Halle Studies in the Anthropology of Eurasia

Max Planck Institute for Social Anthropology

Tenacious Ties

The Social Dynamics of Small-scale Enterprises in India

Sudeshna Chaki

LIT

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This book explores the emergence, functioning and (dis)continuity of small-scale enterprises in India together with the historical and social processes that underlie them. In an era when the nation is being rebranded as a manufacturing hub for the global economy through pro-business campaigns such as *Make in India*, small industries have received renewed attention from both scholarship and political discourses. However, scant anthropological attention has been paid to the interplay of different values within such businesses. With the help of Karl Polanyi's notion of 'embeddedness', this book uncovers the multiple values that permeate the realm of economy in small-scale enterprises. It shows how in the everyday workings of such small-businesses, familial values frequently coexist with, and at times become more important than, the maximizing logic of *homo economicus*.

The book draws upon empirical data gathered via in-depth ethnographic investigation in a western Indian town – Palghar. However, the narratives presented connect a much wider geography. The business owners who commute daily to Palghar from Mumbai have family histories linking them to rural Gujarat and Rajasthan among other places, while migrant workers remit their incomes to their villages in Bihar, Uttar Pradesh or Nepal to sustain their families, educate their children and pursue other aspirations – thereby interlinking diverse economies, morals and values.

Sudeshna Chaki locates the experiences of owners, their kin and workers within the larger restructuring of the political economy of India during the last three decades. In doing so, she engages with themes such as top-down economic and social restructuring, caste and community ties, reciprocity, social mobility, succession, gender norms, what it means to be 'self-made', kinship, paternalism, and perceptions of work and precarity. The ethnography reveals how different modes of belonging, to community as well as to family and kin, shape different strategies of accumulation; and how the values, obligations and expectations that arise out of these belongings sometimes facilitate and sometimes restrict the profitable management of the enterprises. Investigating their day to day 'functioning', Chaki shows that workers' experience of work also remains deeply embedded in social relations, obligations, gender norms, larger values and aspirations. Capitalist logics and values coexist with non-capitalist sentiments, at times shoring each other up within the factory walls. Meanwhile the 'continuity' of these small-scale enterprises is always embedded in larger social relations of family and kinship. To understand the (dis)continuity of these small-scale enterprises, it is necessary to go beyond the deterministic logic of supply and demand and to focus instead on entanglements of values – familial, traditional and neoliberal. These values shape changing expectations surrounding succession and changing ideas of status and prestige.

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Cover Photo: A worker handling his machine of expertise in a manufacturing unit in Palghar (Photo: Sudeshna Chaki, 2016).

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(all photographs were taken by author [2015-2016])

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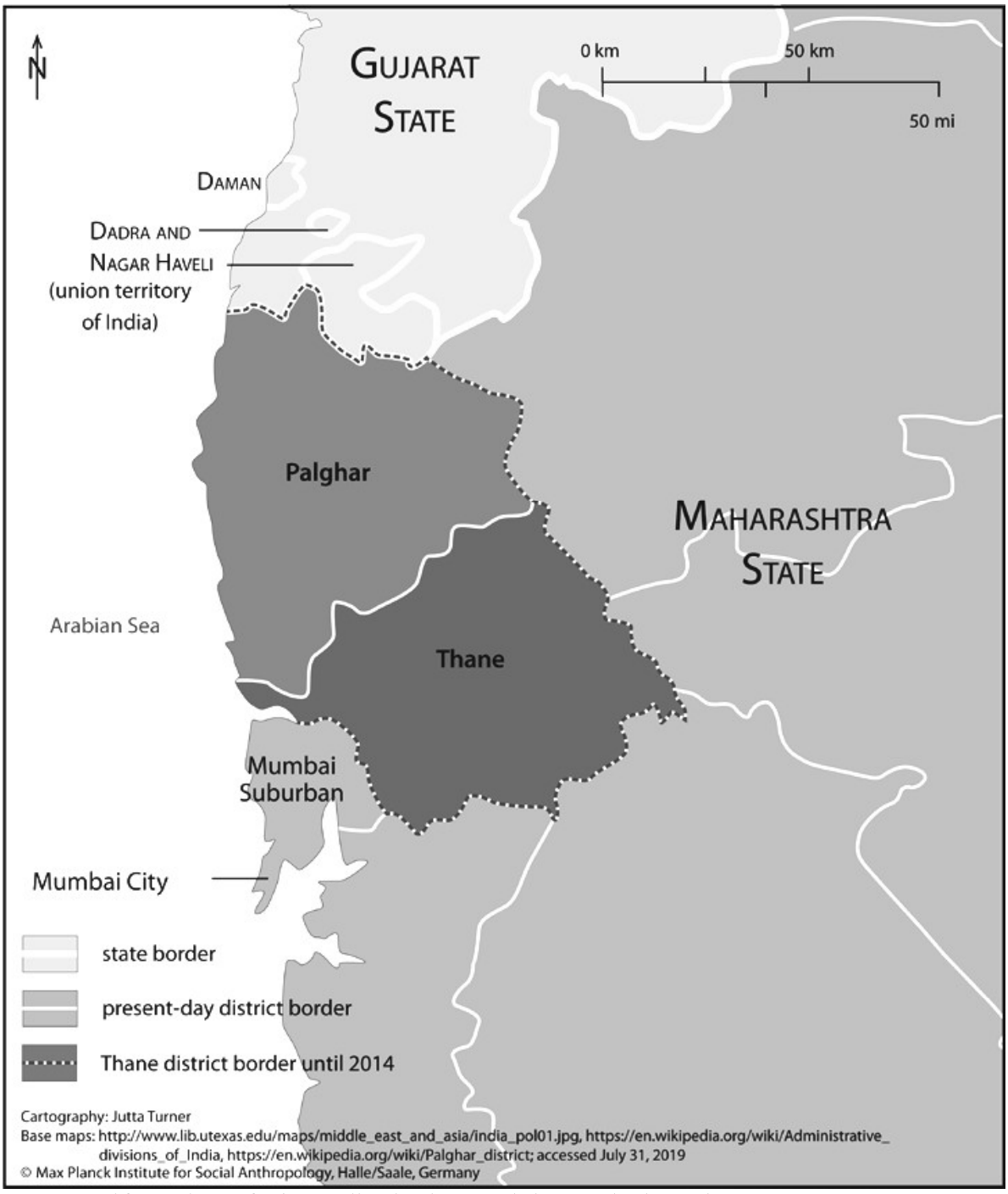
Map 1. Map of India.



Map 2. Bifurcation of Thane district into Palghar and Thane in 2014.

Chapter 1
Introduction

A Day at Royal: The Dynamics of Emergence, Functioning and (Dis)continuity

Royal enterprise's daily shuttle service, a paint-chipped dented relic of a once popular car, picks me up from the roundabout. I get in and greet Lina[1], an administrator at Royal. The rickety shuttle heads towards the station, where two other female staff, who commute by train from nearby villages, are picked up. On our way to the factory we make an unexpected stop at a paint shop. Pawan, the driver, has been wanting to show Lina the tints he has selected for his living room, and since she rarely takes the shuttle, today is his opportunity. Lina asks me to join both of them as Pawan flips through the paint catalogue to show Lina his choices, one of which she visibly disapproves of. They quickly settle on another colour, and we leave the shop immediately, forced to leave by the ticking clock. To make up for the time we have lost, the car rushes through the main street, which presents a different scene today. Along the sidewalks, a crowd of people in white aprons are sweeping the street and picking up litter. 'Must be *Swachh Bharat Abhijan*'[2], Pawan thinks out loud. At ten to nine we reach the factory and alight from the car which heads back to pick up the next batch of management staff and the owner, all coming by train from Mumbai.

Royal enterprise is run by a second-generation business owner, Manish. His father, who came to Mumbai at the age of fourteen, has the archetypal rags to riches story. From being a porter and carrying sacks on his back for a living to labouring in factories, he went on to set up his own factory. Being the eldest son, it was natural for Manish to take over the father's business, which his younger brother also joined eventually. Some

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[1] All the names of individuals and companies have been replaced with pseudonyms.

[2] *Swachh Bharat Abhijan*, which translates as 'Clean India Mission', is an initiative of the current government launched in 2014 with the aim of cleaning public infrastructure all over the country.

years later, Manish left that endeavour and started his own manufacturing unit together with an external partner. This new venture caused tensions with his strictly religious father, who disapproved of the market he was targeting – the alcohol industry – which was the main customer of his packaging products. Nevertheless, Manish embraced the opportunity to chart his own path and lay claim to the 'self-made' label, which is rarely bestowed upon the second generation in business families. He eventually convinced his father that, although he produced packaging for alcohol, his business was 'cleaner' than most other businesses dealing with 'pure' products, as he paid all his taxes and duties without fail. Some of his employees admire him, saying that though Manish is from a well-off business family, he has worked hard for this business to achieve what it has to date. From those who knew his father, one still hears occasional dismissals of his self-made label – how it was his father who was the real self-made man and that, without his capital, connections or support, Manish's achievements would hardly have been possible.

We get into the factory and everyone's workday begins. Lina is one of the employees at Royal who has been around since the initial days of the company. Originally hired to deal with excise duty and billing, over the years her responsibilities have multiplied, as is obvious from how frequently she can be seen running between her desk, the owner's office, the packaging department and the shop floor. Lina sits at her computer to reply to customers' emails when Raju comes to chaperone her to the shop floor, where Vikash, the production manager, has immediate need of her services. In fifteen minutes she returns to her still unsent emails and untouched cup of tea, but then gets another call asking for an inventory update. She picks up her files, heads to the storage, and discusses something with them for a while before coming back to her desk. The first half of the working day thus draws to a close, and Lina lets out a sigh of relief, finally being able to relax a little over lunch. Lina, I and the three other female staff flock to the small kitchen with our lunch boxes. Amidst the chit chat about married life, fashion and religious rituals, Lina invites us to her *Grihaprabesh puja*[3], that she has arranged for the coming Friday. She has just two evenings to arrange everything, and she shares her plans to go to nearby Boisar town after work to gather the paraphernalia for the ceremony. The lunch break winds down, and the rest of the work day follows a similar rhythm of bouts of work punctuated by quick chats over breaks for *chai*.

When the work day comes to an end and the three other women are about to leave, Lina, who usually leaves later, is also packing her purse when

[3] *Grihapravesh* is a Hindu ceremony of worship performed to seek divine blessings before moving in to a new home or work place.

the door swings open and Manish walks in. 'Leo's just called, they didn't receive the delivery due for this afternoon. Follow up with the transporter'. He further stressed that this customer is connected through their outside partner, and they can't afford to miss the delivery. Lina, with a subtle hint of protest in her voice retorts, 'Sir, I told you I've to go to Boisar today for my *Grihapravesh* shopping. Can't you tell Kapil sir to stay a bit longer and follow up?' Manish, now irritated, refuses to ask Kapil – who also lives in Mumbai – at the last moment and shouts that if Lina had only checked on the delivery a few times, she wouldn't have to stay longer. 'We can't trust the delivery people', he continues; 'the trains are irregular today. I have to leave. Take care of it and then leave', following which he makes an exit.

Lina, now too pent-up to speak, throws her purse back on her desk, probably realizing that her plans are falling apart. She knows from experience that when transporters mess things up they do not readily answer calls. Frustrated, she starts venting: 'The more you do for people, the more they take you for granted. Each day I arrive and immediately start working, non-stop – nobody acknowledges that. I joined to look after excise and billing, and now I have to take care of everything – inventory, sales, customer support, supplier communication, and now what? *sabko follow up karte jao* ('keep following up on everyone's work'). Does he think I'm here because I have nowhere to go? I've ten years of experience. There are plenty of companies here where I can move, with a higher salary. Why should I stay here?' – she pauses. Raju brings her a cup of *chai*, she takes a sip, picks the phone to make the first call in a series that is likely to drag on for the next hours. Grappling to find an appropriate reaction, I sympathize with her for the fallout and leave as my ride arrives.

The next day I find myself rather surprised to catch Lina in a much better mood than I had anticipated. In response to my question as to how things had gone the previous night, she explains how she took care of everything and left for home around 10:15 pm. Intrigued by the change in tone, later I ask her over lunch if she is still upset about yesterday and plans to look for another job. Lina quickly replies in a forgiving manner along with a joke: 'These things keep happening here. *Gandhiji the thanda bapu*[4], *humare sir hai garam bapu*' (Gandhi was the cool [calm] father; our sir here is the hot [tempered] father). While acknowledging that the increased work pressure often gets overwhelming, she goes on to recall how the boss has always been there when she needed support, although she's not the type of person who can ask for help openly. When she joined the company twelve

[4] The word *bapu* (in many Indian languages) translates as father. In India, Gandhi is widely but not officially revered as the 'Father of the nation' and thus frequently referred to by many as *bapu*.

years ago, she was the only one in the upstairs office. In a workplace dominated by male migrant workers, she initially felt insecure and unsafe with this arrangement. But 'within the next twenty days, [Manish] Sir had an office made for me downstairs, next to him and the other staff. I was the only woman staff member here, and Sir worried about my safety and honour', she recollects. In an industrial setting, where stories of inappropriate behaviour by bosses are not unheard of, she has never experienced any. From offering her a loan for her wedding, knowing that she would be too shy to ask for money, to arranging for her to be taken to the hospital when she fell sick at work during her difficult pregnancy (which she frequently did), or keeping an offer for loans open when her new house was being built, he has always been there.

From those tough days when she struggled to finish her education through financially challenging circumstances, to repairing her parent's dilapidated house, building a new house with her husband, and demonstrating the high value she places on education by sending her only son to a private English medium school, a lot has happened in the course of this job. Lina is much closer now to her middle-class aspirations. Cutting short our chat as the end of the break approaches, she asserts, 'No matter how much pressure*, as long as Sir is here, I'm here*'. The rest of the day rolls along as any other, though Lina gets to leave early today.

I begin with this snippet from a working day at a small firm as it aptly encapsulates how reciprocity, obligations, norms and values are intertwined with logics of accumulation in the production and reproduction of capital within small-scale enterprises[5], the primary theme threading the research. In this book, I explore the emergence, functioning and (dis)continuity of small-scale enterprises in provincial India. I do so by uncovering the multiple values that permeate the realm of economy in the sustenance of these enterprises. I take the experiences of the business owners, their kin and workers as a starting point, situating them within the larger political economic restructuring of the country in the last few decades.

[5] While I use the terms small-scale enterprises, small-scale industries and small-scale businesses interchangeably in this book, they all correspond to the (Indian) bureaucratic terminology 'small enterprise' as found in the Micro, Small and Medium Enterprises Development Act, 2006. As defined in the Gazette of India S.O.1642 (E) dated 30.09.2006, a small enterprise is one where the investment in plant and machinery is more than twenty-five lakh rupees (2.5 million INR) but does not exceed five crore rupees (50 million INR). Source: http://dcmsme.gov.in/publications/circulars/GazNot/Recommendation_of_Advisory_Committee.pdf (last accessed June 2020).

This fully autonomous research is part of the larger comparative REALEURASIA project[6] which draws inspiration from the literature on moral economy (Thompson) to investigate the embeddedness of the economy in religion, polity and society across Eurasia.[7] It also revisits Weber's idea of *Wirtschaftsethik* (economic ethic) to uncover how religious ideas find expression in economic decision-making in small businesses and society at large. Businesses of this size evoked our interest because the owners themselves (and in some cases their family members and relatives) were directly involved in the business's daily operations, rather than hiring managers to run them. This provided a rich context for observing the intermingling of values, workplace power relations, everyday negotiations and reciprocity among owners, family members and employees.

Though the fieldwork was conducted in Palghar, a small provincial town, the research can hardly be reduced to a single physical location. The narratives that feature in this book connect a much wider geography comprising first, business owners commuting to Palghar every day from Mumbai, whose family histories stretch even further to rural Gujarat and Rajasthan, among other places; and second, the migrant workers carrying on the production process within these factories while remitting their incomes to their villages in Bihar, Uttar Pradesh or Nepal to sustain their families, educate their children and pursue other aspirations, thus linking diverse economies, moralities and values. By focusing on Palghar, I contribute to the scarcely researched domain of 'middle India' (Harris-White 2016) – the India of small towns – which is frequently neglected in the tendency to oppose the rural to the city, though over 60% of the urban population of India dwell and make their livings in such towns (Harriss-White 2016).

Grounding the research in Polanyi's notion of 'embeddedness', I organize my ethnography around three processes – the emergence, functioning and (dis)continuity[8] of small businesses – to bring out the different ways in which each of these are socially embedded. Existing anthropological studies that have probed the emergence of modern small-scale enterprises in provincial towns in western India like Palghar frequently attribute this rise to the state's interventionist policies in the form of subsidies, tax cuts and access to credit through national banks. Shifting the

[6] The project is financed by the European Research Council in the Seventh Framework Programme (ERC Advanced Grant, Agreement no. 340854). For details, see https://www.eth.mpg.de/erc_realeurasia.

[7] See Hann (2016) for a discussion of the concept of Eurasia.

[8] However, in organizing my ethnography I place the chapters discussing emergence (chapter 4) and continuity (chapter 5) next to each other, as both focus on business owners and their kin, while the chapter on functioning (chapter 6) focuses on workers carrying out day to day production.

focus from policies to the experiences of business owners brings out the uneven ways in which these policies benefited different groups (Chapter 4). Ethnographic enquiry reveals the crucial role that family, kinship and community play in enabling businesses to benefit from the state's policies. Non-commensurable values, obligations and dependencies are found to be embedded in decision-making that is instrumental in shaping the course of the business. Like Yanagisako's observations among Chinese and transnational Italian firms, the book shows that in Palghar too kinship remains 'central to capitalist accumulation and force of production', which 'challenges models of profit seeking capitalist modernity that posit the separation of kinship from the economy' (Yanagisako and Rofel 2019: 18).

Rather than seeing capitalism (and the capitalist economy) as a totalizing system that subsumes and subjugates non-capitalist elements, in my approach I take into account the many forms of social and natural belonging (or what Chakrabarty [2008] calls *History2s*) which, rather than being outside or predecessors of capitalism, are within and mutually constitutive of capitalist economic relations (Anand 2017). I take into account the domain of kinship, household and gender relations and pay attention to their values and sentiments, which have always remained crucial for capitalist production and reproduction, as pointed out by feminist substantivist discourses (Bear, Ho, Tsing and Yanagisako 2015), but have been largely dismissed as non-capitalist in literature. My ethnography explores how different modes of belonging, to community, family and kin, shape different strategies of capital accumulation and how the values, obligations and expectations that arise out of these belongings sometimes aid, sometimes restrict the running of the enterprise.

The continuity of these small-scale enterprises also remains embedded in larger social relations of family and kinship (Chapter 5). I argue that the (dis)continuity of these small-scale enterprises needs to be understood by going beyond the economic deterministic logic of supply and demand to focus instead on the entanglement of values – familial, traditional and neoliberal. Traditionally, Hindu ideals of family and gender norms have rendered sons preferable to daughters as agents in the continuity of family enterprises. Ideas of what constitutes suitable work in terms of gender, coupled with the prevalence of the ideology of the male breadwinner, continue to contribute to this disproportionate representation of gender among business owners, keeping 'middle-class' women away from engaging with these working-class, male-dominated factories. However, my ethnographic exploration reveals that expectations surrounding issues of succession are changing in the present context. Not only has a shift in the idea of status and prestige become palpable among business owners, but the

ideals of the 'enterprising-self', celebrated in the new economy of India, are at times seen to be flying in the face of the actual continuity of these enterprises. My ethnography explores how these changes relate to the entrepreneurs' changing ideas of social mobility, which evolves as their structural position changes.

Studying the continuity of small businesses, many of which are family run, inevitably draws attention to the much discussed but barely defined topic of 'family business'. These ethnographic observations throw into question formulations claiming that, within small businesses, the sphere of economy and the sphere of family are constantly in tension with each other due to their opposed values. Extending Weber's notion of 'spheres of life' (Weber 1978; Terpe 2018), this book explores instead the overlap of the two spheres and their changing dynamics at different stages in the development of such enterprises. By delving into the nuances of how the family and the firm are interlaced in these small-scale enterprises, I question the widespread representation of family businesses in which the business encompasses the family and show that many of these businesses are better understood as projects of the family or 'kinship enterprises' (Yanagisako and Rofel 2019).

In delving into the functioning (Chapter 6) of these enterprises, I shift the focus from the owners to the workers, to which the precarious nature of these workplaces inevitably draws attention. Though the decentralized organization of production in Palghar bears a similarity to 'industrial districts' in Italy (Sabel 1989; Narotzky 2015), production here is not dependent on labour primarily pooled from the family, kin and community, as is the case in the Italian districts, but is largely carried out by hired non-kin labour. When family members are involved in the business's day-to-day functioning, it is frequently to look after management and control of production. Even though these businesses remain formally registered, diverse groups of workers occupy different structural positions, which translates to varying degrees of precarity and negotiating power. For migrant workers this often translates further into a threat to their entitlements, and thus citizenship identity. Conceptualizing citizenship as a fixed formal recognition that gives individuals certain rights and entitlements has long been challenged by anthropologists (Appadurai 2002; Ong 2006, 2013; V. Das 2011; Anand 2017), who discuss how citizenship is acquired through formal participatory actions such as voting or making a claim on state services, and at times through 'everyday performances of social belonging' (Anand 2017: 8). I explore how stepping into these precarious jobs transforms these workers from 'citizens to denizens' (Standing 2014a, 2014b) and how workplace social relations, fictive kinship, paternalism and reciprocity further consolidate their precarity.

Despite the uncertainties, as I show, the ways these workers experience these precarious workplaces are shaped by their larger values, obligations and aspirations, rather than the actual conditions of work within the factories. Work becomes a means to achieve other aspirations, rather than being an end in itself. Here too, 'the experience of work is deeply embedded in other social relations and regimes of value that are distinct from market values' (Narotzky 2015: 106). Thus, the factory often becomes an arena where multiple boundaries become blurred. Such blurring of boundaries is captured in Dunn's (2014) ethnography of a baby-food factory in Poland, where, for the women who carry out the production, their home identity as mothers and their work identity are blurred (Dunn 2004), with values frequently travelling across home and production lines. Kofti too (2016) observed in a Bulgarian glass factory 'a nexus of diverse moral frameworks' which 'converge on the production site and on the home, thereby contributing to the reproduction of capital and precarity under flexible forms of accumulation' (Kofti 2016). This is equally true of Palghar.

Within the day-to-day functioning of these factories, we find capitalist logics and values coexisting with non-capitalist sentiments, at times shoring each other up. Gender norms and ideologies frequently permeate the organization of production, whether the strict gender division of labour or separate, morally regulated, gender-appropriate working hours for women rather than men. At times these factories turn to 'sites of salvage' contributing frequently to what Tsing termed 'salvage accumulation'[9], that is, the kind of accumulation which involves values generated by non-capitalist processes being extracted and converted into capitalist gain, as 'sites of salvage are simultaneously inside and outside capitalism' (Tsing 2015: 63). My ethnography brings out both how within these factories reciprocal relations are sometimes used instrumentally to generate accumulation, and at other times how simple adherence to moral norms, social obligations and even respect for gender conduct begets compliance and harnesses cooperation, without there being any opportunistic intentions.

[9] In Tsing's conceptualization, one example of salvage accumulation is when women are employed in roles which borrow from skills traditionally learnt in household work, such as sewing or producing food. Rather than preparing them for the task through hands-on training, their hiring rests upon the assumption that they traditionally bring skills from home by virtue of being brought up as women, thereby 'harvest[ing] the value of this training in making capitalist commodities' (Tsing 2015b).

Small-scale Enterprises beyond Dichotomies

Pre-liberalization vs Post-liberalization

Small-scale enterprises provide an interesting context for this research by challenging the validity of many dichotomous lenses through which the Indian economy has generally been analysed. Their relevance as an arena for research has continued to grow against the backdrop of the entry to power of the current government, whose political agenda skilfully combined a rhetoric of *vikas* (economic growth, development and modernization) (Bobbio 2013) with a promise to harness the potential of the market. This welcoming attitude towards the market, exemplified by the subsequent introduction of supposedly business friendly policies and skills development programs, along with the media blitz around its 'Make in India' initiative to re-brand the country as the manufacturing hub for the world (Kaur 2015), has largely gained the government a pro-business label. Prime Minister Narendra Modi, elected in 2014 with a staggering majority, had previously served as the Chief Minister of the Indian state of Gujarat. Besides spawning a political culture in which religious traditions and a neoliberal outlook have been fused (Bobbio 2013: 123–125), 'Brand Modi' (Kaur 2015) also enjoyed the reputation of being a catalyst for economic development, cemented during his time in Gujarat. Measured solely in terms of investments in the state's business landscape, Gujarat's 'success story' in the last decade has been touted as an example of the Modi government's success in tapping into local entrepreneurial talent (Kaur and Sundar 2016). Though the current government's[10] economic and political stance in attempting to recreate such achievements on the national scale have attracted criticism for its increasingly neoliberal outlook, many have nevertheless welcomed the moves that promised to attract investment and encourage businesses.

These policies and promises are largely on the lines of similar initiatives in the 1980s and 1990s, when India slowly started gaining a pro-business label. Following economic liberalization in 1991, the state relaxed restrictions on monopolies, paved the way for the entry of foreign investment, allowed the private sector to compete with public-sector enterprises, offered tax breaks on businesses, reduced excise duties (Nanda

[10] Prime Minister Modi and the BJP were re-elected for a second term in office in 2019. This term, however, started with a sluggish economy which attracted criticism of some of the government's policy interventions in its first term, such as de-monetization and the introduction of an integrated Goods and Service Tax. I touch upon Modi's second term in the conclusion to this book.

2011) and abolished the decades-old 'Licence Raj'.[11] Thus, liberalization increasingly came to be portrayed in literature as a 'break' (A. Gupta and Sharma 2006), contributing to the general picture that after decades of the import-substitution Nehruvian economy, liberalization paved the way for private businesses to finally emerge and thrive.

A focus on small-scale enterprises provides an empirical arena for questioning this dichotomous analytical formulation, which posits a pre-liberalization business-averse environment against a post-liberalization business-friendly environment. This segment of private enterprises, as I show in Chapter 4, had been encouraged and nurtured (since the 1950s) by the post-colonial state through pro-business policies long before periodized spurts of economic liberalization. By tracing the business biographies of small-scale capital in Palghar, I show that a significant number of current small businesses here have their roots in pre-liberalization India, many of which trace their histories back to post-colonial Bombay.[12] My work is thus aligned with literature that draws attention to the limitations of treating the economic liberalization of the 1980s and 1990s as a clear-cut dichotomous periodization and that emphasises the unevenness of capitalist development in which 'neoliberalism is … one of many capitalist modes of production that are manifest in untimely coincidences and subject to structural contingencies caused by intentionally uneven development policies' (Neveling 2014: 40). However, while highlighting the impact of policies in the proliferation of small-scale enterprises in Palghar, my research also stresses the inadequacy of the frequently drawn causal correlation between business-conducive policies and the actual emergence of businesses. Such a causal relation gives only a partial picture. Instead I explore the social, historical and temporal dimensions to demystify what enabled certain groups to reap the benefit of the policies.

Existing anthropological work on India is still largely preoccupied with portraying economic liberalization as a transformative force. It highlights how liberalization has influenced the workings of the state (A. Gupta and Sharma 2006; A. Gupta and Sivaramakrishnan 2011), moulded

[11] From independence in 1947 till 1990 the Indian government maintained strict state control over economic enterprises, where businesses were required to go through a painstaking system of licenses, regulations and other approvals from the government, creating the conditions for corruption, nepotism and rent-seeking while making it difficult for new businesses to proliferate. The whole system is popularly referred to under the umbrella term 'Licence Raj' or 'Permit Raj' (Kochanek 1996).

[12] In 1995, Bombay was renamed Mumbai at the behest of the erstwhile Shiv Sena-majority local government, which rejected the anglicised version of the name in favour of the original Marathi counterpart. In the book I refer to the city with the name that corresponds to the period of the event being discussed.

new subjectivities among the middle class (Appadurai 1996; Fernandes 2000), altered the organization of class (Dickey 2012) and caste (De Neve 2007; Fuller and Narasimhan 2008) and transformed values (Nakassis and Searle 2013). Moreover, 1991 is commonly portrayed in literature as a moment of 'radical rupture' and as a 'tipping point' (Neveling 2014). Many studies of industry, work and labour (Parry and Strümpell 2008; Parry 2013; Strümpell 2014, 2018; Sanchez 2016b, 2018) echo this narrative of 'radical rupture' by highlighting the disruptive effects of economic liberalization. However, their analyses primarily focus on workers in large-scale industries where practices like recruitment from within the family[13] (especially sons) to extend livelihood security to the next generation were discontinued as recruitment steeply declined (Sanchez 2018). Additionally, the increasing casualization of the labour force within these large-scale enterprises led to a new form of class division among them, with one part of the workforce growing increasingly precarious (Parry 2013). However, for the majority of the workforce in India, the experience of precarity has been an enduring reality (Breman 2013b). By focusing on small-scale enterprises, this book also describes the continuity in the experience of work and labour between pre-liberalization India and today, in line with approaches that see flexible capitalism 'not as something "new" but as a persistent aspect of capitalism that acquires different expressions depending on history and place' (Narotzky 2015: 173).

Formal Sector vs Informal Sector

The second dichotomy that is challenged by a focus on small-scale enterprises is that of formal[14] versus informal economy, or organized versus unorganized[15] sectors. In the Indian context, businesses that are the focus of this research frequently overlap with the state's official classification of small enterprises, and it is here that the line between formal and informal becomes blurred.

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[13] A practice by no means limited to India that has also been observed in Brazil (Shever 2008), Estonia (Kesküla 2014) and Kazakhstan (Kesküla 2018).

[14] In India, the Ministry of Statistics and Programme Implementation officially adopts the criterion of 'incorporation' as a guiding factor here. Those enterprises that are 'incorporated' constitute the formal sector, and those that are not incorporated constitute the informal sector. See 10.3.4 in http://www.mospi.gov.in/103-informal-financial-sector-statistics (last accessed June 2020).

[15] As outlined in the Unorganised Workers' Social Security Act of 2008, in India the 'unorganised sector' consists of enterprises that are active in the production or sale of goods and/or services, employ fewer than ten workers, and are owned by individuals or self-employed workers.

As part of an existing trend in the literature to oppose the informal sector to the formal sector, at one end micro-enterprises like small workshops and co-operatives, and at the other end large state-owned and private enterprises have captured most of the anthropological attention, leaving small-scale enterprises less explored ethnographically. The formal or organized sector is associated with regularity, decent pay scales, regulated work hours and protection under the labour laws, whereas the informal sector is largely associated with a lack of job security, non-existent pensions and benefits, and poor working conditions unprotected by labour laws, making work here largely devoid of social prestige (Breman 2013a). I side with scholars (Bagchi 1976; Breman 1976, 1999; Harriss-White 2003, 2016) who have pointed out the danger in making simple binary divisions of what is a complex multi-layered socio-economic structure. The small-scale enterprises studied in this book throw into question the dominant dichotomous distinctions between the formal and informal sectors, or between regulated and unregulated economies, which have already been criticized as 'normative classifications used among other things to reform and/or disenfranchise popular economies' (Bear, Birla and Puri 2015: 391).

Ethnographic enquiry in India has already revealed different forms in which the formal and informal intermingle and co-exist. For example, Parry's work showed formal regular workers in a public-sector enterprise, the Bhilai steel plant, frequently moonlighting to carry out informal economic activities such as running shops or driving taxis or trucks to acquire side incomes (Parry 2013: 350). Ethnographic enquiry into Special Economic Zones (SEZ) has revealed the porous nature of the 'formal' boundary, where, in a sector which enjoys a formal status legally, workers carry out 'informal' activities to supplement their 'formal' wage (Cross 2010, 2014). Within the small-scale industries of Palghar, this intermingling of the formal and informal assumes a more prominent form, where the whole organization of production relies on an intricate overlap of formal and informal arrangements.

My research shows how within these workplaces the formal and informal economies or the 'organized sector' and 'unorganized sector' intersect. Despite almost all the firms being officially registered in government records, firm owners find creative ways of adhering to lower tiers of official classifications (of firms) to take advantage of tax breaks and relaxed labour regulation. I explore how, informal practices like reducing the number of employees on the books or breaking down a unit, in the legal ownership sense, into smaller units under the name of different family members to stick to the smallest threshold become incorporated in the formal functioning of these businesses in order to make the most out of existing

policies in the face of growing competition. In Palghar, this leads to a situation I refer to as 'state-produced informality', which also extends to working conditions and recruitment practices characterized by the lack of formal contracts, unreported work hours and the ineffectiveness of labour laws in practice.

Capital vs Labour

Tracing the trajectory of small-scale capital in Palghar also challenges the clear-cut dichotomy between capital and labour and blurs the boundary between entrepreneurship and employment, inevitably bringing in the topic of class and class-making. Criticizing the dominant Marxist understanding in which bourgeoisies are set apart from the workers in an industrial capitalist society exclusively based on the former's possession of the means of production, in her ethnography of small-scale industrialists in Como, Italy, Yanagisako (2002) drew attention to the internal diversity within the bourgeoisie. She highlighted how heterogeneity in the number of assets and the degree of control that such families have on their capital significantly influences the relationship they have to both the means of production and (social) class reproduction.

While Yanagisako pointed out the heterogeneity within the bourgeoisie, Ikonen (2013) called for the very category of entrepreneurs to be deconstructed by going beyond the tendency to associate the term with a middle-class identity. In her work among self-employed in Finland, she showed how a significant number of the working class who resort to self-employment do so less out of their own volition and more as a consequence of the lack of secure livelihood choices. Extending the discussion, Morris (2013) provided further instances of how individuals oscillate between wage work and self-employment: against the backdrop of the difficulties one faces in self-employment, wage work offers a degree of work-life balance, while self-employment, often at the cost of self-exploitation, offers a degree of 'feeling of control and achievement' (Morris 2013: 3). Though most of the current generation of small-scale industrialists I worked with differ from Ikonen's self-employed entrepreneurs struggling to make a living and can rather be placed within the wide spectrum of middle-class, addressing the fluidity of their roles and structural positions remains crucial. Some of the business owners I worked with have see-sawed between entrepreneurship and employment to maintain a stable flow of capital in order to break even. My ethnography reaffirms that the line between labour and capital is not as discrete and static as assumed, but rather 'is continually remade through particular, situated, historical processes' (Yanagisako 2018: 47).

Tracing the trajectory of small-scale capital in Palghar brings out the diverse class positions these business families have occupied and their class-making stories. Thus, rather than apprehending my business owners exclusively in terms of their present class positions, following Yanagisako (2002), I adopt both a 'processual and structural' approach to social class. Discerning the bourgeoisie based on their current class position conceals 'the temporal dimension of class'. According to Yanagisako, 'this is a serious failing, as people come to construe their material realities, their interests, and their possibilities – what Bourdieu has called their "habitus" – through the course of their individual biographies and family histories' (Yanagisako 2002: 99–100). Kalb too proposes to see class as dynamic, relational and rooted in 'never frictionless ties and interdependencies between sets of people as arising from their efforts to survive and maintain themselves' (Kalb 1997: 2–3). Drawing on Edward Thompson and Eric Wolf, Kalb stresses further that 'work is never just the act of earning a living, but rather the social and cultural crux around which whole ways of life become organized and maintained' (Kalb 1997: 3). Espousing the concept of class as dynamic and fluid, Carrier noted that capitalism itself is always rapidly in flux and that therefore, 'the specific forms that classes take in capitalist societies will vary markedly' (Carrier 2015: 32). Thus, he suggests, thorough ethnographic investigation is essential 'for describing and understanding classes as they exist in the specific place and time of fieldwork' (Carrier 2015: 33). Following the above authors, I adopt a dynamic view of class while exploring the social mobility and class-making stories of my informants and the underlying social and material process.

Embeddedness, Moral Economy and Values

While each empirical chapter introduces further theoretical references, the research as a whole is theoretically premised on Polanyi's notion of embeddedness and adopts a substantivist understanding that sees the economy as embedded in the larger social matrix. To Polanyi, 'man's economy, as a rule, is submerged in his social relationships' (Polanyi 2001 [1944]: 48), a position that set him apart from economists (cf. L. Robbins 1932; Schumpeter 1948) who perceived it to be governed by reasoning and logic (Hann and Hart 2009). Polanyi argued that an individual's economic action is not driven by the mere aim of satisfying individual material interest, but rather 'to safeguard his social standing, his social claims, his social assets' (Polanyi 2001 [1944]: 48). Along with the material aspect of the economy, he also aimed to explore 'how this economy was bound to society, to values and identities, to what Aristotle ... termed eudaimonia: "human flourishing" or simply "happiness"' (Hann 2019: 2).

However, I distance myself selectively from Polanyi in respect of his notion that, with the ascent of market capitalism, an economy that was once submerged in social relations became *disembedded* from the social matrix. Instead, I side with later scholars who urge us to extend our understanding of *embeddedness* even to the realm of capitalist market economy by emphasizing that it is impossible to completely disentangle ethical institutions from market activity (Hann and Hart 2009), even today. This research takes the position that all economies are 'both embedded and disembedded' (Gudeman 2009). As a result, the two realms of the economy – *community* and *market or impersonal trade* – exist in a dialectical relationship. I show how this manifests itself in the small-scale enterprises of Palghar.

The concept of moral economy, originally put forward by E. P. Thompson (1971), lends useful insights into the multiplicity of values that punctuate the realm of the economy. In order to explain the eighteenth-century food riots in England, he argued that the violence of the crowds was not driven by mere physical needs but was a reaction to the inflation in food prices, which they saw as a breach in the moral contract that had hitherto held the agricultural world together, in spite of strong inequalities. The moral contract was in turn based on traditional norms and obligations that had set out the 'right' modes of economic interaction between different constituents of the community that had long existed and functioned together. Thus, Thompson's interpretation of moral economy refers to these collective norms and obligations that existed in agrarian societies which were threatened by the advent of a liberalist agenda (Thompson 1971: 201–203). Extending Thompson's use of the term, James Scott (1977) applied it in conjunction with an 'ethic of subsistence' to explain that the peasant revolt in Southeast Asia was not because their demands were not being met, but rather because their rights were being violated. Through both writings, the idea that there exists 'social norms of fairness' other than actual terms of exchange is prominent. Stretching the concept of moral economy from its original association with subaltern groups, Hann's (2010) argument reminds us of the possibility to apply the concept to a wide range of behaviour exhibited by an equally wide range of social actors: 'if moral economy is primarily a nexus of beliefs, practices and emotions among the folk … then we must conclude that even the reactionary right is entitled to its moral economy' (Hann 2010: 195). 'Moral economy' as a conceptual tool undoubtedly aided the discipline to connect the spheres of values and morality with the realm of economy. However, though academic engagement with the concept has increased steeply over the last decade, so stretching the concept in different directions led many to criticize the

concept for being applied to anything and everything. In a later essay, Thompson (1991) recognized the danger of shifting the focus more towards values rather than the economy, as this robbed the concept of its analytical usefulness.

Later works dealing with moral economy used the term almost synonymously with Polanyi's concept of embeddedness (Hann 2010), very often reinforcing the old binary between 'moral economy' and 'political economy' – 'the story of a world defined by moral obligations and dependences being eroded and replaced by contractual market relations' (Palomera and Vetta 2016: 418). In more recent works, the fragmentation of its usage has led Hann to discard the concept all together and, following Etzioni, to direct his inquiry to recognize 'a moral dimension in the sense of a collective and systemic basis in long-term shared values' (Hann 2018: 231).

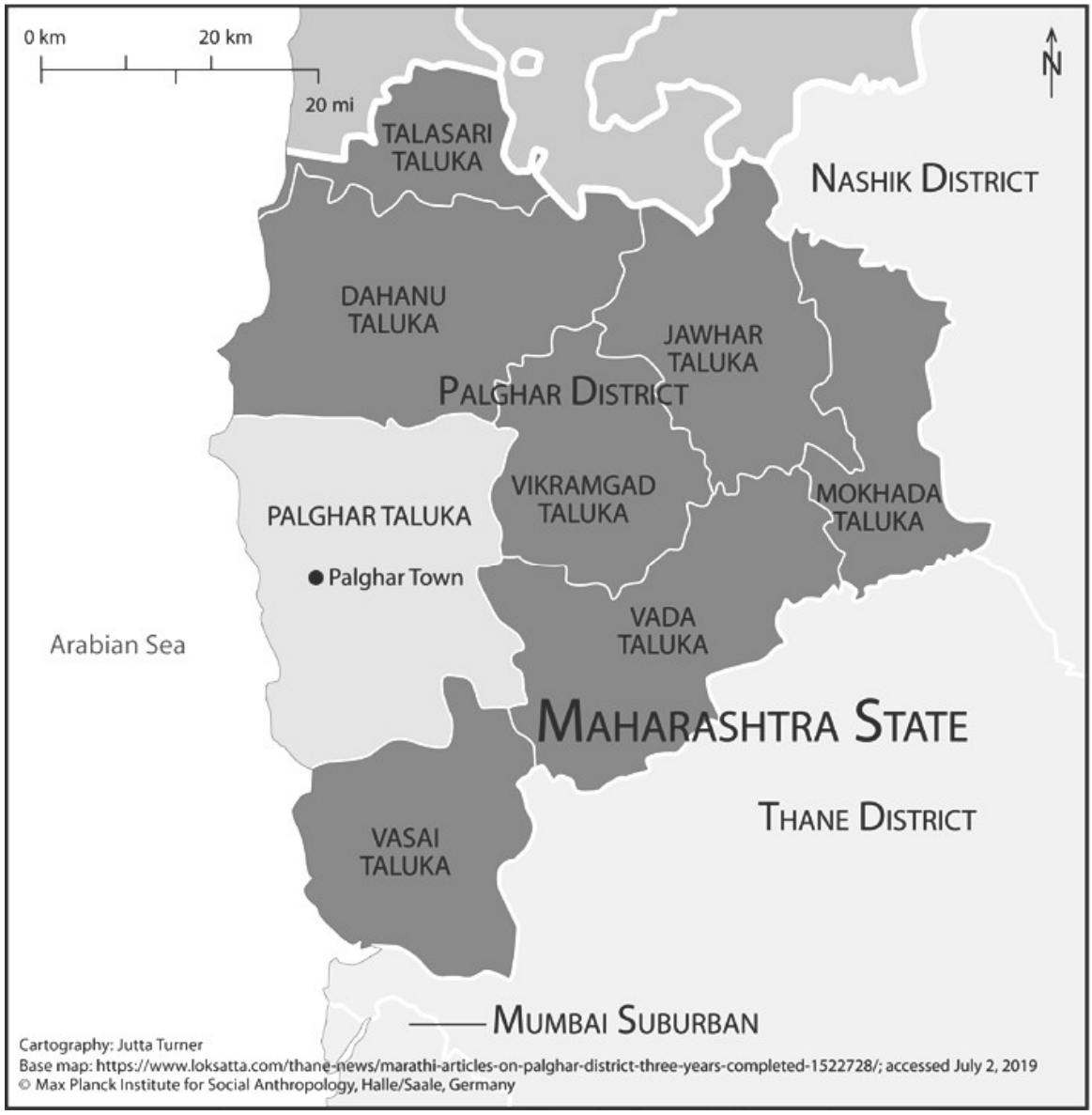
Others, however, have tried to reconceptualise the term in order to restore its applicability by bringing back elements of Thompson's original formulation. In their approach to moral economy, Palomera and Vetta try to 'reclaim the radical foundations of the term by bringing capital and class back into the equation' (Palomera and Vetta 2016: 414). They reject a dichotomous view of morality versus economy and emphasize that all economies are moral economies. Besides being a concept, they also see moral economy as an approach that takes into account 'the traditional objects of political economy (relations between capital, class and state) but [that] goes further by anthropologically scrutinizing the particular ways in which they are always embedded' (Palomera and Vetta 2016: 415). Further, they emphasize that 'capital accumulation is structurally inscribed in the everyday dynamics of social reproduction' (Palomera and Vetta 2016: 423), and their approach recognizes 'the ambiguous logics and values that guide and sustain livelihood practices' (Palomera and Vetta 2016: 415; see also Narotzky 2015).

