government's import substitution industrialization policy which turned terms of trade against agriculture so that by the early 1960s agricultural growth had virtually stagnated (Mccartney, 2011: 92).

As a response, in the early 60s high-yield variety (HYV) seeds, fertilizers and tractors were introduced that ushered in the 'green revolution' leading to a breakthrough in agricultural productivity (Griffin, 1974). The period also saw a significant increase in the number of private tube wells in the irrigated regions of central Punjab: these tube wells were now drawing groundwater from aquifers so that alongside the canal system, a new source of irrigation had been opened up (Nulty, 1972: 57). Tube wells and the generous subsidies given on fertilizers made the use of the new technological package particularly widespread and led to a substantial increase in the yields of wheat, rice and sugarcane with wheat experiencing an increase in yields of 20% within two to three years between 1960 and 1964 (Niazi, 2009).

While most scholars were in agreement that the 'green revolution' was concentrated within a few well irrigated districts of Punjab and Sindh (primarily the canal districts) and the gains did not accrue to the vast majority of rural producers, there was nonetheless vigorous debate as to which section of the rural elite initiated and benefitted most from the new technology. On the one hand, there were those who argued that 'middle class' farmers, represented by owners of holdings between 25-100 acres were the driving force and the greatest initial beneficiaries of the green revolution and were a stratum differentiated in the constraints they faced as well as their political, economic and social goals from the rural aristocracy (Burki, 1976; Chaudhry, 1982; Gotsch, 1971).

Specifically, owing to the land constraints (relative to the gentry) these smaller landowners had to treat it as a scarce resource and concentrate on intensive cultivation which they did by investing heavily in tube well technology (Burki, 1976: 308-11). Since the military government was keen on co-opting this group as a balance to the landed gentry, they provided generous subsidies on inputs which led to an enthusiastic uptake of the new technology by this group. They were also the first ones to rapidly mechanize their smaller holdings, take back land from

share-tenants and switch to hired labour when self-cultivation became more profitable as a result of the new technologies whereas the gentry continued to rely on tenancy on a majority of their lands.

Against this, others argued that the category rural ‘middle class’ was not adequate since the range of 25-100 acres was arbitrary to draw a sharp boundary between this group and the rural aristocracy (Alavi, 1976; Hussain, 1982; Khan, 1983). Moreover, in terms of their relationship to the vast majority of share-croppers and landless labourers, they stand in exactly the same social position and therefore, a distinction between them would obfuscate, rather than illuminate their position on issues of political power and public policy. Thus, according to Alavi, they represent a continuum of the same rural elite, on which they are placed according to the differences in their wealth and the access to political power, without differentiating their interests or setting them apart into separate classes (1976: 339-41). These authors emphasize the structural relationship vis-à-vis other social groups to highlight the lack of distinction between the ‘rural middle class’ and the gentry.

Although Alavi was entirely correct in highlighting the theoretical weakness of Burki’s formulation from a structural-relational perspective, especially when it comes to the interests of the vast majority of rural poor, upon greater scrutiny and some reformulation it transpires that the latter’s ideas cannot be dismissed entirely. From a theoretical and historical perspective as we’ve shown, the rural elite was much more segmented than homogeneous both in terms of land ownership as well as social status/caste backgrounds.

However, both sides in the debate completely ignored the impact land grant policy during the canal settlement process had in creating a distinction between old upper-caste *Ashraf* (nobility) families that could claim 'gentry’ status versus the yeoman and peasant grants given to the cultivating middle-peasant castes of *Jats*, *Arains*, *Gujjars* etc. The scholarly literature on Northern

India makes a similar distinction between the old upper-caste *zamindari* aristocracy and the 'middle-caste' kulak cultivators (Banaji, 1994; Blair, 1980; Jaffrelot, 2000). In other words, the caste/kinship aspect of these two segments was completely overlooked but is crucial in understanding the differences. By incorporating it, we find that a more important difference than simply land are the status differences of the two groups.

Finally, alongside separate land grants, caste/background and attitude to productivity induced by the land constraint, we also found a crucial difference in terms of modes of accessing political power as well as methods of political mobilization. This is because *biraderi* (kinship) ties connected the rich capitalist farmers from 'peasant' clans like *Jat* and *Arain* to their less fortunate kin members in a way that was qualitatively different from how lower-caste cultivators and tenants related to their upper-caste landlord patrons (Sayeed, 1996: 272).

Patronage relations were much more prevalent in the latter's case whereas in the former's case the middle caste farmers employ populist mobilization alongside kinship based patronage in order to demand resources and rights from the state, leading to a more competitive form of politics (*ibid.*). The contrasts between these 'peasant castes' in TTS and upper-caste landlords in Depalpur are important for their divergent trajectories.

But the most important oversight in the debate was the crucial role played by non-agricultural traders in financing production, as well as by a number of farmers who diversified off-farm into trade and agro-processing. Not only did the green revolution help many from 'rural middle class' backgrounds to become traders and small to medium scale agro-processors, but traders played a crucial role in enabling farmers, particularly small-farmers to take up the new technology by fulfilling their credit needs informally (Manig, 1990). The diversification strategies of these different groups are crucial in explaining the internal composition of the local capitalist class that existed in our field areas.

Thus, the differences we initially emphasized between different sections of the rural elite were carried over into the post-colonial era and played a crucial role in the transformations that culminated in the green revolution. However, the even greater intensity of commercial agriculture and new cash crops, the substantial rise in capitalist farming, the further integration of industry, trade and agriculture and consequently, of rural and urban which the green revolution ushered in had the paradoxical effect of bringing these different groups closer to one another economically even as the social and political differences remained. The landed elite began taking up capitalist farming more intently, a layer of capitalist farmers from within the peasantry crystallized more concretely, and a section of traders and processors began intervening not only through credit but via other inputs like fertilizers, seed and pesticides.

Finally, a substantial number of individuals from each group began diversifying into agriculture, trade and industry further eroding the farm and off-farm distinction and creating a more coherent group of rural-commercial capitalists that were economically similar even with differing social backgrounds. How did changes in irrigation and green revolution technology and the social groups taking them up manifest themselves in our two districts?

2.3 –Divergent Trajectories: Irrigation Technology, Agro-commercial Markets and the Paradox of Agrarian Transition

Depalpur, the area of landlord dominance, was blessed with abundant groundwater that made the use of new irrigation technology extremely profitable. Beginning in the late 1960s, agricultural growth-rates in the area registered a remarkable increase allowing it to transition from a double to a triple-crop rotation cycle, with tobacco, maize and rice emerging as the most important cash crops in the early 1970s. Potato cultivation was introduced by the influential *Syed* and *Rao biraderi* who were both large landowners and quickly spread to other farms.

They were able to use their political clout to attain the majority of the agricultural credit available from government banks and co-operatives and began mechanizing their farms. In 1974, they formed Potato Growers Association with the aim of lobbying the state on issues of credit and prices as well as for importing seeds from Holland.

By the late 1980s potato cultivation had already displaced tobacco and a severe bollworm attack on cotton (the cash crop since the settlement of the canals) in the early 1990s helped to completely replace it with potato by the middle of the decade. The last decade saw an even greater increase in the area and yields of the main cash crops (potato and maize) in the *tehsil* with private banks entering the agricultural sector in a big way, providing cheap and abundant credit to large farmers (at least till 2008) which has helped fund the proliferation of harvesters, threshers, diggers and tractors, making the *tehsil* and the district as a whole one of the agricultural hubs of the country: of the 3.7 million tonnes of potato produced in Pakistan during 2013-13, 90% of which was in the Punjab, almost 820,000 tonnes were produced in Depalpur alone and the per acre yields were higher than the national average in all major cash crops. In 1995-6 potato yields were around 59 quintals (q)/acre and had risen to 78 q/acre by 2004-5. At the time of our research in 2013 the yields were a whopping 105 q/acre (Table 2.5).

At present the main crops produced in the area are wheat, potatoes, maize and rice (Table 2.6). There are two varieties of maize grown in the area, seasonal as well as the higher yield generating *baharia* (spring) maize sown after the potato harvest, along with two varieties of rice, Irri-6 (the local, coarse long grain variety) as well as *basmati*, both cultivated at around the same time. Thus, the coincidence of environmental conditions favourable to new agricultural technology and the political power of the large landowners (reflected in biased government policy) transformed the area from a ‘backward’ zone to one of the leading centres of agrarian dynamism in the country.

Table 2.5 –Area, Production, Yields and Avg Harvest Price of major crops in Depalpur[14]

Crop	Area ('000' acres)	Production '000' tons	Avg. Yield (q/acre)	Avg. Yield Punjab (q/acre)	Avg. Yield National (q/acre)	Avg. Harvest Price in Dep (Rs./q)
Wheat	315	488	15.5	11.5	11	2855
Potato	78	818	105	91	89	890
Maize	149	423	28	23	16	2085

Source: Agricultural Statistics Dept, Depalpur + Pakistan Economic Survey 2012-13

Table 2.6 –Agricultural Crop Cycle in Depalpur during field year in 2013

Crop	Sowing	Harvest
Maize (spring)	Jan-March	May-August
Maize (seasonal)	June-August	Dec-February
Wheat	Nov-December	May-June
Potato	Oct-November	Jan-February
Rice (Irri-6)	May-June	Oct-November
Rice (basmati)	June	Nov-December

The fate of TTS on the other hand was paradoxically transformed in the opposite direction with the onset of the new irrigation technology. As highlighted earlier, the area was considered an advanced agricultural district prior to the green revolution. However, as irrigation technology began to shift towards private tube wells pumping water from aquifers it was soon discovered that groundwater in the district was saline and would severely damage the long term fertility of the soil if used beyond a certain minimum level. After a few initial years of growth, salinity began to damage yields. This led to an under-investment in tube well technology and farmers continued to rely on the canal system which was by now more than 130 years old and was constructed for a much lower cropping intensity (Naqvi, 2012: 81).

Interviews revealed that the water distribution system was overburdened and it was common not to get adequate water supplies during the summer when canals dried up, a fact that was

[14] The Exchange rate for the **Rupee (Rs.)** in 2013 was on average Rs.105 to $1 – the official minimum wage is Rs.12,000/month but the actual wage paid to unskilled labour in the area was Rs 8,000/month

confirmed by canal irrigation department officials. There is a long and bitter history of struggle between canal irrigation department officials and farmers organizations in the area and in 2008, the government allowed the setting up of a parallel, 'farmer run' organization to look after the maintenance of the canal system and resolve disputes over water between farmers. Though minor improvements have resulted, the problems of salinity as well as lack of adequate and timely water availability continue.

The overall result of the water shortage is that with the exception of wheat which is a *rabi* (winter) crop with low water requirements, most farmers are unable to fully utilize their lands for a large part of the year. According to our sample, between 65-75% of land was left fallow in the *kharif* (summer) season. Coupled with this was the fact that the initial advantage of labour intensity on small land-holdings was lost with increased mechanization as well as further fragmentation of land due to three to four generations of sub-division. Therefore, since the late 1970s, yields have either remained stagnant or are declining with cotton (the main cash crop) worst hit. In 1991 the *sub-district* produced 7.4 q/acre which was above the national average of 6.2 q/acre. However, more than two decades later with the national average crawling to 8 q/acre, TTS had an average yield of approximately 7 q/acre (Table 2.7).

Table 2.7 –Area, Production Yields and Prices for different crops in TTS 2013

Crop	Area ('000' acres)	Production '000' tons	Avg. Yield (q/acre)	Avg. Yield Punjab (q/acre)	Avg. Yield National (q/acre)	Avg. Harvest Price in TTS (Rs./q)
Wheat	380	506	13.5	11.5	11	2765
Cotton	72	49	2.7	2.8	3.1	5900
Maize	149	151	58	23	16	2191

Source: Agricultural Statistics Dept, TTS + Pakistan Economic Survey 2012-13

Finally, a large proportion of labour seasonally migrates to nearby Faisalabad, which is the industrial hub of the province. As a result, off-farm employment is extremely important and

migration abroad is high as well; our sample of farmers in the two villages we surveyed (T1, T2) contained households approximately 60% of whom had at least one family member working abroad, primarily in the Middle East.[15] As a result of stagnating yields going off-farm in search of livelihoods was extremely common, not just to the urban areas but overseas as well. This is an area in which agrarian capitalism has actually gone in reverse.

But it is also important to note the role played by commercial capital in the trajectory of development, particularly in generating agrarian dynamism in Depalpur. Perhaps the most important reason behind the break-through achieved in the productivity of potatoes in Depalpur was not the rise of private banks but the intervention of agricultural traders in the provision of new high yield variety seeds. As we explained earlier, large farmers of the area had formed an association of potato growers whose main task besides lobbying the government was importing high yield variety potato seeds from Holland. However, these imports were restricted in terms of quantity and because the organization was largely controlled by rich farmers and landlords the diffusion of the high yielding seeds was limited to a few households.

In the mid-1990's, sensing the potential for a wider uptake of potato cultivation in the area in the traders began diversifying into the seed market and invested heavily in the import of high yield varieties. They began selling seeds on credit to farmers which resulted in medium and small farming households taking up its cultivation. In fact, the rapid expansion of both the area and yields of potatoes in Depalpur coincided with the entry of traders into seed import. The import of seed also gave impetus to investment in cold storage technology whose combined capacity of 600,000 tonnes for all of Punjab in 1991 climbed to 500,000 tonnes for Depalpur alone by 2013[16]. Most of these traders were either from Muslim mercantile castes (notably the

[15] Pakistan is one of the highest exporters of man-power and its economy has been heavily reliant on migrant remittances since the late 1970's. See (Addleton, 1992)

[16] The minimum size of a cold store is one room which can on average store up to 20,000 bags = 2,400 tonnes (1 bag = 120 kg). The average capacity per store was 2 rooms = 4,800 tonnes.

Sheikhs) but more importantly, the service-castes (‘*Kammi’ biraderis*). Therefore, instead of being outsiders - or ‘parasites’ on agricultural production as understood in certain stylized formulations of ‘merchant capital’ (e.g. Kay, 1975) - traders were central to the trajectories of accumulation in both areas.

At the time of our fieldwork therefore, large landowners in Depalpur (primarily from gentry backgrounds) had taken advantage of green revolution technologies and invested heavily in tube-wells, made significant improvements in yields by purchasing imported potato seed as well as made strides in mechanizing their landholdings. At the same time, TTS had seen a slow-down in agricultural growth due to the problems of salinity and lack of timely water-availability. This once advanced agricultural area had actually seen its inhabitants diversifying more and more off-farm or growing wheat which was also used for home consumption and generally less remunerative than most crops, being a staple crop.

Do these patterns fit well with the idea of agrarian transition expounded in the Leninist schema?

As we highlighted in the first section, TTS, the area of ‘peasant’ dominance was considered the most dynamic region of the Punjab during the colonial time period, owing to the more intensive cultivation of land by the yeoman peasantry. This corresponded with the Leninist idea of peasant capitalism (or ‘capitalism from below’) being more dynamic than landlord capitalism (or ‘capitalism from above’) to which the Depalpur, our second field area belonged. Therefore, the colonial policy of land grants and irrigation led to a trajectory closer to Lenin’s. Nonetheless, this did not pre-determine the outcome of subsequent developments as changing irrigation technology dampened growth in an area considered till then to be ‘advanced’ while generating high growth in a hitherto backward area with large landowners.

In other words, technological change and political power of the landlords which enabled access to funding allowed ‘capitalism from above’ to become more dynamic than ‘peasant-led’

capitalism which suffered as a result of changing technology. In fact, as we show in the next chapter, 'capitalism from below' suffered a set-back and there was very low development of a dynamic rural capitalism in TTS. Most farmers were petty-commodity producers in our sample and it was widely recognized that this was in general the case in the area. There is no necessary connection between landownership structure and agricultural growth (Harriss, 2011). As Banaji has argued, Lenin's 'two paths to transition' can become overly formalistic since they overlook the range of variables other than landholding structure (such as technology, hydrogeology and the political power of the landed elite in our case) which may complicate the pre-determined trajectories of accumulation (Banaji, 2011: 347-348). How then can we characterize the agrarian transition underway in Pakistani Punjab today?

In his seminal work on the agrarian question and different forms of agrarian transition, Terry Byres has considerably broadened the scope of the agrarian question (Byres, 1977, 1991, 2003). He has identified three different dimensions of the agrarian question which are; i) the political question of class alliances between sections of the peasantry and the proletariat; ii) the role of agriculture in the overall process of industrialization and most importantly for our purposes; iii) the forms in which the capitalism penetrates the countryside and the social groups spearheading the process (Bernstein, 2009; Byres, 1996; 1991).

Using a comparative lens, Byres mapped the process of agrarian transition in seven different countries, with particular emphasis on the East Asian miracle economies (Byres, 1991). These include the well-known English transition of landlords renting land to capitalist farmers who cultivate using hired labour, the Prussian path of former landlords transforming into large capitalist farmers and the American path of persisting family farms. But he also maps a South Korean and Taiwanese path where individual family farms form the backbone of agriculture and the landlord class is eliminated. But in its place a powerful centralized state bureaucracy directs agriculture (1991: 57: 2003). What is interesting for our context is that Byres also stated

that a variant of the 'Prussian path may be being traversed in Pakistan in the wake of the 'new technology', its 'profoundly reactionary' implications and the importance of the 'state in securing the conditions for its possible traversing' (Byres, 1991: 63). It is definitely true that the Prussian path towards agrarian transition has some relevance to Pakistani Punjab, as we highlighted thus far.

However, the thesis has also tried to argue that it is an incomplete view of the trajectories of agrarian change in Pakistani Punjab. For one, as argued earlier, the forms of integration of agriculture into capitalist circuits in the area are much older than the advent of the 'new' (i.e. green revolution) technology in the 1960s. Years before the introduction of HYV seeds and fertilizers, Punjabi farmers had been involved in global capitalist circuits which played a crucial part in their social reproduction. While a majority of households were transformed into petty-commodity producers (Fox, 1985: 35) a stratum of rich peasants did emerge which even diversified off-farm into trade and moneylending (Hamid, 1982) Very large landlords did not become capitalist farmers but hired their lands out on a share-cropping basis. The role of the colonial state was central not only in constructing the world's largest canal system but also conferring property rights to cultivators of different sizes (Akhtar, 2006; Gilmartin, 2015; Javid, 2011).

Secondly, there is considerable regional diversity in the paths of agrarian transition as highlighted by the landlord directed transition from above in the case of Depalpur and a peasant-led capitalism in TTS. Moreover, not only did some members from peasant backgrounds join the ranks of capitalist farmers in Depalpur but TTS where a capitalism from below was developing actually saw capitalism in agriculture going in reverse where petty-commodity producers now dominate entirely.

Thirdly, it is important to keep in mind the unexpected paths taken by the two areas in terms of their contribution to the overall process of industrialization. TTS has seen a reversal in its rural capitalism but the initial years of agrarian surplus accumulation did enable a section of the rich peasantry to diversify off-farm into trade and from there into industry. Likewise, several aspects of the transformation of former landlords into capitalist farmers may indeed be reactionary, as stated by Byres. However, as we shall demonstrated in chapters 3 and 4, it is also important to keep in mind that many landlords did take up capitalist farming with gusto and have also diversified their investments off-farm, spurring agricultural and industrial dynamism in Depalpur, even if industry remains confined to small and medium scale enterprises.

Finally, the aspect of diversification also signifies the important role played by traders in the process of agrarian change. Some scholars have even highlighted the possibility of a 'merchant road' to agrarian transition where urban capitalists use their surpluses to purchase land and undertake cultivation mainly through the hiring of wage labourers and usually under absentee management (Janvry, 1981: 109; Moyo & Yeros, 2005). We would not go so far as to say that we witnessed a merchant path to agrarian transition in our field area, but as we demonstrate in chapter 4, mercantile groups did control considerable amounts of land directly and indirectly for cultivation which were managed as joint-family enterprises. But even when they didn't directly control land, the centrality to the social reproduction of the countryside of the marketing systems that they dominate makes them essential to any analysis of agrarian transition.

Therefore, we agree with Banaji when he says that different 'trajectories of agrarian change could be at work simultaneously where chronological timespans are variable and the outcome is not pre-determined' (Banaji, 2011: 348). In Depalpur we found the simultaneous existence of landlords and peasants transforming into capitalist farmers (though the former remain

dominant) and a section of these becoming small scale industrial capitalists. At the same time, a section of merchant capitalists also controlled land by leasing-in and directly purchasing it. In TTS it is a case of once dynamic but not arrested agrarian transition which has nonetheless allowed a section of rich farmers to diversify off-farm into trade and industry, from where they assert their control over the marketable surplus.

The role of the state in these trajectories has not been the developmental one emphasized by Byres for Korea and Japan, where a 'dominating state replaced a landlord class' but also assisted in spurring agrarian and industrial dynamism, but one where 'differentiating peasantries –rich peasants and capitalist farmers –have become part of the state power' (Byres, 1991: 58-59). This as we shall see, results in the diminished capacity of the state to intervene on behalf of the poor and makes it highly susceptible to the influence of the local capitalist classes, who direct the majority of benefits and rents toward itself and become gatekeepers through whom the poor can access whatever little welfare provisions are left (Pattenden, 2016).

Conclusion

The system of agro-commercial markets develops historically through its interconnection with the surrounding countryside which explain its institutional and social peculiarities. In this chapter we explored the lineages of both the agro-commercial marketing system in Punjab and in our two fieldwork areas, as well as the social and economic origins of the rural commercial class that plays a central role in commodity markets of Punjab. Our argument traced the beginnings of commercial agriculture in the area with the development of canal irrigation as well as the ensuing export based commodity circuits with their peculiar labour arrangements. Furthermore, we identified four different status groups out of which the increasingly integrated rural-commercial capitalist class of today's Punjab emerged and the tensions between them, some of which continue to this day. Finally, we have also highlighted the limitations of the conventional Leninist schema of agrarian transition, demonstrating how no necessary

relationship between land ownership and productivity exists in our areas and the central role that traders play in organizing the agro-commercial markets in which farmers and traders interact.

In the next chapter, we look more closely at the different elements of the agro-commercial marketing systems for the specific commodities that we focused on in our field area and how complexity and diversity coexist with concentration and inequality within them.

Chapter 3 –Class in the Agro-Commercial Marketing System: Diversity and Economic Power in Pakistani Punjab

Introduction

As we highlighted in our theoretical framework, the dialectical unity of agricultural production, exchange, and distribution needs to be understood as part of the AMS. Its actors and institutions help us understand the dynamics of the process of economic reproduction in Pakistani Punjab in all its complexity, variety, and diversity in a way that a focus on production alone simply cannot do. In order to begin the process of describing the AMS, we encountered in our two field sites we need to shine light on the system's fundamental building blocks: the firms and farms that are central nodes of decision-making; and economic reproduction, which we termed the *elements* of the system in Chapter 1. This chapter introduces these firms and farms and aims to capture a part of their diversity, but more fundamentally, the hierarchy and economic segmentation of the AMS that will be explored in a more dynamic manner in the next two chapters.

In this chapter, we focus on three aspects of the AMS. First, the diversity of firms and farms by functions, by the combination of activities undertaken by firms beyond trade in the AMS (e.g. storage, credit, seed etc.) and diversification across the agro-commercial divide. The findings go against the reified views of merchant capital which view it as unconnected to agricultural production. Second, just as agrarian political economy has studied for the countryside, so for markets, alongside diversity and complexity there is also economic segmentation and differentiation. Third, the integrated nature of agricultural production and exchange requires updating the Marxian approach to class analysis to include non-agrarian assets and relations. Going beyond purely 'rural differentiation', we study economic power across the rural-urban AMS to demonstrate how those at the apex of the economic hierarchy, despite their diverse origins and functions, can be understood as part of an integrated 'rural-commercial' capitalist (RCC) class. This has great significance for how classes form and how

class analysis of rural society under the influence of capitalist development should be undertaken.

The chapter is divided into three sections. In the first section, we break down the AMS into its various component parts to highlight the considerable variety and diversity of firms and farms, the range of activities often combined in the same firm (including diversification across the rural-urban divide) which are not adequately captured by stylized labels. In the second section, we review the literature on rural class differentiation, highlighting its strengths as well as limitations due to the exclusion of the wider network of markets in which production is embedded. In the final section, we present a multivariate criterion, which takes both the rural and non-rural 'means of production' - 'physical', 'monetary' and 'social' - to delineate class formation across the AMS and present categories that run across the sectoral divide. Doing so reveals considerable hierarchy and stratification, and also the integrated nature of the system with 'rural-commercial' capitalists dominating the local economy.

The chapter ends with a plea for the inclusion of product/commodity markets in a holistic view of class, but also for moving beyond an obsession with drawing 'correct' class 'boundaries' and instead trying to understanding the dynamics of the AMS; its flows and relations; the existence of various subsystems (or 'niches') that are systematically reproduced and essential for capital accumulation; the institutionally embedded nature of system; and the strategies of the economically differentiated firms and farms inhabiting them.

3.1 –Town and Country: Elements of Agro-commercial Markets

According to the last official census taken in 1998, Depalpur *tehsil* had a population of approximately 70,000 inhabitants, while the town had a population of close to 40,000 (Census, Government of Pakistan, 1998),[17] making it part of what Qadeer calls the 'third-tier cities' of

[17] According to Government Officials, the city may now have over 100, 000 inhabitants

25,000 – 100,000, which housed 21% of the country's urban population in 1998 and acted as transport and commercial/service hubs for the surrounding countryside' - the 'spine of urbanization in Pakistan' (Qadeer, 2006: 84). Although no official census has taken place since 1998, most local people estimated that the town has crossed well over 250,000 inhabitants at the time of our research in 2013.

Yet, the occupational structure of the town remains wedded to the agrarian economy: most of the 'industrial sector' comprises agro-commerce; input dealers; or small-scale agricultural machinery sale and repair outlets. Even property prices in the town are heavily dependent on rates of agricultural rent that are inextricably linked to crop prices. The most important 'industrial' (or using industrial processes at least) enterprises that have grown exponentially in the area are cold storages, as a result of the boom in the potato trade. This is why it can reasonably be assumed to be a highly agriculture dependent city and the AMS has a great impact on all aspects of the local economy.

As explained in the previous chapter, the rise of Depalpur's neighbouring town of Okara - owing to its location near the railway as well as its reputation as one of the best agricultural markets for cultivators in the Punjab - led to a concomitant decline of Depalpur. Prior to 1972, when a registered grain marketplace was established in Depalpur city, most cultivators preferred to sell their produce in Okara's *mandi*: many traders of the Depalpur grain *mandi* had begun their careers as suppliers to the big traders of Okara.[18] The vegetable marketplace was established in the late 1990s and saw a great boom from mid-2000s so that by 2010, it had become the second largest potato market in the country, behind only Okara. The main reasons were the transport costs saved by farmers who could now bring their produce directly to Depalpur instead of taking it to Okara *mandi* around 25 km away. Moreover, once traders began

[18] The 'market' has been used in several ways during this thesis so we reserve the word *mandi* or marketplace to refer to the sites themselves in the two areas.

importing potato seed, it created an added incentive for farmers and led to its widespread diffusion in the area. The resultant extension and increasing yields of potato cultivation have stimulated growth of the non-farm sector as well, and regenerating dynamism in the city.

On the other hand, TTS grain *mandi* was established in 1902 where the major commodities traded are cotton and wheat, and to a smaller extent, maize. Old colonial reports, records in the market committee office, as well as interviews with market officials, traders and residents reveal a bustling market town with close to 85 registered firms prior to partition in 1947, mainly trading in wheat and cotton. Even as late as 1983, the market had approximately 71 licensed firms. As shown earlier, the *tehsil* experienced a decline in agricultural production as a result of salinity and land fragmentation, which in turn led to deterioration in the strength of the market as well.

Today, the total number of registered shops is 42, down to half the pre-partition number. As a result, TTS, which is a much larger town than Depalpur (close to 400,000 inhabitants), seems to have unhitched itself from agriculture to a much greater extent. Even though agro-commerce remains important, some of the more profitable avenues for investment are brick-kilns; real estate (two new 'housing projects' were started during our field research); schools and education centres; medical and convenience stores; and restaurants. This must be kept in mind when discussing the class categories we present in the final section, for they will only present a partial picture of class relations given how the total number of economic activities go beyond the AMS.

As highlighted by other scholars, such similarities and contrasts in agricultural growth, land ownership, technologies, and urbanization necessarily reflect on the structure of the AMS (e.g. Crow, 2001: 28). Nonetheless, there do exist considerable overlaps in both systems in terms of functions, activity combinations and diversification but also in terms of differentiation through

economic power, signified by the asset distribution in the AMS. The terms 'trader' and 'farmer' used by us thus far with certain theoretical laxity are not at all self-explanatory and homogeneous and contain an astonishingly wide array of types that can be organized around many different criteria. Moreover, there is a great variety of terms and labels that local people use for specific kinds firms and farms which sometimes overlap with other categories and need to be carefully differentiated. Rather than simply ignore this variety, we recognize it and sought to bring as much of it to the fore as possible since it has profound implications for the meaning we attach to terms such as 'market', 'class' and 'capital' (Roseberry, 1983). In order to do this, we first flushed out the agents/elements of the AMS by their functions.

As seen in figures 3.1 and 3.2, marketing systems in each area have both considerable overlaps but also differ in their structure according to the commodity being studied, with wheat involving direct buying by state agencies and potato being entirely private. Since our research focus was the 'local' (rural and small town) AMS, we did not collect data on exporting firms coming from outside in the case of potato and wheat (although interviews were conducted with a few exporters to understand the export market for potato) but instead focused only on local people who participated in export trade. *The commodity system we studied in the case of Depalpur was potato while wheat was studied for TTS, each being the most important commodity in the respective field site*. The following are the key local players populating the AMS in the two areas:

i) **Farmers**

Farmers market their produce through a wide variety of channels (figures 3.1 and 3.2). This variety reflects not only the specificities of the crop but quite often also conceals the varying economic power of the rural producers themselves, much more pronounced in the case of Depalpur than TTS, as we have discussed earlier. For example, a majority of marginal farmers are unable to undertake the costs of transporting their produce to the town market and therefore

sell their crops in the village to itinerant traders or brokers. On the other hand, large farmers may supply in bulk to industry and exporters directly, often times cutting out the urban commission agent altogether. In the case of wheat, many well-connected cultivators supply directly to government procurement agencies though they are not more efficient that the others. Finally, for a great number of farmers, the particular exchange relations they are engaged in constrain the 'choice' of marketing channel they employ, a point discussed in greater detail in the next chapter.

ii) ***Beopari*/petty trader**

The word *beopari* literally means trader but in the local context it generally refers either to petty itinerant traders or unlicensed petty traders (operating from fixed premises not located in the central marketplace where all firms are registered with the local market committees) who make small-scale sales and purchases of commodities. They act as intermediaries between farmers and the urban *arhti* (commission agents), traders and between millers/exporters and cultivators. They either operate with small amounts of their own capital but most systematically receive loans from millers and larger traders for whom they act as sub-collectors. Being tied to a particular large trader or miller brings a degree of certainty in terms of sales and access to finance, but often results in an inability to avail more profitable opportunities when they arise (Bharadwaj, 1985: 13). 'Independence', on the other hand, may theoretically allow them to avail such opportunities but then access to finance and markets become crucial limiting factors. The choice between independence and access to finance through tied contracts constitutes a central dilemma for these petty traders.

iii) **Commission Agent/*Dalal*/*Kacha Arhti***

As the name suggests, a commission agent (*arhti*) acts as an intermediary between two parties and receives a fixed fee for securing the transaction. However, the term conceals a variety of types that exist in actual agricultural markets. *Kacha arhtis* act as intermediaries for the seller,

i.e. the farmer. They can be licensed firms based in the urban market operating from fixed premises, or pure brokers (*dalals*) who enter seasonally, equipped only with a motorbike and a mobile phone (a local term often used for them is 'mobile' *arhti*). The licensed firm charges the government a stipulated commission fee (2.5% of total revenue for wheat, 3.12% for potatoes) while the unlicensed 'mobile' brokers (or *dalals*) are paid an informally negotiated rate per bag sold that should compensate fuel and other costs.

To become a pure broker (*dalal*), the most important asset required is not capital but contacts with direct producers (Barrett, 1997: 766 for a similar case from Madagascar), since the ability to cultivate personalized relationships with farmers makes brokers important for wholesalers, millers, and other 'bulk buyers'. In this they are similar to capital constrained petty-traders whose main asset is also their connections with farmers. However, being a *licensed kacha arhti* in the central marketplace does require access to capital in order to pay for costs such as rent of premises, market fees, electricity, and labour employed at the firm. Furthermore, as we discuss in the next chapter, in many cases farmers, wholesalers, and millers aim to maximize the delivery of their supplies through financing petty-traders and unlicensed brokers in order to cut out the licensed intermediary. This is because it gives them greater freedom in negotiating transactions on more favourable terms. As a result, licensed *kacha arhtis* also have to provide credit to farmers as an incentive for securing their supplies that are then sold to wholesalers (Haq & Aslam, 2013: 19) even as many may be borrowing from large wholesalers/pakka arhtis. Many of the larger traders or wholesalers started off as commission agents for millers, exporters, and other bulk buyers.

iv) **Wholesaler/*Pakka arhti*/trader**

Wholesalers (*Pakka arhtis*) usually buy in bulk from commission agents to sell forward to millers and exporters for a fixed fee. They are also '*arhtis'* (commission agents) who operate from fixed premises and their firms are registered with the government-sanctioned marketing

committees, but as bulk buyers, their main aim is to secure supplies in large amounts for millers and exporters, or to bulk buyers outside of the locality. These supplies are secured through loans to *kacha arhtis*, brokers, petty-traders, and farmers in various combinations. As a result, access to large amounts of finance is a major pre-requisite for entry into wholesale. These finances can be secured either from previous cycles of accumulation in trade; surpluses from farming ploughed into trade; or borrowed from formal (banks) and informal sources, primarily exporters and millers.

v) **'*Chakki*' grinder**

Chakki is the name for the traditional way of grinding wheat manually between two stone plates. Although manual grinding has now become obsolete in Punjab, the label is still used for a small flour milling machine, powered by electricity that uses stone crushers to grind wheat into flour without separating bran. Most of these are located within villages, but there are a number of them in both towns as well. On average, these have a milling capacity of 8-12 kg/hour and are characterized by high rates of capacity utilization (65-80% on average). Furthermore, these are usually family owned and often do not employ nor require hired labour.

There is high demand for *chakki* flour because labour that harvests wheat is paid a portion of it and both small and large farmers strive to attain household self-sufficiency in wheat, the latter also paying their permanent farm labour some portion in grain. At the same time, owing to lower capital requirements, there is ease of entry that results in high competition. The major problem for these mills are the low returns because of high competition, maintaining regular supply due to lack of access to finance as well as irregular electricity. We will refer to these machines as *grinders* and the flour produced by them as *ground* flour, and will reserve the label miller and *milled* flour for output produced by large scale flour mills.

vi) **Large-Scale flour mills**

These use cylindrical rollers to crush or grind wheat into flour as well as to produce a number of by-products such as semolina and bran. In comparison to the *chakki*, they are large-scale enterprises requiring very high amounts of initial investments (on average Rs 60-80 million for a 12 roller body mill, which is a minimum). Years of over-investment in the industry due to government encouragement through subsidized wheat has led to chronic excess capacity.[19]Furthermore, they face stiff competition from *chakki* operators as a result of the latter's greater demand for most of the year, particularly in the town and village.

Due to high installed capacity, supplies have to be obtained from greater distances and just like large traders, millers secured wheat from multiple sources (*kacha arhtis*, *pakka arhtis* and *beoparies*, though very rarely from farmers directly) through money advances, alongside the quota they received from the government. Due to low local demand, the markets for their products existed outside the town, either in the nearby large cities but mainly, as we explain in chapter 5, export to Afghanistan. There was only one mill in Depalpur that remained closed for most of the year while three were operational throughout the year in TTS, which are ones we studied in our thesis. Two of these were owned by traders from the TTS *mandi* as part of a joint-family enterprise while one was also a joint-family enterprise but owned by a resident of the neighbouring town of Jhang.

vii) **Cold Stores**

Traditionally, the method for storing potatoes involved covering a pile of them with mud and rice husk (known locally as *dhar*), which could store the crop for a maximum of three to four months till late April when temperatures begin to rise. This is still the method used overwhelmingly by poorer cultivators who cannot store for more than a couple of months and

[19] According to some estimates, the total installed capacity in large mills is 4 times that of the total wheat requirement of the country! (Bastin, Sarwar, & Kazmi, 2008

find cold storage too expensive. The first cold store in the area was opened in the late 1970s but up till the early 2000s there were less than 40 stores in all of Depalpur. Interviews with cold store owners and farmers revealed how a lack of storage capacity often led to large farmers and traders overbooking scarce storage space and cold store owners trading any excess space available opportunistically.

However, from the early 2000s, investment began pouring into the construction of new cold stores and at the time of our fieldwork in 2013, there were 103 cold stores in the sub-district with combined storage capacity of approximately 500,000 tonnes (more than half the total production in the district). Predictably, this has now led to the opposite problem of excess storage capacity, while costs have been increasing due to the severe power crisis that the country has experienced for more than half a decade.

As highlighted in the section thus far, the AMS in both areas contain a wide array of firms and farms in terms of the functions they play in the market; as opposed to a stereotypical 'middle-man' or 'trader' there exist a range of intermediaries with specific roles between the cultivators and final consumers. However, as the section has also hinted, even this functional division is highly schematic and incomplete. We discovered that behind such stylized terms as 'wholesaler', 'retailer', 'miller' and their vernacular equivalents '*arhti'*, '*beopari'* etc. the actual range of activities performed by firms and farms went well beyond these labels. 2 axes of this complexity were particularly noteworthy: i) the combination of various activities (physical, monetary, trading, productive) within the same firm and farm not in congruence with the vernacular labels; ii) the diversification of investments across sectors, adding another layer to the activity mix and having implications for class formation.

Figure 3.1 –Elements of the Potato Marketing System in Depalpur in 2013

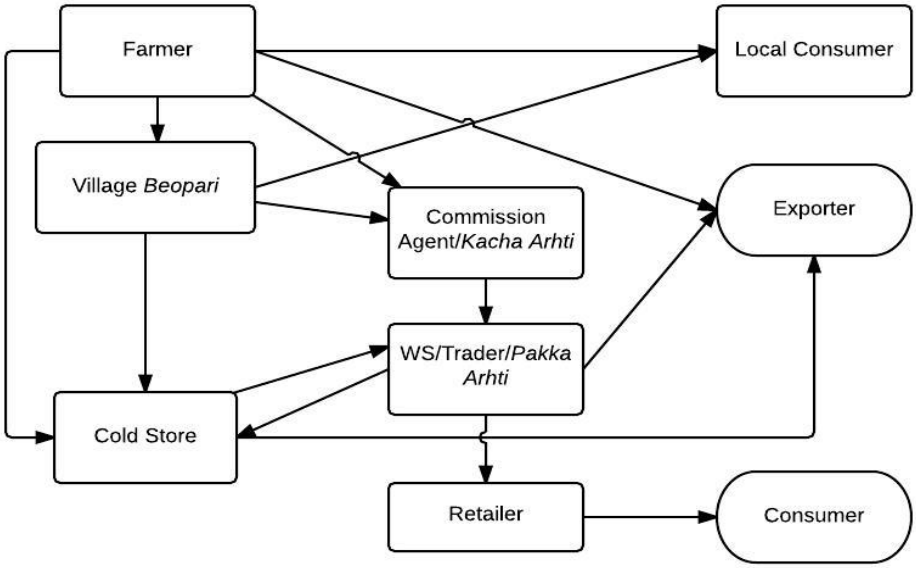
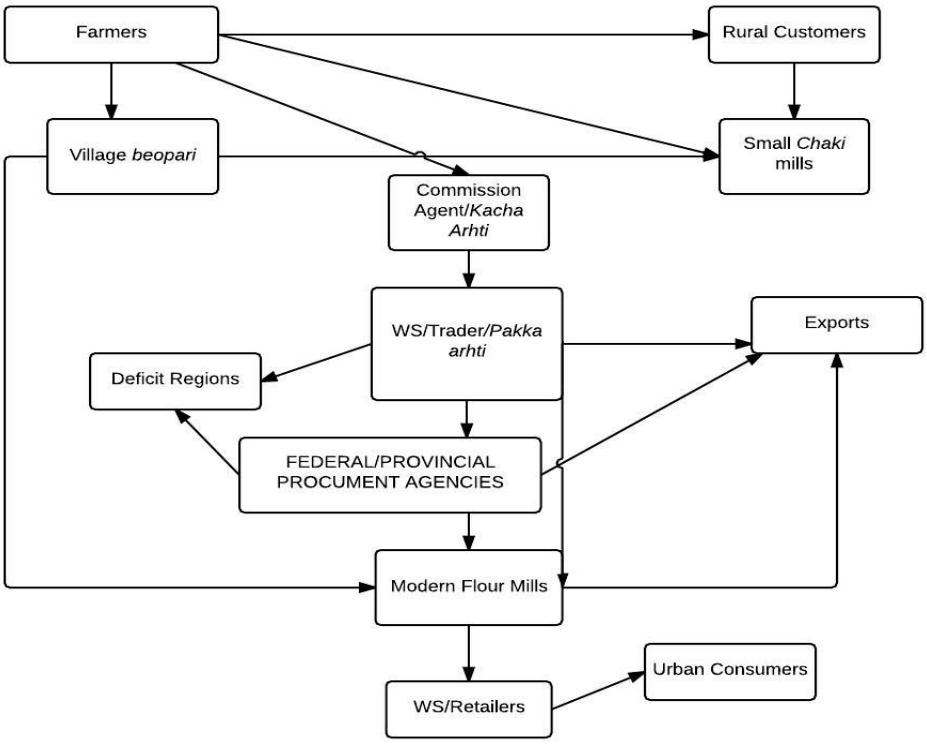


Figure 3.2 –Elements of the Wheat Marketing System in TTS in 2013



3.2 –The Complexity of the Agricultural Marketing Systems

3.21 -Axes of complexity: activity combinations and diversification

The firms and farms in the AMS of both field sites undertook multiple sets of activities in various combinations that went beyond their vernacular labels. 'Trading' activities were themselves broken down into buying the crop, selling the crop, buying and selling seed (In Depalpur), brokerage as well as buying the crop and selling on commission. Even the commission rates differed based on whether it was an open auction, between two parties in the marketplace, or informally negotiated outside of the marketplace with *beoparies*, an issue we discuss in greater detail in the next chapter.

But these activities were combined with a range of others that cut across the productive/unproductive divide so critical to reified views of merchant capital. They included financing production through money loans, financing production through seed loans, financing production through fertilizer/pesticide loans, owning and investing in transport, investing in storage with cold stores in Depalpur combining 'industry' and trade. Two firms in TTS also rented out wheat harvesters to farmers during the harvest season. Moreover, two of the three flour mills in TTS also had trading firms in the grain *mandi* and reported engaging in storage, transport and financing trade through money loans as well.

Another notable aspect was the combination of trade in different commodities by the same firm. In Punjab the food grain markets (which are also cotton markets) are spatially different from the fresh fruits and vegetable markets and firms have to obtain a unique licence for each market. However, many of the top trading firms had offices in both markets and participated in both potato and food grain markets depending on the season. Four of the firms (two of which were in our sample) considered to be among the top ten in the potato market in Depalpur also

had offices in the food grain market. We did not study the vegetable market in TTS but traders revealed that this phenomenon occurred there as well.

Even 'farming' was not confined to cultivation of a particular set of crops: farmers (especially surplus producers) reported selling tube well water (Meinzen-Dick, 1996), hiring out farm equipment such as tractors, planters and diggers (Singh, 1989 for similar trends in Indian Punjab) as well as storing, transporting and lending to traders as well as other farmers, though the practice of lending to traders was prevalent in Depalpur and not TTS (Crow, 2001 for a similar case in Bangladesh). In TTS, some farmers also reported selling stored wheat seed to others and in Depalpur the practice of saving potato seed and selling a portion of it in the village was also observed. Alongside this was the relatively well-developed market for livestock and milk especially the latter, where farmers sold milk alongside their home consumption and some had entered into contracts with multinational corporations, particularly Nestle.