Dimitra Kofti, in her study of large-scale glass factories in Bulgaria, scaled up the purview of her analysis both vertically and horizontally to explore the 'moral economy of flexible production' (Kofti 2016: 433). She considered various social groups, like workers, managers, clients and shareholders, and extended her study from the production line to worker households. She argued the need to take into account the 'intertwined moral frameworks of people's actions in different interconnected spaces', and probed into workers' ideas of fair and unfair, while looking at what triggered them to act and what led them to comply (Kofti 2016: 441). In taking the spheres of both the factory and the household into account, she concluded that an understanding of a flexible accumulation regime calls for attention to

be paid to the entanglement of multiple values. Here, she showed in different ways how family obligations and the reversal of power and status from the sphere of household muted action and led to compliance by the precarious section of workers at the factory (Kofti 2016).

In my attempt to study the connection between values and economy in the small-scale industry of Palghar, I draw inspiration from these later reformulations of the term that reject the dichotomous segregation of practices as morality versus economy or *embedded* versus *disembedded*. These reformulations acknowledge that the intertwining of multiple values furnishes social reproduction (Palomera and Vetta 2016) and urge us to pay attention to the interwoven moral frameworks within which individuals operate (Kofti 2016).

First Glimpse at the Field site of Palghar



Map 3. Palghar *taluka* and Palghar town.

The ethnography that forms the basis for this book has been collected through a year of fieldwork in Palghar *taluka* located in Palghar district in the Indian state of Maharashtra.[16] Palghar district was formed in 2014 by bifurcating Thane, the most populous district[17] in the country at the time, into Palghar and Thane (see Map 2) for administrative convenience.

[16] India is divided into twenty-eight states and seven union territories, which are further divided into districts. The state of Maharashtra where my field site is located is further divided into thirty-six districts. Each district is divided into *taluka* (similar to sub-districts). Each *taluka* is further divided into municipal councils/corporations (urban parts), *gram panchayats* (rural parts) and sometimes 'census towns' (see footnote 20).

[17] Available online, http://www.census2011.co.in/district.php (last accessed October 2019).

Palghar[18] *taluka* has a population of 550,166. I primarily conducted fieldwork among small businesses in and around Palghar *town*[19], an agglomeration that includes Palghar municipal council and its adjacent census towns[20], as well as *gram panchayats* (village assemblies) which economically and socially function as single units, and in many aspects administratively as well. The lion's share of Palghar's population is Hindu (see Table 1).[21]

Religion	Total		Male	Female
Hindu	498560	90.62%	261416	237144
Muslim	33279	6.05%	17638	15641
Christian	2730	0.50%	1406	1324
Sikh	783	0.14%	450	333
Buddhist	7190	1.31%	3633	3557
Jain	4422	0.80%	2282	2140
Other	212	0.04%	114	98
N/A	2990	0.54%	1575	1415

Table 1. Palghar *taluka*'s population by religion.

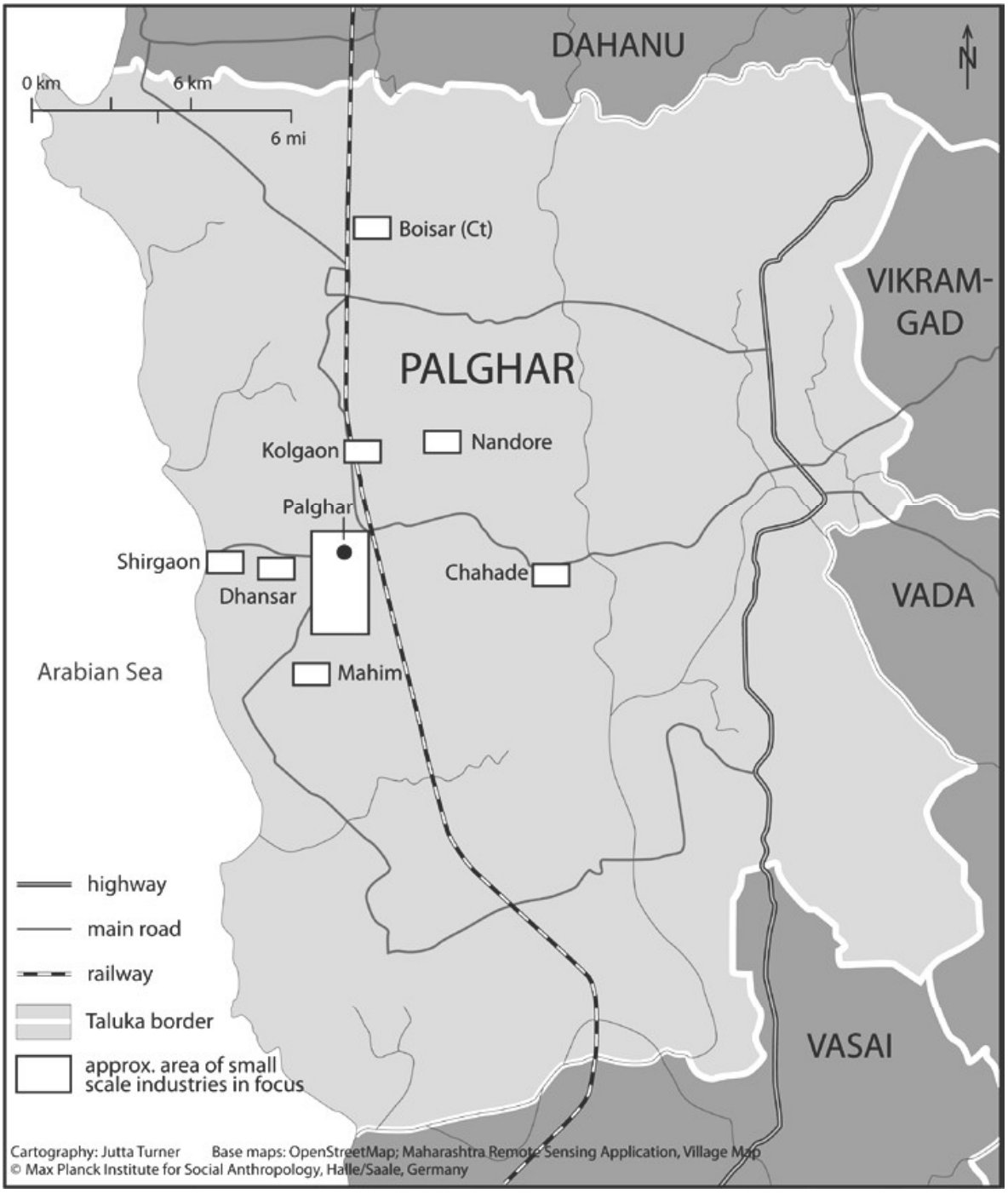
[18] Though the initial intention was to select a medium-size city of between 100,000 and 500,000 people, in line with the common framework of the REALEURASIA project, besides the fact that notions of what counts as 'medium' are very relative, the concept of a 'city' also became problematic when searching for one. Palghar district has eight *taluka*s, one of which is Palghar *taluka*. Palghar *taluka* is further divided into several municipal councils and *gram panchayat*s. One of these municipal councils is also called Palghar municipal council. When I use 'Palghar' in this book I refer to the area of Palghar town unless specified otherwise.

[19] Population data are available separately for the *taluka*, municipal corporation, municipal council and *gram-panchayat* levels, but not for the town. Adding up the official numbers for the localities I worked in makes a population of 129,491 (Map 4). According to the national census data from 2011 (the next census is scheduled for 2021), the administrative division of Palghar municipal council had 68,930 registered inhabitants. However, both my ethnographic data and my discussions with locals and government officials led me to the educated assumption that the real population of the town is likely to be over twice as large. Besides the fact that the town incorporates adjacent census towns and village councils, many inhabitants who hail from nearby villages are still registered at their respective *gram panchayat*s, since they still have their ancestral homes as their permanent address of residence. Similarly, industrial workers (see Chapter 6) who form quite a large proportion of the population are largely still registered back in their villages, making it impossible to get the actual numbers. For further details on the 2011 census, see https://www. censusindia2011.com/maharashtra/ thane/palghar-population.html (last accessed October 2019).

[20] According to the 2011 census a census town is an area which is too small to be classified as a town but nevertheless has certain urban features, such as a population greater than 5000, with more than three quarters of inhabitants engaged in non-agricultural economic activity and a population density of 400 per square kilometres. See https://censusindia.gov.in/2011-prov-results/paper2/data_files/kerala/13-concept-34.pdf (last accessed October 2019).

[21] Available online, https://www.censusindia.co.in/subdistrict/palghar-taluka-thane-maharashtra-4163 (last accessed October 2019).

Besides the local ethnic Maharashtrians, ethno-linguistic groups from other Indian states like Gujaratis (from the state of Gujarat), Marwaris (from Rajasthan) and people from Uttar Pradesh and Bihar also form part of the population of Palghar town, thus reflecting Mumbai's multi-ethnic landscape.



Map 4. Approx. areas of small-scale enterprises in focus.

Palghar's transformation from a rural agrarian economy into an urban space with a flourishing manufacturing sector is relatively recent. The beginnings of this gradual urbanization date back to 1893, when Palghar railway station was built as a consequence of the railway track that the British government laid between Mumbai and Baroda (Gujarat) to facilitate trade between the region and England. Some development is believed to have started before this, when affluent people and landlords from Mahim village were driven out by epidemics and fled to Palghar. Furthermore, in 1897, the local tribal community of Mahim set the *tehsil* office (sub-district administrative head-office) on fire due to a drought and the government's indifference to their situation. Following this incident, the *tehsil* office was moved to Palghar. If we fast-forward to the present day, we find Palghar receiving the status of a district after the division of Thane, new roads being paved, shopping malls and numerous residential projects being built, plans being made to relocate important government offices to Palghar and real-estate prices having quadrupled (in case of industrial land, they have reportedly increased twenty times). The town owes many of these developments to the industries that flourished here during the latter half of the twentieth century, largely due to the influx of small and medium-scale enterprises, many with their origins in Bombay. To put this in context, Table 2 shows the number of micro, small and medium-scale industries that are registered in Palghar at present.[22]

Enterprise Type	Number of registered entities
Micro	74791
Small	7575
Medium	353
Total	82719

Table 2. Current number of small-scale industries in Palghar *taluka*.

Bombay's economic networks had already been extended to its hinterlands with the introduction of the railways from 1857 onwards. Members of Hindu and Jain Baniya, Parsi and Muslim trading communities were attracted to the city, communities that were among the first to invest in textile mills[23] (Markovits 1995; Patel 1995). With time, Bombay's relationship with its hinterlands started being transformed from a 'Fordist city dominated by

[22] Source: District Wise Total MSME Registered Enterprises (retrieved from data.gov.in).
[23] See Chapter 2 for a detailed discussion.

large-scale manufacturing' towards a 'property-based (and finance led) regime of accumulation' (Whitehead 2008). The decentralization that accompanied the city's transformation towards a flexible regime of accumulation (Harvey 1990, 2005) led manufacturing to be relocated to small-scale units in the hinterlands, where there was a pool of inexpensive flexible labour (Whitehead 2008). This experience of deindustrialization and disinvestment[24] (Whitehead 2008) happened alongside severe 'decosmopolitanization' (Appadurai 2000) following the rise of the right-wing regional political party Shiv Sena[25], whose xenophobic and pro-native agenda further provincialized the global city (R. Varma 2004). With its transformation from a predominantly manufacturing-based economy to a primarily service economy, the city went through extensive gentrification. This occurred amidst the government's attempts to tackle the amorphous growth of industries through the introduction of regulations to decentralize industries from Bombay further.

Against this backdrop, Palghar, with its available land, commutable distance, cheap un-unionized labour and government subsidies, appeared to be a very attractive alternative.[26] Small firms started proliferating from the 1970s. However, only a few of the small-scale industries are owned by Palghar locals, a significant majority being owned by people living in Mumbai and Greater Mumbai. Palghar and Mumbai were economically connected long before these developments. Farmers from the region and Koli fishermen dominated the frequent traffic from these villages to Bombay in order to sell their produce in the plethora of markets throughout the metropolis. Today, many of them commute to Mumbai from Palghar to work in public, private and service-sector jobs. Students too frequently travel to the city to find better higher education. But it is this emergence of small-scale industries that has generated the growth in traffic in the other direction, from Mumbai to Palghar.

Many of the business owners who run the manufacturing units in Palghar live in Mumbai and commute for as much as five[27] hours a day, six

[24] See Whitehead (2008) for an analysis of this in terms of Mumbai's drastic changes in real-estate value.

[25] Shiv Sena, established in 1966, came to prominence in the years following 1980. Their 'ideology promotes regional chauvinism (in which Bombay belongs to Maharashtra, the state in which it is located, and thus Maharashtrians), and Hindutva or Hindu supremacy (in which Bombay is part of the sacred geography of the Hindu nation and Muslims are 'outsiders')' (R. Varma 2004: 66). Their rise has been correlated with the increasing competition for economic resources in Bombay amidst the influx of economic migrants from all over India. For a detailed account of the ascendance of Shiv Sena to power, see Lele (1995).

[26] These topics are addressed in Chapters 2 and 4.

[27] For reference, central Mumbai is 120 kilometres south of Palghar, which takes 2-2.5 hours by train to reach.

days a week. Despite the long daily commute, hardly any consider moving to Palghar. Many see Palghar as sort of a 'cultural hinterland' (Yanagisako and Rofel 2019), a stark contrast with their self-image of a *Mumbaikar*.[28] However, this has not deterred quite a few from investing in the newly built and comparatively affordable apartments in Palghar as an additional piece of property. Conversely, some of the business owners who grew up in Palghar relocated to Greater Mumbai when their businesses prospered, and they still commute to Palghar daily to run their businesses, which have remained there.

Methodology

The book draws primarily on data collected through ethnographic fieldwork carried out in Palghar between September 2015 and September 2016. However, I invested the first one and a half months in a Marathi course[29] at Navi Mumbai to familiarize myself with the official language of the state of Maharashtra. Though most of my informants, who had different ethno-linguistic backgrounds, communicated with me in the *lingua franca* of Hindi[30] or sometimes with a mixture of English or Marathi, this course did come handy on different occasions during my participant observation in the factory. I utilized this time to establish initial contacts in local academia for which I visited the Tata Institute of Social Sciences and the University of Mumbai and acquainted myself with some literature specific to the Konkan region held in the University of Mumbai library. During this time, I also paid multiple weekly visits to Palghar to establish contacts through different sources[31] and to find accommodation.

The first half of my fieldwork was spent gaining access to and cataloguing a network of businesses from whom I gathered information on diverse issues, mainly through surveys, semi-structured interviews and narrative interviews. As part of the larger REALEURASIA research project, a quantitative questionnaire was administered to 44 business owners, with 36 of whom I conducted further interviews. The aim of the questionnaire was to

[28] A modern interpretation of a popular youth slang to refer to residents of Mumbai, in its usage here it carries connotations of progress and sophistication.

[29] The scarcity of Marathi language-learning options in nearby cities in Germany did not allow me to pursue a language course pre-fieldwork. However, I did equip myself with a baseline using online resources during that time.

[30] Most of my business owner informants had near-native proficiency in Hindi, as do I. With rare exceptions, most workers also spoke fluent Hindi.

[31] After finding out that no official register for all local businesses existed, I approached two local business associations, PTIC and PTMA, and prepared a catalogue of local (member) businesses which proved useful as a starting point when I was setting up the initial round of interviews.

acquire an understanding of values and moralities in relation to the owners' economic activities as well as other domains of life, and it was developed by the 'Realizing Eurasia' research group. Inspired by the world value survey and the European value survey[32], the questionnaire was adapted to the research objectives of the larger project and further tuned by myself to fit the specific context of the country while keeping its comparative objectives in mind. I included different sectors of small-scale enterprises in my sample, but due to my special interest in the manufacturing sector for its crucial role in transforming the socio-economic landscape in Palghar, twenty-six of the questionnaires were administered to respondents active in the small-scale manufacturing[33] sector. Based on the available contacts, a list of members obtained from local business associations and the willingness of businesses to participate in the survey, participants were chosen for the research. However, the quantitative survey was conducted to complement my qualitative findings and is by no means representative of the small business landscape in general. The research still relies largely on qualitative data and thus on occasions when quantitative data is featured. The latter has been contextualized and understood in relation to the qualitative data.

The semi-structured follow-up interviews I conducted with the owners of 36 firms were spread across different localities and estates in Palghar. Here, when possible, I included business owners, blue-collar and white-collar employees and in some cases the family members of both owners and workers. Later during the fieldwork I narrowed my focus down to eight firms which offered both interest and access, and I visited their premises at regular intervals. In one of these firms, I conducted long-term in-depth participant observation by taking up a voluntary role in the factory, which not only provided me with an avenue for conducting interviews with the employees and learning about work-place relations, it also allowed me to acquire an insight into their daily lives both in the work place and outside it. In addition, I also interviewed Hindu priests at the local temples, an astrologer, a few government officials, two local journalists and a chartered accountant. These additional interviews added to my knowledge of Palghar's socio-cultural, religious and economic landscape.

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[32] For further details on both the surveys, please consult the following links - World Value Survey: http://www.worldvaluessurvey.org/wvs.jsp and European Value Study: https://europeanvaluesstudy.eu (last accessed June 2020).

[33] As defined in the Micro, Small & Medium Enterprises Development (MSMED) Act of 2006, manufacturing enterprises in India are those engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and Regulation Act 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. Available online, http://dcmsme.gov.in/faq/faq.htm (last accessed June 2020).

My interviewing method mostly used semi-structured interviews, complemented by narrative interviewing where I tried to depart from a question-response structure, because as critics (Bauer 1996; Jovchelovitch and Bauer 2000) have pointed out, this invisibly puts the researcher in a position from which he or she regulates the discussion. Narrative interviewing not only allowed me to acquire more original accounts of events, I could also get my informants to recall and engage with their opinions and their feelings when such events had occurred. On a few occasions I had to adapt to what the situation demanded. Once I was conducting an interview with the vice president of one of the larger industries in order to compare and contrast the small-scale industries with the larger picture. When I asked him how his firm navigated systematic corruption, he invited the person who deals with government officials into the room. When we moved on to discuss recruitment patterns and practices, the recruitment manager was brought in as well. In the end I had to interview six people altogether, chairing what had turned out to be more of a debate than a discussion. Though I had to pay extra attention to keep the conversation on topic, such sessions provided me with valuable insights into different perspectives on the same topic and the ways those perspectives were justified.

Conducting participant observation in small-scale industries came with its own set of challenges. The major obstacle was to reach the daily lives of all the different groups who were involved in these businesses. The typical path of entry to a new business was being introduced to or directly contacting the owners. This would be followed up with multiple interviews with the owner(s), and in some cases an invitation to join them and other working family members for lunch was extended to me. This gave me some scope for participant observation, but it was limited due to the spatial separation of groups in these workplaces, where workers would occupy the shop floor, outside the air-conditioned offices where the owners would meet me. A request to interview the workers was in many cases skillfully circumvented and at times declined, likely triggered by the pervasive non-compliance with labour regulations in this sector. While a handful of businesses to which I kept returning at regular intervals allowed me access and gave me scope for participant observation to some extent, it was only when I took up a voluntary role in one manufacturing firm that I was able to reach all three different groups: owners, administrators and labour.

It was partly serendipity and partly my own strategic planning that landed me the role of updating and cataloguing this firm's 'design plate' database over a period of a few months. The cross-functional nature of these tasks created an opportunity to work alongside employees from all strata. I

started working with two managers who gave me an introduction to the existing filing and information-management systems. For another part of the job, where I had to check the physical 'design plates', I found myself working alongside a blue-collar male and a contractual female worker who assisted me in finding the plates and bringing them out of storage. Although I am grateful to these co-workers, I did not treat them as 'key informants' (Mascarenhas-Keyes 1987) because I preferred to reach the wider section. I also filled roles that were coincidentally vacant on some days. This was an ideal gateway for me to get to know the different groups of workers, while for the workers it was a chance to become acquainted with the new 'madam' they had so far just been seeing interacting with their boss. As I found out, the two parties were similarly curious about each other! Since my job required I work only half the working day, I could spend the rest my time getting to know other employees in the company. On occasion I was able to chat with women workers engaged in quality control as part of their work group, or conversing with the managers when they had free time. In the process, I built sustainable relationships with the staff, which helped me gain some access to their lives outside the work place. Some of the staff who lived in Palghar invited me to their homes, which allowed me to gain insights into their socio-economic conditions, gender relations, beliefs, practices and day-to-day activities. I was also invited by the women for meals in their homes or for various rituals, and I celebrated religious festivals with them.

Reflexivity: Being the Researcher in 'the space between'

> The pot carries its maker's thoughts, feelings, and spirit. To overlook this fact is to miss a crucial truth, whether in clay, story, or science.
>
> Krieger (1991: 89)

At the core of qualitative research lies the researcher, who chooses, assimilates and construes information. The outcome of such research is thus never truly independent of the relationship between the researcher and the respondents. Reflecting upon the subjective and inter-subjective factors that impact on the research here is crucial. Through an 'explicit, self-aware meta-analysis' of the research process or reflexivity, one can turn this subjectivity from a hindrance into an advantage (Finlay 2002: 531). To that end, in this methodological excursus I will reflect on some of the aspects that have shaped the process of this research.

The relative advantages of being a native conducting ethnographic enquiry have not gone without criticism. Different layers of my own identity shone through in different situations during the fieldwork, rendering me

unable to fit into the polarization between 'insider' and 'outsider' researcher (Bonner and Tolhurst 2002), but situating me betwixt and between, which simultaneously empowered me as well as placing limitations on the research. My relationship to the country in general, my fluency in Hindi and my awareness of social norms, cultural codes of conduct and other nuances bestowed on me an 'insider' position and allowed me to engage with my informants sensitively and tackle tricky situations smoothly. Speaking fluent Hindi enabled me to collect first-hand information by conducting interviews independently of any interpreters and by engaging in spontaneous conversations. But I could feel that different constituents of my belonging – my gender, my residence in Germany, my ethnicity and even my marital status – were being weighed and reacted to by different groups of informants in different ways. My university education and my 'foreign' and 'middle-class' backgrounds made me an outsider among the ordinary workers, whereas my ethnicity and lack of previous exposure to the world of business (and business communities) in which most of the owners had grown up led them too to see me as an 'outsider'. Being somewhere between a complete insider and a complete outsider, one is apt to consider oneself as situated in what has been called 'the space between' (Dwyer and Buckle 2009; Kerstetter 2012).

The same traits that validated my insider identity also restricted the extent to which I could objectively exert my role as a 'researcher'. The shared code of conduct that came with the insider ascription deterred me from asking certain questions I knew were inappropriate to ask and that might jeopardize the relationship. At the same time, my gender influenced my research in certain ways due to expectations regarding adherence to codes of 'honour' and 'respect' that women in India are often prescribed. I was not able to approach the sons of some business owners for separate interviews, and I could only interview them alongside their fathers. These expectations were ubiquitous. My next-door neighbour, whom I met after moving into my rented flat, had become my de facto host family in Palghar. I was invited to join her and her family for dinners multiple times a week, and every time she cooked something special. I spent my free time helping her daughter with her studies and also accompanied them to their native village located nearby for traditional festivals. We became good friends, and this close relationship allowed me to participate in local lives outside the world of business and gave me useful insights into how people in general had experienced Palghar's transformation over the years. But at the same time, they constantly reminded me about proper gender conduct, including coming back home from the industrial estates before it was dark and thus no longer safe for women, and not going out late at night without company.

Additionally, quite early in my research, I realized how much was actually left unsaid during the interviews when the researcher is identified more as an insider, an observation I share with Kanuha (2000). When my informants started finding me more approachable and viewing me less as an intruder, their response would contain phrases such as, 'As you already know ...'. My challenge as a researcher was to prevent myself from taking those assumptions for granted, and thus I continuously tried to obtain more clarifications regarding them. This observation also helped me reflect on my betwixt and between position when analyzing my ethnographic material and presenting the findings in this book, and I tried to remain mindful about spelling out what might seem to me to be 'already known' facts.

Outline of the Book

After presenting the main focus of the research, its methodology and theoretical inspirations in this introductory chapter, Chapters two and three set the background for the following ethnographic chapters. Chapter two describes the political economic background of the country in order to situate the empirical chapters in the larger context. It starts with a brief account of the state and economy in pre-colonial India, followed by a discussion of the economic landscape of the colonial period, and moves to discuss the changing regulations and policies post-independence and the trajectory towards a more neoliberal economy. The last part of this chapter zooms in on Palghar to provide background to the industrial development that took place here and the policies that aided it. Chapter three delves into the moral background of the country and explores both the religious and secular values that permeate everyday lives in the country. It recapitulates discussions on the relationship between Hinduism and capitalism by revisiting Max Weber's work on India and scholarly responses to it, and further acquaints the reader with concepts like the religion-induced socio-economic institution of caste and its changing forms.

The next three chapters form the main ethnographic flesh of the book and look into the emergence (Chapter four), functioning (Chapter six) and (dis)continuity (Chapter five) of small-scale enterprises. Chapter four explores how small-scale industrial capital came to be invested in Palghar and what enabled industrialists to amass their initial capital. Drawing on different business biographies and uncovering the family, kinship and community ties that stand out as necessary prerequisites, I argue that certain groups with specific backgrounds benefited more from these policies than others. In the second part of this chapter, which contains three case studies of aberrant first-generation industrialists outside the regular business communities, I describe alternative strategies, such as partnership, credit and

subcontracting arrangements, which enabled these newcomers to start their businesses in the absence of capital drawn either from previous ventures or from family and community. Overall, I argue that, while state intervention and subsidies have figured prominently in scholarship and discourses surrounding small-scale industrial capital in provincial India, in practice they benefited different groups unequally. Their role should therefore be understood in relation to an array of interwoven arrangements and supports, some explicit and some veiled.

Chapter five delves into the dynamics of (dis)continuity in small-scale enterprises and their processes of class-making. I draw attention to the changing expectations surrounding succession, where many current business owners display no such explicit expectation of their children taking over the business. However, rather than seeing these discontinuities as breaks in the social mobility of the family and the firm, I argue that they need to be understood in relation to the business owners' wider idea of social mobility, which evolves as their structural position changes. I show that when children pursue a divergent yet prestigious career path outside the family business, contrary to seeing it as a threat to the continuity of the firm, very often business owners take pride in their 'self-made' children and their achievements. In the last part of the chapter I criticize discourses which claim that the sphere of kinship and the sphere of business contain opposing interests and show that, within these businesses, the values of the two spheres are hardly separable in the actors' perspectives, let alone being in such tension that the actors have to continuously strive to reconcile. I capture this overlap through a case study of a stagnant firm and show that when material interests do not provide enough incentives to continue the enterprise, how values work as force of capitalist continuity.

Chapter six examines the functioning of these small-scale industries by shifting the focus to the employees and their lives within and beyond the factory walls. The chapter begins with a discussion of the precarious working conditions that ubiquitously mark the daily functioning of these factories. However, I show that these objective conditions of precarity – non-existent formal contracts, paid holidays or social benefits – do not necessarily translate into a sense of insecurity for these workers. Thus a comprehensive understanding of precarity must look beyond just its objective conditions to take into account its subjective experience as well. I argue that this subjective experience, i.e. the ways in which these workers experience these precarious workplaces, is shaped by their larger values, aspirations, kinship commitments and ideas of a better life, rather than the actual working conditions in the factory. By focusing on different groups of

employees, I show further how class background, gender norms and expectations contribute to these experiences.

The conclusion (Chapter 7) summarizes my major findings from the previous chapters and addresses the limitations of this research. In the final section I discuss the wider relevance of this body of work in the field of economic anthropology and suggest possibilities for further research and informed policy design.

Chapter 2
A Political Economic Overview of India

The preceding chapter has introduced some crucial political and economic developments in recent times, including both the changes to and the continuity in economic policies and the experience of labour, as well as the spawning of a political culture in which religious traditions and a neoliberal outlook have been fused by the current government. This chapter aims to supplement that discussion, while providing a background to the later ethnographic chapters.

The chapter is organized into two sections. The first section follows tripartite structure and provides a historical account of the developments in the political economy that led up to the period of economic liberalization in 1991. It starts with a brief account of the pre-colonial period with a focus on pre-modern state-building and the economy of Mughal India. The next part moves on to discuss the political economy of British India and the impact of colonial policies on it. The final part of this section takes a deeper look at the political economy of independent India, from independence in 1947 up to liberalization in the 1990s. A brief review of scholarly critics of economic reforms rounds up this section.

The second section of this chapter focuses on economic developments affecting small-scale industries in India. Focusing on the state of Maharashtra, I delineate the strategies that the government adopted in its attempts to consolidate this sector. I further discuss how these policies were implemented on the ground and show in what ways they altered the economic landscape of provincial towns like Palghar.

The Indian Economy in the pre-British Era

India's traditional economy was characterized largely by small-scale subsistence-oriented production by farmer and craftsmen households. Given the generous availability of land and labour, the means of production depended less on capital and its accumulation, and thus lacked any systemic effort to consolidate one's wealth. Land-ownership did not suffer from

commodification and was either hereditary or 'belonged to him who first cleared it', in line with ancient law. Landlords, who were not necessarily landowners, were responsible for levying taxes from farmers and passing them on to the royal treasury while keeping a portion for themselves. Some powerful rulers, however, preferred to eliminate the intermediaries altogether. Monarchs in medieval India levied taxes only in the vicinity of their capital and along the trade routes and ports, leaving the outer rims of their empires to enjoy a fair amount of local autonomy and provide tribute instead. Their rule was legitimized ritually and systematically through their patronage of temples and Brahmins, who in turn were often granted land exempt from taxation (Rothermund 2003: 1).

With the advent of Islamic armies dominated by cavalry, who consolidated a growing empire under their rule, the traditional organization and functioning of the typical medieval Indian kingdom was challenged. Local Rajas (kings) had to embrace the new style of fast-paced warfare and the military restructuring that came along with it. New urban centres sprang up in rural areas, serving simultaneously as regional garrisons, treasuries and markets. With the influx of precious metals ushered in by inter-continental trade, the use of money as a medium of exchange gained momentum. This in turn enabled these centres to collect taxes from local subjects in the form of money, as opposed to produce earlier. However, with the growth of such centres into larger and more powerful decentralized nodes, their economic self-sufficiency, their garrisons full of cavalry and the ambitions of more than a few regional military commanders, who administered these centres, made it increasingly difficult to maintain centralized control. Establishing a 'central dynasty' called for a greater potent force, which was provided by the Mughal emperors' centrally controlled field artillery (Rothermund 2003: 2–4).

The Mughal Empire in India lasted from 1526 to 1837. With its centralized control, the Empire was not only a significant example of pre-modern state-building, it also brought about important economic developments that were new to the subcontinent. Mughal reign did unify most of the country under the same political banner, but markets largely remained regional and fragmented; a single market economy did not exist. An exception to this was the trade in light luxury items, which were traded not only between regions but also internationally (Richards 1993; Rothermund 2003). Mughal-era India witnessed multiple measures to unify the country's economy, such as the introduction of a standardized currency and the construction of a large-scale road network linking major urban centres (Schmidt 1995). Furthermore, the evidence suggests that the integration of currency into the market economy was pursued with ambition

and diligence, with sophisticated accounting practices such as double ledgers used by traders and banks (Bayly 1985: 586). These developments mostly contributed by facilitating trade within the Empire. Moreover, it was the burgeoning commercial and cultural exchanges with nations beyond the subcontinent that drove much of the expansion and consolidation of the Mughal Empire in India.

These exchanges grew in scale and importance with the establishment of maritime trade routes from the subcontinent and abroad, following which the presence of foreign traders rose steeply in line with the demand for Indian goods in such markets. A manufacturing sector that catered to both the domestic and international markets flourished at the time. Cotton textiles were by far the most significant constituent of the export trade that Mughal India conducted with Europe in the seventeenth century. This included the production of yarn, piece goods, calicos and muslins in various colours. Other items native to the subcontinent, such as spices, indigo and silk, also featured prominently in exports to Europe. In contrast, with little to offer in terms of imports besides unprocessed metals and wool, the majority of European compensation for the growing demand for Indian goods was in the form of precious metals (Schmidt 1995: 102). A direct consequence of the rise of this demand took the form of a push for increased volumes of indigenous production for export, and the unprecedented influx of silver that Iberian traders injected into the nation's economy to satiate this demand not only strengthened the local currency but also fortified royal reserves and, by extension, the political authority of the Mughal Empire (Richards 1981: 308).

Agriculture played an important role in the economy, a broad range of food crops like wheat, barley and rice, and cash crops like cotton, indigo and opium, being grown in Mughal India for both internal consumption and export. Maize and tobacco, two crops originating in the western hemisphere, were also cultivated from the middle of the seventeenth century (Schmidt 1995: 100). In response to the importance of this sector, agricultural reforms were paramount in bolstering economic growth, and owing to its centralized control, the effective deployment of such reforms was prioritized by the Mughal administration. The construction of a modern irrigation system was funded to increase agricultural yields and thus contribute to the government's net revenues. In some aspects of agriculture, peasants in Mughal India displayed techniques and innovations that were arguably novel to the rest of the world, for example, seed-drilling and dibbling, which their European counterparts are known to have adopted only much later (Habib 1982: 214). Other technologically advanced features, like artificial irrigation using wells and tanks to complement rain and flooding, also emerged during

this time (Habib 1982: 215). Moreover, the cultivation of a wide range of crops set Indian cultivators apart from most other regions of the time, the latter being acquainted with a rather limited number of crops. Revenue records from 1796 show evidence of peasants growing two to five crops a year in a Rajasthani village (Habib 1982: 217). But historians have also argued that in practice the adoption of new means of agricultural production were not uniform across the Empire. Peasants under the stewardship of urban centres far removed from the seat of Mughal power in Delhi had to cope with regional political power struggles in addition to climatic uncertainties and entrenched local agrarian class hegemonies. This meant that in the long term some of these reforms and initiatives lost their effectiveness, especially in the late 17th century, when central influence declined (Bayly 1985: 588).

Above and beyond the predominantly agricultural nature of the bulk of Mughal India's exports, the importance of agriculture to the sultanate was the influx of tax revenues. In the 1500s the Mughal emperor Akbar introduced a new land-revenue system, the *Zabt*, a monetary tax system that replaced the old tribute system of crops to the royal granary, which led to farmers meeting their tax obligations by cultivating specific cash crops of high value. Newly introduced tax incentives simultaneously encouraged growing crops on more land by clearing forests, further increasing the yield and, consequently, the revenue (Schmidt 1995; Richards 2003: 27–28). The size of the land revenue that Mughal rulers levied on peasants has attracted scholarly debate, with some historians comparing it to rent (Moosvi 2008: 4). To fund infrastructural building projects and the Empire's expansion and consolidation, the lion's share of resources was arguably collected from the sultanate's subjects in this form. In practice, the land tax was calculated as a fixed proportion of the yield, but the proportion itself varied based on regions as well as time periods, from about a third of the produce to even a half in extreme cases (Raychaudhuri 2008: 173).

In the late 17th and early 18th centuries, the flourishing economy of the Mughal Empire faced a downturn as a consequence of its own fragmentation, domestic uprisings and foreign incursions. In the face of waning Mughal influence, regional powers rose in eminence and revolted against the central command from Delhi, the seat of Mughal power. Most notably in western India, the Marathas successfully thwarted Mughal attempts to subdue them and established an independent Maratha kingdom. Following suit, the Nawabs of the economically prosperous kingdoms of Bengal and Mysore cut their Mughal ties and declared their independence. The decline of the chief authority's power was reflected in the subsequent decline of major cities such as Delhi, as traders and craftsmen headed out in

search of more politically stable locations for business and trade. The rise of multiple kingdoms simultaneously brought with it diverse customs regulations, as opposed to the unified laws of the Mughals. This in turn affected trade across different regions and weakened important manufacturing and shipping hubs (Schmidt 1995: 102).

However, the weakening that the Indian economy experienced during this time differed in intensity from region to region. While in the northwest different powers like the Afghans, Sikhs, Mughals and Marathas fought each other and seriously undermined economic growth through their various wars, the economy in regions such as Bengal sustained its tempo amidst political instability, thanks to its textile and sugar production. Regions in western India that were active in the coastal trade also survived without much effect (Schmidt 1995: 102). The growing influence of these new kingdoms attract the particular attention of Britain's East India Company during the latter half of the eighteenth century, which engendered several wars between these kingdoms and the Company. The most famous war, culminating in the Battle of Plassey, led to the annexation of Bengal and is regarded by many as the last war before British rule was enforced.

Economy of British India

After its victory at the Battle of Plassey in 1757, the East India Company grabbed the reins of local political power in Bengal (T. Roy 2000). The Company's metamorphosis from a trading venture into an entity that actively annexed and ruled the country was motivated to a large extent by its trading interests. In the face of dwindling Mughal influence, the Company was quick to capitalize on local political unrest. It used its modern military technology to turn the tide in many regional power struggles and acquired the rights to collect land revenue in the areas it brought under its influence. The proceeds collected as land revenue could also be used to pay for exports of cotton textiles from India, reducing the need to spend British-owned precious metals for trade, which had been the main payment medium earlier. A century later the Company, then reeling from losses sustained during a successfully crushed *sepoy*[34] mutiny and having lost its trade monopoly, was abolished. Instead, the British Crown directly took over the administration of its colony through a Viceroy, a situation that continued until India's independence in 1947 (T. Roy 2002: 111).

[34] Indian soldiers serving under the East India Company.

Deindustrialization

The advent of British colonization is frequently associated with a decline in India's traditional industries from the late 18th century till the second half of the 19th, alongside the Industrial Revolution that Britain was undergoing. This line of thought is commonly known as the 'deindustrialization' thesis. Deindustrialization arguably took the form of a decrease in the output of traditional crafts and in cottage industries, especially in the domestic textile sector, such as hand-spinning, weaving and handicrafts, together with a simultaneous increase in agrarian economic activity. Some therefore characterize the developments of this era as a process of *peasantization* (Streefkerk 1985: 28). Three major factors feature prominently in discussions that try to identify precursors to these developments (Clingingsmith and Williamson 2005).

First, the decline of the central Mughal Empire and the rise of smaller regional kingdoms had a mixed effect on the economy. The independence of most of these kingdoms was short-lived because of the encroachment of the British on the political scene. Despite the growth of capital cities during this period, the economic scenario faced by the general population in rural areas had implications for the daily wages of labour. Against the backdrop of numerous regional wars against the British, food shortages and a rise in taxation directly affected civilian living, prompting the daily wages of artisans to increase as well. This had a detrimental effect on the price of domestic crafts, such as textiles, which from the beginning of the 1800s started facing increased competition from the second factor, the growth of mechanized textile manufacture in Britain and of subsequent imports of these cheaper alternatives into the domestic Indian market. By this time, the British had established a foothold in India and controlled the major ports, thereby enjoying a position from which to capitalize on the rising costs of the domestic textile industry. Cheaper imports from Lancashire cotton-towns especially flooded the market, and with the general rise in living costs, this prompted a decline in the indigenous industry, which was further exacerbated by colonial economic policy, which deliberately removed import tariffs (Clingingsmith and Williamson 2005). With this decline, more artisans lost their means of livelihood, and even with increased *peasantization* they were the first to be affected by subsequent famines during the course of the next century (Streefkerk 1985). The loss of competitiveness of the domestic textile output was reflected in the third factor – the change in the types of goods that India exported. While previous centuries were ones when cotton textiles and crafts characteristically had the lion's share of exports, with British interests firmly in place there was a marked shift in this period, with raw cotton, cash crops such as opium, tea

and jute, and exotic goods such as muslin, sugar and precious metals being pushed to the forefront (Clingingsmith and Williamson 2005). With craft consumption dwindling in both domestic and foreign markets and the simultaneous rise in raw agricultural exports, deindustrialization was an effect of survival strategies to which previous industrial workers had to adapt (Clingingsmith and Williamson 2005).

Trade and Infrastructural Developments

While on the one hand colonial rule is frequently held accountable for India's declining economy during this period, on the other hand this part of India's history is also associated with some important institutional and infrastructural developments. Arguably, India's economy became more open in this period; the rate of investment in the nation's transport and communication infrastructure increased compared to the preceding era (T. Roy 2002: 110–111). Consequently, this period witnessed the emergence of railways, the telegraph and modern (British) legal systems, albeit with British interests in mind. The infrastructure was primarily designed to extract resources efficiently, thus accelerating the country's transformation into a typical colonial economy where raw materials were exported and finished goods imported.

The design of the earliest railway network clearly reflected these British interests. The new lines only connected the big port cities with remote areas, thus facilitating the transport of raw materials towards centres of inter-continental trade. Internal networks with the potential to allow the movement of people between different regions of the country remained largely absent. The East India Company (funded by British capital at the time) invested heavily in the railway project, thus accelerating construction of the network. With standard interest rates in the range of 3% during this period, the handsome 5% guaranteed rate of return that the railways project promised was what attracted such intensive investment from the British. Critically, though, the 'guarantee' was borne by the taxes of the locals, who were ironically in no position to express an opinion about this (Rothermund and Kulke 2004: 259–263). The 25,000 miles to which the Indian railway network had spread by 1900 was far from able to recover enough revenue through its goods and passenger services. This led Indian nationals to condemn the waste of resources, which could have been used for projects like irrigation networks in the face of insufficient agricultural output to support the growing population, whereby famines and malnutrition had become an everyday reality for a population that also had been largely deprived of education. It was not until another decade that the railways saw some profit, eventually becoming one of the biggest employers in the

country, even though expatriates and Anglo-Indians monopolized the better paying jobs, which led some to refer to these groups as 'railway castes' (Rothermund and Kulke 2004: 253–263).

Business Communities and Native Modern Industrialization

With the colonial economic model firmly in place, whereby the British concentrated on the export of raw materials from India to trade with imports manufactured in Britain, the stage was set for the rise of industrial capitalism in India as a side effect. Owing to the nature of the transcontinental trade, port cities like Bombay, Surat and Calcutta were the first to witness the rise of modern Indian industrialists in the 1850s. Parsis[35] and Gujaratis established the first modern mechanized textile mills in the Surat-Bombay area, while Marwaris gained a stronghold in the trade sector, operating out of Calcutta (Streefkerk 1985: 30–31).

The first native industrialists hailed primarily from the traditional trading families (Lamb 1955) and worked as merchants and brokers with the British to facilitate local operations on the ground. They rose to prominence through 'managing agency' firms, another device of the colonial state, which were used in conducting multiple (British) trading ventures simultaneously. Their prominence, which was established at the time, has since propelled these merchant communities to a position of perpetuating dominance[36] in the business sector in modern India.

At this juncture, it is important to digress briefly and clarify the difference between trading castes and merchant/trading communities, as well as my use of these terms. By trading castes, I collectively mean the Vaishya[37] caste and its sub-castes, whose members have historically been active in trade. The Baniyas or Vaniyas are a dominant trading sub-caste in my field site, as well as in western India, while the Chettiars are a dominant trading sub-caste in South India. Many individuals who were born into such trading castes continued their pre-existing, traditional and family businesses or showed a propensity to start their own ventures (Lamb 1955). However, there were other groups with non-trading caste backgrounds who also engaged in trade for centuries before the British arrived. Examples include the Lohars (non-Vaishya Hindus) and Parsis (Zoroastrians, completely outside the caste hierarchy). Such (ethno-linguistic) communities, which have been found running businesses, historically and currently, in

[35] Indian Zoroastrians are locally known as Parsis (also spelt Parsees). As a group they migrated to Gujarat from Persia over a thousand years ago.
[36] See chapter 4 for an analysis of this dominance in the current age.
[37] The caste hierarchy is elaborated in chapter 3.

proportionally larger numbers, are known as trading communities, also referred to as traditional business communities[38] or merchant communities. In this book I use the term (traditional) business communities to refer to them. While a traditional business community can have a significant proportion of its members hailing from trading castes and sub-castes, it can also include members of the non-trading castes. Lamb (1955) noted that they tend to retain their ethno-regional business community identity despite their current statuses. The Gujarati traditional business community, for instance, under which many trading castes from Gujarat, Kutch and Kathiawar fall, still identify themselves as Gujarati traders even after migrating to a different region or altering their vocations (Lamb 1955).

Among the merchant communities that were represented in the business landscape of Bombay in the mid-nineteenth century, it was first the Parsis and then the Gujaratis who started textile-manufacturing factories. Both communities had previously been active in the region as shipbuilders, traders and facilitators. The Parsis in particular shared an older connection with the British from their time in Surat and had cultivated a reputation for being diligent workers and trusted merchants. They were also among the first to learn the English language and adopt British customs, understanding its usefulness to uplifting their communities socio-economically (Oonk 2004: 9–10; see also Oonk 2014). Consequently, British businesses granted them a significant bias in their favour when it came to choosing intermediaries between the British and local Hindu populations.

By the mid-nineteenth century, Parsis had already established themselves in foreign trade, both as brokers and as owners of subsidiaries of British firms. The first cotton mill in Bombay was established in 1854 by C. N. Danvar, a Parsi banker cum trader who was well acquainted with many colonial officers. It did not take long for other influential Parsi and Gujarati investors to follow suit and start their own manufacturing units in Bombay and Ahmedabad (in Gujarat). Such businesses witnessed a further surge in demand against the backdrop of the American Civil War, which affected American cotton exports to Europe and allowed family-owned businesses in India to make a fortune through speculative trade. These profits further allowed them to expand their cotton textile mills and acquire even more influence, thus extending their dominance of the textile industry in the country for many years (Lamb 1955; Oonk 2004).

Though the transition from trade to industry was pioneered by both of these communities, in the next century business communities from other religions, regions and sub-regional trading castes followed in their footsteps,

[38] Among the merchant communities that are active in western India today, Gujaratis (including Kutchi and Indian Sindhi), Parsis and Marwaris are most conspicuous in numbers.

the Marwaris being an example. Traditionally engaged in trade, money-lending and in some cases as army provision suppliers and bankers for different Rajput princely regimes, the Marwaris, with their unique traditional tokens of remitting money, the *hundi* (which later turned into a credit instrument), had expanded their trading network to most parts of India by this time. Using this network, they migrated to almost every part of the country and set themselves up in the business landscape, often starting in small trading and retail shops (Damodaran 2008). Some affluent Marwari traders already existed in mid-nineteenth-century Bombay and Calcutta, serving as brokers and money-lenders, mediating between the cities and rural areas in order to procure raw materials needed by British interests. Owing to their intermediate position and close contact with the British, they amassed huge fortunes in the trade in grains, indigo, opium and then cotton (Markovits 2008: 203; Nakatani 2010). Additionally, in the wake of amendments in colonial-era land-settlement policies, Marwari merchants took up the role of financiers for cash crops, a staple of British interests. In return, they benefited immensely from partaking in trade and banking. Some of these profits from trade were later channelled further into industries, and as a group, the Marwaris rose to prominence in the industrial landscape in the 1920s, when they also entered manufacturing. Owing to protective tax rates during the period between the world wars, businessmen could venture into other sectors where only large-scale industry had flourished previously, with goods such as sugar, cement and paper being attractive choices. Consequently, instead of confining themselves to just the textile industry like the Parsis and Gujaratis, Marwaris engaged in a wide spectrum of industries, including some non-traditional ones. In addition, as most Marwaris ventured into industries later than the Parsis and Gujaratis, they could also purchase pre-existing enterprises (Lamb 1955: 107).

Due to the concerted efforts of all these traditional business communities, the native industrial landscape grew in size during the 20th century. With the advent of steam-powered spinning machines, the domestic textile sector too slowly started regaining its foothold, and with the introduction of import tariffs in 1918 against other foreign competitors, such as Japan, there was consistent growth in employment in the industrial sector (Bagchi 1976; Streefkerk 1985). As a result, industrial development slowly regained traction, dissipating the symptoms of deindustrialization. Nevertheless, colonial influence aimed at curtailing and containing this growth were ever present because the financial institutions that were capable of funding large-scale expansion were all British-owned and would only fund ventures that would source raw materials from England and that did not

compete with British imports (Streefkerk 1985: 33). The situation took a different turn in 1947, when India gained independence.

The Economy of Independent India

The Economy of Self-Reliance: 1947-1975

In describing the economic history of independent India, it will be useful to adopt a tripartite approach to highlight the crucial developments of the era. The first period stretches from 1947, the year of independence, to the state of emergency of 1975. India's mixed economy was created to recover and revive Indian industry, which had experienced prolonged restrictions owing to the economic policies pursued by India's colonial masters. The low annual growth (3.5%) this period experienced has frequently been referred to as the 'Hindu rate of growth', a term coined by the Indian economist Raj Krishna and picked up by several others[39] writing on the subject. The coinage was directed at emphasizing the low rate of economic growth in a country dominated by a Hindu population, a sharp contrast with the growth rates in other Asian countries (the 'East Asian Tigers') at the time.

This period is primarily marked by Jawaharlal Nehru's idea of a planned economy, where the focus lay on three key elements: establishing an infrastructure for domestic industry, creating higher education facilities to produce a scientific and technical workforce, and introducing land reforms to redistribute land to sharecroppers and landless agricultural labourers. Although often characterized as 'socialist', Nehru's version of Fabian socialism was not hostile to capitalism and was instead intended to nurture it while simultaneously taking welfare and social justice into account (Nanda, 2011: 24) – 'India was to be an exemplar, demonstrating the possibility that planning need not presuppose the abolition of property, but could, in fact, be harnessed to the engine of capital accumulation' (Chibber 2003: 3).

Referring to the infant-industry argument, the import substitution model of industrialization was put in place during this period. The belief was that domestic industries could eventually flourish and become competitive later if the state extended financial assistance to them and protected them from foreign players in the nascent stage (Ganguly and Mukherji 2011: 63–64). Drawing inspiration from the Soviet Union's planned economy and capital-intensive industrialization, Nehru wanted to take India down a similar path. Thus he advocated extensive state intervention in the economy and the formation of a technocratic planning commission. The extent of state intervention in the economy expanded with time, with the Industrial Policy

[39] See Williamson and Zagha (2002), Rodrik and Subramanian (2005), Nayar (2006).

Resolutions of April 1948 and 1956 reserving three and subsequently an additional twelve industry sectors to the state. Through the Industries Development and Regulation Act (1951), the government introduced a system of licensing in which individuals had to obtain the state's approval prior to starting commercial activities in selected sectors (Ganguly and Mukherji 2011).

Intensive industrialization did follow, but at the cost of agricultural development during the second five-year plan. The total allocation to agriculture, which was 34.6% of the administration's budget in the first five-year plan, was slashed to 17.5% in the second. The motivation behind this reduction was a belief that the agricultural sector was performing strongly, having recently been reinforced with land reforms. There was also an assumption that subsistence-oriented small farmers would co-operate and collectively produce enough agricultural produce to feed the nation. However, this self-sufficiency in the nation's economy was challenged by events between 1957 and 1962. A financial crisis (1957) first increased India's need for foreign funds, and then a war with China (1962) led to spending on defence being increased. Consequently, near the end of Nehru's term, India was forced to depend on the US for imported wheat at subsidized rates. Shastri (1964–1966), the next Prime Minister, responded by prioritizing agriculture again, notably in the form of seed technology imported from the US (Ganguly and Mukherji 2011: 65–67).

Shortly after Nehru's death in 1964, his daughter Indira Gandhi became prime minister (twice from 1966 to 1977 and again after the state of emergency from 1980 to 1984). In the first phase, her government focused on poverty elimination. Increased state control over economic enterprises was exerted to ensure that financial institutions made resources available to small private enterprises. Despite such noble intentions, the proliferation of state control also created the conditions for nepotism, corruption and rent-seeking from which middle-class bureaucrats and clerks benefitted the most (Nanda 2011: 25–26). A significant number of industrialists started resorting to alternative means of navigating a system that required licenses, permits and approvals for private firms to engage in manufacturing and international trade, and they soon became adept at 'briefcase politics' (Kochanek 1996) – literally, briefcases full of cash to be exchanged for industrial privileges with officials and administrators (Ganguly and Mukherji 2011: 72).

On the Path of Gradual Reform: 1977-1991

The year 1977 was kicked off with the election to the Indian parliament of a non-Congress amalgamation of smaller parties which emerged as the Janata Party. However, just short of its full term in power, the Congress Party

candidate Indira Gandhi was re-elected as prime minister in 1980. Immediately after her assassination in 1984, her son Rajeev Gandhi took over until December 1990. Less than half a year later, in 1991, he too was assassinated. This second period of India's economic history stretches from 1977 until 1991. The Janata Party tried to shift the focus from large industries to small and cottage industries, though the attempt hardly translated into a change of industrial policy. However, the effort did add some protection for small-scale urban manufacturers and the agricultural sector. Soon after, measures were introduced by Indira Gandhi to ease the very restrictive state regulations. Private industries were allowed to increase production capacity, restrictions on imports were removed to some extent, and anti-monopoly laws were repealed (Nanda 2011: 34–35). Through a series of public statements and changes in legislation immediately after her re-election, she announced that boosting production was her top economic priority. Moving away from the redistributive priorities of her predecessors, her policies during her second term in office are often summed up as 'growth-first, pro-business and anti-labour' (Kohli 2006a: 1255–1257). After Indira Gandhi's death, her son carried on with similar changes, though the rhetoric had by now shifted away from the focus on 'growth'.

Rajiv Gandhi won the allegiance of the urban middle classes by promising to introduce modern technology, managerial efficiency and economic competitiveness. Deregulation, along with the relaxation of state control over private enterprises, also eased imports of consumer goods and gave tax breaks to consumers. As a result, the growth rate in this period reached 5.6% (Nanda 2011: 35–36). However, contrary to its intended purpose of nudging industrialization in a planned manner, industrial licensing had turned into a corruption racket by the mid-1980s. Under Rajiv Gandhi, thirty industries and eighty-two pharmaceutical products (India's predominant exports) were no longer required to take out licenses. A few years later, ventures with investments up to 250 million INR (750 million INR for those located in underdeveloped regions) were exempted from licenses all together. The production quotas earlier governments had set, exceeding which required special permission, were partly done away with. Instead, companies were now allowed much more flexibility, and they could choose which items in their product portfolio they would produce more or less of, as long as they stuck to the total permissible output. Government-approved production quotas were also increased for facilities operating at 80 percent or less of their maximum output capacity. The most significant change was in the Monopolies and Restrictive Trade Practices Act (1969), which rigidly regulated firms with turnover higher than a set threshold. This cap was changed from 200 million INR to 1 billion INR, and a few

industries were exempted from it altogether (Ganguly and Mukherji 2011: 74–75).

Even though the reforms adopted during this time have sometimes been characterized as an 'incrementalist approach' (Ahluwalia 1995: 15; 2019) compared to the reforms of the next decade, scholarly work has also highlighted the importance of this period in terms of the steep increase in economic growth (Rodrik and Subramanian 2005), adding to the hypothesis that economic liberalization in India had already started in the 1980s, a view shared by several scholars (Nagaraj 2000; DeLong 2003; Virmani 2004; Rodrik and Subramanian 2005).

Economic Liberalization: From 1991 onwards

The years following 1991 can be seen collectively as the third phase, the year itself frequently being described as a watershed moment when the country's economy took a more neoliberal turn. Following the assassination of Rajiv Gandhi, when P.V. Narasimha Rao assumed office that year, India had been incurring a significant fiscal deficit and debts to foreign banks owing to the political economy of growth and development since 1975. In June 1991, this reached a crucial point when the state had to obtain conditional loans from the IMF or risk defaulting on import payments, with the nation's economy at a stage where it could not afford to stifle the flow of necessary imports. The Cold War was over and, with it, India's special trading relationship with the USSR. India needed to become competitive in its exports and to find ways to fund this transition from a heavily import-dependent economy (Ganguly and Mukherji 2011: 84–86), which necessitated the forging of new international bonds.

This situation led politicians and experts to steer the Indian economy towards economic globalization and prioritize the nurturing of private businesses, completing the shift for which reforms since the 1980s had set the stage. The economic reforms in 1991 were not only targeted to shape domestic industrial policy, they also ushered in external economic reforms. At home, reforms such as relaxing the restrictions on monopolies, further de-licensing, tax cuts for businesses and co-operatives, allowing private enterprises to engage in sectors that were previously reserved for public enterprises and relaxing labour laws were key developments of the era. These moves, however, are often seen as a continuation of the spirit of the 1980s and are hence characterized as 'pro-indigenous business'. They primarily aided 'well-established' ventures to flourish while helping a handful of new companies to start. However, one discontinuity from the previous eras was reflected in the reforms made to the country's foreign economic relationships. In particular, trade and foreign investments

experienced sweeping changes. Quotas on imports were abolished, tariffs were gradually reduced, the Indian rupee (INR) was devalued, and external financial transactions now had fewer restrictions imposed on them, paving the way for foreign investments (Kohli 2006b: 1361). Of note, the Foreign Exchange Regulation Act (FERA), which previously capped foreign investment at 40% of a venture, was now amended to permit 51% foreign equity. Consequently, India received 24 billion USD via foreign investments between 1992 and 2002, even though some industrialists were averse to the notion of foreign investment in the domestic market. Smaller Indian companies and the IT sector embraced foreign direct investment to be able to compete better against their larger counterparts. The reduction in tariffs and the devaluation of the rupee that followed increased the costs of imports but simultaneously made Indian exports cheaper. Between 1991 and 1999, export volumes doubled. The IT and service sectors emerged as the nation's most sought-after exports, doubling their output between 2002 and 2006 (Tendulkar and Bhavani 2007: 116–125; Ganguly and Mukherji 2011: 88).

Criticism of the Reform

However, the economic reforms of 1991 have attracted their fair share of criticism, with their impact and their necessity both being questioned by many scholars. First, the practice of using statistics pertaining to economic growth as a basis for evaluating the impact of these reforms has been critically scrutinized. As the archives indicate, the inflation rate and growth rate of the Indian economy have been so high that the nation has been considered one of the fastest growing economies in the world, especially after the period of reforms in 1990. Any approach that bases the impact of the reforms on these data arguably overlooks the steady and strong performance of the agricultural sector in India, which was relatively unaffected by these reforms, in maintaining these growth statistics (Corbridge and Harriss 2006).

The reforms have also been criticized for abandoning the holistic development model pursued by former governments and creating an economic environment that catered mostly to industrial elites. This new policy was not only devoid of the voices of India's large poor population, but also of alternative government budgetary spending targeted towards them, so that the plight of the poor masses did not change (Deaton and Dreze 2002; A. Sen and Himanshu 2004a, 2004b), and they remained confined to workplaces which were non-conducive to development. Corbridge and Harriss (2006) explored the impact of different classes benefiting unequally from the reforms, particularly how these reforms failed to safeguard the

economic and political aspirations of the class that remains on the periphery of India's new regime of accumulation.

Corbridge and Harriss (2006) highlighted this outcome in certain districts of Bihar, where the rhetoric of reform has contributed to an erosion of the state's presence in the local business arena and instead its replacement by a shadow state in which mafia groups or intermediate classes have assumed the reins of enterprise and development. This is not an isolated occurrence, as the deregulation of the economy did provide multiple avenues for individuals positioned in local political and bureaucratic organizations to accumulate large sums of money beyond their salary cheques (A. Gupta 1995). In such spaces, the lion's share of the funds allocated to development is reportedly siphoned off by intermediaries before reaching the intended beneficiaries, and 'hidden injuries of class' are further aggravated since the poorest class of workers no longer have an interface with a state that can supposedly be entrusted to protect them from exploitation by elites (Corbridge and Harriss 2006). Corbridge and Harriss added that the discourse of reform-driven development has germinated 'a new calculus of political (ir)responsibility which threatens to end any semblance of a "moral" or "community" order', albeit invisible in official records, as the case in Bihar (Corbridge and Harriss 2006: 171).

The manner in which the reforms were introduced also attracted criticism. Subramanian (2014) argued, on the basis of Harvey's (2005) critique of neoliberalization, that the Indian liberalization strategy did not create an open, transparent and sustainable market space as neoclassical economics would suggest. On the contrary, the conditions that this strategy imposed created a market in which companies with very different resources, gifted with widely unequal opportunities, had to compete against each other (Subramanian 2014: 74–75). He also contested the narrative of a smooth and gradual transition of state-owned enterprises to the private sector, as official and academic commentaries have claimed. He argued that the state needed to expedite significant policy changes in the political machinery, which it did 'by "stealth", via the "backdoor", and the trope of gradualism furnished the ideal camouflage for this task' (Subramanian 2014: 99). In reality, this ruptured the operation of public-sector enterprises. In his study of Indian Telephone Industries (ITI) Limited's rapidly declining fortunes, Subramanian explained how, in the light of these new reforms, state-owned enterprises were not given the time nor the resources to adjust to this new operating environment. Not only were public-sector enterprises now exposed to new private competitors which themselves were not under the purview of state regulations, but the pre-existing regulations were still applicable to the

former, further limiting the chances of the necessary shift in attitudes, operations or competitiveness being achieved.

India's Small-scale Industrial Landscape

Small-scale industries have always been an important sector in India's economy, responsible for a larger share of industrial employment than their medium- and large-scale counterparts. Data from the late 1960s suggest that 70% of those employed in non-agricultural industries were working in small-scale firms (Streefkerk 1985). While small-scale firms are still the largest employers, the definition of small-scale industry, has evolved since then. At the time, it was used as an umbrella term which incorporated a variety of different ('non-agricultural') production ventures, stretching from cottage industries to modern small-scale industries. Since then, the categorization of 'small scale' has been used for bureaucratic purposes to determine whether certain firms qualify for certain grants and subsidies. The criteria have been defined on the basis of investments made in plant and machinery (land is exempt). After 1966, firms which used non-animal energy and had an investment of up to 750,000 INR in machinery were considered modern small-scale industries. In 1975, this threshold was below 1 million INR (1.5 million in case of ancillaries) (Streefkerk 1985: 42). In 1999 it was 10 million INR in fixed-asset investment (D. Gupta 2010). However, the regional governments of the different federal states are responsible for implementing the policies, measures and regulations set by the central government.

The government started offering assistance to small-scale industries (modern small-scale industries in particular) in the second five-year plan (1956-1961). The policies were aimed at ushering in industrial growth beyond already established industrial centres, or in other words, 'towards a regional and social expansion of industrialization' (Streefkerk 1985: 41). Policy-makers hoped that this would not only generate employment in those areas, but would also bring forth an 'industrial middle-class'. This class was believed to be able to counterbalance the interests of large-scale capitalists and bring into existence 'balanced industrialization' (Streefkerk 1985; Tyabji 1989; Gorter 1996).

However, some scholars (Jha 1980; McCartney and Harriss-White 2000) argued that nurturing the industrial middle-class had been at the cost of large businesses and drew an analogy between the rise of this stratum and that of Kalecki's (1972) 'intermediate classes'. Kalecki, who originally wanted to investigate how social classes can affect an economy which is in transition towards mature capitalism, suggested that a group comprised of self-employed persons and small farmers can form a distinct 'intermediate

class' (IC) and that the predominance of ICs in an economy in transition can create an 'intermediate regime' (IR) (Kalecki 1972). What defines an IC is the lack of contradiction between labour and capital, which thus puts it beyond the Marxian class dichotomy of labour and capitalists: ICs 'stand between the bourgeoisie and proletariat', and what they earn is definitely neither labour remuneration nor profit on investment, but rather a fuzzy combination of both (Harris-White 2000: 44). This led Jha to perceive ICs as lying 'midway between the large scale, professionally managed capitalist enterprises of the private sector, and the working classes' (Jha 1980: 95).

Drawing parallels between small-scale entrepreneurs in India and ICs, Jha (1980) argued that the period between 1965 and 1980, which was marked by economic stagnation, produced the necessary environment for the IC to develop. He pointed out that scarcity and inflation were preconditions conducive to ICs, as they could react to them much more flexibly than the large-scale industry could. Amidst the government's efforts to balance industrialization by deploying licensing, price controls on necessities and anti-monopoly measures, all of which hit the (often publicly owned) large-scale industries and severely undermined their competitiveness, small-scale entrepreneurs were free to dodge central government regulations on prices and participate in parallel trade while enjoying additional protection under exclusive licensing regulations.

Joshi and Little (1994) further highlighted examples of directed credit distribution, adding it to the list of government interventions that nurtured the growth of what Jha (1980) called 'intermediate classes' in India. After the nationalization of the banks in 1970, loans were aimed at 'priority areas', and by 1974 around a quarter of bank loans were being channelled as a priority to small-scale industries[40] and the self-employed. In addition, they could also default with fewer consequences and on occasion, as an election promise, even have their debts relieved (V. Joshi and Little 1994; McCartney and Harriss-White 2000).

Building Businesses: Small-scale Industries in Maharashtra

On 1st August 1962, the government of Maharashtra, under the Maharashtra Industrial Development Act, 1961 (III of 1962), established the Maharashtra Industrial Development Corporation (MIDC). This autonomous statutory cooperative body was formed with two primary objectives, first to regulate

[40] In reality, however, the subsidies and policies did not benefit all regions and all groups evenly and did not always translate into the intended assistance on the ground for various reasons. One reason, for example, was that many of the subsidies were obtainable retrospectively. Chapter 4 delves into these topics in detail.

the arbitrary development of industries by setting up properly planned industrial areas in and around Bombay, and second to develop the underdeveloped parts of the state.

Many industrialists, however, started leaving Bombay after 1960, when the state of Bombay (which had existed since independence in 1947) was divided into two different states, Maharashtra and Gujarat. The city of Bombay remained within Maharashtra, but some Gujarati business owners feared being overlooked by the Maharashtra government and saw a better option in moving their businesses to Gujarat, which had introduced attractive subsidies to draw industries from Bombay (Streefkerk 1985; Gorter 1997).

With the firm intention of retaining and growing local industry, the government of Maharashtra has introduced several schemes[41] and incentives over the years to encourage businesses in the small-scale sector, currently in the form of subsidies for marginal capital on loans, or special funds to complement loans from financial institutions. These are of course in addition to the country-wide, central government-funded schemes directed at small and medium industries.

In this context, it is important to highlight the role of the MIDC. The MIDC procures land in suitable sites and designs plans to establish industrial estates. As a first step, it creates basic infrastructure such as electricity, roads, a water supply and drainage systems. The area is then developed in successive phases according to the size and demands of the plots on the estate, starting with the establishment of industrial sheds in suitable sites. In later stages, auxiliary amenities like hospitals, schools and post offices are provided, in addition to residential housing. The standard lease of industrial land is for a period of ninety-nine years. In developed areas the (annual) fixed occupancy price needs to be paid beforehand to get a plot allocated. However, in under-developed areas, incentives on rent are offered, such as rent exemptions for the first two years followed by a half-rent exemption for the next three years. Sheds are available for rent, or can be obtained on a hire-purchase basis.[42]

Palghar district[43] received its first and most important industrial estate at Tarapur in March 1972, spread over an area of 1,200 hectares. The region itself was urbanized impressively with modern amenities, such as wide roads, efficient water transportation channels and uninterrupted electrical power, facilitated by the trifecta of the Tarapur MIDC estate, a nuclear

[41] For a comprehensive list, see http://www.doingbusinessinmaharashtra.org/DIC_schemes.aspx (last accessed June 2020).

[42] Available online (Thane District Gazetteer), https://cultural.maharashtra.gov.in/english/gazetteer/ Thane/Industrial%20Estates.html.

[43] Not to be confused with Palghar Town.

power station built in 1969, and the Tarapur Industrial Area II, which is spread over 414.37 hectares. The planned development of this area started attracting small and medium firms throughout the region, and as Tarapur's industrial area started to fill quickly, other nearby locations drew the attention of the government. Palghar town was one of these.

Palghar Town: Industrial and Economic Landscape

Rather than developing a similar industrial estate where all business activities were concentrated, here the government used attractive subsidies to initiate industrialization. The small and medium businesses that sprung up in Palghar are spread across different industrial clusters, most of which lay outside the Palghar municipal corporation area. There are different types of estates. One such industrial estate is the Palghar Taluka Cooperative Industrial Estate (PTCIE). In order to obtain the benefits of cooperative efforts, small-scale industrialists came together and formed a collective body to obtain land from the state government. They acquired a no-objection certificate from the Industries Department to establish industries in the area and approached the Co-operation Department, which after scrutiny, approved the proposal for the PTCIE.

The PTCIE was established in January 1963 over an area of 8.91 hectares divided into 54 plots. Statistics from 1976 show that sixteen of the 54 plots have been allocated to members, four of whom have built factory sheds and started production.[44] Today the PTCIE accommodates factories in diverse sectors such as plastic household products, chemical production, printing, wood-carving, medicine, salt-grinding and metal-forging, among others. During my fieldwork, the estate had no empty plots left, and almost all business units were in active production.

Besides one cooperative industrial estate, Palghar town has other industrial estates 'developed' by private real-estate developers, who purchased land (sometimes from farmers[45]), divided it into industrial plots, and sold the plots to the incoming businesses. In their original proposal, plans for developing amenities such as restaurants, schools and community halls on top of basic infrastructure such as roads were pledged. However, after selling the plots those plans never materialized.

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[44] Available online (Thane District Gazetteer), https://cultural.maharashtra.gov.in/english/gazetteer/Thane/Industrial%20Co-operative%20Estates.html (last accessed June 2020).

[45] According to the Maharashtra Revenue Act of 1966, only a farmer is eligible to buy agricultural land. But in cases where the land was barren, developer firms managed to get the requisite approval from the state authorities.

The differences between cooperative estates like the PTCIE and privately developed estates like the DS industrial estate are quite stark. The PTCIE is built on a square piece of land fenced with a boundary wall and has security guards. The estate is clearly divided into rectangular plots on which factory sheds stand in an organized pattern. Each row of factory plots is separated from the others by well-paved roads, broad enough to accommodate heavy vehicles. Proper electricity and water connections exist to serve the plethora of small businesses on the estate. The cooperative has a separate office to which a chairman is elected by the members. The society keeps a proportion of the tax that is paid collectively for its functioning and provides a common platform for discussions and coordination among those who own plots (and thus run businesses) in the PTCIE. The co-operative society also has a say when anyone sells a plot. Ownership of a plot is the identity of the share in the co-operative.

On the other hand, industrial estates like DS lack any central planning. Upon entering DS, one is greeted with a single wide road on either side of which a maze of factories has sprung up. Moving through it, one often runs into a dead end behind a factory wall. Central co-ordination does not exist, and disputes between neighbours are not uncommon. Individual proprietors pay taxes directly to the government. I have heard several stories of failed attempts by the businessmen to have the government construct a proper road in the adjoining area. During the monsoons, it is not unusual to find the area submerged in knee-deep water that one must wade through to reach the factories. When explaining the challenges that they face, one informant stated that the facilities here are not updated due to local politicians' casualness in resolving such issues. And this is precisely because, as a businessman puts it, '(we) do not have voting power here'. These business owners cannot affect the results of the local elections, as most of them are not residents of Palghar, and the majority of the workers are migrants from other states. The idiosyncratic challenges of 'not being cared for' due to the lack of political and administrative influence can manifest themselves in peculiar ways. One of the main roads in Palghar town that leads into the estate was being rebuilt, but construction stopped at the office of the collector, an administrator, about a hundred meters from where the estate area begins. On further enquiry, I learned that this last stretch of road does not fall under the Palghar municipality's authority but instead comes under the Mahim *gram panchayat*. As my informants explained, since they do not have a right to vote for the *panchayat*, rebuilding the last section of the road was no one's concern.

Plate 1. DS area during the monsoon season.

Some wealthier business owners who had arrived earlier in Palghar also made a fortune from the speculative trade in land, while further contributing to the growth of ad-hoc industrial estates. For example, when Rajesh, owner of a large-scale enterprise, arrived in Palghar, given the abundance of land in the 1980s, he speculatively purchased 31 acres of land, much more than he needed for his factory. Over the next few years, when land prices shot up[46], he kept the largest plot for his factory, divided the rest into plots, and sold them to other business owners.

As a side effect, the arrival of industries massively fuelled real-estate prices in Palghar. Two local groups that were able to capitalize on these burgeoning prices were former grass-traders and traditional money-lenders.

[46] In the last fifteen to twenty years, prices have risen to astronomical heights. One example that Rajesh gave was of a piece of land in a central residential location which he had bought for 100,000 INR (ca. 1,271€) per acre and then sold some years ago for 20,000,000 INR (ca. 254,263 €) per acre. He further calculated the value today at 40,000,000 INR (ca. 508,538€) an acre in the present market. Even though not as much as Rajesh's residential plot, industrial land prices have also skyrocketed. Another informant, Mohan, who runs a paper scrap processing unit, bought the land for his factory about seventeen years ago for 90,000 INR (ca. 1,144€). He estimated that it had now grown to a current valuation of 8,000,000 INR (ca. 101,708€).

Relatively low urbanization and the wide availability of less fertile land in the past made cultivating fodder (grass) as a cash crop an attractive option in Palghar, as it required little physical labour. Bombay was the nexus of the fodder supply chain for the entire state of Maharashtra, and grass-supplier agents would come to Palghar to procure grass from the farmers in the locality. For newly arrived migrants in Palghar at the time, grass cultivation was quite hassle-free and did not need much care. For instance, my informant Arun's grandfather migrated to Palghar driven by droughts in his native state Rajasthan. Traditional farmers like him found limited cultivation options here, so they grew grass, rice and *chikoo* (sapodila) on leased land for a living. Over the years they acquired their own land, and before investing in his current business of real-estate development, Arun's family continued grass-trading for almost three generations. Fed with the mushrooming real-estate projects in the recent past, when the prices of land shot up, many grass-trading families such as Arun's made a fortune by selling their land at a handsome profit. The other local group which benefited similarly were a local Brahmin sub-caste whose forefathers were engaged in money-lending to farmers, among others. As a result of insolvencies on the part of the farmers, these money-lenders got hold of large areas of land, which they sold to real-estate developers, or in some cases their children set up real-estate development firms.

Palghar has also witnessed an increasing demand for affordable housing, which is further exacerbated by the influx of workers to take up jobs in the growing public sector and the local small and medium industries. However, it was mostly managerial and administrative staff that made such moves, not the shopfloor workers. Table 3 captures this general increase in the form of the decadal growth of urban population[47] in Palghar municipal town.

[47] Source: Development Plan Report 2010, Palghar Municipal Council (edited to add last row from 2011).

Year	Population	Decanal variation	Decanal Growth rate
1961	14372	---	
1971	17744	3372	23.46%
1981	23401	5657	31.88%
1991	30590	7189	30.72%
2001	52677	22087	72.20%
2011	68930	16253	30.85%

Table 3. Growth of population in Palghar municipal town.

In addition, others moved into Palghar town from the surrounding villages. Since Palghar *taluka* partly lies along the Konkan coast, many villages in its jurisdiction are inhabited largely by Kolis, a fisherman sub-caste.

Plate 2. Fishing boats at Satpati, a Koli village near Palghar.

The viability of fishing as a livelihood option has increasingly waned, with fishing boats returning with dwindling catches every year compared to the past. This decline, coupled with the government's positive discrimination

policies, has resulted in many of the Kolis finding salaried work in cities like Virar, Mumbai and Greater Mumbai. Consequently, they have moved to Palghar town, as it serves as an important focal point connecting the region, both socially and economically, to its urban neighbours. The disproportionately large number of workers in the non-agricultural sector (see 'Others') is reflected in the statistics[48] on types of workers in Palghar *taluka*, represented in Table 4 below.

Types of Workers		Male
Main (employed > 6 months)		145151
	Cultivators	15771
	Agricultural labourers	17338
	Household industries	3355
	Others	108687
Marginal (employed < 6 months)		25577
Non Workers		117786

Table 4. Types of workers in Palghar *taluka*.

Preferring Palghar

As already shown in the last chapter, a significant majority of the small-scale enterprises in Palghar are owned by people living in metropolitan Mumbai and Greater Mumbai. Business owners I worked with mostly gave two reasons for this: either changing urban regulations, followed by the gentrification of Mumbai, which turned many localities into residential areas, making it impossible to keep running their factories there and leading them to look for new locations to move the factories to; or someone starting a new or additional unit when reasonably priced industrial real estate around Mumbai had become scarce, so the commutable distance to Palghar provided a good alternative.

Businessmen who arrived in Palghar in the 1970s and early 1980s could avail themselves of bigger incentives for moving. For example, when Mahesh's search for affordable land brought him to Palghar in 1982, there was a 15% subsidy on capital investment in land, labour and machinery. However, the subsidies were paid retrospectively, and he revealed that it actually took him six years for the government to reimburse him. In addition

[48] Available online, https://www.censusindia.co.in (last accessed February 2021).

to the subsidies, he received a lifetime purchase and sales tax exemption when buying the plot, which he considers to be the biggest incentive.

In the following years, the government started lowering the incentives. Another businessman, Nitin, who set up his factory eight years later in 1990, received a sales tax exemption of 25%, but an alluring incentive which still remained in place was six years of VAT (Value Added Tax) exemption. Despite being labelled an exemption, at the end of the six-year period one had to pay the accrued VAT to the government as back-taxes. However, during this time one could still collect VAT from one's customers without having to pass it on to the government. Some found this helpful nevertheless, as during this initial period the (unpaid) amount could be used as capital, and some reportedly used it as a fixed deposit to accrue interest. After six years, one could opt to pay it back to the government in six yearly instalments.

The government's policies kept changing through the decades, as Palghar grew from a relatively non-industrialized location to a desirable site for business owners. Lalit, who started his factory in 2006, received a relatively meagre subsidy of 350,000 INR against his loan of 2.5 million INR. Today, such subsidies are almost non-existent for Palghar, except for some general schemes, like credit at reduced interest rates, that the ministry of MSMEs (Micro-Small-Medium enterprises) still offers.

However, offering alluring subsidies and schemes to develop under-developed regions has at times disrupted the functioning of businesses. For instance, in 1993 Mahesh ventured into another manufacturing unit to produce talcum powder after a customer, a popular cosmetic producer to whom his firm supplied metal containers, approached him with the idea. At this juncture, the governments in northeast India started offering sales-tax, income-tax and excise exemptions to attract new industries to the region. Within the space of a few months, Mahesh's biggest customer shut down its current units and relocated to northeast India. Meanwhile in Palghar, Mahesh still had to pay 16% of the value as excise duty, which made it hard for him to keep up with the competition, and eventually he had to close.

Beside subsidies and incentives, however, business owners often stated that Palghar's 'peaceful' environment was one of the reasons that drew them there. Compared to nearby Tarapur-Boisar, which was more industrialized and relatively better organized, Palghar had and still has a defunct labour union, which business owners naturally appreciated. Business owners shared stories of how, even after finding a plot in areas with better infrastructure such as Tarapur-Boisar, they decided to back out after learning stories of how local union leaders were allegedly exploiting pro-labour policies and using labour shortages to compel businesses to comply with several demands.

Chapter 3
Moral Background of India

In exploring the moral dimension of economic life, the research brings out the norms, values and ideas that appear to play a role in economic decision-making in small businesses. This chapter serves as a background by giving an account of the discourses around morality in the past and present while highlighting those moments when certain values and ideas are foregrounded.

Exploring values at work in any society is a complicated investigation in general. It becomes even more challenging given India's diversity and stratification, where religion, language, sect, ethnicity, class and caste provide additional dimensions to the complexity, resulting in diverse local variants of values. Amidst the variegated values and norms that exist in different groups, non-dominant caste or ethnic groups tend to emulate the values of the locally dominant group for various reasons, including social mobility[49] (Srinivas 2019), which further complicates the investigation of values by introducing yet another local aspect.

In addition to values, studies dealing with morality often include norms under its purview. Even though the ways in which scholarly works define both terms may vary, many (e.g. Joas 2000; Durkheim 2010) agree that the two terms have different focuses. Williams Jr. (1968) described norms as 'rules for behaving: they say more or less specifically what should or should not be done by particular types of actors in given circumstances', as opposed to values, which he saw as 'standards of desirability that are more nearly independent of specific situation' (Williams Jr. as cited in Srinivas 2019: 190). In his distinction, Joas (2000) perceived values as being more attractive than norms, which he saw as restrictive. This 'attractiveness' of values, as Joas puts it, resonates with Kluckhohn (1962), who perceived values as ideas of what is desirable. As Graeber precisely elaborates, for Kluckhohn, 'values are ideas about what they [people] ought to want. They [values] are the criteria by which people judge which desire they consider legitimate and worthwhile and which they do not' (Graeber 2001: 3). My

[49] Srinivas has elsewhere called this phenomenon 'Sanskritization' (Srinivas 1956).

perception of values also goes beyond what is desired to include what is desirable as well. Having stressed the project's interest in morality, it must be emphasized that it does not aim to provide an ethnography of morality, which, as Fassin (2011) puts it, often runs the risk of 'a surreptitious form of culturalism'. Instead, it investigates how the economic ethic is shaped by dimensions that go beyond the invisible hand of the market, whether involving religious, traditional, political or other forces.

The chapter continues by delving into discussions surrounding religion and economic ethics by revisiting Max Weber's work on Hinduism and some of the scholarly responses it generated. Weber's work serves as a good starting point for understanding the potential of ideas in shaping economic action. This is followed by a section that provides a comprehensive account of the caste system and unpacks the ideology of hierarchy it entails. The second part of the chapter explores the changes in values in post-colonial India and the moral discourses around it. It captures the post-colonial state's attempts to uplift and enshrine equality as a value, the emergence of the Indian middle class, with its distinct culture and values, and the discourses surrounding the moral ambiguity of corruption in India. The final part uncovers the nature of the entanglement between religion and the state, including the Hindutva ideology that has gradually risen to prominence in recent decades.

Hinduism and Economic Ethics

Max Weber's influential work on Hinduism and the economy has generated decades of academic scrutiny. He became interested in Hindu values and ideas while on a quest to determine why rational capitalism first emerged in the West. Weber attempted to answer this question in his most influential thesis, *The Protestant Ethic and the Spirit of Capitalism*, where he used the notion of 'economic ethic' to establish a relationship between religiously sanctioned conduct (in Calvinism), which equated to a work ethic composed of certain forms of behaviour that eventually led to profit-making and the rise of modern rational capitalism in Protestant Europe. While simultaneously emphasizing that the term itself is a complicated and multifaceted model, Weber described 'economic ethics' as 'practical impulses for action that are grounded in the psychological and pragmatic contexts of religion' (Weber 1915: 56). For Weber, 'economic ethics possess to a high degree a lawlike autonomy (*Eigengesetzlichkeit*) that is closely determined by economic geography and historical conditions' (Weber 1915: 56). While he did suggest that religion is not the sole determinant of economic ethics and that there do exist multiple determinants, he also emphasized that among the multiple determinants of economic ethics

'belongs the religious definition of conduct of life (*Lebensführung*)' which is again 'deeply influenced, within given geographical, political, social and national parameters (*Grenzen*), by economic and political factors' (Weber 1915: 56).

At a later point in his career, Weber returned to his big question of the emergence of modern capitalism, albeit from a different perspective that included other major world religions under his purview. Weber's critical engagement with Hinduism in his work *Religion of India* (Weber 1917) was a part of this larger comparative project. In his approach towards the major world religions, Weber focused on two issues: first, the religion's world view, and secondly, the means of salvation that was open to the individual as part of that religion's rationality. By 'rationality', he meant the cosmic order that formed the belief system of the religion in question. In his analysis of these two issues, in the specific case of Hinduism in India, Weber found that 'the devaluation of the world, which every salvation religion called forth, could here only take the form of absolute flight from the world. The primary means, on behalf of this flight, rather than active asceticism, could be only mystical contemplation' (Weber 2008: 258).

This mystical contemplation was found to incorporate elements of magic, which drew the individual away from the notion of self-reliance and in Weber's eyes catapulted the element of ritualism to become the dominant lived experience of Hinduism. In addition, the existence of the caste-system[50] was seen as a major obstacle to engendering a modern rational capitalism in India, because, in his view, 'the caste excluded every solidarity and every politically powerful fraternization of the citizenry and of the traders' (Weber 1916-17: 404). Not overlooking his observations on how the notion of caste allowed the ruling stratum to legitimize its position of superiority over its subjects (Weber 1917), the resounding message in the conclusion to his essay specifically on caste (Weber 1916-17) is that 'modern capitalism undoubtedly would never have originated from the circles of the completely traditionalist Indian trades' (Weber 1916-17: 413).

Academic scholarship has interpreted Weber's work in quite different ways. Among his supporters we might count Kapp (1963), who extended Weber's investigation of Hindu metaphysics, but significantly changed his focus from Weber's original question to a query regarding economic development. Kapp argued that *karma* involves a notion of cyclical time and cosmic causation which is beyond the time frame of an individual's lifespan. This led him to infer that Hinduism is devoid of what he considered a prerequisite of economic development, the fact that one can determine one's own destiny (Kapp 1963). Referring to the teachings of the *Bhagavad Gita,* a

[50] See the next section for a deeper look at the caste system.

Hindu scripture, which mentions that one should focus on performing one's task without attachment to the fruits of action, Kapp argued that such non-attachment might reduce one's actions to ritualistic performances. Echoing him, Uppal (1986) suggested that this is 'not likely to generate aspirations and motivations leading to the hard work necessary for increased productivity' (1986: 28).

On the other hand, while referring to the same doctrines and concepts from Hindu texts, some Indian scholars have taken a completely different stance on the question of economic development and productivity in India. Jathar and Beri (1945) claimed that the 'non-attachment' in the *Gita* emphasizes the value of the action itself without seeking material gain, which evokes an ethic of frugality. They interpreted *karma* as an incentive for action, suggesting that it gives a person the idea that he himself can shape his fortune. To strengthen their argument, they supplemented this with other concepts like *artha*, the acquisition and use of material means for sustaining life, to point out the existence of a 'this-wordly' philosophy in Hinduism (see also Saran 1963; Nadkarni 2012).

However, the relevance of the debate itself has attracted criticism. Gellner (1995) and Giddens (1976) point out that this routine scholarly emphasis on economic development was neither the motivation for nor the focus of Weber's work, who instead was more concerned to find the origins of modern capitalism in Europe. This suggests that the attempt to associate the 'Hindu ethic' argument with the economic development question may be imprecise. Furthermore, the process of characterizing the economic ethic needs to be investigated because the disagreement seems to centre on differing accounts of the Hindu economic ethic as interpreted by respective scholars. Emphasizing the importance of effects of 'dogmatic foundations' on the practice of life, Weber himself states that his original comments were not based on theoretical texts on religious or other ethics, but rather on publications that 'rested on pastoral work, essentially on answers to the inquiries of pastors on matters of concrete practical life' (Weber 2001 [1910]: 115).

Even though in the specific case of Hinduism such inquiries were not available to him, Weber's characterization of the Hindu economic ethic was nevertheless supplemented by an analysis of social structures and history. In contrast, the methodology of grounding notions of 'Hindu' ethics in concepts such as *karma* and citing religious texts seems to have been popular in scholarly debates. However, it needs to be pointed out that the interpretation of a term as found in scriptures might not follow the invocation of the same term in a lived situation. Singer's (1972, 1968) ethnography of businessmen in Madras (now Chennai) highlights a similar point. Singer discovered a

notion of 'compartmentalization' whereby his informants demonstrated both the capitalist spirit and the characteristics of the devout Hindu, selectively switching between them depending on context. When such empirical observations are taken into consideration, both sides of the theoretical debate can appear to be inadequate due to their overlooking the difference between Hindu metaphysical ideas as found in the scriptures and their everyday life invocations, or what Leach calls the distinction between traditional religion and practical or 'lived' religion (Leach 1968).