While we were unable to get the exact combination of activities each firm engaged in, some patterns did emerge from our interviews; the largest traders, millers and cold store owners all reported undertaking storage and transport, but the majority of their loans were forwarded to *beoparis* and to a lesser extent *kacha arhtis* than directly to the farmer for production. *Kacha arhtis* and *beoparies* could use these loans alongside their own capital to lend forward to farmers in order to secure supplies for the bigger traders, millers and cold store owners. In fact, *kacha arhtis* reported lending to farmers more than the large traders, though in TTS, declining agricultural growth rates as a result of salinity did mean that they had reduced the amounts they would lend out. In Depalpur, larger traders and cold store owners preferred lending in the form of seed to money because it would be spent on cultivation rather than household expenditures and could help secure supplies for the firm.

But this was by no means the end of complexity since alongside these activity combinations there was considerable diversification of investments and livelihoods across the urban-rural/agro-commercial divide. These can schematically be divided into i) diversification of investment by those with excess surpluses seeking other profitable outlets for accumulation and; ii) diversification of livelihoods by poorer sections in order to avert subsistence crises; iii) a combination of these for households in the middle, inherent to the form of PCP which combines the class positions of capital and labour but which can result in accumulation and the creation of micro-capitals through small surpluses (Harriss-White, 2016: 425)

In Depalpur, the most important aspect of diversification was that of large farmers into cold storage. Five out of the eight cold store owners we interviewed were also substantial farmers owning and cultivating more than 200 acres of land. During our interview with the largest cold store owner in the city and President of the local cold store owners association, we found this to be part of a larger pattern. He claimed that approximately 60% of the 103 cold stores in the locality in 2013 were owned by large farmers, either as a joint-family business or in partnership with others. Moreover, the cold store owner himself belonging to a non-landed business *biraderi* of *Sheikhs* (see Kochanek, 1983 for details on the origins of this group) held a share in one of the largest trading firms of the *mandi*, which was also true of 1 other non-landed cold store owner.

Another important pattern was the simultaneous ownership/cultivation of land alongside trade. Though for historical reasons, described in the previous chapter and further in the next, the largest traders did not participate in agriculture in Depalpur, this was no longer the case; six of the ten largest trading firms also owned/cultivated (in 2013) more than 25 acres of land with one firm (whose owner was originally a small landowner before becoming a substantial trader) holding 250 acres half of which were leased and another cultivating 100 acres all on lease. On

the other hand, we found two large farmers who had also recently begun investing in trading firms but only in partnerships with the *mandi* traders.

As highlighted earlier, in TTS two of the three flour mills were owned by traders who were earlier farmers belonging to 'peasant castes'. In both areas diversification across the AMS was common lower down in the economic hierarchy, with many *kacha arhtis* also being medium and small scale farmers (very small in the case of TTS due to the lower returns from land) while several small farmers also engaged in seasonal petty-trade across the AMS. We had begun our investigation searching for farming and trading firms as entirely separate entities but our data demonstrated the increasingly blurred boundaries between farming and trading.

The last point brings us to another important aspect of diversification by firms and households; this is the diversification of livelihoods and investment outside of the AMS. Farmers and traders in both areas were not bound by the confines of the AMS and had investments (in the case of the rich) and livelihoods (in the case of the poor) with several combinations in the middle in avenues such as urban property (which was common to both areas), brick-kilns (much more common among farmers in TTS), *kiryana* (local grocery) and medical stores, marriage halls (much more common in TTS) and housing projects. Livelihoods outside the AMS were common among poor and middle class households in both areas, with migration not only to cities but also abroad to the Gulf and UK, especially in the case of TTS.

This has immense implications for class formation and agrarian change; in particular, it means that our class categories, while wider than the narrow focus on rural differentiation, still do not capture the full extent of investments and livelihoods that households in the small towns and countryside engage in. Income from off-farm work, especially through migration to the Gulf, can help many small farmers retain control over their lands even when their income from farming is negative. It may even allow households to make productive investments in farm and

off-farm enterprises. We did come across two households in village T2 who had bought tractors during our fieldwork from the income sent from the Gulf by their family members.

Therefore, we recognize that accumulation and livelihoods beyond the AMS can affect agrarian class formation as well as the trajectory of agrarian change in several contradictory ways but owing to the constraints of time as well as the difficulty of collecting data from households and firms on their portfolios outside of the AMS, we were unable to study its impact in any detail. Nonetheless, a fuller study will have to take into account the wider sources of livelihood and surplus accumulation and how earnings from these are reinvested and/or consumed.

What is however clear from our discussion so far is that unlike stylized formulations of merchant capital being unconnected to production, real commercial firms are deeply bound to the process of production. Moreover, contrary to 'commercial capital's 'shedding' heterogeneous functions and being confined to the sphere of 'circulation' (Marx, 1991: 395), firms in real agricultural marketing systems not only retain many of these functions, but add new ones across their sectoral confines and well beyond them to create what have variously been described as 'conglomerate' (Chattopadhyay, 1969) or 'provincial' (Parthasarathy, 2013) or in our case 'rural commercial' (Harriss-White, 2013) which denotes properties going across the rural-urban and non-productive-productive divide. Moreover, these groups cultivate close relations to local or provincial state officials and the joint-family and its patriarchal control over the division of labour (but also over property and its utilization) play a central role in their management strategies.

In fact, the confinement to particular activities that may only be described as contained within the 'sphere of circulation' such as 'buying and selling' and 'brokerage' were a feature of those lower down in the economic hierarchy and not of 'capital' at all which continued to retain its 'hybrid' or 'impure' form, as discovered by others in the literature on actually existing

capitalists and their strategies (Barrett, 1997; Harriss-White, 2008; Hill, 1970). Moreover, as we have demonstrated so far, even when a capitalist firm was mainly (or even entirely) confined to a particular sector and did not own land (as several firms in our field sites) capitalist 'trade' was never just about buying and selling but mainly about exerting control over marketable surplus. This often required large amounts of capital to invest in supply networks and cultivate relations with exporters, brokers, farmers as well as with state officials.

Even those lower down in the economic hierarchy may engage in small scale activities and/or sell their labour through their household division of labour both within the AMS and beyond it (including beyond the spatial confines of the nation itself) which have been referred to in the literature as 'pluri-activity' which, as we have highlighted above, can have contradictory implications for agrarian change, allowing small firms and farms to hold onto their small scale property even when farming alone is unviable (Djurfeldt & Sircar, 2017; Marsden, 1990; Rigg, 2005). What is therefore clear is that any attempts to present class formation as being confined to the rural sphere as in the 'rural differentiation' literature not only suffers from the theoretical problem of confining a concept like class to a particular sector, but may overlook the empirical fact of increasing integration of rural areas to wider agricultural markets (and in various sites beyond it) and the process of class formation across a wider continuum.

In the next part we present a typology to deal with some of these concerns and present our class categories that combine firms and farms across the AMS, accommodating both those that may be confined to a particular sector as well as those that own assets or work across the AMS. Moreover, we argue that even when a firm or farm may be confined to a particular sector, its social relationship to the process of economic reproduction binds it to those across the rural-urban divide, creating a relatively coherent group that we refer to as 'Rural-Commercial Capital' (RCC).

3.3 –Beyond the Farm: Locating Capital and Labour in Agro-Commercial Marketing Systems

The discussion thus far has highlighted the most important *elements* of the AMS, i.e. the types of firms and farms by their roles in the system but has also pointed to the difficulty of determining set boundaries between agricultural trade, production, and processing. These markets do not simply connect rural producers to the wider circuits of exchange, but in the process, themselves become crucial determinants of the pattern of their economic reproduction. Therefore, understanding agricultural production as part of complex commodity systems can help us rethink some of the conventional framings of commercial capital within political economy.

The existence of a great variety of firms and farms, the coexistence of different production technologies, and the presence of several niches in the AMS does not preclude the possibility of the *concentration of economic power* in the system. Neoclassical economics often reduces the notion of competition to the presence or absence of a great number of firms in any market (Jesson, 2012). However, as scholars have demonstrated, a high entry of firms into a particular marketing system can easily coexist with the endurance or even strengthening of market power (Barrett, 1996; Fafchamps, 2001). This requires understanding the existence of certain niches within the marketing system where rates of return are high, but entering them requires access not only to large amounts of 'physical' and monetary resources, but also social networks and information that are not widely available. On the other hand, niches where entry barriers are low can lead to a large number of small players entering, thereby lowering margins further. We discuss this issue further in the next chapter but for our purposes in this chapter it points to the need for a rethinking of the process of formation of 'rural' classes.

In the social sciences the concept of social class is a highly contested one (Parkin, 1979; Therborn, 1978; Wright, 1997). In general it refers to social groups whose possession of certain key resources allows them to attain economic, political and cultural power (Bendix & Lipset, 1953) and differentiate themselves from those without such access. In much of mainstream sociology class denotes stratification based on economic and also political and cultural power with consequences for the life chances of variously placed individuals (Bourdieu, 1987; Weber, 1978). Finally, the concept of class is treated by mainstream sociology as merely one among a range of axes of social differentiation and not as a fundamental unit of social reproduction.

In Marxian political economy the concept has a much deeper and broader meaning and denotes not merely 'gradations' based on income or resources but social positions tied to relations between groups of producers and non-producers (Bernstein, 2010: 124). The meaning is best captured by the concept of 'social relations of production' which itself combines two interrelated concepts; i) *means of production* access or possession of which allows some groups to benefit at the expense of those without these and; ii) *exploitation*, which means the appropriation of surplus generated by the direct producers by those with access to means of production (Resnick & Wolff, 2003).

Moreover, how the surplus is appropriated and what is done with it are both closely tied to the concept of '*mode of production*' which denotes according to Banaji, a 'wider historical epoch of production' with its own historical laws and logic but which can appropriate the surplus of living labour in various forms (Banaji, 2012: 227; see also Thorner, 1982a: 1982b: 1982c). The concept of a mode of production can itself be broken down into forces of production, which means the technological state of a given society and relations of production. The contradiction between forces and relations of production fundamentally shapes the process of social change (Bottomore, Harris, Kiernan, & Miliband, 1991).

The most well-researched of these historical epochs is that of capitalism, where the fundamental class relation is that between owners of capital (or capitalists) and workers whose labour-power is appropriated as surplus-value (which is distributed in various forms such as profit, ground-rent, interest etc.), a portion of which typically goes back into the process of production to continue it on an expanded scale, leading to further accumulation (Marx, 1976). The accumulation of capital through the appropriation of surplus value in the context of 'competition among capitals' gives capital its immense dynamism but also makes the class contradiction between capital and labour its fundamental driving force.

There are of course well known difficulties in transforming the abstract analysis of capital and labour into class categories rooted in specific, concrete contexts. As we've mentioned above, living labour can be exploited in various forms and capital can exist in several *configurations* (e.g. industrial, merchant and finance capital) (Harriss-White, 1996: 131: Bhandari, 2008). Moreover, capital in actual markets is rarely as straightforwardly polarized as capital vs. labour, it may often exist as a tendency rather than be fully formed and often combine the class positions of capital and labour, as demonstrated by the concept of petty-commodity production (Bernstein, 1988).

Nowhere are the difficulties more evident than in agriculture where nature itself can be a barrier to the full development of polarized social relations of capital and labour (Byres, 1991: 33), but where existing forms of peasant and large-scale property may both in their own way also resist the full operation of capitalist accumulation (Williams, 1988). Therefore, Marx's concepts of capital and labour developed for advanced industrial class relations may be particularly difficult to translate to a study of rural societies. Nonetheless, as several scholars have convincingly shown, agriculture is increasingly tied and subsumed at various degrees (either by commercial capital or otherwise) into the circuits of commodity production with capitalists in different

forms placed at strategic nodes from farm to final consumer. Thus, any notion of a separate 'peasant society' is impossible to sustain (Bernstein, 2010; Mishra, 1982; Roseberry, 1978).

As a result of the subsumption of peasant production to capital, either through processes internal to peasant societies or via the penetration of capital from outside (most often these paths co-exist) there are tendencies towards rural differentiation and formation of classes within villages which requires translating the notion of 'means of production' and surplus appropriation to the intricacies of rural societies. This has been the key feature of the literature on agrarian differentiation in Marxian agrarian political economy. This literature has largely focused on an economic definition of class centred on the question of determining a set of criteria for the empirical investigation of various strata in rural societies and to investigate to what extent capitalism develops in agriculture and what social relations emerge as a result (see Thorner, 1982a; 1982b; 1982c for a comprehensive review of these debates in the context of India).

Historically, the debate hinged on whether 'stratification' indices such as land, wealth, cultivation etc. can be used to adequately reflect a relation such as class (Bernstein, 1977: 67). This prompted the search for more 'direct' measures that can capture the nature of class relations and the ways in which surplus labour is pumped out of the direct producers (Cox, 1983: 212). Athreya *et al* focus on the reproduction of the farming household as a whole and identify a locally sensitive minimum consumption level of grain and cash requirements (Athreya et al., 1987). These consumption requirements form the basis of their 'surplus criteria' of rural class differentiation, with households grouped according to the level of incomes above or below the minimum grain requirement of rural households. However, the assumption of a homogeneous minimum consumption level is often arbitrary and their focus on grain is restrictive due to the range of non-grain requirements (Patnaik, 1988: 328).

Probably the best known of the 'direct' class indices is Patnaik's 'Labour exploitation ratio' (Patnaik, 1987, 1988), which measures the incidence of rural capital and class differentiation in terms of total labour expenditure in physical units of labour time. Labour time is translated into an index whose higher value represents capitalist farmers - making them net hirers of labour-power - and low or negative values define the rural poor as net suppliers of labour-power. However, a composite index based on 'labour-time' is only useful in a context where technical change is not labour displacing. This is not the case in Punjab, where a number of farms are highly mechanized. In such a context, an index only in terms of labour hours will lead to problematic class categories. The owner of a highly mechanized farm for example, may be categorized as a middle farmer despite the high value of machinery and output (Guha, 1993: 1721), while a widow who does not hire-out any labour and hires-in a little may become a landlord (Rahman, 1986: 60).

But perhaps the biggest problem with the 'rural differentiation' literature as a whole is its inability to move beyond the farm and into the larger networks in which farming is embedded (Roseberry, 1978: 3). The social reproduction of the farm and of farming households is impossible without their interaction and participation in the wider society of which markets are perhaps the most important parts. It is markets that connect the production of commodities via exchange and distribution in order to continue the process of accumulation and reproduction (Marx, 1973: 86). An 'agrarian' class is not first fully formed at the point of production and only then enters circulation - instead, in its very inception, it is impossible to reproduce without including markets as central parts of this process.

Of course, even the market is an abstraction without the firms and households that populate it and the range of activities they perform, as we have already explained in the previous section. These firms also employ combinations of labour and capital, accumulate in all sorts of direct and indirect ways, and possess their own means of production relevant to their operations but

which are nonetheless connected to the overall reproduction process (Harriss-White, 1996: 41). Therefore, understanding capital and class through actually existing production and marketing networks has important implications for class analysis.

For one, it forces us to take the form of production seriously when identifying class –capital and labour are rarely found in de-institutionalized settings but brought together in various kinds of enterprises that are themselves inserted into larger production chains (Caliskan, 2010). Therefore, instead of simply the binary division between capital and labour in the factory, we find many configurations that combine capital and labour in various ways and at different scales interlocked into larger units of production which are dynamized depending on the nature of the commodity (Banaji, 2016: 411) For example, potato in Depalpur contains large and small farmers and traders who deliver fresh or stored produce to local and foreign wholesalers and retailers through a range of intermediaries that result in decentralized chains and has consequences on prices and the returns to various participants. On the other hand, wheat is part of an AMS where the 'factory' retains a central role in the control of produce by cultivators for processing and the intervention of the state adds another important element, all of which have consequences for the opening of new sources of accumulation and devising strategies of accumulation of capital.

The existence of a variety of forms of enterprise means that accumulation does not only take place through the direct exploitation of labour but also through 'indirect' means such as interest, rent, usury, price appreciation, asymmetries of payment etc., all of which can be crucial for the reproduction of capital and class formation. Furthermore, while both manual and mental labour is directly utilized by trading firms (e.g. in transport, loading and unloading, price formation, accounting etc.), accumulation mainly takes the form of control of marketable surplus from various petty-commodity producing households through money advances. Profits are made by increasing the gap between the costs of procuring these surpluses and the sale of commodities

so that control over market entry and information is also sought. So while the 'physical' means of production of these firms may be much lower than those of processing units, they nonetheless possess considerable amounts of liquid capital. Therefore, the existence of different methods of accumulation forces us to search for multivariate indices when delineating class relations instead of a singular measure such as labour time.

Finally, the insertion of firms and households into larger circuits of production also brings the issue of scale to the fore. Since means of production are unevenly combined into firms, capital can exist at a range of scales of production and commodity markets contain within them a hierarchy ranging from large agri-business conglomerates where the division between management and ownership is completely divorced (Weis, 2007) to family capital operating in the town and village (Chari, 2004), and from petty-commodity producing households to landless labour. Local capital is different in its organizational form from the corporate houses and its rootedness in local institutions has to be brought to the fore. It also means that several enterprises and households exist which combine the contradictions of both capital and labour within them and continue to reproduce unevenly mostly by multiplication rather than accumulation (Harriss-White, 2012: 125).

But most fundamentally, the need to move beyond purely rural differentiation and embedding it in the AMS stems from the sectoral definition of class it imposes on a concept that is necessarily holistic (Rudra, 1992). Even if a concrete social class is internally divided by its peculiar sectional (or sectoral) interests and historical origins, if it nonetheless shares a similar position with another group to the overall distribution of 'property' (or the means of production) and accumulation, then it belongs to the same social class despite specific intra-class differences. Thus, capitalists (like labourers) rural or urban, agrarian or industrial share a similar class position vis-à-vis their position in the social relations of production, even if their concrete manifestations are internally segmented.

As is clear, undertaking a class analysis across the agro-commercial marketing system is an extremely difficult task but can also be very rewarding as it can illuminate several dimensions of the process of social production. Notwithstanding the considerable problems of demarcating boundaries according to economic power between forms of production of such variety in the AMS of different commodities in two contrasting areas, we attempted to locate class power within these marketing systems. This demands going beyond a focus only on farming and requires a multivariate criteria for demarcation with an expanded definition of 'means of production', including not only 'physical' and 'monetary' assets (land, technology, finance), but also social networks whose possession differentiates accumulating units of economic reproduction from non-accumulating ones. It also requires identifying certain high profit niche activities associated with higher returns that are also essential for differentiating classes.

Therefore, for the purposes of empirical inquiry, our thesis focuses on class formation in the agro-commercial system as a whole, studying farming, trading and processing together while being cognizant of the fact that accumulation outside the AMS will also affect our categories.

We now turn to a discussion of some of these empirical and theoretical problems and present our multivariate criteria for class formation across the AMS.

3.32 –Mutlivariate Criteria and Classes in the AMS

There are difficulties in any measure of class particularly the translation of quantitative indices into an easily translatable language of social class which manages to divide the population neatly into discrete groups. As Teodor Shanin has pointed out, this is particularly difficult, if not impossible to do in contexts where all inputs and labour are not commodified and where property at various scales continues to exist (1977: 1945-1946). In many cases, when quantitative differences in wealth and property transform into qualitative differences, then

distinct classes are difficult to clearly mark out. Qualitative indices have the advantage of giving us categories that are not simply quantitative gradations but signify structural and social relations (Zhang, 2015: 342) . These by no means overcome the problem however as the points at which quantitative differences become qualitative are difficult to identify. It becomes particularly important when we have to differentiate those households and firms that regularly make substantial profits from those whose profitability is low and precarious.

We therefore argue that both quantitative and qualitative measures have to be creatively combined, in particular some quantitative measure of the means of production (translated empirically into assets) with the qualitative orientation towards - and the ability/inability to make a profit which are crucial to the definition of a capitalist. Thus, the relational, qualitative aspect of class will help identify the polar classes of labour and capital while an emphasis on assets helps us be mindful of social conditions when differences in the possession of means of production can lead to qualitatively different social positions (Batatu, 1979: 233) While there always remains a degree of arbitrariness about the exact boundaries between one class and another, it is better to base this on a unified qualitative and quantitative schema than a sole reliance on one or the other.

It is also important at this point to distinguish between profits made by firms and farms and the rate of profit. Profit is an absolute number obtained as a difference between the total revenue and total costs of a firm and in the case of PCP firms it also includes imputed costs of unwaged family labour. On the other hand, rate of profit refers to the ratio of profit to the total capital invested in the total reproduction of a commodity (Bottomore, 1982). In many cases, activities with the highest absolute profit are not those with the highest rates of profit since they may require large investment outlays. On the other hand, an activity requiring low investment expenditure may result in high profits, leading to a greater rate of profit. Many PCP traders had

high rates of profit but very low absolute profits, both before and after imputing family labour costs (Harriss-White, 1996: 137 for similar findings from South India).

At the same time, the activities where absolute profits were very high also required much larger investments and it is these that distinguish rural commercial capitalists from the rest of the firms and farms in the AMS. Therefore, when the thesis refers to the 'niches' where high profits are made (e.g. export trade and inter-seasonal storage) and where the RCC dominates, it is the absolute margins (i.e. the total volume of profit) that it is referring to.

At the same time, while mapping classes across the AMS provides a richer analysis that simply 'rural differentiation' the amount and quality of data required for this task is practically very demanding. For example, net values are difficult to calculate for most firms and households owing to both the range of payments that have to be made and the implicit costing of family labour, but as we highlighted above, it becomes particularly tough for traders who are also commission agents since the total stock in their firms is divided between commission and trade with different rates of return, the breakdown of which we were not able to obtain for most firms. Furthermore, as we shall see in subsequent chapters, a number of firms and even a few farms are either family owned or partnerships between a group of individuals, which makes the task of categorization more complicated: do we categorize in this case the unit of economic reproduction (the firm) as capitalist or the separate individuals who own a share in this firm? These are all difficult questions that one is confronted with in any class analysis, but become more so when looking at class through the lens of an AMS.

Another limitation is the fact that we used data on one commodity in each site to determine the economic relationship of a farm, even though as we explained in the previous chapter, both areas contain intercropping, so the possibility exists of a farm making a profit on one commodity while incurring a loss on another, which makes it difficult to categorize them.

However, in the process we discovered that the ability or inability to cultivate certain crops was itself a marker of class. Moreover, without adequate consumption data it is difficult to fully calculate how much investible surplus a household or firm is left with, which also has implications for categorization. Diversified portfolios of investment and livelihoods present another important aspect with implications for class formation as does the fact that many groups undertake activities and hold assets outside of the AMS as well.

Through the course of our fieldwork it became evident that the problems of quantitative data collection could be addressed to some extent - if not entirely overcome. From Chapter 1 it may be recalled that our research method required collecting both quantitative and qualitative data through interviews, combining these with participant observation in order to place economic relations in their social context. Such an exercise also helped us to distinguish between necessary and unnecessary data, which saved time and energy and was crucial for helping us obtain our class categories. To illustrate, one could reasonably posit that a landowner cultivating potatoes on 200 acres with the purpose of making a profit, investing heavily in inputs, using the latest technology, and hiring large quantities of labour is a capitalist farmer even if one looks at his costs and returns for one commodity only. Excluding the other commodity he cultivates from the calculations do not alter his categorization.

Likewise, we did not collect information on all the assets owned by a large farmer or the total consumption of the household of a flour miller, but this did not change the fact that the farm and the factory were geared towards - and was able to make – substantial profits which is the most important criterion for being a capitalist. Therefore, for larger farmers, traders, and millers, the value of stock, production, ownership of means of production, and labour hiring were sufficient criteria for categorization.

But household consumption data on smaller farmers and traders are more important for class relations since the difference between enterprise and household is blurred in these units and the inclusion of the imputed cost of family labour can change the class category into which the firm or household is placed. As Jan Douwe Van der Ploeg has persuasively argued, calculating net returns for petty-producers by valuing all labour, inputs and credit at market rates results in values that are almost always strongly negative (Ploeg, 2013: 26). What differentiates these households (and also firms in our case) is the ability to continue operating even at negative returns (net of imputed labour costs) due to their multiple survival strategies (the pursuit of diverse livelihoods within the same household). Moreover, as we demonstrate during the course of the thesis, they are also differentiated by the pattern in which they are included in wider commodity, credit, and land markets. This may block their ability to accumulate capital but continuously reproduces them without accumulation (though under certain conditions accumulation can and does take place).

But consumption expenditure data has problems of its own; commoditization is partial since many households saved a portion of their grain and also consumed milk from their own livestock. Both expenditure and imputed market prices fluctuate based on seasonality; the number of members in a household also fluctuates and most households and firms we interviewed could only provide rough estimates of their average monthly expenditures. Given all these factors and since we were aiming to impute labour costs, we decided to use the average urban factory wage rates in both areas. This, despite the diversity of the labour market as well as the characteristics of the household (age, gender etc.) was still an appropriate estimate of the opportunity cost of family labour given great off-farm mobility - though it must be accepted that not all households have equal ability to access it. The official minimum wage rate in 2013 at the time of our research was Rs.12, 000, but we used the average market monthly wage for a worker at the flour mills for wheat which was Rs.9000/month, and the same for a cold storage worker which was Rs.8, 000/month.

Finally, we began the research with the aim of studying the diversity, complexity and dynamics of production and exchange within real agricultural marketing systems. The data collected from firms and farms was related to their particular sectoral labels and it was only during fieldwork that we realized the extent of diversification by different groups across the AMS. Given the time constraint it would have been impossible to collect full data on all assets and activities of firms and farms (not only beyond the AMS but even within it). Instead we simply recorded other assets and activities within the AMS by the same household and/or firm when they were reported but use the 'sectoral' (or professional) label (i.e. farmer, trader, processor) to denote firms that were entirely (or mainly) involved in a particular profession. For those firms and households where the assets or activities were substantially important we use the hybrid 'farmer-trader' to underscore this.

Table 3.1 presents the multivariate criteria used for constructing our class categories. We identified four main classes in the AMS of both areas that were divided into various strata denoting their main occupation alongside hybrid categories for whom activities and assets across the AMS were too important to ignore. The capitalist class was divided into the strata of large agro-processors, large traders, capitalist farmers as well as farmer-traders denoting the diversified portfolios of activities of these firms and households. High capital accumulation (proxied by large absolute profits) was their most important characteristic which was closely correlated with access to large amounts of liquid and/or physical assets. Most importantly, in the specific case of the AMS we included regular participation in long-distance trade and inter-seasonal storage of commodities as key variables since these were reported by interviewees as the two most profitable niches within the AMS which could help differentiate accumulating from non-accumulating units and both these activities were undertaken by capitalist farmers, traders and millers.

At the other end of the spectrum is the working class - of which the classic examples were the landless lower caste households who laboured in the AMS. Alongside these were petty landowners who mainly laboured in the AMS all year round either working on other people's lands or in other parts of the AMS but cultivated crops (mainly wheat and fodder) for household consumption. We have called these households 'semi-proletarianized' (Moyo & Yeros, 2005: Chapter 1).

But it was in the other two categories outside of the polar classes of capital and labour where a large number of firms and households were located, both of which were closely tied to petty-commodity production (PCP). Precarious capitalists were identified as those groups who often used their own and family labour alongside hired labour but whose profits were low and might fluctuate between accumulation and reproduction without accumulation. They possessed much lower amounts of fixed and working capital and only occasionally participate in inter-seasonal storage and long-distance trade. The boundary between them and PCP may be blurred but we observed that they were nonetheless able to make (low) profits.

PCP on the other hand reproduced without accumulation but, according to our data, they were not subsumed into the working class (Harriss-White, 2010). The boundary between the two may also be blurred but it is important to take them as a separate class due to the empirical observation that the main form in which they were exploited was through their adverse inclusion into markets other than labour (and as employers within labour markets). Much of the theorization of PCP tends to view them only through the external fact of subsumption into commodity circuits controlled by capitalists, emphasizing the inherent instability of a form that 'combines the class positions of capital and labour' (see Bernstein, 2010: 103 for the most sophisticated formulation) and this is indeed important.

Yet, for a form considered inherently unstable, what is remarkable is the stability with which it is reproduced in almost all capitalist societies and their markets (Smart & Smart, 2005). This stability cannot simply be read-off from capital's need for PCP but from both its internal logic, i.e. the degree of autonomy of economic decisions due to the possession of means of production, albeit miniscule as well as the needs of specific marketing systems (Adnan, 1985; Cook & Binford, 1990; Harriss-White, 2012). Some may be disguised forms of wage-labour but that is an empirical question which cannot be settled theoretically (Harriss-White, 2016: 495). Finally, some of these households did have members working outside of the AMS but we did not include them in our sample.

Table 3.1 –Multivariate Criteria of Class in the AMS

Type of Class and its strata	Means of Production (ownership/value)			Inter-seasonal Storage & Long-Distance Trade	Accumulation	Labour-hiring/ Family Labour	Control Assets/Sell Labour Across the AMS
	Land (owner/ hiring-in)	Fixed Assets	Working Capital				
1) *The Capitalist Class*							
Capitalist Farmer-traders	Yes/High	Yes/High	Yes/High	Yes/High	Yes/High	Hiring-in	Assets
Capitalist Farmers	Yes/High	Yes/High	Yes/High	Yes/High	Yes/High	Hiring-in	No
Large Traders	N.A	Yes/Medium-High	Yes/High	Yes/High	Yes/High	Hiring-in	No
Large Agro-Processors	N.A	Yes/High	Yes/High	Yes/High	Yes/High	Hiring-in	No
2) *Precarious Capitalists*							
Petty-Capitalist farmer-traders	Yes/Medium-low	Yes/Medium-Low	Yes/ Medium-Low	Yes/low	Yes/low	Family + Hired-in	Yes/low
Petty-Capitalist farmers	Yes/Medium-Low	Yes/Medium-Low	Yes/Med Low	Yes/low	Yes/low	Family + Hired-in	No
Petty-Capitalist traders	N.A	Yes/Low	Yes/Med Low	Yes/low	Yes/ Low	Family + Hired-in	No
Petty Capitalist processors	N.A	Yes/Medium	Yes/High	Yes/low	Yes/low	Family + Hired-in	No
3) *PCP*							
Pluriactivity PCP	Yes/low	Yes/ Low	Yes/low	No/Negligible	No	Family + Hired-in	Small assets/ Sell labour
PCP traders	N.A	Yes/low	Yes/Low	No/Negligible	No	Family + Hired-in	No
PCP farmers	Yes/low	Yes/low	Yes/low	No/Negligible	No	Family + Hired-in	No
PCP processors	N.A	Yes/medium-low	Yes/low	No/Negligible	No	Family + Hired-in	No
4)The Working Class							
Semi-Proletariat	Yes/low	Negligible	Negligible	No	No	Family	Sell labour
Landless Labour	N.A	N.A	N.A	N.A	N.A	N.A	Sell labour

We now translate this theoretical schema into our concrete analysis of classes in the two field sites highlighting both the qualitative aspect and the quantitative data. In the tables that we present, (Rs.) refers to Pakistani Rupees and the average exchange rate for the duration of our study in 2013 was $1: Rs.105. We begin with the groups at the top of the hierarchy, the local capitalist class.

i) The Capitalist Class and its Strata

Table 3.2 presents both the assets owned by the various strata of the capitalist class alongside their qualitative attributes which together justify categorizing them as such. While we have kept the 'professional'/sectoral label to denote their main (and in several cases only) occupation, the final column on Assets across the AMS underscores how many belong to the hybrid category of capitalist farmer-traders that we highlighted in Table 3.1. For example, if among the 14 total capitalist farmers 2 own cold stores and another 2 have shares in trading firms then these 4 are capitalist farmer-traders whose access to means of production is greater than reported in the data and the remaining 10 are mainly restricted to their sector. At the same time, access to large amounts of fixed and working capital, hiring of labour and a fundamental propensity to accumulate are what bind them together as capitalists despite their different strata.

a) Capitalist farmers

Capitalist farmers are owners and cultivators of large amounts of land and were found to *exist only in Depalpur*. We have only used the figures for potato in the table and used the gross value of the product, especially since they store a portion of their crop and rotate it according to the conditions in the market and the amount of working capital they require for the next crop, as well as interest payments to banks. Furthermore, we have used simply the physical amount of potato and wheat stored since storage typically has a higher price than the prevailing average prices that were used for calculating value of stock. Besides storage, all large potato farmers

engaged in substantial amounts of long distance trade and often sold their produce directly to exporters without any intermediaries.

As can be seen from Table 3.2, which gives the total monetary value of the tractors, planters, diggers, threshers, and harvesters owned by these farms, the extent of mechanization is massive and so is the amount of working capital they possess, some of which is secured as credit from both government and private banks (in our sample between Rs. 5 to 20 million at an average of 10-14% interest). Finally, in terms of labour, their estates hired both a 'permanent' labour force (which meant hired for a year) and a seasonal labour force that was only used at harvest time.

The reason for the differences between the smallest and largest among this category as shown in Table 3.2 stems from the fact that they contain both large landlords from aristocratic backgrounds that we described in the previous chapter and smaller landholding capitalists from 'peasant' backgrounds. The latter nonetheless possess access to large amounts of capital, particularly mechanization, also utilize a labour force all-year round alongside seasonal peaks and have the same strategies of accumulation as the very large landowners, including engaging in long-distance trade and inter-seasonal storage. In their case, the differences in landholdings do not signify a qualitative difference in class position.

In terms of social background, they belonged to upper caste *Syeds* and *Rajputs* who were once absentee landlords but under the threat of land reform and the assistance of the state which provided them cheap credit and machines, began to resume their lands, kick-off share croppers and undertake cultivation on a capitalist basis (Herring, 1979). But Depalpur also contained capitalist farmers from 'peasant castes' mainly the *Watt*us, a Muslim clan originally described as 'Rajput allies' in Denzil Ibbeston's 1881 monograph 'Punjab Castes' but who now claim Rajput status. Nonetheless, the clan contains a wide range of landownership categories within

it - from petty-farmers to large landlords. Other 'peasant' castes in the area that have made a transition to capitalist farming and trade are the *Arains*, *Manekas and Wattus* but in recent years some members of the lower castes (*kammis* or artisans) have also bought and rented-in land for cultivation, particularly among traders from these castes. Strikingly, Dalit converts to Islam and Christianity were completely absent as either landowners or as capitalist traders.

In TTS, where non-saline water is scarce, we did not find any capitalist farmers. Rural capitalism was poorly developed in both our villages and our interviews with several people in the area suggested that this was generally the case in the sub-district as a whole.

As stated in the table, four of these households are capitalist farmer-traders, two owning cold stores and another two owning shares in trading firms.

b) Capitalist Traders

The main criteria used to categorize capitalist traders were the amount of working capital reported and the value of gross output traded through their firms. This was difficult to obtain, as traders are notorious for jealously guarding information about their business. The figures large traders reported could be underestimates and although we did not have clear information about how much of the commodity was traded on their own account and how much was simply brokerage fees, we received some data on commodities controlled by various traders from the local market committee office. While these may also be underestimates, they did reveal that a very large amount was traded in the cases of both crops. As expected, the value of the physical means of production such as transport and premises is much lower than for both capitalist farmers and millers but the latter possessed large amounts of working capital.

Moreover, just like the large farmers and processors, these firms participated substantially in the inter-seasonal storage of potato and wheat and were also involved in long-distance trade (Karachi and Peshawar for potato from where it went to the Middle East and Afghanistan and central Asia respectively, and Afghanistan and the deficit food regions of Northern Pakistan for wheat traders) the two most important niches within the AMS. 'Trade' seemed to be divided into segments according to economic power, with small-scale local traders buying and selling locally, while large traders buying local and selling over longer-distances. As we mentioned earlier, the existence of certain profitable niches within a sea of petty-trade with low margins has been observed in other countries (Barrett, 1996; Crow, 2001; Guyer, 1997; Harriss-White, 2008).

In Depalpur the largest traders were from *Kammi biraderis* most notably *Mirasi* (bards) now referred to as *Qureshis*, *Kumhar* (potters) now called *Rehmanis* and *Telis* (oil-pressers) now called *Maliks*. This process of changing ones caste name to an Arabic sounding one to denote upward mobility was also widespread in TTS, where a few *Rehmanis* were also prominent among large capitalist traders. They represent a remarkable case of upward mobility from lower-caste ranks, which has not been studied for Pakistan except in a few rare cases and that too in passing (e.g. Nadvi, 1999). But the dominant status group among the largest traders in TTS were 'peasant castes', most prominently the *Arain*. The largest trading firms in Depalpur also included one owned by a member of the mercantile *Sheikh* caste. In recent years a few firms owned by members of the peasant castes have also become big in Depalpur. This further highlights the increasingly integrated character of the rural-commercial elite and its emergence from different social status backgrounds. *In general however, firms belonging to members of the lower-castes were most prominent in Depalpur, while the peasant castes, notably Arain, dominated in TTS.*

In Depalpur, three owned and/or cultivated land greater than 25 acres at the time of our fieldwork while two were also wholesale traders in the grain market. In TTS, owing to salinity and declining returns from agriculture, the land owned by commercial capital was much less.

c) Capitalist Agro-processors

These include flour mill owners but we have also grouped cold store owners into this category since they use industrial processes in the storage of potatoes. As can be seen from the table, they have fixed assets of high value as well as substantial amounts of working capital both for procuring stocks and for the day-to-day running of the mills and stores themselves. Although milling technology has now been upgraded considerably with huge amounts of capital locked into the largest flour (and textile) mills that buy stocks and continue production all year round, the industrial units we found in these two small towns were seasonal in their operation, corresponding to the agricultural crop cycle. For example, most of them did not possess stocks for the entire year and did most of their buying immediately after harvest. In order to do so they required access to finance, which was borrowed from banks as well as through their social networks. In this they were close to the market traders from whose ranks they had emerged in the first place. Furthermore, they were all involved in long-distance trade, with Afghanistan and food deficit regions of Northern Pakistan being particularly important for flour mills.

For cold stores the method of accumulation was not production but procuring supply, for which they received a fixed rent of Rs.400/bag, which could be stored from January to October when the stores were emptied and closed for maintenance. As the sector now increasingly suffered from overcapacity, store owners had begun giving seed and even funds out to farmers on credit (to tie supplies), for which they required greater working capital. Labour in all these enterprises was informal and organized almost entirely through contractors. Needless to say, these agro-processors can all be considered capitalist on the criteria we have used to categorize class.

Of the three flour mills in TTS, two belonged to members of an *Arain* family while one was owned by a *Khokhar* family. As we discuss in Chapter 5, their trajectory was from rural areas into trade and from there into processing. In general, all of them had their shops in the *mandi* as well from where they also bought some of their supplies. In Depalpur, the largest cold store owner was a *Sheikh*, the most prominent Muslim mercantile caste in Punjab which consists of converts from a range of different groups (including *Khatri* Hindu merchants) and two traders from *kammi* (lower) castes also owned stores. The businessmen Sheikhs have to be differentiated from the Dalit converts to Islam, who are called *Muslim Sheikhs* (and pejoratively as *Mussalis*). However, the most prominent group among the cold store owners were capitalist farmers themselves; five of the eight cold store owners we interviewed were also capitalist farmers cultivating more than 200 acres.

Thus, despite their differences these strata collectively were part of the local capitalist class operating across the AMS.

Table 3.2 –The Capitalist Class and its Strata in Depalpur and TTS AMS

Type	Means of Production (ownership/value)			Average Net Value of Marketed Surplus (Rs. '000')	Average Quantity of Produce stored (qunitals')	Labour-hiring/ Family Labour	Assets Across the AMS
	Acres	Rs. ('000')	Rs. (000)				
	Land (owner/ hiring-in)	Fixed Assets	Working Capital				
Capitalist Farmers [Dep] {14}	178 (40-700)	7500 (4000-15000)	9750 (100-50000)	9400 (3200-65000)	4875 (650-48000)	Hiring-in Year Long	2 own Cold stores 2 trading firms
Large Traders [Dep] {6}	80 (25-250)	1300 (700-9000)	8000 (5000-30000)	11000 (6000-25000)	14000 (9600-24000)	Hiring-in Year Long	2 own shop in grain market 3 land > 25 acres
Large Traders [TTS] {4}	10 (8-12)	2400 (800-8000)	5000 (3000-50000)	25000 (7000-50000)	7000 (1300-12000)	Hiring-in Year Long	2 land > 5 acres
Cold Store Owners (Dep) (8)	N.A	5000 (8900-24000)	10000 (5000-70000)	12000 (3996-79920)	10000 (3000-50000)	Hiring-in Year Long	5 land > 200 acres 2 shares in trading firms
Flour Millers [TTS] {3}	10	50000 (35000-75000)	20000 (10000-40000)	50000 (21000-83000)	25000 (14000-51000)	Hiring-in Year Long	1 owns 10 acres

Source: Field Survey, 2013; numbers in the () show lowest and highest values observed

2) Precarious Capital and its strata

As described above, these firms and household were able to accumulate but the profits were low and fluctuating. Just like PCP, they used their own labour (though in the case of trade and processing they could also be seen as managing their own business) in conjunction with hired labour. It was divided into petty-capitalists in trade, processing and agriculture as well as those which had activities (on the same scale) across the AMS. The categories are presented in Table 3.3.

a) Petty-Capitalist farmers

The designation petty-capitalist mainly denotes the fact of using hired labour (generally at harvest) alongside family labour. More importantly, it designates those households who reported receiving revenue greater than costs (after net imputed costs of family labour) for their produce. Our research was only restricted to one commodity per area and we were unable to obtain accurate information about all types of transactions that a household or firm undertakes. Therefore, it must be kept in mind that the positive returns (net of imputed family labour cost) are only for potato in Depalpur and wheat in TTS and some of these households may in fact be simply PCP. Moreover, it is extremely difficult to mark the boundaries between petty-capitalists and petty-commodity producers proper since the latter too may hire small amounts of labour. However, the main reason why we chose to use this category is to highlight the great internal variation in PCP as a form of economic reproduction and equally importantly to stress that accumulation can and does take place even with a low resource base (Harriss-White, 2012).

We find the category of petty-capitalists useful because it signifies that firms and farms can accumulate at very low levels (a form of micro-capitalism) We can also conceptualize this group as precarious capitalists and they were found in both TTS and Depalpur. In TTS, they were from all *biraderis* but *Arain* dominated the villages as well as the area in general. For one petty-capitalist farmer, who owned a brick-kiln and a marriage hall in the city, the designation petty-capitalist may only apply to his farming. In his overall relationship to accumulation, he was a capitalist.

b) Petty-capitalist traders and processors

These include many commission agents possessing little or no capital of their own but able to broker relatively high amounts of produce between farmers and wholesalers, as well as those with small amounts of their own capital able to receive a good price on the sale of their produce.

Once again, the inability to collect adequate amounts of household data prevents us from making any claims about the extent of their accumulation, especially since households and firms often intersect with such traders. Petty-capitalist processors were those *chakki* grinders that recorded a small profit net of imputed family costs during our field site.

The reason we keep this category, just like petty-capitalist farmers, is to highlight how all PCP is not simply disguised wage but can also accumulate under certain circumstances. We explain some of the limitations that they face which restrict their accumulation in the next chapter. As can be seen from the table, some of these households do participate in activities across the AMS while others also reported members of the household working outside of the AMS either in cities or abroad but we did not include this in the data and restricted it the to the form of production in the market itself.