Even though religion was a starting point for the REALEURASIA project, in my ethnographic findings, Hindu tenets and ideas did not appear to play any significant role in shaping the day-to-day economic decisions of small businesses. However, this by no means translates into religion being absent from the field site. Religious practices remained a crucial part of day-to-day life, permeating factory walls and finding expression in a myriad of ways within these businesses. While most rituals remained part of the domestic sphere, two important Hindu festivals of the region – *Diwali* and *Dussera* – were celebrated at many of these business premises. While the festivities during *Dussera* included distributing sweets among the workers and adorning the machines with marigold garlands, many owners arranged *puja* (rituals of worship) of Lakshmi and Ganapati on *Diwali*, at which the workers took part. After the *puja*, *prasad* (the food offered to the gods) was distributed to everyone. The celebrations would often draw to a close with the owner handing out the *Diwali* bonus and *mithai*[51] to the workers. At the individual level, while migrant male workers seemed to rely mostly on the women of the family back in their villages to take care of the ritual aspects of religious life, the female workers and staff could be seen fasting on certain holy days as a part of rituals of worship that were dedicated to different Hindu gods and goddesses. Business owners too could be seen engaging in religious practices, despite many stressing they were not strictly religious. When entering their offices, it was common to be greeted with a small shrine in the corner, with idols of gods and goddesses, or to find (smaller) idols on the owner's desk, along with symbols (for example, a tortoise idol) with *vastu*[52] significance. In one of the factories, the owner had a small temple erected on the premises. Every Tuesday, after offering *puja* to the god Ganapati, to whom the temple was dedicated, he fed his entire workforce.

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[51] A type of sweet from the Indian subcontinent.

[52] *Vastu* or *Vastu shastra* loosely translates as 'the science of architecture', which is anchored in Hindu and Buddhist values and concepts. *Vastu* includes design principles, including floor layout, measurements, geometry etc.

Many of the owners revealed that they had performed a *vastu puja* before laying the foundations of their factory, while others had consulted *vastu* specialists when designing the factory floor plan, exits and layout. Most business owners, in response to a question in the survey, said that they believe in the Hindu idea of *karma*, and some also believed in the merits of *dana* or giving (as charity or donation), though these concepts were rarely invoked to justify any actions during interviews. A few of the business owners who were Jains maintained a strict vegetarian diet.[53] Two of them, whom I happened to interview during the most important annual Jain event, *Paryushan*, were seen fasting until sunset, even though both claimed that they were 'not strictly religious'.

Plate 3. *Ganapati Mandir* (temple) inside a factory premises.

[53] In line with the Jain philosophy of non-violence towards living beings, *Mahajan* Jains follow a stricter vegetarian diet, even excluding root vegetables and leaves, which are believed to host countless microorganisms that would be harmed if the vegetables are consumed (Ellis 1991: 89–90).

Plate 4. Feeding the workers after the *puja*.

Hinduism and the Ideology of Caste

An understanding of the caste system serves as a good starting point in our pursuit of the values at work in Indian society. The hierarchical institution of caste constitutes one of the major pillars of Hinduism, which makes social inequality in the Indian context unique, beyond the framework of the 'ruler' and the 'ruled'. As Eriksen puts it, 'the caste system encompasses aspects of both "culture" and "society"; that is, it is both a symbolic system associated with Hinduism, and a set of rules and practices regulating social organisation, interaction and power in societies in the Indian subcontinent' (Eriksen 2010: 150). A person's caste – a religiously sanctioned social status – is immutable in theory and is determined by the caste of the family into which one is born. Historically, depending on the caste's position in the hierarchy, individuals have enjoyed different status tied to their caste identities. While traditionally an individual's caste status primarily determined their economic role, due to the complex realities of social organization in a multi-layered Indian society, caste status inevitably becomes intertwined with other constituents of social status and different realms of life beyond religion and the economy.

The caste system is widely understood as the fourfold social division known as the *varna*s, as described in the *Puruṣasūkta* hymn in the *Rigveda*[54] (Srinivas 1964: 64). There are four *varna*s. These, according to their prestige and position in the caste hierarchy in descending order, are the *Brahmin(s)* (priests and scholars), the *Kshatriya(s)* (rulers and soldiers), the *Vaishya(s)* (merchants and traders) and the *Sudra(s)* (peasants and manual workers) (Srinivas et al. 1959: 135). According to the *Puruṣasūkta*, the four *varna*s were born from different parts of the body of Brahma, the creator of the universe. Brahmins were born from the mouth, Kshatriyas from the arms, Vaishyas from the thighs and Sudras from the feet. The order of the four *varna*s is believed to reflect their social standing in earlier society (Srinivas 1964). Apart from these four *varna*s there is a fifth category of outcasts, the untouchables, who were relegated to the lowest position, outside the *varna* hierarchy. Since the religious scriptures explain their low status to be a result of illicit inter-caste unions, and because certain impure tasks were assigned to and carried out by them, the untouchables became associated with impurity. Due to the nature of these tasks, pollution of the soul and physical contact with them were considered synonymous (Ghose 2003).

The concept of purity and pollution that is at play in the heart of the Indian caste system forms the basis of Dumont's well-known work. Inspired by a French sociological tradition that highlights the role of ideology in shaping people's conduct, Dumont (1970) viewed the caste system as more than just a system of division of labour based on economic rationality and tried to uncover the ideas and values that underpin it. Drawing on Bouglé, Dumont saw the opposition between the pure and the impure in the Hindu belief system to be 'a single true principle' for understanding the caste system (Madan 1971: 1805). For Dumont, this opposition is reflected in the hierarchy of the caste system, which entails a status imbalance that embodies the moral superiority of the pure over the impure. To prevent the mixing or even the proximity of the pure and the impure, it also engenders the moral acceptance of social distancing and separation. And finally, this opposition underlies the division of labour, which distinguishes impure occupations from pure ones, thus extending the separation between the two. This leads him to concludes that 'the whole is founded on the necessary and hierarchical co-existence of the two opposites' (1970: 43).

In Dumont's understanding, values are more than beliefs or ideas. Values are the measures of the relative importance of beliefs and ideas to a culture or a society (J. Robbins 2009: 65). As such, with hierarchy, in the form of the duality of the pure and the impure, and the relative superiority of the former over the latter, remaining at the core of his conceptualization of

[54] A sacred and canonical Hindu text.

the caste system (Madan 1971: 1805), Dumont argued that whenever a duality of values co-exist in moral contention, the more valued idea subjugates the less valued counterpart (in the context of the caste system, therefore, purity encompasses impurity) through what he called the 'encompassing of the contrary' (Berger, Hardenberg, Kattner and Prager 2010). As such, a hierarchy in Dumont's model is not a nexus of relationships which can be empirically observed in society. Hierarchy is not a division of labour, nor social stratification, nor even a disparity in the distribution and control of power. Hierarchy is not defined by empirical relations; it rather dictates *how* such relations are ordered. Hierarchy itself, as Dumont saw it, is 'a special configuration of values' which is present in every society or culture (Berger et al. 2010). In the case of the caste hierarchy in India, power as a value is subordinated by (the more important) purity, as is evident in the higher relative position of the Brahmins, who have greater purity, as compared to the kings or Kshatriyas, who have the higher power based on empirical relations (Berger et al. 2010).

Dumont's approach to the caste system has, however, attracted its fair share of criticisms. Two such prominent criticisms are first, his assumption that there is a pan-Indian caste system (Bastin 2004), which fails to consider regional configurations, and secondly, his view of a supposedly 'static' model of the caste system which overlooks its evolution over time. Dumont's analysis centres around the traditional caste system as an ideal type, manifestations of the caste system on the ground lying outside his purview (Madan 1971: 1807–1808). Later scholars problematized this, challenging Dumont's reliance on the traditional fourfold *varna* system, and shifting their own focus to explore the complex empirical realities of the caste system, the *varnas* entail numerous subdivisions.

At this juncture, it is relevant to dwell on the problematic usage of the terminology of the 'caste system'. Despite the liberal tendency to denote 'caste' in the Anglophone literature to refer to both *varna* and *jati*, the difference between them and their correspondence to the caste system still remains a subject of debate. Some suggest that *varna* and *jati* as forms of stratification belonged to different periods marked by different modes of production, namely Asiatic and feudal (D. Gupta 1980: 249). This is in line with the more popular view that the *varna* stratification metamorphosed and eventually gave way to region-specific *jati* stratifications. Srinivas questioned the tendency among other Indologists to equate *varna* with caste, which he believed painted the wrong image of the realities on the ground (Srinivas 1964). His disquiet here stemmed from his general dissatisfaction with the trend to adopt a 'book-view' while ignoring the 'field-view', which he promoted to point out that the way people *actually* live differs

significantly from how they ought to live (Béteille 1996). Béteille further pointed out a change in the representation of caste. Whereas in classical texts on India *varna* was largely represented as caste, he claimed that a shift is visible whereby caste is increasingly represented as *jati* in literature. This he believed 'indicates a change of perception, a change in the meaning and legitimacy of caste even among those who continue to abide by the constraints' (Béteille 1996: 15). However, in this book I refer to the subdivisions in the four-fold *varna* hierarchy as castes and the regional *jatis* as sub-castes.[55]

Shifting Moralities in Post-colonial India

Equality over Hierarchy

Post-colonial India embraced equality as a social ideal over hierarchy, with Nehru, the first prime minister of independent India, proclaiming equality to be 'the spirit of the age'. As an ideal, equality had never been completely foreign to Indian morality in general, but in the social domain, due to the concerted efforts of religion, traditional law, customs and moral beliefs, the notion of equality between the two genders and between the hierarchical castes in particular had shrunk (Béteille 1991: 4). This invigorated acceptance of equality was accompanied by an increasing tendency among many to start viewing hierarchies of caste and community as anachronistic, even though they still persisted as a reality on the ground (Béteille 1991). The leaders of independent India saw the constitution as both a shrine for their vision and an instrument to usher in rudimentary social changes in India (Srinivas 2019: 176). The Constituent Assembly, which was comprised of members from all the nation's corners and strata, agreed that equality should be the underlying basis for the legal and political order that was to form the new India (Béteille 1991). The new constitution introduced the adult franchise even though the national literacy rate at the time was 16.6 percent (Srinivas 2019: 176), thus making the country the largest democracy of the world. But more importantly, it also enshrined the social ideal of equality by outlawing caste-based discrimination and introducing reservation.

Reservation is a 'package of protective, preferential and developmental practices [that] are intended to create conditions for the social advancement of the historically disadvantaged groups, their integration into mainstream society, and participation in its opportunity structure on equal

[55] But when the term 'caste' is used to refer to official categories such as 'Scheduled Castes' or 'General Castes', the definition of these terms as specified by the legislation applies.

terms with the advanced groups'[56] (Radhakrishnan 1996: 203). The move was intended as a temporary measure to empower the Scheduled Castes (SCs, Dalits or (ex-) untouchables) and the Scheduled Tribes (STs, the aboriginal population of the country), to expedite the availability of similar opportunities which had so far largely been enjoyed by the upper castes. At a later point, state governments were instructed to enlist caste groups with lower levels of educational attainment and representation in the public service in proportion to the state average. Collectively this led to the formation of a new category, called the *Other Backward Classes* (OBCs), which subsumed numerous other castes that are not Dalits, but have nevertheless traditionally had a lower social status (Parry 1999b; Srinivas 2019).

To uphold the interests of the OBCs and provide them with the same flavour of equality, the Mandal Commission was established in 1978. After extensive analysis, it suggested a 27 per cent seat reservation for OBCs in jobs and educational institutions in both state and central government levels (Srinivas 2019). However, attempts to implement its recommendations in the 1990s were met with protests all over the country, as the general castes[57] now had to compete for even fewer available seats. A persistent sense of 'relative deprivation' is still prominently visible among the middle classes, who were the first to embrace education and use it as their primary means of social mobility.

These policies were introduced, in addition to a wide range of initiatives, to promote access to education among the general population in independent India. The state made education for 5 to 14 year olds a fundamental right by making it compulsory and free. It also started offering subsidized education in public-funded institutes of higher educational while establishing specialized centres of excellence for technical education like the IITs. This impetus in establishing the equality of educational opportunities must be situated in the Indian context, where education gradually surpassed its functional importance and gained symbolic significance as a marker of prestige. Such is its allure that even today many pursue a professional education irrespective of their personal interests or acumen. A foreign degree and subsequent overseas employment become distinguishing features of individual and family status, with parents boasting of their children's accomplishments to family and friends (Srinivas 2019).

Much of this value attached to (higher) education is intertwined with the history of the Indian middle class, and as Srinivas (2019) points out,

[56] For a detailed discussion of the provisions, see Radhakrishnan (1990).
[57] All (higher) caste groups which do not benefit from any reservation policies are commonly referred to as general or forward castes.

there is a caste dimension to the widespread affinity to pursue this path. The higher castes were the first to take up professional education and use it to climb the rungs of the social ladder. Their success story led the lower castes to imitate them, and reservation was the state-mandated means which enabled the latter to pursue these aspirations. However, following Karanth (1996) and Radhakrishnan (1996), Basile and Harriss-White point out that 'modernisation', coupled with the government's caste-based reservation policies, is resulting in a 'dual culture', where a caste can be seen claiming both a low status when demanding protection and opportunities from the state, and simultaneously a high status when defending its position in society (Basile and Harriss-White 1999: 32).

Middle-class Moralities

The emergence of the Indian middle class can be traced back to colonial times, when social relations and the organization of caste underwent major alterations. A new class of Indians, products of British educational policies, emerged as mediators between the locals and the colonizers during this period (Ahmad and Reifeld 2002). The aim of these policies was to create a group who could serve the colonial government as administrators. This was to be 'a class of imitators, (but) not the originators of new values and methods' (Misra 1961: 11), 'Indian in blood and color, but English in tastes, in opinions and in morals and intellect', in the words of colonial administrator Thomas Macauley (Fernandes 2006: 3). This fledgling middle-class, which had few choices given the structural limitations that the colonial state placed upon its subjects, became interested in securing respectable positions in the civil service. With time, this group evolved to become synonymous with the educated class, comprising doctors, lawyers, teachers and professors. Also, the largest proportion of their members came from the traditional higher castes (P. K. Varma 1998; Ahmad and Reifeld 2002).

At the same time, the middle class continuously espoused an image of their being authentic Indians and firmly reproduced traditional family values (S. Joshi 2017). Although many middle-class women received an education, their ideals largely remained associated with domesticity. By closely studying the meaning of family and the forms of domesticity that are particular to middle-class homes, Donner (2015) asserts that the reproduction of middle-class identities relies heavily on specific gender relations. In particular, the standardization of a middle-class femininity and its relationship to the household becomes crucial in defining the middle-class lifestyle and distinguishing it from the strata both above and below. In India's colonial context, 'an idealized modern but simultaneously traditional

femininity centering on motherhood … emerged as the norm'[58] (Donner 2015: 137). As Walsh (2004) notes, middle-class women were to be rational mothers and devoted wives, with the sole intention of representing family values and imparting them to the next generation. Such idealizations of domesticated womanhood naturally excluded working-class women, who could hardly adhere to these ideals because they had to fulfil other priorities, like securing a livelihood. This made more pronounced the border between middle-class women who spent their time in the household reproducing indigenous values and their lower-class counterparts who went outside the home for work. Even though the situation changed in the following decades and many middle-class women can now be found pursuing different professions outside their homes, they are nevertheless expected to fulfil their traditional roles.

After independence, the middle classes continued attaching great value to education and used it as their primary tool for purposes of social mobility. Consequently, white-collar public-sector employment and an English education became marked features of middle-class respectability, shaping the idea of social prestige. Success stories of upward social mobility of the middle classes attracted many lower caste groups to embrace education, something further encouraged by existing reservation policies. The increased competition and the availability of protective policies for the lower castes resulted in increased anxiety among the traditional (high-caste) middle-class to reproduce itself, which was further aggravated by the shrinking public-sector jobs (in the face of increasing privatization) that the traditional middle classes historically engaged in. As mentioned earlier, this anxiety was already very prominent in the aftermath of the Mandal Commission sanctioning reservations for the OBCs, when the upper-caste middle classes were the loudest voices against the move, campaigning instead in support of the principle of meritocracy (S. Joshi 2017). This same anxiety over education and job opportunities was also evident in my field site. Admission to reputedly English-medium schools remains highly competitive. A widespread aspiration among parents to see their children enrol someday for medical, engineering and other professional degrees that increase possibilities of future white-collar employment is also commonplace. For the higher-caste middle classes, this anxiety is even more palpable. With a significant proportion of college seats and public-sector jobs being reserved for SCs, STs and OBCs, middle-class general-caste candidates frequently complain about the relaxed qualification criteria for the reserved castes, while they themselves fall short of the standard

[58] See also Dickey (2000), Frøystad (2006), Oza (2006), Rutz and Balkan (2009) and Donner (2016).

acceptance thresholds. To add insult to injury, nor can they buy their way into expensive private colleges like some of their higher-class counterparts. However, these developments are by no means recent and have already been reported since the early 1990s (see Srinivas 2019). Amidst the traditional middle-class anxiety to reproduce itself, a new segment of the middle class has emerged in India.

The new segment of the middle class, popularly referred to in the literature as the new middle class, emerged on to the scene after liberalization. The novelty of this new segment was not its structural position as a new member of the middle class, but rather the new economic sector with which its members were associated. The burgeoning importance of this sector reflected the underlying changes that were introduced during the liberalization of the economy, and it soon became the new standard for the Indian middle classes. The demarcations, aspirations and goals of the middle class soon followed suit, and they radically shifted from jobs in the secure public or government sector to jobs in multinational corporations and foreign banks, thus reflecting the 'nation's integration with the global economy' at large (Fernandes 2000: 90). Mumbai, a truly global city, is a prime example of the manifestation of such changes. After two decades of policies encouraging foreign investment in the city's economy, the landscape was transformed completely from being comprised largely of manufacturing industries to a situation in which the service and finance sectors dominated. The urban middle classes in Mumbai consequently became representative of India's ideal-typical 'new middle class' (Fernandes 2000).

However, with its rise to a higher echelon in society, the new middle class also became the subject of morally laden public discourses, increasingly being portrayed as one of the groups that benefitted the most from economic liberalization, as opposed to the many others who did not or who conversely suffered because of it (Fernandes 2000: 88). The new middle class also attracted criticism for its tendency to indulge in hyper-consumption (P. K. Varma 1998; Fernandes 2000), for its waning sense of moral responsibility towards society in general, and the poor and disenfranchised in particular (Kothari 1993; P. K. Varma 1998), and for its liking for westernization, which, it was argued, jeopardized traditional Indian culture (Fernandes 2000).

To situate such accusations contextually, the moral ethos surrounding them needs to be explored. Since independence, India has hardly approved the excessive display of material possessions (which also does not translate into a higher social standing), a tradition rooted in the history of the freedom movement in line with Gandhian and Nehruvian ideals (P. K. Varma 1998). This was a nation that had seen the introduction of land reforms to aid

peasants and had borne witness to the state's efforts to preserve Gandhian ideology by creating statutory bodies such as the *Khadi* (homespun cotton) Commission and the Village Industries Commission (S. Joshi 2017). As such, the possession, accumulation and display of material commodities were frowned upon, as opposed to 'other countervailing concept[s] such as status and respect which had a higher priority in the scale of social values' (P. K. Varma 1998: 40). Adhering to traditional Hindu philosophy, the public consensus deemed one's actions and achievements to be the only source of status and consequently of respect, in line with Nehru's visions of 'an India that sought to be modern yet draw upon a putative history going back millennia' (S. Joshi 2017: 12). The new middle class attracted criticism because its emergence and existence were rooted in neoliberal government policies that had been shaped by a liberal middle-class agenda (S. Joshi 2017). This did not fit the moral ethos that post-colonial Indian society shared. Instead, it engendered a new ethos, albeit that of a society adjusting to the effects of neoliberalism and globalization.

Between Virtue and Vice: The Moral Ambiguity of Corruption in India

Any discussion of morality in India would be incomplete without addressing the topic of corruption. Several conceptualizations of corruption define it largely in the context of public administration and treat the term synonymously with deviant behaviour (contrary to formal duties) by a public official for private interest or financial gain. (Nye 1967: 419). However, definitions that are concerned with the illegality of the practice have often come under criticism as too narrow and as inherently influenced by western perspectives (De Sardan 1999). To understand the wider spectrum of corruption in the Indian context, one must look at the complexities on the ground. The topic of corruption and the moral discourses surrounding it have enjoyed their fair share of attention in independent India, both in the news and in the everyday lives of the general public. The most common sort of corruption is what has been called 'retail corruption' (Paul and Shah 1997), the tangible small-scale corruption that individuals encounter in their day-to-day lives. During my fieldwork among small businesses in Palghar, I too came across such discourses. Gupta (1995) noticed the ubiquity of corruption in day-to-day life as a topic of conversation in informal gatherings of villagers during his fieldwork in a North Indian village, and he found corruption discourses to be 'a key arena through which the state, citizens, and other organizations and aggregations come to be imagined' (A. Gupta 1995: 376). This not only throws the conventional distinction between

public and private into question, it also led him to perceive corruption as 'a mechanism through which "the state" itself is discursively constituted' (A. Gupta 1995: 376). That is not to say that corruption in India is restricted to its 'day-to-day' forms; in fact it is much more pervasive and permeates different levels of government and bureaucracy. Sanchez (2012a) noted that in 2012, 158 of the 543 elected representatives of the lower house in the Indian parliament had been charged with criminal activities, including corruption allegations.

Probing into the social mechanisms of corruption helps us understand the morals, cultural codes and value systems in which it is embedded. Though based on research conducted in Africa, De Sardan's conceptualization of corruption provides a good starting point for considering the multiple moralities that often underlie the phenomenon in India. Rejecting dominant western definitions of the term, he instead proposes to use what he calls 'corruption complexes' that include 'nepotism, abuse of power, embezzlement and various forms of misappropriation, influence-peddling, prevarication, insider trading and abuse of the public purse' so as to analyse 'what these various practices have in common, what affinities link them together, and to what extent they enter into the same fabric of customary social norms and attitudes' (De Sardan 1999: 27). In the process, De Sardan digs out the value systems and cultural codes that allow these corruption complexes to be justified from the perspective of those engaging in such practices, thus uncovering a moral economy of corruption. He identifies a number of 'logics' that interact with the complexity of corruption leading to its embeddedness in social life. These logics are norms that impact on actors' behaviours. Rather than their being a purely 'traditional' pre-colonial cultural product, he finds them to be syncretic in character. Furthermore, he identifies two 'facilitators' that stimulate the effect of these logics: the over-monetization of African society, where everyday sociability involves 'a lot of cash'; and shame, which comes, for example, from not being able to do what 'everybody does' or expects from certain positions.

The value system and cultural codes that lie at the core of De Sardan's work are also reflected in Parry's (2002) investigation, where he takes into account the justification of corruption in the Indian context. He comes across asymmetries in moral legitimation which he captures in his accounts of the 'logics' at work, embodied in attitudes such as the following: 'Of course, I am not to blame if the only way I can get an electricity connection is by paying a bribe? How do you expect my children to do their homework in the dark?' (Parry 2000: 41). He further notes that although the act of giving a bribe does not involve any moral unease, the act of receiving one often does.

He relates this to the Hindu religious gift, or *dan*, which transfers the sins of the giver to the receiver.

Parry's work brings out two important points: the thin boundary between a gift and a bribe, and the process of moral legitimation involved. The first point has been highlighted in Gregory's (2014) work, where he talks about 'commercial gifts', that is, gifts which are ambiguous in nature and fall into the grey area between legality and illegality, such as those given to officials. Commercial gifts can be either public or private. If such gift-giving occurs publicly, the act is labelled as generosity and is lauded in the public's eyes. Conversely, when such gifting is private, it masks the social relationship between the two parties involved, causing the same act of gifting to be labelled differently, as a bribe (Gregory 2014: 206). The second point, the process of moral legitimisation at work, is explored in Jauregui's (2014) ethnography, where she discusses how such legitimization contributes to corruption taking the form of *jugaad* (translated as provisioning, or the means of provisioning), which is locally perceived as an indispensable practice for getting by. She found *jugaad* to be one of the euphemisms used for corruption when it takes the form of goal-oriented improvisation by utilizing informal social networks to one's advantage. She interprets this as an expression of 'provisional agency', which challenges the strict distinction between corruption and virtue (Jauregui 2014).

Religion and the State

Post-colonial India embraced secularism as an ideal that underpinned the new constitution, with secular figures like Jawaharlal Nehru anticipating 'a decline of the hold of religion on the minds of people' (Madan 1987: 757) as a result. The constitution set a limit to the reach of religion by stripping religious scriptures of the power to command the rights of individuals and making *jati* and *varna* redundant by giving equal rights to all Indians, irrespective of the differences in their caste or creed. What makes the Indian version of secularism distinct is that it stands for a state policy that promotes equal public respect for all religions, rather than 'a state promotion of a public culture opposed to or sceptical of religion' (Harriss-White 2005: 166). Harriss-White (2005) argues that the state's tendency to distance itself from religion and the notion of tolerance instead of obliviousness has led to religion becoming a powerful element in politics and the economy, with religious competition becoming the characteristic practice. Additionally, the existence of 'religious law' operating almost exclusively in domains such as family inheritance shows us an avenue where individuals can allocate economic resources beyond the control of the state (Harriss-White 2005).

In the decades following independence, religion made a conspicuous re-appearance in the political domain with the rise of the *Rashtriya Swayamsevak Sangha* (RSS), a Hindu nationalist organization. It has since grown as a political and cultural umbrella organization with children and spin offs, all of which aim to promote a Hindu nationalist agenda in the form of the *Hindutva* ideology, which entails the construction of a Hindu theocratic state, working within the national democratic mechanism. Gaining momentum and acceptance due to the desires, anxieties and discontinuous subjectivity of the masses, much like similar right-wing nationalist 'return to roots' movements in Europe, Hindutva is articulated to use 'paternalist and xenophobic discourses with democratic universalistic discourses on rights and entitlements' (Hansen 1999: 4). Objectively it aims to transform Indian public culture into a national culture rooted in a (supposedly) superior ancient Hindu past by imposing a version of discipline which follows the 'right' Hindu and by extension Indian, way (Hansen 1999).

Several prominent ministers in the current BJP-majority central government started out in the RSS, and a portion of the party's vote bank also consists of RSS members. The original RSS economic agenda is a six-decade old manifesto which emphasizes the adoption of *swadeshi* (i.e. made in one's own nation) goods and services, framed in the context of the state of the national economy at the dawn of independence. But in 1998, when the BJP-led NDA government came to power and opened up foreign investment in the domestic economy, the purist elements within the *Sangh Parivar* (the RSS family) publicly criticized it. Consequently, relationships and relative positions within the *Sangh Parivar* have changed during the recent second and third terms of the BJP government. The prime minister's office has chosen to keep away from these radical elements, and they in turn have adopted a softer stance with a more neoliberal outlook. This is reflected in the government's emphasis on both neoliberalism and Hindu religiosity (see Bobbio 2013; Teltumbde 2014), which finds expression in its rhetoric of *vikas* and initiatives such as 'Make in India'.

Kaur (2015) has argued that this new rhetoric, centred upon promises of imminent *acche din* (good times), capitalizes on a growing middle-class sentiment with an affinity for post-reform economic development. Against the backdrop of memories of sluggish growth and meagre international competitiveness in the decades prior to 1991, while this larger mainstream vote bank has become disillusioned with the autarkic goals of pre-liberalization Nehruvian India, it has not necessarily subscribed to the original RSS vision of a purist Hindu India either. Where Brand Modi shines is in its ability to meld *acche din* with a 'post-reform consensus' among the middle-class – a dream for global recognition of a traditional Indian culture

that is equipped for economic success, compounded by the modern neoliberal ease of conducting business (Kaur 2015). This formula worked during his time as chief minister of Gujarat. While simultaneously introducing reforms and legislation which were designed to attract external investment to the state, Modi aligned himself with a Gujarati ethos of traditionalism, alleged mercantile ability and a history of engagement in business, thus 'merging religious affiliation, globalizing aspirations, and a subtle form of religious sectarianism' (Jose 2012; Bobbio 2013). At the time of the 2014 national election, the flourishing economy of Gujarat was presented as a 'report card of achievements of the "Gujarat model" of economic growth', even though the region, historically an important trading hub, can largely attribute its rich business landscape to policies introduced by the postcolonial state (Kaur 2015: 327). As Kaur pointed out, 'what made the Modi regime different was the adoption of the global language of neoliberalism—good governance, growth/investment, and development—that was well understood by policymakers, investors, and middle-class consumers at home and abroad' (Kaur 2015: 327). After coming to power nationally, even though his promise has in essence remained the same, Modi has outgrown the regional Gujarati flavour of his image and has adopted instead a national, Indian ethos while morally fusing the agendas of neoliberalization, nationalism and Hindu religiosity (Bobbio 2013).

Chapter 4
The Trajectory of Small-scale Capital in Palghar

With the current government's attempts to rebrand the nation as a manufacturing hub for the global economy (Kaur 2015), small-scale industries have gained renewed attention in both scholarship and political discourses in India. Despite that, with few exceptions (e.g. Streefkerk 1985; Chari 2004; Haynes 2012), small-scale capital and its trajectory in the provinces have received scant anthropological attention thus far.

Discussions concerning small-scale industrial capital in the provinces very often revolve around its relationship with positive state intervention, while, the emergence of a stratum of small and medium-size industrialists is primarily attributed to state subsidies catering specifically to them. Although there are barely any social-science investigations of industries in Palghar, studies focusing on small-scale industries in other nearby provincial towns with a similar profile to Palghar's frequently repeat this common argument. For instance, Streefkerk, who studied small-scale industry in its nascent stage in Bulsar, noted that 'Government support and the relatively small amounts required to start small enterprises attract businessmen to use their capital lucratively in the small-scale industrial sector' (Streefkerk 1979: 107). Gorter, who conducted a similar study in the provincial town of Vapi, echoed this: 'By the 1970s the number of small-scale industries had increased sharply due to the proliferation of government subsidies, reservation of products[59], the establishment of industrial estates, etc.' (Gorter 1997: 82). Baru asserted that the emergence of a 'new entrepreneurial groups' or what he called a 'vocal non-monopoly stratum' comprising persons of different backgrounds, from technocrats to rich peasants, had been 'largely the creation of "state capitalism"' (Baru 1988: 149).

[59] The process of granting licenses for the production and sale of certain product categories exclusively to small-scale industries.

This positive state intervention had its inception in the 1950s when an official category of small-scale industries[60] was created to nurture a number of small-scale capitalists. The state offered subsidies and tax breaks to these enterprises and exempted them from stringent labour regulations. It also reserved a range of products solely for the small-scale industries to manufacture in order to further incentivise entry into this sector (Gorter 1997). Tyabji (1989) proposed to see these policies of nurturing a group of small-scale capitalists against the backdrop of post-independence India, where unemployment among the middle classes and educated youth made it crucial to find ways of widening the economic base of the country. From the state's perspective, sections of the educated middle class who risk remaining unemployed had already been identified as potential agents of political unrest from as early as colonial times, making it crucial to boost employment opportunities for them (Tyabji 1989).

Besides widening the economic base by increasing the numbers of new businesses and, in the process, generating employment for the young, these policies were also expected to attract people from diverse community, caste and class backgrounds into industrial entrepreneurship, a sector that only a few communities had dominated so far. While these policies indeed played an important role in proliferating small-scale enterprises in different parts of the country, both my own observations in Palghar and the empirical findings of other scholars from western India (Streefkerk 1985, 1997; Gorter 1997) reveal that business owners sharing certain characteristics appear to dominate small-scale industry numerically, whether belonging to merchant communities[61], hailing from a trading caste or having a family background in business. Two or more of these traits frequently overlap.[62] For instance, business owners from traditional business communities also frequently have a family background in business, while some belong to a trading caste as well. A significant proportion of these business owners have a history of

[60] In 2007 the Ministry of Small-Scale Industries and the Ministry of Agro and Rural Industries were amalgamated into the Ministry of Micro, Small and Medium Enterprises (MSME). See https://msme.gov.in/about-us/about-us-ministry (last accessed March 2019).

[61] Among the merchant communities (also referred to as trading communities and business communities) active in western India, Gujaratis (including Kutchi and Indian Sindhis), Parsis and Marwaris are more conspicuous in numbers. My usage of the term merchant/business communities in this chapter subsumes only Gujaratis and Marwaris, who are found to be dominant in the small-scale industry landscape in Palghar. Parsis, who are a comparatively smaller community (and more prominent in larger businesses), are relatively absent in this context. The definitions and use of the terms 'trading castes' and 'trading/merchant/business communities' have already been covered in Chapter 2.

[62] Given the secular nature of the constitution of independent India, the lack of official data on caste or on the community backgrounds of business owners makes it very difficult to substantiate this with statistics.

transitioning from 'trade to industry'. This persistent dominance of certain communities leads us to question the impact that policies alone can have in bringing new players into the small-scale industry landscape. It further prompts examination of other factors that worked in addition to these incentives that made new businesses possible and analysis of whether these policies impacted different groups differently.

The path of small-scale industrial capital from trade to industry has figured prominently in literature, but the focus of these works is often limited to analysing the nature of these businessmen's entrepreneurship and its consequences for the future of small-scale industries in India, as well as evaluating these interventionist policies and their alleged misuse. It was believed that the policies attracted the 'wrong sort', rather than 'right sort' of entrepreneur (Cadène and Holmström 1998: 35). Van der Veen distinguished small-scale industrialists as either commercially oriented or production-oriented. Whereas the latter were concerned with the long term and invested significantly in fixed assets, the former sought financial flexibility by not investing (and thus blocking) a large sum of capital, being driven by the objective of making a fast profit (van der Veen 1976). Similarly, Streefkerk (1985) reported a tendency among small-scale industrialists in Bulsar towards 'commercialism', which he defined as 'the tendency to set up, successively or simultaneously, diverse commercial and industrial activities'. He further argued that though 'commercialism' was believed to be a defining feature of merchant capital invested in industries (as merchants were used to quick returns on their investment) – since the same phenomenon, to a lesser extent, was observed among artisans too – he concluded that, rather than being a feature of a certain group, commercialism in this case was 'inherent in the Indian socio-economic structure', which 'encourages rather than prevents diverse investments and the spreading of risks' (Streefkerk 1985: 259). This led him to question the long-term prospects of small-scale industrialization characterized by 'commercialism'.[63]

Instead of focusing on intentions or long-term prospects, this chapter explores the emergence of small-scale enterprises in Palghar. I trace the trajectory of capital invested there and probe what enabled small-scale industrialists to amass their initial capital. It quickly becomes clear that businessmen from traditional business communities dominate small-scale industries here. I go beyond discourses that essentialize business acumen or the 'entrepreneurial spirit' of traditional business communities (and trading castes) as the reason for this dominance and instead draw attention to their historical, social, political and spatial aspects. As mentioned earlier, an

[63] About two decades later, after some follow-up fieldwork, he retracted this hypothesis in a reflective essay (Streefkerk 1992).

impressive proportion of this group's capital flowed from 'trade to industry', and though it is widely recognized in literature, this 'trade to industry' path is often attributed, quite ahistorically, to these communities' tendency to diversify capital (cf. Berna 1959; Oonk 2004, 2014).

Using a case study of the Wala family and their business biography, I demystify this path and bring to light the crucial roles that kinship, community and institutions might have played together in shaping such transitions. I also highlight underlying motivations that often consist of a juxtaposition of different values, rather than simply an urge to diversify capital.

In contrast to this dominant group, in the second part of the chapter I consider first-generation businessmen from other backgrounds who have started small-scale industries in Palghar. With the aid of three brief case studies of such industrialists, I show how initial capital can be mobilized in the absence of inherited wealth and community orientation, while probing into how such absences can impact on the extent to which new businessmen can benefit from state policies. Additionally, though this group largely differentiates itself from the first group because of its lack of family support – inherited wealth, business knowhow and connections – I show how their families have still played a crucial part in establishing their businesses, albeit in different ways.

Overall, I explore how different modes of belonging to community, family and kinship shape different strategies of capital accumulation and how the values, obligations and expectations that arise out of these belongings sometimes aid and sometimes restrict the running of the enterprises. Also, I argue that, while state intervention and subsidies have figured prominently in scholarship and discourses surrounding small-scale industrial capital in provincial India, in practice they have benefited different groups unequally. Their role should be understood in relation to an array of interwoven arrangements and forms of support, some explicit, some concealed.

Access to Business Opportunities: An Uneven Playing Field

Inequality as a larger phenomenon in the history of capitalism has been addressed by Thomas Piketty (2014), who in his analysis of long-term data from countries like the US and France shows that capital has almost always enjoyed a higher economic return than labour. While pointing out this uneven distribution between the income from labour and income from wealth, he singles out the importance of 'patrimonial capital', that is, the primacy of inheritance in accumulation of wealth. Piketty, however, has been criticized for failing to distinguish between wealth and capital,

especially the latter's role as an 'agent of production' (Yanagisako 2015), leading scholars to ask whether his study is more about changes in wealth inequality or inequality of capital (Bear 2014). Explicitly, Yanagisako emphasizes, 'distinguishing capital from wealth is crucial because it alerts us that the former is a process that requires certain kind of social relations; hence an understanding of capital in any century requires situating quantitative findings in the history of these social relations' (Yanagisako 2015: 493). However, she agrees with Piketty's argument on the importance of inheritance, where he saw inherited wealth to be the most plausible explanation for a large percentage of capital being concentrated in the hands of a mere few. Echoing the significance of inheritance and kinship throughout the history of capitalism, Yanagisako too postulates that '…kinship is still at the core of capital and class' (Yanagisako 2015: 492).

While Yanagisako brings out the importance of inheritance in creating an unequal playing field, Gudeman's work draws attention to the complexity of the market itself, which further contributes to making the playing field even more unequal (Gudeman 2001, 2009). Gudeman (2015) points out that Piketty's analysis is oversimplified, as it assumes unequal returns on capital and labour as a 'natural' process, independent of market imperfections. Gudeman proposes to look at different spheres of the economy and the ways they influence each other in order to understand the processes by which capital maintains this inequality over time. Going beyond Polanyi's conceptualization of 'embeddedness' as a characteristic of pre-industrial economies, he proposes to see all economies as 'both embedded and disembedded' (Gudeman 2009). He sees economy further as consisting of two realms, the 'community', and 'market or impersonal trade' (Gudeman 2001). The two realms may exist in different variations, and the proportion of the two may vary temporally and locally, but all economies contain these two realms, which are interwoven in complex ways (Gudeman 2005). In his later works, this idea is well expounded in his treatment of economic spheres, of which community is one. Communities include members based on some shared characteristic, whether affiliation to an ethnicity or their forming a union, but the reason it is deemed to be an economic sphere in its own right is because communities tend to share their resources for individual affiliates to rise up individually, and the community in turn collectively. It is here, within the community sphere, that members can find something crucial, which for Gudeman means 'the power of capital as well as closely held knowledge and social relationships'. Access to these is what gives some a competitive advantage over others, or what Gudeman calls opportunities for rent-taking (Gudeman 2016: 5).

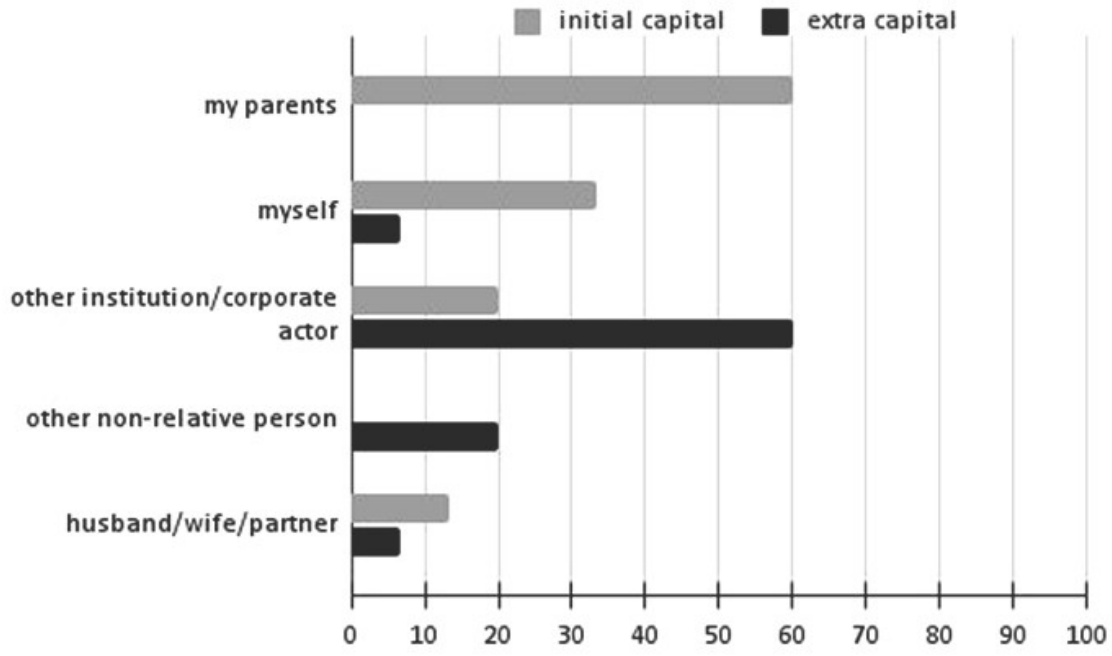

Figure 1. Sources of capital for businessmen from families with a background in business.

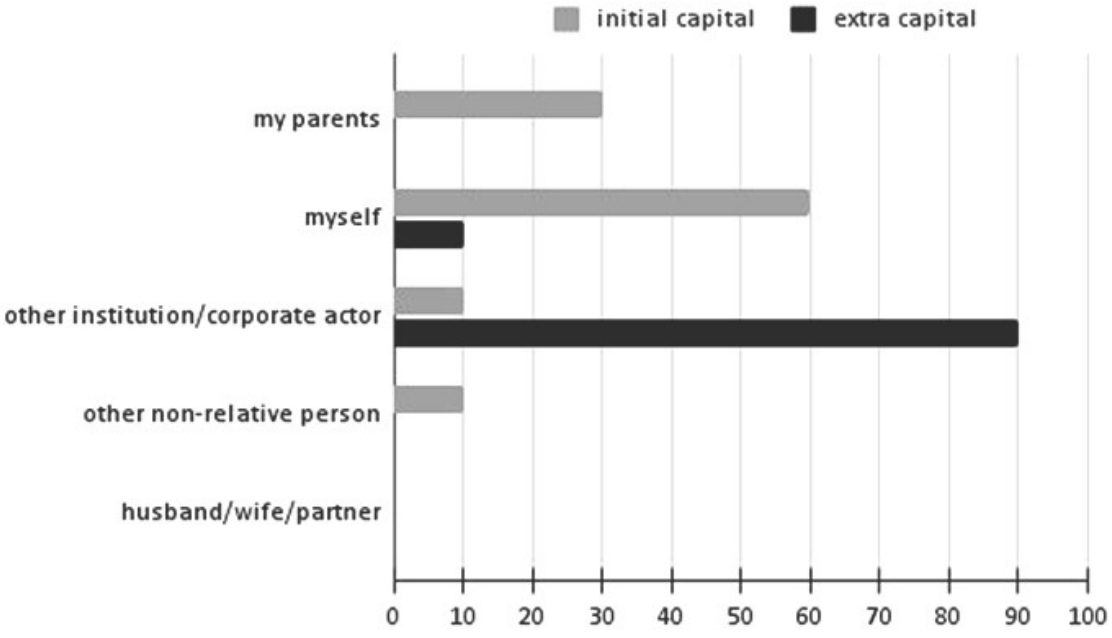

Figure 2. Sources of capital for first-generation businessmen.

The literature discussed above points to the role of kinship and community in facilitating access to certain resources, the complexity of the market and

the impact of informational asymmetries. The two diagrams above depict the results of the complementary quantitative survey[64] I conducted and represent[65] how my informants in the manufacturing sector amassed their initial capital and extra capital for their ventures. Figure 1 shows that the first group, consisting of businessmen from families with a background in business[66], most of whom belong to one of the merchant communities, mainly use family capital as initial capital, whereas first-generation businessmen from outside the merchant communities rarely benefited from family capital, instead relying on themselves for their initial capital (see Figure 2).

From Shyam Trading to Srikant Enterprise: Three Generations of the Wala Family and their Firm(s)

Srikant enterprise's path to Palghar follows an archetypal trajectory shared by many businesses that started coming to the town from the 1970s. The enterprise has its roots in colonial Bombay, where the current owner Nitin's grandfather, Ramesh, came as a migrant. Pushed by arid lands and unfavourable geographical conditions, and pulled by the presence of fellow caste and community members who had already migrated to these cities and consolidated their economic base, Ramesh's trajectory was part of a larger trend of mass migration to colonial hubs of commerce like Calcutta and Bombay. The labour market in these cities offered people a means of sustenance when their agricultural land failed them (Prabhu 1956: 49). Born to a family surviving on odd jobs in a far-flung village in Rajasthan, Ramesh and his younger brother Brijesh set out for Bombay at the suggestion of an elderly neighbour, as declining agriculture and scarcity of work further aggravated their living conditions. Relying on a *chitthi*[67] from this neighbour to an acquaintance in Bombay who could help them with initial

[64] Of the 44 small businesses on which the survey was based, 26 are manufacturing units. Given the specific focus of this chapter Figure 1, Figure 2 and Figure 3 represent data from these 26 manufacturing units (20 owned by businessmen whose families have a background in business, and 6 owned by first-generation businessmen with no business background). The objectives and methods of the survey have been introduced in detail in the methodology section of the introduction chapter.

[65] Although the actual figures have to be treated cautiously due to the small number of cases, this result nevertheless reveals important differences between the two groups. A comprehensive analysis of these data is provided in the second part of this chapter.

[66] Among the owners in my sample who have a family history of business (including trading, retail and manufacturing), 80% (16 out of 20) hail from merchant communities.

[67] The Hindi word 'chitthi' translates to 'letter', but in this context it rather means a letter of reference. Such letters were common practice for migrants who ventured to big cities with no personal contacts.

accommodation, the brothers emigrated from the village. Like thousands of migrants at that time, they eventually found work in a large textile mill. 'He started as a labourer only!' his grandson Nitin emphasized while recalling Ramesh's transition. The two brothers worked in the packaging unit, with Brijesh earning a slightly higher wage than Ramesh. Thanks to the few years of schooling Brijesh had back in the village, he could take up a position involving accounting and documenting which paid marginally better, even though the payments in general were low. Given the low salary and lack of almost any scope for vertical occupational mobility, a few years later the two brothers decided to start a small cloth-trading business, an activity that was widely visible among Marwaris in post-colonial Bombay.

This small shop marked their transition from labour to business ownership. Tracing the family's history from *Shyam Trading*, Ramesh and Brijesh's small shop, to *Srikant Enterprise*, a mould-manufacturing factory which his grandson Nitin runs today, reveals how diverse motivations, kinship, community and institutions have all shaped this journey from trade to industry.

Beyond the Individual: Family, Kinship and Community

The burgeoning business landscape of late-colonial and post-colonial Bombay was dominated by a few communities like the Parsis, Gujaratis and Marwaris[68], and this persists to a great extent even today. A number of studies (Srinivas 1956; Goheen, et al. 1958; McClelland 1961) attribute the dominance of certain castes and communities to some sort of 'entrepreneurial spirit' or a form of asceticism along the lines of Weber's thesis of the protestant ethic[69] (Weber 1978), while common perceptions attribute it to the communities' 'business mindedness'. However, historical enquiry finds that the merchant communities' dominance can be traced back to colonial India[70], where they enjoyed a rather privileged position on

[68] The term 'Marwari' is used to refer to people who hail from the Marwar region (currently Jodhpur district) in Rajasthan and who speak the Marwari dialect. They may have different caste, class and tribal backgrounds and may be Hindu or Jain. Today, 'Marwari' has become a general label for people who speak the Marwari dialect and have family connections from, or around, the region (Gregory 1997). To contextualize this in relation to the present case study, in this chapter I only touch upon the Marwari community and their position in colonial India. For a detailed account of the position that Parsis and Gujaratis held in that period, see Chapter 2; see also Lamb (1955, 1958).

[69] Chapter 3 has covered scholarly arguments around Weber's protestant ethics thesis. The same thesis has been used to justify how certain merchant communities stood out as exceptions with their entrepreneurial success (see Rutten 2002).

[70] Some communities' mercantile histories stretch as far back as the 16th century. Owing to its proximity to the Arabian Sea to the west of the landmass and many ports, trade networks

account of trade collaboration with Europeans (Rutten 2005; Markovits 2008). This engagement with the colonial economy established a base from which these communities could later find ways to support the integration of newly arrived community members into the business landscapes of these big cities over the next decades.

Belonging to the Marwari community[71] and the Baniya caste, Ramesh could benefit from an intricate community safety net from the outset of his migration to the big city. His Marwari background, confirmed by the letter of reference from their neighbour, granted him access to this closed circle. On producing the letter after their arrival, both brothers were accommodated in a *basa*, hostel-like accommodation financed by a successful Marwari *seth*[72] as a gesture to give back[73] to his community. These *basa*s, however, were more than just accommodation – they were also doorways to effectively functioning 'Resource Groups', which gave Marwaris a competitive advantage at the start of their careers (Timberg 1973, 1978). Timberg's extensive work shows how such arrangements within the community facilitated Marwaris coming from rural areas to enter the world of trading in cities (Timberg 1970, 1971, 1978). He wrote, 'a young Marwari starting out in business would find hostels or "basa" where he could stay, often initially free, a certification of his creditworthiness from a guaranteed broker if he wished to enter the field of cloth brokerage, and centres where he could pick up and transmit commercial gossip' (Timberg 1973: 265–266). Timberg also mentioned how Marwaris who arrived as migrants first worked in larger Marwari firms as clerks and mediators before many started their own ventures. What benefited individuals with no prior business experience, like Ramesh and Brijesh, who came to Bombay in around the mid-twentieth

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between the Gujarat region and the Middle East had existed for hundreds of years before the arrival of the British colonists (Chandavarkar 2002).

[71] The community support networks often facilitated business initiatives in the community at large, even those of non-*Baniya*.

[72] The term *seth* is often used to refer to one's employer or superior in general. It can also be used for someone who is renowned or successful in the community. In this context, it refers to successful businessmen who possessed significant wealth.

[73] See Haynes (1987) for an alternative understanding of philanthropic gestures like this one. On the nature of *longue durée* of gifting among trading communities, Haynes (1987) argued that gestures of philanthropy, whether in the form of donations to temples or gifts in kind to kings and intermediaries, were investments geared towards building a reputation that would allow such individuals to forge stronger social relationships both with members of their own community and those in power. The actual form which these gestures took depended upon the specific time and place they were inhabiting.

century, was getting incorporated into these resource groups.[74] It was through the contacts they developed in the *basa*, among mentors and others in similar predicaments, that they got to know where exactly to look for work. The *basa* was also the place where they were acquainted with the dynamics and processes of cloth-trading from mentors and others who had taken the plunge already.

Relying on their own experience of working in a mill and the valuable insider's knowledge about the pitfalls and issues in the cloth-trading business they had acquired from fellow Marwaris, the brothers started their own small trading shop. Starting the venture did not need significant investment, only a down payment for the shop premises and the cost of the first batch of material. In order to support the nascent venture and sustain their livelihoods, Brijesh, who had a relatively better salary, kept his job at the textile mill to ensure a steady flow of income, while Ramesh left his job to look after the business. Though one worked physically at the mill and the other in the shop, the two brothers ran the business together. Brijesh kept tapping his contacts within the mill to procure cloth at a cheaper than market rate to be resold later from their shop. In a couple of years, when the business broke even and started bringing in profit, Brijesh too left the mill to focus full time on the business.

Though the brothers were thus able to carve a niche for themselves in the city, their other siblings back in the village were still surviving on odd jobs. They therefore decided to summon their two other brothers and involve them in the business.[75] This should be contextualized in the wider picture of Marwaris maintaining persistent ties with their natal villages, even when they had carved out niches in the cities. Given the strictly endogamous nature of the community (Hazlehurst 2007 [1968]), their marriage alliances were and in many cases still are almost exclusively concluded in their native villages. In some cases, the wives stayed in the village, and when they did not they returned there to give birth. Given such persistent ties with their villages, Gregory (1997) saw in the Marwaris' relocation to the cities an 'expansion of territoriality' rather than migration. These persistent ties are further reflected in practices in which wealthy merchants made symbolic investments in their natal villages by constructing *haveli*s (mansions), decking them with lavish paint, commissioning paintings and furnishing

[74] Although in this particular essay Timberg (1973) focused on Marwari firms between 1860 and 1914, these arrangements were resonant in the narratives of my informants whose ancestors arrived in Bombay much later, in the 1940s and 1950s.

[75] As Streefkerk (1985) noted, in the Indian context, starting a business was frequently motivated by the intention to create employment for the rest of the family, rather than being one's own boss.

them with intricate adornments as a way to translate their newly made wealth in foreign parts into prestige and reputation back at their villages (Gregory 1997: 175; see also Nakatani 2010).

Once the siblings had been reunited in Bombay, they ran the same business together and gradually expanded its operations while living under the same roof as a joint family with their spouses and children. For Ramesh and Brijesh, I was told, not leaving the two other brothers in poverty and bringing them into the business was driven by family values, being the morally right thing to do. However, it is plausible that certain social obligations may also underlie such 'morality'. In a community where the joint family is perceived as the ideal form of organization (cf. Ramu 1973), abandoning other family members still in poverty when one has had good fortune oneself is very likely to affect one's reputation and image in society. Also, joint families played crucial functional roles. When some of the men travelled for business to different places, their wives and children were looked after by the others (Timberg 1978: 5), at a time when leaving women alone in the house was considered both inappropriate and unsafe.

However, the shared household started eroding when members started moving out, and the second generation of the sons started getting married. Eventually, by the late 1960s, the family business was also divided among the brothers on the basis of both the number of dependent family members each brother had and the section of the business each had already been managing. Following this, each nuclear family ran their share of the business with their children.

Divergent Interests and Inception of New Ventures

At a time when merchant communities[76] did not value education, their children would typically go to school for a few years before dropping out to lend the family business an extra hand.[77] Ramesh's son Sameer turned out to be an exception by not only doing well at school, but also by pursuing higher education, much to his father's dismay. Sameer, as his son Nitin puts it, had different interests: 'He was a brilliant student, he was a very good carom player, and he was a good athlete who won many awards; he also did engineering from a reputed engineering college'. Ramesh's opposition to Sameer's educational pursuits makes sense in the erstwhile context of business communities, where passing down a gradually built-up business to

[76] Parsis were an exception. As already mentioned in Chapter 2, they took up English education quite early because of their position as political mediators between the British and local communities.

[77] Though the merchant communities' attitude towards education changed significantly in the following decades, as discussed in Chapter 5.

one's son was the preferred way of ensuring its own perpetuation, as well as the family's: Sameer's different interests threatened this transition. However, Nitin's proud portrayal of his father's achievements captures the later change in these business communities' attitudes towards education and their evolving idea of what constituted prestige.[78] Sameer's valuing of education might appear not to fit the values of the Marwari community at the time, but it would not seem so exceptional in the broader multicultural context of Bombay. Higher education was already held in high esteem, especially by upper-caste, middle-class circles in erstwhile Bombay, and it was the most desired means to achieve social mobility through jobs in different bureaucratic positions. In fact, the traditional middle class who highly valued education did not identify themselves with the 'new commercial middle class'[79] on account of this distinction (Markovits 2002).

Following his Bachelor's degree in engineering, Sameer enrolled for an engineering Master's degree at a prestigious university but was forced to drop out shortly afterwards. His father, who was already against the whole thing, developed health issues, and Sameer was required to be his trusted replacement until his health improved. After withdrawing from further education, Sameer looked after the family trading business. His father eventually got better and returned to the business to run it together with Sameer, who, however, continued to feel ill at ease in the role.

It was the Gujarati *muneeb* (manager) of their cloth-trading shop, whom he had employed after the joint family business split, who one day brought Ramesh a proposal to invest in a factory run by two of his fellow Gujarati neighbours. This manufacturing business was on the verge of ceasing production if some capital was not injected into it. Ramesh, who by now had saved a decent amount of money, was nevertheless hesitant to take up the offer, since he did not know the owners well, nor the possible yields of such an investment. The *muneeb* finally managed to convince Ramesh to go ahead with the investment when he brought up the conspicuous misalignment between Sameer's qualifications and occupation: '*Itna padhai karke dukan me kya baithega*' ('what is the point of so much education if he is made to just sit in the shop?'). Thanks to Ramesh's decision to invest, Sameer became the third partner in the manufacturing unit. This entire

[78] This topic is covered in more detail in Chapter 5.

[79] Markovits gives examples in eastern India where middle-class Bengalis did not identify themselves with the 'new' commercial middle class consisting primarily of Marwaris and North Indians. Similarly, in western India the educated middle class of Pune who spoke Marathi maintained a social gap from the commercial middle class of Mumbai, who mainly spoke Gujarati. Again, in south India, a similar distancing was reflected among the Brahmin and non-Brahmin middle class and the commercial Chettiars in Tamil Nadu, even though they belonged to the same ethno-linguistic group (Markovits 2002: 175–176).

arrangement through the Gujarati *muneeb* mediated different interests: a financially suffering business found investment, Ramesh was presented with an opportunity to diversify his capital, and Sameer found an engagement prestigious enough to match his educational achievements.

An examination of the historiography of industrialization in India reveals that capital from trade has often found its way into industry (Rutten 2005). Since colonial times, industry had traditionally enjoyed a higher social status and prestige than trade among business communities. Compared to the speculative nature of trade, industry was considered more stable and productive in nature. Additionally, whereas trade was perceived as consolidating the country's dependence on Britain, industry offered the prospect of greater self-sufficiency, thus reducing such subservience (Timberg 1978). Thus, Timberg (1978) draws attention to the fact that the phenomenon of merchant communities shifting to industry might also have been driven by a desire to bring about political reform and bolster nationalist sentiments by decoupling themselves from an economic activity in which the British had a stake and interest. The move therefore went beyond mere economic interests.

This trend continued after India gained independence from Britain, with businessmen who had accumulated enough capital from trade investing in industry. An increase in the number of small-scale industrial firms in provincial towns such as Balsar, not far from Palghar, has been linked to this transition from trade to industry (Streefkerk 1985). Many of the traders who invested in industries did so in manufacturing businesses, which were suffering financially – a phenomenon Oonk (2004) referred to as becoming 'industrialists by accident'.

Since independence, this continued trend has frequently been labelled an act motivated by a desire to diversify capital, but Sameer's case allows us to unpack the diverse motivations and values such a transition may entail. Sameer's shift from 'trade to industry' was more than a matter of diversifying capital or elevating social prestige – it was a means to navigate the misalignment between his traditional occupation and his divergent interests and values. Being an owner of a manufacturing unit was a relatively more suitable position in respect of his interests and profile, though it also provided the family with an opportunity to diversify its capital.

Urban Restructuring and State Intervention: Srikant Enterprise's Path to Palghar

The family's manufacturing business was a foundry producing moulds (casts). Though Sameer was initially brought on board as a financial partner, he voluntarily started becoming involved in the day-to-day activities of the business, learning about its functions in the process. In a couple of years after Sameer joined, his two considerably older partners, who did not have male heirs, decided to dissolve the business altogether. Sameer used this opportunity to buy out their shares and, using the existing infrastructure and company name, he started his own venture in 1974 while introducing an additional product line.

This happened at a time when the economy and urban landscape of Bombay was beginning to experience restructuring. In the decades that followed, Bombay was changed from a Fordist city into a post-Fordist one, its predominantly manufacturing-based economy slowly being replaced by a burgeoning service sector and 'a property-based (and finance-led) regime of accumulation' (Whitehead 2008). Nowhere was this more conspicuous than in the textile industry, where large textile mills, one of the largest industrial employers in Bombay, started massively scaling down. The introduction of power looms and increasing competition from Bangladesh and elsewhere in India (Krishnan 2000) led the larger textile mills to decentralize their production. Subcontractors could under-bid for smaller chunks of the manufacturing process by exploiting the fairly weak regulations for smaller scale firms at the time. Furthermore, the rise of the service sector was accompanied by massive spatial restructuring of the city, which not only brought in new infrastructure but also many new regulations with it. Between the late 1990s and early 2000s, the area around Sameer's factory shed lease went through an accelerated phase of gentrification. A school was built in the shed's vicinity, and the government upgraded the surrounding infrastructure to further resemble a residential area. This made it increasingly difficult for Sameer to renew industrial licenses and permits for his business at that location. Additionally, Bombay's economic transition and spatial gentrification caused property values to rise dramatically, and the subsequent increased rent-gap[80] prompted land with industrial plots to be converted into residential and commercial real estate (Whitehead and More 2000; Whitehead 2008).

[80] A concept suggested by Smith (1996) to refer to the difference between the current rent appropriated by the landlord, given present types of land-use, and the potential rent that can be generated by the land's 'highest and best use', or at least a 'higher and better use' than the present one.

Driven by these circumstances, Sameer started looking for alternative locations to move the factory to. He consulted a broker, who gave him three options – Boisar, Virar and Palghar, but they ruled out the first two in favour of Palghar, where commercial real estate was still comparatively affordable. An attractive twenty percent subsidy on capital investment[81] and a tax exemption where he could retain the VAT (Value Added Tax) collected from his customers for up to five years were also on offer.[82] Although the subsidies could only be claimed retrospectively, the VAT exemption was real and practical, especially during the cash-strapped start-up phase, since it contributed to maintaining a purchase buffer for replenishing raw materials and continuing production even when payments from customers were delayed.[83]

Plate 5. Workers braving the scorching heat of the furnace.

[81] It covered categories of land, labour and machinery.

[82] An account of the different kinds of subsidies that businesses flocking to Palghar at different times could benefit from has been provided in Chapter 2.

[83] It was frequently pointed out by my informants that it is common practice for customers not to clear their payments immediately upon delivery. Typically, there is a mutually agreed credit period of 15 to 45 days, but sometimes this can be extended further.

Given these advantages, and with Palghar being only a two-hour commute from Greater Mumbai, Sameer decided to move his manufacturing unit there. Since his previous factory was on a land lease, no capital came in from the move itself, but thanks to the capital he accrued from his business Sameer was able to purchase a decent-size plot and reap the benefit of the subsidies without having to take out a bank loan. He built two factory sheds, one to deal with cast iron, the other with alloy steel.

State policies did not just attract Sameer's business to Palghar, they also influenced the scale of his units, as they did for other businessmen like him, leading to what I call 'state-produced informality'. Here, Sameer divided his operation into two units, one owned by himself, the other owned first by his wife, and later his son. The division only appears on paper, since the two units work together as one. This common practice of splitting a firm into smaller enterprises stems from the government-determined investment thresholds that firms must stick to in order to qualify as small-scale enterprises and avail themselves of the subsidies and exemptions the qualification requires. Quite often, when firms inch close to this threshold, they are split into different units, usually under the name of family members. Most often the first choice is a spouse, a quite low-risk option given that divorce is infrequent and carries a stigma in Indian society. Cawthorne perceived such investment thresholds as working against production being vertically integrated. Metaphorically she described this decentralization of production into different units under same ownership as 'amoebic capitalism', a form of organization where, though production is decentralized, capital remains concentrated (Cawthorne 1993: 47). Besides contributing to systematic tax evasion, the dispersal of ownership of these smaller units may well skew the statistics through what has been called 'bogus self-employment' (Behling and Harvey 2015: 971).

Along the way, Sameer's son Nitin, who, like his father, has a degree in engineering, joined his father and currently manages the business. At the time of my fieldwork, Sameer's age and the exertion that commuting involves have caused him to stop coming to Palghar every day. Nitin enjoys the freedom to take the day-to-day business decisions himself, but as he puts it, when it comes to very crucial decisions, he still willingly consults his father.

First-generation Businessmen in Palghar's Small-scale Industrial Landscape

Unlike the 'trade to industry' path that was so frequently followed among the first group, it is hard to identify any one typical trajectory for first-generation small-scale industrialists without a family background in business. This group is smaller than the first group but has different caste, community and professional backgrounds. First-generation business owners frequently described themselves as devoid of any family support, in contrast to the first group, who, as we have seen, could benefit from the inherited wealth, business experience, access to family capital, insider knowledge, close-knit networks and safety nets of merchant communities. Given this lack, these business owners had to resort to multiple strategies depending on their structural positions, types of industry and changes in the global supply chain. Nevertheless, the few strategies which recur more visibly than others will be described in the following section with the aid of three brief case studies, while also pointing out the contradictions they entail.

Collaboration and its Tensions

Amay grew up in Allahabad, a city in the state of Uttar Pradesh. It was his first job after university that brought him to Mumbai some fifteen years ago. A few years down the line, his employer embarked on an expansion drive, and he was chosen to be a part of a team that was sent from Mumbai to oversee the production of a new unit in Palghar. While the first two years of this venture went quite smoothly, complications arose, and Amay got wind of speculation that the company might be shutting down his unit. At this juncture, he was approached by a Gujarati colleague to start a business together. The proposal was structured as a fifty-fifty partnership, in which Mathur, his Gujarati Hindu colleague, would invest eighty percent of the capital required to set up the business and Amay would only have to invest twenty percent. In return, however, Amay would have to oversee the technical side of the business, including the everyday functioning of the factory. Mathur had enough liquidity for the initial investment, a business-family background and contacts in the industry. His reason for suggesting this disproportionate investment proposal hinged on his lack of technical skill, which Amay could provide. Amay, a Brahmin from Uttar Pradesh, had always cherished the idea of starting a business, but, as he put it, the lack of a 'family background' and the associated inherent 'support' had curbed his aspirations till this point. Thus, banking on their individual strengths, they agreed on the terms and leased a factory shed on an industrial estate in 1998.

The two partners ran the joint unit 'together' for the next six years. With the growth of the firm, however, the frequency of disagreements between them also grew, leading them to consider dissolving the partnership before it impacted on the firm's reputation. Mathur proposed to buy out Amay's share and suggested that he start his own separate business, as Mathur still lacked the technical skills to set up a new unit from scratch. Settling for this amicable solution, they ended their partnership. Amay used the proceeds of this sale to acquire a new plot in Palghar. Reaching out to his network, he managed to find a suitable plot. Once the deal went through, Amay sanctioned the construction of a factory shed and an office – the basic infrastructure needed to transfer his production to the new location. A modest entourage of four skilled workers followed in his footsteps and made the switch to his firm. The bulk of the remaining workforce had to be hired and trained afresh.

Plate 6. During a break at a tube-manufacturing unit.

As part of their new arrangement, Mathur and Amay divided their former partnership's product line, with Mathur continuing to produce coils and Amay taking over the production of tubes. Nevertheless, they co-operated and coordinated customer orders, referring each other to interested

customers. This arrangement flourished for two years until Mathur took on a different project in Gujarat and dissolved his company in Palghar. This development worked out quite well for Amay, who eagerly jumped at the opportunity to annex Mathur's product line into his business. Today, almost a decade later, Amay has transformed his business into a private limited company and added his wife as a shareholder. His brother is also involved as a manager and supervises production and logistics.

Even though partnership[84] provided an alternative strategy for Amay to start a business despite the absence of sufficient capital, it had not come about without problems. While it had been agreed that he would have to invest more of his own labour in the firm's day-to-day operations, he had not expected Mathur to contribute so little time. Bigger issues surfaced when they were deciding on the product. Mathur championed the idea that they should work with copper and produce tubes (pipes), even though Amay had limited[85] expertise in working with copper. Since Mathur was the main investor and had more work experience, Amay felt obliged to acquiesce, only to discover later that Mathur would fumble and fail to clarify doubts raised by clients when they asked him product-related questions. 'He was a bit overconfident. He thought he knew everything, but in reality he didn't', Amay recalled.

Though the issues piled up over the years, leading the partnership to dissolve, the reputation, contacts and connections which Amay developed over these same years in the partnership proved crucial when he started his own venture. Here, he could overcome some of the constraints that a newcomer in the market usually faces, as Amay puts it: 'Suppliers ask you to provide guarantees. Now when you are new in the market nobody knows you, so you can't find any guarantors. In that case, you have to make the payment in advance. To do that, you need capital separately earmarked for that purpose'. This differential treatment made it difficult for newcomers to start production against the backdrop of local practices of retroactive payments from customers. Arrangements that circumvent such constraints involve a different kind of tension, as became evident in Namit and Niraj's case.

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[84] That is not to say that businessmen from merchant communities do not form partnerships, but they hardly do so to compensate for the lack of capital. Instead, the motivation behind such a move could well be bureaucratic (tax relief, less stringent rules etc.), and they often have family members as 'sleeping partners', a term locally used to refer to someone who is a partner only on paper and hardly interferes with the enterprise.

[85] Amay had previously been making condensers where copper was used just as a raw material.

The Strength, and Weaknesses, of Weak Ties

While in Amay's case it was the partnership that facilitated his entry into business, informal actors in the market also played a crucial role in navigating the informational asymmetries of the market by mediating between new businessmen who lacked insider's knowledge of the local market and finding them useful connections, albeit in mutually beneficial arrangements, as shown in Namit and Niraj's case below.

Namit left his job in a copper mine in Africa and returned to Mumbai with his young son Niraj to look after his elderly parents. Upon his return, he joined a venture run by his cousin and his friend, where he oversaw the production process. Later, Niraj and Namit decided to start a business together to manufacture and process metal tubes. They selected this line of products due to Namit's educational background in science, his experience with metals, and a friend's tip about the particular rising demand for metal tubes in the market at the time. To make production profitable, the shop floor needed to be 30 meters long because working with long tubes optimized the costs. The search for a suitable sized and affordable plot for their factory led Namit and Niraj, who still live in Mumbai, to Palghar.

Their investment and growth strategy were conservative to say the least, as they wanted to start small and expand gradually. Niraj decided he would still keep his job and contribute part time in line with this approach. The father-son duo provided the lion's share of the capital from their savings. Niraj had a cousin, whom Niraj's family had taken care of since childhood, and they felt they should include him as well and asked him to inject whatever little capital he could. Niraj stated that he did not try approaching the banks, as the venture was very new to them, and they lacked collateral. With the initial investment pooled from the partners' savings, they could only afford to construct a factory shed big enough to cover a quarter of the 8000 square meter plot they had purchased.

At this juncture, the next task was to procure raw materials, for which they tracked down a supplier and, driven by their risk-averse strategy and limited capital, they put in an initial order for 500kg of raw materials. Surprised by this request, the supplier asked them why they only wanted 500kg, as the delivery van had the capacity for 10 tons. Namit confessed to him that they were new to the business, and they did not want to lock up their limited capital in raw materials. The supplier pointed out that this risk-averse approach was more likely to under-utilize their operational capacity massively, leading them to haemorrhage more money than they expected. Offering support, he volunteered to put them in touch with a potential customer who had relocated to Mumbai recently and was on the lookout for a local metal-tube supplier. In addition, he tipped them off about a unit in the

nearby town of Boisar, which was closing down due to labour unrest. Reasonably jubilant at these developments, Niraj went to Boisar to procure discounted machinery for his unit and recruited three workers who were skilled in operating those same machines back to their premises in Palghar.

The first question that Niraj had to face upon meeting his potential customer concerned the quality of his workforce and machinery, since as a new business they did not yet have a reputation in the market. However, repurposing the technical expertise of the factory in Boisar paid off, as its good market reputation was enough to assure this new customer of the new business's ability. The customer quickly picked up the phone, called their supplier and placed an order for 5 tons of raw materials (worth 500,000 INR[86]) instead of the 500 kg (worth 50,000 INR) they had originally ordered. With no means to pay for this inflated order, which was 10 times their original estimate, Niraj and his father protested in utter shock. The customer simply smiled and assured them that he was going to pay in advance for the raw materials. This dramatic turn of events was the start of a lucrative relationship for these business owners. For the next two years all of their production capacity went exclusively to this customer. The business became financially strong, allowing them to move forward with their scaling-up plans to utilize the entire plot with a bigger shed, together with new machines and workers. The raw-material supplier and the potential customer worked as 'weak ties' (Granovetter 1973, 1983) for the duo and helped them, two outsiders to the tube manufacturing business, overcome their information asymmetry.

While the extension of credit, in the form of advance payment for raw materials from the customer, was crucial in allowing their nascent firm to hit the ground running, it simultaneously restricted the growth of the firm. The customer was buying the entire production output of their firm, removing any necessity for them to look for other customers. In addition, the 'trust' that the customer had placed in them at the time had created a sense of obligation for Namit, which persisted beyond the period of their firm's financial dependence on this initial customer's orders. It was only after two years that Niraj and Namit realized that the customer was still paying below the market rate. Namit did not want to suddenly sever ties with the customer's firm, given their prior history of 'favours', so he suggested selling only a part of their production capacity to him, as they wanted to cater to other customers. However, the customer insisted to stick to their original agreement; he even offered to buy more if they could ramp up production. For new players in the market, the lack of a reliable network often ties them to such exploitative collaborations which they continue to

[86] Equivalent to roughly 5800 EUR.

rely upon, considering the circumstances. At around the same time, Niraj found out that the customer had simultaneously started his own tube-manufacturing unit without their knowledge. This was common practice, where larger firms started their own supplier units and discontinued orders without notice. Fearing the worst, in the months that followed Namit seriously ramped up his pursuit of new customers, which led him to his current clientele. However, the consequence of similar developments for Jatin's firm shows the real threat that this dependence on customers may involve.

Between Capital and Labour: Subcontracting and its Uncertainties

Unlike the previous cases, Jatin's decision to start a manufacturing unit was not prompted by his own aspirations. When Jatin was working at Premier Automobiles, a car-manufacturing facility, the unit was reliant on certain components being imported from Russia. Jatin's proficiency in circuit layouts and cognizance of those components landed him a role in which he had to visit local suppliers (who often lacked skilled engineers) and explain the design to them. Nevertheless, as local suppliers continued to deliver poor-quality components, and as importing the components was costly and time-consuming, Premier struggled to meet its own deadlines. In this situation, Jatin's boss started pressing him to start his own manufacturing unit and supply these components.

Initially hesitant, as his family had always relied on employment rather than venturing into business, Jatin, a Maharashtrian from Palghar, finally took the leap in 1986. He set up a small manufacturing unit focused on assembly work, starting with just two employees in a rented shed that was smaller than his own apartment. He continued his job at Premier while growing his own business. In 1988, he found a plot for a bigger factory through a real estate-developer friend of his father. Despite not having the finances to pay for it outright, he was able to get hold of the plot given this family connection. Jatin started approaching banks for loans, but was rejected by all the public banks, as they could see that he was a novice and did not have a business background or any collateral. Later, he was able to have a loan approved from a cooperative bank in Palghar and then used the money to cover the outstanding expenses for the land, build a proper factory shed and buy more machinery. Once the new business was all set up, he quit his previous job.

Until 1991 everything he produced was sold exclusively to his ex-employer, Premier Automobiles. His sales had high volumes, but his 'pockets remained empty', as he put it, since he was reinvesting all his profits back into the business. The turning point came in 1992, when Tata

Motors asked him to manufacture certain components for them. He had a very skilled die-maker who could, in Jatin's words, 'bring ideas to life'. Satisfied with his work, Tata Motors fast-tracked his vendor registration certificate, which could have taken considerable long lead times to get through the bureaucratic red tape had he applied for it himself. Between 1992 and 2000 Tata Motors kept the firm busy with ever increasing volumes of orders. Premier's orders, on the other hand, had stagnated and were not profitable anymore, so he had to discontinue supplying them at a loss of 900,000 INR, which he has still not been able to retrieve since Premier went bankrupt. In the following years, Tata Motors grew to be Jatin's sole customer, pushing his unit to produce at its maximum capacity – round the clock, with fifty workers rotating in twelve-hour shifts.

Plate 7. Milling an automobile component.

Much of Jatin's case echoes what Shever (2008) observed against the backdrop of 'neoliberal reform' in the Argentinian oil industry, where privatization of the larger enterprise led to workers from a certain unit being

laid off and encouraged to establish their own micro-enterprises (*emprendimientos*), continuing production as subcontractors for the main firm. Though some were able to become worker-owners of their *emprendimientos*, others lost their livelihoods altogether. Those who could make this transformation experienced a greater attachment to their work, which they now owned, muffling the disruptive dimensions of such an economic transformation. Jatin's case sheds light on what Shever's work did not: the uncertainties involved in such 'empowerment' born of neoliberal restructuring, even for those who make a successful transition.

In 2002, Tata Motors, his largest customer, decided to downsize the number of subcontractors from 1100 to 350. However, as they still needed all the components from all 1100 vendors, their strategy was to have the chosen 350 take out tenders and source components from the other 750. They introduced Jatin to another company, through which he continued selling components to them. Within a short while, the middleman started manufacturing the same component in house and stopped ordering from Jatin. When he approached Tata Motors with his predicament, they made it clear that it was not their concern. To adapt, his firm had to scale down production massively and incurred major losses. In the case of Tata Motors, he could rely on timely payment of invoices within 30 days, but for other customers he had to wait indefinite amounts of time, leading to an acute shortage of working capital. As a result, his company struggled to maintain itself and was pushed to the brink of closing down. Thanks to his skill in understanding technical designs, Jatin found supplementary work as an expert during this time and helped others in their businesses while maintaining an alternative income. He also kept faith in Sai Baba of Shirdi (a revered saint) believing better luck would follow. It was not until he decided to switch product lines, from jeep and truck components to bus components, that his business started bringing in profits again. This switch was a good bet, as it brought his company back to its full production capacity over the next three years. This is the same product line that he manufactures today, and his enterprise has since recovered from that setback. In retrospect, Jatin reflected, 'The situation arose because I relied on only one customer, but now I have ample customers'. While the transformation from workers to entrepreneurs is perceived as fostering self-reliance in neoliberal discourses, Jatin's case shows that this transition is often neither smooth nor one-way, but rather involves see-sawing between employment and entrepreneurship.

The Tenacity of Kinship

As mentioned earlier, first-generation business owners frequently described themselves as lacking any family support. In launching a new business, the obvious role that inherited wealth plays becomes even clearer when one probes into the availability of credit from formal financial institutions such as the banks.

This is captured in the results of the survey I conducted among my informants (Figure 3). Of those who were active in the manufacturing sector, fewer than 20 percent had received any assistance from the banks when starting their businesses. The two main sources of initial capital were 'my parents' and 'myself'. In contrast, when we look at how they gathered 'extra capital', we see bank credit starting to play a significant role, with almost 70 percent reporting it as a source. Thus, it was only later, when they already had a venture up and running and needed additional capital to grow or sustain it, were banks willing to grant loans. This observation is hardly unique to Palghar: Greenhalgh noted how such 'ultraconservative bank lending policies' that refused loans to small and nascent manufacturing ventures in Taiwan left entrepreneurs with few choices but to rely on relatives and friends for capital (Greenhalgh 1994: 751).

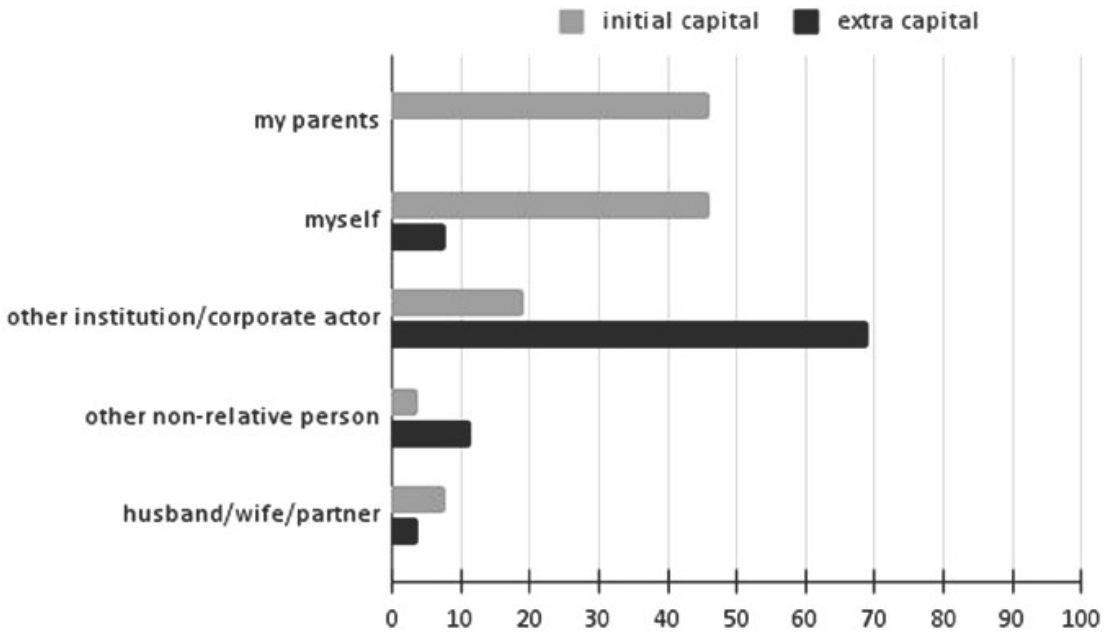

Figure 3. Sources of capital for all businessmen in the manufacturing sector.

Those of the first generation who did approach the banks for initial capital were rarely successful in securing it. Amay's experience was typical: in his

words, since he was new to business, 'the banks did not have enough confidence [in him]'; additionally, he did not have collateral to guarantee that the money would be paid back. Jatin too struggled to secure bank credit because he lacked a 'business background'. Given the complexities involved, Namit and Niraj did not even try to secure such funding, opting to pool their savings instead. In most cases, businesses could only secure significant bank loans after the firm had broken even and had been in production for a while, as the survey results above suggest.

While both groups have been able to access bank credit mostly for 'extra capital', what places those from a business background and with inherited wealth in a comparatively advantageous position is their access to family capital at the initial set-up phase: almost 60 percent in this category reported having received initial capital from their parents, and 15 percent received support from their spouses (Figure 1). Businessmen from outside merchant communities were compelled to adopt alternative strategies to secure initial capital: more than 70 percent claimed to have received no support from their parents, and none reported any from their spouses. Sixty percent of survey respondents in this category named 'myself'[87] as a source (Figure 2).

Given the reluctance of banks to lend to new businessmen, the lack of family sources for the initial investment could well have been an additional deterrent for potential entrepreneurs from non-business backgrounds to start a business. The data above thus reveal the role financial institutions and their lending policies might have played in reproducing the dominance of businessmen from traditional business communities in Palghar, who were already in an advantageous position due to their access to family capital and community connections. This also ties in to the question I raised in the beginning regarding how much impact state policies such as subsidies and exemptions alone could have had in bringing in new businessmen. Given that state subsidies were in most cases paid retrospectively, a businessman already needed the initial capital to start and survive until he could obtain the intended subsidies and reliefs. This, coupled with the lack of institutional support reported by newcomers above, left those with business backgrounds in a much more favourable position to start new businesses and reap the benefits of state subsidies.

That said, the reports from the first-generation business owners regarding the lack of family support calls for deeper inspection.

[87] The quantitative data must be set alongside the qualitative findings. For instance, Amay declared 'myself' as the source of capital for his current business but that would not have been possible for him had he not previously entered into a partnership where 80% of the initial capital was provided by his partner.

Subcontracting firms, such as these in Palghar, are common, especially in industrial clusters around the world (see Cadène and Holmström 1998). The owners of such firms often follow a trajectory of social mobility from labour to capital, whereby many of these first-generation small-scale industrialists have previously worked as managers or supervisors in other firms (Yanagisako 2018: 50; see also Yanagisako 2002). Apart from accumulating technical knowledge of the production process, their ability to tap into inexpensive (or even unsalaried) family and relatives' labour (Yanagisako 2018: 51) facilitates the starting of such firms. The unavailability of the labour of such relatives, for example, obstructed this trajectory of transformation for transnational Italian firms (Yanagisako 2018: 48). In my field site, I also found that firms which had overcome their initial struggles and continued employing family members almost always engaged them only in white-collar roles and never in 'blue-collar' positions. Moreover, in some cases the 'labour to capital' transformation in Palghar took the form of 'pseudo-manufacturers' (Chari 2004) where initially the products that the new firms 'manufactured' were the result of either procuring smaller components from other firms and assembling them, or sourcing larger components (such as tubes) and processing them into smaller ones, thus not engaging in any manufacturing activity per se. This enabled new firms to enter niche markets despite their limited resources.

Even though they lacked family capital, whether in the form of inheritance or an accessible pool of financial resources, the claims of first-generation business owners regarding the lack of family support needs to be revisited, as a closer look reveals that here too the family continues to shape their trajectory, albeit in other ways. For Niraj and Namit's business, flexible family labour was a crucial resource. Niraj could maintain a steady income from his job to sustain his family and his firm, while his cousin and Namit spent more time focusing on the business. While his father commuted to Palghar from Mumbai several times a week, and Niraj would do the same on weekends, their cousin lived in a small room on the factory mezzanine and oversaw the business five days a week. This arrangement continued for nine years until Niraj left his job to join the business fulltime.

The role that family and relatives played in Amay's ventures cannot be ignored either. When he was breaking into the world of business ownership through his first partnership, the initial capital to start the business was largely provided by his partner's relatives, and later, when Amay started his own venture, two of his family members stepped into crucial administrative roles in his nascent firm. The importance of involving the family in fulfilling such roles needs to be understood against a context in which the use of verbal contracts or the complete lack of any contracts is

rampant in the hiring culture. Though it allows owners to knowingly circumvent state regulations governing conditions of employment, it also enables employees to change jobs abruptly. Family members can cater to the business using the scarce resource of flexible and trustworthy labour in these situations. Employing his brother as his manager allayed Amay's fear of his firm suffering due to key employees leaving the job midway after the firm had invested in their training and know-how. As Amay stated, 'I know he has a sense of belonging, and this gives me a feeling of security'.

Again, when his accountant suddenly left, disrupting the function of the new firm, Amay's wife Netra temporarily filled the position. Although he hired another accountant later, she continues to invest a few hours flexibly in the business daily, following up the company advertisements, supervising the accountant or managing whatever is needed at the moment.

Not everyone has such a pool of flexible family labour available to them to make up for the lack of capital, but even then the family can still play a crucial role. Jatin could not use flexible family labour for his business, but his family connections in Palghar helped him secure the plot for his factory. When it turned out that Jatin did not have the money to pay for the plot all at once, since the real-estate developer was a friend of his father's, he allowed Jatin to pay for the plot in instalments instead.

Conclusion

This chapter started by questioning the role of state policies in enabling new actors to enter the small-scale sector, while highlighting the persisting dominance of certain groups in the small-scale landscape. However, in order to go beyond attributing this to the 'entrepreneurial spirit' of these groups, I explored their history and showed how the strategic position that a few communities carved for themselves in colonial Bombay lay behind the historical continuity. With the aid of a case study of an inter-generational business run by businessmen belonging to one such merchant community, the Marwaris, I demystified the path of capital from 'trade to industry' in the small-scale sector. I show how community affiliation facilitated actors' transitions to a new city and to their own businesses by providing preferential access to information, credit and other resources. In the case of Ramesh and his brother, the community functioned as a safety net at the initial stage of their migration. It also allowed them to be part of what Timberg (1973, 1978) called 'resource groups', which facilitated their class mobility from workers into the owners of their trading businesses, thus enabling Ramesh, for example, to accumulate enough capital for the next phase of his business.

In the case of his son Sameer, I showed the crucial role that family capital played in enabling his entry into manufacturing. Moving beyond representations that interpret such investments solely in terms of diversification, I uncovered the internal dimensions they involve. Sameer's divergent interests and skills were the main motivation behind the Wala family's transition from trade to industry. These achievements were a consequence of his different attitude towards education, one that is shared by many present-day merchant community members which made traditional professions like trading seem less prestigious and ill matched with the status that higher education bestowed.