Table 3.3 –Petty-Capitalist and its strata in TTS and Depalpur AMS

Type	Means of Production (ownership/value)			Average Net Value of Marketed Surplus (Rs. '000')	Average Quantity of Produce stored (qunitals')	Labour-hiring/ Family Labour	Assets/ labour Across the AMS
	Acres	Rs. ('000')	Rs. (000)				
	Land (owner/ hiring-in)	Fixed Assets	Working Capital				
Petty-Capitalist Farmers [Dep] {12}	16.5 (9-28)	450 (95-1200)	290 (45-400)	900 (450-1300)	Negligible	Family+ Hiring-in	3 shares in trading firms
Petty-Capitalist Farmers [TTS] {3}	9 (5-18)	320 (52-540)	180 (70-450)	340 (250-700)	Negligible	Family+ Hiring-in	1 small trading firm 1 brick-kiln
Petty-Capitalist Traders [Dep] {6}	6 (6-6)	110 (65-250)	140 (40-250)	750 (500-1100)	2000 (0-3000)	Family + Hiring-in	2 own land > 5 acres
Petty-Capitalist Traders [TTS] {4}	7	240 (93-510)	67 (30-110)	1250 (500-2100)	1500 (0-2300)	Family+ Hiring-in	1 land > 5 acres
Petty-Capitalist Processors [TTS] {2}	No	600 (450-750)	32 (24-40)	700 (600-800)	Negligible	Family	No

Source: Field Survey, 2013

3) Petty-Commodity Producers

As argued earlier, it was difficult to differentiate PCP clearly from Petty-capitalists as the former also participate in markets and can hire small amounts of labour. However, we use the term strictly for those households who *participated in commodity markets but did not*

accumulate as shown in Table 3.4. They were divided once again into different strata but with many overlapping activities across the AMS. Moreover, some households did report one or more members working outside the AMS but we did not include this in our data. The most common recurring pattern of activities in the AMS was petty-farming combined with petty-trade, often on a seasonal basis as shown in the table.

a) PCP farmers

The negative values we obtained for the marketable surplus of PCP farmers (like in the case of its other strata) were as a result of imputing family labour costs. In fact, without including labour costs their gross returns was Rs.8, 000 for potato in Depalpur and Rs.3, 000 for wheat in TTS. The greater range of maximum and minimum recorded values for potato shows the great fluctuations in prices and returns for the crop, with some PCP producers reporting net returns of up to Rs.30, 000 while others reporting losses of close to Rs.50, 000 (both excluding imputed costs). Conversely, the range of values for PCP farmers in TTS is lower due to the predominance of wheat farmers in the sample and the lesser variations due to its lower costs and price variations. These features of each specific market are explained in greater detail in the next chapter.

Many of these households are continuously indebted through their participation in agricultural markets, which has prompted certain scholars to term these households ‘disguised’ wage labourers but we preferred to take the form of non-accumulation through participation in multiple markets as the indicator with which to differentiate them from ‘disguised’ wage-labour (Banaji, 1977). Their social reproduction is mainly through non-accumulation and they mainly expand by multiplication. They may possess some means of production but the terms of their inclusion in multiple markets arrests accumulation.

b) PCP traders and processors

These are 'family' or 'self-employed' traders who did not hire any additional labour but acted mainly as sub-collectors for larger traders and used small amounts of their own or borrowed capital. These would also include the vast majority of seasonal brokers who specialized in certain commodities and again sold these to larger traders in the urban wholesale market. On the other hand, some of them could be considered workers in the sense of collecting produce for the larger traders and paid something close to a piece rate according to the number of bags they procured for the wholesaler.

Like PCP farmers, some PCP traders and processors reported returns greater than costs excluding labour costs: Rs.11,000 for potatoes in Depalpur and Rs.6,000 for TTS. One factor which may explain the slightly higher net returns for them is the lower requirement for hired labour. However, similar to PCP farmers, they too were exploited through adverse inclusion in multiple markets, and though there were PCP farmers in this category, a very high proportion of those whom we observed were from *Kammi* (lower-caste) backgrounds. Though the boundary between PCP and waged-labour can be blurred, we analytically separate them from the latter.

Table 3.4 –PCP and its strata in TTS and Depalpur AMS

Type	Means of Production (ownership/value)			Average Net Value of Marketed Surplus	Average Quantity of Produce stored	Labour-hiring/ Family Labour	Activities Across the AMS
	Acres	Rs. ('000')	Rs. (000)	(Rs. '000')	(qunitals')		
	Land (owner/ hiring-in)	Fixed Assets	Working Capital				
PCP farmers [Dep] {25}	5 (1-14)	32 (0-250)	60 (0-250)	-28 (-115 to -2)	Negligible	Family+ Hiring-in	4 in Petty-trade 2 part-time farm labour
PCP Farmers [TTS] {27}	2.5 (1-25)	25 (0-100)	35 (0-110)	-6 (-11 to -2)	Home Consumption	Family+ Hiring-in	7 in Petty-trade 1 part time farm labour
PCP Traders [Dep] {27}	3.5 (0-11)	Negligible	7 (0-50)	750 (500-1100)	None	Family + Hiring-in	5 PCP farmers
PCP Traders [TTS] {22}	1 (0-4)	Negligible	12 (0-60)	-11 (-18 to 4)	None	Family + Hiring-in	8 PCP farmers
PCP Processors [TTS] {3}	No	117 (85-250)	8 (5-15)	-7 (-13 to -4)	Negligible	Family	No

Source: Field survey, 2013

This brings us to our final class category at the other end of the pole from capital, the working class in Depalpur and TTS.

4) The Working Class

The working class in the context of the AMS refers to those households who largely and solely rely on the sale of their labour power in trade, processing or agriculture. Moreover, while some tasks within the AMS do require skills and have higher pay, such as managerial, accounting or clerical positions on farms and firms, this category mainly refers to the mass of unskilled workers doing manual work and mainly (though not always) hailing from the lowest rung of the caste hierarchy. It includes the following strata:

a) Semi-proletariat

This is a category of households that mainly relies on waged-labour either on other people's lands or off-farm, but nonetheless, owns small parcels of land that were either rented out or farmed for household consumption. Furthermore, they did not have access to means of production such as tractors or tube wells nor working capital in order to carry out farming on a sustained basis. Once again, it is extremely difficult to differentiate them from PCP proper as off-farm employment does constitute one of the ways in which PCP reproduces itself. An analytical and empirical distinction can be made between PCP proper, which is primarily exploited through its inclusion in multiple markets; and wage-workers, who own small parcels of land but are primarily exploited through the labour market. It is, however, not necessary that they were worse off than PCP households since off-farm work can often times lead to greater income than that obtained from own-agriculture.

b) Landless rural labour and *Palledar*

This is the agricultural proletariat proper without any access to land and who work as seasonal and permanent labourers on various farms. The distinguishing element apart from their lack of land was also the close correlation between caste and landlessness. Most of the agricultural labour force that worked the fields in both TTS and Depalpur was *Dalit* (former untouchables) converts to Christianity and Islam (the former dominating in TTS and the latter in Depalpur).

Furthermore, unlike the peasant proletarians, they were organized in Depalpur through labour contractors (mostly men and women of their own caste), who provided them work both on farms and in the agricultural marketplaces as *palledars* (loaders). The greater mobility off-farm means a working class that straddles the rural-urban divide and is organized through similar labour arrangements (elaborated further in Chapter 6).

Palledar is the local term for workers who are employed as coolies in the AMS. The similarities in the organization of casual labour between farm and market are stunning: both are overwhelmingly landless *Dalit* (former untouchables) converts to Islam (called *Musallis* or Muslim *Sheikhs* in local parlance) and Christianity (called *Essais*), with the former dominating Depalpur and the latter in TTS. Both are organized through labour contractors (who are members of their own communities), and many of these contractors organize the same groups for farm labour as well. The main difference between coolie and farm labour at harvest is the domination of men in the former and women and children in the latter.

Therefore, despite problems of collecting data on a range of firm and household types, we can draw the following conclusions:

Firstly, the data show that a variety of farms and firms exist with different functions in the AMS, which means that capital and labour are not easily identifiable as they are in a simple factory setting. Even small-scale processing takes place in the form of self-operated grinding machines that do not require any additional labour. This is reflected in the differing values of physical and liquid 'means of production' for certain commercial firms, but which nonetheless possess means that are adequate for their own activity and they are capitalists in the sense of having accumulation trajectories. In other words, greater attention needs to be paid to the specificities of the nature of particular forms of production and the functions they play in actually existing circuits of commodity production.

The second important conclusion that emerges is that the possession of 'means of production' and the manner in which they are combined is uneven. While we have not included in our fieldwork the larger units of capital that exist outside the two small towns and their surrounding villages that can operate on a national and even international scale, even an analysis of the 'local' AMS undertaken by us highlights that firms and farms exist in a hierarchy - from the relatively large units of capital with considerable amounts of physical and liquid means of production that have great local buying reach and can sell at longer distances, to small scale producers and traders who do not accumulate particularly when the costs of own and family labour are included. Yet, we also found out that some members of these are nonetheless under certain circumstances able to accumulate.

Despite churning in between these categories and the blurred boundaries, a clear degree of concentration of economic power exists in the AMS of the two areas. The differences between the largest and smallest firms and farms in terms of the possession of assets and net value of marketable surplus are massive, with *capitalist farmers, large traders and cold store owners emerging as the top asset owners in Depalpur* while *flour millers and large traders as the most powerful in TTS*. Moreover, capitalist farmers in Depalpur are also in possession of considerable assets and sell a high value of surplus. No capitalist farmers were found in the case of TTS.

Moreover, as we have demonstrated, these groups have emerged from different social strata, particularly the four status groups of aristocratic gentry, peasant castes, mercantile castes, and lower castes. Therefore, across the AMS from farm to factory, and beyond the rural-urban and status divide, a group of firms and households crystallize that are clearly accumulating in the overall process of agricultural commodity production which an analysis of the AMS has

revealed - and which have emerged from different social and caste backgrounds. It is this group whom we call ‘rural-commercial capitalists’ (RCC).

There are various differences between these groups, which we shall continue to emphasise throughout. Nonetheless, the reason for calling these groups RCC is not simply because many of them have diversified up- or down-stream into other parts of the same AMS. It is also because they all demonstrate remarkably similar attitudes to the overall process of social production: all are commodity producers aiming at maximizing returns, not only from production but through the sale of the product on the market. For this, they all have access to substantial means of production that enables control of marketable surplus in order to allow accumulation. Furthermore, as we shall see in Chapter 6, despite different rates of labour usage, all of them exploit labour through institutions that are remarkably similar.

Finally, all these groups show the same interest in the inter-seasonal storage of commodities for higher returns as well as in long-distance trade. Therefore, with the widening of the view from the ‘rural’ and placing it in the broader rural-commercial markets, we see the emergence across the rural-urban divide of a group who are capitalists in the AMS even with all the considerable specificities of their own functions, operations, and status backgrounds.

Conclusion: Agricultural Marketing Systems, Rural-Commercial Capital and the Limits of Class Boundaries

“Capital does not act in an abstract manner – it does not impose ‘capitalism’. Rather, capital is invested by particular persons who pursue their own interests which cannot be reduced to, or may even be in conflict with the ‘system’ as a whole” (Roseberry, 1983: 109)

The chapter has introduced the diversity and complexity of agro-commercial markets in the two areas and called for the integration of class analysis within wider circuits to move

the focus away from a purely 'rural' view of class formation. Using a multiple set of criteria, it has shown how despite great churnings and overlaps as well as differences in scale, a class of rural-commercial capitalists does crystallize out in both areas that straddles the rural-urban divide, and which despite its diverse origins, belongs to the same character with respect to its relationship to the accumulation process.

But while the search for more rigorous criteria for identifying rural classes is by no means entirely futile, this also highlights the limits of an economic definition of class obsessed with drawing 'correct' boundaries between strata. As we highlighted above, capital does not fully form at the point of production and only then enters into the 'market'. A focus on delineating class boundaries alone, while important, is ultimately less useful than the dynamics of the social environment and context in which capital accumulation and class formation actually takes place. Furthermore, class is not simply reducible to the economic dimension and contains political, ideological, and social aspects that are of equal importance and are lost in a singular focus on the economic. We hope to supplement our economic analysis of class with a focus on social status divisions to highlight the tensions between the two, which have implications for class coherence.

Locating class and capital in actually existing circuits of production and reproduction also opens up space for us to take the decision-making by capitalists themselves seriously. If we move from an 'abstract' focus on production of surplus-value by clearly demarcated capital and labour to the variety of forms of production in actually existing AMS, then the abstract 'capital' relation is found personified in particular individuals who are embedded in particular social and institutional environments in which their decisions about production and exchange are made. It is the structure of these markets, the institutional diversity of production and exchange, the decisions and strategies of accumulation and reproduction without accumulation that is our main interest in the thesis. In subsequent chapters therefore, we focus in greater detail on the

dynamic features of accumulation and reproduction in the AMS of our two areas beginning with potato in Depalpur.

Chapter 4 – The Potato Market System: Strategies of Accumulation and Exploitation

The previous chapter introduced the various actors of the AMS for the commodities in our two field areas, highlighting the great number of firms and farms that existed in these AMS. Furthermore, we showed that beyond some of the complexities there was an economic hierarchy within the AMS at the apex of which were a group of firms and farms who have emerged from diverse social strata but increasingly traverse the rural-urban divide to accumulate across the AMS. We termed these groups rural-commercial capital (RCC) to highlight both their integrated nature across the AMS as well as their dominance in the *local economy*. The RCC of Depalpur comprises the social strata of capitalist farmers and export agents, a majority of whom belong to lower caste groups, signifying the existence of upward economic mobility. On the other hand, the area of peasant caste dominance, TTS, has very low agricultural growth and no significant agrarian capitalists. Instead, the RCC of this area comprises millers and large traders, all of whom nonetheless hail from peasant castes. Thus, we have several axes of division and unity among the locally dominant capitalist classes in each area, some of which will be explored further during the course of the thesis.

This chapter tries to complement the conclusions of the previous chapter through an analysis of the social relations between classes and dynamics of their reproduction, beginning with the potato market, the social groups within it and their strategies of accumulation. We try and understand capital accumulation and class formation in the complex AMS for potato in Depalpur. We posit that there is no single potato market but rather the AMS is itself divided into several '*niches'*. A niche is defined by differing technologies, sites and functions but it also reflects economic segmentation. The strategies of firms and farms in the AMS are greatly shaped by their confinement to a particular niche, although more powerful groups have greater flexibility. Moreover, the complex yet integrated nature of the system also helps locate the presence of particularly profitable activities and strategies that are most closely associated with

the dominant groups, who cut across the rural-urban divide. The strategies of these groups are looked at in particular detail and how these help them accumulate but also shape the pattern of accumulation for others in the system.

The chapter is divided into three sections. Section 4.1 provides a background to the formation of the AMS and particularly the two groups out of which the rural commercial capitalist class has emerged: capitalist farmers and traders. It tries to explain how diversification strategies of each have helped turn this area that was once agriculturally backward into one of the hubs of agrarian dynamism and in the process created a much more integrated economy which is still embedded in agriculture. Section 4.2 examines the potato AMS in great detail, particularly the role of a decentralized export trade in creating opportunities for accumulation as well as the risks associated with it. It also highlights how long-distance trade and storage represent the most profitable 'niches' in this AMS that all members of the RCC seek to access and the strategies they utilize to do so. In the last section we look at some of the implications of this analysis for understanding class formation and the processes of capital accumulation.

4.1 –Capitalist farmers and Traders: Diversification and Origins of Rural Commercial Capital

As was highlighted in the previous chapter, potato is the cash crop par excellence in Depalpur and has almost completely replaced cotton in this high growth region of Punjab. A cursory look at the data demonstrates how far the total production, yields and area cultivated have increased in the Punjab with Depalpur (and Okara district in general) being at the forefront of this uptake. In 1996 the total production in Punjab was around 780,000 tons that had increased to approx. 3.3 million tons by 2012-13 which was a record production year. Also evident from the table is the overwhelming weight of Punjab in the total potato production in the country (Table 4.1) as well as the weight of both the district (Okara) and the sub-district (Table 4.2). However, it

is interesting to note that although the long-term trend in production, cultivated area and yields is upwards, there are sharp fluctuations in the short-run.

Table 4.1 -Yearly Crop Data for Potato in Punjab (1997-2013)

Year	Area ('000' acres)	Production ('000' tons)	Yield (quintal/acre)	National Production ('000' tons)
1997-98	89	1224	55	1426
1998-99	94	1604	69	1810
1999-00	94	1648	70	1668
2000-01	87	1480	68	1666
2001-02	92	1549	68	1722
2002-03	102	1762	69	1946
2003-04	97	1775	73	1938
2004-05	99	1850	75	2024
2005-06	105	1390	53	1568
2006-07	121	2408	80	2582
2007-08	142	2388	68	2539
2008-09	133	2783	84	2941
2009-10	127	2991	94	3141
2010-11	148	3340	76	3492
2011-12	148	3338	75	3550
2012-13	156	3554	88	3385

Source: Agri-Marketing Roundup, Government of Punjab (various issues)

Table 4.2 -Yearly Crop Data for Potato in Depalpur (2008-20014)

Year	Area ('000' acres)	Production ('000' tons)	Yield (quintal/acre)
2008-09	61	564	104
2009-10	59	630	115
2010-11	67	667	106
2011-12	84	684	87
2012-13	75	743	104
2013-14	62	681	94

Source: Agricultural Department, Depalpur

These aggregate figures nonetheless hide much greater differentiation within the various agricultural producers; our fieldwork suggested that capitalist farmers had on average higher production and yields owing to greater access to better quality (and costlier) 'Holland' seed, higher use of fertilizer and regular irrigation. Table 4.3 demonstrates that capitalist farmers

typically apply greater amounts of fertilizer and invest more in better quality seed than smaller ones. Though some authors argue for the continual existence of the inverse size-productivity relationship (e.g. Hazell, 1998) we did not observe it in our field areas. However, area of cultivation cannot be the sole criteria of differentiation in a highly commercialized setting such as Depalpur where similar amounts of land can hide great variations in production owing to variations in intensive farming techniques.[20]

Table 4.3 -Area, Amount of Fertilizer, Quality of Seed and Yields of Potato in Depalpur

Type of farmer	Seed Type	Fertilizer (bags/acre)	Average Area (acres)	Yields (quintal/acre)
Capitalist Farmer	H	2D + 3U + 2P	178	100
Petty-capitalist Farmer	I + L	1D + 1.5U + 0.5P	16.5	82
PCP	I + L	1D + 1U +0P	5	70

Source: Field Survey (H = Holland seed; I = Indian seed; L = Local seed; D = Diammonium Phosphate; U = Urea; P = Potash)

For the last few decades, but particularly since the early 1990s, potato farming has defined the transition to rural capitalism in Depalpur, making it one of the most dynamic agricultural centres in the country. Moreover, contrary to expectations, the transition has been led by members of the erstwhile landed aristocratic elite (mostly *Syed* and *Rajput* landlords) who have transformed themselves into capitalist farmers. They cultivate potato, but also follow it up with two other crops, usually maize and rice, in a three crop rotation cycle. Furthermore, they invest heavily in tube wells, planters, diggers and tractors, borrow large amounts from agricultural and commercial banks, and have also diversified into livestock in a big way, which now adds more value to the Pakistani agricultural sector than any crop (IPP, 2012).

[20] See (Kautsky, 1988: 95-120) for a classic (although by no means unproblematic) statement on this difference.

This highly remunerative crop is also very expensive to cultivate; figure 4.4 shows the estimated total and per acre cost of production of potato for a 400 acre capitalist farm.[21] As is evident from the table, costs of inputs, particularly seed but also fertilizer, are a massive component of the total cost and quality is always an important consideration for yield. In our sample, the cost per acre varied considerably between capitalist farmers and petty-capitalist and PCP households, owing to higher amounts spent on better quality seed by capitalist farmers as well as the cost of hired labour. It varied from an average of Rs. 65, 000 on PCP farms to around Rs. 80, 000 on a capitalist farm. However, the cost per acre for both classes of farmers is still more than twice that of wheat, which in 2013 had an average cost/acre of around Rs.29, 000 according to our field surveys. But more important than the cost are the profits that can be made from the export of potato but which bring with them huge uncertainty due to the fluctuations in prices, an issue we discuss in the next section.

Table 4.4 -Estimated Cost of Production of Potato on 400 acres in 2013

Input/Operation	Estimated Cost (Rs.)
Land Preparation	190 0000
Seed and Sowing Operations	922 0000
Farm Yard Manure	180 0000
Fertilizer and Plant Protection	912 0000
Irrigation	159 0000
Harvest	735 4000
Gross Cost at Farm	310 11000
Cost per acre	**77460**

Source: Field Survey

[21] The cost per acre of wheat cultivation in TTS by comparison, was on average Rs. 25000 in 2013.

Many of the large farmers were initially landlords who rented their lands out on a 50: 50 share-cropping agreement to a mass of lower-caste tenants. They were traditionally most occupied with local and national politics rather than the vagaries of cultivation, particularly on a commercial basis (Alavi, 1974; Javid, 2011). Their landholdings were a source of political power rather than commercial profits. Some landowners did supervise their landholdings and shared costs with their tenants but a more important function than profitability was providing a measure of security to lower-caste tenants who could then act as pliant vote banks in the faction ridden politics of the rural elite (Burki, 1976).

With the end of the share-cropping system in the area, landlords began resuming their lands for self-cultivation. Initially, tobacco was cultivated but when members of the locally influential *Syed* and *Rao* (a migrant Rajput clan from Rohtak, present day Haryana, India) *biraderis* were seen as profiting immensely from its cultivation, it quickly spread to other farms. Landlords used their political clout to corner the majority of the agricultural credit available from government banks and co-operatives and began mechanizing their farms. In 1974, they formed the Potato Growers Association with the aim of lobbying the state on issues of credit and prices as well as for importing seeds from Holland. The real boom began with the rise in potato exports in the late 1990s and the production increased almost three-fold between the late 1990s to the late 2000s. Thus, they transformed from absentee landlords into capitalist farmers, with considerable help from the state (Herring, 1979).

However, the transition was also greatly assisted by traders in the city's central vegetable *mandi* (marketplace) (essentially its potato marketplace) which rose from insignificance in the early 2000s, to become the second largest potato trading centre in the country, after

neighbouring Okara. The dynamism spurred off-farm by potato partially had its roots in the *mandi* where traders began importing seed and providing it to farmers under a variety of arrangements to assist its widespread diffusion. At the same time, the social composition of these traders was entirely different from that of the landed elites. Although some of the traders in the Depalpur *mandi*, particularly the largest cold store owner is from the Muslim mercantile caste of the *Chinioti Sheikhs*, the vast majority originally hail from the 'lower' service castes, pejoratively called '*Kammis'.*

These castes were initially non-landed village servants of landlords providing a range of services which gave them their caste names such as '*Nai'* (barbers), *Kumhar* (potters), *Teli* (oil-pressers), *Mirasi* (bard/musician) *Julahas* (weavers) *biraderis*. These services were traditionally paid for through grain by a system known as *seypidari* and is considered a variant of the *jajmani* system (see Ahmad, 1977). With increased commercialization and the declining importance of their traditional occupation to the village economy (which had already begun happening in parts of the district at the turn of the 19th century), they increasingly turned towards the cities where Hindu mercantile castes were mostly dominant (Fox, 1984). Our interviews revealed that many had initially opted for trade because it was one of the only avenues for many non-landed lower-castes.

In Depalpur, many of the largest traders of today started as sub-collectors at the bottom rung of the commercial hierarchy working for the more established traders in neighbouring Okara, where members of the Muslim mercantile groups dominate. Unlike landowners, these commercial groups have not been studied in Pakistan. Unfortunately, we did not intend to do a study of their historical evolution in any detail but to focus on their current dominance - so no more than cursory observations can be made here.

Six of the eight top firms we studied belonged to members of this group but with one important caveat; seven out of eight were also organized on the institution of the *bhaiwaal,* i.e. partnerships (Table 4.5) with all the lower-caste member firms being partnerships. The proprietor in whose name it operated and who ran its business side was a member of the lower-castes in all cases where there were other partners. The reason for this has to do with the dispersed distribution of resources (both material and immaterial like 'reputation' or somewhat less immaterial 'contacts') not all of which may therefore be available at once to the same person or family. One party may have access to large amounts of finance while the other may possess the necessary skills and contacts.

This is particularly the case for those households and firms diversifying from one part of the agro-commercial system (e.g. agriculture) to another (e.g. trade) where the existence of contacts and managerial skills may be a problem. It seemed that most of the traders from so-called 'lower castes' were widely seen as the most skilled at their business and therefore others were interested in entering into *bhaiwaal* arrangements with them. A few of these traders have also diversified into farming, which is obviously a profitable business particularly through an active lease market to create diversified portfolios of investment that straddle the rural-urban, agro-commercial divide.

Table 4.5 -Firm Financial Models in Potato AMS

Firm Type	Min. Investment (Rs.)	Family Firms	Partnerships	Average no. of Partners
WS/TR (RCC)	2-3 million	1	7	4
CA (Petty-Cap)	50-60K	15	7	3
Petty Trader (PCP)	10-20K	7	2	2
Broker (PCP)	3-5K	2	None	N.A

Source: Field Survey, 2013

But perhaps one other reason why these groups dominated trade was due to the landownership structure of the area where large landholders are so important. As we saw earlier, absentee

landlords preferred to spend their time and energy on their factional politics. But even with their transition to capitalist farming, the size of their farms, the amounts of investments required (as we saw earlier) and the supervision of labour on farms averaging over 300 acres dissuaded them from off-farm investments. Moreover, they lacked familiarity with anything besides farming which made them reluctant to invest their surpluses from potato cultivation into trade or agro-commerce, the two most important commercial activities in the area. Familiarity has been identified as one of the main reasons for capital holders spurring industry though backward and forward linkages (Hirschman, 2013: 107-108).

In recent years however, their first forays into off-farm activities have taken the shape of investments in cold stores. This has happened because of the profitability of cold storage (which we discuss in the next section), the relative simplicity of the processes involved and most importantly, being in possession of the precondition for making the initial investment necessary and worthwhile: their own potato surpluses. While the earliest investors into cold storage were migrant businessmen (from Muslim mercantile castes) the real boom came when investments by large landowners increased in order to diversify their asset portfolios. According to the president of the Potato Cold Store owners Association, approximately 60 of the 103 cold stores are owned by large capitalist farmers. Five of the eight cold store owners we interviewed were also owners of more than 200 acres of land.

As a potato farmer owning 300 acres of land explained to us: 'We initially went for cold storage to protect our own surpluses. It became necessary to find adequate means to store them as traditional technology would not last us till May and most of our production would be wasted. In our store three-fourths of room space is reserved for our own farm produce and the rest we rent out.' Therefore, storage is both a necessity for capitalist farmers, as well as an extremely profitable business. Likewise, many capitalist farmers who entered trade combined their own agricultural surpluses with those of their relatives and friends. But it is also important to note

that the combination of necessity and profitability as initial motivations and the spurt of cold storages built in the area have in the last couple of years led to the opposite problem of excess capacity, coupled with the higher running costs due to an electricity shortage in the country.

Thus, Depalpur presents a case of landlords transforming into capitalists, a case of an 'agrarian transition from above' (Byres, 2003) but with traders playing an equally important role in the diffusion of seed and the marketing of produce. Moreover, these farmers have recently been utilizing their surpluses to diversify into off-farm activity. By contrast, traders belonging to lower-caste backgrounds have come to dominate local trade in marketable surplus, using their contacts and raising finance through partnerships. Moreover, a few of these traders have also begun cultivating land through lease-markets leading to the creation of diversified investment portfolios that straddle the urban-rural divide. Therefore, a section of both capitalist farmers and traders have diversified portfolios of investment across the AMS, corresponding to the category of capitalist farmer-traders explained in the previous chapter.

In the final chapter, we highlight the differences between capitalist farmers and traders hailing from erstwhile lower castes in relation to political power. However, the reason for referring to both these groups as part of the same locally dominant capitalist class (which we label rural-commercial capitalists (RCC)) is their position in the system of agricultural markets which differentiates them as capital accumulators against precarious capitalists, the mass of the PCP and the working class.

In the next section we examine the structure of these markets and the complexity of their workings. Moreover, we argue how seeing capital accumulation and class formation through the lens of Agricultural marketing systems (AMS), broadens our understanding of these phenomena.

4.2 The Market Environment: Demand, Supply, Institutions and the Context of Decision-making

4.21 Potato in Depalpur: Markets of Uncertainty

Before we go into the workings of the potato AMS it is important to give a background to what has been happening to costs of production in the potato AMS. Even though (as we saw in Tables 4.1 and 4.2) the long run trend in production and yields depicts a rise, with short-run fluctuations, the costs of production have increased at a steadier rate in the last five years. In potato, the most important component of the cost structure is seed, accounting for as much as 30-40% of total costs of production (FVDP, 2009: 10). Since most high quality seed is imported from Holland, the fall in the price of the rupee in the years leading up to our fieldwork meant an increase in price.[22]

Likewise, fertilizers have also seen a dramatic increase in real prices: in 2008 the price of a bag of urea was around Rs.650/bag (50 kg) which shot up by 160% to Rs. 1,700/bag in 2011 and was Rs. 1,850-1,900/bag at the time of our fieldwork. Such a rapid rise in the price of locally produced urea was the result of a combination of severe gas shortages as well as the oligopolistic structure of urea production (Dawn, 2013). Moreover, Diammonium Phosphate (DAP), which is used in both crops, also saw a sharp price hike from around Rs.2, 800/bag in 2008, to more than Rs.4, 000-4,100/bag in 2013.

Irrigation costs have also risen in recent years – historically, the rural areas in Pakistani Punjab suffered from under-investment in the power sector. In 1985, 'more than 62% of Pakistani villages were awaiting electrification' as opposed to Indian Punjab where all villages had electricity (Sims, 1988: 36-38). This meant a greater reliance on more expensive diesel tube wells in Pakistan versus lower cost electric ones in India (Papanek, 1991: 626). The costlier

[22] See http://www.dawn.com/news/1045193 for some of the reasons for the fall.

technology was confined to capitalist farmers and forced more and more PCP farmers to rely on rental markets for their water requirements (Meinzen-Dick, 1996).

Although both the areas of our field-research now have electricity and many farmers (especially in Depalpur) have shifted to electricity-driven tube wells (the overall number is still lower than diesel operated ones) the bias in ownership of irrigation technology remains, with the overwhelming majority of tube wells and turbines in our samples owned by capitalist farmers while PCP farmers rely exclusively on the rental markets. Only a minority of small farmers owned tube wells in Depalpur (three out of 11).

In Depalpur the rental rate is between Rs.450-600/hour, which is double the real cost for the owner, but what is striking is that this was just Rs. 200/hour in 2008. The sharp increase in costs over the five years is largely due to the severe electricity shortages that have wrecked the country's economy (IPP, 2011: 10) with farmers facing power outages alongside higher electricity bills. Furthermore, farmers using diesel operated tube wells have also experienced higher costs due to the real rise in petroleum prices between 2008 and 2013, with petty-capitalist and PCP farmers relying on rental markets being worst hit. PCP farmers are therefore vulnerable not only in credit and commodity markets, but also in rental markets for water.

In Depalpur, most PCP farmers cited higher costs of production as the main reason for not cultivating potato, preferring wheat instead which was cheaper and a portion of which could be saved for home consumption. However, all farmers were equally vocal in asserting what they called the 'risk' of cultivating potato as a major reason for avoiding it. What they meant by 'risk' were the fluctuations in price that occurred from year to year and affected the returns to investment, creating a subsistence crisis for PCP farmers and financial losses for larger ones (see Rakshit, 2011: 525-527 for a similar case in West Bengal). They all argued that the main

problem was lack of control over prices and how this discouraged them from cultivating more potato or making new investments in improving yields.

The issue of 'risk' (by which they actually mean uncertainty) also brings us back to the question of the 'market' – as we demonstrated in the beginning of the section the trend in production and yields is marked by long-term increases alongside sharp short-term fluctuations (Tables 4.1 and 4.3). It becomes more obvious once we observe the changes in *price* levels. Figure 4.1 shows the average monthly wholesale prices of potato from July 2008 to December 2013. Figure 4.2 depicts the average monthly wholesale prices in Depalpur during the single year of our field-work. The pattern is of great fluctuations not only from year to year but also within the year. How can one explain these fluctuations? A 1991 publication of the 'Pakistan-Swiss Potato Development Project' rationalized it in terms of 'more or less price inelastic local demand alongside a fairly elastic supply' which affects prices and therefore the amount of production (Zanoni, 1991: 27). In other words, the phenomenon was understood primarily in terms of the 'supply-side'.

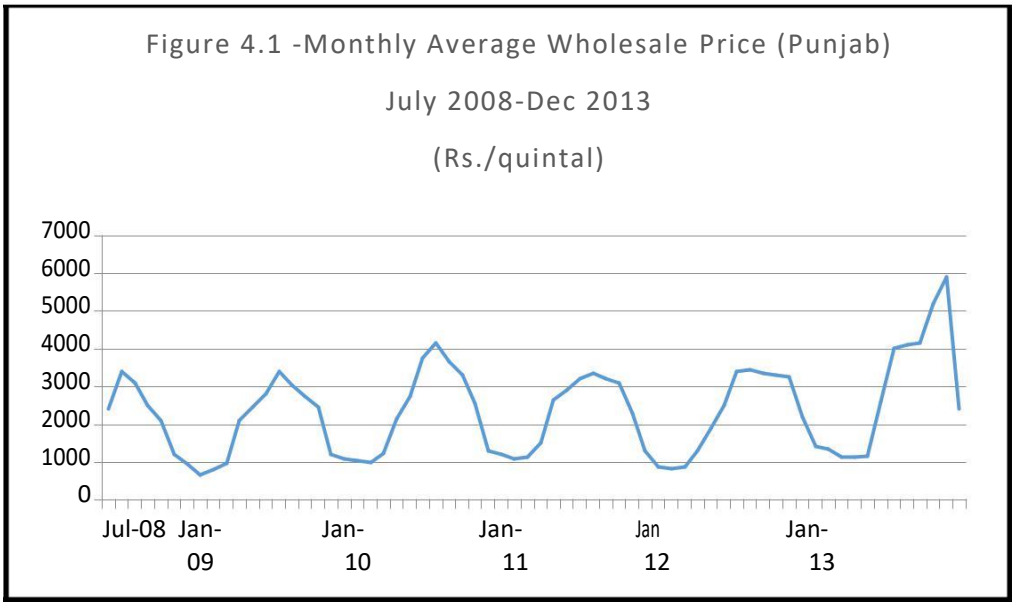
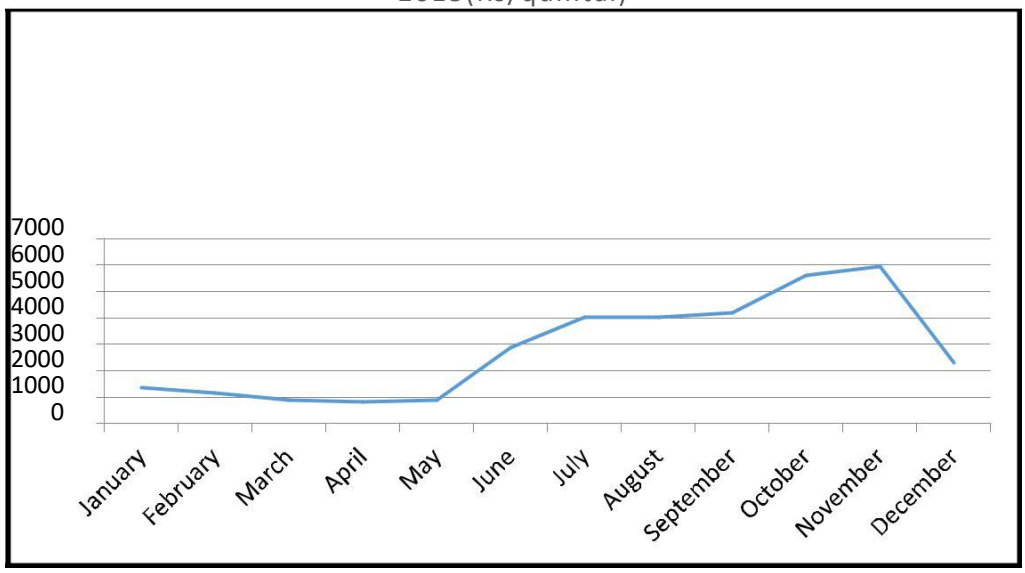


Figure 4.2 -Average Monthly Wholesale Price (Depalpur market) 2013(Rs/quintal)



Source: Agri-Marketing Report, Government of Punjab (various issues)

This had changed dramatically by the time of our fieldwork in 2013; between 1991 and 2013 the local consumption of potatoes increased from about 1.2 million tonnes to around 2.2 million tonnes whereas production increased to approximately 3.8 million tonnes. The role of traders and the state in providing credit to purchase imported HYV seed was pivotal in this transformation but equally important has been the role of *demand*, primarily *export demand* in making such heavy investments profitable. Exact figures are difficult to obtain but official data reveal that in 2012-13 Pakistan exported approx. 300,000 tonnes to places such as Afghanistan, Central Asia, Russia, Iran, Sri Lanka and the UAE (PFVA, 2014: 21). Official statistics only capture those commodities that are traded through the sea route via Karachi port whereas according to the Pakistan Fruit and Vegetable Merchants Association (PFVA) more than half a million tons are exported through informal (or 'illegal' according to the government) channels via land routes through Peshawar and Quetta (*ibid*).

There are two main land routes into Afghanistan which lead to different parts of the 'Central Asian corridor': one into Kabul via Peshawar which goes into Tajikistan, Kyrgyzstan and

Kazakhstan all the way to Moscow; the other into Kandahar via Quetta, Baluchistan which goes into Iran, Turkmenistan, Azerbaijan and Uzbekistan and into Russia. These countries are the main markets for Pakistani potatoes because of the different cropping calendar in which the busy post-harvest period in Punjab between late January and early May coincides with the sowing period in many central Asian countries. Between the Punjab harvest and the harvest in various central Asian countries, there is a gap of about two to three months.

During this time the main competitors of Pakistan for these markets are Bangladesh and India (PHDEB, 2008). The Pakistani potato caters to the slack season in Afghanistan and the Central Asian states where local demand is heavily dependent on the local supply and the demand situation in the previous years as well as the projected production for the current year. It was to these markets that a majority of potatoes produced in Depalpur were geared, even as they had to be balanced with sales within Pakistan.

Therefore, the main determinants of export demand are the supply and demand conditions in the export destinations as well as the relative prices of potatoes from competitor countries, particularly India and Bangladesh. But access to new markets has also brought with it greater standardization of production through investments in grading equipment and seeds that are high yielding as well as resistant to various tuber diseases (particularly scabs). Standardization also means that there are different prices for different 'types' of potatoes (locally divided between 'red' and 'white' but with different brands of seed), with the most important for export being the Syngenta white potato as this is consumed in most of Central Asia.

Buyers in export markets often reject contingents if the size and appearance of potatoes does not match the size and other requirements of their specific markets. Due to the calendar differences, potato cultivation in Punjab operates within a very narrow margin of hot and cold temperature; in most of the colder potato producing countries of Central Asia it is a summer

crop but in the heat of the Punjab valley it is sown in October when the temperatures are beginning to drop but too great a drop can destroy yields through frost. As a result, new investments are made in seeds that are resistant to frost which also results in a rise in production and marketing costs. 'Potato is a big man's game and I don't just mean those with *sarmaya* (capital). I mean it is not for the faint-hearted!' was how one trader put it succinctly.

Before moving on to the specificities of the potato AMS in Depalpur, the niches within it and the strategies of accumulation deployed by the RCC, it is necessary to engage briefly with the theoretical issues that emerge in the category of commercial capital.

4.22 –The Specificity of Commercial Capital: Controlling the Produce of Labour without Controlling Labour

One of the central claims of the thesis is that markets are multi-layered and complex systems with a diversity of firm types, institutions and functions whose logic cannot be read-off from a neoclassical, rational choice framework (e.g. Lele, 1971: Pandiya & Dholakia, 1995). Not only is the behaviour of actors influenced by norms, interpersonal relations and networks which shape their very notion of rationality and irrationality (Granovetter, 1992), but 'real agricultural markets' are more than vehicles for price efficiency and also act as conduits for the inter-sectoral transfer of resources as well as being arenas of exploitation of different types of producers (Jan & Harriss, 2012: 39).

Likewise, contrary to orthodox Marxist conceptions the thesis also argues that processes of class formation and capital accumulation in agricultural marketing systems are much more complex than any 'straightforward confrontation between capital and labour' (Banaji, 2016: 411). As shown in the previous chapter, a large number of units of economic reproduction (firms, farms and household) exist in the AMS and a majority of them cannot be categorized as either capital or labour. Moreover, though the firms and farms at the apex of the system own

and deploy large amounts of capital in order to make a profit, the mass of households, firms and farms from which they extract surplus are widely dispersed and the production processes of the latter are not directly under their control, a situation that commercial capital has been confronted with since at least the 18th century (Banaji, 2011: 271). Finally, the labour force directly under the control of the RCC from which it extracts surplus as surplus-value is typically much smaller than PCP of various kinds whose marketed surplus the RCC seeks to control.

We therefore have a situation which seems paradoxical from an orthodox Marxian understanding of capital but one which describes the economic reality of huge swathes of humanity to this day and it is this –commercial capitalists do not control labourers directly and cannot convert labour-power into a commodity. Since surplus-value only emerges when labour power itself is a commodity, the exploitation of labour by commercial capital does not take the form of surplus-value (Graf, 2014: 15-16). On the other hand, commercial capital appropriates the product produced by labour-power as a commodity through the indirect extraction of surplus from different types of PCP firms and households (Basole & Basu, 2011: 50). This seeming paradox can only be understood if the specific strategies deployed by capital to exert control over marketed surplus are highlighted and the logic behind these strategies grasped. However, strategies and their underlying logic cannot be understood without the character of the AMS which provides the incentive structure and context through which capitalist strategies are shaped and which allows for surplus to be extracted indirectly from PCP firms and farms. We therefore need to begin with an analysis of the marketing system itself in order to understand the specificity of RCC and its strategies of accumulation.

However, can the specificity of commercial capital be posited when one of the key arguments of the thesis so far is that it rarely exists in a 'pure' form? As the previous chapters have demonstrated, not only do actually existing commercial capitalists undertake a range of productive and non-productive (but necessary) activities, but most own assets across the AMS,

including direct control over land and cultivation. Nonetheless, as the previous chapter has also argued, many firms can be categorized primarily as commercial capitalists and more importantly, the activities involving extraction of marketed surplus from PCP need to be theorized irrespective of the hybrid existence of commercial capital, especially since orthodox conceptions of commercial capital as confined to the 'sphere of circulation' and merely 'realizing surplus-value' are clearly inadequate (e.g. as theorized in Marx, 1991: chapter 17).

Therefore, as argued above, the starting point for a materialist understanding of commercial capital must be the institutions and relations of the marketing system itself, some of which were highlighted in the previous chapter. However, since the AMS also contains a large number of non-capitalist PCP households and firms, how can one posit the specificity of commercial capital as a form or configuration of capital? Moreover, what differentiates commercial capital not only from the mass of PCP and labour but also other types of capitalists who also have access to money and labour-power? It is argued that the specificity of commercial capital at a higher level of theoretical abstraction (despite the multiple 'impurities' and configurations of its empirical existence) is that it seeks to control or dominate the most profitable niches within the marketing system and uses this domination to gain access to the marketable surplus produced by PCP household in all sorts of direct and indirect ways.

This view of commercial capital builds on the work of critical Marxian and non-Marxian scholars who argue how strategic control over the supply of commodities can be a source of profit for capital, especially when labour power is not directly controlled as a commodity. Werner Sombart in his analysis of early German merchants for example, argued that the key production factor which commercial capital controlled was not 'the material means of production' but rather the 'market itself' (quoted in Kriedte, Medick, & Schlumbohm, 1981: 3). Likewise, Banaji, drawing on Braudel and other historians from the Annales school has argued that when commerce covers long-distances and a few merchants gain control over the

supply or distribution (or both) of a commodity to extract a major share of the profit, then the system can be characterized as commercial capitalism (Banaji, 2016: 425; Braudel, 1992; Wong, 1999: 220).

Therefore, control over the marketed surplus from dispersed and diverse sources is central to any conception of commercial capital. While this does not preclude that actually existing commercial capitalists may also employ and exploit labour directly or earn interest through credit relations, their differentiating characteristic is asserting control over marketed surplus from different types of producers through various strategies (Roseberry, 1983; Boone, 1992; Harriss-White, 2013). However, since the market is a multi-layered system with various niches and subsystems, it is also true that not all activities within the AMS are equally profitable or the domain where capital dominates.

Therefore, we argue that what differentiates the RCC from the rest of the classes in the AMS is that it operates, controls or dominates the most profitable niches of the AMS which are not accessible to precarious capitalists or the mass of PCP who are also a part of the larger system. Entry into and operation within these profitable niches requires a combination of physical, monetary and social 'means of production' (or assets) which are costly and not widely available. This includes not merely the large sums of money lent as advances in order to control marketed surplus, but also costly and hard to obtain information as well as networks of trust with actors operating at different points in the marketing system, which are also costly to maintain and not easily transferable (Clough, 1985; Fafchamps, 2001; Wan, 2001).