I also showed how government intervention and urban restructuring influenced the course of business. Places like Palghar indeed offered attractive subsidies, but that alone was not sufficient to explain why certain businesses ended up there. While subsidies were helpful in sustaining or even expanding an already running firm, they alone could not bring completely new players into industry. Much of this can be seen to be the result of the procedure for claiming these subsidies, which could only be retrieved retrospectively some years after the business had already started running, so that it hardly contributed to the initial capital, which the new players had the greatest need of. Rather, it is people like Sameer, who had capital from previous ventures or family capital, who were in the position to reap the most benefit from it. Banks and other financial organizations, probably without explicitly intending to, nevertheless reinforced this discrepancy when they favoured people who already had a business background when given out loans, rather than lending to completely new players.

Building on this, in the second part of the chapter I described some of the typical ways in which the new players mobilized their initial capital in the absence of family capital or capital from previous ventures. Neither bank loans nor family capital contributed significantly to their initial capital. It was only once one had a business up and running that the banks would provide financial assistance for the business. Against this backdrop, I discuss the alternative strategies, in the form of partnerships, supplying raw materials on credit or subcontracting arrangements, that enabled the newcomers to start their ventures. Whereas Sameer's case exemplifies one side of such collaboration, where his initiation into manufacturing was as a financial partner, Amay's case shows the other side of this, as his knowhow enabled him to become a partner in the manufacturing business. However, as I showed in the last part, each arrangement involved certain tensions and imposed restrictions on the functioning of the businesses at some point. Notwithstanding the tensions, such collaborations were what mainly

facilitated the entry of these new businessmen from different caste and community backgrounds into Palghar's small-scale industry. For both the groups, however, kinship played crucial role in building and sustaining the business, albeit in different ways.

Chapter 5
The Dynamics of (Dis)continuity in Small-scale Enterprises in Palghar

Introduction

The clock strikes quarter past three as I wrap up my interview with Mr. Tripathi. On this hot April afternoon, the narrow blind lane in the industrial estate is rather devoid of people, except for a few workers loading a truck at the rear entrance and the sole vendor of *kulfi* (a variant of ice-cream) at the other end pushing his cart and belting out his wares so that his voice penetrates the factory fence, within which his patrons are carrying out their work in the usual rhythm. I spontaneously decide to drop by Mr. Naveen Mehta's Prime Enterprise, the factory next door. Our last session had been cut short as he had to leave earlier than usual to catch the Church Gate-Dahanu local train back to Mumbai where he lives with his family. I enter the main gate and am met by a small group of workers in their vests and shorts, pouring a transparent liquid from a jar to a vessel, and ask '*sir hay kya*?' [Is Sir around?], to which one nods affirmatively and gestures towards his office. I carefully skip over the half-asleep brown shape of the factory's unofficial pet, a stray dog that seems to have claimed the patch of shade right at the boss's door, and knock on the weathered panel before letting myself in to find a different face sitting in the chair. A little baffled, I introduce myself briefly, but he seems to know almost everything I have to say: 'I am Naveen's brother. He told me about you', he explains in response to my puzzled face. My spark of spontaneity turns out to be well-timed, as Praveen rarely comes to the factory and he has time at hand to talk. After I briefly introduce my scholarly pursuits abroad, he almost interrupts me: 'You are quite like Priya!' The name rings a bell, as it had come up in my conversations with Naveen before. Praveen continues, 'Priya is Naveen's older daughter. When she finished her high school in Mumbai, she took the initiative and went to the US to pursue higher education. First, she finished her bachelor's degree there. Then, she finished her degree in medicine. She

is a doctor now in the US. My God! Sometimes they [the kids] are very adventurous'.

The paint-manufacturing business that Naveen and Praveen run together in Palghar has its roots in mid-twentieth century Bombay, when their father Mukesh Mehta emigrated from rural Gujarat in search of work and started a small trading shop. Petty trading did not require a large sum of initial capital, making it one of the most widely pursued strategies for migrants in erstwhile Bombay when embarking on their entrepreneurial careers, as we have seen in the previous chapter. Mukesh adopted this strategy too at first, but he faced increasing competition in his line of trading. Starting a small paint-manufacturing unit instead seemed a prudent choice at the time. The business was strengthened further around 1960, when Mukesh managed to secure a government tender from the Indian Railways. Eventually, first Praveen and then Naveen became involved in their father's enterprise, and they have been running it together ever since.

Following in Priya's footsteps, Naveen's younger daughter left for the UK to pursue her master's degree, at the end of which she secured a job in a multinational corporation and made her way to Luxembourg. Life there did not appeal to her 'adventurous' self for too long, as the job lacked excitement. This led her to move back to the UK, though with the same company, but to a city she was already very familiar with from her university days. Praveen's only male heir Avi, who lived in an apartment next to his parents' in Mumbai, also left for the US to do an MBA. After his degree, he landed a job with a US firm and for all practical purposes has settled there, with no immediate plans to return to India. Notwithstanding the immense pride that the brothers have in their 'self-made' children and their achievements, now that they are growing old and their children are abroad, the family firm – which bears testimony to the social mobility of two generations – has reached a point where no interested heirs are around to ensure its continuity.

In this chapter, I unveil the dynamics of the continuity and discontinuity of small-scale enterprises in Palghar. I do so by structuring my analysis around the case study of Prime Enterprise, an inter-generational firm, while bringing in other relevant cases throughout the discussion. To set the context, I map the second-generation's path to the family business and probe how they perceive their own inclusion. I then turn to the changing dynamics of succession in the case of their next generation, where the continuity of these enterprises can no longer be taken for granted. Instead of seeing these discontinuities as breaks, I argue that they need to be understood in relation to these business owners' wider ideas of social mobility, which evolves as their structural position changes. When one

generation has succeeded in accumulating sizeable financial capital, its members often strive to convert it into status and prestige for the family. Status in the contemporary Indian context, as I show, is a complex product of evolution, involving to varying degrees the hierarchical ideology of caste, the colonial idea of professional respectability, and the perception of being 'a self-propelled, autonomous economic actor' (Freeman 2015: 20), celebrated in the 'new economy' of India.

In the final section, I return to the main case study of Prime, which is currently facing economic stagnation. Here I show that, when material interests do not provide enough incentive for the perpetuation of an enterprise, values work as a force of capitalist continuity.

Succession, 'Kinship Enterprises' and Spheres of Life

Scholarly works (cf. Ramu 1986; Dutta 1997; Sharma and Rao 2000) that have addressed the problem of continuity in family firms in India report an aspiration among patriarchs to ensure the perpetuity of the business by handing it over to the next generation. This patriarchal desire has been observed in Italy, where male owners wished to be succeeded by their sons. Many even proclaimed that handing over a successful firm to their sons was what drove them to work hard (Yanagisako 2002: 86). Yanagisako (2002) perceived this 'patriarchal desire' to be rooted in 'a dense system of meanings about the male-self, its actualization through men's projects, its relation to the projects of other men, and its perpetuation through the lives of sons' (2002: 86). This ideology of masculinity, she claimed, stems from the desire for independence that fathers seek for themselves, as well as the generations that follow them (Yanagisako 2002).

In the Indian context, this 'patriarchal desire' is frequently connected to the ideology of caste, which traditionally involves the hereditary transmission of occupations. A large proportion of family business owners hail from business communities, among whom, Dutta (1997) notes, 'there is a strong social obligation to continue one's father's work; … an individual faces loss of social prestige if he does not do so' (Dutta 1997: 91). Dutta, whose comprehensive work shaped the understanding of Indian family businesses in subsequent scholarly works (cf. Sharma and Rao 2000), thereby claims that, given the omnipresence of the caste system, it is rare for a small family-run enterprise not to find a successor. The primary objective of the successors, he reports, is to expand or diversify the usually small family firm to support an expanding family. As such, they are frequently cited as having only a marginal interest in education or professional training (Jain 1971; Sharma and Rao 2000: 315), and in cases where they do acquire them, it is interpreted as a step towards facilitating the family business and

presenting oneself as competent in the global market (Dutta 1997). In contrast to businesses in the West, where experience, skills and competence are of crucial importance in appointing a suitable successor, succession in India is seen rather as an inalienable right tied to family (Dutta 1997).

Such representations make caste appear as a local cultural specificity that continues to ensure capitalist reproduction, expansion and diversification, which in turn is aligned with the neoliberal state's agenda of broadening the business base of the country. In such representations, the aspirations of businesses communities remain static and ahistorical and their idea of livelihood remains unchanged, being confined to businesses in one form or another. The dynamics of succession on the ground, however, depart considerably from this, and today the continuity of these enterprises can hardly be taken for granted. For first-generation founders and the generations that follow them, their firms have been the primary means of class mobility. While the second generation often continued their fathers' businesses, this scenario is played out quite differently in the third generation, for whom 'wealth is legitimized and converted into symbolic and cultural capital' (Osella and Osella 2000). This third generation grew up in financially secure families with stable businesses and received the best educational opportunities, often developing divergent interests along the way, which at times work against the family firms' continuity. However, many current owners have no explicit expectation that their children should take over their firms, preferring to encourage these divergent career pursuits instead.

These empirical observations challenge both the static representations of business communities' aspirations and the routine assumption that equates the discontinuity of family enterprises with a break in the social mobility of the firm and the family. Assumptions such as these disregard the fact that the 'social agent's understanding of social mobility' (Benei 2010) is far from static, overlooking how people may change their priorities and re-align their goals as their structural positions change (Yanagisako 2002: 100). For most small-scale businessmen in Palghar, the idea of a better life hardly remains confined to the firm and its continuity. A discontinuity is rarely perceived as a break, but is seen rather as a continuity of the social mobility that the first-generation started by setting up the firm.

Thus, these businesses should be analytically understood as what Yanagisako (2019a) terms 'kinship enterprises' – in other words, 'project[s] whose goals and strategies are constantly being reassessed and reformulated by people who construe themselves to be connected by enduring bonds of relatedness and whose relations are shaped by dense assemblage of beliefs, sentiments and commitments attached to these bonds' (Yanagisako 2019b: 231). Rather than being businesses that incorporate the family, these

enterprises should be seen as projects *of* the family devised to ensure its mobility and growth over time, and they serve as just one aspect of the family's operations. This view enables us to shift the lens from seeing economic action as embedded in social relations and thus allowing us to broaden our understanding of economic action itself to viewing it rather as a nexus of social relations that is shaped by kinship objectives, obligations and sentiments, among other things. Doing so makes it possible to look at the decision-making process in such businesses without the presumption that kinship and economy are necessarily at odds in this arena (Yanagisako 2019a, 2019b).

This presumption is often echoed in the literature (Singer 1968, 1972; Ramu 1973, 1986; de Lima 2000), which then proceeds to highlight strategies that actors adopt to reconcile the alleged tension between the domain of family and the domain of business. They are seemingly governed by opposing rationalities and contradictory values – family and kinship as opposed to business and profit-making. This perception echoes an older opposition suggested by Max Weber, where he distinguished between modern capitalism, marked by an explicit rational intention to generate a profit (Weber 1978: 68), and other forms of capitalism. Family firms are entities where profit generation occurs, even though the firm operates in the shared interests of the family, thus ensuring its perpetuation, and thus remaining an oxymoron in this formulation.

This opposition abounds in ethnographies of family businesses that claim that this is more than just an etic concept. In Portugal, De Lima reported the widespread belief among large-scale family business owners that intermingling family relations and business activities is not a good idea, as their objectives – the profit-generating goal of the domain of the economy and the 'disinterested solidarity' of the domain of kinship – are opposed. Mixing the two engenders a 'cognitive discomfort' for these families and consequently 'a constant concern on the part of the people involved to construct these two domains of interest as separate areas of action in order to resolve the contradiction of values in which they live' (de Lima 2000: 152).

In India, studies of family-controlled businesses (Singer 1968; Ramu 1973) have found a similar emic tension between the two domains. While testing the 'functional compatibility between joint family and industry' among industrialists in Chennai (then Madras), Singer claimed to have come across a similar need to demarcate these domains as separate arenas. By separating home, the sphere of religion and traditional values, from the office and the factory, the sphere of modern values, Singer reported that his informants were able to reduce conflicts between the two domains through an adaptive process of 'compartmentalization' (Singer 1968). By echoing the

alleged tension between the two spheres and showing the conscious need to separate Hindu religious and traditional values from business and modern values in order for these modern capitalist enterprises to function, Singer's works further contribute to the Eurocentrism of Weber's thesis of the protestant work ethics.

Small businesses in Palghar, which have been the primary means of livelihood and social mobility for many families, paint a contrasting picture, one where these two spheres intertwine in complex ways. I use the term 'spheres' more in the sense of Weber's spheres of life, as this provides an analytical lens through which one can recognize the two spheres and the values they entail. However, I take a selective distance myself from Weber's claim that the spheres of life emerged as separate spheres and are increasingly in tension with each other. Instead, following Terpe (2018), I approach the spheres from the actors' perspective, showing how work and life are hardly separable in my informants' perspectives, let alone in such tension that actors have to strive continuously to reconcile them. I further show how this intermingling contributes to the continuity of the enterprise.

From the Founding Fathers to the Second Generation

Being Drawn into the Business

For a great number of second-generation businessmen in Palghar like Praveen and Naveen, the family enterprise has been at the core of their social mobility. Their fathers mostly moved to Bombay in the 1940s and 1950s. The first generation, such as Mukesh, often share a trajectory of humble beginnings, driven by unfavourable economic opportunities back in their villages to migrate to Mumbai in pursuit of a good life, and taking up small-scale trade, retail or labouring roles in factories. Accordingly, one hears accounts of perseverance and hard work that culminated in their transformation from working-class or petty bourgeoisie backgrounds to the status of small-scale enterprise owners, thereby achieving class mobility. For them, starting an enterprise therefore represented a 'decisive break from the past' and marked the inception of the owner's 'true life project of making his fortune and his class location – in short, his social destiny' (Yanagisako 2002). For Mukesh and others in his position, this was also a journey towards relative respectability.[88]

[88] While speculation is part of any business, a living made out of trading, a venture centred around speculation, is not held in high esteem. This difference in perception is reflected in the use of two different words, *dhandha* and *vyapar*. While *dhandha* has a rather denigrating undertone and is used to refer to transient businesses of a speculative nature lacking a

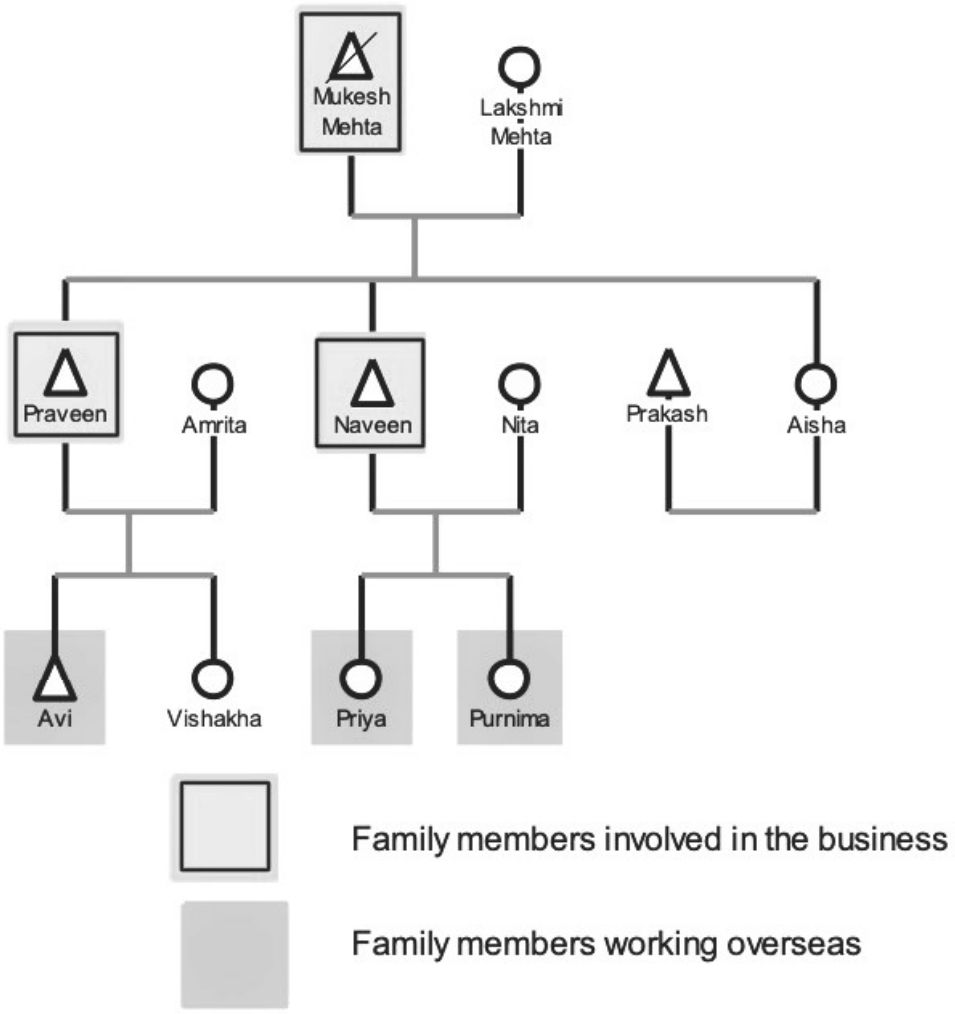

Figure 4. Three generations of Mehta family.

Like many of the second generation, Mukesh's two sons could not tell me the exact year they joined their father's business, making it apparent that their inclusion was not triggered by a specific event, but was rather gradual. While the business was being stabilized, both brothers were still in school. Although Mukesh was on top of everything, Praveen and Naveen recall lending a hand in their factory during the summer vacations or when necessary. The paint-manufacturing followed standardized steps, and the brothers could easily fill in when necessary. Eventually, first Praveen and then Naveen became fully involved. Their father never indicated that they *had to* take over the business, yet Praveen did not realize that at some point the business was being handed down. It was neither a decision nor a choice, it just happened. 'There were no outside partners, so there was no scope of

productive connotation, *vyapar* is used to denote durable businesses built with hard work and persistence (Dutta 1997; Sharma and Rao 2000: 316).

competition about whose son would take over. We were a close family. I didn't realize when I took over or when Naveen came in', said Praveen, underlining the 'normalness' of the act, as if the business itself had drawn them in. For families migrating to Bombay, like theirs, the firm was initially the primary source of stability, and then over the years the source of their social mobility. The second generations who grew up in the formative years of such firms share a similar account of being gradually drawn into the business.

The second generation was drawn into the business in various ways. Whereas families like Praveen's, who voluntarily migrated to Bombay, could still afford to educate their children without depending on their full-time engagement in the business, there were others, like Milind's family, who found themselves in the city after being displaced by the political (and religious) turmoil in the aftermath of the partition of India and Pakistan. Such challenging circumstances meant that these families' ventures had to depend primarily on family labour to make up for the lack of resources, in the form of capital and contacts, in a new city, as exemplified by the initial period of Milind's factory. He came to Bombay with his siblings and parents from Karachi, which had become the capital of Pakistan after the partition of India at independence in 1947. They managed to find accommodation in a *chawl*[89] in a *pagdi*[90] arrangement. To make ends meet in the new city, his parents started making *dhokla*s (a snack) at home and supplied them to the local vendors.

In the small *chawl*, they made *dhokla*s in one room, while the seven members of the family slept in the other two. For eight long years, Milind recalls, his parents only slept for four hours every night. His father would sometimes go out and take care of work beyond those walls, but his mother always stayed home to make *dhokla*s. At one point, when her health started deteriorating, doctors strictly forbade her to continue labouring with such intensity. At this point in 1979, by which time they had saved some money and developed local contacts, they started their own small snack shop in east Malad in Bombay.

The children had to help their parents with day-to-day activities and go to school on the side. Milind recalled how his father often said that there

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[89] A large building divided into many separate tenements. *Chawls* were first built to offer cheap, basic accommodation to labourers working in various large textile mills in Bombay.

[90] A practice which involves a separate one-time lump-sum payment for the transfer of tenancy rights to compensate for nominal rents which remain unchanged over decades after a rent control act in 1947 froze rents for some properties in Bombay at the 1940s rate. Section 56 of the Maharashtra Rent Control Act of 1999 recognizes this system and allows both the outgoing tenant and the landlord to benefit from such payments.

was no point in investing in education as the business and the family needed him, and over the years, when the intensity of his labour in the firm grew, he had to drop out of school. He subsequently tried evening courses, but when his father opened the retail snack shop, being the elder son, he dropped out again and joined the business fulltime. Their neighbours had already been complaining about the strong smell coming from their home, hence they moved the production process to a small factory acquired on a lease. In response to my question as to whether they could obtain subsidies when starting the factory, Milind responded, 'We did not know what subsidies were back then. All we knew was I had to go to the factory, work the whole day and come home at night … the support from all the family members was crucial in building the business'. Together they expanded the business in the following years by mechanizing production and setting up new units.[91]

Many from the second generation, like Praveen, Naveen and Milind, retrospectively interpret their incorporation in the firm by means of a normative lexicon of expectations, duties and responsibilities. Naveen and Praveen, being the sons in the family, interpreted their inclusion in the business as the 'normal' thing to do, while Milind, who became involved in the business at an earlier age, also perceived his own path in taking over the business as the 'right' thing to do. He gave his export unit the same name as his father's first snack shop as a gesture 'acknowledging [his] family's role' in what he has today. Jeet, another informant who shared the same view of his firm being the embodiment of his father's hard work, also described joining his father's business after finishing his diploma as the right thing to do. In these businessmen's self-representations, traditional and familial values in the form of filial duty, a sense of responsibility and respect for seniority become vital forces ensuring the continuity of the firm. However, one needs to be careful in dealing with such portrayals in which traditions are placed centrally to explain economic actions. Greenhalgh (1994), through her research on Chinese family firms, invites us to go beyond seeing traditions and values as merely persisting and to understand them instead in relation to the wider political economy, where patriarchs are left with few 'choices' but 'to build their firms out of their families by powerful currents in the domestic and global political economies' (Greenhalgh 1994: 748). This invites us to situate these choices in the larger political economy context.

Probing the question of what my respondents would have done if they had not entered the family business sometimes revealed a lack of the necessary skills to take up an alternative profession in the labour market.

[91] However, Milind obtained sizeable subsidies for their current factory in Palghar.

Praveen responded that he would have liked to pursue a BSc in paint technology *but* 'we [he and Naveen] were not that good in studies'. Manish, another informant who echoed the 'obvious choice' explanation, later revealed that he did not finish his studies, which made coming into the business the best choice at hand, making the 'natural choices' appear economically rational from another angle. However, to what extent one can call them 'choices' is contestable, given that very often the second generation just 'came into the business'. Did my informants lack the skills necessary for the labour market because the family firm needed them, obliterating the options or time they would have needed to develop those skills? Or was it because they knew that the family firm existed as a backup or an eventuality, so they did not attach any real significance or drive to achieving an education? Here opportunities, preferences, interests and skills are too intermingled to draw clear conclusions, probably even for the informants themselves.

Of Sons and Daughters: Gender Dynamics of Succession

Traditionally, the widespread and most desirable way of continuing an enterprise has involved the male descendants taking over the business. Such expectations do not seem out of place given the hierarchical caste system that historically imposed hereditary occupations on consecutive generations. Although discussing the persistence or waning of the caste system would go beyond the purview of this research, the hereditary transmission of caste occupations is no longer strictly practiced. Certain groups like business communities and trading castes, however, have largely stuck to their hereditary occupations longer than others and have traditionally preferred to pass down their firms to their children. It is to be noted, though, that a hand-over of small family firms does not necessarily imply a change in authority, as both generations can often be seen working side by side (Kansal 2012) until the patriarch can no longer continue his active engagement.

However, there exists a blatant gender bias when it comes to handing over the firm. Sons in general are expected to inherit as opposed to daughters, the eldest son being the most common choice. De Lima observed the same practice among Portuguese family businesses, attributing it to the fact that only sons carry on the family name (de Lima 2000: 162). In the Indian case, this practice needs to be understood by exploring who actually belongs to the 'family'.

According to traditional Hindu family organization, women leave the parental home (*mayka*) after marriage and become part of their husbands' family, sharing a household (*sasural)* with their in-laws. When asked why they do not consider involving daughters, my informants often brought up

practical reasons. Satish, one informant, explained that both his daughters are pursuing higher studies now and that when they will graduate it will be time to start looking for suitable spouses for them. He did not know where they would move after they are married, so he did not see involving them in his business as practical. However, exploring ideals surrounding Hindu marriage helps us to see it from a different angle. Traditionally, hypergamy in terms of both class and caste are considered prestigious for the bride and her family (Dumont 1959: 520), and the patriarch is primarily responsible for finding a suitable match for the women (Mandelbaum 1948). A daughter's engagement in her father's business connotes her continuing economic dependence on her father, thus also symbolizes the failure of her natal family to find her a suitable match, or the inability of her husband and his family to provide for her.

Answers to my questions regarding the possible involvement of sisters in the business often presupposed circumstances of need, which stood in sharp contrast with the 'normalness' that has been emphasized in case of sons. Asked about the possibility of his married sister joining the family business at some point, one informant answered, 'If they [the brother-in-law's family] are finding it difficult [to get by], they [the brother-in-law and the sister] are welcome to join the business. But her husband's family has their own business. If they are satisfied there, they don't have [the] need to come'. If such a crisis ever arose, he explained that he would be fine with taking in his brother-in-law. But even in the hypothetical crisis situation, he would consider only his brother-in-law and not his sister, echoing the male breadwinner ideology which was palpable throughout the fieldwork.

However, this relative absence of women from ownership or managerial roles does not mean they do not play an active role in any stage of a firm. For instance, Milind's first business made up for the lack of capital by relying upon the collective labour of all family members, including his mother and his sisters. Though such family firms appear to be collective ventures functioning through the social and human capital put together by family members, it is crucial to note that 'not everyone has access to the same "capital"' (Narotzky 2010: 181). This is not a phenomenon unique to India: Yanagisako has discussed how common it is in Italy to find women – wives, daughters, sisters – working during the firm's initial years of struggle. What is common to both is how rarely their labour is perceived as productive labour and translated into an income. Rather than their toil and perseverance being glorified in a similar manner as their male counterparts in the firm's history, women's labour is perceived as a part of their household responsibilities. The boundary between their contribution to the business and their household responsibilities also becomes blurred when the sphere of

work and the sphere of family spatially overlap in the same location, such as the home itself, as we saw in Milind's case. I found women to be more engaged in the business when it was located at or close to home. When the two spheres were separated, especially after the business expanded and production was moved outside the home to an industrial estate or slum area – that is, to a more masculine and working class-dominated space – the involvement of the women of the family in the business waned. However, many still remain co-owners on paper without actually being involved in the business or drawing salaries.

A discussion of the gender aspect also draws attention to the legalities of succession. In Italy, Yanagisako observed that legal requirements to share the patrimony equally among one's descendants often proved detrimental to a firm's continuity beyond the second generation, as firms were often too small to accommodate the third generation. Additionally, although not all the heirs might be equally interested in running the firm, they might nevertheless stake a claim, leading capital to fragment and the enterprise to divide or discontinue (Yanagisako 2002; 2019a: 4). De Lima's ethnography (2000) echoes the issue of the legal requirement of equal inheritance among Portuguese families who had to find innovative ways to ensure the traditional mode of continuity of their enterprises through their male children.

In India, however, the Hindu laws of inheritance traditionally did not permit women to inherit family property, thus allowing the greater consolidation of immovable assets among joint families, with male children being de facto the exclusive heirs[92] (Leonard 2011). Though the law was amended later to encourage equal shares to both genders, in practice women were socially discouraged from claiming parental property and were hardly seen doing so (S. Roy 2015), given the ideology surrounding the notion of the male breadwinner. However, this does not mean that women are deprived of inheritance all together. Although legally long since abolished, dowry in its evolving forms continues to be an important way of transferring usually movable assets to daughters (Dumont 1959; Goody 1990, 1998; S. Roy 2015).

Given such practices of inheritance, the lack of expectations that daughters would be agents of the continuity of the family enterprise is rooted in Hindu ideals surrounding family organization and gender, as elucidated above. In many cases, however, these same practices free daughters to

[92] See Singh (2008) for a comparative analysis of Hindu and Islamic inheritance laws in India and how the former facilitated capital accumulation and persistence of the family firm, as opposed to the latter which allowed distribution of family owned resources among a wide spectrum of family members.

pursue their own interests. For instance, while Praveen and Naveen were gradually drawn into the business, their sister Isha was left free to pursue her education. After finishing her Master's degree in Bombay, she received an opportunity to complete further studies in London. While the business remained the primary means of social mobility for all the children of the second generation, gender-specific expectations afforded the daughters of the family room to manoeuvre and chart out new paths. Some businessmen derived prestige from their sisters' achievements. While Praveen spoke proudly of his sister's prestigious professional achievement, another informant, Manish, proudly mentioned that his sister had taken *sanyas*[93] and became a Jain nun.

By the third generation, however, the dynamics of succession and the expectations surrounding it have changed.

From the Second Generation to the Third Generation

When I first rang up Prime's factory land-line to get an appointment, on hearing that I was a doctoral researcher, Naveen voluntarily described to me the academic achievements of his children and his nephew, who were also abroad. Our later conversations were often steered toward the brothers' yearly sojourns at their children's homes and their experiences of traveling around Europe and the US, as well as how such exposure had broadened their world view. But what stood out in these narratives was how the same 'normalness' of joining the family business that they themselves had so firmly articulated and abided by was absent from their expectations of their own children.

Their children's diverging pursuits was something that they took pride in and encouraged, even when that threatened the continuity of their firms. This phenomenon does not apply exclusively to Naveen's business, nor does it hold true only for inter-generational businesses: the same attitude was perceived among businessmen belonging to traditional business communities and those outside them. Even when their stable businesses are capable of providing similar or even better financial returns than alternative options in the labour market, many of the current generation of owners no longer expect their children to be the agent of continuity for their enterprises. This is an impressive change compared to their own experiences, when the previous generation had explicit expectations from them. This is reflected in Figure 5, which also reveals certain other aspirations that these entrepreneurs desire for their children.

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[93] Taking *sanya*s roughly translates as the renunciation of familial and social bonds and retiring to the life of a monk.

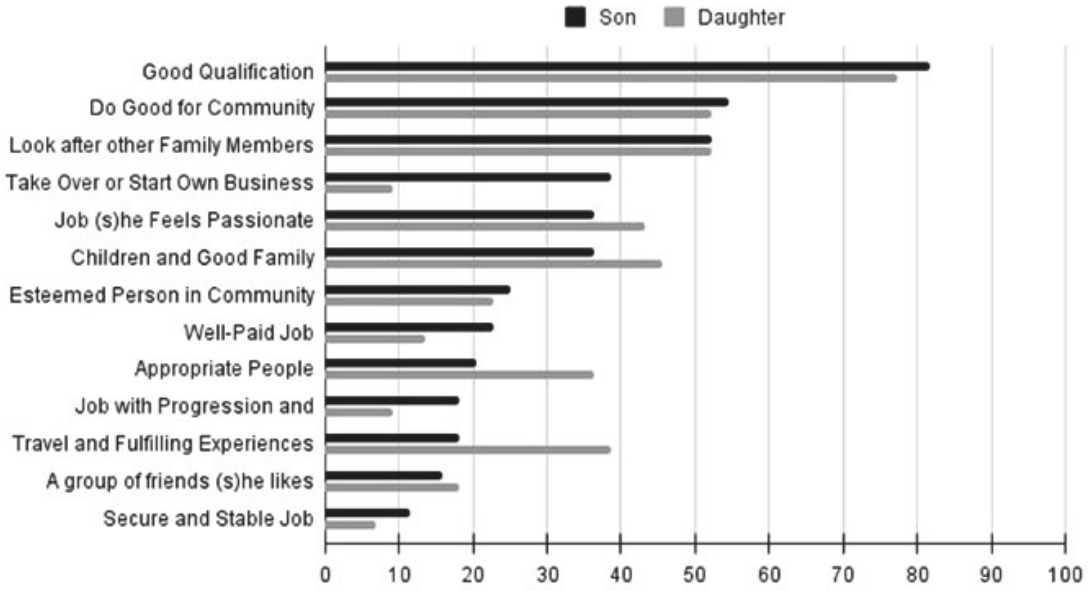

Figure 5. Business owners'[94] expectations of their children.

In response to the survey question, 'which of the following would you most want for your son(s) and daughter(s)?', only about 39% of my informants selected 'take over or start own business' as one of their five preferences for their sons, while for daughters it was as low as about 9%. This was followed by 'look after other family members' (52.3% both for sons and daughters) and 'do good for the community' (54.5% for sons and 52.3% for daughters). However, this lack of expectation from sons that they would take over the business did not translate into a lack of expectations that they would take care of the family, and interestingly this elicited the most gender-neutral response. Irrespective of whether a son takes over the business or not, he is commonly expected to be 'the safety net for the family in times of need' (Dutta 1997).

What unanimously received the highest response is the aspiration for a 'good qualification' for their children (81.8% for sons and 77.3% for daughters), echoing a similar 'educational desire' that Kipnis (2011) witnessed in China. This overwhelming desire for 'good qualification' is a significant change compared even to the 1980s, given that a large proportion of these business owners belong to traditional business communities who previously considered education to be of minor importance and often perceived it is as secondary to the family endeavour (Jain 1971; Dutta 1997). These changing expectations, I argue, need to be situated in the shifting ideas of prestige and respectability that have been shaped and reshaped

[94] Figure 5 represents business owners from all sectors.

through different epochs, from their historical alignment with the caste hierarchy through the colonial idea of respectability to the idea of the 'enterprising self' (Freeman 2015) that the new economy of post-liberalized India uniformly glorifies.

Shifting Ideas of Status and Prestige

Historically in the Indian context, money-making as a pursuit, with which business as a profession has traditionally been associated, was not held in high esteem[95] (G. Das 2017: 196). This is reflected in the age old *chaturvarna* (four-fold) caste hierarchy in which the Vaishyas (the traders) came below both the Brahmins (priests) and Kshatriyas (kings and warriors), and just above the Sudras (menials).[96] The structuring ideology of the caste hierarchy considered an individual's prestige, and thus status, to be more important than power or wealth, and despite being one of the markers of status, economic success alone could not accord status and respectability. Here, the defining principle of prestige was relative purity, which accorded Brahmins (the purest) the top position in the caste hierarchy, despite being secondary to Kshatriyas (kings were also Kshatriyas) in terms of political power and wealth (Dumont 1970).

While it would be fallacious to suggest that caste has ceased to have an impact on a person's social status in present-day India, empirical works reiterate that it is no longer the sole determinant of status. Holmström (1972) argues that one of the reasons for caste losing its exclusivity as a determinant of status is the way that the division of labour is formulated in modern society. In its archaic form, the ideology of caste reflects the division of labour in the traditional village – seen here as a small isolated unit – with no scope for alternative careers in an environment which barred new players on the basis of the purity principle. The same formulation fails to carry over to the current demands for the division of labour in larger interconnected economies, including global ones. The latter can 'be reconciled with the existence of castes, but not with anything that could be called a caste system or caste ideology' (Holmström 1972: 771). The role of caste also retreated into the background as other elements emerged as more prominent determinants of status. During the colonial period, 'British norms of respectability' (Potter 1996; Fernandes 2006: 7) began to shape perceptions of prestige and status. As elaborated earlier, with the emergence of the

[95] Such perceptions are not unique to India. See Hirschman (1997) for an interesting discussion on how profit-making was gradually repackaged from being immoral to being rational and positive in the western discourse.

[96] Chapter 3 provided a detailed discussion on the caste system.

middle class as a result of colonial influence, education became an important marker of status and respectability. This class, which only had a few choices other than to find employment and economic power through the path of education, given the structural limitations the colonial state placed on them, rose as a secure class (Fernandes 2006). Similar to what Freeman observed in Barbados, another former British colony, English education, stable white-collar public-sector employment and top tier professions in medicine, law, academia and teaching – professions acquired through higher education – became marked features of middle-class respectability, thus reshaping ideas of what constituted social prestige (Freeman 2015).

However, in the decades following liberalization of the Indian economy, the public sector started experiencing retrenchment (Fernandes 2006: 106-107), leading to a dramatic decline in respectable forms of employment that had ensured the reproduction of the middle classes thus far. This was accompanied by growing public discontent with the public sector due to its corruption and its lack of fairness in not allowing access to positions without contacts and political connections (Witsoe 2012). Additionally, given the government's affirmative action[97] policies for certain 'backward' castes, the general castes[98] saw their access to these jobs being further constrained and widely believed that, rather than benefitting the needy section of the 'lower' castes, these policies only benefitted the 'creamy layer' within them (Béteille 1983: 100; see also Parry 1999b; De Zwart 2000). With the number of available jobs on the decline, I found a sense of 'relative deprivation' (Merton 1968) palpable among the general castes.

Moreover, following liberalization, the public sector began to be portrayed as inefficient and lacking a work ethic, in contrast to the emerging private sector, which was now seen as its more efficient counterpart in public discourses and pro-liberalization media alike. This is in line with the discourse on the emergence of a global intellectual hegemony that started seeing public institutions as inefficient as opposed to their private counterparts, a trend noted by Gosovic (2000) and as further confirmed for post-liberalization India by ethnographic investigations (Ganguly-Scrase and Scrase 2009).

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[97] The government's affirmative action policies reserve fixed percentages of vacancies in the public sector for individuals with lower caste backgrounds, often supplemented by lower qualifying criteria, such as a higher age cut-off or lower marks in a degree leading to a job. See Chapter 3 for a detailed discussion of affirmative action policies.

[98] As already mentioned in Chapter 3, this term refers to all the higher castes that do not benefit from any reservation policies.

Under the neoliberal post-reform economy, this perspective has again been reshaped. While on the one hand this economic restructuring struck at the base of traditional prestigious public-sector employment, on the other hand a wave of globalized private-sector professions mushroomed in the new economy, leading to the emergence of a 'new middle class' while reshaping the idea of status and prestigious employment. Private-sector white-collar positions like upper-level managers, IT and engineering professionals, to name but a few, became new sought-after professions. Along with their English-speaking working environments and office spaces modelled after the 'modern West' (Fernandes 2006), these jobs became associated with the upper rung of middle-class employment. Given the limited state intervention, I found these new respectable employments in the private sector (with skills and merit charting one's ascent) to be perceived as a rather fairer field (especially by the general caste middle class) where neither one's caste affiliation nor pervasive corruption seem to determine one's fate.

Having achieved significant social mobility in their lifetime, many of my second-generation entrepreneurs tend to convert their financial capital into symbolic and cultural capital (Bourdieu 1986). Most of these businessmen have the means to send their children to English-medium private schools, where education is believed to be of a higher standard than their (vernacular) public school counterparts. Moreover, they cater to the highly sought-after merit of English language proficiency, given the hegemony of English as 'the language of domination, status and privilege in India' (Ganguly-Scrase and Scrase 2009: 131).

This is reflected in the narratives of some of the business owners who subsequently relocated from Palghar to Greater Mumbai when their businesses flourished. They often cited access to better educational opportunities for their children as one of the reasons for their relocation, despite this meaning that they now had longer daily commutes to their factories in Palghar. Researchers have drawn a direct relationship between spatial mobility and social mobility (Savage 1988; Massey 1990; Musterd, Ostendorf, and de Vos 2003). For instance, Massey (1990), in her research on American apartheid, argued how, in their attempt to secure a stable class position and ensure better prospects for their next generation's social mobility, aspiring parents use spatial mobility to take advantage of the opportunities and resources in a different locality.

Beyond its functional value, education in India has also been espoused as a form of 'embodied cultural distinction' (Jeffrey, Jeffery and Jeffery 2004), as a 'source of status' and a sign of 'broadmindedness' (De Neve 2011: 84). This 'embodied cultural distinction' has been observed

manifesting itself on the ground 'with a reference to a system of differences between moral, civilized, developed, "educated" people and immoral, savage, underdeveloped "illiterates"' (Jeffrey et al. 2004). When asked what he thought about his son not being here to guarantee the continuity of the enterprise, Praveen responded, 'I could make him sit here. But I did not think it was fair. Avi is my son ... I could have told him that he could pursue an MBA or whatever ... but that he needs to come back here at the end of it. But I didn't do that. We are not that sort. I said you should have more experiences and enjoy'. Through this self-representation, not only did Praveen affirm his liberal way of thinking, he also distinguished himself from his plebeian counterparts. Moreover, not having to force his children to take an active role in the continuity of the business is also a sign of prosperity for both the family and the firm, indicating especially that the latter does not need to exploit family labour in order to thrive. Salient in this representation is also the notion that the next generation is not solely dependent on the enterprise to make their livings.

This willingness to allow one's children to pursue their own careers of choice, rather than binding them to the family enterprise, was echoed in most of my informants' narratives. Most said that they would let their children decide what they wanted to do in the future: if the children grow up to be interested in the business, they could take it over. Such answers would usually be followed by 'but right now he wants to be an automobile engineer' or 'she wants to be a corporate lawyer', to mention just a few. A few business owners, however, explicitly did not want their children to take over their business, partly due to their own experiences of running these particular industries, which were labour-intensive, time-consuming (six-day working weeks with no vacations) and involved having to experience degradations like 'begging customers' for due payments. As one informant expressed it, 'It's not easy to do this business. Customers don't pay on time, and here I can't take anyone to court for such things like in other countries. Why would I want my daughter to go through all these?' Instead of the autonomy that running one's own business supposedly offers, I came across business owners who expressed a sense of being restricted by their businesses. They saw salaried employees as more privileged, and were envious of their fixed working hours and entitlement to holiday, in contrast to the constant time and attention they had to invest in running their own businesses.

Lucrative Fall-backs and the Safety Net of Family Firms

However, divergent interests do not always translate into alternative careers, and there are times when taking over the business triumphs as the most

rational choice. Nitin, who has a bachelor's degree in production engineering, joined his father's cast-manufacturing business after graduation. When asked whether this was his own decision, he initially replied 'yes', but later in the course of our conversation he revealed that the decision might also have been influenced by an ongoing recession. People from his cohort, he recalled, had to settle for jobs offering rather low salaries. His father was looking after the business alone at the time and needed a helping hand. It did not take Nitin much thought: a job with that low a salary was not worth it when his family was 'running such a big industry'. His referring to his father's small-scale cast-manufacturing unit as a 'big industry' makes sense, given that it was capable of generating much more income than the alternative 'white-collar' salaried job. In light of Nitin's reasoning, narratives in which businessmen say that their children are welcome to join the business if they ever want to needs to be revisited. Though the explicit expectation that children will take over the business is fading, family businesses continue to serve as a safety net, especially when alternative achievements in the form of acquired skills and education do not translate into *well-paid* prestigious jobs.

However, one can observe a correlation between the scale of the business and the expectation that one's children will take over its reins. I came across a few businesses with higher turnovers masquerading as small-scale enterprises.[99] With firms like these, ownership of which outweighs any comparison with a salaried job, it is almost always predetermined that the children will join the family business at some point. Here too, the children in the family are sent to the English-speaking West for higher studies, but unlike their genuinely small-scale peers the children are expected to come back to join the family enterprise after receiving their degrees. This strategy, I argue, serves to do more than just bring competent skills into the enterprise and needs to be understood within 'capitalism's world of appearances' in which the 'self-presentation and refashioning of one's self in order to fit into the new economy become critical' (Kaur and Sundar 2016: 5). The dynastic image that inherited businesses are socially attributed, namely as a livelihood that has been handed down rather than earned, flies in the face of the image of the self-made 'enterprising-self' (Makovicky 2014) that the neoliberal new economy celebrates. During my fieldwork, it was common for first-generation businessmen as well as some employees to refer to this binary

[99] By dividing the business into different units. Even though genuine small-scale enterprises (in the legal sense) also adopt this practice to circumvent certain regulations, such as escaping the purview of the Factory Act of 1948 by employing fewer than 10 workers in each unit, they mostly just divide their units into two to achieve this. On rare occasions, I nonetheless came across businesses which had 4-5 units.

between the 'self-made' and those who win in the entrepreneurial lottery because of their birth. This 'refashioning of self' becomes crucial for the generation that has a narrative neither of being self-made nor of being gradually drawn into the business. Rishi, Milind's eldest son, provides an interesting case to which to delve further into.

Milind's current businesses, though registered officially as a small-scale enterprise, turned out to have a quite higher total turnover than its small-scale peers. During my interviews with Milind and Rishi, it was pointed out that Rishi had recently come back from the US after finishing his Master's degree and that his younger brother too was studying at an expensive private institution in Mumbai.[100] In the course of our discussions, on more than one occasion Rishi volunteered to tell the story of how he had a generous offer of employment in the US and how he had decided against it of his own accord. Rishi explained how his dietary preferences[101] clashed with the job's requirement to taste the seasonings the company produced. Providing no real insight into the extent of time and energy he had invested in seeking any other jobs, this chapter of his recollection ends with his decision to return immediately and join the family business. The emphasis continued with him taking care to reassure me specifically that his joining the family business was solely due to his wanting to do so. He further added how the business has since benefited from his managerial skills. He further emphasized that the business was not his last resort, and rather than just being handed over due to his 'luck' in being the eldest son, the business had benefited from his competence and leadership. However, one cannot ignore indications that the children's actions in joining the business were predetermined. On another occasion, Milind revealed an active drive to that end: every child in their family was brought into the business for a month right after finishing their 11th grade final exam to acquaint them with the family business.

The above example draws a parallel with large Portuguese family firms, where a similar refashioning was observed in an attempt to reduce the role of blood ties in navigating in an age when competence and meritocracy are expected to determine one's path to the top ranks in the family businesses. This 'strategic production of professionals' is intended to convert 'blood criterion into professional competence' (de Lima 2000: 171). These

[100] The college provides degrees in association with a prestigious university in the UK. A quick search online reveals that the annual tuition fee is a multiple of the average local benchmark.

[101] Even though he did not give any religious reasons, it should be noted that strict vegetarianism is observed by a significant proportion of Gujaratis, especially among Gujarati Jains and Gujarati Hindus who follow the Vaishnavite tradition.

families thus pro-actively create the conditions for their own reproduction by synchronising 'their family motivations and desire for direct succession with the rational and objective logic of economic management' (de Lima 2000: 172). Amidst this background, rather than simply handing the business over, now the successors have to display competence and merit to get to the top. This merit, however, is manufactured by the current generation's investments in their education and training, which provide the conditions that ensure the family's perpetuity.

While expectations of direct succession appear to be more persistent among the larger businesses in my field site, as we have seen, the dynamics of succession have been changing in case of genuine small-scale enterprises. Returning to the case of Naveen and Praveen's firm, the next section delves into how such changes have impacted on these businesses while exploring the role that values may play in their continuity.

Between the Legacies of Self-made Father and Self-made Children: Values as a Force of Capitalist Continuity

The origin stories of many second-generation firms in Palghar resemble Naveen and Praveen's account. The struggle of the self-made founding father from humble beginnings, like those of the bourgeoisie in Como, Italy (Yanagisako 2002), recur in such depictions and incorporate accounts of their ingenuity, indefatigability and resourcefulness. The social mobility that future generations experience is often seen through the lens of the founding father's legacy. During our conversation, Praveen always emphasized that it was their father's toil that had brought the family where it is today. When they came to Bombay in the mid-1950s, he and his siblings and parents shared one small room for several years, until the business broke even and they could afford accommodation big enough for everyone. Following the urban restructuring of Bombay, when their existing Bombay factory needed to be relocated, they divided it into two units and moved the hazardous part of the production process to Palghar. From the small one-bedroom flat in a working-class neighbourhood to each brother owning two flats next to each other in a gated community in Mumbai today, from the small factory on their cousin's land to their own land and factory sheds, the brothers believe that the entire transformation of the family and the business was made possible only by their father's efforts.

Praveen recounted how Mukesh's contribution set the business on the right track when he secured a highly coveted tender for the Indian railways. From their perspective, securing this contract was the turning point, because the railways were a highly desirable customer for several reasons. First, the

orders were for not one but for many of their products, and in bulk, moreover. Due to the logistics of handling such quantities, the hectic task of packaging small quantities was no longer necessary, and with a government owned enterprise as the end customer, the payment process was reliable, with no scope for a lack of professionalism, such as delayed payments. The railways had strict but standard specifications, and once their product passed quality-control checks in the railways' own laboratory in Matunga, they were given recurring bulk orders. This eliminated complications such as customers wanting to return the product after production, which is what used to happen when they were dealing in the retail market.

During the competitive bidding process, they soon realized the need to decrease the cost of production in order to secure the contract. Mukesh consulted a technician and found a cheaper alternative for one crucial ingredient, but it was untested at the time. Mukesh went through a painstaking process of trial and error with different techniques and improvisations to arrive at the optimum recipe for extracting the cheaper alternative. Not only did this secure him the tender and changed the fortunes of the enterprise, but the recipe is one that they keep using even today. Refusing to forget this, Praveen said, 'He [his father] did all the labour; now we are eating the fruits'. In this analogy, the surplus the venture produces still today remains inseparable from his father's labour in the past.

Over the past few years, things have changed quickly. Praveen and Naveen's manufacturing unit has become rather stagnant because of the economic restructuring that the country has been experiencing. The brothers chose not to upgrade their machinery so as to continue handling bulk business by today's standards and are thus no longer able to supply the big-name brands, where there are prospects for growth. However, this decision has a lot to do with the third generation not being involved in the business because, as Praveen explained, the drive for changes of this magnitude needs new generations bringing with them new ideas and the energy to modernize such businesses in line with current market trends. In fact the next generation is not around to take care of the business, so they do not feel the need for such plans. The brothers have reached retirement age and agree that it is getting difficult to continue commuting to Palghar every day. From a rational economic perspective, all the signs suggest that it makes more sense to sell the business at this juncture. Despite outdated machinery and the declining profitability of the business itself, the factory and the shed alone have a high market value, given the inflation in commercial real estate in Palghar over the years. The two brothers are fully aware of this. Praveen told me that for a while they have wanted to wind the business up, but *they can't bring themselves to do it*. This inability, I argue, is a moral inability and is

driven by more than material interests. This was summed up when, in reply to asking *why* they are not winding up the business, Praveen said, '*Jab tak chalta hai chalne do*' [let it run as long as it does].

Praveen and Naveen's factory is not the only example I came across where a business is still running although the owner is aware that discontinuing it would be the prudent choice. Jeet's thread and twine manufacturing unit has been hit by a slowdown ever since his main market, the fishing industry, started experiencing a downturn. In addition, the competition from other technologically advanced manufacturing units means that business is sluggish, to put it lightly. For Jeet, the business is not bringing in enough revenue compared to the labour he still has to put into it. He is seventy-five years old and does not have any children to pass the business on to. The factory is a labour-intensive operation. He is at the premises for around twelve hours a day looking after the business, though the workers can handle the production themselves. He has been thinking of selling the business and is confident that he can get by with his savings and retire. But probing why he is not actually 'doing' it, he echoed Praveen: '*Jab tak chalta hai chalne do*' [let it run as long as it does]. Jeet too feels that this factory is a symbol of his father's *mehnat* (hard work), which started in Bombay by working in a cotton mill and continued when he made his way to the ownership of a twine factory. Jeet has also made sacrifices: while his brothers did not want to leave the comfort of Mumbai, he was the one who moved to Palghar to continue running the factory his father had started. When I asked if he too would have liked a share in their retail shop back in Mumbai, his wife and Jeet responded in unison that they did not once regret leaving all that behind. His father had worked very hard for the factory, and they could not let his *mehnat* go in vain. He also feels a sort of moral obligation to let it run as long as the workers are still working. They are mostly women, a few of whom are quite old and have been working with him for over two decades, so they might not find work again. His wife too has become close to the workforce. She told me how, even up until a couple of years ago, when she was in better health, she would go to the factory every Thursday on her way back from the *mandir* (Hindu temple) after her *puja* (worship) and share the *prasad* (food offerings to gods) with the workers. Every Diwali, as is the case with other factories in Palghar, she arranges a *Lakshmi* and *Ganapati puja* and *arti* (worship rituals) at the factory to which all the workers and their families are invited.

Naveen and Praveen are caught between the legacies of two generations, both of which have been given the label 'self-made'. On the one hand, they feel morally incapable of discontinuing the legacy of their self-made father. On the other hand, they also do not want to compel their

children to take over the business, preferring to draw prestige from their children's self-made careers and pursuits outside the umbrella of the family-owned business. Moreover, the continuity of the family firm symbolizes their enduring unity as a family. While elucidating his non-calculative relationship with his brother, Praveen highlighted that it is in fact Naveen who has the more tiring role, that is, travelling from Mumbai to Palghar almost every day, but Naveen never complains that he is doing all the hard work. He puts it down to chemistry and mutual adjustments in their relationship: 'You might have heard the typical story of a father opening a partnership firm, then brothers go in and then get into disputes among each other. But in our case our understanding is so good. He comes to the factory because he likes to, and I take care of other tasks, like all our dealings with the banks'.

This inability to close down the business, I suggest, is moral and value-driven. Instead of opting for the more profitable and logical option of selling the business, in both cases these business owners are continuing their enterprises, carefully avoiding being a force for their discontinuity themselves and rather waiting for some outside force, like illness, inability due to old age or market competition, to induce them to withdraw from the business. Such case studies challenge representations of family businesses (Singer 1972; Weber 1978; de Lima 2000) as arenas where the sphere of family and kinship and the sphere of the business and the economy are at odds, such that actors must constantly seek ways to reconcile them, sometimes by creatively separating them, sometimes by subverting the needs of the one to the other. In contrast, for these second-generation businessmen who grew up in the formative years of the business, the two spheres – family/kinship and business/economy – are not distinct, and their values overlap in intricate ways. This intermingling of values makes it hard for them to imagine one sphere without the other. In case of Naveen, Praveen and Jeet's business, this overlap serves as a force of continuity for the time being.

Conclusion

In this chapter, I have described the dynamics of continuity among small-scale enterprises in Palghar. Focusing on different generations in the business, I have provided an account of the temporally changing dynamics of the overlap between family and business within small-scale enterprises. I show how, for the founding father and his family, these businesses have been the primary means of social mobility, lifting them from workers or petty capitalists to the position of small-scale industrialists. Thus for the second generation, these businesses have been an integral part of their life

experience. Though in retrospect the second generation often interpret their inclusion in the father's business through a normative lexicon of moral obligation marked by filial duties and respect for seniority, coupled with admiration for and recognition of the father's hard work, when one lets the ethnography speak for itself, what stands out is the 'normalness' that their inclusion in the business involved. However, by probing further into the wider political economy of the labour market, I have been able to unpack how, in some cases, these 'obvious' choices can be seen as economically rational. Nevertheless, explaining what happens solely in terms of economic rationality would be too simplistic, as plenty of cases exist where other possible options are not even considered.

From this point, I delve into the traditional expectations that revolve around inheritance and show how they are laden with a gender bias, as in most cases sons are preferred to daughters when it comes to deciding who takes over the business. Such traditions persistently legitimize an uneven division of assets between sons and daughters in spite of amended laws passed to encourage equal distribution to both. However, there are times when this also emancipates daughters from the burden of being the agents of continuity of the enterprises. As we have seen, in some cases, this has enabled daughters to pursue higher education and prestigious jobs outside the family enterprise.

In the case of the third generation, the 'normalness' of taking over the business no longer seems to be the guiding principle. This attitude is reflected among many of my current business-owner informants (not only second generation, but also many first-generation owners) who do not have any explicit expectations of their children taking over their enterprises. Some of this can be attributed to the fact that these businesses have gone through their formative years and their dependence on family labour. But more importantly, a lot of it can be attributed to the shifting ideas of social prestige in the new economy of neoliberal India. White-collar, public-sector employment achieved through higher education has traditionally enjoyed higher social prestige than business, a continuation of the colonial idea of respectability. Though these traditionally prestigious professions are shrinking in availability, the ascendance of the 'new economy' in post-liberalization India has brought in a wave of new prestigious professions, which has slowly redefined middle-class professional respectability. Countless narratives exist on how the best, most deserving, most meritorious individuals make their way to these professions, as opposed to discussions about taking over a business that is commonly perceived as something that is 'handed over' rather than earned.

Having achieved significant financial mobility in their own lifetimes, these businessmen often have the means to invest in the best educational options for their children, enabling them to pursue prestigious forms of employment in the future. I have shown how the next generations' divergent interests are hardly seen as a break, but rather as a continuation of the life project of social mobility that the first generation had set out to achieve. We can thus go beyond the frequent representations of family businesses in literature to see these businesses instead as 'kinship enterprises'. In other words, they are family projects set up to ensure mobility and growth over time, and where the idea of social mobility does not necessarily reside in the maintenance or expansion of the enterprises, but is shaped by wider social-economic forces. This view also allows us to counter the idea that the sphere of kinship and the sphere of business contain opposing interests.

The last part of the chapter questions this claim of opposing interests with the aid of the example of Naveen and Praveen's multi-generation family enterprise. We see that although the enterprise is facing economic stagnation, making it unprofitable to continue operations, the brothers feel incapable of closing it down. This moral inability is expressed in their saying 'let it run as long as it does'. Instead of making a rational decision to dispose of the business by selling it, they are waiting for illness or old age (or competition) to end their engagement in it. The brothers are therefore stuck between the legacies of their self-made father and self-made children. On the one hand they feel morally incapable of discontinuing their father's legacy, while on the other hand they do not want to compel their children to take over the business, but prefer to draw prestige from their achievements. Hence, we see how, for the second generation who grew up in the formative years of the firm, the two spheres – family and business – are not distinct from one another. Rather, their respective values overlap with one another fluidly, thus serving as a force of continuity for the firm, at least for the time being.

Chapter 6
Working Lives In and Outside the Factory: Work, Precarity and the Idea of Better Life

In delving into the day-to-day functioning of small-scale enterprises in Palghar, this chapter shifts the focus from the owners to the workers. Here the precarious nature of these workplaces inevitably draws attention. The precarious nature of industrial work in India has been previously explored in anthropological literature on industry, work and labour (Parry and Strümpell 2008; Parry 2013, 2020; Sanchez 2018; Strümpell 2018), but its focus has largely been on large-scale industry in the public sector, a product of the Nehruvian idea of socialist India that aimed to produce the ideal citizenry. Public-sector industries established in the middle of the twentieth century not only aimed to create economic independence in a country newly emancipated from colonizing forces, they were also positioned to alleviate stark regional imbalances in economic development. They aimed to offer large-scale employment and create a workforce that would epitomise ideal workers marked by life-long employment, accommodation, pensions and other benefits (Parry and Strümpell 2008; Strümpell 2018). However, the studies referred above drew attention to the increasingly insecure workforce in these large-scale industries, which they connected with the disruptive effects of economic liberalization in the form of increasing casualization, attrition and waning job security, as well as portraying economic liberalization as a 'tipping point' and a 'radical rapture' (Neveling 2014) in the process.

However, these jobs, which aimed to produce ideal workers, have only been the reality for a small proportion of the country's entire workforce. Workers in such large-scale industries have rather enjoyed a 'citadel' life (Holmström 1984), in strong contrast to their largely proletariat other. Most of India hardly has a 'Fordist' past to hark back to. For a large proportion of workers, the experience of precarity, in the broader sense of the term[102], has

[102] My usage of the term 'precarity' here goes beyond 'a condition of post-Fordist capitalism', in line with Millar, who notes: 'precarity has emerged as a way to capture both the tenuous

remained a perennial reality that goes hand in hand with the country's informal economy (Breman 2013b). The small-scale enterprises that are the focus of this book reveal a continuity in the experience of work and labour, from pre-liberalization India till the present day.

Existing anthropological literature on Indian industrial labour tends to focus on one of the two ends of the spectrum – either large-scale industries within the so-called 'organized sector' (Parry 1999a; Strümpell 2014; Sanchez 2016a, 2018) or micro-industries employing mainly household labour, often being reliant on caste or kin cooperation and classified as belonging to the 'unorganized sector' (Chari 1997, 2004; Haynes 1999; De Neve 2005). Small-scale sector enterprises, which have become significant actors in neoliberal India, have received relatively little anthropological attention. These enterprises exist at the intersection of the formal and informal economies, or the 'organized' and 'unorganized' sectors, to use the bureaucratic categorization. While all businesses are officially registered, firms find creative ways of categorizing themselves in order to economize on taxes and escape the purview of complex laws and regulations. This should be understood with reference to the thresholds set by the state, leading to what can be called 'state-produced informality'. For instance, there are three thresholds within the small-scale enterprise category, based on the amount of capital invested and the number of employees, for each of which a different set of regulations apply. As soon as a unit employs more than a certain number of workers (ten with powered machinery, twenty without powered machinery), it comes under the purview of the Factory Act.[103] Reducing the number of recorded employees or breaking down a unit on paper into smaller units in the name of different family members[104] are prevalent tactics for sticking to the lowest threshold and economizing in the face of growing competition.

The industrial estates in Palghar are full of such murky practices. Workers protected by labour laws remain rather the exception, in tune with the reality in the larger national context, where protected workers, over half of whom work in state firms (Saini 1999), comprise less than 10 percent of the entire working population (Sridharan 2004). Inside factories in Palghar, labour law can have little effectiveness. Even those who make it on to the payroll are often just theoretical beneficiaries of the laws, whereas actual practice is malleable with regard to locality-specific social norms and values.

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conditions of neoliberal labor as well as states of anxiety, desperation, unbelonging, and risk experienced by temporary and irregularly employed workers' (Millar 2014: 14).

[103] First introduced in 1948 and then amended and appended several times. See https://labour.gov.in/sites/default/files/TheFactoriesAct1948.pdf (last accessed June 2020).

[104] As discussed in detail in Chapter 4.

While a part of the workforce is never officially registered, those who are do not necessarily have all their work-hours reported. Just as hiring does not always observe strict professional standards, nor does laying workers off. In places like these, a contract alone has little value. Here, the differences between permanent and temporary contracts do not divide the workforce, as in the case of the Jamshedpur Tata steel plant, where casual workers stay put in the hope of a future where they see themselves being converted into permanent workers, while management maintains a regular workforce in order to fuel the aspirations of the casual workers and thus ensure their compliance (Sanchez 2016b). Nor is the nature of the contract so significant here that it could lead to the 'embourgeoisement' of regularly employed workers while contractual workers struggle to reproduce their labour (Parry 2013). However, in Palghar's small-scale sector, one does come across diverse groups of workers who occupy different structural positions, which translate into varying degrees of precarity and negotiating power. For migrant workers, this often poses a threat to their basic entitlements, and thus their citizenship identity.

In this chapter, I explore the day-to-day functioning of these small-scale industries and the experience of work within their walls. I explore how work is experienced by different groups of workers in these workplaces, where precarity remains an objective condition. Two groups, male migrant workers and local female contractual workers, who share the most precarious positions in these factories, form the focus of this chapter. Borrowing Fang's (2018) analytical lens of looking at the subjective experience of precarity in contrast to its objective reality, I show how these 'precarious' workers often differ in their consciousness. By exploring their notions of stability and a 'better life', I argue that the ways in which these workers experience work in these factories are shaped by their individual life histories, kinship commitments, values and aspirations, rather than their actual conditions of employment. By focusing on different groups of workers, I further show how class backgrounds, gender norms and expectations contribute to these experiences. My ethnography reveals how exploitative work conditions do not always translate into a sense of insecurity, as workers may still derive a sense of stability, fulfilment and, at times, emancipation from them.

Migrant Workers in Royal Enterprise

While the owner is away and no meetings are scheduled, Lina and Vipul, two staff members at Royal, sneak me into the meeting room and assure me, 'Sir wouldn't mind'. They are aware that the shop floor is not the most convenient place to talk, and it also distracts others. On the other side of the glass window, shift workers are tending to the machines. Their male voices

seem unintelligible and distant over the rhythmical hum of the machines that are spread across the shop floor. The closed door and the thin walls do not do a great job of soundproofing the brightly lit room, but the dampening is certainly welcome to one's ears, especially given the exchange that is about to take place. Sitting across the table on an identical office chair is Suraj, a 14-year veteran of this factory, who points me towards the transparent glass. 'That one', he says, with a hint of pride in his voice that comes with expertise, 'that big machine over there – I am its operator'. He charts out the familiar career path of how one usually starts with a small machine and waits to get bigger machines and gets to learn something new if that change actually happens. He now knows everything that there is to know about this machine.

Royal manufactures different types of packaging for consumer products, ranging from laminated labels to packaging boxes for different brands. A decade or so ago part of the manufacturing process was automated, and today one can find one section where machine operators are monitoring these new machines. At the other end of the shop floor, the remnants of the semi-manual machines still churn out part of Royal's product portfolio. This section has smaller machines with individual operators who must process the product, align it and check it in between the flurry of manual steps that are required to operate such machines.

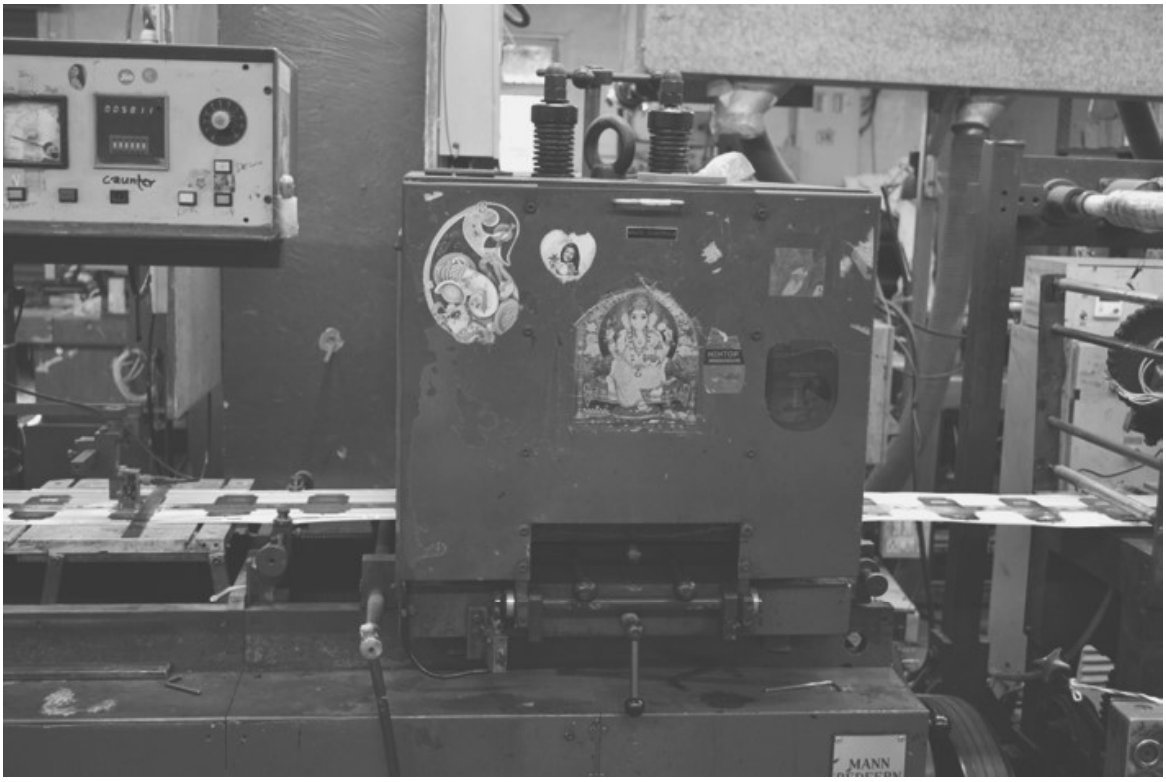

Plate 8. Remnants of the older manual production process.

Small-scale enterprises like Royal have six-day working weeks, and the Friday that is supposed to be the day off might not turn out to be one if really urgent business comes up. Suraj's day shift starts at 8am and ends at 8pm, when his counterpart resumes where Suraj left off and embarks on his twelve-hour shift. When Suraj started working in the factory, he had to 'become very punctual'. Answering my question about whether he can work flexibly sometimes, he said, 'No, I can't. If I don't want to go to work today, the company might incur a loss. They have a different schedule than mine. And if the company accrues a loss, it's also my loss'. A brief respite for *chai*, twice, and a half hour lunch break is squeezed into workers' like Suraj's day. Production schedules or personnel issues might extend the span of one's shift, but this is compensated by overtime pay when it significantly exceeds the twelve-hour limit. Such intense hours restrict opportunities for these workers to embark on other economic activities to augment their wages, unlike some of their counterparts in bigger factories (Cross 2010, 2014; Parry 2013), leaving no scope for moonlighting or alternative skills development.

Royal enterprise has around fifty[105] workers from 18 to 55 years of age, but a quick scan of the shop floor catches faces in their twenties to mid-forties dominating the workspace. Their education level varies from primary to high school, many of them having dropped out. Most of the workers in this factory hail from villages where, I am told, jobs, especially ones like those they have here in this factory, are scarce. Some started their working lives in this factory, whereas others ended up here after hopping from one job to another. Suraj has followed the exact same routine ever since his brother-in-law brought him into the factory fourteen years ago. Over a decade has passed without much changing, except for him moving from one machine to another. He has since been promoted from a helper to an operator and earns around 16,000[106] INR per month if he works all his normal shifts. Work has become the centre of life for him, and whatever he does throughout the rest of his day is done so he can work the next shift. Friday is a holiday for Suraj, as it is the norm for most factories in Palghar. But not even his holiday brings much to dislodge him out of his groove. He washes his laundry by hand or goes to the weekly Friday bazaar to get what he

[105] However, it can go up to seventy, since extra workers may be employed temporarily through labour contractors for busy seasons. Additionally, in small-scale enterprises like Royal, the exact number of workers is very often impossible to ferret out, due to the very informal nature of their employment as mentioned earlier.

[106] While his current salary is the equivalent of 200€, workers like Suraj generally start off in a salary range that is less than half this amount. For instance, Suraj started with a little above one third of his current salary. With more experience, that starting salary can grow over the years to become a bit higher than what Suraj makes today.

needs, or goes out to get the 'ration'[107] (groceries) if it is his turn. He does not have friends outside his work because he hardly goes outside the factory to socialize. Though he claims that he sometimes visits tourist spots nearby or goes to a movie with his friends, it took him considerable effort to recall the last time he did so. Nonetheless, when one passes by 'Prakash Talkies', the local cinema, on Fridays, the throng of migrant workers like Suraj reveal that this is the most favoured form of entertainment they allow themselves to indulge in.

Suraj does not mind the monotony. He had a realistic idea of what factory life is like from relatives who had worked here before him, but he still embarked on it in the spirit of 'this is where work is, and thus the money'. However, he looks forward to the vacation that he takes once a year, when he goes back to his village for one and half to two months. This is when he resumes the social relations he has left behind. The holidays, of course are not paid for; he is only paid for the time he is working in the factory. He tries to align his holidays with the harvest season so that he is present when his plot of land in the village is ripe with the season's crops. Needless to say, the attempt does not always yield success, as the rhythm of the factory – orders and targets – determines the fate of his request for leave. But Suraj does not speak of this in a complaining tone. Usually more than one worker knows how to operate a certain machine, and they both cannot have vacations at the same time. Suraj explained how, if all the workers running the same machine decided to go to their villages at the same time, the company would have to stop production, which is never a good thing.

Suraj does not have a solid plan for the future, and my questions regarding this were met with replies such as, 'I do not think about it' or 'I can't say that now. I did not decide'. Other workers too responded in similar terms. Despite minor variations, what consistently stood out was their desire to go back to their villages after working in the factory. Suraj summed it up as follows: 'I will work here as long as I feel like. Then I will go home'. Suraj's family lives back in his village in Nepal. He regularly sends them remittances and saves the rest of his salary. Recently, though, his savings

[107] The term is used interchangeably with groceries because, for a majority of people in India, the government offers regulated subsidies on staples like rice, lentils and even kerosene through the Public Distribution System. Regulation is exercised through a ration card issued by the state government, which can be used to withdraw rations within the issuing state. Once the allotted monthly amount has been withdrawn, the card is stamped indicating this. In this case, Suraj does not have a ration card in Maharashtra, so it is unlikely he is actually going to a ration distributing centre but simply means that he is getting staple groceries.

have been run down in order to build a *pukka*[108] house with a concrete roof and tile flooring.

Plate 9. A worker expertly operating his machine.

I start with Suraj's case, as it provides a window through which to gaze into the lives of migrant workers in Palghar. In the region's small business landscape, factory-owners unanimously prefer to employ migrant workers from other Indian states and neighbouring countries like Nepal in blue collar roles. The other group which is available for such jobs are local *adivasi*s (tribals) from adjacent villages, but there is general scepticism about the feasibility of hiring them. *Adivasi* men's allegedly decadent lifestyle, involving alcoholism and a poor work ethic, were cited disapprovingly in the businessmen's narratives explaining why. First their 'laziness' is used to explain why they are not dependable, the general observation being summed in these words: 'the locals only work in 8 hour shifts, maximum 10 hours when necessary. The outsiders, on the other hand, seek 14 hours of work daily'. The allegedly inflexible nature of local workers is secondarily attributed to their perceived short-sightedness, lack of ambition and imprudence. As the businessmen often say, 'the locals are happy with what

[108] While *pukka* (ripe) houses are stable and made from iron, concrete and bricks, *kaccha* (unripe) houses are made of perishable materials such as earth, straw and bamboo; they therefore need regular rebuilding and restoration.

they earn today. Only when they run out of money do they come back to work'. Stories of such workers leaving their jobs after selling a piece of land, only to come back in two to three years after completely running out of money, were repeated by a few owners. Some businessmen also pointed towards state policies such as the Targeted Public Distribution System (TPDS)[109] and the Below Poverty Level Card (BPL), which provide the poorest sections of Indian society with cheap food grains. Some owners felt that that reduced local workers' dependence on work and thus allowed them to be lazy. As a consequence, I was told, 'they come in to work only when they run out of money for alcohol'. Local women, by contrast, are perceived as hard workers, their attitude to work being attributed to their often alcoholic husbands' failure to act as regular providers for the family. Local Maharashtrians, on the other hand, are more visible in the public sector, the service sector, and retail and brokerage positions. Individuals with a certain level of education can sometimes be also seen in white-collar[110] management and administrative positions within these small-scale enterprises.

This bigger picture is reflected inside Royal. Almost all blue-collar workers are migrant men, with a significant proportion from Nepal (rather than Bihar and Uttar Pradesh, like some other factories in the vicinity). However, by no means should this be treated as an exception, as all these migrant workers share a structurally similar position, as will become clear in the following sections. Besides them, women from nearby villages are hired through labour contractors. If extra labour is needed, Royal also hires a few local Maharashtrian men through labour contractors. The white-collar staff (administrators, managers, supervisors) generally come from different ethno-linguistic backgrounds, like Maharashtrians, Marwaris, Gujaratis and Tamils.

[109] There have been various avatars of Public Distribution Schemes in India since the 1960s, which have implemented similar subsidies such as the TPDS. Under the TPDS, the *Antyodaya Anna Yojana (AAY)*, for example, offers food subsidies to individuals in the below poverty line (BPL) segment, which can be obtained using a special AAY ration card issued by the state authority. Upon presentation of the card at designated distribution centres, an individual can procure up to 35 kilograms of cereals (wheat and rice) at a subsidised rate of 2 and 3 INR per kilogram respectively. This compared to the unsubsidized rate of about 30 INR in the local market during my fieldwork. Source: https://dfpd.gov.in/pds-tpds.htm (last accessed June 2020).

[110] While technically these are white-collar positions, one should not automatically assume that they are always higher paying jobs. I met women with a few years of experience in administrative roles earning less than what an experienced worker like Suraj makes in a month.

Map 5. States that supply a large proportion of migrant workers to Maharashtra.

Liminal Lives: Home on the Other Side

The paths taken by Suraj and his peers to these industries are part of a larger phenomenon of labour emigration from Nepal to India, which has gained traction in the last few decades. This increasing labour migration becomes even more relevant against the background of land alienation and state

development-driven displacement in the preceding decades, coupled with political unrest, climate change, the country's inadequate economic infrastructure and the aspirations 'for a modern consumer lifestyle', all of which induce migration by the impoverished in rural areas (Campbell 2018). With the ascent of the market economy and globalization, these groups grew less reliant on subsistence agriculture. A similar phenomenon has been the reality for rural India since the dawn of industrialization. As the market economy started taking over, states like Uttar Pradesh, Bihar and Rajasthan have become the largest suppliers of migrant labour. The unequal nature of regional development in India has further contributed to transforming these regions from self-sufficient agrarian economies into remittance-centred economies. Nepal, however, is an exception for having a national economy with the greatest dependence on remittances in Asia, 30 percent of its GDP being dependent on oversees remittances (Campbell 2018).

For migrant workers like Suraj, these jobs are never a channel for resettling from their rural lives to urban areas, but a means to improve their lives back in their villages. They are primarily driven by pecuniary motivations. The factory jobs that are lacking in the vicinity of their villages and their awareness of their lack of special skills lead them to believe that workplaces such as these in Palghar provide them with a platform from which to embark on future social mobility, even if it is at the cost of relentless drudgery. Such workers try to capitalize on their time in the factory, hoping to go back home with some savings. For the migrant workers from Nepal in particular, the wages in these factories compound the rate of savings to some extent, as the Indian rupee is stronger than its Nepalese[111] counterpart. While male workers leave their families behind in the village and migrate to towns that offer such employment opportunities, the women in their families remain, raising the children and maintaining social relations back in the village. The disproportionately larger number of male migrant workers in Palghar's small-scale industries, as well as the comparatively lower population of women in similar urban industrial areas, is a reflection of a 'gender-specific pattern of migration' which started as early as the late 18th century (S. Sen 1999: 21).

As mentioned before, some migrants come on their own after completing or dropping out of school, while others are brought in by relatives who are already working in these factories. Suraj voluntarily went to his *jija* (brother-in-law) asking for contacts regarding work when farming ceased to be sufficient. Before he could decide anything for himself, Chandan, who hails from Kailali in Nepal, was brought in by his father, who has worked at Royal for 15 years. Another worker, Pran, came through a

[111] 1 INR = 1.6 Nepalese Rupee.

fellow villager. Moving away from home, however, hardly weakens kinship ties and obligations. Many of these workers are the sole earner in the family, and consequently a significant part of their wages finds its way back to the village to maintain family and social relations, perform religious rituals, invest in consumer goods and non-movable assets, and acquire cultural capital like education. Most expressed the desire to educate their children so that they do not end up with the same fate as these workers do. Joydeb pays for the education of his children, and Pran's wages are the reason why his siblings are staying at school. Suraj told me proudly that both his children are studying. The daughter goes to an English-medium school, and his son is getting ready to attend the primary school in the village. But he is certain that he wants to continue their education, because, '*Well, you can see what I am doing being unpar (uneducated)*', he says.

Beyond the subsistence and education of family members, it is *kheti*[112] (subsistence farming) into which these workers channel a significant part of their industrial income. Almost all the migrant workers at Royal have small-holdings back in their villages, often suitable just for subsistence farming. Despite the smaller scale, farming is labour-intensive, involving steps like ploughing the land, clearing weeds, getting the field ready for sowing, the actual sowing, and then reaping the harvest. Often, extra labour from the village is hired to make up for absent members. Pran, for example, has to spend 10,000[113] Nepali rupees on hired help for a six-month harvest cycle, as his mother and sister alone cannot manage all the work in his absence. Owing to the small size, kheti rarely yields more than what is needed to sustain the family for the year.[114] These migrant workers continue to live simultaneously in two different economies: the urban industrial economy of their workplaces and subsistence agriculture back in the villages.

Migrant workers at Royal do not fully recognize themselves as industrial labourers; peasantry still remains a part of their self-identity. It is still part of their idea of life after the period of industrial wage work. Unlike peasant workers in the post-socialist context (Kofti 2018), the workers at Royal are still not fully proletarianised under the neoliberal context. These rural migrants have not completely internalised the 'industrial worker'

[112] *Kheti* can mean farming in general but in this case it means subsistence farming.
[113] Roughly equivalent to 75€.
[114] However, I did come across workers in other factories whose relatives have larger plots of land back in the village and sell some their produce in the market. Raju, for example, takes a couple of months off from the factory during the harvest season and goes to his village in Rajasthan to work in his uncle's fields, which grow *bajra* (pearl millet) for the market. He gets a share of the proceeds from the yield, which is equivalent to a few months of work in the factory. Nevertheless, outside the harvest season, he labours in the factory rather than remaining jobless back in the village.

identity. Their perception of factory life thus resonates to a 'liminal' state (Turner 1967) that they are navigating for the moment to accumulate some finance by putting their labour power into use, at the end of which they will go back to the village where the stable lives lie, preferably with large enough savings to start a small venture.

One should however, take into account the subjective impression of the workers that they can always go back, with the objective possibilities of the same. The lion's share of these worker's wages go towards sustaining their families and pursuing other aspirations, leaving little scope to accrue enough savings necessary for independent ventures. And even if one manages to launch such a business, there is no guarantee that it will be successful in the long run and provide a stable income. Such aspirations among migrant workers which are likely to remain unfulfilled in reality are not unique to Palghar. Rofel who observed a similar entrepreneurial aspiration among workers in China, perceived it as an 'ephemeral transcendence' (Yan 2008) – a way of 'overcoming... the (harsh) present by embracing a possible future'(Rofel 2019: 154).

However, this sense of freedom to go back to their villages keeps them in a 'particular mode of temporality' – the 'not yet' (Lindquist 2009: 7) and may function to keep them in these factory works while diffusing motivations for collective actions. In his research in an engineering factory in Mumbai, Panjwani (1984) showed how such an attitude of perceiving the capitalistic enterprise as an avenue towards a better life back in the village, coupled with an aspiration to return there on retirement, 'tends to make their [migrant workers'] militancy in trade union struggles pragmatic and short-lived, which is not very conducive to the growth of communist radicalism among them' (Panjwani 1984: 267). In Palghar, labour is not unionized. The defunct union is often attributed to past experiences where labour union leaders were easily 'bought' by the factory owners and the workers didn't have anything to gain from such leadership. One can ponder a myriad of other factors as to why the union was scrapped altogether instead of a change in leadership, but this prevalent self-identity and attitude is not unlikely to have played a role in its discontinuity.

Working Lives Inside the Factory Walls

Migrant male workers in Royal Enterprise, as it is mostly the case in such factories in Palghar, are provided with accommodation by the firm owners. However, these lodgings stand in sharp contrast to those which large-scale public sector industries (Parry 1999a, 2013; Sanchez 2012b, 2018) provide to their workers: one or two-bedroom quarters with subsidised amenities to accommodate families. Nor do they resemble dormitories systematically

designed in some large-scale factories to accommodate workers, where some groups are allotted better amenities than others to create motivation for hard work among those deprived (Fang 2018). The accommodations at Royal, instead are more like a scaled down version of what has been observed in Nepal (Hoffmann 2018). It consists of a block of small rooms along the rear boundary fence of the factory compound. The rooms are next to each other and have a common uninterrupted front porch. There is an adjacent block with a couple of toilets and bathrooms and a tube well on the far end, where it's not uncommon for workers to take showers. Though not always the case, workers tend to bunk with *gaonwalos* or *ristedars* (workers from the same village or relatives). Four, five or sometimes six occupants share each small room depending on the influx of labour at that moment. But as Suraj once mentioned during our chat, 'you can't tell when you are told to squeeze in another person or two'. Gauging my surprise, he volunteered, 'we sleep on mats. If we use beds, there is no way you can fit this many'. Royal does not provide any common arrangements for food. Workers cook simple meals like *roti* and *daal* on primus stoves in the front porch area, and roommates sometimes take turns cooking for the entire room.

While chatting regarding these arrangements, Manish – the owner – said, 'they are all alone here, without their families. It is easier to accommodate them. So, I give them a place to stay. But it's not for everyone'. This act of providing accommodation only to single migrant men, which the owner highlights as an act of benevolence and the workers see as a favour, contributes to attune the workers to be flexible independent subjects that these factory works call for. Whereas the white-collar staff and local female workers leave at the end of the day and remain woven in the network of social relations, the lives of the migrant workers remain confined inside the four walls of the factory. As a worker puts it 'from 8am to 8pm I spend working in the factory. At 8pm I come home very tired. I freshen up, change. Cook if it is my turn. Eat and sleep. Next day the whole thing repeats. Where is the time to go out?'. No work, family or social relations connect the workers with the larger society beyond the factory walls and after their 12 hour shifts for six consecutive days, the holiday on Fridays does little to remedy that. The paternalistic gesture of providing lodgings not only normalizes their perennial precarity (as not having family around would still make them feel that they are here temporarily), but also dissolves the already feeble boundary between life and work. Unlike local workers, they do not get distracted by phone calls from home, nor do they get impatient to go home before the shift ends.

Furthermore, this arrangement appeals to the workers' larger value of frugality where they feel morally incapable of moving out of these free

accommodations and instead spend their hard-earned cash for a comparatively better setting. Suraj walks me through his thought on this, 'I thought of bringing my wife and children. But the factory does not accommodate families. If I want a room outside, it will cost at least another 1000 rupees if I share and a private one would be even more. Here I get it for free. I spend most of my time in the factory working anyway, and then I come to the room just to eat and sleep'. Refusing the free alternative works against their value of frugality; they choose to rather adapt their lifestyle accordingly and save the money. None of the migrant workers in Royal have brought their families to Palghar. The lack of family further consolidates their confined state within the factory boundary.

Migrant workers at Royal appeared to be further dispossessed by the murky conditions of informality. Often, no workers from any migrant groups, whether Nepalis or inter-state migrants from other parts of India, have any locally issued identification documents such as voter ID cards, ration cards, Aadhaar cards or electricity bills etc. The workers frequently cited their inability to produce such necessary documents as a reason for their being unable to use official services, such as opening bank accounts or registering a local SIM card. While the workers from Nepal find themselves in an even more bureaucratically complex maze, the migrant workers from other parts of India share a similar predicament.[115] The lack of documented proof of employment due to informal hiring processes, coupled with the workers' intentions to go back home, result in them hardly making any effort to transfer their documents to Palghar. As a result, these inter-state migrant workers' voter cards and ration cards are still registered to addresses back in their villages, rendering them unable to access services and entitlements in Palghar.

Adopting Cross's (2010) question, which drew on the work of Chatterjee (2004, 2008), here I probe 'how citizenship is transformed' as these migrant workers move between their villages and these small-scale factories. As Chatterjee argued, 'most of the inhabitants of India are only tenuously, and even then ambiguously and contextually, rights bearing citizens in the sense imagined in the constitution' and instead primarily are, 'political subjects who must struggle to achieve recognition as citizens by making claims on government' (Chatterjee 2004: 38). Cross found that in the Special Economic Zone (SEZ) in Vizag, 'labour inside the zone is tied to forms of visibility and recognition that constitute the individual as an economically productive working subject and which become the basis for particular kinds of political claims for rights and entitlements' (Cross 2010:

[115] Documents such as ration cards are issued by the state government. The associated rights can only be exercised within the particular state of issue.

368). What happens with small businesses in Palghar is very different from Cross's example. Here, workers are never in a position to claim such rights due to the informal nature of employment and absence of unionization. On the contrary, they lose their position to exercise basic rights and entitlements while remaining in these employments. Their situation is thus much like the precariat being turned from citizens into denizens 'inhabiting a locale' without being in a position to exercise civil and political rights (Standing 2014: 2).