By accessing means of production specifically required to gain access to the most profitable niches within the market, the RCC is able to make substantial profits and restrict entry into these niches to those below it in the AMS. This does not mean that there is no competition among different RCC but that the market is segmented according to economic power. These

profitable niches may vary with the marketing system of specific commodities but for the potato AMS they were mainly participation in export trade and the inter-seasonal storage of potatoes.

Moreover, the fact that all sections of capitalists despite their hybrid and diverse portfolios of investment participate in the profitable niches at the apex of the system prompts us to term them as part of the same rural commercial capitalist class. We therefore argue that class formation and capital accumulation in and through marketing systems must be given due attention, especially when capital seeks to control the output of labour but not the labour process itself. That this continues to represent the economic situation of large swathes of humanity will allow Marxian political economy to help understand the conditions of their economic reproduction.

At this point it is necessary to describe the structure of the different 'niches' that exist in the potato AMS so that the economic segmentation within the system and the strategies of the RCC can be understood better.

4.23 –The Segmented Market: Decentralized Accumulation and Export Trade

So what are the different subsystems or niches within the potato AMS which shape the accumulation strategies of the RCC? At the apex the most profitable niche is the export market which requires the greatest detail since it structures the entire system and is fascinating for its complexity, the amount of livelihoods involved and its largely informal nature. As indicated, this is a trade in fresh potatoes (and to a lesser extent stored) going from local markets like Depalpur to certain key terminal markets in the importing countries where retailers sell them for household consumption. In many of the importing countries of Central Asia potato is a part of the staple diet. However, unlike 'buyer-driven' chains involving corporate retail supermarkets, there is no single or dominant firm that buys and supplies the produce.

If one were to think of the entirety of this informal export system from farm to the consumer it can briefly be conceptualized in the following manner: hundreds of thousands of farmers of varying sizes and capacities produce a few million tonnes of potato (some of it for domestic consumption but the bulk of it for export) which are collected in the local markets (Depalpur being the second largest one) and involve a range of intermediaries. On average a hundred vehicles carrying the produce travel long distances (1200km to reach Kabul and 2,000km to reach Kandahar from Depalpur) from a market like Depalpur every day to reach their destinations where importers take the commodity to local wholesale markets and from there thousands of retailers (of different sizes) buy the commodity to sell it for household consumption.

Despite the huge number of actors involved, this decentralized and largely informal export system provides a portion of the staple diet for millions of Afghan and Central Asian households. To give an idea of the extent of this trade consider that during the busy exporting season from late January/early February to April in our fieldwork year (2013) an estimated three to four thousand tonnes left Depalpur market daily for different destinations, the bulk of it for export. In between the act of production and the final act of consumption, many differentiated technologies, payment systems, flows and transactions exist the entirety of which explain the potato AMS but only a part of which are captured in our thesis.

A further distinction needs to be made between the range of intermediaries in the export market: most exporters involved in the trade are Pashtuns from Quetta and Peshawar who share ethnic ties with Afghans across the border. They are the most important presence in Depalpur during the export season and some even own property in the city. In the decentralized system these exporters (or their agents) who come to Depalpur in their dozens are connected to several other 'importers' (bulk buyers) across the border who in turn are connected to many

retailers/wholesaler none of whom, as we explained above, are significantly larger than the largest firms in Depalpur as a result of which the bargaining power between exporters and export agents is relatively equal.

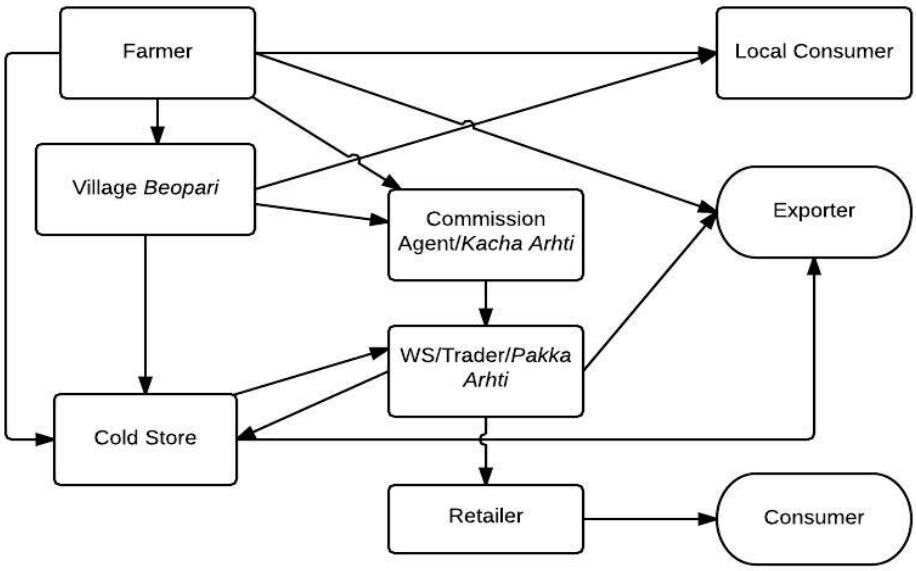
Exporters compete with others to collect consignments either directly from capitalist farmers in Depalpur or through the central vegetable market. Only a handful of capitalist farmers cultivate relations directly with exporters, which has the advantage of greater access to markets and price information. These capitalist farmers are part of the increasingly integrated RCC that straddles the rural-urban divide. The vast majority of exporters depend for their supplies on traders in the Depalpur market. The aim of the local traders is to procure produce for the exporters who then bundle these together in trucks and send them off to the different destinations.

There is a daily auction (*boli* in local parlance) during the export season from 8am to noon in which markets are bustling with hundreds of farmers, local brokers and commission agents and large traders, not to mention an army of lorry drivers and coolie labour loading and unloading produce. Though the auctions are important for providing a daily notional price, our interviews revealed that a majority of export (and domestic) consignments are procured through different types of contracts that do not pass through these auctions; spot prices are rare, a pattern observed in other contexts as well (e.g. Harriss-White, 1999: 272). The significance of this fact is immense and will be highlighted in the coming paragraphs.

Although the situation has changed recently, at the time of our research none of the firms in Depalpur that undertook long-distance trade were ‘exporters’ in the sense of having direct connections with buyers across the border and selling directly to them. Their participation in long-distance trade took the form of acting as suppliers to exporters and receiving a commission fee for it. The commission rate for transactions between local traders and exporters

was 3.12%. The returns of these firms are affected by both the quantity and the price of potato in the export market since the fixed percentage is impacted by both factors. Of the 48 registered firms in Depalpur *mandi*, only eight were recognized as 'export agents' which is the best way to describe their activity. These were termed the '*Pakka Arhatis*/WS/Traders' in our previous chapter and are represented here in Figure 4.3.

Fig 4.3 –Elements of the Potato Marketing System



What attracts so many with capital and connections to the export niche is its profitability: through our interviews with exporters and local exporting firms we estimated that the minimum price difference which made the export of a 120 kg/1.2 quintal 'bag' (the local measure) viable in 2013 was Rs. 1,500; in other words, the prices in the Kandahar (the nearest and most important export market) potato market had to be at least Rs.1,500 higher per 1.2q in order to make export profitable. This was on account of the high cost of export (primarily transport)

which was estimated at approximately Rs.1,200/bag (GOP, 2013). The average cost of production and marketing that we estimated for 1 bag in the Depalpur market was approximately Rs.1,100 which meant a minimum price of Rs.2,700/bag in the nearest export market to break even.

Yet the extent of potato cultivation highlighted the profitability of export trade. Though we could not obtain monthly export price data through our interviews we discovered that between 2009 and 2012 in a 'good' season, the export price is on average Rs.5,000 reaching peaks of up to Rs.7500 (in Pakistan rupees). As one large trader remarked, 'In a good year we make money not on bags but on kilos!' Of course the reverse is also true as a result of low export demand with prices falling precipitously and leading to heavy losses. Despite the fluctuations margins were on average rising at the time of our fieldwork which explains why close to 743,000 tons were produced in this district alone in 2013 (Table 4.2).

But as stated above, high margins also incur high costs: a truck transporting 250 bags (30 tons) in 2013 cost on average Rs.400,000 to Rs.500,000 at the Chaman border (with Kandahar as the nearest collection market) via Quetta and Rs.300,000 to Rs.400,000 at the Torkham border (with Kabul as the nearest collection market) via Peshawar. If the average large trader reporting a working capital of Rs. 800, 0000 (Table 4.4) were to send all his consignments to Kandahar via Chaman on his own account, it would amount to a total of 16 trucks (480 tons) for the entire season. Yet, during the 2013 peak season the largest traders reported on average sending 20 trucks (600 tons) per day. This further highlights why working on commission and shouldering only part of the risk of long-distance trade was the most rational strategy of accumulation. We explain how this system works through the chain of payments between exporters and 'agents' later, but the volumes that these firms reported as being traded through their firms were significantly higher than for the other type of commission agents to whom we now turn.

Alongside these ‘export agents’ (large trader/WS/brokers in the diagram) there exists another group of registered firms in the local market whom we called *kacha arhtis* in the previous chapter. These firms are also paid a commission of 3.12% but what distinguishes them from the ‘export agents’ is not only the lower amounts of working capital at their disposal (Table 4.4), but also the volumes they trade on average. More significantly, they are distinguished by their reach - being limited to bringing produce directly from PCP and Petty-capitalist farmers to the Depalpur *mandi*. As we have highlighted above, most capitalist farmers either have direct connections to exporters or prefer to sell through the exporting agents.

In Depalpur, *kacha arhtis* sell the farmer’s produce mainly to the ‘export agents’ for a commission. In other words their low working capital and lack of direct connections to exporters restrict their spatial reach from farmer to the local market. Their main connections are to PCP and Petty-capitalist farmers. So apart from the long-distance ‘niche’ another ‘niche’ exists within the larger potato AMS – a ‘marketplace niche’ distinguished not only by levels of working capital and volumes traded but more fundamentally, by distance and site. Long-distance trade and ‘marketplace’ trade (whose terminal market is from farm to the local *mandi*) emerge as two different niches within the potato AMS.

The majority of 48 firms that were registered in the Depalpur market belonged to this latter ‘marketplace’ niche. Given the high volumes produced in Depalpur (743,000 tonnes in 2013 for example) with a portion of it going through the auction markets to which these *kacha arhtis* were restricted, one could at first instance reasonably expect that despite low working capital they could generate considerable amounts of profits through commission fees. However, though the margins in the ‘export niche’ structure the ‘marketplace’ niche and create opportunities for the latter, the extent of their accumulation is limited due to a number of factors. First, the high margins attract more competition within the registered *arhtis* themselves. Second, and more importantly, they were largely (though not always) confined to

participation in the auction market, which represented a very small fraction of the total surplus traded, a point which requires further elaboration.

The estimated figure we obtained through our interviews of the entire volume that went through the Depalpur market for the main export season in 2013 was approximately 450,000 tonnes till early May. After this time the cold storage season begins of which a higher proportion is directed towards local consumption and which was estimated at 100,000 tonnes for 2013 (although this includes potato that is stored and taken out within the export season and for the purpose of export). Traders claimed that only roughly one-sixth of these 450,000 tons that were supposed to have gone through the market were procured via auction in which *kacha arhtis* operate and out of whose proceeds they receive commission.

Most of the 743,000 tons produced in 2013 was therefore not procured via auction but directly from the 'field' (as it was referred to locally) through an army of seasonal petty-traders/brokers (some of whom were also PCP farmers as explained in chapter 3) with little or no working capital, who were given funds by the trade agents to act as sub-collectors for them and who were paid a fixed commission of Rs.20/bag (Rs.16.6/q) in 2013. In other words, for most of their supplies the export agents bypassed the *kacha arhtis* via petty-traders, which created a third 'niche' composed of hundreds (if not thousands) of PCP traders (many of whom were PCP farmers as well) who only operated seasonally. The PCP traders' function was to procure produce directly from the thousands of farmers (mostly PCP) at harvest time and their radius of operation was often limited to one or a collection of villages in a particular locality.

Therefore, among the three different 'niches' in the potato AMS of Depalpur which define the structure of accumulation within it, those operating at the top (excluding the exporters since we are mainly dealing with 'local' capital at the rural-urban level) were export agents with large levels of working capital both borrowed (not only from exporters but also from formal

sources such as banks) and own who participated in the risky, costly but profitable long-distance trade (which includes domestic trade). Their numbers are the smallest (by our estimates they represented only eight out of the 48 registered firms but only four of these were considered to be most extensively involved in this trade) but their firms report the highest volumes traded. It is these firms that represented a large part of the locally dominant RCC.

Moreover, by forging direct connections to exporters in long-distance trade in order to bypass local export agents, capitalist farmers can also be included in the same category. Thus, the participation of the RCC in long-distance trade, despite their different professions (trader versus cultivators) and origins in distinct status groups (landed gentry versus mercantile and mostly lower-castes) highlights a remarkably similar strategy of accumulation and greater integration across the urban-rural divide, a fact that can only be understood through the opportunities provided by the structure of the potato AMS.

Table 4.6 –Estimated Average Working Capital, Volume, Commission and Rent for Different firms in potato AMS

Type	Avg. Working Capital ('000' Rs.)	Avg. Volume traded/stored (quintals)	Commission/Rental rate
Cold Stores (RCC)	10000	32000	Rs. 333/quintal
Export Agents (RCC)	8000	240000	3.12%
Kacha Arhtis (Petty-Cap)	150	18000	3.12%
Beoparies (PCP)	7	1500	Rs.16/quintal

Source: Field Survey

But cold stores add another crucial dimension to this AMS and as we described in the previous section, these have proliferated in recent years. A single cold store consists of two chambers and together these have an average capacity of 40,000 bags (48,000 quintals). Store owners in the area formed an association in 2007 which regulates the rental charges taking running costs (mostly electricity) into account. The rate at the time of our fieldwork was Rs.400/bag (Rs.333.3/q) which is fixed no matter how long the duration of storage (although it was

sometimes violated by the largest cold store owners who reported charging Rs.350/bag (Rs.290/q)). Cold storage which first emerges as a necessary activity for the physical preservation of the commodity now becomes a means of coping with the fluctuations of these uncertain markets. However, in doing so it also evolves into a crucial source of accumulation when the vagaries of demand and supply result in high prices once there is a shortage of fresh potato in the market.

For one, based on market trends and availability of capital, both strata of the RCC such as capitalist farmers and large traders kept a portion of their total stock in stores to save it from rotting and more importantly, in expectation of a price rise once the export season ended. Although most of the produce in these stores was destined for local consumption, the dominance of the export market in the potato trade meant that the rhythm of domestic price fluctuations was heavily influenced by exports and which fed into the decisions of different actors pertaining to sale and storage.

The largest farmer we interviewed in Depalpur, who cultivated close to 750 acres and also owned a cold store with a storage capacity of 108,000q (90,000 120 kg bags) stored around 48,000q (40,000 bags) of his own produce in 2013 - both to utilize capacity as well as to profit from price hikes as the harvest ended. Furthermore, since potatoes had seen a collapse in prices post-harvest (Fig 4.2) due to low export demand in our field year, he had diverted more of his marketable surpluses towards cold stores hoping to benefit from an eventual price rise in the slack season. Likewise, our estimates based on interviews with the largest traders revealed that they had stored on average 14,000q in 2013. Our field year saw both a huge drop as well as a steep rise in prices which moved from lows of Rs.830/q in April to approximately Rs.6, 000/q in November allowing many of those speculatively storing to recover losses and in some cases make massive profits. Thus, storage was highly correlated with the strategies of accumulation of the RCC.

This flexibility was not available to the vast majority of PCP farmers we interviewed who could not hold any stock beyond a month, since they urgently required money for consumption, for settling older debts as well as buying the means of production for the next crop. Many of them were locked into contracts with traders and so had to dispose of their produce at harvest in any case but even where this was not true, the lack of finance meant all their sales were made quickly after harvest. One PCP farmer who had spent Rs.60,000 of his own for cultivating 1 acre of potato sold his 90q for a mere Rs.8,000 when prices dropped!

The flows and relations of the AMS highlighted in figure 4.4 involve importing firms (in foreign countries and not shown in the figure) procuring supplies through advances to exporting firms, who add this finance to their own working capital, lending it forward to local commercial capitalists (export agents) in markets like Depalpur. Again these agents combine these funds with their own working capital and, while using a small portion to buy from the *kacha arhtis* (petty-capitalists), lend most onwards to hundreds of small brokers and petty-traders (with very little but mostly no working capital) in order to procure supplies. The largest potato traders in Depalpur all reported an average of 70-100 PCP traders to whom they lent, mostly at harvest, to procure marketable surplus. This is the most important strategy of accumulation for traders and one that distinguishes them from capitalist farmers who control their own surpluses, which has been noticed in other contexts as well (e.g. Harriss-White, 2008).

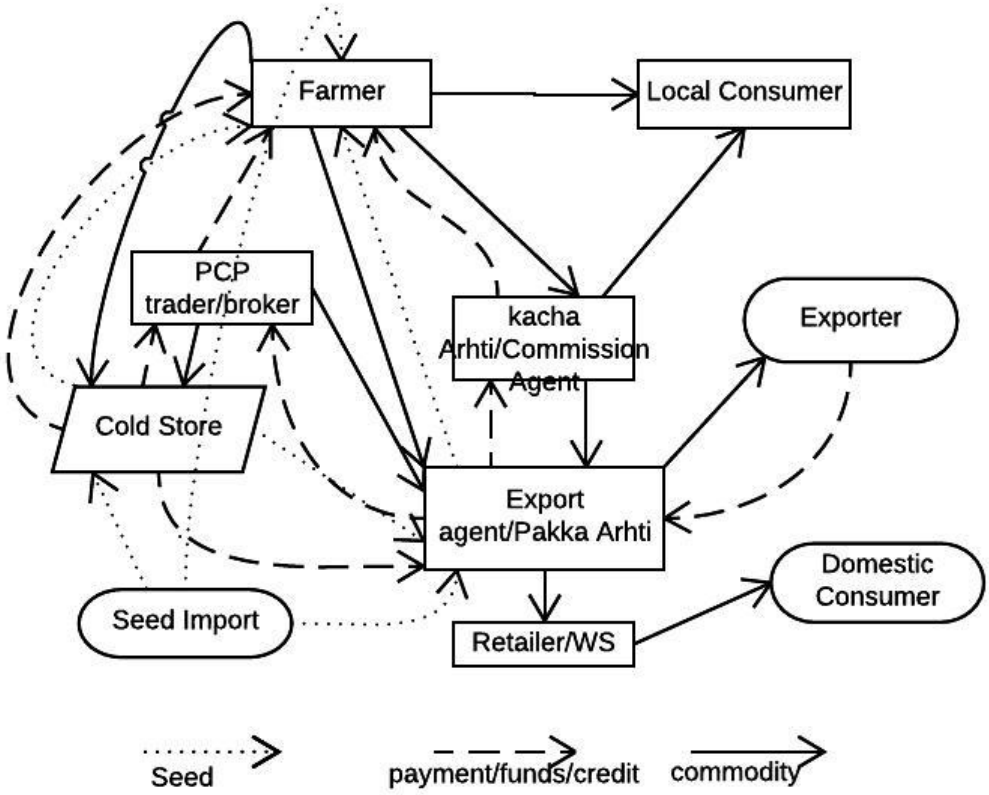
These local capitalists explained the following advantages of operating through onward lending to petty-traders rather than 'open' auctions; first, they could avoid the commission fees that needed to be paid to the *kacha arhtis*. As opposed to a percentage commission in the case of *kacha arhtis*, the informal contracts with PCP traders through advances were instead based on fixed amounts paid according to the quantity supplied (Rs.20/q in 2013) which meant that the

entirety of the commission gained from export would go to the export agent. This 'piece-rate' like arrangement also created an incentive for PCP traders to increase their procurement efforts at the bottom of the hierarchy.

Finally, the timing of procurement was crucial. The bulk of it occurred immediately post-harvest when most cash-strapped farmers were looking to sell as quickly as possible.[23] This is where access to large amounts of own and borrowed working capital was crucial. In both TTS and Depalpur there was a common division between transactions involving upfront payments in cash (sometimes cheque) and those on credit. The difference between the two was that while a farmer or trader could ostensibly expect to receive the market price in the case of the latter, payment period was often as long as 2 to 3 months which could be extremely problematic for cash-strapped producers and traders. Therefore, they chose to sell their produce on upfront payments for immediately needed liquidity, in exchange for which they had to accept reductions in their received prices of up to Rs.70-100/q in the case of potato. Having access to ~~large amounts of working ca~~pital, RCC traders were able to take advantage of this situation and accumulate capital. Of course, capitalist farmers with greater control over their marketable surpluses were not subject to such constraints

[23] Since the Price of potato depended on the situation of export demand, post-harvest prices were not always lower.

Figure 4.4 –Flow of goods and funds in the Potato marketing system



One final distinguishing strategy of accumulation between RCC traders and capitalist farmers that we were able to identify was with respect to crop loans for seed. As shown in the diagram the one commodity in which traders and cold store owners do connect with farmers directly is seed. As explained in chapter 2, commercial capital played a crucial role in the import and widespread diffusion of seed from Holland and to a lesser extent from India. Most large traders either bought seed from Cold store owners or imported directly from abroad. Though farmers with sufficient funds bought seed at spot prices traders admitted that a lot of the sales of their seed were as tied contracts to farmers with the promise to sell through their firms. Cold stores were also heavily involved in seed buying and selling to farmers and were also increasingly keeping a large portion of farmers' and traders' seed in their stores on rent as well. But a few

capitalist farmers did import seed directly through the Potato Growers Association that we mentioned in Chapter 2.

In such complex marketing systems, where so many different activities co-exist, it is easy to see that there are multiple activities being undertaken at varying rates of return with different scope in scale and location. It would be too difficult to map all of these and see how each of these fare. It is also easy to see that accumulation is not being undertaken from production relations as in a factory system. Most labour is not being exploited directly and when it is, as in the case of traders, it is not surplus value, it is redistribution through market exchange that the main source of profit. With the co-existence of so many different activities, it may seem difficult to talk about a relatively coherent group of people at the top who despite their differences, share a basic relationship to accumulation and stand in contrast to the mass of PCP and labour.

As we shall see in the final section it is possible to isolate some crucial areas where there are real overlaps between these groups - prompting us to use the label rural-commercial capitalists (RCC) for them. Moreover, by placing commercial capital in marketing systems, a much richer conceptualization of exploitation and accumulation emerges which goes beyond the direct exploitation of labour power and can illuminate our understanding of capital's reproduction via control over marketed surplus and profitable market niches.

4.3 –Confronting Complexity: Accumulation in Complex Systems and the specificity of Rural Commercial Capital

Viewing the processes of accumulation and class formation through the potato AMS reveals the complexities of actual strategies of capital accumulation. There exist multiple activities at every step and yet, not all of them are associated with accumulation. Moreover, there are niches

where opportunities for accumulation exist but are precarious and subject to several limitations - as in the case of small commission agents (*kacha arhtis*). Perhaps most importantly from a theoretical point of view, the AMS highlights how far strategies of accumulation are determined by the context of actually existing marketing systems. As Jane Guyer has persuasively argued, a purely adaptive view of market processes views actors as only reacting to short-term responses (Guyer, 1997: 22). Instead, the understanding of market processes as systemic involves viewing agency as having long-term and ramifying consequences. In other words, actors' transactions and behaviour are heavily patterned by the imperatives of the system, even as it is out of their own agency that the system is dynamised.

Two other important conclusions emerge from the discussion of commercial capital so far; i) that the conceptualization of exploitation and accumulation needs to be broadened within Marxian political economy to include indirect surplus extraction from diverse types of petty producers; ii) that participation in similar activities and niches allows us to term several of these capitalists with their particularities as nonetheless part of the same RCC, thereby broadening the conception of class within Marxian political economy. We deal with the first issue in greater detail below.

The study of commercial capital through the complex AMS contributes to our understanding of exploitation and accumulation. First, it shows how labour exploitation does not always result in capital accumulation. The PCP farmers and traders that we studied did hire a small number of labourers. However, their exploitation through multiple markets other than labour (i.e. property, money, credit and produce markets) meant that the surplus produced by them ended up with the RCC and prevented them from accumulating capital on their own (Harriss-White, 2012: 123). Therefore. PCP reproduced mainly through multiplication rather than accumulation (ibid).

Moreover, PCP as a form of economic reproduction was continuously reproduced within the circuits of the potato AMS and by the actions of groups at the top. Credit forwarded to PCP farmers by capitalist traders allowed for their continued reproduction even as farming was not entirely viable for many cultivators (see Harriss, 1982; Olsen, 1996; Roseberry, 1983 for similar cases from different parts of the world). Likewise, the need for timely and adequate supplies of the commodity by the RCC and their use of trade-tying loans created and sustained thousands of brokers, commission agents and petty-traders (see Harriss-White, 2016: 491 for a similar case from South India). This confirms what Henry Bernstein observed years ago that 'PCP reproduces itself within the circuits of capital' (Bernstein, 1988: 261).

Examining agricultural production through the AMS also enables us to properly theorize commercial capital and the operation of the latter widens the conceptual apparatus of accumulation. Just as all labour exploitation does not lead to capital accumulation, those who do not exploit labour-power directly or at least not on a large scale, can also accumulate, sometimes quite remarkably. In the highly complex potato AMS commercial capital was accumulated by extracting surplus from a range of households and firms through direct and indirect means. Moreover, seeking control over marketed surplus was predicated on the RCC's dominance over the most profitable niches within the AMS, namely export trade and inter-seasonal storage. In the potato marketing system therefore, exerting control over markets and accessing profitable niches was a more important source of accumulation than the direct exploitation of labour-power.

If the exploitation of PCP by commercial capital does not entail direct labour power exploitation, does this mean that we need to abandon altogether Marx's value theory? This is a very difficult question which cannot be answered adequately in this thesis, especially since the controversies and debates surrounding the status of value theory are legion. In particular there is great controversy over the so-called 'transformation problem' i.e. translating value into

prices of production which we are ill-equipped to engage with but which other scholars have dealt with in great detail (Freeman & Kilman, 2004; Heinrich, 2012; Steedman, 1977).

For our purposes, the most important problem confronted when attempting to explain the exploitation of PCP solely in value-theoretic terms is that Marx's idea of surplus-value is premised on the commodification of labour power, the latter then producing a value greater than that required for the social reproduction of its possessor, i.e. the labourer. However, if it is the product of labour power and not labour power itself that is commoditized, as is the case with PCP, then a full explanation in terms of value theory becomes difficult to sustain (Friedmann, 1978; Julio, 2016; Ploeg, 2013). In particular, if PCP own some means of production and have a measure of autonomy over their production decisions, then their exploitation takes a form different from that of labour-power exploited as surplus-value since the former's labour-power is 'not formally subsumed under capital' (Chevalier, 1983: 161; Cook & Binford, 1990; Smith, 1985).

In cases where PCP is not simply disguised wage labour therefore, commercial capital seeks control over the produce of its labour (which may itself be produced not only with unwaged family labour and 'self-exploitation' but also with small amounts of hired labour) through various methods, all of which are premised on two fundamental conditions; first, the context is one where PCP households are integrated into generalized commodity circuits and cannot reproduce themselves outside of markets (Bernstein, 1988: 262) even if labour power is not commoditized. This means that the law of value is partially operational to the extent of the produce market but not to labour power itself. Secondly, and more importantly, the exploitation of PCP by the RCC is premised on the latter's control over the output markets in which the former sell their produce. This allows commercial capital to extract the produce of PCP as marketed surplus and thereby exploit the latter by undervaluing their produce in order to make profits.

Given this basic feature of control over strategic niches within output markets, RCC can use several strategies to exert control over PCP's marketed surplus to various degrees; for example, when RCC forwards crop-tying loans to farmers, this can be seen as a more direct and unmediated form of surplus extraction. If on the other hand, control over marketed surplus takes the form of advances to PCP traders who act as collectors of the farmer's produce for commercial capital, as was often the case in the potato AMS, then the extraction takes a more mediated and indirect form. Several other methods are theoretically possible but in all cases, exploitation is premised on PCP's inability to directly access the profitable niches within the output market and commercial capital's control over these markets. In other words, the specific form in which commercial capitalists exploit PCP is by undervaluing the product of PCP's labour through their control over profitable market niches (Basole & Basu, 2011; Harriss-White, 2012; 2016).

Of course, the RCC's control over markets is never complete nor does exploitation of PCP always go unchallenged. Competition between commercial capitalists, co-operation between PCPs, the role of the state as well as informal institutions all play a part in accentuating as well ameliorating both the degree of commercial capital's control over markets and the extent of PCP's exploitation by the former (Eversole, 2003; Harriss-White, 2016; Williams & Tumusiime-Mutebile, 1978). All these should be important components of any concrete analysis of the relationship between PCP and RCC but for the purpose of this thesis, the main argument is that the source of commercial capital's accumulation lies in its control over profitable market niches and that it deploys various strategies to extract surplus from PCP in order to benefit from this control.

Finally, by highlighting how a group of people have - or seek - access to certain parts of the AMS despite their diverse origins, the chapter aims to understand the process of class

formation more concretely. Capitalist farmers and traders, though hailing from different social strata, nonetheless participate in similar activities with high profits, which distinguishes them from the mass of the PCP and labour as well as the precarious capitalists 'below'. At the same time, their dominance is limited to the locality itself which makes them closer to Chari's 'provincial capitalists' (2004) and distinguishes them from the corporate capitalists operating in the metropolitan centres (see also Rutten, 2003; Upadhya, 1988). At the same time, since their dominance in the local economy cannot be understood without their relationship to agricultural markets, we term these groups rural-commercial capitalists (RCC). These groups are found to be central to the processes of class formation taking place in contemporary Punjab and are represented in Depalpur by capitalist farmers from absentee landlord (and some from peasant caste) backgrounds and capitalist traders from lower-caste backgrounds.

This tensions between their social origins, occupational roles (trader, cultivator) as well as their unity in terms of class vis-à-vis the mass of the population, is a constant theme in the rest of the thesis.

Conclusion

This chapter has tried to present a model of the structure of accumulation and class formation through the study of the potato AMS. It began by providing the context for its development and the increasing diversification of the economy led both by traders and large capitalist farmers. In the second part, it has highlighted how accumulation in this system is multi-sited, multi-activity and with several different rates. At the same time, there do exist a certain set of activities that unite groups dominating the accumulation process in the potato AMS. These activities, particularly long-distance trade and inter-seasonal storage, differentiate those groups at the top from the vast majority of the participants. These groups of the RCC are united by their similar positions in the potato AMS but are also differentiated along several axes, that we explore in chapter 6 and particularly chapter 7. The dialectic of unity and difference between

this locally dominant group can only be understood by the threads that bind it in the potato AMS.

The one differentiating feature of this system is the relative absence of direct government intervention and the organization of it through private initiative of several groups. This is not the case for the wheat AMS where patterns of capital accumulation and class formation are heavily shaped by state intervention. We will now undertake an elaboration of the wheat AMS in the next chapter.

Chapter 5 –Accumulation Strategies and Bureaucratic Rents: the Wheat Agricultural Marketing System

After having studied the structure of the potato AMS in Depalpur and the existence of several different activities associated with various rates of return, we argued for the existence of certain profitable activities most closely associated with the highest accumulation due to the largest profit margins. These activities were not involved with the direct exploitation of labour-power but required control over marketable surplus. This chapter continues with a similar argument but in the case of wheat, where two crucial aspects differentiate it from potato in Depalpur. First, the existence of a small-scale technological niche, which structures local demand and has important implications for the strategies of accumulation of the locally dominant RCC.

Second, and more importantly, it argues for the importance of government intervention in understanding how the market works and how firms within it react to the opportunities and constraints created as a result. The outcome of this is the moulding of policy in a direction completely different from its intended effect.

We begin the chapter, like the previous one, by tracing the origins of the currently dominant RCC and its linkage to patterns of agrarian change and diversification.

5.1 –TTS: Peasant Capitalists and Arrested Transition

As described in Chapter 2, TTS was an area of 'peasant castes' whom the colonial government considered the most dynamic cultivators and who were granted lands after perennial irrigation opened up millions of acres for cultivation (Chaudhuri, 2008: 362). For much of the colonial period and into the post-colonial era, it was indeed an area of high agrarian growth. At the same time though, normal processes of rural differentiation continued: since peasant land grants were generally much smaller compared to the landholdings of the gentry and the size was shrinking

due to inheritance laws (see Nelson, 2011 for an in-depth look at these laws), some members of these 'peasant' castes were diversifying off-farm into other areas and sectors.

However, the reasons for doing so were not always related to distress but sometimes to the search for outlets for investment accruing from surpluses from agricultural growth. Among the traders and millers of TTS, we found both kinds of trajectories. Some of these people had diversified because fragmentation due to inheritance after two or three generations had made it difficult to survive from agriculture alone. But there were also instances of surplus generation, especially in the early years of the green revolution where investible outlets for these surpluses were being sought (Khattak, 1991: 202). Most members of these 'peasant' castes had found trade to be the best outlet for their investments - initially due to the need to secure greater control over their own crop supplies and later, after witnessing the profits involved, as a profession.

The increased diversification of the economy through rich farmers investing off-farm has had an impact on the caste composition of the mercantile elite in TTS: while in the colonial period non-agricultural trading castes of Hindus were dominant in the area (Ali, 1988: 90), the entry of 'peasant castes' in trade and from there into processing has changed the social composition of commercial capital. At the time of our fieldwork, all the mills and ginning factories (since the TTS *mandi* sells both cotton and wheat) were owned by 'agricultural castes', (primarily *Arain* who owned two flour mills and one ginning factory but also one mill run by members of the *Khokhar biraderi* of small farmers), and while two firms owned by members of the lower-castes were considered to be part of the elite stratum, unlike Depalpur, they were completely dominated by the members from these 'peasant' *biraderis*. As it turned out, their strategies of diversifying off-farm and into trade could not have come at a better time.

Alongside the slow process of diversification described above, even almost a decade after the green revolution began TTS was witnessing comparatively high levels of growth in cotton, maize, and wheat. Wheat was seen largely as a staple and only partially sold in the market. This important fact about wheat persists to this day, and has immense implications for the AMS and structures the pattern of opportunities for the millers and traders, the dominant RCC in the area.

Beginning sometime in the late 1970s, however, yields of major crops began declining steadily. It was discovered that this was due to the saline groundwater in the area that had taken some time to reach down to, after tube wells were installed in the early 1960s (see Bakhsh *et al*, 2005 for an economic analysis of the effects of salinity on yields). Coupled with this was the fact that the canal system, which was by now more than a 100 years old and was created for a much lower cropping intensity, was also not able to provide adequate water supplies. Finally, the continuing process of land fragmentation due to inheritance laws was also playing its part and the situation became worse when irrigation problems arose.

Lack of quality groundwater draws attention to the importance of the canal system, which needs to be described in greater detail. It is now widely recognized that the creation of the canal system by the colonial authorities, though important for generating agrarian growth, also produced a system of immense bureaucratic corruption due to the state's central control over water supplies (see Naqvi, 2012 for an excellent analysis). In fact, it was rigidities in this system and the ample avenues it created for bureaucratic corruption that spurred the growth of investments in private tube wells for groundwater by farmers from the late 1950s/early 1960s (Gilmartin, 2015: Chapter 5).

The irrigation system is run on a rotational basis in which farmers receive water in a number of 'turns' per month at stipulated times based on their assessed water requirements - the system

is called '*warabandi'* locally. In theory it is supposed to distribute water equally to all farmers; in practice, a number of factors make it a highly factionalized and uncertain source of badly needed water. The irrigation bureaucracy (one of the oldest and most reviled government departments in the eyes of most farmers, perhaps second only to the police), is widely seen as highly susceptible to influence of powerful capitalist farmer lobbies and the diversion of canal water away from smaller to larger, better connected farmers is a common practice (known locally as '*warashikni'*). However, in this area it was not really large farmers but entire villages of small and medium (PCP and Petty-capitalist) farmers who were constantly fighting among each other over the distribution of a greatly diminished water supply, particularly during summer when the canals run dry.

Merrey (1992) has identified struggles over the irregular canal water distribution as one of the key sources of factional fighting among farmers in Punjab and our two villages confirmed this. Most producers reported that due to the irregular supplies, they consistently lost one 'turn'/month even during the wheat season (see Sims, 1988 for a similar case from Sialkot in Pakistani Punjab), while the canal was effectively dry during the winter when they were cultivating cotton. Moreover, due to lack of adequate canal water, they sometimes had to rely on poor quality and saline groundwater that was also much more expensive and reduced the fertility of the soil. The rates of water on the rental market were Rs.800-900/hour, more than twice the rate in Depalpur.

As a result, most farmers in both the villages were unable to gain any substantial yields in the cotton crop and left most of their lands uncultivated or fallow during this time period - as shown in Figure 5.1. Being unable to cultivate cotton meant an over-reliance on wheat, a crop not considered to be very remunerative as most PCP and Petty-capitalist farmers in the area saved a significant portion of it. Moreover, wages of farm workers who harvested wheat were also paid in grain, which did not leave much surplus to market.

Table 5.1 –Sample of Cotton Farmers in T1 and T2

Sample	Total Area (acres)	Cotton Area (acres)	Yields (quintal/acre)	Fallow (acres)
PCP 1	7	2	6.3	4
Petty-Cap 1	22	6	8.1	7
PCP 2	12.5	1.5	3.2	6.5
PCP 3	9	3	6.2	3
PCP 4	6.5	1.5	5.5	2.5

Source: Field Survey

Additionally, unlike potato, area and yields have increased only nominally for wheat in the past ten years in the Punjab (Table 5.1).[24] The differences in yields between the two villages (T1 and T2) were negligible. Farmers in both villages reported average yields between 18-22 q/acre. On average, farmers were using one bag of DAP/acre alongside two bags of Urea/acre, while those with higher yields were using 1.5 to two bags of DAP/acre alongside 2.5 to three bags of Urea/acre. As with potato, we also have an increase in the average cost of production of wheat over the years. The real difference in the case of wheat between good and bad yields was reported in terms of the quality of seed, delays in sowing, and weather conditions.

Table 5.2-Area, Production and Yields of Wheat in TTS by year (2008-2013)

Year	Area ('000' acres)	Production ('000' tons)	Yield (quintal/acre)
2008-09	201	245	13.4
2009-10	203	230	12.1
2010-11	194	269	14.9
2011-12	188	238	13.5
2012-13	190	253	14.2

Source: Agricultural Statistics Department, TTS

[24] The province of Sindh has actually overtaken Punjab in yields in the past decade.

There were some changes taking place in the wheat AMS in terms of by-products. While traditionally farmers saved *bhoosa* (wheat straw) as fodder for their cattle, the expansion of the cardboard industry - which uses *bhoosa* as its main raw material - led to the slow emergence of a market for it. This process was further enhanced by the expansion of the dairy industry since the 1980s, which has resulted in bulk buying of wheat straw. Dairy has also emerged as one of the main sources of livelihood for a vast majority of households in Punjab and now comprises more than 55% of the value in the agricultural sector (Economic Survey, 2012-13). Nonetheless, this process is still uneven and many farmers continue to use wheat straw as cattle fodder purely for the home consumption of milk.

As a result, being restricted largely to wheat farming meant the need to diversify household activity portfolios. Seasonal migration out of villages was very high and as we described earlier, a very high proportion of inhabitants in our sample (60%) had at least one member of the family abroad (mostly in the Gulf region but also in the UK) and remittances were extremely important for the economic reproduction of these households. Moreover, a large number of people seasonally migrated to neighbouring Faisalabad (which is the industrial hub of the province) to look for work, creating shortages of labour in the local economy.

In this scenario wheat is cultivated by PCP and petty-capitalist farmers not just for sale in the market, but also for home consumption. However, despite the highly diversified livelihood portfolios indicated above, the desire - but also the ability - to gain some measure of food security runs across the class spectrum. Since yields of other crops are stagnating and most people work off-farm, there is often a labour shortage. However, most agricultural labourers (most of whom are Dalit converts to Christianity, called *Essais*) who live in villages and work off-farm return to TTS during the wheat harvest season.

Since both PCP farmers and labourers desire food security - but the ability of the PCP farmers to bargain is not very high as a result of diversification - the payment system for the grain harvest takes the shape of a kind-portion in wheat. At harvest time, agricultural labourers from particular villages and even parts of the town, form gangs (called *jathas*) to harvest the wheat of different farmers. The cutting is done manually with threshing machines used to separate the chaff and grain. Though combined harvesters are important in more dynamic parts of the province, here mechanized threshers were the norm. Moreover, farmers save a portion the remaining wheat for their households and market the rest through various channels, depending on the kinds of contracts they are engaged in. The practice of saving wheat for home consumption, though differentiated by class but still extremely widespread, explains the preponderance of *chakkis* in the area and shapes the strategies of accumulation of the dominant groups in the RCC, millers and large traders.

In short, there have been two important aspects to the process of class formation and capital accumulation in TTS. First, many farmers from 'peasant' backgrounds have begun diversifying off-farm and particularly in trade. While all of them are still members of the *mandi* (marketplace) where their commission agencies exist, some have graduated to the level of being flour and ginning millers. So in TTS, members of the RCC combined the two kinds of business. Though these groups were effectively unhitched from land and cultivation, some still owned small parcels leased out to other kin members, while their main sources of accumulation were trading and milling -combined together in most cases.

Second, as a result of the poor quality of groundwater and the irregular supplies of canal water, this area of once-dynamic agrarian accumulation has stagnated. Most households cannot cultivate the most profitable crop – cotton - and rely increasingly on wheat, of which they market a portion net of home consumption and grain payments. Diversification off-farm into

industry as well as out-migration to the Gulf and the UK is very high and remittances play an important part in the economic reproduction of most households.

We thus have the scenario of commercial capitalists from farming backgrounds in the trade and milling part of the wheat AMS in an area where capitalism from below has been arrested. The sole reliance on canal water supplies and the cultivation of an important staple, which is nonetheless inexpensive and yet not very profitable, defines the situation of many farmers throughout the Punjab that rely solely on wheat and canal water supplies for their farming. In this situation, the structure of government intervention, intended to help farmers gain a fair price for their marketable surplus of wheat often creates incentives for bureaucratic rents that then benefit members of the RCC. It is to this complex pattern of intervention and the accumulation strategies it creates that we now turn.

5.2 Wheat in TTS: The paradox of state intervention

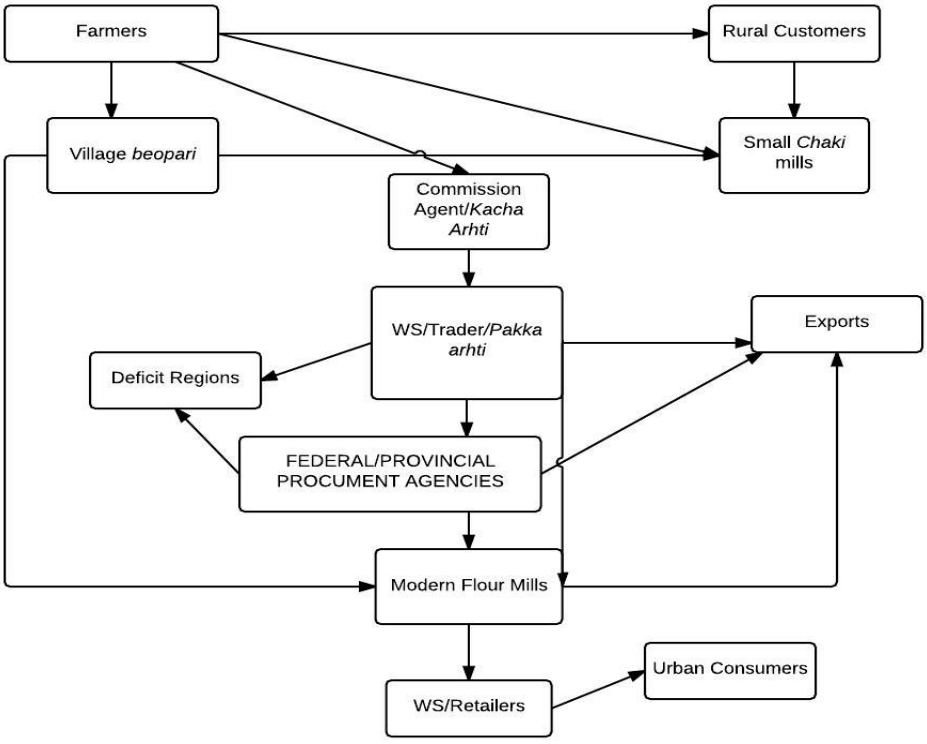
5.21 –Balancing Interests: Farmers, Consumers and Millers

Figure 5.1 highlights the main elements of the wheat AMS in TTS. As can be seen from the figure, many parts of the AMS are familiar in terms of firm types but there are important differences as well. A separate niche of small-scale *chakki* mills exists due to saving of grain. Moreover, the centrality of a factory process such as flour milling distinguishes the wheat AMS from the potato AMS. But it is government intervention which differentiates this AMS from that of potato, and it is government intervention that patterns both the opportunities for and strategies of accumulation for the RCC.

Since wheat is the main subsistence crop, the state tries constantly to balance the interests of farmers, millers, as well as consumers (Khan, 2006: 152). There are three important aspects of this balancing of interests. First, the government provides a minimum support price (MSP) to

farmers (Rs.3,000/q in 2012-13) as well as a quota of subsidized wheat to flour mills, which are bound to sell the flour milled out of this quota to government owned subsidized stores for urban consumers. In addition, they can purchase wheat from private traders and sell this in the market. However, the government also sets a price floor (what we call FP) for the flour milled, which includes MSP, milling and transport costs. The government's aim is to make the MSP and FP the market prices for wheat and flour respectively

Figure 5.1 –Elements of the Wheat Marketing System



Furthermore, the government buys wheat directly from farmers to undercut the power of what it calls 'middle-men' so that the former are able to receive the MS for their crop (GOP, 2010: 43). The bulk of this procurement is done via Provincial Food Departments (PFDs), while a smaller amount is sold to the central government run Pakistan Agricultural Storage and

Services Corporation (PASSCO). In short, the aim of the policy is to balance the returns of farmers and millers with the purchasing power of poor consumers and to remove 'traders' from the market completely, a process fraught with all sorts of contradictions.

This peculiar structure of intervention has in fact had an impact opposite to the one intended. Explaining this apparent paradox requires taking a closer look at the manner in which the RCC in the area (large millers and traders) respond to these interventions in order to create benefits and rents for themselves, and in the process, make the outcome of policy utterly unrecognizable. In fact, it has created at least two paradoxical results that need to be explained, one of which is described in the next section.

5.22 –Wheat Policy and Interest Groups: the Paradox of Excess Capacity and Efficiency

There are two paradoxes in the wheat AMS which can only be explained through the particular form of intervention that the government makes in the market; how it seeks to balance the different interests involved; and how the strategic response of actors to such regulations creates a system of rents for some and exclusion of several others. The first paradox is of the continued construction of new flour mills (some highly profitable and efficient as we have already show earlier) despite the chronic overcapacity of the sector as a whole (Jamil, 2008; 64). The second paradox is that of the continued strengthening of 'middle-men' (i.e. traders) despite the government's policy of purchasing grain directly from farmers at the Minimum Support Price (MSP) in order to remove their role completely. In the following section, we try to describe the first paradox.

As explained earlier, the government provides a quota to each mill over and above which they can purchase wheat from private traders and sell in the 'open' market. This wheat is to be procured through direct purchase from the farmer. The duration of the quota lasts five to six months after harvest.

The quota is set according to the number of roller bodies (described in Chapter 3), not exceeding more than eight roller bodies. Owing to budgetary considerations, the government has been reducing the amount of wheat that it gives to each mill: in 2013 it was 25 tonnes/roller body/24 hours against the average installed capacity of 160 tonnes/body/24 hours. Furthermore, the difference between the MSP and the official floor price of flour (the FP) is extremely low (Rs.3187/q in 2012-13) in order to protect consumers. However, millers complain that the margins are not enough for them to utilize their capacity efficiently, especially after the increase in energy costs in recent years due to energy shortages.

At the same time, the 'quota system' means many mills continue to operate extremely inefficiently. This combination of low returns and quotas has resulted in the flour milling industry's suffering from an excess capacity of close to 300% according to some estimates (Ekin & Baig, 2009: 77). In fact, the phenomenon of non-operational ('ghost') mills selling their wheat quota to more efficient ones is pervasive. The single flour mill we studied in Depalpur, for example, sold its quota to a rival mill in nearby Okara and remains non-operational. Most mills are only able to operate on the government's six month wheat quota.

Yet, despite the excess capacity, new mills continue to be built and a handful are able to obtain higher capacity utilization, such as the mills in TTS operating at 60-65% of capacity. During our fieldwork, members of one of the trading firms in the TTS market was constructing a new flour mill. How can we explain this paradox of islands of relatively efficient mills in a sea of highly inefficient and non-operational ones? This requires looking closely at the kinds of incentives the intervention creates and the strategic responses of millers and traders (members of the RCC) to these opportunities and constraints. What are the strategies that more efficient millers use to cope with this situation?

For these mills, the government quota is hardly 15% of total capacity as a result of which they have to procure the bulk of their supplies through the private market. An incentive is thereby created to buy the majority of supplies at harvest time when prices are at their lowest (often below the MSP), and to sell milled flour at higher prices once the MSP causes a bullishness in the market. Taking advantage of the changes in post-harvest prices to 'buy cheap and sell dear' is a crucial component of the accumulation strategies of relatively efficient mills.

However, this is only part of the accumulation trajectory since – as in the case of potato - the demand side is just as important for flour. The major reason for the low demand for milled flour in the local small town and village economy is the existence of the technological niche of small-scale *chakki* grinders. These we introduced in Chapter 3 and visited again earlier in this chapter because of their vital importance for the milling of subsistence wheat or of wheat obtained in kind payments for labouring. *Chakkis* have lower operating costs and high capacity utilization as a result of this high demand and are able to compete with – and further reduce - the margins of the modern flour mills in the local market. Therefore, there exists a niche within the TTS wheat AMS that is differentiated in terms of scale and technology. The existence of this niche structures the millers' response and the dynamics of the AMS as a whole.

In this environment many larger mills have exited the local market altogether. Those with very high working capital and connections in big cities try and sell there, as demand is much higher. Others have been slowly diversifying into silos for wheat storage and from there into feed mills as a result of the high demand for poultry in the metropolitan centres (Khan, 2013: 43). But the mills in TTS were much smaller in their scale and their working capital was much lower than the firms diversifying into modern storage and feed. Furthermore, they did not have connections in big cities such as Lahore, Faisalabad and the Federal Capital, Islamabad. How do these local mills respond to the stiff competition from *chakkis*? Interviews with mill owners revealed how millers are left with three options: 1) to continue operating at low margins; 2) to

sell their quotas to more efficient mills and earn a 'rent'; or 3) *buy cheap from the local market and sell in high profit niches such as deficit areas and Afghanistan*. For a relatively 'efficient' miller with access to capital (albeit less than the big city and feed mills) and with contacts with traders in deficit areas and exporters, the third option is particularly attractive.

The deficit food provinces of Khyber Pakhtunkhwa and Balochistan typically have prices Rs.200-300 higher per quintal than the local price (including transport costs), which are often inflated when the provincial government bans interprovincial trade post-harvest, encouraging the smuggling of wheat. Furthermore, these are also routes into the 'illegal' (informal) trade into Afghanistan. The extent of illegal flour export to Afghanistan is so high that it has finally begun to garner official attention on both sides of the frontier. Prices in the major Afghan markets (Kabul, Kandahar, Jalalabad) are up to Rs.400-500 greater per quintal (including transport costs) than Pakistani markets such as TTS and Depalpur. This difference creates an incentive to export (often illegally).

According to a World Bank report, close to a million tonnes of flour are exported to Afghanistan every year (between 1.5 to two million in years of acute food shortages, such as 2008), most of it illegally (Jensen, 2010: 125). In 2013, Pakistan accounted for 60% of Afghan food imports and the impact of these cheaper imports for a country with low yields and very low milling capacity has been a shift in farming towards the far more lucrative poppy crop (Persaud, 2013: 12). One mill owner hyperbolically stated the importance of the 'Afghan connection' to Punjab's milling sector in the following words: 'the day Afghanistan decides to build up its own mill industry, 70% of our mills will close down!'

In short, the system of quotas aimed at protecting the urban consumer has allowed many mills inefficient mills to continue operating even with excess capacity in the industry as a whole. Moreover, new mills continue to be built even with excess capacity keeping margins razor thin.

The situation is exacerbated by the structure of local demand, particularly in the small towns and villages of 'provincial' Punjab. Local mills that cannot compete with the small-scale grinders exit the market to look for other opportunities for accumulation. The trade to food deficit areas and international export emerge as important avenues and niches for accumulation in this system. In contrast to the case of potato, however, export is a response to the peculiarities of local demand due to the pattern of state intervention, which continues to ignore the PCP sector of *chakki* grinders and continues to provide quotas to largely inefficient millers.

But this first paradox co-exists with a second one, which also has important implications for the wheat AMS and the processes of accumulation and class formation. This results from the intervention in wheat production by the government with the similar objective of removing the 'middle-man' (i.e. the trader). This intervention, contrary to its intended aim, often results in strengthening certain sections of traders, many of whom are also millers and at the apex of power in the wheat AMS in TTS: the rural commercial capitalists. We now turn to how this paradox arises.

5.23 – The Road to Hell and Good Intentions: Collusion and Bureaucratic Rents in Wheat MSP

We have already explained the paradox of new mills being created despite the chronic excess capacity. The second paradox is the strengthening of certain sections of the RCC (capitalist traders) whom the government intended policy seeks to remove from the market. How does this particular paradox arise?

The government provides a minimum support price (MSP) to farmers and aims to procure wheat directly from them. There are two main agencies which undertake procurement on behalf of the government: Provincial Food Departments (PFDs), which are the major agencies while relatively smaller amounts are sold to the central government-run Pakistan Agricultural Storage

and Services Corporation (PASSCO) (Saeed & Kurosaki, 2010; 43). The job of the latter is to provide supplies to federal institutions such as the Armed forces and to send wheat to deficit areas, for which it also relies on the supplies of the PFDs. There are often problems of coordination between the two agencies, which have implications for the release of government supplies at crucial time periods, particularly when supplies are low and open market prices are high.

The MSP is usually announced at the beginning of the sowing season in December/January through negotiations between representatives of farmer's organizations (usually dominated by larger surplus producing farmers), flour millers, and members of the Food Departments. Traders and their representative organizations are missing in this process since the stated aim of the policy is to remove them from the system (GOP, 2009: 76). The two prices are set after lengthy negotiations taking into account relevant costs of production of farmers and millers as well as the current stocks in government warehouses (which sometimes delay the announcement of the MSP and lead to increased uncertainty).

The policy intervention from farm to government procurement works in the following manner. The government provides jute-bags to each farmer according to the amount of wheat they cultivate on their own land. At the time of our fieldwork the sanctioned rate was eight bags/acre, with one bag equal to one quintal. In other words, the government has a monopoly over the bags that it accepts for payment of the MSP in the wheat market, and these bags are approved and released by the PFDs or PASSCO. Furthermore, by tying the provision of bags to the holding of land title on which wheat is cultivated, it seeks to remove non-landholders (i.e. traders) from the wheat AMS.[25] The record of land title and area cultivated is called a *fard* in local parlance and needs to be attested by a low ranking (but extremely important) official

[25] There is an assumption that traders are always non-landholders which as we have shown throughout the thesis, is difficult to sustain.

of the revenue department, the *patwari* (see Salam & Mukhtar, 2008 for an overview of the system).

After attestation from the *patwari*, the *fard* is provided to the PFDs or PASSCO, who are supposed to release the jute-bags in which the wheat is to be stored and sold back to the agencies. A collateral sum of money, equivalent to the value of jute-bags procured (Rs.80/bag in 2013), needs to be deposited in the national savings bank after which the bags are released. The departments aim to release the bags a few weeks before harvest, which occurs in most of central Punjab (including TTS) in late April/early May. At harvest time, farmers take their produce in the government sealed bags to the PFDs or PASSCO, where the department officials receive it and transfer the equivalent amount to their bank accounts in less than a week (Rs.3,000/q in 2013).

In theory this intervention cuts out the traders from the wheat AMS. In reality, as we discovered, the collusion of interests between members of the local state (most importantly the *patwari* but also the PFD officials) and commercial capitalists make this a perfect system of bureaucratic rent-seeking where a number of sources of corruption are opened up, most crucially tied to the supply of bags and land titles (*fard*). By exploiting the loop-holes in the workings of the policy and using their networks and money, RCC are able to subvert the policy initiative designed from above to curb their power into a system that works in their favour. As we discovered during our fieldwork, a significant proportion of wheat brought to the PFDs during the procurement process belonged to traders.

There are number of reasons for this. First, as we have stated earlier, a few traders were also farmers who were able to use their own *fard* in order to procure the bags. While this is perfectly legitimate, at least two traders in TTS revealed that they had rented their lands out on lease but used their titles to obtain the bags anyway, a practice they claimed was carried out by others as

well. Since the policy assumes an identity between those who own land and those who cultivate it, it excludes tenants from the MSP. Though many tenants are able to negotiate terms with the landowner to obtain the latter's *fard* but this is not always the case. They then used these bags for the trading business and sold directly to the PFDs in order to pocket the difference. Moreover, these bags are also used to store wheat in hopes of a rise in prices after the first few months. But more importantly, by bribing the *patwari,* they reported getting a greater amount than the official quota of eight bags/acre and utilized this for trade.

Traders in TTS reported that in 2013 they paid *patwaris* Rs.100 for each extra bag that they received from the latter illegally. They referred to it as the market rate for corruption. As one trader jokingly said: 'if he (the *patwari*) asks for a 100 rupees that's fair, if it's less consider yourself lucky, if its more, well, that is what we call corruption!'

Secondly, most farmers we interviewed reported selling directly to the RCC instead of the government due to the bureaucratic hurdles in general and delays in releasing bags in particular - there was often a shortage of bags due to their excess demand from millers, traders and influential farmers, all of whom aimed to get more bags delivered to them a few weeks before harvest through their contacts with Food Department officials. Moreover, many of them did not have bank accounts to receive money and the system was biased towards those with bank accounts. Furthermore, since they had to make a range of payments immediately after harvest, most notably to input dealers for the previous crop, to obtain inputs for the cotton crop (despite the low yields), to begin preparation for its sowing (delays in which affect yields even more), and for regular household consumption, they were most cash-strapped at harvest. As a result, they sold their produce alongside the *fard* to traders, who could then sell it either in the open market or to the PFDs to receive the MSP.

Third, a number of PCP farmers were tied to traders through interlinked contracts that compelled them to sell all their produce, along with the *fard,* to commercial capitalists at harvest in order to repay loans and obtain them for the next crop. The traders could then bulk these into bags and take them to the PFDs to pocket the difference. For wheat, these loans were given mostly for fertilizers since that was the most important component in the cost structure (see Gill, 2004 for a similar case from Indian Punjab). Larger traders all agreed that although a number of farmers were sold inputs directly, in cases where they were provided on credit, the condition was to procure the produce by interlinking the produce and credit markets.

Most traders we spoke to were in agreement that this was a system full of unearned rents for government officials (though they conveniently forgot themselves) and that the only reason why it was not being dismantled was due to the collusion between government officials and influential farmers with the means and the connections to sell to the government directly, a luxury not available to the vast majority.

Therefore, the structure of government intervention supposedly meant to remove traders from the wheat AMS has the paradoxical effect of strengthening them and also creating rents for government officials. Though an MSP is introduced and government aims to directly procure wheat for the benefit of poorer farmers, it does not take into account their class power, the range of bureaucratic hurdles, or the kinds of relations with commercial capital that farmers may already be engaged in, which limit their power to access this relatively remunerative niche. Instead, by using strategies, including outright bribes, the RCC in TTS were able to capture benefits of this intervention intended for producers. The policy package designed in the abstract by government agencies - perhaps with pro-farmer intentions - was therefore completely moulded by the strategies of accumulation of the RCC that resulted in it being unrecognizable from its initial conception and riddled with unintended consequences.

Finally, the policy took no account of the overlap between traders and millers in the case of wheat. As we have shown, in TTS those at the apex of the wheat AMS are a group of trader-millers from rural backgrounds. For these traders who were aiming to procure their own supplies owing to the low government quota, the boundary between trade and processing was highly blurred. In the final section we see how these different types of interventions and the strategies of the RCC reproduce economic segmentation in the wheat AMS.

5.3 –Complexity and Strategies of Accumulation in the Wheat AMS

5.31 –Relations and Strategies of Accumulation

Figure 4.5 shows the different elements of the wheat AMS we observed in TTS. The presence of an important technological niche of small-scale *chakkis* and its impact on the strategies of accumulation in terms of technology is one distinguishing feature. Another key difference is the presence of the government - creating another niche within the wheat AMS that has a differentiating impact. But an equally important aspect is that despite its economic segmentation and unlike the capitalist farmers of Depalpur, the RCC in TTS does not contain farmers but is instead dominated by flour millers and traders, most of whom originally hail from the 'peasant castes', the most important of which are the *Arain* and whose significance we shall explain in the final chapter.

At the very top of the hierarchy are flour mills with high fixed costs but access to large amounts of working capital (relative to other players in the local AMS) as well as connections in the deficit areas, government quotas, and access to the export market. They borrow funds from banks at relatively low rates of interest (6% in 2013 for industry as opposed to 14% for commerce) that are mixed with own capital to buy the wheat crop. Closely following the millers are large *pakka arhtis*, once again possessing high levels of working capital and connections to millers in large towns and deficit areas (from whom they also receive funds) who buy in

bulk either from farmers, from *kacha arhtis* or petty-traders and from brokers (*beoparies*). As for potato, *kacha arhtis* (petty-capitalists) are restricted to the local marketplace, acting as intermediaries between farmers and larger traders and receiving a commission for it.

At the bottom of the AMS are the thousands of petty-traders and brokers (*beoparies*) with little or no working capital who are tied to large traders and millers, operate seasonally and many combine PCP farming with petty-trade. Just like the potato AMS, there is not one 'market' but a series of market 'niches', deeply intertwined with one another, with varying rates of accumulation and constantly being reproduced systemically, albeit unevenly.

Table 5.3 -Economic Segmentation in the Wheat AMS in 2013

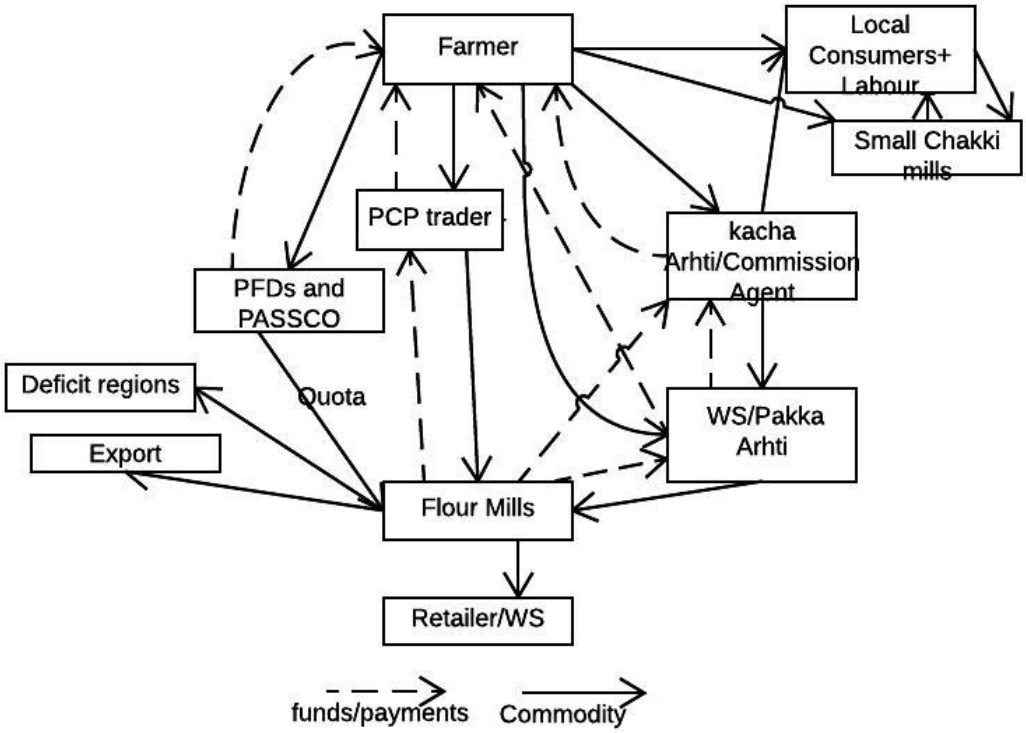
Type	Avg. Working Capital ('000' Rs.)	Avg. Volume traded/stored (quintals)	Commission/Rental rate
Flour Mills (RCC)	15000	150000	Rs. 3100/quintal
Pakka Arhtis/WS (RCC)	8000	240000	1%
Kacha Arhtis (Petty-Cap)	60	13000	1%
Beoparies (PCP)	5	1100	Rs.15/quintal

Source: Field survey

The commodity flows and payments in the wheat AMS (Figure 5.2) also contain immense diversities in terms of amounts, time periods and types of contracts. The quotas given by the government to millers keep many inefficient mills running but are insufficient for those with higher capacities and the latter have to arrange their own supplies through a range of intermediaries. Our interviews with the flour millers in TTS revealed that although they bought their supplies from *kacha* and *pakka arhtis*, the bulk of them were procured through onward lending to petty-traders traders and brokers as in Depalpur. Likewise, capitalist traders also secured a majority of supplies through such itinerant segments of the wheat AMS. Similarly, *kacha arhtis* were most closely connected to PCP and petty-capitalist farmers although commercial capitalist traders (i.e. *pakka arhtis*) in some cases also doubled as input dealers

(particularly fertilizer) to farmers (of all sizes) through interlinked contracts the main purpose of which was also to secure supplies.

Figure 5.2 –Flows and Relations in the Wheat AMS



The most important advantage to flour millers of procuring their supplies directly was the commission costs that would be cut out. However, since TTS millers were also traders, there was a complex pattern of finance linking the two business activities whereby some of the wheat bought by the flour mill went through their own agency while the rest was directly bought from the field through onward lending to petty-traders and taken to the mills. We could not discover the exact proportions, but millers said that they did recognize the two as interconnected but separate business accounts and paid the full commission to their own shops.

In terms of brokers, one flour miller reported giving advances of up to Rs.5,000,000 to at least 120 petty-brokers in order to procure his supplies, entirely owing to the inadequacy of the government quota. As Table 5.2 shows, the per bag rate of payment to these PCP traders results in greater effort by them to procure as much supply as possible for the miller, a fact which may designate them as a form of disguised-wage labour. However, though some may indeed be disguised wage-labourers, what differentiates at least a few of the PCP traders we spoke to was the small amounts of their own capital that they had borrowed from other sources to trade on their own account. This desire for a measure of autonomy even when most options are constrained reveals that PCP as a form of social reproduction has the potential for accumulation.

From the miller's side however, the most important factor that determined their buying behaviour was the timing of procurement, which depended once again on when the government entered the market to buy wheat. The immense infrastructural effort required and the existence of two different agencies with very little co-ordination between them often lead to delays in the start of procurement. Moreover, the country was going through a general election during our fieldwork year (2013), which meant jute bags were being preferentially given to supporters of the ruling party (both traders and farmers) leading to shortages in supplies of bags for many -which was confirmed by several farmers we interviewed (including one who was a recipient of this patronage).

The harvest in TTS began in late April, while the government did not enter till about late May. In this interim period, when harvest has begun and the government has not started procuring, prices are at their lowest. Most RCC aim to buy as much of their stock as possible precisely during this time. According to our interviews of the 150,000q sold by flour millers in 2013, 110, 000q was bought within the first month of harvest. Of this, around 70, 000q were stored

both to rotate stock as well as to speculate on the possibility of price hikes. In 2013 the government also suffered from low procurement and depleted stock as a result of delays, which pushed the prices up to Rs.3,250/q within a month of the harvest and allowed for those holding stocks, to profit from them.

At the same time, the delay in procurement during the post-harvest fall also meant that a majority of PCP farmers parted with their wheat at much below the MSP. Figure 5.3 shows the average monthly prices for wheat during 2013 and actually inflates the prices received by the poorest farmers who are most cash strapped at this time and who preferred to sell directly to brokers for millers and large traders. Their class heavily determined their waiting capacities. On average, our sample of PCP farmers received Rs.2,600-2,750/q before the government began buying at the official MSP of Rs.3,000/q, while those who had bought the bulk of this stock benefited from the price rises, which were further inflated by the low government stocks. As a result, the price of wheat stood close Rs.3,600/q four months after the harvest. The main beneficiaries of this price differential were those controlling the marketable surplus; large traders and flour millers. In our villages, at least, no farmers were able to benefit from excess stocks due to their low marketable surplus.

For flour millers and large traders who bought post-harvest, margins were wider due to the even greater difference between prices in Punjab and in deficit areas elsewhere in Pakistan and across the border in Afghanistan. In many ways, despite the use of processing technologies, it is clear that the real source of accumulation for the flour millers of TTS was not the direct exploitation of labour power, but control over marketable surplus (much like the large traders, from whose ranks they had graduated in the first place) and profits from trade. These groups were at the top of the wheat AMS and it is because of the overlaps between their accumulation strategies and their common origins that we jointly refer to them as the RCC of the area.

Finally, as the grain stocks of poorer households (both PCP farmers and labour) begin to decline, millers start selling some of their stored flour back into the local market. After having profited from buying cheap and selling at a higher price to deficit areas, they return to active sales when the local market itself is facing deficit stocks. Since the government has no policy to provide credit to the small scale *chakki* grinders who cannot therefore buy wheat but can only mill what is brought to them, their demand falls and flour millers are able to re-enter the local market. So the strategy of exiting the local market, which begins as a way to confront local demand as well as to compensate for the government's low priced quota flour, ends up with a return to the local market during the deficit season.

Conclusion: Marketing Systems as Windows into Capital and Class

The purpose of Chapters 4 and 5 is to explore the diversity of agricultural markets and what their study can add to an analysis of capital accumulation and class formation. As Alcantara suggests (1993), as we have tried to posit during the course of the thesis, economic activity in general and capital accumulation in particular cannot be separated from the system of real markets in which they are embedded. Contrary to mainstream neoclassical approach to understanding markets, there is not a single homogenous market in the AMS but a range of different 'niches' in terms of site, technology and profitability. Most actors, restricted to certain niches, were competing first and foremost among themselves, which had implications for accumulation patterns.

For example, a *kacha arhti* (commission agent confined to the local marketplace) could not access export markets directly and was competing for the farmer's produce not only with other commission agents in the *mandi*, but also with the army of petty-traders that procured directly for large traders and millers at fixed rates per bag. Some had to provide incentives to farmers such as production credit on relatively flexible terms but it was not always clear that farmers

would be able to return it. Not all the finance advanced to farmers by traders has high interest or crop tying as conditionality. The accumulation pattern of these groups was the most precarious, which is why we refer to them as petty-capitalists.

Moreover, these niches correspond strongly to the economic segmentation. This segmentation can best be conceptualized by understanding how access to profitable niches requires a set of resources that are not widely dispersed, and as a result, other members of the local AMS are excluded from them. On the other hand, the existence of low entry barriers incentivises access and competition that lowers margins in niches where the vast majority of livelihoods in the AMS are created.

Thus, access to certain profitable activities themselves becomes a particular marker of class and in turn patterns the process of class formation. For example, the inability of most farmers to undertake inter-seasonal storage of wheat in TTS, or the inability to access the MSP, adds another dimension to the links between political and social relations and patterns of accumulation, as we also saw in the case of traders and state officials who create rents for themselves. Furthermore, studying accumulation through real markets also helps us understand the rationale behind the decision making of different groups. Although the focus in our thesis has been on firms that accumulate, it is their strategies that have great implication for the rest of the firms in the AMS. Moreover, the specificity of each commodity itself is important in determining the pattern and strategies of accumulation. The existence in the case of wheat for example, of a technological niche of small scale grinders, reduces the demand for milled flour and forces the RCC to seek avenues for accumulation elsewhere.

Finally, as in the case of potato, we have managed to identify a group of people at the top of the wheat AMS in the area most closely associated with the highest levels of accumulation. These are the large traders and flour millers with common origins in the countryside, similar

strategies of accumulation and social overlaps in the *mandi*. We have identified this group of millers and traders as the RCC in the area.

Although we have argued that the direct exploitation of labour-power is not the most important source of accumulation in either of these markets and control over marketable surplus and that access to profit from commercial transactions is the most profitable element in the niche of accumulating firms, this does not mean that labour is by any means unimportant to accumulation trajectories. In fact, particularly for the large capitalist farmers of Depalpur, not only is labour employed on a massive scale, but the manner in which labour markets have evolved in the area tell us a lot about the strategies of accumulation of the RCC. We turn to labour in the next chapter.

Chapter 6 –Complexity, Control and Survival: Labour in the Agro-commercial System

Introduction

From an analysis of decisions by various actors in complex agro-commercial systems we now move to the accumulation strategies pertaining to control over a most crucial commodity; labour power. Labour is a fundamental source of productive activity and the 'commodification' of labour power is considered by many scholars to be the *differentia specifica* of capitalism itself (e.g. Brenner, 1977; Dobb, 1947; Wood, 2012). However, unlike other commodities the person possessing labour power is not a commodity to be bought and sold. This results in a tension between the need to reproduce oneself by selling one's labour power and the needs and desires of the labourer as a human being (Braverman, 1974; Tinel, 2012). Labour relations become even more complex in developing countries where capitalist social relations are often grafted upon non-capitalist (and pre-capitalist) forms of labour control, a situation that is particularly pronounced in agriculture and small-scale industry (Corrigon, 1977). Any simplistic understanding of labour markets as reflecting only the elasticity of supply and demand is therefore difficult to sustain in such contexts (Rudra, 1980).

The chapter will highlight the main features of labour relations in the AMS of the two areas. We aim to demonstrate that labour is deployed through a wide variety of contractual forms and arrangements which cannot adequately be captured by catch-all categories like 'casual' and 'permanent' unless the heterogeneity and segmentation within them as well as the reasons behind this are adequately explained. Second, we show how the 'liberalized' and 'flexible' labour markets are organized through a range of formal and informal institutions and relations (including kinship, caste and gender, though we did not study the latter) that bring order to them and finally, how these institutions are dependent on the local distribution of assets, the number of tasks required (dependent on the crops) as well as the interaction between rural and off-farm economy.

Finally, control over labour in production is an integral part of the potato AMS whose structure as we shall demonstrate, shapes the strategies of labour control and deployment by the landed RCC. Throughout, we aim to show how strategies of labour control by the landed RCC in Depalpur are extremely important in shaping labour arrangements. The bulk of our research on labour involves interviews with the capitalists themselves since we were interested in looking at what drives their strategies of labour organization.

The chapter begins by introducing the theoretical framework, which builds on the previous chapters and demonstrates the importance of asset distribution, crop type, rural-urban interaction and caste and gender relations as being crucial in explaining labour market outcomes - even as labour today seems more 'flexible' and mobile than ever before. The second section highlights the variety in types of employment and shows that a hierarchy of labour based on security and remuneration exists in both AMS. Moreover, it demonstrates that this hierarchy is closely tied to caste relations and education which are interlinked with one another. It also establishes that these varieties are closely linked to the overall strategy of accumulation of capital which seeks a cheap and disciplined labour force.

In the final section, labour arrangements on both farms and in the *mandi*/agro-processing are described; it is shown that the different labour arrangements in these field sites are closely linked to the strategies of accumulation of the RCC in response to the need for organizing a timely supply of labour. It also reveals the importance of debt to the organization of the labour market which makes labour tying a thoroughly contemporary phenomenon, entirely compatible with the form of capitalism reigning in contemporary Pakistan.

6.1 –Beyond Orthodoxy: Socially Embedded Labour Markets and the Limits of Essentialism

The labour markets we encountered during our fieldwork at first glance contained all the features normally found in the highly 'flexible' labour markets of the Anglo-Saxon world. Employment relations for the majority of workers (outside a privileged stratum) were precarious and labour unions were completely absent (both on and off-farm) and as a result, most workers lacked the incentive or the means to invest in upgrading their sector/firm or general skills (Schneider, 2013: 45). A study by the Pakistan Institute of Labour Education and Research (PILER) showed how only 2% of the workforce was 'organized' formally in unions (Karamat Ali, 2015: 22). However, as we have shown thus far, this does not mean that labour markets are 'un-organized' since formal and informal institutions regulate the workings of 'actually existing markets' (Alcantara, 1993: 3). As a result, standard neoclassical theory about labour markets is unsustainable because 'markets are themselves institutions, contain bundles of other institutions and are nested in yet others.'(Harriss-White, 1995b: 89).

As we've argued earlier, the New Institutional Economics (NIE) has dropped some of the assumptions of standard neoclassical theory and included the presence of transaction costs, risk and information asymmetries as crucial determinants of actual economic decision-making. This has resulted in a richer framework for analysis that is much more mindful of the complexity of markets in the developing world. For example, the concept of 'recruitment costs' to signify the 'time, effort and financial costs' that employers incur in order to secure access to labour in an uncertain environment, especially in agricultural economies with seasonal peaks may lead them to tie labour in order to benefit from an assured supply to deal with such peaks (e.g. at harvest) (Bardhan, 1983; Rogaly, 1997). In this framework, labour-tying emerges as a mutually beneficial strategy for risk-sharing and lowering recruitments costs in an environment where employers face supply shortages at peak times and labourers may suffer from

'subsistence crises' as a result of the uncertainty of employment due to lack of information (e.g. Eswaran & Kotwal, 1985).

While this is a definite advance over the simple neoclassical framework, as many scholars have shown, NIE is still deeply beholden to it (Hart, 1997: 340). There is a tautological understanding of institutions as rational responses to various economic constraints, primarily transaction costs, because minimizing transactions costs is their function (Bates, 1995: 35). If firms and households are seen as automatically adjusting to 'rules of the game' (i.e. institutions) then their own organizational structures and strategies (in short, their agency) is completely obliterated (Schneider, 2013: 5-6). Moreover, even if one were to accept that to some extent institutions are rational maximizing responses, as Clough rightly points out 'the very definition of maximizing is heavily informed by family upbringing, social notions of personhood… and familiarity with a range of existing institutions so that a theory of maximization is inherently vague beyond situations involving calculations of strictly measurable and material benefits and costs' (Clough, 2014: 83).

Finally, the NIE framework does not adequately capture the extent to which unequal power relations can shape the kinds of interactions that exist in many market situations (Byres, 2004: 240). In Depalpur for example, the local distribution of assets greatly influenced who participated in the labour market and who was primarily an employer, how far they could assert control over labour and the way the labour market was itself segmented. All these questions were greatly influenced by *biraderi* and gender relations, very often determining the kinds of jobs these groups have to settle for. In short, the relative bargaining power of employees vis-à-vis employers is hinged on class power mediated through other axes of differentiation such as kinship, caste and gender.

But it is not only frameworks inspired by neoclassical assumptions that are unhelpful in explaining the dynamics of labour relations in developing countries; orthodox Marxian views have had their fair share of issues in this regard as well. The conflation of 'relations of production' which signify the overall dynamic of the system, its logic and defining rationality (e.g. surplus-value accumulation under capitalism, aristocratic-centred consumption under feudalism etc.) with 'forms of exploitation' which highlight the specific types of labour-use (e.g. share-cropping, bondage, wage-labour etc.) in much of Marxist literature meant that capitalism was seen as only being compatible with an idealized view of 'free' wage-labour (see Linden, 2008: 19 for a cogent review). This erased much of capitalism's actual history and contemporary existence where the logic of profit accumulation has shown itself to be perfectly adaptable to forms of exploitation ranging from slavery, share-cropping, bonded contracts all the way to wage-labour (e.g. Banaji, 2011; Bhandari, 2008; Lerche, 2007).

By contrast, scholars working in heterodox Marxist, Weberian and Polanyian frameworks have argued that 'institutions of production and distribution are embedded in (i.e. are a subordinated part of) social institutions', such as obligations based on kinship, class, gender or religion. Institutions are constructed by individuals whose actions are both facilitated and constrained by the structure and resources available in the social networks in which they are embedded (e.g. Guerin, 2013; Harriss-White, 2003; Rogaly, 1997). It is within the context of institutions and networks that economic decisions (like the ones related to labour markets) of individuals and groups are best understood. Moreover, contestations generated by and around these social relations and institutions best capture the processes of long-term change in labour arrangements.

Therefore, as in the case of agricultural produce markets discussed in the previous chapters, labour markets and particular 'labour arrangements' contain much more than individual 'preferences' and are part of employers' strategies of accumulation. It is through procuring

labour that the accumulation process can be sustained, although as we have tried to demonstrate, it is not the only source of accumulation. The notion of 'labour arrangements' is a much broader one than that of labour contracts, because, unlike the latter, it also includes informal and implicit rules and regulations (see Rogaly, 1997). The strategies of employers are themselves negotiated from a complex set of factors such as the availability of labour, its skill, composition and organization as well as the existing set of institutions through which labour power is reproduced.

But labourers are not merely docile bodies moulded in whatever shape by external factors. Even if constrained compared to capital most of the time, the decisions and strategies of labour play an active part in shaping and altering the strategies of employers which invariably affect labour market outcomes. Therefore, though our focus has been primarily on the organization of labour through the accumulation strategies of the rich, a fuller analysis would have to incorporate the strategies of labourers themselves in shaping the outcomes of labour markets which is beyond the scope of this thesis.

In short, the sheer variety and complexity of labour arrangements cannot be understood either through the lens of neoclassical economics or of orthodox Marxism which rarely pays attention to different forms of exploitation or to the complex calculus of choices made by employers and labour in different contexts. Instead, an exploration of institutional, historical and strategic factors is necessary in order to fully understand labour relations in real agricultural marketing systems.

In the next section, the chapter describes the variety of labour relations, their internal segmentation and how these are closely tied to the strategies of accumulation of the RCC.

6.2 -Heterogeneity and Hierarchy of Labour Arrangements

Schematically, the two types of labour in both areas can be characterized as; i) family labour; 2) hired labour. Although we did observe farms that relied entirely on their family's labour but more often it was supplemented by some hiring at peak times like harvest. Overwhelmingly however, labour was hired-in by what we have termed the RCC and while millers in TTS, cold store owners in Depalpur and capitalist traders in both areas hired different types of labour under a variety of arrangements, the most significant hirers of labour-power were the capitalist farmers of Depalpur. We briefly discuss the internal heterogeneity of both family and hired labour before moving to the specific arrangements in each area and how these are connected to the strategies of accumulation of the RCC.

Family labour was found on both farms and firms of various sizes though the exact tasks it undertook varied with the class position of the economic unit of reproduction. For example, family labour denoted supervision and/or book-keeping performed by a family member in a capitalist firm or farm managed as part of a joint-family enterprise. On the other hand, it also referred to the manual work in cultivation and collection of produce by household members from a PCP farming and/or trading unit. In both cases however, we did not find family labour being paid either a salary or a wage. The lack of direct remuneration of family labour distinguished it from the various forms of hired labour (Harriss-White, 1996: 233 for a similar case in India).

On the other hand, much greater diversity was found within the category of 'hired' labour in both areas. Hired labour could be differentiated by the specific function or task performed in a firm or farm, the time period for which it was employed, the type of contract it was employed under as well as the method of payment. For example, the RCC required labour to perform managerial/supervisory functions as well as to perform manual work on the farm or shop floor; hiring could be for a season as well as for many years; the same firm or farm could employ

some labourers directly on a yearly contract, paying them a monthly salary and others informally through labour contractors. Therefore, hired labour is a considerably heterogeneous category behind which lie different types of labour (Mahmood, 2005; Siegmann & Shaheen, 2008).

However, like the commodity markets we described in the previous chapters, the differences in the types of hired labour concealed a hierarchy of employment status within the AMS. This hierarchy was based on the degree of security and levels of remuneration of hired labour, ranging from managerial or supervisory positions with formal contracts and relatively high salaries, to extremely insecure forms of informal labour unprotected by labour legislation. Moreover, the hierarchy was closely linked to both social identities such as caste and gender (though our focus in the thesis was on the former) and acquired characteristics such as technical skills and education (see Harriss, Kannan, & Rogers, 1990 for a similar case from India).

Furthermore, though some individuals from lower-caste backgrounds were employed in 'salaried' positions at the top of the labour hierarchy, in general there was a great overlap between caste and illiterate, unskilled labour at the bottom rung of the labour market. In particular, landless Dalit converts to Islam (*Mussali*) and Christianity (*Essai*) were the overwhelming majority of the informal working class in both areas, with the former dominant in Depalpur and the latter in TTS. They comprise the landless labouring class we introduced in chapter 3 which straddles the rural-urban divide, working as both permanent and seasonal farm labourers as well as *palledars* (coolies) in the *mandi* and in factories.

Occupational hierarchies in labour employment that we found in our two field sites exist in various parts of the developed and developing world resulting in great differences of income and status affiliated with the type of labour employment (Breman, 1996; Lerche, 2010; Pattenden, 2016). Nonetheless, the general trend seems to be one where 'growing numbers of

people now depend –either directly or indirectly –on the sale of their labour-power for their daily reproduction' which in many cases is highly precarious and puts pressure on the increasingly shrinking stratum of the working class employed under formal, 'protected' contracts (Bernstein, 2010: 7). The trend is directly linked to the strategies employed by capitalists to 'cheapen' and 'discipline' the workforce (Lerche, 2011: 21).

The dominance of a cheap, pliable and insecure workforce labouring at the bottom rung of the employment hierarchy was evident in both our field sites. Moreover, though the typology of occupational hierarchy developed by Lerche (2010: 69) closely mirrored what we found in our field areas, there were some deviations. In particular, we found no waged-labourers at the apex working in either farming or trade, flour mills or cold stores who were employed on formal contracts with legally sanctioned welfare provisions. The only employees on formal contracts were found in one flour mill in TTS and two cold stores in Depalpur and they were part of the salaried managerial staff. There were no labour unions anywhere across the AMS even as many firms, particularly those at the apex of the hierarchy were registered.

This complex intermingling of formal and informal arrangements was found throughout the AMS in both areas as discovered by scholars in other parts of the globe (e.g. Argente & Garcia, 2015; Portes & Haller, 2010). All large firms, whether cold stores, flour mills or traders were registered and all had their own associations (discussed in the next chapter) to bargain with the state authorities. Yet, labour relations were thoroughly informal and due to the non-existence of unions, labour had neither collective bargaining power nor individual access to the formal state for legal recourse. This gave rise to personalized forms of negotiations between employers and employees that tended to be socially regulated, either through labour contractors belonging to the same caste networks as the labourers (which we discuss later in the chapter) or through labour and the leadership of the traders' associations that we describe in the next chapter.

Finally, not only was formal labour law openly flouted in full view of local state authorities but the latter actually aided informalization through public works such as canal maintenance and road construction where legal procedures –government tenders, contracts and monitoring –were combined with the employment of casual labour through contractors. These arrangements retained the façade of formality while in actual fact perpetuating informality. The proliferation of the largely informal AMS with sprinklings of formality, the coexistence of tiny islands of formal labour in a sea of informal labour relations hollows out the 'Weberian' state of 'formal laws and rules' and blurs the 'boundary between state and society' (Fuller & Harriss, 2001: 13) resulting in the generation of an informal state, what Harriss-White has termed a 'shadow state' (Harriss-White, 2003: chapter 4).

The shadow state is not only most susceptible to the RCC who mix direct and indirect strategies of influence but it follows the same practices as the latter vis-à-vis labour, resulting in labour's disempowerment and disciplining and the perpetuation of insecure, informalized relations throughout the marketing system. Therefore, labour is either forced to negotiate informally with employers or labour market intermediaries in a range of precarious arrangements, or call on the state to provide welfare in which case they find the same RCC to be the gatekeepers through whom access to the state can be attained (as in the South Indian cases analyzed by Pattenden, 2016: 18). The unequal power relations between labour and the locally dominant capitalist class were clear throughout the AMS and permeated the state itself.

Thus, various types of hired labour found in the two areas contained within them a hierarchy, much like the commodity markets studied in the previous chapters. The hierarchy was closely linked to social status (particularly caste and gender though our study only focused on the former) and education but the overwhelming majority of labourers were at the bottom rung and were involved in informal, insecure forms of labour. Moreover, their class position intersected closely with their caste status as Dalit converts to Islam and Christianity and though we did not

study gender, for Dalit women it meant the intersection of class and caste with gender oppression.

However, as we stated at the beginning of the chapter, informal labour relations, much like relations in rest of the AMS, were by no means unstructured. In the virtual absence of state regulation we found various forms of social regulation, most notably through the manipulation of social identities (e.g. caste, gender, ethnicity, religion) which have been documented by scholars across South Asia and in other parts of the world (Akhtar, 2011; Bhalla, 1999; Clough, 2014; Schneider, 2013). Moreover, apart from being regulated by a range of informal institutions, the unskilled lower caste labour force was organized under various 'labour arrangements' in both areas which were closely linked to the strategies of accumulation of the RCC.

It is these institutions and labour arrangements and how they arise out of the strategies of the local capitalist class that the rest of the chapter explores. We begin with the non-farm trading and processing firms in both areas where the types of labour relations are relatively similar and then move to rural labour where the contrasts are greater.

6.3 –Labour Relations on Farm and Firm: Strategies of Exploitation and Control

6.31 -Labour Arrangements in Markets and Agro-Processing

As stated above, we prefer the notion of 'labour arrangements' best theorized by Ben Rogaly's study of rural labour relations in West Bengal, to that of 'labour contracts' for the former embraces both informal and implicit agreements alongside written ones (Rogaly, 1994, 1997). Moreover, these labour arrangements were embedded in local relations of property and social identities as well as the strategies of accumulation of the RCC and the struggle by labour for survival in the face of these. It is therefore important to recognize at the outset how actually

existing labour relations (much like the marketing systems) in both field sites were not explicable only in terms of supply and demand but required a sensitivity to a broad range of factors.

The most striking aspect of labour in trading and agro-processing in both areas was the virtual absence of female workers. From the *palledar* (coolie) labour employed in mills and cold stores as well as the *mandi* to the technicians, accountants and managerial staff, the workforce was entirely male. In TTS the largest spinning mill did employ female labour on the shop floor but for the units we studied for our fieldwork, this was not the case. *Mussali* and *Essai* women were the majority of the rural labour force, particularly for cotton in TTS (though we did not study this) and potato in Depalpur but were absent in the rest of the AMS.

Secondly, almost the entire workforce that we studied was local, recruited from within TTS and Depalpur sub-districts or at most from the larger district: migrant labour was also virtually non-existent. Although truck drivers in both areas were Pashtuns from Khyber Pakhtunkhwa and Balochistan, they did not work directly in the local AMS.

The third important aspect was the low pay across the board which could nonetheless vary with the type of task as well as the method through which labour was recruited. The overwhelming majority of *palledar* labour was recruited through labour contractors, who were also *Mussali and Essai* and utilized their social networks in order to mobilize and deploy them. This type of labour was highly dependent on seasonality, experiencing a peak in the post-harvest period and declining in importance in the slack season, particularly since industry and trade in the AMS closely followed the rhythms of the agricultural crop cycle, especially in the case of cold stores but also for flour mills.

Palledars were paid a piece rate in both areas for loading and unloading which included a share for the contractor. The piece-rate for wheat in TTS was slightly higher than for potato in Depalpur as shown in Table 6.1, though both were extremely low given the seasonal nature of the work. This was the least remunerative part of the labour market in the AMS but one that employed the highest number of people and where class oppression strongly intersected with lower caste status. Moreover, since this vast stratum was recruited through intermediaries and had little direct contact with the RCC, it meant the latter did not carry any responsibility for the welfare of individual workers while the piece-rate ensured that strict supervision was not necessary (much like Rutten (2003: 67) found in the case of rural industrialists in Gujarat). In this way the RCC was able to cheapen and discipline the majority of the labour force while keeping direct contact and supervision to a minimum.

Table 6.1 –Piece rates for Coolie Labour in Depalpur and TTS

Potato		**Wheat**	
Loading (Rs./bag)	Unloading (Rs./bag)	Loading (Rs./bag)	Unloading (Rs./bag)
4.5	3.5	5	4

Source: Field Survey

On the other hand, technical labour and staff employed in factories were recruited through personalized networks by capitalists themselves. In all three flour mills of TTS, the shop foremen were recruited when they were very young and paid very little, developing their skills as apprentices on the shop floor. This resulted in a long term relationship with the owners who linked the pay of the former to both experience and age as well as to 'loyalty'. Perhaps as a result of this, there were variations in pay between the three factories, with the head foremen in the three factories paid Rs.18, 000, 23, 000 and 27, 000 per month respectively while the technical and supervisory labour force under them were all paid below the minimum wage.

Therefore, even the possession of technical skills and a regular wage did not translate into decently remunerated work (although the pay was slightly higher than casual, seasonal labour). Finally, though we did find members of both lower '*kammi'* and 'peasant' castes in the technical workforce, Dalit labour was absent and confined to the status of *palledars* in the AMS.

In the case of Cold Storage, owing both to the seasonal nature and more importantly due to the lack of processing involved, the need for permanent technical labour was much less. Some stores had two or three managers who mostly oversaw its running (many were family members themselves) but most had only one. Technical labour responsible for machine maintenance (called *mistry* locally) was paid a much lower monthly salary than in flour mills as shown in Table 6.2 but was only required at particular times within the month. Moreover, the *mistry* was free to work for as many cold stores as he could. Many capitalist farmers who had diversified simply used farm servants for most of the non-technical tasks. At the time of our field work in 2013, there was no professionally managed cold store in the area but the largest cold store owner had hired a permanent technical member of staff and the shop foreman was paid Rs.15, 000 per month though four workers under him were getting Rs.8000 per month, much lower than the minimum wage at the time.

Table 6.2 –Wage rates for different Types of Labour in the AMS

Cold Store				**Flour Mill**		
Accountant (Rs./month)	Manager (Rs./month)	Technical Foreman (Rs./month)	Palledar (Rs./month)	Accountant (Rs./month)	Technical Foreman (Rs./month)	*Palledar* (Rs./month)
11000 (8000-13000)	7000 (6500-9000)	11000 (9000-15000)	5 (4-6)	40000	23000 (18000-27000)	6 (5-7)

Source: Field Survey, 2013

Finally, as we stated in the previous section, the most remunerative and secure jobs were not those based on manual/technical skills but salaried managerial posts where some form of higher education was required. These were extremely rare at the time of the research not only because most traders and millers used family labour that was not directly paid but also because they relied on *munshis* who were not highly educated but had learnt their trade as apprentices on the job, much like technical labour. The highest salary we recorded was for the accountant in one flour mill (the other two managed their accounts through family labour) who had a B.A degree in Accounting and Finance and was paid Rs. 40, 000 per month.

Therefore, like the rest of the marketing system, labour relations also contained a hierarchy based on skill, education, caste (and gender) as well as the different arrangements through which labourers were recruited and deployed. The vast majority were informal dalit male workers who were employed for seasonal work as coolies in the AMS and were recruited by labour contractors in both areas. Moreover, while technical labour was organized through more personalized networks by capitalists themselves and the jobs were more long term, this did not

mean that remuneration was enough to cover social reproduction. In fact, the overwhelming majority of labour throughout the system was paid less than the minimum wage.

However, while the two areas have considerable overlaps in labour relations when it comes to trade and agro-processing, the differences are starker in the case of rural labour owing to distinct contexts. As a result, labour arrangements are different and the strategies of control over labour by farmers, particularly capitalist farmers in Depalpur, also differ.

6.32 –Rural Labour Relations in TTS and Depalpur

As described previously in chapters 3 and 5, the entirety of farmers in our sample from TTS were either petty-capitalists or PCP. Since our thesis mainly deals with the accumulation strategies of the RCC, our focus was not on rural labour relations in TTS. Nonetheless, we provide a very brief description of rural labour arrangements in the area in order to contrast them with Depalpur. We then move to arrangements and the strategies of control over labour employed by the main hirers of labour-power, the capitalist farmers of Delapur.

The critical factors which shape labour relations in TTS are the following; i) small landholdings where the majority of tasks are performed by family labour; ii) low intensity of cultivation due to inadequate water supplies; iii) high mobility of labour off-farm with landless labour working in the marketing system as described in the previous section or in other sectors within the district and even outside; finally iv) despite the high mobility, rural labour is entirely recruited locally, both because of the low intensity of farming and because many landless labourers return to their villages to work on the farms in order to store grain for their households.[26] These factors together shape the types of rural labour relations we found on most farms in TTS.

[26] At least in our sample, there were very few landless lower caste labourers who had migrated to the Gulf. Most migrants were from capitalist farmer and PCP farming households. Nonetheless, some of the *Essai* (christian dalits) had migrated to the UK and USA through international Church networks which also contributed to the mobility off-farm.

As described above, a majority of pre-harvest tasks are performed by family labour on both petty-capitalist and PCP farms. Nonetheless, labour demand does sharply increase at certain times of the year, particularly for wheat reaping and threshing, cotton picking (performed entirely by dalit women) but also for maize sowing which a number of farmers cultivate but we were not able to study cotton and maize in any detail. At the wheat harvest even PCP households require labour in excess of their own family's capacity. How do PCP and petty-capitalist farmers recruit and deploy labour on their farms in the presence of a high degree of labour mobility and concentrated seasonal demand? The main institution which enables farmers to utilize casual labour in TTS is the *jatha* or 'labour-gang' (Nazir, 1991: 103-105 for a similar case study).

A *jatha* in the case of wheat was comprised entirely of *Essai* or in some cases *Mussali* labourers from the same family or the wider kin network. It was mainly recruited from within the village or where the ratio of landholding to landless '*kammi'* households was high, from neighbouring villages. There were no specialized intermediaries/labour contractors and negotiations were made with farmers by the *jatha* as a whole. Being from the same or neighbouring village meant that farmers knew most labourers personally. Since most members of the *jatha* worked in various jobs off-farm through-out the year, the *jatha* was disbanded soon after harvest.

The main reason labour returned to undertake the strenuous tasks associated with the wheat harvest was because the payment was made in the form of grain instead of cash. Despite working off-farm in various types of employment there continues to be a strong desire among all rural households to procure grain for their household consumption; for landowners it is a portion of their own crop and for landless labour it is in the form of payments in grain. At the time of our field work, the wage-rate paid to a *jatha* comprising 6-7 people on average for reaping was slightly different in both areas, owing to the localized nature of labour recruitment

but the variation was not too great. In village T1 the rate was 2.5 maunds (1 quintal)/ acre harvested while in T2 it was 2.8 maunds (1.12 quintals)/ acre.

In general, we found very few small landowners labouring on the farms of others, especially in the same village as this was seen as a loss of status in the local context (see Rudra, 1992: 85). At the same time, we did find three *jat* cultivators from nearby villages working alongside dalit labour as part of the same *jatha* on one farm in village DT1. This group is what we referred to as the semi-proletariat in chapter 3 but the bulk of the group worked off-farm in the market or in factories. Finally, payments in grain further contributed to the proliferation of the *chakki* (grinder) technological niche which as we have shown in the previous chapter, decreased local demand for large flour mills and forced them to seek export markets for their marketable surplus.

By contrast, the intensity of cultivation in Depalpur was much higher and there was need for hired-labour throughout the year on capitalist farms, with steep peaks in the post-harvest period. The calendar year begins with the very labour-intensive potato harvest followed immediately by the equally intensive maize sowing process. The higher intensity of cropping is compounded by the size of large landholdings. Apart from rural labour, the other elements of the potato AMS also require seasonal labour for loading/unloading goods in the *mandi* (market) as well as for small-scale industry. In other words, the high demand for labour works on an urban-rural continuum largely due to the seasonal nature of both the markets as well as small scale processing.

This gave rise to two main types of labour arrangements that we found on capitalist farms; i) permanent labour recruited through personalized networks by the RCC; ii) seasonal labour at peak times recruited through labour contracts, known locally as *thekedars*.

We use the term ‘permanent’ to denote labour relations on capitalist farms in Depalpur (and even on some petty capitalist farms in TTS) for labourers who were hired on an *annual* contract not for particular tasks at harvest, but for work that needed to be carried out throughout the year from ploughing, levelling, weeding and irrigation of fields to taking care of livestock on the farm (Jehangir & Sampath, 1999: 11). The term permanent here is used to contrast this form with the ‘casual’ labour hired seasonally, mainly at peak harvest time but also for certain tasks during sowing. It coincides directly with the category of ‘farm servants’ that was found to be operative on many farms by Rudra in his analysis of the Indian farm survey 1975 (reproduced in Rudra, 1992: 251).

Farmers in Depalpur explained how intensity as well as continuity of cultivation had increased with tube well and turbine irrigation and the application of new seeds, fertilizers, pesticides etc. had augmented the tasks that needed to be carried out within a shorter period of time, In many ways this enhanced the need for labour to be more or less permanently closer at hand (Breman, 1985: 263). Since care is needed during the maturation process (for example seeing that the fields are watered on time, the right amount of fertilizer, pesticide is applied etc.) capitalist farmers prefer not to leave these tasks to casual labourers. Hiring *mustaqil* labour also gives access to the entire family of the labourer which can assist with domestic work alongside farm work (Brass, 1999: 82).

Although these tasks varied with each crop and size of farm, in general larger farmers required labour for ploughing, levelling, sowing and weeding as well as looking after the livestock. The total number of permanent labourers hired by capitalist farmers varied considerably, from 42 on the largest farm cultivating 700 acres, to 8 on the 60 acre farm. Capitalist farmer-traders even used some of their permanent labourers for non-technical tasks at their cold stores.

The recruitment process for *mustaqil* labourers was more personalized than for casual labour. Either as individuals or as a family, workers went to particular farmers seeking work. They were provided a place to live (often makeshift tents) or were allowed to build a mud house on the capitalist farmer's land without rent. Single men were sometimes provided rooms to sleep in the shed next to the farm implements and domestic labour was given quarters inside the house if it was for a woman with a child. A common arrangement was for a male member of the same family to be working the fields while the woman provided domestic labour. Children from the family were also employed on the fields or in the house and we did not find any case where the children of permanent farm labourers were going to school.

The payment system for permanent labour combined monthly wage, grain and consumption loans. There were variations in the monthly wage rates not only between different farms but also between different labourers on the same farm, but all labourers were paid less than the minimum wage. Labour was also provided some grain out of the total wheat harvest although on some farms, labourers had to pay for its grinding at the local *chakkis* themselves. The range of monthly wage rates that we found varied from a high of Rs.10, 000 to a low of 6000, half the minimum wage.

The most notable facet of permanent labour arrangements was the provision of consumption loans, known locally as '*peshgi'* (meaning 'advance') which interlinked labour and credit markets and tied labour to the capitalist farmer (Iqbal, 2006: 100). The amount of *peshgi* varied considerably; from a few thousand rupees for very minor expenses to Rs. 50,000-100,000 which could take years to repay, or never be repaid during the lifetime of a labourer. In both cases, the loan was 'adjusted' by the employer through lowering the monthly wage rate paid to the labourer (see Brass, 1999: 86 for a similar case study from Indian Punjab). The main aim was to assert control over labour and cheapen it to extract as much surplus-value as possible (Martin, 2009).

The institution of *peshgi* was regulated locally not merely by individual employers but by capitalist farmers as a class. This was done through the widespread local norm that if any member of an indebted labouring family (or even the family as a whole) were to change employers, they could do so only under the condition that the new employer pay off the debt, in which case the labourer would now be tied to a new capitalist farmer. They could also work for a new farmer with the understanding that the income earned would go towards clearing the debt incurred from the previous employer. Thus, the highly dynamic AMS of Depalpur was greatly dependent on unskilled, low caste labour tied through relations of debt. Our evidence supports the work of critical Marxian scholars who have highlighted how forms of labour bondage such as *peshgi* entirely compatible with capitalist accumulation and may even increase with increasing capitalist penetration under certain circumstances (Banaji, 2011a; Corrigon, 1977; Lerche, 2007; Tomich, 2004).

A similar kind of diversity was to be found within the category of 'casual' labour –in our field areas it included both those labourers who were hired on a daily basis, or for particular tasks for up to a month. Many of these seasonal labourers were local and we did not find migrants coming from outside the district among the casual labour force. The farthest labour reported to us was in Depalpur where the largest capitalist farmer hired labour from a village 15 km away. These 'casual'/temporary labourers were known locally as '*aarzi mazdoor*' (meaning temporary worker). A great number of rural labourers were women and children which contrasts sharply with their virtual absence in the rest of the AMS.

In contrast to permanent labour where demand was determined by the level of activity and investment with a longer time span, demand for casual labour was correlated with needs that were both expected and unexpected. Although capitalist farmers employed casual labour in the pre-harvest process, usually for sowing, fertilizer and pesticide application and occasionally

for tilling and ploughing (though most of it required skilled labour that could use the latest implements) the overwhelming majority was employed for harvest and immediate post-harvest operations. Potato is a very labour intensive crop at the harvest and post-harvest time due to the nature of the AMS and involves a range of tasks including digging, 'picking' (called *patai* locally which literally means pulling-out), grading, packing and transporting either to the market or to the cold store.

Moreover, the large size of intensely cultivated landholdings meant the costs of searching for and recruiting labour were very high, especially in periods of peak labour demand, as highlighted in Table 6.3. However, capitalist farmers were preoccupied with securing credit, crop procurement and timing of sales and storage as described in previous chapters and could not spend time organizing labour. As a result, what had crystallized in Depalpur was a system whereby the task of recruiting, organizing and deploying the bulk of both rural and urban casual labour was outsourced to labour contractors (*thekedars*) as in the case of casual labour in the *mandi* and factories of TTS. These individuals organized and deployed labour-gangs for specific pre-harvest, harvest and post-harvest operations but also for off-farm work in the *mandi* particularly as *palledar* ('coolie' labour for loading/unloading produce) leading to a more integrated local labour market for casual labour than TTS.

The institution of the *thekedar* is particularly suited to a place like Depalpur where access to large pools of labour needs to be organized in a timely manner. Nonetheless, it is also important to note that the mere existence of *thekedars* does not guarantee that labour will be recruited in the required quantities at the required time. This is primarily because competition for labour was high particularly for the main hirers of labour-power; the capitalist farmers. How do these RCC ensure a timely and adequate supply of labour in a context of high competition and how does this impact both the choices of labourers themselves as well as shape access to labour for PCP households?

The main method of tying labour was the payment of an amount of money in advance to *thekedars*, called both 'advance' and *khata* locally. The advance paid acted as a pledge by a particular *thekedar* to guarantee a timely and adequate labour supply for a particular task so that the farmer's search costs were reduced substantially. By interlinking the labour market with the credit market, rural-commercial capitalists ensured that in exchange for an additional amount of money, they spent a minimum amount of time searching, organizing and supervising labour on such a large scale. The number of *thekedars* varied depending on the size of cultivated land but it was not greater than three for the largest farmers and most rural-commercial capitalists contacted only one. The amount paid in advance varied from the lowest of Rs.20,000 to the highest of Rs.50,000 and was tied (albeit tenuously) to the number of labourers that needed to be recruited for a particular task.

The existence of subcontractors is not a new phenomenon in agriculture; Marx, Lenin and Weber highlighted their importance in British, Russian and Prussian agriculture (Lenin, 1977; Weber, 1979). Marx noted how some labour contractors or 'gangmasters' had worked up to positions of 'farmers of 500 acres, or proprietors of whole rows of houses' (Marx, 1990: 851). Likewise, Abdel-Fadil highlights the role of subcontractors in organizing labour-gangs (*Tarahil*) in the irrigated cotton fields of Egypt and the control they assert over their labour as a result of kinship and debt relations (Abdel-Fadil, 1975: 45-46). In other words, many of these authors refer to the subcontractor as a figure whose position is socially and economically much higher than the labourers he recruits and deploys.

This is different from the situation in Depalpur where the *thekedars* were mostly socially and economically equal to the labourers themselves; a vast majority of them were from the *Muslim Sheikh* castes and a great number of them were also women, particularly in agriculture. A typical pattern we found was that many of them were former share-croppers or belonged to

former share-cropping families. Many of them were also themselves older labourers who could no longer carry out the drudgery of farm or the back-breaking *paledar* (coolie) work in the market due to health reasons. The social background of subcontractors is similar to what the Indian literature on informal labour relations has highlighted for a long time (e.g. Breman, 1993; Guerin, 2013; Pattenden, 2016). Therefore, the highly commercialized, capitalist agriculture of Depalpur depended on kinship and caste networks to organize and deploy labour.

Being poor and from the same social strata also meant that *thekedars* did not possess the money to pay their labourers. This meant that *thekedars* could only pay labour through the advance forwarded to them by capitalist farmers. Moreover, as in the case of coolie labour in TTS *mandis* and factories, capitalist farmers had instituted a piece-rate system which they believed would motivate workers to complete tasks quickly and reduce the need for constant supervision. The piece rate for potato digging and picking (*patai*) was paid on a per acre basis while that for tying and loading was paid per bag. In each case a specific percentage of the piece rate is pocketed by the *thekedar*. The average piece rates for potato harvesting by task are presented in Table 6.3.

6.3 –Potato Wage rates by task in Depalpur in 2013

Type	Sowing (Rs./acre)	Fertilizer/Pesticide (Rs./acre)	Digging/Picking (Rs./acre)	Tying+Loading (Rs./bag)
Capitalist Farmers	1100 (800-1250)	300 (250-350)	2200 (2000-2500)	16 (13-18)
PCP	N.A	N.A	2800 (2400-3300)	17 (14-19)

Source: Field Survey

The advance forwarded by capitalist farmers not only allowed them to tie labour in the peak season but also lowered its price, as highlighted by other scholars (Breman, 1985; Guerin, 2013; Jodhka, 1994). This can be seen from the contrast between the wage-rates found on

capitalist farms versus those on PCP farms. The wage rate was considerably higher for PCP farmers since they could not afford to lend money to labour contractors. Moreover, the advance immediately before harvest was only partial, since the aim was to pledge labour from the thekedar; full payment was only made after all harvest and post-harvest operations had been completed. In this way, capitalist farmers were able to interlink the credit and labour markets and tie labour for their operations at advantageous rates.

In summation, the informalized labour markets studied by us were structured through various social institutions such as caste and gender (though we were only able to study the former) which helped to fragment and weaken labour's class power (Bhalla, 1999; Harriss-White & Gooptu, 2001). Moreover, forms of labour tying through debt relations were a feature not only of 'permanent' labour which was tied for relatively longer periods of time, but also of casual seasonal labour recruited through labour contractors and their caste networks. Therefore, neither did casual workers represent 'free' labour due to the existence of credit and labour market interlinking nor was permanent labour entirely 'unfree' given that many had voluntarily entered *peshgi* relations due to the attraction of consumption loans as well as to escape the precariousness of the casual labour markets.

As scholars have rightly shown, instead of understanding free and unfree labour in a dichotomous fashion, forms of labour under capitalism are organized along a continuum of unfreedoms, from fully unfree to those which 'meet the socially and historically renegotiated criteria of minimum pay and security' (Banaji, 2011d; Lerche, 2011; Picherit, 2016). Moreover, the maximum freedom accorded by capital to labour is the freedom to sell its labour power or face starvation and this stark choice is the underlying reason for the perpetuation of various forms of un-freedom (Phillips, 2013; Barrientos et al, 2013; Bhandari, 2007). Finally, as we have tried to show through our case studies, relative freedom (e.g. casual vs. permanent)

for the labouring poor does not translate into decent work and may in fact be more precarious than forms of tied labour.

In other words, permanent and casual labour relations were the different options available to the same pool of landless lower-caste labourers and the differences between the labour arrangements did not change their fundamental identity at the bottom of the caste and class hierarchy. It is therefore better to understand them as different types of labour created by capital's overall strategy to lower the price of labour and how this compels landless households to opt for different types of 'un-decent' employment (Breman, 1993; Lerche, 2011). That capitalists used different strategies in order to organize labour and this gave rise to the variety of labour arrangements does not take away from their fundamental unity as forms of low-end labour relations feeding Pakistan's rapacious capitalism.

Conclusion

The chapter sought to study the sheer diversity of labour relations alongside a hierarchy based on job security and remuneration that we discovered in our field sites. It gave an account of the institutions in which labour markets are embedded and to investigate how the institutions themselves evolve out of a complex interplay of the accumulation strategies of rural-commercial capitalists. It follows the work of critical political economists who have challenged both neoclassical marginal productivity theories as well as orthodox Marxian accounts that reify free labour relations as the only forms compatible with capitalist accumulation.

Our point of departure instead is the view that labour markets are a social phenomena that require a variety of institutions to work, institutions that are by no means ahistorical nor, unlike the views of neo-classical and neo-institutional economics, do they grind inevitably towards equilibrium. Actually existing rural-commercial labour markets, like the agricultural commodity markets that we have studied thus far and which they are an intrinsic part of, are

complex, full of contradictory tendencies and rely not only on class power but the power of other axis of differentiation, most notably gender and caste in our areas. It is here that the interaction between strategies of accumulation and strategies of livelihood are essential for understanding real labour markets.

In our final chapter, we now move to the politics of the two areas and see how far the RCC dominate and what are the axes of similarity and difference between them

Chapter 7 –Rural Commercial Capital and its Politics: Class and Status in Pakistani Punjab

Introduction

We have so far used the lens of the complexity of agricultural marketing systems to highlight the fractured nature of accumulation, its multiple sources and the different strategies used to assert control over these systems. But another crucial aspect of this thesis has been the claim that with increasing commercialization and integration of the rural and urban, assisted primarily through the workings of the AMS, there has also been the slow evolution of a class of people that are economically similar in terms of their relationship to the extent of their accumulation, which makes them different from the mass of poor and precarious in the two areas. We have called these groups, rural-commercial capitalists (RCC). They dominate economically.

In the final chapter we examine how far these groups act as a class and the coherence of their actions. We do this via an analysis of the behaviour of their associations, the most important vehicles for the protection of their corporate interests. Through a comparative analysis we find out that, despite their much greater importance to the economy of the town and countryside, the association of merchants in Depalpur is primarily restricted in the scope of its activity to the economic tasks of regulating the potato AMS in the absence of direct state regulation.

By contrast, the association of traders in TTS is extremely interested and well represented in the civil and political life of the area, including the rural areas, despite the decrease in agrarian dynamism. We attempt to show how this contrast in political economic roles can be related back to our original point about status differentiation within the RCC. Despite decelerating agrarian dynamism, the RCC of TTS is socially coherent due to its roots in the countryside which persist as crucial social ties. As opposed to this, the RCC of Depalpur, despite its agrarian dynamism and the integration of the economy, continues to be socially and politically

segmented as a result of its emergence from distinct social strata. Capitalist farmers, despite their economic integration with markets, continue to rely on their own factional networks which precede their transformation into capitalist farmers for political power that often operate through political parties. We conclude by highlighting why class formation via the workings of the AMS, is an economic process that can onoy be understood through its social and political relations.

7.1 –Associations and the Rising Power of Business in Pakistani Punjab

In most South Asian contexts but particularly in the Punjab, 'the merchant' is perhaps the most vilified character in both urban and rural areas. Passionate calls for protecting the Punjabi peasant against the machinations of the 'moneylender' were reflected both in official documents as well as in actual policy (e.g. Thorburn, 1886). The Land Alienation Act of 1901, described in Chapter 2 for example, was explicitly designed to prevent the transfer of land to the 'mercantile castes' (mainly Hindu) whom the British saw as dispossessing the peasant-proprietor through land transfers as a means of repaying debts (Barrier, 1965: 145). The communal context of Hindu merchants dominating a largely Muslim peasantry was an added component in official perceptions of traders (Islam, 1995: 272) and contributed to the social suspicion of the profession, not to mention the disdain in Muslim society against '*riba'* (usury).

These suspicions carried forward into official thinking in the post-colonial context as well. Stanley Kochanek demonstrated that small business (of the kind we studied in TTS and Depalpur) was differentiated from large corporate capital by the latter's access to the higher echelons of government (Kochanek, 1997: 47) The elite had direct connections to top bureaucrats, politicians and generals through their personal networks (including golf and social clubs) which directed benefits in a particularistic manner (*ibid*). Small businessmen on the other hand had few personal connections at the top and were the targets of frequent attacks by

successive governments, most notably under the populist premiership of Zulfiqar Ali Bhutto (Burki, 1980: 160). Bhutto initially had the support of small businessmen when he railed against the elite. However, once he began targeting local business directly, through his decisions to nationalize small-scale agro-processing units and agricultural markets, small business turned against him ferociously (Adams & Iqbal, 1987).

In such circumstances, small businessmen, lacking the personalized networks of the corporate capitalist elite, were compelled to engage in collective action in order to protect their interests. The organizational form that such collective action took was the traders' associations. Numbering in the hundreds across the length and breadth of the country, representing different trades and regions, with most having only a local presence and lacking a centralized body at the federal or provincial level to co-ordinate their actions, these associations were instruments for protecting the interests of small business against encroachments by larger corporate capital. The associations also checked the regulative power of the state and kept labour and petty-commodity producers under control. In an economy that is largely informal and a state lacking the capacity for enforcement, they also assumed the role (often against the wishes of state officials) of regulating the fractious process of capital accumulation.

Though the factors highlighted above provide an important background to the formation of associations, the peculiarities of specific associations cannot be understood from this generalized context. There are literally hundreds (if not thousands) of associations of various types, created for very different reasons that play roles in the economy. As we found out in our two areas, the local political and economic context is important in locating the specificities of their behaviour.

7.11–Depalpur: The Regulation of Decentralized Accumulation

As described earlier, the Depalpur vegetable marketplace (*mandi*) is relatively new and was originally formed only in 2001. A marketplace in Pakistani Punjab (as in the rest of the country) becomes officially recognized when a government body known as a 'market committee' is placed in it (Haq & Aslam, 2013: 16-18). Under the Market Committees Act 1939 (which was updated in 1979 as the Punjab Agricultural Produce Market Rules 1979) these organizations are meant to regulate agricultural marketplaces and to make sure all individuals involved act in accordance with the rules laid out. These include issuing of licenses to traders, commission agents and agro-processors who want to set up shop, collecting price information, providing and looking after the infrastructure of the market such as appropriate space for storage, collection of license fees etc. (*ibid*).

Traders' association are distinct from these organizations; they are private ('civil society') groupings representing the interests of their own members but under the rules provided by the government and enforced by its representative, the market committee. As we found, the real organization of the market was being done not by the state but by the association itself, whose members viewed the official market committee members as nuisances that needed to be kept at arm's length.

The association of Depalpur traders was formed in 2008, named the '*Anjuman-i-Arhtian* Depalpur' (Association of Commission Agents, Depalpur) and what we shall henceforth call (AAD). The President of the AAD in 2013 was a gentleman whom we call Haji Sahab.[27] His firm was one of the three largest, according to our estimates, he was generally recognized as

[27] 'Haji' is a term used to refer to those who have performed the Muslim pilgrimage to Mecca, known as the 'Hajj' a matter of great emotional and social significance in Muslim societies. 'Sahab' is a designation of respect. The gentleman we interviewed had performed the Hajj multiple times and people referred to him as Haji Sahab alongside his real name.

one of the richest men in the *mandi* and widely respected among traders. He belonged to the lower-caste *biraderi* of *Mirasis* (bards) who now call themselves *Qureshi* (after the Prophet Muhammad's own tribe) to assert a higher status in accordance with their recently acquired economic mobility.

According to Haji Sahab, the main function of the AAD was to maintain the unity ('*ittefaq'*) of traders in the face of the several disputes that regularly arise as a result of the rapid growth of the marketplace. For him, the reason why the Depalpur *mandi* has grown so much in so little time is to do with the remarkable unity of its traders which needs to be constantly maintained. He stressed how the *mandi* prospered not as a result of government support but by the collective efforts of the traders themselves and would decline if this sense of community was lost. The most important danger to this unity as he saw it, were disputes among traders themselves. These needed to be managed carefully, through the AAD. The most important of these disputes according to Haji Sahab was over repayments between firms and between partners in a single firm.

The complexity of the potato AMS was described in previous chapters; the involvement of several firms and types of contracts with different payment periodicities in the context of long distance trade, meant that payments among traders were a constant source of tension. Different trading firms owed each other money and delays in repayment regularly caused disputes, particularly among parties with relative economic parity. This was particularly important in the case of exporters. Although we described how several exporters forged direct connections with farmers, especially capitalist farmers, a majority still bought supplies through individual firms in the Depalpur *mandi*. Disputes between firms over the vast sums of money being transacted had to either be resolved among themselves or brought forward to the AAD for resolution.

More importantly, as we've described in previous chapters, many of the firms were partnerships, sometimes involving several individuals. Though the forging and ending of partnerships was considered a prerogative of individual firms, and they began and dissolved without the interference of the collective body, there were times when disgruntled partners brought their disputes to the AAD especially after an acrimonious ending of the partnership. During our fieldwork, one such partnership between two capitalist farmers diversifying into trade ended quite publicly, with partners threatening to drag each other to court. They were persuaded to refrain from doing so on the personal request of Haji Sahab and a settlement was reached post-dissolution. Therefore, the AAD was the most important vehicle for dispute resolution and the local market committee representing the state was often kept away from such matters.

But the ultimate source of fear in the marketplace was that of becoming a victim of economic crime. As shown in previous chapters, the portfolios of large firms at certain times of the season are in the millions, with payments owed to exporters, farmers and traders. In a situation where property rights are weakly enforced and trust in the capacity of the state and the legal system to respond to commercial crimes is low, the remarkable rise of the Depalpur potato market in little over a decade has largely been achieved on the back of trust between private traders and richer farmers. This environment, however, can also create opportunities for individual firms to breach this trust and engage in commercial fraud. This represents the greatest threat to the workings of the entire system particularly when the reputation of all firms in the marketplace is at stake.

One such incident occurred two years prior to our field work when a Pashtun trader from Peshawar who was considered a big exporter in his native city, was granted a license by the committee to open his firm. He was the first exporter in the market which till the time of our field work (2013) was composed of export agents. In less than a year, the firm amassed a

portfolio of approximately Rs.60, 000, 000 (6 crores) - larger than any other at the time. He then absconded with the money of several traders and farmers after a bad export season. The AAD could not recover the money but responded by banning all 'non-locals' from opening a shop in the market. Since Pashtuns were the main exporters, this created ethnic tensions between them and local Punjabis. A compromise was reached whereby a non-local could only set up shop in partnership with a local trader. According to Haji Sahab, this was the most difficult time for the *mandi* and for him personally because it could have jeopardized all that had been collectively achieved. He saw such selfishness as entirely opposed to the spirit of the trade and against the edicts of Islam.

In general however, the AAD was not involved in disputes over repayments to less powerful players in the AMS. Such quarrels rarely arose in the first place and when they did, the AAD resolutely backed its own. Though a majority of PCP farmers were either tied to traders through interlinked contracts or had their produce bought post-harvest at a lower than market price through sub-collectors of commercial capitalists such as Haji Sahab, to our knowledge these transactions between unequal parties were rarely challenged. The existence of clashes between traders and farmers were likelier when the bargaining power of each party was relatively equal.

Moreover, asymmetric payment relations existed between commercial capitalists and PCP traders and farmers, with delays caused by the former restricting liquidity to the latter at crucial times and blocking any latent trajectories of accumulation. These tactics were a normal part of the process of accumulation in the potato AMS. Finally, in cases when farmers violated the terms of a seed or crop-tying loan, traders had recourse to restricting finance to them in the future. Furthermore, in such cases the AAD disallowed all traders in the *mandi* to enter into dealings with such individuals and those traders who violated the rule could lose their membership. Thus, the dispute resolution mechanism of the AAD was backed by the power to sanction its members and outsiders who violated its rules.

In the busy export season a major source of conflict was the availability of transport. The transport market was a separate one and though a few trading firms owned vehicles, they were never sufficient and all traders had to hire from the hundreds of trucks and trolleys belonging to individual transporters. The AAD was instrumental in negotiating market rates for hiring vehicles with transporters and also in resolving disputes, both among traders over hiring as well as between traders and transporters in a situation where demand for transport was extremely high. The AAD was also involved in the labour market; as we discussed in the previous chapter. The informal labour markets in Depalpur were mainly organized through the institution of the *thekedar* (labour contractor). The AAD set the official wage rate for *palledars* (coolie labour) who were for the most part paid through the contractors. Much as the case of transport, there was often very high demand for labour in the peak season and different firms would have to haggle over the same pool of informal labour.

The AAD had an ambivalent relationship to the government's market committee. Both the AAD as a body and Haji Sahab personally maintained good relations with the representatives of the committee and saw to it that all firms paid the license fees and maintained the infrastructure provided to them, particularly a separate area for auction to accommodate the large volume of trade going through the marketplace. But, beyond that, traders saw the committee as an unnecessary bureaucratic presence that had not been an enabler of their growth. The decentralized nature of the potato AMS which does not involve any direct government intervention is perhaps the most important reason for this perception. Unlike the wheat AMS where the presence of the government is pervasive and maintaining relations with local representatives brings rents to traders (Chapter 5) the potato AMS is largely based on avoiding the state rather than forging closer ties with it.

But the most striking aspect of the behaviour of the AAD, despite the growing economic clout it represented and the centrality of the marketplace to the economic life of the entire area, was its political inactivity. Its members were by and large only concerned with the economic regulation of their trade. On a number of occasions Sahab was asked to run for 'local bodies' (the equivalent of '*Panchayat'*) elections but he refused. Politics was hardly a subject of discussion and neither was there any aspiration in the minds of members of AAD for this to be a political organization. This was in striking contrast to the association of traders in our other field area, TTS, to which we now turn.

7.12 –TTS: Declining Agriculture and Intensive Politics

In contrast to Depalpur, the TTS marketplace was established in 1902 and is one of the oldest registered markets in the province and among the oldest market committees in the country. Alongside grain it also trades in cotton and in recent years maize has also been introduced. Its traders' association (*Anjuman-i-Arhtian* Toba Tek Singh) (Association of Commission Agents Toba Tek Singh, which we term AAT) was established in 1960. Unlike the newer AAD, the TTS traders' association holds elections every two years which witness quite vigorous competition.

We have already seen how far the state interventions in the wheat AMS paradoxically strengthen powerful traders whom these interventions are supposed to remove from the marketing system (Chapter 5). This involves forging connections with state officials (particularly at the lower level) to gain access to bags, a practice which creates rents both for the officials as well as for the traders.

However, despite the stagnation of agriculture in the area and the absolute decline in the number of firms in the wheat and cotton *mandi*, the AAT's presence in both local civil society as well as in local society - and more specifically in politics - was pronounced. During our

fieldwork in 2013 the country went through general elections and the contrasts between the two associations was extremely clear. In Depalpur AAD did not participate or endorse any particular candidate for the National or Provincial Assemblies and those who did endorse did so privately. There was a general sense that this was a kind of distraction at least that was the impression one got from Haji Sahab and senior members of the AAD.

The scenario was completely different in TTS where the AAT was an active participant and endorsed as a body the candidate for the then opposition and now ruling Pakistani Muslim League (Nawaz) or PML-N party. This was a rare event. Politics in Punjab are dominated by factions representing opposite groups and whatever little research exists on trader's associations suggests that they too are highly factionalized (e.g. Javed, 2014). However, even when the AAT has been (and continues to be) faction ridden, it has still been crucial to the political life of the district and a number of political leaders representing the district have their roots in the marketplace. This is not only true for the 'local bodies' (the equivalent to '*Panchayat'* elections in India) where elections representing several seats involve dozens of candidates. It was also true for the national assembly election in which one MNA (Member National Assembly) and two Provincial (MPA) Assembly representatives are elected. The AAT's members have represented the province at all three levels, although its real power has been at the local level. Moreover, it also conducts internal elections every two years and is therefore active in several dimensions of politics.

The leader of the current opposition faction for example, now in his third party since he joined politics close to 30 years ago, and who is also the majority shareholder and founder of one of the largest garments and fashion retail businesses in the country, operating in both domestic and foreign markets, has his roots in the local *mandi*. Though the old family firm is now run by a less fortunate cousin, mostly buying cotton for the gentleman's own factories, this was

where the career started. His father was the President of the AAT and worked his way up to prominence in the city, and was considered one of the finest capitalist traders in the *mandi*.

The son's first foray into electoral politics (on the back of his father's name) was as part of the military President General Zia-ul-Haq's 'non-party' elections in 1985 which the PPP boycotted, allowing a whole new generation of political leaders to emerge from the union council level; many of the illustrious names of the present assembly got their first break during this election (Akhtar, 2008: 88). The family's factories were set up after he was elected to the national assembly in the early 1990's and he was able to gain preferential access to loans that were being doled out by the state to pro-regime (anti-PPP) politicians (Sayeed, 2002: 238).

Kochanek has described the growing power of business in Pakistan which has hitherto been dominated by landed elites as a huge change in its political landscape (Kochanek, 1997). Since smaller capitalists lacked political representation and the direct connections to top bureaucrats which 'monopoly capitalists' possessed, associations were formed to protect the economic interests of these 'provincial' or local capitalists (whom we call RCC due to their connection agricultural markets in both areas) against attacks from above and below. However, over time these associations have now become instrumental in the political and social life of the locality. In many ways, they represent the best organized (perhaps the only) section of 'civil society' that exists in most small towns. Even in the big cities, they are much better organized than NGOs (Javed, 2014: 53). This was evident from their participation and active sponsoring of religious festivals, support for local charities (mostly with Islamic sounding names), as well as entertainment for the local population. During our time in the field a 'cricket tournament' for 'youth' was sponsored by the AAT.

Even as the traders in AAD were richer and agriculture in the area was much more dynamic, yet AAD remained primarily focused on the economic regulation of the highly complex and

conflict ridden potato AMS (though it donated in charities and individual members supported local election candidates). By contrast the AAT (though by no means ignoring its business) was much more interested in participating in the faction ridden politics of the district and many of its former members went on to become provincial and national assembly members.

What explains these contrasting approaches to politics in the case of the associations in the two areas? We have already indicated how the decentralized accumulation structure of the potato AMS does not require traders to forge connections with the government as intensely as the relatively younger marketplace and association. However, it is our contention that age and structure of AMS explain less about the political and social presence of each. Rather one has to refocus attention on the internal status group composition of the RCC in the two areas and the social and cultural context in which they operate, in order to get a better sense of the reasons for the contrasts.

7.2 –Class and Status: Unity and Divergence in Rural Commercial Capital

One of the main findings of our thesis has been the increasing integration between rural and urban in Pakistani Punjab, particularly as a result of the workings of the AMS and the strategies of accumulation of groups that are at its apex. The reason for terming these locally dominant groups in both areas 'RCC' is to highlight their accumulation strategies as working across the rural-urban, production-distribution, AMS continuum. It is to stress that despite differences, there is a relative coherence to this locally dominant class in both areas. This is notwithstanding the fact that each area also has its specificities and the strategies of local RCC respond to these specificities as we have highlighted.

But this coherence is only *relative* not only because of the institutional environment peculiar to each AMS but also because of the internal composition of the RCC. We have argued in the

thesis that in both areas the locally dominant class (i.e. RCC) has evolved out of prior status groups that slowly transformed themselves through a range of social and political strategies into the economically dominant capitalists. In a remarkable transformation in Depalpur, there has been upward mobility from lower-castes who have accumulated to become large traders.

Furthermore, some members of this stratum have recently begun cultivating land either through direct purchase or more commonly, through the very active lease-markets operating in the area. In economic terms, they have joined the upper-caste landlords in Depalpur who evolved into capitalist farmers and then diversified into cold storage technology while farmers from peasant castes in TTS became traders and millers. The diversification of the economy and the increasing overlaps between farmers and traders at the apex of the AMS is what prompted us to identify these groups as RCC despite their origins in different social strata.

But these overlaps obviously coexist with specificities within the local RCC in each area. Whether it be the large surpluses of Depalpur's capitalist farmers that created the need for them to diversify into cold storage in the first place or the movement of traders into processing and milling rather than cultivation in the case of TTS - because of stagnating yields, or whether it is the manner in which the existence of the landed estate structures the labour market as highlighted in the previous chapter, there continue to be important differences in accumulation strategies depending on who has made a transition into the RCC from what social strata. But nowhere are these specificities of the social strata more significant than in the politics of the two areas.

It is interesting to note that almost all the politicians representing the sub-district of TTS and the district as a whole are a part of the RCC representing urban businessmen. Besides the opposition leader both MPAs are also members of the RCC; one has an agro-processing business producing vegetable oil and another is involved in cotton trade. All of them live in

urban areas. Since constituencies in most of provincial Punjab are demarcated in a manner that over-represents the rural vote (Javid, 2011: 355) this highlights an interesting question; how have members of the RCC who are largely urban dwellers managed to win elections in a context where despite great diversification, the rural vote matters so much?

This is due to the kinship ties between members of the RCC and the larger village constituency in TTS. Though the town has largely unhitched itself economically from the surrounding countryside and the economically dominant RCC are essentially city dwellers, there are strong cultural and kinship ties that exist between them and the vast majority of the villages. As we have argued in previous chapters, members of the RCC (the dominant class) in TTS have largely evolved in status terms out of 'peasant castes' which were settled in the region by the British at the time of canal irrigation. Due to declining yields and increasing partitioning of their lands, many of them began diversifying out of agriculture into trade and from there, into milling which was the most profitable part of the entire AMS (and whose structure and the strategies of the dominant groups were discussed in chapter 5).

Yet most members of the RCC, including those that represent the district in national and provincial politics, continue to have family members who still live in rural areas. Some have even kept their family lands which have now been leased out to other kin. The constituency as a whole is dominated by members of the *Arain* 'peasant caste' (though many are no longer just cultivators) and almost all national and provincial assembly candidates hail from this *biraderi* (kinship group). General Elections in Pakistan took place during our field year and we were able to witness the dominance of this kinship group first-hand. The current MNA and the challenger are both *Arain* and three out of the four main challengers for the provincial seats were also from this kinship group. The rural roots and ties of kinship are important in providing an explanation for why the RCC, despite the urban sources of its economic power, is able to

represent constituencies which are largely rural. In fact, the rural- urban continuum and the straddling of this divide is what explains the spatiality of the social structure in the first place.

However, it must be kept in mind that simply sharing kinship ties does not automatically translate into votes, which are highly correlated with the ability to provide political patronage to members of kin (and those outside whose votes are equally important). Patronage has been identified as the most important element in explaining electoral outcomes in the Punjab (Wilder, 1999) and the members of the RCC have to help provide a range of benefits through access to the state, to which they are closely tied not only because of the needs of their profession but also because of their kinship ties with members of the local state.

This helps explain the importance of participation in local politics for the AAT. It backs particular candidates and then seeks patronage through them once they enter political office. Benefits could include preferential treatment in the distribution of bags, licenses for new mills and flouting of inter-provincial bans on trade once the procurement season begins. But perks could also include credit or licenses for investments besides agro-processing. On the other hand, since many of the current political leaders began their political careers in the AAT, an endorsement from its members, not to mention the financial backing of candidates, are both particularly influential for the candidates as well. The particular ties of kinship as well as the ability to provide patronage through those ties explains why the AAT is important and collectively committed to local politics and why some of its members have been able to 'graduate' from local to provincial and national assembles.

In contrast, the AAD in Depalpur largely represents one strata of the RCC in terms of social background. Though hailing originally from lower-castes, they have nonetheless managed to gain economic mobility through the various strategies of accumulation that we have described during the course of this thesis. They have also Islamized their names to reflect aspirations for

upper-class status to match their economic mobility, a process that has been noticed in India as well and termed ‘Ashrafization’, an analogue of ‘Sanskritization’ for Islam (e.g. Ali, 2002; Kanungo, 2012). In strictly economic terms they represent a faction of the RCC that accumulates at the top of the potato AMS and across the rural-urban divide.

Yet, they lack the crucial kinship ties with the surrounding population, an even greater majority of whom are from rural *biraderis*. The politics of the area are dominated by the factional fights between capitalist farmers whose members represent the district in national and provincial assembles. It must be said that members of the *Wattu biraderi* (whom we described in Chapter 3) who may have hailed from ‘peasant castes’ originally and who are important in local politics, still claim the status of *Rajputs*. In any case, the largest landowners from among this *biraderi* own estates equal in size to that of other upper-caste *biraderis* like the *Syeds* and *Raos*.

The organs for the political dominance of the landed elite are not merchants associations, with some of whose members they nonetheless share a similar relationship to economic accumulation - particularly against the mass of petty-producers and labour. Rather they continue to perpetuate their political dominance in the area through their factional networks which run across different villages and which seek representation through political party tickets (Mohmand, 2014: 22). In this way, what emerges is an RCC which is much more differentiated socially and politically than in TTS.

This brings us to the final part of our argument which explored class formation and capital accumulation through the AMS in our two areas: the dialectic of class and status in Pakistani Punjab which in our opinion has played a crucial role in giving coherence to each of the RCC in the two areas. For that it is necessary to recapture what has been said about agrarian change in both areas, the patterns of diversification across the AMS and the impact this has had on dominant class formation.

7.3 –Agrarian Change and Class Formation: The Continuing Paradox of Transition

We began the thesis by emphasizing how TTS and Depalpur represented two different paths of agrarian transition. TTS has been led primarily 'from below' by family farmers belonging to what were considered the 'peasant castes', the most notable among them in the case of TTS being the *Arain*. Initially, this path was a more dynamic and progressive road to the development of agrarian capitalism since it involved a more intensive form of cultivation by farmers who were interested in cultivating and managing their own lands. The construction of the canal system in Punjab allowed members of this group to generate agricultural growth and many of them became capitalist farmers who also diversified a portion of their agrarian surpluses off –farm.

By contrast Depalpur was an area where the upper-caste landed gentry, (the '*Ashraf*') were dominant and where the incidence of share-cropping was extremely high (Chapter 2). Though not entirely inefficient, the large landlords of Depalpur were less interested in cultivating land. They spent a greater amount of their time and effort in the factional politics of the province, which gave them access to the higher rungs of government and allowed them to garner benefits from the state. It also enabled them to provide patronage to members of their factions by becoming intermediaries between their clients and the state (See Gilmartin, 1988 for a historical account of their politics). According to the conventional Leninist schema, this 'Transition from above' represented a less progressive road to the development of capitalism in Punjab agriculture.

However, this particular trajectory of development was greatly altered by subsequent events: in the case of TTS a change in irrigation technology from the vast and centrally managed canal system (with several inefficiencies that were only increasing in time) to private tube wells for

groundwater, resulted in the emergence of high-levels of salinity in the area. This, coupled with both the problems of canal water as well as the fragmentation of land due to inheritance laws, meant a steady decline in agrarian dynamism. In other words, capitalism from below was arrested in TTS and many had to rely on alternative sources of livelihood.

By contrast, the change in irrigation technology generated dynamism in Depalpur, an area which till then was considered agriculturally backward. And, landlords began taking greater interest in cultivation when the incentives of the Green Revolution became clearer. But the process really only took off after the populist government of Zulfiqar Ali Bhutto declared major tenancy reforms. This led to a period of strife between the landed elite and its largely lower-caste tenants, in which the former evicted the latter and began own-cultivation. After this, the agrarian capitalist class invested in new irrigation technology, machinery and hired large amounts of labour on their farms in order to produce the most highly profitable crops in the area, the most lucrative one being potato. In other words, these landlords made a transition to capitalism 'from above' which was more dynamic than that of the area of small peasants - due to different trajectories of environmental and political development.

In between this transition from both 'above and below' however, was the crucial role that trading groups played in Depalpur to accelerate the region's agrarian dynamism. Hailing primarily from lower-castes, they were able to move up the hierarchy of trade (which many had entered long-ago) after the exodus of Hindu mercantile groups at partition. Their knowledge of trade built a reputation which attracted several different sources of finance through partnerships, allowing them to raise vast amounts of money for their businesses (Chapter 4). They were also able to finance agricultural production directly through their import of seed and its wide diffusion. This diffusion led to the development of a set of activities most closely associated with profitability in the potato AMS that cut across the rural urban divide.

These activities, most notably long-distance trade and the inter-seasonal storage of potato, spurred further by the diversification of investments by capitalist farmers themselves, have meant that a group of people can be identified at the top of the potato AMS. In economic terms, they profit through relatively similar kinds of activities and have become further integrated via investments by farmers into cold storage and the cultivation of land (mostly on lease) by traders. This group, which dominates the hierarchy for the most important commodity in the city and is economically more and more intertwined, is what we have termed the RCC, composed of the strata of landlords (now capitalist farmers) and capitalist traders from lower caste backgrounds. By contrast, the RCC in TTS is represented by a group of millers and capitalist traders from rural backgrounds who diversified off-farm and have unhitched themselves economically from land. They operate in a context where agrarian growth has faltered and the once booming capitalism from below has petered out.

Yet despite the high agricultural growth, increased integration and the formation of an economic class that cuts across the rural-urban, agro-commercial divide in Depalpur, its RCC remains much more internally divided than that of TTS with its arrested capitalism from below. The latter is coherent enough, despite its lack of dependence on land, to dominate the politics of the area as a whole, a majority of which is rural in terms of vote banks. On the other hand, the organizations of Debalpur is divided between the merchants association which deals with purely economic matter of regulating the potato AMS and the landed element, which operates mainly through village factions and political parties.

The crucial variable explaining this difference are the kinship ties that the members of the RCC in TTS share with the mass of the countryside, that allow them to provide patronage to their kin members and gain their allegiance, a link which is broken in the case of Depalpur in an area where the constituencies are even more dominated by the rural vote. The disjunction

between economic and political power shows the continuing importance of status differences despite upward economic mobility. Most members of the so-called lower-caste have been upwardly mobile and reflected it in the change of names to denote higher status. Yet they are still not recognized as patrons by the majority of rural *biraderis*, who prefer seeking patronage through their own kinship networks.

In Pakistan, a specifically lower-caste politics has not developed the way it has in India (e.g. Jaffrelot, 2003; Witsoe, 2013). Perhaps this has to do with the fact that the government does not officially recognize caste the way it does in India, despite evidence that it is extremely important in explaining social and economic development (Gazdar, 2007). Nonetheless, the economic power of a class, although a crucial variable, is not the only thing that determines its coherence as a political and cultural force. In short, though 'peasant' capitalism from below has petered out, the now urban capitalists who emerged from its ranks continue to dominate local society and politics due to their social integration with the surrounding countryside. In their case, land is no longer a source of economic power but the ties through land (i.e. kinship) definitely help them attain and retain political power. Therefore, despite the decline in agriculture, this RCC is much more internally coherent than in Depalpur.

On the other side, a new group of traders from lower-caste backgrounds has accumulated capital to become economically at par with the erstwhile landed elite, who themselves have become capitalist farmers. When seen from the process of capital accumulation, they represent a single economic class. But the landed elite continues to see itself as different from the mercantile RCC not because of profession but because of its different social status. It does not participate in the associational life of the traders which remains focused on economic regulation. Instead, it retains political domination through its traditional village-based factions that operate through political parties. It is this dialectic of class, politics and status that defines

the winding trajectories of capital accumulation, class formation and the agrarian transition in Pakistani Punjab.

Conclusions

The aim of this thesis was to describe the processes of capital accumulation, class formation and agrarian change taking place outside the metropolitan centres of Pakistani Punjab. This aim was approached through an analysis of the Agricultural Marketing Systems (AMS) for two commodities in two distinct areas of the province. Our fieldwork was based in both the central marketplaces of the town and select villages surrounding them and involved quantitative and qualitative surveys combined with participant observations. Though we collected and presented data on both aspects, our approach was mainly qualitative seeking to uncover processes *among*, social relations *between*, and strategies *of*, groups and individuals embroiled in these marketing systems.

We combined field research with a heterodox Marxian agrarian political economy which takes marketing systems seriously. This was used to understand the AMS for the two commodities, their diversity and irreducible complexity as well as the several sources of accumulation and non-accumulation that exist within. Furthermore, we tried to bring the importance of the social groups at the top of the hierarchy in both areas centre stage by shedding light on their strategies of accumulation in marketing systems. Finally, taking markets as intermediaries in long term processes of class formation and agrarian change, we described how the dominant capitalists in each AMS had emerged from diverse social origins which had important implications for their evolution although they did not pre-determine the subsequent trajectories of their development completely.

In this final chapter we summarize the main findings of our research and highlight their theoretical and empirical significance for research on the dynamics of capitalist development in different contexts. We hope that our findings can help assist the task of mapping the diverse ways in which markets are organized, the origins and strategies of groups involved in them and their impact on processes of social transformation.

Real Markets and Capitalism: Beyond Neoclassical Economics and Orthodox Marxism

In mainstream economic theory, the market is understood as an autonomous and flexible mechanism of voluntary exchange in which prices are formed solely as a result of supply and demand and which result in the allocation of scarce resources (Pandya & Dholakia, 1992: 24). In competitive models actors grind towards a pre-ordained equilibrium (Fine, 1998: 251) while in other stylized models like oligopoly and monopoly, certain assumptions are relaxed while the basic framework remains intact. Moreover, in most models high firm entry into a market is *ipso facto* taken to be evidence of its competitive nature.

Our analysis contributes to the critiques of such simplistic notions pertaining to market competition (Barrett, 1997; Harriss-White, 1996). The marketing systems we described in our thesis were not homogeneous but differentiated along various axes (which we termed 'niches') such as technology and function but most importantly, by profitability. Accessing the most profitable niche required the possession of certain skills and resources (material and social/relational) that were not widely available to the vast majority of those participating in the system as a whole. Barriers in such activities were high especially when taking the sheer number of firms and farms existing in the system as a whole. On the other hand, entry barriers were low in activities with lower margins which reduced chances for firm growth. Thus, we suggest a more complicated notion of markets and competition than that presented in neoclassical economics.

But more importantly, the thesis contributes towards the study of capital accumulation and class formation in Marxian agrarian political economy. The rather banal conclusion that capitalism is not possible without commodity production is important to stress due to the tendency of drawing false binaries between production and exchange in orthodox Marxian accounts of capitalism (e.g. Brenner, 1977; Dobb, 1947). Capital does not only need to be

produced but also ‘realized’ on the market which is why the firms involved in the process were termed by Marx as ‘necessary’ even if ‘unproductive’ (Marx, 1991: 254). Thus, Marx had a much more nuanced view of markets than the sterile formulations of merchants capital as being external to production, which have plagued Marxian political economy (e.g. Kay, 1975).

Yet even this view is insufficient to capture the relationship between markets and agriculture in complex AMS. As we’ve highlighted during the course of our argument, there exists immense diversity of firm type alongside multiple activity combinations by the same firms, making self-contained labels such as trader, processor and wholesaler etc. difficult to sustain. But even more importantly, we found commercial capitalists directly involved in the finance of agriculture as well as in agro-processing. This relationship between ‘traders’ and directly productive processes has been found by scholars in other parts of the world whose conclusions our work supports (e.g. Crow, 2001; Gill, 2004; Harriss-White, 1996)

Moreover, including marketing systems in the study of agriculture widens the conceptual apparatus for understanding the multiplicity and diversity of capital accumulation and exploitation. As we demonstrated during our thesis, the AMS for both commodities contain a range of activities, with varying profits and some not resulting in accumulation at all. Capital could continuously be reproduced and yet reach limits immediately, as was the case for the petty or precarious capitalists. This depended on what niche a firm or farm was confined to as well as the terms on which it was included in the wider market. Furthermore, substantial rates of accumulation could be achieved by people who were not directly engaged in labour hiring, at least not on a substantial scale. In other words, the market itself was an enabler and disabler of accumulation and class formation. Since in the real world accumulation always entails participation in markets that are complex, it is important for Marxian agrarian political economy to locate processes of class formation and capital accumulation within commodity systems themselves.

Although the thesis maintains that capitalist accumulation is not possible without markets and commodity production, the reverse is not always true. As we demonstrated during the course of our argument, these markets contain several households and firms whose 'exploitation' occurs not via labour hiring but through the terms on which they are included in multiple markets, including as hirers in labour markets. PCP as a form of production is continuously recreated in both AMS due to various reasons, some of which have to do with the strategies of accumulation of the powerful themselves. Though thoroughly implicated in circuits of commodity production PCP is nonetheless not reducible to disguised wage labour.

Finally, through an analysis of the two AMS we were able to identify the existence of a *relatively* coherent group at the top of the commercial hierarchy in both areas, who accumulated in substantial amounts across the rural-urban AMS divide and who stood in the same relation to the mass of petty-producers and labourers. We termed these groups 'Rural Commercial Capitalists' (RCC) to designate both their local dominance (which differentiates them from the mass of the population but also from large-scale corporate capital) as well as their operation across the rural-urban divide. Understanding the significance of their presence and the strategies they used to accumulate in highly complex markets with different environmental and institutional settings, was the next major aim of our thesis.

Rural-Commercial Capital: Agency and Strategy in Capital Accumulation

Examining the link between agricultural production and the system of markets in which it is embedded also brought the issue of agency to the fore: a stylized formulation such as 'capitalist world systems' subsumes all parts under a singular 'capital' logic and denies local variations and specificities (Tomich, 2004: 16). It denies the fact that the agency of those involved in the system, though strongly patterned, is still of fundamental importance. By contrast, our attempts to locate capitalists in actually existing circuits of production and exchange also led us to

examine more closely their strategic behaviour and the rationality behind it. Their strategies of accumulation were essential in shaping the contours of the system as well as opportunities for those subordinate to them.

More specifically, we studied the different ways in which control over marketable surplus was asserted; from interlinking seed and product markets, to finance for crop tying, to buying immediately post-harvest through money advances that create seasonal livelihoods for a vast group of people. Furthermore, we argued how the intended impact of state intervention in the case of wheat was subverted through strategies involving evasion and bribery which made the outcome completely unrecognizable from its intended aim. We also examined the strategies of organizing labour, in particular by capitalist farmers who were the most important direct exploiters of labour in the decentralized potato AMS.

But these short-period strategies were accompanied by long-term decisions that had important implications for the structure of the AMS and the processes of class formation and agrarian change. We argued how the resumption of land by landlords and the opportunities created in the wake of the green revolution became the basis for their transformation into full-fledged agrarian capitalists. Furthermore, the diversification of investible surpluses by these capitalist farmers into cold storage added a new dimension to the local economy and led to their further integration into the wider AMS. The diversification off-farm and into the wider AMS was also crucial in the case of TTS which contributed to the emergence of large traders and millers from small farming backgrounds. Finally, the strategies pertaining to securing finance through partnerships and connections with exporters, allowed traders in Depalpur to accumulate substantially in the decentralized export system.

However, the thesis was also aiming to make a contribution towards the literature of class formation and agrarian change in Pakistani Punjab.

Class and status among rural commercial capitalists

The groups we have studied in the two small towns and surrounding villages are separated in several ways from the large corporate capital based in metropolitan centres by their rootedness in the local economy and society, including ties of kinship and family as the basis of economic activity. This brings us to an important part of our argument –the existence of diversity within the capitalist classes in any concrete society (e.g. Zeitlin & Ratcliff, 1988). We argue that this locally dominant class the RCC, has itself evolved out of prior status groups which impact its class cohesion.

In the case of TTS, the RCC has evolved out of former 'peasant' castes and with whom they still share strong kinship linkages. By contrast the RCC of Depalpur is composed of both capitalist farmers from upper-caste landlord backgrounds and Traders from so-called lower castes who have demonstrated remarkable upward mobility to reach the top of the economic ladder in the area. In both cases there are striking similarities between the different segments of the RCC such as their common interest in long-distance trade and the interseasonal storage of commodities. In economic terms they are above the mass of PCP and labour in both areas, yet the RCC in TTS due to its common connection with the rural areas is much more internally coherent which is why, despite its essentially urban sources of economic power, its members manage to represent the area in provincial and national politics. The political power of this more coherent RCC in TTS was displayed particularly due to the immense interest and presence members of the TTS traders association displayed in the civil and political life of the city. At least two of the former members of their association had represented the area in national politics.

By contrast, the RCC in Depalpur was internally less coherent due to the continuing differences in status terms between its two factions. Despite economic mobility and cultural aspirations to

higher status, the traders from Depalpur lacked the critical kinship ties and were not seen by the majority of rural biraderis as their equals. Furthermore, capitalist farmers of the area did not participate in the associational lives of traders and continued to operate through their traditional organs of political power, the village factions that seek office through political parties. As a result, the association of traders in Depalpur was essentially restricted to the economic management of the potato AMS and for the time being displayed no interest in politics. A lower caste politics seeking power or benefits has not emerged in Punjab or any part of Pakistan despite the pervasiveness of caste relations in the country.

Finally, the thesis also argues for a more complex typology for the study of 'agrarian transitions'. We have tried to demonstrate that the linear formulations of 'agrarian capitalism from above and below' are difficult to sustain due to the absence of the role of several intermediaries, most importantly mercantile groups but also the state. Moreover, trajectories are never pre-determined and can be altered by several political, legal and in our case, environmental reasons. The more dynamic capitalism from below in TTS was arrested due to changing agricultural technology while the large landlords of Depalpur transformed into dynamic capitalist farmers. Moreover, the role of the Marketing system was crucial in both cases in creating important linkages between the rural and urban that allowed for mobility across the divide. The initial successes or failures of their social group did not pre-determine their subsequent evolution. It also highlighted the importance of mapping regional variations of agrarian transition which a comparative analysis can allow us to view.

Beyond Bombs and Beards: Towards a Political Economy of Transition in Pakistan

In mainstream analysis, Pakistan is often portrayed through the twin of terror and Islam, often by finding links between the two. Its society, history, economy and polity are not interesting in themselves and are analysed only through the two prisms highlighted above. Yet this country of 200 million inhabitants and immense regional, linguistic, sectarian and climatic variations

is going through a massive transition. It faces many of the same challenges that countries of its size and diversity face and grappling with them requires studying its society and economy.

This thesis has attempted to contribute to this effort as well. It has highlighted the crucial role that agricultural commodity markets are playing in transforming its small towns and villages. Moreover, in this endeavour which connects local with the national and even with the global, the crucial mediating role has been played not by the large corporate capitalists based in the big cities, but by the provincial capitalists from within these towns and villages whose actions are instrumental in both creating opportunities for development as well as blocking pathways out of poverty. By paying closer attention to these, we may move beyond the narrative of bombs and beards on Pakistan and view the specificities of its transition as a part of the collective experience of capitalist modernity.

Appendix: Sample Questionnaires used for the survey in 2013

Sample Questionnaire for survey of Traders and Processors

Date……. Month ……. Area …….

1. SAMPLE INFORMATION

   Respondent name ……. Code ……

   Interviewer ……

   Sample Commodity; wt, rc, pt, mz, ctn, Profession; frm, ret, tr, br, ws, ml, chk, kr, other

   ……

   If you are currently engaged in both trade/milling as well as farming, which profession did you start off with? ……..

   If Farming Other Profession: type a) oc; b) lease Ownership; Own: Lease-in: Lease-out:

   If leased-out, do you use rent in this business? Or agri-loan for land pledging?

2. PERSONAL INFORMATION (Individual & HH)

   Age……. Education ……. Biraderi/Quom …….

   Household members ……. Joint/nuclear ……

   Current Residence …… Native place of birth……

   Contact Number ……

   Occupations of other members ……..

   ……..

   BUSINESS HISTORY

   When firm started? ……. Where financing? ……. Why got into this profession? ……

   How many firms when you entered market? ……

   Which were considered biggest?.....

   ……

   At Present, which Firms are considered biggest?

   ……

   What are the bases on which these Firms are considered biggest?

   1) Own Account Trade (Approx how much?) …….
   2) Number of clients ……
   3) Sales Volume on Commission (How much?) ……
   4) Investment in Storage …….
   5) Own Assets (Trolleys, Stores etc)……..

3. BUSINESS INFORMATION

   ORGANIZATION TYPE: 1) OWN 2) FAMILY 3) PARTNERSHIP 4) JOINT STOCK 5) OTHER*

   Number of Activities done by the firm

   a) Commission Agent c) Retailer d) Wholesaler e) Loan to farmer
   b) Fertilizer-spray f) Crop Trading g) Other

Which Activities would you consider most dominant by your firm? Reasons

DESTINATIONS TO WHICH COMMODITIES SOLD (DEC 2012-PRESENT)

Commodity	Main Destinations	Type of buyer	Amount sold to each + Type of transaction	Method of Payment	Credit/Debit
Wheat					
Potato					

SOURCES FROM WHICH COMMODITY BOUGHT

Commodity	Main Locations	Main Target group of Farmers (large, small, medium, other traders)	Current Clientele	Amount sold on Commission	Own Account

PRESENT BUSINESS SIZE
Cash Value of Stock ……
Cash loaned out ……..
Cash borrowed ……
Working Capital ……
Present land/building/machinery value
……
Present total value of business assets
……
INVESTMENTS (last year beginning Oct 2012)
Subsistence expenditure ……
Back into firms (commodities) ……
Processing ……
Agriculture ……
Property/land ……
Vehicles ……
Education ……
Marriage ……
Savings ……..
Others

TURNOVER : Busy week = …… no of busy weeks …… slack week …… ;
No of slack weeks …… Avg ……
Gross output: Per year: per day:

Commodity	QTY	Value (Rs)	Busy (Rs)	Av (Rs)	Slack (Rs)

COSTS OF BUSINESS (per bag + fixed)

Electricity	fees	transport	labour	Rent	Other

RAISING CAPITAL

Source	Amount	Interest (if any)	Repayment period	Repayment Condition
Bank Other Arhtis/Beoparies Farmers Private lenders Mills Other				

Sample Questionnaire for Survey of Farmers

Date……. Month ……. Area …….

4. SAMPLE INFORMATION

Respondent name …… Code …….

Sample Commodity; wt, rc, pt, mz, ctn, Profession; frm, ret, tr, br, ws, ml, chk, kr, other

……

If you are currently engaged in both trade/milling as well as farming, which profession did you start off with?

……..

Time taken …… Interviewer …….

5. PERSONAL INFORMATION (Individual & HH)

Age……. Education …….. Biraderi/Quom …….

Household members …… Joint/nuclear ……

Residence; city (address) …… Village (name) ……

Native place of birth …….. Length of residence ……..

Occupations of other members ……..

……..

6. PRODUCTION INFORMATION (if any)

Type of Landowner; oc , oct, tnt, Own land ……

Leased-in …… Leased-out ……

If the area cultivated has increased, what are the source(s) of this increase?

a) Purchase of land ☐ c) Area rented-in ☐

b) Marriage ☐ d) Inheritance ☐

LAND CULTIVATION & CHARACTERISTICS (at time of survey)

Total land cultivated	Fallow	Other uses	Irrigated	Unirrigated	

CROPPING PATTERN & YIELD

Crop	Area over which sown		Season	Year	Output/acre	
	Own	Rented-in				

- What were the considerations in choosing this particular cropping mix? (provided aware of profitability of different crops)

1) Profitability 2) Cost of production and marketing 3) Subsistence considerations

4) Risk involved 5) Experience of previous years 6) Storage difficulties

7) Credit availability 8) Water requirement 9) other

ASSET OWNERSHIP OF HH AND VALUE OF ASSETS AND LIABILITIES

ASSET	Amount Owned	When purchased & Price	Present Value	Rented Amount	Rent paid	To whom	Terms of rent + reasons for doing so

Tractors + (supplements) Tubewell/turbine Harvester Drought animals thresher livestock Other							

LAND LEASING

Land leased-in	From	Rent/year	Leased-out	To	Rent/year	Motivation for renting behaviour

INPUTS PURCHASED THIS YEAR

Crop	Type	Amount	Source (Amount bought from each)	Price paid to each	Method + Amount withstanding

WATER & ELECTRICITY USAGE + CHARGES (For both Rabi & Kharif)

Crop	Type of water	Ratio + own/rent	Requirement/acre	Rate/acre	total	Method of payment

PRODUCTION COSTS & OUTPUT

Crop	Seeds	Fertilizer	Pesticides	Irrigation	machinery	Lease	interest	labour	Othr	Total C + Total O

MARKETING COSTS & PRICES RECEIVED

Crop	Packing	Grading	Transport	Commission	Previous dues	Storage Cost + duration	other	Price	Total Amount sold

SALE & STORAGE BEHAVIOUR, PATTERN AND REASONS

crop	Sale behaviour	Reasons	Amount stored	reasons	Price diff	Comment

CREDIT RELATIONS (DEC 2012 – JAN 2014)

Source	Amount	Period	Security & purpose	r (%)	Outstanding	comment	Loaned out	To	r (%)	outstanding	Method of repayment + tim
Bank Trader Landlord other											

LABOUR & EMPLOYMENT

Crop	Total L required + hired	type	Wages (cash & kind)	W rate	Man days	Payment method & reason

EXPENDITURES & INVESTMENT

Edu	Health	food	durables	repayment	livestock	Other	property	trade	industry	farming	other		

expenses and receipts for cultivation of crop in the agricultural season 2012-2013

Crop		Land (0.000 ha)		expenses (Rs)											outp
	code			seeds	pesti-cides /insec-Ticides	fertiliser /manure	irri-ga-tion	minor repair and mainte-nance of machinery and equipment	inte-rest	lease rent for land	labour		other ex-penses	total ex-penses (4 to 13)	quan-tity (kg)
											regular	casual			
	(2)	(3)		(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)

Bibliography

Abdel-Fadil, M. (1975). *Development, income distribution, and social change in rural Egypt, 1952-1970*. Cambridge: Cambridge University Press.

Adams, J. (2005). *The Familial State: Ruling Families and Merchant Capitalism in Early Modern Europe*. New York: Cornell University Press.

Adams, J., & Iqbal, S. (1987). *Exports, Politics and Economic Development in Pakistan*. Lahore: Vanguard books.

Adnan, S. (1985). Classical and Contemporary Approaches to Agrarian Capitalism. *Economic And Political Weekly*, *20*(30), 53–64.

Agarwal, B. (1994). *A Field of One's Own: Gender and Land Rights in South Asia*. Cambridge University Press.

Agnihotri, I. (1987). *Agrarian Change in the Canal Colonies: Punjab, 1890-1935*. Unpublished PhD thesis Institute of Historical Studies. Jawaharlal Nehru University.

Ahmad, S. (1972). Peasant classes in Pakistan. *Bulleting of Concerned Asian Scholars*, *4*(1), 60–71.

Ahmad, S. (1977). *Class and Power in a Punjabi Village*. New York: Monthly Review Press.

Akhtar, A. S. (2006). The state as landlord in Pakistani Punjab: Peasant struggles on the Okara military farms. *Journal of Peasant Studies*, *33*(3), 479–501.

Akhtar, A. S. (2008). *The Overdeveloping State: The Politics of Common Sense in Pakistan, 1971-2007*. University of London.

Akhtar, A. S. (2011). Patronage and Class in Urban Pakistan: Modes of Labour Control in the Contractor Economy. *Critical Asian Studies*, *43*(2), 159–184.

Akram-Lodhi, a. H. (1993). Agrarian classes in Pakistan: An empirical test of Patnaik's labour-exploitation criterion. *Journal of Peasant Studies*, *20*(4), 557–589.

Alavi, H. (1972). The State in Post-Colonial Societies: Pakistan and Bangladesh. *New Left Review*, 59–81.

Alavi, H. (1973). Peasant classes and primordial loyalties Peasant Classes and Primordial Loyalties. *Journal of Peasant Studies*, *1*(1), 23–62.

Alavi, H. (1976). The Rural Elite and Agricultural Development in Pakistan. In R. D. Stevens, H. Alavi, & P. J. Bertocci (Eds.), *Rural Development in Bangladesh and Pakistan*. Honolulu: University of Hawai Press.

Aleem, I. (1990). Imperfect Information , Screening , and the Costs of Informal Lending : A Study of a Rural Credit Market in Pakistan. *THe World Bank Economic Review*, *4*(3), 329–349.

Ali, I. (1988). *The Punjab under imperialism, 1885-1947*. Princeton, NJ: Princeton University Press.

Ali, K. (2000). Structural Adjustment Policies and Women in the Labour Market: Urban Working Women in Pakistan. *Third World Planning Review*, *22*(1–20).

Ali, K. (2015). *Status of Labour Rights in Pakistan: the year 2014*. Karachi.

Ali, S. (2002). Collective and Elective Ethnicity: Caste Among Urban Muslims in India. *Sociological Forum*, *17*(4), 593–620.

Anwar, N. (2015). *Infrastructure Redux : Crisis, Progress in Industrial Pakistan and Beyond*. Basingstoke: Palgrave Macmillan.

Argente, D., & Garcia, J. (2015). The Price of Fringe Benefits When Formal and Informal Labor Markets Coexist. *Journal of Labor Economics*, *4*(1), 1–12.

Athreya, V., Djurfeldt, G., & Lindberg, S. (1987). Identification of agrarian classes: A methodological essay with empirical material from South India. *Journal of Peasant Studies*, *14*(2), 147–190.

Baker, J. (1990). *Small Town Africa : Studies in Rural-Urban Interaction*. Uppsala: Scandinavian Institute of African Studies.

Bakhsh, K., Ashfaq, M., & Alam, M. W. (2005). Effects of Poor Quality of Ground Water on Carrot Production: A Comparative Study. *Journal of Agriculture and Social Sciences*, *1*(1), 38–40.

Balagopal, K. (1987). An Ideology for the Provincial Propertied Class. *Economic And Political Weekly*, *22*(36), 1544–1546.

Banaji, J. (1994). The Farmers' Movements: A Critique of Conservative Rural Coalitions. *Journal of Peasant Studies*, *21*(3), 228–245.

Banaji, J. (2002). The Metamorphoses of Agrarian Capitalism. *Journal of Agrarian Change*, *2*(1), 96–119.

Banaji, J. (2011a). Introduction: Themes in Historical Materialism. In *Theory as History: Essays on Modes of Production and Exploitation*. Chicago: Haymarket Books.

Banaji, J. (2011b). Islam, the Mediterranean and the Rise of Capitalism. In *Theory as HIstory: Essays on Modes of Production and Exploitation*. Chicago: Haymarket Books.

Banaji, J. (2011c). Modes of Production in a Materialist Conception of History. In *Theory as HIstory: Essays on Modes of Production and Exploitation* (p. 408). Chicago: Haymarket Books.

Banaji, J. (2011d). *Theory as History: Essays on Modes of Production and Exploitation*. Chicago: Haymarket Books.

Banaji, J. (2012). Mode of Production. In B. Fine, A. Saad-Filho, & M. Boffo (Eds.), *The Elgar Companion to Marxist Economics*. Cheltenham: Edward Elger Publishing Limited.

Banaji, J. (2016). Merchant Capitalism, Peasant Households and Industrial Accumulation: Integration of a Model. *Journal of Agrarian Change*, *16*(3), 410–431.

Bardhan, P. (1983). Labour Tying in a Poor Agrarian Economy. *Quarterly Journal of Economics*, *98*(3), 501–514.

Bardhan, P. (1998). *The political economy of development in India*. Delhi: Oxford University Press.

Bardhan, P. . (1980). Interlocking Factor Markets and Agrarian Development : A Review of Issues. *Oxford Economic Papers*, *32*(1), 82–98.

Barrett, C. B. (1996). Market Analysis Methods: Are Our Enriched Toolkits Well Suited to

Enlivened Markets? *American Journal Of Agricultural Economics*, *78*(3), 825–829.

Barrett, C. B. (1997). Food marketing liberalization and trader entry: Evidence from Madagascar. *World Development*, *25*(5), 763–777.

Barrientos, S. (2001). Gender, Flexibility and Global Value Chains. *IDS Bulletin*, *32*(3), 83–93.

Barrier, N. G. (1965). The Formulation and Enactment of the Punjab Alienation of Land Bill. *Indian Economic and Social History Review*, *2*(2), 145–165.

Baru, S. (2000). Economic Policy and Development of Capitalism in India: the Role of Regional Capitalists and Political Parties. In F. Frankel, Z. Hasan, R. Bharagawa, & B. Arora (Eds.), *Transforming India. Social and Political Dynamics of Democracy*. Delhi: Oxford University Press.

Basile, E. (2013). *Capitalist development in India's informal economy*. New York and London: Routledge.

Basile, E., & Harriss-White, B. (1998). The Politics of Accumulation in Small-town India. *IDS Bulletin*, *30*(4), 31–38.

Basole, A., & Basu, D. (2011). Relations of Production and Modes of Surplus Extraction in India: Part I – Agriculture. *Economic And Political Weekly*, *XLVI*(14), 41–58.

Basu, K. (1983). The Emergence of Isolation and Interlinkage in Rural Markets. *Oxford Economic Papers*, *35*(2), 262–280.

Batatu, H. (1979). Class Analysis and Iraqi Society. *Arab Studies Quarterly*, *1*(3), 229–244.

Bates, R. H. (1995). Social Dilemmas and Rational Individuals: An assessment of the new institutionalism. In J. Harriss, J. Hunter, & C. M. Lewis (Eds.), *The New Institutional Economics and Third World Development*. London: Routledge.

Beinhocker, E. D. (2006). *The origin of wealth: Evolution, complexity, and the radical remaking of economics*. New York: McKinsey and Company.

Bendix, R. (1966). *Max Weber: An Intellectual Portrait*. London: Methuen & Co.

Bendix, R., & Lipset, S. M. (1953). *Class, Status and Power: a Reader in Social*

Stratification. Glencoe: Free Press.

Bernstein, H. (1977). Notes on capital and the peasantry. *Review of African Political Economy*, *10*(2), 60–73.

Bernstein, H. (1979). African peasantries : A theoretical framework. *Journal of Peasant Studies*, *6*(4), 421–443.

Bernstein, H. (1988). Capitalism and petty-bourgeois production : Class relations and divisions of labour. *Journal of Peasant Studies*, *15*(2), 258–271.

Bernstein, H. (2009). Agrarian Questions from Transition to Globalization. In a. H. Akram-Lodhi & C. Kay (Eds.), *Peasants and Globalization: Political economy, rural transformation and the agrarian question*. Abingdon: Routledge.

Bernstein, H. (2010). *Class Dynamics of Agrarian Change*. Halifax and Winnipeg: Fernwood Publishing.

Bhaduri, A. (1973). A Study in Agricultural Backwardness Under Semi-Feudalism. *The Economic Journal*, *83*(329), 120–137.

Bhaduri, A. (1983). *The economic structure of backward agriculture*. London: Academic Press.

Bhalla, S. (1999). Liberalisation, rural labour markets and the mobilisation of farm workers: The Haryana story in an all-India context. *Journal of Peasant Studies*, *26*(2–3), 25–70. http://doi.org/10.1080/03066159908438704

Bharadwaj, K. (1985). A view on commercialisation in Indian agriculture and the development of capitalism. *Journal of Peasant Studies*, *12*(4), 7–25.

Bhaskar, R. (1975). *A Realist Theory of Science*. Leeds: Leeds Books.

Bhattacharya, N. (1985). Lenders and Debtors: Punjab Countryside, 1880-1940. *Studies in History*, *1*(305), 305–342.

Bhattacharya, N. (1996). Remaking Custom: The Discourse and Practice of Colonial Codification. In R. Champakalakshmi & S. Gopal (Eds.), *Tradition, Dissent and Ideology: Essays in Honour of Romila Thapar*. New Delhi: Oxford University Press.

Bhattacharya, N. (2012). Promise of Modernity, Antinomies of Development. In *Colloquium Series, Fall 2011–2012*. Yale Agrarian Studies Archive.

Blair, H. (1980). Rising Kulaks and Backward Classes in Bihar: Social Change in the Late 1970s. *Economic and Political Weekly*, *15*(2), 164–74.

Blyn, G. (1966). *Agricultural Trends in India, 1891-1947: Output, Availability and Productivity*. Philadelphia: University of Pennsylvania Press.

Boone, C. (1992). *Merchant Capital and the Roots of State Power in Senegal 1930-1985*. Cambridge: Cambridge University Press.

Bose, G. (1993). Investment, Interlinked Contracts and Moral Hazard in Investment. *Journal of Development Economics*, *41*(2), 247–273.

Bottomore, T., Harris, L., Kiernan, V. G., & Miliband, R. (1991). *A Dictionary of Marxist Thought* (Second). Wiley-Blackwell.

Bourdieu, P. (1977). *Outline of a Theory of Practice*. Cambridge: Cambridge University Press.

Bourdieu, P. (1987). *Distinction: A Social Critique of the Judgement of Taste*. Cambridge, Massachussetts: Harvard University Press.

Brass, T. (1999). *Towards a Comparative Political Economy of Unfree Labour: Case Studies and Debates*. London: Frank Cass.

Braudel, F. (1983). *Civilization and Capitalism 15th-18th Century Volume 2: The Wheels of Commerce*. London: William Collins Sons & Co.

Braudel, F. (1992). *Civilization and capitalism, 15th-18th century, Vol. 1: the structure of everyday life*. Berkeley: University of California Press.

Braverman, A., & Stiglitz, J. (1982). Sharecropping and the Interlinking of Agrarian Markets. *American Economic Review*, *73*(4), 693–715.

Braverman, H. (1974). *Labor and Monopoly Capital: The Degredation of Work in the Twentieth Century*. New York: Monthly Review Press.

Breman, J. (1985). *Of Peasants, Migrants and Paupers: Rural Labour Circulation and*

Capitalist Production in West India. Delhi: Oxford University Press.

Breman, J. (1993). *Beyond Patronage and Exploitation: Changing Agrarian Relations in South Gujarat*. Delhi: Oxford University Press.

Breman, J. (1996). *Footloose Labour: Working in India's Informal Economy*. Cambridge: Cambridge University Press.

Brenner, R. (1977). The Origins of Capitalist Development: a Critique of Neo-Smithian Marxism. *New Left Review*, *104*, 24–92.

Brookfield, H., & Parsons, H. (2007). *Family Farms: Survival and Prospect*. Abingdon, UK: Routledge.

Burki, S. J. (1976). The Development of Pakistan's Agriculture: An Interdisciplinary Explanation. In R. D. Stevens, H. Alavi, & P. J. Bertocci (Eds.), *Rural Development in Bangladesh and Pakistan*. Honolulu: University of Hawai Press.

Burki, S. J. (1980). *Pakistan Under Bhutto, 1971-77*. Basingstoke: Macmillan Press.

Byres, T. J. (1977). Agrarian Transition and the Agrarian Question. *Journal of Peasant Studies*, *4*(3), 258–274.

Byres, T. J. (1991). The Agrarian Question and Differing Forms of Capitalist Transition: An Essay with Reference to Asia. In J. Breman & S. Mundle (Eds.), *Rural Transformation in Asia*. Oxford: Oxford University Press.

Byres, T. J. (2003). Paths of capitalist agrarian transition in the past and in the contemporary world. In *Agrarian studies: essays on agrarian relations in less developed countries*. London: Zed Books.

Byres, T. J. (2004). Agriculture and Development: The Dominant Orthodoxy and an Alternative View. In H.-J. Chang (Ed.), *Rethinking Development Economics*. London: Anthem Press.

Cadene, P. (1998). Network Specialists, Industrial Clusters and the Integration of Space in India. In P. Cadene & M. Holmstrom (Eds.), *Decentralised Production in India: Industrial Districts, Flexible Specialisation and Employment*. New Delhi: Sage

Publications.

Caliskan, C. (2010). *Market Threads: How Cotton Farmers and Traders Create a Global Commodity*. New Jersey: Princeton University Press.

Calvert, H. . (1936). *The wealth and welfare of the Punjab*. Lahore: Civil and Military Gazateer Press.

Chandavarkar, R. (1985). Industrialization in India before 1947: Conventional Approaches and Alternative Perspectives. *Modern Asian Studies*, *19*(3), 623–668.

Chari, S. (2004). *Fraternal Capital: Peasant-workers, Self-made men and Globalization in Provincial India*. New Delhi: Permanent Black.

Chattopadhyay, B. (1969). Marx and India's Crisis. In P. C. Joshi (Ed.), *Homage to Karl Marx*. Delhi: People's Publishing House.

Chaudhry, G. (1982). Green Revolution and Redistribution of Rural Incomes: Pakistan's Experience. *Pakistan Development Review*, *21*(3), 173–201.

Chaudhuri, B. B. (2008). *Peasant History of Late Pre-colonial and Colonial India*. Delhi: CSC: Center for Study of Civilisation.

Cheesman, D. (1997). *Landlord Power and Rural Indebtedness in Colonial Sind, 1865-1901*. Richmond, Surrey: Curzon.

Chevalier, J. M. (1983). There is nothing simple about simple commodity production. *Journal of Peasant Studies*, *10*(4), 153–186.

Clough, P. (1985). The Social Relations of Grain Marketing in Northern Nigeria. *Review of African Political Economy*, *12*(34), 16–34.

Clough, P. (2014). *Morality amd Economic Growth in Rural West Africa: indigenous accumulation in rural Hausaland*. Berghahn Books.

Cook, S., & Binford, L. (1990). *Obliging Need: Rural Petty Industry in Mexican Capitalism*. Austin: University of Texas Press.

Corrigon, P. (1977). Feudal Relics or Capitalist Monuments? Notes on the Sociology of Unfree Labour. *Sociology*, *11*(3), 435–463.

Cox, T. (1983). Inequality and class in research on peasant societies. *Sociologia Ruralis*, *23*(3–4), 211–228.

Cox, T. (1984). Class Analysis of the Russian Peasantry: The Research of Kritsman and his School. In T. Cox & G. Littlejohn (Eds.), *Kritsman and the Agrarian Marxists*. London: Frank Cass.

Cronon, W. (19992). *Nature's Metropolis: Chicago and the Great West*. New York: W.W. Norton.

Crow, B. (1989). Plain tales from the rice trade: Indications of vertical integration in foodgrain markets in Bangladesh. *Journal of Peasant Studies*, *16*(2), 198–229.

Crow, B. (2001). *Markets , Class and Social Change: Trading Networks and Poverty in Rural South Asia*. *Social Change*. New York: Palgrave.

Damodaran, H. (2008). *India's New Capitalists: Caste, Business and Industry in a Modern Nation*. New York: Palgrave Macmillan.

Dannhaeuser, N. (1989). Marketing in Developing Urban Areas. In S. Plattner (Ed.), *Economic Anthropology*. Stanford: Stanford University Press.

Darling, M. L. (1928). *The Punjab Peasant in Prosperity and Debt* (Second). London: Oxford University Press.

Djurfeldt, G., & Sircar, S. (2017). *Structural Transformation and Agrarian Change in India*. New York: Routledge.

Dobb, M. (1947). *Studies in the development of capitalism*. New York: International Publishers.

Dorosh, P., & Salam, A. (2008). Wheat Markets and Price Stabilization in Pakistan: An Analysis of Policy Options. *Pakistan Development Review*, *47*(1), 71–87.

Ebner, A. (2008). Introduction: The Institutions of the Market. In A. Ebner & N. Beck (Eds.), *The Institutions of the Market: Organizations, Social Systems and Governance*. Oxford: Oxford University Press.

Ekin, T., & Baig, F. (2009). *Pakistan's Food and Agricultural System*. Washington, D.C.

Ellis, F. (1993). *Peasant Economics: Farm Households and Agrarian Development* (second). Cambridge: Cambridge University Press.

Elster, J. (2007). *Explaining Social Behavior: More Nuts and Bolts for the Social Sciences*. Cambridge: Cambridge University Press.

Eswaran, M., & Kotwal, A. (1985). A Theory of Contractual Structure in Agriculture. *American Economic Review*, *75*(1), 162–177.

Etienne, G. (1997). *Rural Change in South Asia*. Dhaka: The University Press.

Evans, P. (1995). *Embedded autonomy : states and industrial transformation*. New Jersey: Princeton University Press.

Eversole, R. (2003). My Business Pays Me : Labourers and Entrepreneurs Among the Self-Employed Poor in Latin America. *Bulletin of Latin American Research*, *22*(1), 102–116.

Fafchamps, M. (2001). Networks , Communities and Markets in Sub-Saharan Africa : Implications for Firm Growth and Investment. *Journal of African Economies*, *10*(2), 109–142.

Fantasia, R. (1995). From Class Consciousness to Culture, Action and Social Organization. *Annual Review of Sociology*, *21*(1), 269–287.

Fine, B. (1998). *Labour market theory : a constructive reassessment*. London: Routledge.

Foley, D. K. (2003). *Unholy Trinity Labor , Capital , and Land in the New Economy*. New York: Routledge.

Fox, R. G. (1984). Urban Class and Communal Consciousness in Colonial Punjab : The Genesis of India â€™ s Intermediate Regime. *Modern Asian Studies*, *18*(3), 459–489.

Fox, R. G. (1985). *Lions of the Punjab: Culture in the Making*. Berkeley: University of California Press.

Freeman, A., & Kilman, A. (2004). *The New Value Controversy and the Foundations of Economics*. Cheltenham: Edward Elger Publishing Limited.

Friedmann, H. (1978). Simple commodity production and wage labour in the American plains. *The Journal of Peasant Studies*, *6*(1), 71–100.

Fuller, C. J., & Harriss, J. (2001). For an Anthropology of the Modern Indian State. In C. J. Fuller & V. Benei (Eds.), *The Everyday State and Society in Modern India*. London: Hurst & Company.

Garcia, R. (1979). *Food Systems and Society: A Conceptual and Methodological Challenge*. Geneva: UNRISD.

Gayer, L. (2014). *Karachi: Ordered Disorder and the Struggle for the City*. London: Hurst & Company.

Gazdar, H. (2007). Class, Caste or Race: Veils over Social Oppression in Pakistan. *Economic and Political Weekly*, *42*(2), 86–88.

Geertz, C. (1973). Thick Description: Toward an Interpretive Theory of Culture. In *The Interpretation of Cultures: Selected Essays*. New York: Basic Books.

Gereffi, G. (2001). Beyond the Producer-driven/ Buyer-driven dichotomy: The Evolution of Global Value Chains in the Internet Era. *IDS Bulletin*, *32*(3), 30–40.

Gerry, C., & Birkbeck, C. (1981). The Petty Commodty Producer in Third Wold Cities: Petit-Bourgeois or "Disguised" Proletarian? In F. Bechhofer & B. Elliot (Eds.), *The Petite Bourgeosie: Comparative Studies of the Uneasy Stratum*. London: Macmillan Press.

Gibbon, P., Bair, J., & Ponte, S. (2008). Governing Global Value Chains: An Introduction. *Economy and Society*, *37*(3), 315–338.

Gill, A. (2004). Interlinked Agrarian Credit Markets: Case Study of Punjab. *Economic And Political Weekly*, *39*(33), 3741–3751.

Gilmartin, D. (1988). *Empire and Islam: Punjab and the making of Pakistan*. London: I.B. Taurus & co Ltd Publishers.

Gilmartin, D. (1994). Biraderi and Bureaucracy: The Politics of Muslim Kinship Solidarity in Twentieth Century Punjab. *International Journal of Punjab Studies*, *1*(1), 1–29.

Gilmartin, D. (2003). Water and Waste: Nature, Productivity and Colonialism in the Indus Basin. *Economic And Political Weekly*, *38*(48), 5057–5065.

Gilmartin, D. (2015). *Blood and Water: The Indus Basin in Modern History*. Oakland:

University of California Press.

Goswami, P., & Mishra, M. S. (2009). Would Indian Consumers Move from Kirana Stores to Organized Retailers when Shopping for Groceries? *Asia Pacific Journal of Marketing and Logistics*, *21*(1), 127–143.

Gotsch, C. H. (1971). The distribution impact of agricultural growth, low income farmers, and the "system"; a case study of Sahiwal District. West Pakistan. In *The Agricultural Development Council Ohio Stat University*. Columbus: USAID.

Graf, J. (2014). *Puzzles of Indian Commodity Production: Capitalist Exploitation and Heterogeneity of Rural and Informal Sectors* (RLS South Asia Working Paper Series No. 13). New Delhi. Retrieved from https://www.rosalux.de/fileadmin/rls_uploads/pdfs/sonst_publikationen/thfac-13_GRAFJ._Indian_mode_of_production_final.pdf

Granovetter, M. (1992). Economic Action and Social Structure: The Problem of Embeddedness. In *The Sociology of Economic Life*. Colorado: Westview Press.

Griffin, K. (1974). *The political economy of agrarian change : an essay on the green revolution*. Cambridge, Massachussetts: Harvard University Press.

Gudeman, S. (2001). *The Anthropology of Economy: Community, Market and Culture*. Oxford: Blackwell Publishers Inc.

Guerin, I. (2013). Bonded Labour, Agrarian Changes and Capitalism: Emerging Patterns in South India. *Journal of Agrarian Change*, *13*(3), 405–423.

Guha, S. (1993). Labour-Exploitation Ratio as a Measure of Peasant Differentiation: Its Fundamental Fallacy. *Economic And Political Weekly*, *28*(34), 1721–1723.

Guyer, J. (1997). *An African Niche Economy: Farming to Feed Ibadan 1968-88*. Edinburgh: Edinburgh Univesity Press.

Hamid, N. (1982). Dispossession and differentiation of the peasantry in the Punjab during colonial rule. *Journal of Peasant Studies*, *10*(1), 52–72.

Haq, A., & Aslam, A. (2013). *Who is the Arthi? Understanding Commission Agent's Role in*

Agriculture Supply Chain. Islamabd: Pakistan Microfinance Network.

Harriss-White, B. (1993). Collective Politics of Food Grain Markets in South Asia. *IDS Bulletin*, *24*(3), 54–62.

Harriss-White, B. (1995a). Efficiency and complexity: Distributive margins and the profits of market enterprise. In G. J. Scott (Ed.), *Prices, products and people: analyzing agricultural markets in developing countries*. Colorado: Lynne Rienner Publishers.

Harriss-White, B. (1995b). Maps and Landscapes of Grain Markets in South Asia. In J. Harriss, J. Hunter, & C. Lewis (Eds.), *The New Institutional Economics and Third World Development*. London: Routledge.

Harriss-White, B. (1996). *A Political Economy of Agricultural Markets in South India: Masters of the Countryside*. New Delhi: Sage Publications.

Harriss-White, B. (1999). Power in Peasant Markets. In *Agricultural Markets from Theory to Practice: Field Experience in Developing Countries*. Basingstoke: Macmillan Press.

Harriss-White, B. (2003). *India Working: Essays on Society and Economy*. *Challenges*. Cambridge: Cambridge University Press.

Harriss-White, B. (2005). Market romanticism and India's regulative order. In *India's Market Society: Three essays in political economy*. New Delhi: Three essays collective.

Harriss-White, B. (2008). *Rural commercial capital : agricultural markets in West Bengal*. New Delhi: Oxford University Press.

Harriss-White, B. (2010). Globalization, the Financial Crisis and Petty-commodity production in India's socially regulated economy. In P. Bowles & J. Harriss (Eds.), *Globalization and Labour in China and India: Impacts and Responses* (p. 288). London and New York: Palgrave Macmillan.

Harriss-White, B. (2012). Capitalism and the Common Man: Peasants and Petty Production in Africa and South Asia. *Agrarian South: Journal of Political Economy*, *1*(2), 109–160. http://doi.org/10.1177/227797601200100201

Harriss-White, B. (2013). West Bengal's Rural Commercial Capital. *International Critical*

Thought, *3*(1), 20–42.

Harriss-White, B. (2014). Debt, Credit and Contractual Synchrony in a South Indian Market Town. In I. Guerin, S. Morvant-Roux, & V. Magdalena (Eds.), *Microfinance, Debt and Over Indebtedness: Juggling with Money*. New York: Routledge.

Harriss-White, B. (2016). From Analysing Filieres Vivrieres to Understanding Capital and Petty Production in Rural South India. *Journal of Agrarian Change*, *16*(3), 478–500. http://doi.org/10.1111/joac.12178

Harriss-White, B., & Gooptu, N. (2001). Mapping India's World of Unorganized Labour. *Socialist Register*, *37*, 89–118.

Harriss, B. (1979). There is a Method in My Madness: Or is it Vice Versa? Measuring Agricultural Market Performance. *Food Research Institute Studies*, *17*(2), 197–218.

Harriss, B. (1984). *State and Market: state intervention in agricultural exchange in a dry region of Tamil Nadu, South India*. New Delhi: Concept Publishing.

Harriss, B. (1990). Another awkward class? Merchants and agrarian change in India. In H. Bernstein, B. Crow, M. Mackintosh, & C. Martin (Eds.), *The Food Question: Profits versus People*. London: Earthscan Publications.

Harriss, B. (1992). Talking to Traders about Trade. In S. Devereux & J. Hoddinott (Eds.), *Fieldwork in Developing Countries*. London: Harvester Wheatsheaf.

Harriss, J. (1982). *Capitalism and Peasant Farming: Agrarian Structure and Ideology in Northern Tamil Nadu*. New Delhi: Oxford University Press.

Harriss, J. (2011). *Reflections on Agrarian Change in India since Independence : Does " Landlordism " Still Matter ?* (Simon Papers in Security and Development No. 14). *Social Sciences*. Vancouver.

Harriss, J., Kannan, K. P., & Rogers, G. (1990). *Urban Labour Market Structure and Job Access in India: A Study of Coimbatore*. Geneva.

Hart, G. (1997). Multiple Trajectories of Rural Industrialisation: An Agrarian Critique of Industrial Restructuring and the New Institutionalism. In D. Goodman & M. Watts

(Eds.), *Globalising Food: Agrarian Questions and Global Restructuring*. London and New York: Routledge.

Harvey, D. (2013). *A Companion to Marx's Capital: Volume 2*. London: Verso.

Hasan, A., & Raza, M. (2013). *Migration and small towns in Pakistan*. Karachi: OUP Pakistan.

Haynes, D. (2012). *Small Town Capitalism in Western India: Artisans, Merchants and the Making of the Informal Economy, 1870-1960*. Cambridge: Cambridge University Press.

Heinrich, M. (2012). *An Introduction to the Three Volumes of Karl Marx's Capital*. New York: Monthly Review Press.

Heitzman, J. (2008). Middle Towns to Middle Cities in South Asia 1800-2007. *Journal of Urban History*, *35*(1), 15–38.

Henderson, J. (2002). Global Production Networks and the Analysis of Economic Development. *Review of International Political Economy*, *9*(3), 436–464.

Herring, R. J. (1979). Zulfikar Ali Bhutto and the "Eradication of Feudalism" in Pakistan. *Comparative Studies in Society and History*, *21*(4), 519–557.

Herring, R. J. (1983). *Land to the Tiller: Political Economy of Agrarian Reform in South Asia*. New Haven and London: Yale University Press.

Hewitt de Alcantara, C. (1993). *Real Markets: social and political issues of food policy reform*. London: Frank Cass.

Heyer, J. (2013). Integration into a Global Production Network: Impacts on Labour in Tiruppur's Rural Hinterlands. *Oxford Development Studies*, *41*(3), 307–321.

Hill, P. (1963). *The Migrant Cocoa-farmers of Southern Ghana: A Study in Rural Capitalism*. Cambridge: Cambridge University Press.

Hill, P. (1970). *Studies in Rural Capitalism in West Africa*. Cambridge: Cambridge University Press.

Hill, P. (1972). *Rural Hausa: A Village and a Setting*. Cambridge: Cambridge University Press.

Hirschman, A. (2013). The Political Economy of Import-Substitution Industrialization in Latin America. In J. Adelman (Ed.), *The Essential Hirschman*. New Jersey: Princeton University Press.

Hobsbawm, E. (1969). *Industry and Empire from 1750 to the Present Day*. Hermondsworth: Penguin Books.

Hodgson, G. M. (2001). *How economics forgot history: the problem of historical specificity in social science*. London and New York: Routledge.

Hussain, A. (1982). Technical change and social polarization in Rural Punjab. In *Political economy of Rural Development*. lahore: Vanguard books.

Ibbeston, D. (1916). *Castes of the Punjab*. Lahore: Superintendent Government of Punjab Press.

IPP, I. of P. P. (2011). *State of the Economy: Pulling back from the Abyss*. Lahore.

Iqbal, M. J. (2006). Bonded Labor in the Brick Kiln Industry of Pakistan. *The Lahore Journal of Economics*, *11*(1), 99–119.

Islam, M. M. (1995). The Punjab Land Alienation Act and the Professional Moneylenders. *Modern Asian Studies*, *29*(2), 271–291.

Islam, M. M. (1997). *Irrigation, Agriculture and the Raj: Punjab, 1887-1947*. New Delhi: Manohar.

Jacoby, H. G., & Mansuri, G. (2008). Land Tenancy and Non-Contractible Investment in Rural Pakistan. *Review of Economic Studies*, *75*(3), 763–788.

Jaffrelot, C. (2000). The Rise of the Other Backward Classes in the Hindi Belt. *Journal of Peasant Studies*, *59*(1), 86–108.

Jaffrelot, C. (2003). *India's Silent Revolution : the Rise of the Lower Castes in North India*. London: Hurst & Company.

Jan, M. A., & Harriss-White, B. (2012). The Three Roles of Agricultural Markets: a Review of Ideas about Agricultural Commodity Markets in India. *Economic And Political Weekly*, *52*(1), 39–52.

Janakarajan, S. (1993). Triadic Exchange Relations: An Illustration from South India. *IDS Bulletin*, *24*(3), 75–82.

Janvry, A. de. (1981). *The Agrarian Question and Reformism in Latin America*. *Agriculture* (Fourth). Baltimore, Maryland: Johns Hopkins Press.

Javed, U. (2014). Associational Politics in Punjab. *Economic And Political Weekly*, *49*(27), 53–54.

Javid, H. (2011). Class, Power, and Patronage: Landowners and Politics in Punjab. *History and Anthropology*, *22*(3), 337–369.

Jehangir, W., & Sampath, R. K. (1999). Demand for Permanent Hired Labour in Pakistan's Agriculture. *Pakistan Economic and Social Review*, *37*(1), 1–24.

Jensen, J. (2010). *Food Price Increases in South Asia: National Responses and Regional Dimensions*. Washington, D.C.

Jha, P. S. (1980). *India: A Political Economy of Stagnation*. Oxford University Press.

Jodhka, S. S. (1994). Agrarian Changes and Attached Labour: Emerging Patterns in Haryana Agriculture. *Economic and Political Weekly*, *29*(39), A102–A106.

Julio, B. (2016). Poverty and Persistence of the Peasantry: background paper. In J. Boltvinik & S. A. Mann (Eds.), *Peasant Poverty and Persistence in the 21st century*. London: Zed Books.

Kahlon, A. ., & Tyagi, D. . (1980). Inter-Sectoral Terms of Trade. *Economic And Political Weekly*, *15*(52), 173–184.

Kanungo, P. (2012). Marginalized in a Syncretic City: Muslims in Cuttack. In L. Gayer & C. Jaffrelot (Eds.), *Muslims in Indian Cities: Trajectories of Marginalization*. London: Hurst & Company.

Karrar, H. H. (2017). Kyrgyzstan's Dordoi and Kara-Suu Bazaars: Mobility, Globalization and Survival in Two Central Asian Markets. *Globalizations*, *14*(4), 643–657.

Kautsky, K. (1988). *The Agrarian Question*. London: Zwan Publications.

Kay, G. (1975). *Development and Underdevelopment: A Marxist Analysis*. London:

Macmillan Press.

Kemal, A., & Qasim, A. (2012). Precise Estimates of the Informal Economy. In *Pakistan Society of Development Economists*. Islamabad: PIDE.

Khan, A. R. (2012, May 11). Breaking the feudal lords. *Express Tribune*. Lahore.

Khan, M. H. (1983). Classes and agrarian transition in Pakistan. *Pakistan Development Review*, *22*(3), 129–162.

Khan, M. H. (2006). *Agriculture in Pakistan: Change and Progress 1947-2005*. Lahore: Vanguard books.

Khattak, S. (1991). *State, Class and Industrial Policy in Pakistan (1947-1988)*. University of Hawaii.

Kochanek, S. (1983). *Interest groups and development: business and politics in Pakistan*. Delhi: Oxford University Press.

Kochanek, S. (1997). Interest Groups in Pakistan: The Growing Power of Business. *Journal of South Asian and Middle Eastern Studies*, *20*(3), 46–71.

Kocka, J. (2016). *Capitalism: A Short History*. New Jersey: Princeton University Press.

Kohli, A. (2004). *State directed development: political power and industrialization in the global periphery*. Cambridge: Cambridge University Press.

Kohnert, D. (1979). Rural class differentiation in Nigeria: theory and practice - a quantitative approach in the case of Nupeland. *Afrika-Spectrum*, *14*(3), 295–315.

Krätke, M. R. (2007). On the History and Logic of Modern Capitalism: The Legacy of Ernest Mandel. *Historical Materialism*, *15*(1), 109–143.

Kriedte, P., Medick, H., & Schlumbohm, J. (1981). *Industrialization before Industrialization: Rural Industry in the Genesis of Capitalism*. Cambridge: Cambridge University Press.

Krishnamurthy, M. (2011). *HARDA MANDI Experiencing Change in an Agricultural Market in Central India (1980-2010). Change*. University College London.

Krishnamurthy, M. (2015). First transaction, multiple dimensions: the changing terms of commodity exchange in a regulated agricultural market in Madhya Pradesh. In *Indian*

Capitalism in Development. Abingdon, UK: Routledge.

Kristof, N. (2009, August 1). Feudalism in Pakistan. *The New York Times*. New York.

Kurosaki, T. (1996). Government Interventions, Market Integration, and Price Risk in Pakistan's Punjab. *Pakistan Development Review*, *35*(2), 129–144.

Lapavitsas, C. (2005). Mainstream Economics in the neoliberal era. In A. Saad-Filho & D. Johnston (Eds.), *Neoliberalism: A Critical Reader*. London: Pluto Press.

Lenin, V. I. (1972). *Collected Works, Vol. 13*. Moscow: Progress Publishers.

Lenin, V. I. (1977). *The Development of Capitalism in Russia* (4th ed.). Moscow: Progress Publishers.

Lerche, J. (2007). A Global Alliance against Forced Labour ? Unfree Labour , Neo-Liberal Globalization and the International Labour Organization. *Journal of Agrarian Change*, *7*(4), 425–452.

Lerche, J. (2010). From "rural labour" to "classes of labour": Class fragmentation, caste and class struggle at the bottom of the Indian labour hierarchy. In B. Harriss-White & J. Heyer (Eds.), *The Comparative Political Economy of Development: Africa and South Asia*. New York: Routledge.

Lerche, J. (2011). *The Unfree Labour Category and Unfree Labour Estimates: A Continuum within Low-End Labour Relations* (Manchester Papers in Political Economy No. 10). Manchester. Retrieved from http://eprints.soas.ac.uk/14855/1/Lerche_unfree_working_paper_2011.pdf

Linden, M. Van der. (2008). *Workers of the World: Essays toward a Global Labor History*. Leiden: Brill.

Lynch, K. (2005). *Rural-Urban Interaction in the Developing Countries*. New York: Routledge.

Lyon, F. (2003). Trader Associations and Urban Food Systems in Ghana: Institutionalist Approaches to Understanding Urban Collective Action. *International Journal of Urban and Regional Research*, *27*(1), 11–23.

Mackintosh, M. (1990). Abstract Markets and Real Needs. In H. Bernstein, B. Crow, M. Mackintosh, & C. Martin (Eds.), *The Food Question: Profits versus People*. London: Earthscan Publications.

Mahmood, M. (2005). *Poverty reduction in Pakistan: The strategic impact of macro and employment policies* (Policy Integration Department No. 46). Geneva.

Manig, W. (1990). Formal and informal credit markets for agricultural development in developing countries — The example of Pakistan. *Journal of Rural Studies*, *6*(2), 209–

Mann, S. A. (1990). *Agrarian Capitalism in Theory and Practice*. Chapel Hill, NC: University of North Carolina Press.

Mansuri, G. (2007). Credit layering in informal financial markets. *Journal of Development Economics*, *84*(2), 715–730.

Marsden, T. (1990). Towards the Political Economy of Pluriactivity. *Journal of Rural Studies*, *6*(4), 375–382.

Martin, N. (2009). The Political Economy of Bonded Labour in the Pakistani Punjab. *Contributions to Indian Sociology*, *43*(1), 35–59.

Martinez-Alier, J. (1971). *Landlords and Labourers in Southern Spain*. London: George Allen and Unwin.

Marx, K. (1973). *Grundrisse: foundations of the critique of political economy*. London: Penguin Books.

Marx, K. (1976). *Capital, Volume 1*. London: Penguin Books.

Marx, K. (1991). *Capital Volume 3. Critique* (Vol. 3). London: Penguin Books.

Marx, K. (1992). *Capital Volume Two* (Vol. 2). London: Penguin Books.

Mccartney, M. (2011). *Pakistan – The Political Economy of Growth , Stagnation and the State , 1951- 2009. Growth (Lakeland)*. New York: Routledge.

Meagher, K. (1990). The Hidden Economy: informal and parallel trade in Northwestern Uganda. *Review of African Political Economy*, *17*(47), 64–83.

Meagher, K. (2010). *Identity Economics: Social Networks and the Informal Economy in*

Nigeria. Woodbridge, Suffolk: James Currey.

Meinzen-Dick, R. (1996). Groundwater Markets in Pakistan: Participation and Productivity. *Pakistan Development Review*, *33*(857–869).

Merrey, D. (1992). Irrigation and honor: Cultural impediments to the improvement of local level water management in Punjab, Pakistan. In M. Dove & C. Carpenter (Eds.), *Sociology of natural resources in Pakistan and adjoining countries*. Lahore: Vanguard books.

Mezzadri, A. (2008). The Rise of Neoliberal Globalization and the "New-Old" Social Regulation of Labour: a Case of the Delhi Garment Sector. *Indian Journal of Labour Economics*, *52*(4), 603–18.

Mishra, S. C. (1982). Commercialisation, peasant differentiation and merchant capital in late nineteenth century Bombay and Punjab. *Journal of Peasant Studies*, *10*(1), 3–51.

Mitra, A. (1977). *Terms of Trade and Class Relations*. London: Frank Cass.

Mitra, P. (1983). A theory of interlinked rural transactions. *Journal of Public Economics*, *20*(2), 167–191.

Mohmand, S. K. (2014). Losing the Connection: Party-Voter Linkages in Pakistan. *Commonwealth and Comparative Politics*, *52*(1), 7–31.

Mooij, J. (1999). *Food policy and the Indian state : the public distribution system in South India*. Delhi: Oxford University Press.

Mooij, J. (2001). Food and Power in Bihar and Jharkhand: PDS and Its Functioning. *Economic And Political Weekly*, *36*(34), 3289–3299.

Mooney, N. (2013). The Yeoman Jats of Punjab: Time, Expertise and the Colonial Construction of Jat Sikh Identity. *Anthropologica*, *55*(2), 277–290.

Moore, M. (1997). Societies, polities and capitalists in developing countries: A literature survey. *Journal of Development Studies*, *33*(3), 287–363.

Moyo, S., & Yeros, P. (2005). The Resurgence of Rural Movements under Neoliberalism. In S. Moyo & P. Yeros (Eds.), *Reclaiming the Land: The Resurgence of Rural Movements*

in Africa, Asia and Latin America. London and New York: Zed Books.

Mugekar, B. . (1992). *The Political Economy of Terms of Trade*. Mumbai: Himalaya Publishing House.

Mukherjee, M. (2005). *Colonializing Agriculture: The Myth of Punjab Exceptionalism*. *Production*. New Delhi: Sage Publications India.

Mukhtar, T., & Javed, M. T. (2007). Price Integration in Wholesale Maize Markets in Pakistan. *Pakistan Development Review*, *46*(4), 1075–1084.

Mundle, S. (1985). The Agrarian Barrier to Industrial Growth. *Journal of Development Studies*, *22*(1), 180–202.

Nadvi, K. (1999). Shifting ties: Social networks in the surgical instrument cluster of Sialkot, Pakistan. *Development and Change*, *30*(1), 141–175.

Nair, K. N., & Singh, G. (2016). The Role of Technological and Institutional Changes in the Growth and Transformation of Agriculture in Punjab. In L. Singh & N. Singh (Eds.), *Economic Transformation of a Developing Economy: The Experience of Punjab, India*. Singapore: Springer.

Naqvi, S. A. (2012). *Indus Waters and Social Change: The Evolution and Transition of Agrarian Society in Pakistan*. Karachi: OUP Pakistan.

Nazir, P. (1991). *Local development in the global economy: the case of Pakistan*. Vermont: Gower Publishing Company.

Nazir, P. (2000). Origins of debt, mortgage and alienation of land in early modern Punjab. *Journal of Peasant Studies*, *27*(3), 55–91.

Nee, V. (2005). The New Institutionalisms in Economics and Sociology. In N. J. Smelser & R. Swedberg (Eds.), *The Handbook of Economic Sociology* (Second). New Jersey: Princeton University Press.

Nelson, M. (2011). *In the Shadow of the Shariah: Islam, Islamic Law and Democracy in Pakistan*. London: Hurst & Company.

Niazi, T. (2009). Rural Poverty and the Green Revolution: The Lessons from Pakistan.

Journal of Peasant Studies, *31*(2), 242–260.

Noshab, F. (2006). Globalization, WTO and Pakistan. *The Muslim World*, *96*(2), 261–284.

Nulty, L. (1972). *The Green Revolution in West Pakistan: Implications of Technological Change*. New York: Praeger Publishers.

Olsen, W. (1991). *Distress sales and exchange relations in a rural area of Rayalaseema, Andhra Pradesh*. DPhil thesis: University of Oxford.

Olsen, W. (1996). *Rural Indian Social Relations: A Study of Southern Andhra Pradesh*. New Delhi: Oxford University Press.

Otero, G. (1999). *Farewell to the Peasantry? Political Class Formation in Rural Mexico*. Boulder, Colorado: Westview Press.

Oya, C. (2007). Stories of rural accumulation in Africa: Trajectories and transitions among rural capitalists in senegal. *Journal of Agrarian Change*, *7*(4), 453–493.

Pandya, A., & Dholakia, N. (1992). An Institutional Theory of Exchange in Marketing. *European Journal of Marketing*, *26*(12), 19–41.

Papanek, G. (1991). Market or Government: Lessons from a comparative analysis of the experience of India and Pakistan. *Pakistan Development Review*, *30*(4), 601–646.

Papanek, H. (1972). Pakistan's Big Businessmen: Muslim Separatism, Entrepreneurship, and Partial Modernization. *Economic Development and Cultural Change*, *21*(1), 1–32.

Parkin, F. (1979). *Marxism and Class Theory: a Bourgeoise Critique*. London: Tavistock Publications.

Parthasarathy, D. (2013). Rural, Urban, and Regional: Re-spatializing Capital and Politics in India. In T. Bunnel, D. Parthasarathy, & E. Thomspon (Eds.), *Cleavage, Connection and Conflict in Rural, Urban and Contemporary Asia*. New York and London: Springer.

Pasha, A.-G. (2013). *The State of the Economy: The Punjab Story*. Lahore.

Patnaik, U. (1987). *Peasant class differentiation: A study in method with reference to Haryana*. Bombay: Oxford University Press.

Patnaik, U. (1988). Ascertaining the economic characteristics of peasant classes-in-

themselves in rural India : A methodological and empirical exercise. *Journal of Peasant Studies*, *15*(3), 301–333.

Pattenden, J. (2016). *Labour State and Society in Rural India: A Class-Relational Approach*. Manchester: Manchester University Press.

Persaud, S. (2013). *Afghanistan's Wheat Flour Market: Policies and Prospects*. Washington, D.C.

PFVA. (2014). *Problems of Potato Export in Pakistan*. Karachi.

PHDEB. (2008). *Potato Marketing Strategy*. Islamabad.

Picherit, D. (2016). Rural Youth and Circulating Labour in South India: The Tortuous Paths Towards Respect for Madigas. *Journal of Agrarian Change*. http://doi.org/10.1111/joac.12196

Plattner, S. (1989). Markets and Marketplaces. In S. Plattner (Ed.), *Economic Anthropology*. Stanford: Stanford University Press.

Ploeg, J. D. van der. (2013). *Peasants and the Art of Farming: A Chayanovian Manifesto*. Halifax and Winnipeg: Fernwood Publishing.

Polanyi, K. (2001). *The Great Transformation: The Political and Economic Origins of Out Time* (Second). Boston: Beacon Press.

Portes, A., & Haller, W. (2010). The Informal Economy. In N. J. Smelser & R. Swedberg (Eds.), *The Handbook of Economic Sociology*. New Jersey: Princeton University Press.

Poulantzas, N. (2008). The capitalist state: A reply to Miliband and Laclau. In J. Martin (Ed.), *The Poulantzas reader*. London: Verso.

Prabha, C. (1969). District-wise Rates of Growth of Agricultural Output in East and West Punjab during the. *Indian Economic and Social History Review*, *6*(1), 333–350.

Prasad, P. (1974). Reactionary Role of Usurer's Capital in Rural India. *Economic And Political Weekly*, *9*(32–34), 1305–1308.

Pray, C. E. (1984). Accuracy of Official Agricultural Statistics and the Sources of Growth in the Punjab, 1907-1947. *Indian Economic and Social History Review*, *21*(3), 313–333.

Pujo, L. (1992). *On Power in Markets*. Montpellier: CIRAD.

Qadeer, M. A. (2006). *Pakistan: social and cultural transformations in a Muslim nation*. New York: Routledge.

Rahman, A. (1986). *Peasants and Classes: A Study in Differentiation in Bangladesh*. London: Zed Books.

Rakshit, S. (2011). Capital Intensification, Productivity and Exchange – A Class-Based Analysis of Agriculture in West Bengal in the Current Millennium. *Journal of Agrarian Change*, *11*(4), 505–535.

Raulet, H. M. (1976). The Historical Context of Pakistan's Rural Economy. In R. D. Stevens, H. Alavi, & P. J. Bertocci (Eds.), *Rural Development in Bangladesh and Pakistan*. Honolulu: University of Hawai Press.

Resnick, S., & Wolff, R. (2003). The Diversity of Class Analyses: A Critique of Erik Olin Wright and Beyond. *Critical Sociology*, *29*(1), 7–27.

Rigg, J. (2005). Poverty and livelihoods after full-time farming: A South East Asian view. *Asia Pacific Viewpoint*, *46*(2), 173–184.

Rogaly, B. (1994). *Rual Labour Arrangements in West Bengal, India*. University of Oxford.

Rogaly, B. (1997). Embedded Markets: Hired Labour Arrangements in West Bengal Agriculture. *Oxford Agrarian Studies*, *25*(2), 209–223.

Roseberry, W. (1978). Peasants as Proletarians. *Critique of Anthropology*, *3*(3).

Roseberry, W. (1983). *Coffee and capitalism in the Venezuelan Andes*. Austin: University of Texas Press.

Roseberry, W. (1989). Peasants and the World. In S. Plattner (Ed.), *Economic Anthropology*. Stanford: Stanford University Press.

Rouse, S. (1983). Accelerated Capital Penetration Into Agriculture And Changing Class Formation: A Case Study From A Large Landlord-Dominated Village In Pakistan's Punjab. *South Asia Bulletin*, *3*(1), 1–15.

Rudner, D. W. (1994). *Caste and Capitalism in Colonial India: The Nattukottai Chettiars*.

Berkeley: University of California Press.

Rudolph, L., & Rudolph, S. (1987). *In Pursuit of Lakshmi: The Political economy of the Indian state*. Chicago: University of Chicago Press.

Rudra, A. (1980). On so-called Market Efficiency. *Indian Economic Review*, *15*(4), 231–242.

Rudra, A. (1992). *Political economy of Indian Agriculture*. Delhi: KP Bagchi.

Rutten, M. (2003). *Rural Capitalists in Asia: a Comparative Analysis on India, Indonesia and Malaysia*. New York: Routledge Curzon.

Sanyal, K. (2007). *Rethinking Capitalist Development: Primitive Accumulation, Governmentality and Post-colonial Capitalism*. New Delhi: Routledge India.

Sarkar, S. (1981). Foodgrains An Analysis of Village Survey Data for West Bengal and Bihar. *Economic And Political Weekly*, *16*(39), 103–108.

Sayeed, A. (1996). Growth and Mobilisation of the Middle Classes in West Punjab: 1960-70. In P. Singh & S. Thandi (Eds.), *Globalisation and the Region: Explorations in Punjabi Identity*. Coventry: Association for Punjab Studies.

Schneider, B. R. (2013). *Hierarchical Capitalism in Latin America: business, labor and the challenges of equitable development*. Cambridge: Cambridge University Press.

Schumpeter, J. (1955). *Imperialism and Social Classes*. New York: Meridion Books.

Selwyn, B. (2011). Beyond firm-centrism: Re integrating labour and capitalism into global commodity chain analysis. *Journal of Economic Geography*, *12*(1), 205–226.

Shami, M. (2012). The Impact of Connectivity on Market Interlinkages: Evidence from Rural Punjab. *World Development*, *40*(5), 999–1012. http://doi.org/10.1016/j.worlddev.2011.11.019

Shanin, T. (1977). Measuring Peasant Capitalism: Russia's 1920s and India's 1970s. *Economic And Political Weekly*, *12*(47), 1939–1948.

Shanin, T. (1990). Expolary Economies: A Political Economy of Margins. In T. Shanin (Ed.), *Defining Peasants: Essays Concerning Rural Societies, Expolary Economies, and Learning From Them in the Contemporary World*. Oxford: Basil Blackwell.

Siegmann, K. A., & Shaheen, N. (2008). Weakest Link in the Textile Chain: Pakistani Cotton Pickers' Bitter Harvest. *The Indian Journal of Labour Economics, 51*(4), 619–630.

Sims, H. (1988). *Political regimes, public policy, and economic development: agricultural performance and rural change in two Punjabs*. New York: Sage Publications.

Singh, I. (1989). Reverse Tenancy in Punjab: Impact of Technological Change. *Economic And Political Weekly*, *24*(25), A86–A92.

Smart, A., & Smart, J. (2005). Introduction. In A. Smart & J. Smart (Eds.), *Petty Capitalists and Globalization: Flexibility, Entrepreneurship, and Economic Development*. New York: SUNY Press.

Smith, G. (1985). Reflections on the social relations of simple commodity production. *Journal of Peasant Studies*, *13*(1), 99–108.

Smith, L. E. D., Stockbridge, M., & Lohano, H. R. (1999). Facilitating the provision of farm credit: The role of interlocking transactions between traders and zamindars in crop marketing systems in Sindh. *World Development*, *27*(2), 403–418.

Steedman, I. (1977). *Marx After Sraffa*. London: NLB.

Stewart, G. T. (1998). *Jute and Empire: The Calcutta Jute Wallahs and the Landscapes of Empire*. Manchester: Manchester University Press.

Stokes, E. (1978). *The Peasant and the Raj: Studies in agrarian society and peasant rebellion in colonial India*. Cambridge: Cambridge University Press.

Sud, N. (2012). *Liberalization, Hindu Nationalism and The State: A Biography of Gujarat*. Oxford: Oxford University Press.

Tacoli, C. (2006). *The Earthscan Reader in Rural-Urban Linkages*. London: Earthscan Publications.

Therborn, G. (1978). *What does the ruling class do when it rules? : state apparatuses and state power under feudalism, capitalism and socialism*. London: NLB.

Thorburn, S. . (1983). *Musalmans and Moneylenders in the Punjab*. Delhi: Sage Publications.

Thorner, A. (1982a). Semi-Feudalism or Capitalism? Contemporary Debate on Classes and

Modes of Production in India - Part 2. *Economic And Political Weekly*, *17*(50), 1993–1999.

Thorner, A. (1982b). Semi-Feudalism or Capitalism? Contemporary Debate on Classes and Modes of Production in India - Part 3. *Economic and Political Weekly*, *17*(51), 2061–2086.

Thorner, A. (1982c). Semi-Feudalism or Capitalism? Contemporary Debate on Classes and Modes of Production in India - Part I. *Economic and Political Weekly*, *17*(49), 1961–1968.

Tinel, B. (2012). Labour, Labour power and the Divisio of Labour. In B. Fine & A. Saad-Filho (Eds.), *The Elgar Companion to Marxist Economics*. Cheltenham: Elgar Publishing Limited.

Tomich, D. W. (2004). *Through the Prism of Slavery: Labor, Capital and World Economy*. Rowman & Littlefield Publishers.

Toor, S. (2011). The Structural Dimensions of Food insecurity in Pakistan. In M. Kugelman & R. M. Hathaway (Eds.), *Empty Bellies, Broken Dreams: Food insecurity and the Future of Pakistan*. Lahore: Vanguard books.

Tyabji, N. (1981). Stratification of Indian Business. In K. . Bagchi & N. Banerjee (Eds.), *Change and Choice in Indian Industry*. Calcutta: Centre for Studies in Social Sciences.

Ullah, Haroon, K. (2014). *The Bargain from the Bazaar: A Family's Day of Reckoning in Lahore*. New York: Public Affairs.

Upadhya, C. (1988). The Farmer-Capitalists of Coastal Andhra Pradesh. *Economic And Political Weekly*, *23*(28), 1433–1442.

Vandal, P. (2004). The Lesser Cities of Punjab: Forgotten or Neglected? In *Urban and Regional Planning Conference*. Karachi: NED University Karachi.

Vicziany, M. (1979). Bombay Merchants and Structural Change in the Export Community, 1850-1880. In K. N. Chaudhuri & C. J. Dewey (Eds.), *Economy and Society: Essays in Indian Economic and Social History*. Delhi: Oxford University Press.

Wan, M. Y. (2001). Secrets of Success : Uncertainty , Profits and Prosperity in the " Gari " Economy of Ibadan, 1992-94. *Africa: Journal of International African Institute*, *71*(2), 225–252.

Weber, M. (1978). *Economy and Society: an outline of interpretive rationality*. (G. Roth & C. Wittich, Eds.). Berkeley: University of California Press.

Weis, T. (2007). *The Global Food Economy: The Battle for the future of farming*. *Development*. London and New York: Zed Books.

Weiss, A. M. (1991). *Culture, Class, and Development in Pakistan: The Emergence of an Industrial Bourgeoisie in Punjab*. Lahore: Vanguard books.

Wilder, A. (1999). *The Pakistani Voter: Electoral Politics and Voting Behaviour in the Punjab*. Oxford: Oxford University Press.

Williams, G. (1988). Why is there no Agrarian Capitalism in Nigeria? *Journal of Historical Sociology*, *1*(4), 345–398.

Williams, G., & Tumusiime-Mutebile, E. (1978). Capitalism and Petty Commodity Production in Nigeria: A Note. *World Development*, *6*(9), 1103–1104.

Witsoe, J. (2013). *Democracy Against Development : Lower-caste Politics and Political Modernity in Postcolonial India*. Chicago: University of Chicago Press.

Wong, R. Bin. (1999). The Political Economy of Agrarian Empire and its Modern Legacy. In T. Brook & G. Blue (Eds.), *China and Historical Capitalism: Geneologies of Sinological Knowledge*. Cambridge: Cambridge University Press.

Wood, E. M. (2012). Capitalism. In B. Fine & A. Saad-Filho (Eds.), *The Elgar Companion to Marxist Economics*. Cheltenham: Elgar Publishing Limited.

Wright, C. P., & Davis, J. S. (1927). India as Producer and Exporter of Wheat. *Wheat Studies of the Food Research Institute*, *3*(8), 315–411.

Wright, E. O. (1997). *Classes*. London and New York: Verso.

Wright Jr., T. P. (1974). Indian Muslim Refugees in the Politics of Pakistan. *The Journal of Commonwealth & Comparative Politics*, *12*(2), 189–205.

Zaidi, S. A. (2008). *Issues in Pakistan's Economy* (Second). Oxford: Oxford University Press.

Zaidi, S. A. (2014). Rethinking Pakistan's Political Economy: Class, State, Power, and Transition. *Economic And Political Weekly*, *49*(5), 47–54.

Zanoni, U. (1991). *Potato Atlas and Compendium of Pakistan*. Islamabad: Pakistan Agricultural Research Council.

Zedong, M. (1975). Analysis of classes in chinese society. In *Selected works of chairman Mao, Vol. 1*. Peking: Foreign Language Press, China.

Zeitlin, M., & Ratcliff, R. E. (1988). *Landlords & capitalists : the dominant class of Chile*. Princeton, NJ: Princeton University Press.

Zhang, Q. F. (2015). Class Differentiation in Rural China: Dynamics of Accumulation, Commodification and State Intervention. *Journal of Agrarian Change*, *15*(3), 338–365.