Kinship and Paternalism within the Factory

Though cut off from the outside, kinship ties, both real and fictive, prevail within the factory compound of Royal Enterprise. The staff and the workers are ethnically diverse and hail from different castes; as a result, caste identity hardly plays any role in creating solidarity here. It is rather kinship that is the workers' focus inside Royal. From Hindi expressions like '*yeha pe sab bhai-bhai hai*' (all of us here are brothers) or '*yeha pe sab ristedar hai*' (everyone here is related), which one hears from the workers, it quickly becomes clear that these tags go beyond ties of family and kinship to include fellow villagers. Workers often bring in their fellow villagers, relatives, neighbours or acquaintances when a vacancy arises. Suraj, Pran, Joydeb and Vinod, for example, all came with or through connections to someone already working in the factory. Joydeb alone, for example, has brought in many workers in since the initial days of the factory. Whenever he went back to his village on vacation, people would come to him, asking for work. Some of them came to Royal along with him, while others got his contact details and came on their own. For the owner, this arrangement ends his search for workers even before the news of a vacancy leaves the factory. For the workers themselves, this gives them a feeling that they are doing something good by helping their fellows meet their basic needs. As Suraj puts it, 'I bring people, as everyone needs work in order to earn and survive'.

Whenever I chatted with the workers about their experiences working in such a setting, I would be told that 'the work is hard, but it is good here. We are like brothers. We help each other'. The *gaonwalas* help each other by lending each other small amounts of money or by taking care of someone who is ill or filling in for others if there is an emergency back in the village. Kinship mutuality ensures that the work in question is done on time. Workers without bank accounts send remittances through fellow workers who are visiting the village. In the absence of long-term contracts, such kinship ties often work as a force that draws them back to these work places. Instances of workers who left their jobs at Royal, only to come back in a few months, confirm this.

Beyond kinship ties, paternalism too is palpable in Royal. On the first Thursday after I started working there, I found workers queuing up in front the desk belonging to Vipul, an overseer with many different roles. After seeing this repeated every week, I became curious and learnt that the workers were queuing to get 'advances', which turned out to be part of their own wages that the workers had been saving with the owner. Every Thursday, they take out a little money to buy necessities at the weekly Friday bazaar. They withdraw all or most of the rest of the accrued savings when they go home during vacations or when a need arises. Vipul revealed how Manish had offered the workers the possibility of saving their money with him, and since they trusted him, most of them opted in. He added, 'It is good that most do it voluntarily, otherwise if they have cash in their hands, they might spend it on wrong things'. Though such arrangements provide workers without bank accounts with an alternative they find convenient, these arrangements also allow their precarious status to persist, removing the need to find a formal solution, and keeping them dependent on the enterprise in additional ways. Capitalist firms, as Hart (2000 [1988]) notes, indeed 'are organized not just by a state-made legal sanction for exploitation, but by having recourse to the ideology of paternalism and mutual trust' (2000 [1988]: 192). The workers' attitudes in saving their wages for life back in the village and spending only the bare minimum needed to survive while working in the factory further confirms their perception that factory life and Palghar are only temporary places for them.

During one of our conversations, Manish told me, 'They (the employees) all get personal loans, irrespective of their salaries. The amount itself is not important. And I am proud to say that almost all employees could build a home in their hometown only because of my loans'. Suraj also once mentioned how, unlike workers in most factories, one can get a loan of up to 30,000 INR from Manish. The practice of giving out loans or advances (*baki*) to the workers and indebting them in the process have been observed in other parts of India and have been compared to a form of neo-bondage that aimed to tie the workers to exploitative work (De Neve 1999). In Palghar, however, most owners are reluctant to give out such loans due to the high rates of labour turnover. Royal's staff and workers are aware that this is a favour rather than entitlement and hold Manish in high regard. However, one can also argue that it is the kinship morality (Bloch 1973) that his workers share that enables Manish to take this risk. Trust is often connected to long-term relationships, and relationships of kinship are inherently long-term. Moreover, employing workers who are relatives interweaves their reputation. If someone does something wrong, the person who introduced him can also be held accountable to a certain extent.

The lives of migrant workers like Suraj are stuck in a groove in these factories, with their precarious work conditions. But a feeling of precarity barely affects the workers, as they believe this is not their final place and that they will be going back to their own villages at some point. These workers can thus be compared with the young factory workers in China studied by Fang: both are a 'precariat (in an objective sense) without precarity (subjectivity)' (Fang 2018). Though many of them have been employed in these factories for years, there is no guarantee that they will not be suddenly laid off if the situation demands, so there is nothing permanent about their current situations. But in any case, they themselves do not want to imagine these places as permanent, without their families. The very structure of these factories contributes to ensuring these workers are individuals without a family, it's a situation that suits the factory the most. That in turn further consolidates their perception of these places as temporary. They remain 'workers with belongings', belongings that rarely turn into political aspirations. Additionally, their self-assessment of their employability is still informed by their larger attitude towards education. They very often justify their working in factories as a result of being 'unpar' (uneducated), rather than it being due to the structural imbalance in the labour market.

Female Contractual Workers in Royal

Around quarter to five, the women workers at Royal can be seen getting restless, running to the bathroom to fix their sarees, dupattas[116] and hair as they prepare to leave. By 5pm most have already started on their twenty-odd minute walk towards the train station, momentarily transforming the otherwise woman-free, bland streets of the industrial estates of Palghar into an array of colours, with small groups all walking in the same direction. Unlike the male migrant workers, there are no arrangements for women to be accommodated on the factory's premises. For many of them, this is just the start of a journey[117] that will last an hour or two until they reach their homes. These women have eight hour shifts from 9am to 5pm. I found that this '9 to 5 shift', or what I call 'moralized hours', were considered to be the most suitable hours for women to work, as opposed to late evening or night shifts, which involve returning home when it is dark and unsafe and additionally do not allow work to be balanced with their domestic responsibilities. Against the backdrop to this moral entanglement, despite labour regulations that

[116] A long scarf worn by women in India, often as a part of the traditional *salwar kameez* attire.

[117] Depending on the distance, a monthly train ticket for these daily commutes can cost them the equivalent of a day's wage or a little more.

curtail night shifts for women, owners take additional pride in the adjustments that they have made to employ women only during the 'moralized hours'.

The preference for women workers in small-scale industries is not unique to Palghar. De Neve (2005) observed a similar tendency among small handloom owners in Tamil Nadu, who praised their female employees' hardworking, their less troublesome and more committed nature, in contrast with the familiar criticisms of the male workers' drinking and smoking habits. At the same time, however, a definite gender bias is visible regarding the types of jobs that women are deemed suitable for. In Palghar's small-scale industries, the normal practice is to employ women only for manual tasks like quality control, assembling, packaging, cutting, piling and stitching, contributing to what has been termed 'salvage accumulation' (Tsing 2015a). In most cases, women can be found working next to other women, occupying a subsection of the shop floor. At Royal, these women are mostly assigned to quality control and packaging.

The majority of these women are hired through labour contractors, who pick them up from their villages and land them these factory jobs. Labour contracting is usually just one of the several jobs that a typical labour contractor has. For example, the contractor at Royal also supplies bottled drinking water to the factory, which is used for the cooler rather than for drinking! The contractor can moonlight because his role only requires a couple of visits to the factories every month to distribute the workers' salaries or to resolve the occasional dispute, the majority of his success depending instead on his networking skills. Unlike recent portrayals of labour contractors as epitomes of neoliberal subjects and enterprising selves (cf. De Neve 2014), labour contractors in Palghar hardly see their role as entrepreneurial, and rather explain it as something they have had to adopt to in order make a decent living. Being hired through a contractor means that structurally these women have an even more precarious position, as the employer has no obligation towards them except their daily wages, which are not paid directly but mediated through the contractor. These women earn between 200-250 INR[118] per day and do not have the privilege of any paid holidays. Most do not have any prospect of vertical job mobility and instead hop from one task to another.

Unlike the men's work, these women's work is more stationary in nature, allowing them to talk with one another without interrupting their routine. Between fifteen and twenty such women, ranging in age from their late teens to their early fifties, work at Royal. They are spread over two glass-partitioned rooms with three desks and a couple of benches, but

[118] Between 2.50 and 3.20 Euros.

women can also be seen sitting on the floor, since the benches cannot accommodate everyone. The radio sits on a desk and churns out popular Marathi and Hindi numbers while the women inspect piles of labels. Their task is to check each label individually to uncover imperfections, discard the faulty labels and pack up bundles of 500 or as per instructions. The labels are then ready for dispatch. The mood in these two rooms is lighter than in the rest of the factory. While their hands are at work, they can be seen chatting and exchanging banter on managing one's conjugal household and how to deal with in-laws and spouses, the older ones advising their younger colleagues on life's philosophies. They also get the same two *chai* breaks and a lunch break during which they gather together at the podium in the back of the factory compound with their 'tiffin boxes' and eat what they have brought from home.

'It is much better here': Perceptions of Factory Work

As with the migrant workers, news of vacancies for women in these factories also usually spreads by word of mouth. Jyoti, a woman in her fifties, picked up on such chatter and approached the labour contractor who supplied workers to Royal. 'It's already been five years now!' she realized, as she was telling me how she started working here. Her entry into wage labour happened about 25 years ago, around a year after her marriage. She soon realized that her husband's meagre income would not suffice to keep the household and educate the children, so she took it upon herself to help run the household. Before small-scale factories started mushrooming in the towns near her village, she used to work as a seasonal agricultural labourer for the Kunbi (a landowning subcaste) in her village and the surrounding areas. She had to clear weeds, prepare the land for sowing and harvest the produce, all by hand. Over the years she transitioned to factory work, and after stints at a couple of other factories, started at Royal.

She has two sons, both of whom she put through high school. While the children wanted to study further, she could not pay for it any longer. Her elder son studied in Meerut while staying with her elder sister, who also paid for her nephew's eleventh grade enrolment fee. When he wanted to study further there, Jyoti had to ask him to return and finish his studies at a local college in Palghar. Jyoti also financed her elder son's vocational computer training after he had been unemployed for a year following his degree. Soon afterwards, he found a typing job in a manufacturing unit and was promoted to a supervisory position in a few months. His younger brother had stayed back home with Jyoti and by this time was taking Sunday classes after finishing high school. As soon as a machine operator's position opened up in

his manufacturing unit, the elder son brought in his younger brother to start working with him. In all, Jyoti is content with how things turned out.

After lunch while we were sitting outside, Jyoti sighed, 'Oh, this work is much better. At least we work inside. Now, sir even installed two air-conditioners'. She continued by saying that earlier she had to weed the field in the strong sun. 'It was a lot of work. Here the work is not heavy. We chat and work. The work does not feel like work'. This resonated with many of Jyoti's colleagues, who recalled the physical labour that agricultural work entailed and expressed their appreciation for the stationary nature of the work in the factory, from which they could look through the glass panels at their busy male counterparts on the other side. Almost none of the women work in the fields anymore. Those among them who still possess a smallholding either hire labourers during the rice season or have poorer relatives work the field in a sharecropping arrangement which gives them half of the yield in return. The memories of harsh agricultural labour, coupled with the banter and the background entertainment, make factory work seem rather 'easier' to them.

It is not just the 'ease' of work in the factory that attracts them to it. For some, it is important *who* they work with. Eighteen-year-old Shivani heard of an opening in this factory from her aunt. Young and inexperienced, she was apprehensive at first, but when her maternal cousin Ashwini joined at the same time, she followed suit. Jyoti and her friend have been working together since they started factory work in the region. Prior to that, they worked at a cosmetics company in Palghar, but her friend started getting headaches from the products they handled, and after a while she quit. As this left Jyoti alone, she too left after a few days. Then they heard about vacancies at Royal and promptly took jobs here through the contractor. Although women have many fewer opportunities to search for jobs compared to their male counterparts (Carswell and De Neve 2018), they can nonetheless exercise agency within the options at their disposal. As Jyoti told me, 'the other sir (from the cosmetics company) called us back, but we did not go'. What is notable here is the ambivalent nature of these factory jobs in Palghar: on one hand, the women are left with few choices but to take up these low-paying jobs to sustain their families. On the other hand, the abundance of such jobs gives them some freedom of choice and room to manoeuvre.

For many, though, the factory serves as a place where they 'get to know and learn a lot of things'. Prabha, a worker in her early twenties, explained how the *mausi*s (aunts, referring to the older women in the group) teach her to tackle different situations. Shivani echoed the same attitude of this being an avenue for learning. She explained, 'I dropped out in the 11th

grade because my college was far from my village. I had to walk for half an hour from the train station, and it would be dark when I returned home'. Though her parents did not ask her to quit, she realized that they would always be worried about her safety when she was out alone. All things being considered, Shivani decided to leave school, but while this brought with it a lot of free time, which she spent at home, she 'would get bored and be restless all the time'. Work changed a lot of things for her, but she reflected that 'most of these changes were internal'. 'Being at home in the village, you don't get to know how the outside world is, how outside people live', she explained. But since she started working, she 'learnt more, and started making changes'. On top of that, the job brings in a bit of income which she channels back to her household, and that makes her parents happy. Shivani finishes another package in front of me and then, when she gets ready to write a report, she tells me, 'Writing reports is the part I like most. Since I came here, I started feeling that I want to study further, at least till the 12th grade, and do some (vocational) courses'.

The factory, to these women, appears as a microcosm of how the 'outside world' works, which they otherwise do not have access to. It is a place where different social classes live and an exchange of ideas takes place. Even though not always through face-to-face exchange, just by being there and listening in on countless chit-chats, ideas, plans and goals, they continuously shape their perceptions of how the world works. When Lina from the administrative office, the packaging department manager and the product design managers chat about which bank's fixed deposit scheme is offering the highest rate of return, how much the newly built flats near the industrial estate are being sold for and exchange other sundry pieces of information – some useful, some trivial but new – they keep absorbing this in their day-to-day lives.

'You can always come back here': Stability in Precarity

Jyoti feels that there will always be a need for workers like them in factories such as Royal. Even if it is not Royal, Jyoti is confident that, as long as she can work, someone in the industrial estate will definitely employ her. When her children were still small, she could not keep up with the schedules of factory work and quit because she needed to attend to the demands of her domestic life instead. At the time, she reverted to being an agricultural wage labourer, as that job allowed her to take care of her children simultaneously. It was not far from her home, and neighbours or older relatives living with them could watch over the children while she was gone. She had to start early in the morning, but around 11am there would be a break for chai followed by another at noon for lunch. On both occasions she could quickly

come back home to check on the kids, and by 3pm she would be done. When the children grew older, things changed again. Her husband was a welder, and to help him keep the household and to educate the children she had to go back to the factories, where better paying jobs were available. In contrast, these jobs were indeed more time-intensive, but by then time was something she had more of.

Access to jobs is intertwined with gender and the stage of life for both men and women. In the case of women, the gender imbalance within a household, coupled with domestic accountability and the need for flexibility, works as a determinant force (Carswell and De Neve 2018) for job selection. Thus, women like Jyoti can be seen walking in and out of these factory jobs according to the stages they have reached in their life course, their domestic needs and other engagements and priorities (Carswell and De Neve 2018). Here, the situations of these women are much like the *catadores* (laboring poor) of Rio whom Millar (2014) describes, who see the garbage dump as a 'refuge – a place to which they can return in difficult times and which affords them greater autonomy in their everyday lives'. By autonomy, Millar refers to 'relational autonomy', 'a relative degree of control over work activities and time' that allows these workers to attend to their social obligations, maintain relationships and pursue life goals amidst the uncertainties of everyday life (Millar 2014: 4-5).

The contrast between Rio's catadores and these women in Palghar is that the flexibility sought by the latter is less a daily phenomenon and more something that happens over the course of life, shaped by domestic relationships and needs before, during and after marriage. Factory work, which comes without any fixed attachments, allows them to 'come and go': it serves as a refuge when things go unexpected, as when Sima was brought to the factory by her *mausi* when she was the only earning member of the family, her husband having passed away suddenly. Or there is the case of Prava, who left the factory to pursue her entrepreneurial dreams, only to go back when they did not go as expected. It is true that these jobs themselves hardly offer any scope for upward mobility, but at the same time they definitely provide a way of avoiding downward mobility and even coming a step closer to the dream when their children find work in slightly higher positions like supervisors. Like Prava before her, such factory work allows a young girl like Shivani to explore other options by providing a platform to fall back on to: as she says, 'If I don't like or don't succeed in tailoring, I can always come back here'.

In continuing to do such contractual factory work in such precarious conditions, rather than projecting uncertainty about their future, these women interpret their futures as stable. Rather than staying in the same work

for years, stability to them means finding jobs immediately when they need to come back. Stability for Jyoti is being able to put her children through school and not drop out in the 8th grade, as she had to. Stability lies in preparing her son for employment, where he earns more than her in a setting where there is at least the possibility of vertical mobility. 'Now he can marry and start his own family', Jyoti enthusiastically added.

During our conversations, the women often told me with scepticism that they are aware of government welfare schemes like *Swachh Bharat*[119] (Clean India), scholarships for education and schemes supporting micro-entrepreneurial ventures that are targeted at them, but those never reach them due to the prevalent corruption at the intermediate level. Jyoti once said, 'There are many different schemes. In reality it does not happen. They don't want us to get ahead like them. All we actually get is some subsidized food-grains'. Against the backdrop of inefficient redistribution mechanisms and the inadequate implementation of government policies, these precarious jobs appear to these women to be less precarious than life in general.

Conclusion

In this chapter, I started by suggesting that, although precarity as a concept is associated with the post-Fordist regime, Fordism was hardly the reality for most parts of India. Precarity has instead been a perennial reality here, one that goes hand in hand with the country's informal economy (Breman 2013b). Through participant observation in a manufacturing firm, I provided insights into the working lives of the two most precarious groups of workers. I showed that the way these two groups experience the workplace is shaped more by their life histories, aspirations, social norms, values and ideas of a better life and less by the actual working conditions in the factory. Here, I attempted to understand the relationship between 'precarity as an objective condition' and 'precarity as a subjective experience' (Fang 2018). The male migrant workers in Royal do not have any job guarantees, social security or paid holidays, lack of which defines precarious employment. However, this hardly translates into feelings of anxiety, as these workers themselves are not 'fully proletarianized' and do not want to imagine the factory as anything more than a temporary stopover.

Instead these workers remain woven into social relationships back in their villages, which is also where their idea of a stable life comes from. In the meantime, they are hardly able to integrate into the local society, that just

[119] Under the *Swachh Bharat* scheme, the state sponsors building a toilet in every rural household. This is in addition to the initiative to clean public infrastructure known as *Swachh Bharat Abhijan*.

outside the factory walls. Furthermore, the spatial arrangement of accommodation in these factories is designed to mould their workers to the needs of the neoliberal regime. Male migrant workers, even those who have been working for years, stay without their families, as the free accommodation they are provided with discourages them from bringing their families to Palghar. This further strengthens their aspirations to go back home and not see Palghar as a place to settle down, thus allowing their precarious working arrangements to be perpetuated. However, workers often end up staying much longer than they had intended. They are aware of their dispossessed status and very often do not want their families to go through the same experience. In addition, the prevailing paternalism and ties of kinship make up for their lack of social security to some extent and contribute to their precarious working conditions not translating into constant anxiety. However, at the same time, these paternalistic gestures further contribute to these workers not being visible to the state.

In the second part of the chapter, I explored the experience of work among contractual women workers and showed how they perceive their precarious jobs as stable. I showed that not only do these women perceive the factory jobs to be better options than the other jobs at their disposal, but also that they see these places as a window to the outside world, a place where they get to learn new things. What appeals to them are their 'moralized' regular work hours and, more importantly, their ability to 'come and go' according to their domestic needs. Though remuneration in these factories is comparatively better than the other alternatives at their disposal, it is still low, making their working conditions no less exploitative. However, compared to the instability of other aspects of their lives, they see these factories as a stable place that will always take them in.

Chapter 7
Conclusion

This research has revealed the multiple values that permeate the realm of economy in small-scale enterprises in Palghar. Though the ethnography was physically conducted in a small urban industrial setting, the research captured diverse interlinked economies, morals and values spanning a much wider geography. From business owners with family connections stretching back to Rajasthan and Gujarat, many of whom commute from Mumbai every day, to local casual female workers from adjacent villages who work during 'moralized hours' and return home every evening, to migrant workers from faraway villages who live in frugal shared accommodation within the factory walls and remit most of their incomes back to their families in pursuit of a better life – all of them contributed their part to the findings of this research.

Grounding the research in Polanyi's notion of 'embeddedness', I took the experiences of the business owners, their kin and workers as a starting point and situated them within the larger restructuring of the political economy in India. I also took into account the domain of kinship and gender relations and paid attention to their values and sentiments, which have always remained crucial for capitalist production and reproduction, as pointed out by feminist substantivist discourses (Bear, Ho et al. 2015), but have largely been dismissed as non-capitalist in the previous literature. Overall, my ethnography explores how different modes of belonging, to community, family and kin, shape different strategies of accumulation and how the values, obligations and expectations that arise out of these belongings sometimes aid and sometimes restrict the running of the enterprises.

Following a short vignette of daily work life in Palghar, the first chapter of this book introduced the primary focus of this research: how reciprocity, obligations, norms and values are intertwined with logics of accumulation in the production and reproduction of capital within small-scale enterprises. It also introduces the three processes, namely the emergence, functioning and (dis)continuity of small businesses, that

organize the ethnography. This was followed by an introduction to the unit of analysis – the small-scale enterprise – and a theoretical discussion of how a focus on this sector challenges the dichotomous lenses through which the Indian economy has usually been analysed in literature. The first of these I questioned was the dichotomous periodization of a pre-liberalization private business-averse environment and a post-liberalization business-friendly environment. Here, I drew attention to the private business segment that the post-colonial Indian state aimed to nurture. I further questioned representations of economic liberalization as a 'radical rupture' or 'tipping point' and highlighted the continuity in the experience of work and labour between pre-liberalization India and today. The next section pointed out the peculiar position of these workplaces at the intersection of the formal and informal economy or the 'organized sector' and 'unorganized sector', showing how they challenge this dichotomy by drawing attention to how informal practices come to be incorporated into the formal functioning of these businesses and the prevalence of 'state-produced informality'. The next section delved into how small-scale enterprises challenge the dichotomous separation of labour and capital, since the line between the two is less discrete or static here and more subject to continuous remaking instead. I highlighted the importance of adopting a processual approach to class while exploring narratives of social mobility and class-making, rather than perceiving small business owners exclusively in terms of their present class locations. This discussion was followed by some broad theoretical underpinnings of this research. Polanyi's notion of embeddedness was introduced here. However, following later scholars this research extended his notion of *embeddedness* even to the realm of the capitalist market economy. Next, a discussion of Thompson's concept of moral economy and its reformulation by later scholars was outlined. I sided with later reformulations of the concept, which dismiss the dichotomous segregation of practices as morality versus economy or *embedded* versus *disembedded*. These reformulations instead acknowledge that the intertwining of multiple values facilitates social reproduction and urge us to pay attention to the interwoven moral frameworks within which individuals operate. The final section discussed the methodology used in gathering the ethnographic materials for this research, which includes quantitative surveys, semi-structured interviews and narrative interviews. This was followed by a brief reflexive excursus into the insider and outsider positions I experienced as a researcher. The chapter concluded with an outline of the rest of the book.

The first part of Chapter two provided an overview of the political economy of India by means of a tripartite structure. It started with an account of the economy and the pre-modern state-building of pre-colonial

India. I outlined the developments in trade, agriculture and manufacturing that Mughal India – one of the most economically significant periods in pre-colonial Indian history – experienced. The next section moved on to the period following the arrival of the East India Company and depicted the economy of British India and the impact of certain colonial policies on the indigenous economy. One such impact was the alleged 'deindustrialization' that India experienced during the 18th and 19th centuries while under British rule. Following that, I delineated another side of the colonial period - the key developments in trade and infrastructure in British India, notwithstanding the British interests they were designed to cater to. The next section discussed the emergence of native industrialists during the colonial period, after which I moved on to consider the economy of independent India, dividing it into three periods. The first, the economy of self-reliance (1947-1975), provided a picture of the mixed economy just after independence, the aim of which was to recover from the damages inflicted by colonial policies. The second sub-section captured the period between 1977 and 1991, a period of transition marked by the gradual loosening of state regulations and the liberalization of India's economy from the 1980s. The final part presented the sweeping reforms introduced in 1991, which changed the state's involvement in the economy and precipitated the restructuring of the labour market. This overview was rounded off with a brief section on scholarly critics of the economic reforms. The final part of this chapter zoomed in on small-scale enterprises and situated them within the wider economic policies of Indian state. Briefly delineating the history of small-scale industrial development in the state of Maharashtra, I gave an account of the strategies the government followed in its attempts to consolidate this state's small-scale industrial base. In the last section, I discussed how those policies were translated on the ground in Palghar and showed in what ways that altered the town's economic landscape.

Chapter three presented an account of the discourses surrounding morality in India and highlighted how certain values and ideas were foregrounded in different eras. The first part of the chapter started with a brief introduction to relevant Hindu concepts and recapitulated academic debates on the relationship between Hinduism and capitalism by means of a literature review. Here, the research revisited Max Weber's work on Hinduism and his thesis of the protestant work ethic, as it provided a good starting point for understanding the potential of ideas in shaping economic action. In addition, I discussed subsequent scholarly responses to Weber's work on Hinduism that delved into the relationship between religious values, economic ethics and economic development. This was followed by a broad look at the religion-induced socio-economic institution of caste and its

changing forms. The second part of the chapter gave an account of the changes in values in post-colonial India and the moral discourses that were engendered by such changes. It captured the post-colonial state's attempts to uplift and enshrine equality as a value, the emergence of the Indian middle-class with its distinct culture and value set, and the discourses surrounding the moral ambiguity of corruption in India. The final section of this part uncovered the nature of entanglement between religion and the state by shining a light on the Hindutva ideology and its gradual rise to prominence in recent decades.

The next three chapters form the main ethnographic flesh of this book. Chapter four explored how small-scale industrial capital came to be invested in Palghar and investigated the factors which enabled industrialists to amass their initial capital. While data collected during the fieldwork revealed that businessmen from certain communities dominate the small business landscape in Palghar, in my analysis I went beyond reductionist discourses that essentialize the 'entrepreneurial spirit' of business communities as the reason for this dominance; instead, I shed light on the historical, social, political and spatial factors that contributed to this statistic. The chapter was structured in two parts in order to compare and contrast the experiences and strategies of business communities with those of first-generation business owners from other backgrounds. In the first part, I critically engaged with the approach that posits the growth of small and medium-scale industry in traditionally less industrialized parts of India, such as Palghar, on the state's post-independence interventionist policies. Drawing on the Wala family's business biography, and bringing out the ties of family, kinship and community that stood out as necessary prerequisites in order to benefit from such policies, I argued that certain groups with business backgrounds benefited more from these policies than others. An impressive proportion of business communities' capital was found to have followed a path from 'trade to industry'. However, questioning previous depictions of this trajectory perceiving it as a rational-economic process designed solely to diversify capital, I showed how the motivations that lie behind it often represented a juxtaposition of different values beyond diversification. In the second part of this chapter, which presents three case studies of first-generation industrialists outside established business communities (who had no access to capital or credit either from previous ventures or from family and community), I described some of the alternative strategies they had to adopt in order to set foot in the small-scale manufacturing sector. Even though these strategies primarily facilitated the newcomers' entry to manufacturing, I also drew attention to the limitations and tensions each arrangement posed in the functioning of the respective businesses at later points in time. In

essence, I argued that, while state intervention and subsidies have figured prominently in scholarship and discourses surrounding small-scale industrial capital in provincial India, in practice they benefited different groups unequally. Their role should be understood in relation to an array of interwoven arrangements and support, some explicit, some concealed.

Chapter five delved into the dynamics of (dis)continuity in small-scale enterprises and their class-making trajectories. Here, I placed my findings against static ahistorical representations in the literature of business communities and their values and aspirations, which feature caste as a local cultural particularity that continues to ensure capitalist reproduction within these communities. I drew attention to the changing expectations surrounding succession, where many current entrepreneurs do not have any explicit expectations that their children should take over the business. However, rather than seeing these discontinuities as breaks in the social mobility of the family and the firm, I argued that they need to be understood in relation to the entrepreneurs' wider idea of social mobility, which evolves as their structural position changes. I showed that, when one generation has achieved significant social mobility and sizeable financial capital, they strive to convert this into status and prestige. I argued that status is a complex product of evolution in this context, involving in varying degrees the hierarchical ideology of caste, the colonial idea of professional respectability and the perception of being 'a self-propelled, autonomous economic actor', celebrated in the new economy of neoliberal India. I explored how taking over a family business, which is commonly perceived as something handed down rather than earned, flies in the face of the 'self-made' enterprising individual who is ubiquitously glorified in the new economy of India. I showed that when children pursue a different yet prestigious career path outside the family business, far from seeing it as a threat to the continuity of the firm, business owners often take pride in their 'self-made' children and their achievements. In the last part of the chapter, I criticized discourses claiming that the sphere of kinship and the sphere of business contain opposing interests. Here I showed that, within these businesses, the values of the two spheres are hardly separable from the actors' perspectives, let alone in such tension that the actors have to strive continuously for reconciliation. I captured this overlap through a case study of Prime, a firm currently facing economic stagnation, and showed how, when material interests do not provide enough incentives to continue the enterprise, values work as force for capitalist continuity.

Chapter six looked at the functioning of these small-scale industries by shifting the focus to the employees and their lives within and beyond the factory walls. The chapter began with a discussion of the precarious working

conditions in these factories. However, I showed that these objective conditions of precarity – non-existent formal contracts, paid holidays or social benefits – do not necessarily translate into a sense of insecurity for the workers. Thus a comprehensive understanding of precarity, I stressed, must look beyond just its objective conditions and also take into account its subjective experience. My ethnographic findings revealed that this subjective experience – that is, the way these workers experience these precarious workplaces – is shaped by their larger values, aspirations, kinship commitments and ideas of a better life, rather than the actual working conditions in the factory. By focusing on different groups of workers, I further showed how class background, gender norms and expectations contribute to these experiences.

With regard to the male migrant workers, my ethnography explored how the employer's paternalistic gesture of providing them with free accommodation, coupled with the prevalence of kinship mutuality among the workers, make up for the lack of social security to some extent. At the same time, however, I argued that this also allows these precarious work arrangements to be perpetuated. I further showed how the spatial arrangement of this accommodation moulds workers to the needs of the capitalist regime by blurring the already feeble boundary between life and work. Driven by frugality, the workers' moral inability to move out of this free accommodation deters them from bringing their families to live with them. This further perpetuates the perception of their working lives in Palghar as temporary and strengthens visions of going back to their villages in the near future, which in practice, though, rarely materialize.

The next part of this chapter elucidated how the experiences of female workers (hired through labour contractors) from surrounding villages are shaped by their previous work experience, gender-specific expectations, stages of life and domestic responsibilities. I showed that their perception of these precarious jobs as *better jobs* is influenced by their previous experiences as agricultural labourers in challenging conditions. In contrast, for them these factories, where different social classes come together, appear as a microcosm of the outside world, where they are exposed to new environments and ideas and 'learn new things'. At the same time, I highlighted how an abundance of these low-paying factory jobs allowed them to exercise agency within the options at their disposal. Though these jobs offer comparatively better payment than agricultural labour, their wages are still low, and their conditions of work are still exploitative. However, measured against the instability of other aspects of life, coupled with inefficient state-redistribution mechanisms and the inadequate implementation of state welfare policies, I showed that to these women these

precarious jobs nevertheless appear stable. Moreover, it is the lack of fixed attachments that allows them to 'come and go' according to the needs of domesticity and thus provides them with an option to fall back upon when things do not turn out as expected.

Further Implications of the Findings and Future Research Directions

The ethnography and arguments in this book fill some important gaps in the economic anthropology of India while exposing the limitations of commonly used dichotomies through which economic life in India has been analysed in existing anthropological work. Though industry and the experience of work in India have both received generous anthropological attention, literature has largely been preoccupied with the aspect of labour, whether workers' experience of large public-sector industries post-liberalization (Sanchez 2012b, 2018; Parry 2013, 2020; Strümpell 2014, 2018) or of the informal economy (Breman 1996, 2013a; Harriss-White 2003; De Neve 2005; Haynes 2012). In comparison, the aspect of the capital has largely been deprived of anthropological attention. One crucial contribution this research makes is that it brings in the perspectives of business owners and their business biographies as well as class trajectories. The few exceptions that capture the side of capital centre on business owners who experienced a trajectory from workers to owners (cf. Chari 2004; De Neve 2005). My research complements this body of work by extending its focus to include also the 'industrial middle strata', consisting of owners with diverse professional backgrounds, ranging from upper managerial professionals to petty bourgeoisie, as well as by drawing attention to diverse trajectories of class mobility. Thus, my work goes beyond the approach that ties the identity of the bourgeoisie solely to its ownership of capital and fails to recognize their labour, overlooking the fact that '...capitalists, like workers, are made, not born' (Yanagisako 2002). Additionally, with the provincial town of Palghar as the focus of the research, I contribute to literature exploring the nature of capitalism in the *mofossil*s (provinces) (Haynes 2001; Harriss-White 2003; Chari 2004). The study also helps to rectify the failure to focus on small towns, which have frequently been neglected, given the tendency to oppose the rural to the city, even though over 60% of the urban population of India dwell and earn their living in such towns (Harris-White 2016).

In tracing the emergence, functioning and (dis)continuity of small-scale enterprises, my research has highlighted the different ways in which each of these processes remain embedded in larger social relations and are shaped by the wider forces of the political economy of India. While

exploring the emergence of small-scale capital in Palghar, I sought to go beyond the frequent portrayals of state policies as the primary enabler of new businesses in such provinces, drawing attention instead to the uneven ways in which state policies benefited different groups. Taking the experience of the business owners and their relatives as a starting point, my research brought out the various roles that family, kinship and community played in enabling certain businesses to benefit from these state policies. My work is thus aligned with the literature that challenges 'models of profit seeking capitalist modernity that posit the separation of kinship from the economy' (Yanagisako and Rofel 2019: 18) to highlight how kinship remains 'central to capitalist accumulation and force of production' (Yanagisako 2015).

In its approach to studying the (dis)continuity of small-businesses, the present research has challenged the frequent essentializing of business communities and the static representations of their expectations surrounding succession in the literature. Instead I have situated them within the wider restructurings of the political economy in India and evolving ideas of status and prestige. My research showed that the ideal of the 'enterprising self', much celebrated in the new economy of India, can deter the actual continuity of the small-scale enterprises. Here, the book has also shed light on the much discussed but barely defined topic of 'family business' by drawing attention to the limitations of the approach that perceives family businesses as an arena where the personal domain of the family is at odds with the impersonal logics of capital accumulation. By delving into the nuances of how family and firm are interlaced in these small-scale enterprises, and by capturing their temporally changing dynamics, my research contributes to the literature that invites us to move beyond the widespread representations of family businesses in which the business encompasses the family (Yanagisako and Rofel 2019).

In studying the functioning of small-scale enterprises, I have also shown that it is less the working conditions in the factory and more the factory workers' larger values, obligations and aspirations that play a collective role in shaping the way they experience these precarious workplaces. I have shown how work for these workers largely remains a means to achieve other aspirations, rather than being an end in itself, and how their experience of work remains embedded in values and social relations beyond those of the market (Narotzky 2015: 106). By highlighting the ways in which values frequently travel across home and production lines, my ethnography supplements the literature that captures how the factory often becomes an arena where multiple boundaries become blurred (Dunn 2004; Kofti 2016). My ethnography brings out how, within these factories,

reciprocal relations are sometimes used instrumentally to generate accumulation, and how at other times simple adherence to moral norms, social obligations and even respect for gender-related behaviour, without any opportunistic intentions, begets compliance and harnesses cooperation. The research thus adds to recent work (Tsing 2015a, 2015b) that delves into how capitalist logics and values coexist with non-capitalist sentiments, as well as exploring how gender norms and ideologies frequently permeate the organization of production.

The absence of female business owners' voices in the book is not intended, but is rather a reflection of how the field presented itself. In Palghar, as in many other parts of the country, small manufacturing enterprises are largely owned and run by men; of the 26 manufacturing firms in my sample, I came across only one female co-owner actively involved in a unit that produces packaged food items. That is not to say that women could not play a role in the formative years of the firm, as the book has previously pointed out. The absence of middle-class women in the factories can largely be contrasted with the presence of their working-class and lower middle-class counterparts. Even though official statistics reveal many women to be co-owners, this is a consequence of efficient planning to obtain tax breaks and subsidies. It thus possibly only contributes to what Behling and Harvey (2015) call the statistics of 'bogus self-employment'.

Towards the end of my fieldwork, my explicit search for female-run small businesses revealed many middle-class women to be engaged in business that were home-based or were close to home, many of them operating within the informal economy. While none of the female business-owners I met denied that running such businesses brings them some financial freedom, almost all of them emphasized that their main reasons for doing this work was to make productive use of their time rather than being for the money itself. They also emphasized that they were provided for by their husbands, a reference to the prevailing image of the male breadwinner. Among these women, expressions such as 'I am a housewife first, and then a business[wo]man' were common, as they explained how such businesses allow them to attend to their priority, namely their family responsibilities. Donner (2015) asserted that by closely studying the meaning of family and the forms of domesticity that were particular to middle-class homes, one can observe how the reproduction of middle-class identities relies heavily on specific gender relations. In particular, the standardization of a middle-class femininity and its relationship to the household becomes crucial in defining the middle-class lifestyle and distinguishing it from those above and below one in the hierarchy. What the economic decisions of these women in Palghar reveal about gender norms and values in relation to caste and class

and how they relate to ideas of 'middle-class femininity' can provide interesting directions for future research. Moreover, while the existing literature widely identifies poverty, insecurity and the lack of opportunities as push factors towards the informal economy, exploring these female-run businesses in depth in a future study may reveal how certain values and moralities can restrict one's economic activities to the domain of informality.

Additionally, amidst growing aspirations among the 'new middle class' to join the myriad of professions (often with longer unconventional hours and located away from home) that have emerged in the new economy, exploring how middle-class femininity is renegotiated in daily life in these new arenas can provide a deeper understanding of the interplay between gender, class, caste and morality.

Some of the ethnographic findings of this book have acquired increased significance in the context of the COVID-19 crisis. They therefore provide us with a background for understanding the systemic factors that lay behind the headlines on inter-state migrant workers, which captured national and global media attention when India introduced the largest nationwide lockdown in 2020. The empirical accounts of the experience of work in small-scale industries that have featured in this book not only signal an urgent need for policy interventions. They also urge the Indian state to acquire a better understanding of its migrant workforce as 'multifaceted human being[s] with complex needs and demands', rather than simply perceiving them 'through the lens of their economic impoverishment' (Nagpal and Srivastava 2020).

The pandemic hit India at a time when the Modi-led BJP government was already facing an increasing backlash against the Citizenship Amendment[120] Act (CAA) and the nationwide roll-out of the National Register of Citizens[121] (NRC) in early 2020. The CAA made it possible for Hindu, Christian, Buddhist, Jain, Sikh and Parsi migrants from Pakistan, Afghanistan and Bangladesh who immigrated illegally into India before 31 December 2014 to claim Indian citizenship. The nationwide protests that the country witnessed against the CAA might have had different regional aspects and motivations, but the underlying idea of granting or conversely disqualifying claims to citizenship in terms of one's religious denomination

[120] This amendment to the Citizenship Act of 1955 received the President's approval on the 12th of December 2019. Source: *Indian Gazette* (N)04/0007/2003–19 http://egazette.nic.in/WriteReadData/2019/214646.pdf (last accessed June 2020).

[121] Originally mandated by law according to the 2003 amendment to the Citizenship Act of 1955, which was also introduced by the BJP-led NDA alliance at the time. However, in practice it had only been enforced in Assam (in response to a directive from the Supreme Court) at the time of this research. Source: http://egazette.nic.in/WriteReadData/2004/E_7_2011_119.pdf (last accessed June 2020).

was by far the greatest unifying factor for all these voices, as it was seen to fly in the face of the secular nature of the Indian constitution. Furthermore, the government's defence of the act, that it was borne out of India's moral responsibilities to persecuted minorities in neighbouring Muslim majority nations, fell flat, given that the term 'persecution' did not feature as a precondition for these claims in the CAA.

The NRC, on the other hand, aims to conduct an enumeration exercise in order to build a national register of legal Indian citizens by conducting mandatory household-level checks where each inhabitant has to produce documented evidence of citizenship, or else be categorized as an illegal migrant and risk detention. The damaging consequences of this exercise, especially when conducted with varying standards of effectiveness, became apparent in the state of Assam, where NRC registration was conducted and 1.9 million people, many of whom had been living there for generations, were left out, some of them ending up in institutional detention centres. Given the religious flavour of the CAA, many protesters believed that a nationwide NRC roll-out could be exploited to strip many long-term residents of rights and entitlements by discriminating against them on the grounds of religion. These protests came on top of an already sluggish economy that the Modi government was struggling with in its second term. In particular, the manufacturing sector was experiencing a major slowdown, the automobile sector being the worst hit, leading domestic car manufacturers to announce massive layoffs in the first quarter of the fiscal year.

Amidst all the negative attention, aware of its poor health-care infrastructure and high density of population, which together created a recipe for a public health crisis, the government was quick to implement a nationwide lockdown on 25 March 2020 at less than 24 hours' notice, as soon as the nation had recorded its first few hundred cases. The government's decisiveness at an early state, before large-scale community transmission could take place, won it praise for prioritizing public health at a time when many developed countries were still debating the implementation of similar lockdowns. However, this praise turned out to be rather short-lived. Criticism started pouring in when, in the following weeks, news of inter-state migrant labourers, now without work and wages, setting out to travel often hundreds of kilometres on foot back to their villages, came to the public attention. Given the complete suspension of public transport and the absence of any relief for miles on end, images of exhausted migrants (and their families), further aggravated by incidents of some dying from heat, hunger, thirst and road accidents in the course of their week- and sometimes

month- long walks, drew global attention to the Indian state's inability to look after its most vulnerable sections.

The Modi government responded to the situation by extending welfare provisions.[122] Existing PDS schemes, which entitle most individuals to subsidized rates for up to 5 kg of food grains, were extended under the '*PM Garib kalyan Ann Yojana*'[123] to provide twice that amount and an additional kilo of pulses per beneficiary free of cost for the next three months. The central government issued a press release when announcing the scheme, saying that it would not allow 'especially any poor family' to suffer from the disruption in the coming months.

Desperate to curtail the mass exodus of migrant workers, which carried with it the risk of spreading the virus from cities to far-flung villages, proposals were made for ex-gratia cash payments to the poor, including the migrant workers who were stuck in states not their own. While the central government announced that 200 million *Jan Dhan*[124] account holders would receive 1500 INR spread over the next three months, different states came up with their own complementary schemes. The state government of West Bengal, for instance, introduced the *Sneher Paras*[125] scheme to extend financial assistance to migrant workers from West Bengal who were stuck in other parts of the country through a one-off payment of 1000 INR. However, as the ethnography in this book suggests, welfare schemes and relief packages such as these have faint potential to translate into actual help on the ground for migrant workers. To avail themselves of welfare schemes like the '*PM Garib kalyan Ann Yojana*' one needs to possess a state-issued 'ration card', an official document allowing access to PDS in one's state of residence. To benefit from the financial help that states like West Bengal offered to migrants stuck elsewhere, one needed to have a bank account. In practice, however, as I have shown, the majority of migrant workers lack such qualifying documentation and bank accounts; most of their documents remain registered at an address back in their native villages, even when they have been working in cities for years. My ethnography has revealed how the

[122] Press release from the Finance Ministry on 26 March, 2020. Source: https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1608345 (last accessed June 2020).
[123] Literally translated (from Hindi) as the 'Prime Minister Poor Welfare Food Scheme'.
[124] The '*PM Jan Dhan Yojana*' (roughly translated as 'Prime Minister Public Wealth Scheme'), launched in 2014, is a financial inclusion program to promote the opening of bank accounts for every household. It allows certain preconditions for normal savings accounts, like maintaining a minimum account balance, to be circumvented. It also allows beneficiaries of welfare schemes to have welfare payments direct transferred to their registered accounts. Source: https://www.pmjdy.gov.in/scheme (last accessed June 2020).
[125] Loosely translated (from Bengali) as the 'touch of care'. Source: https://www.wb.gov.in/COVID-19/OC11.pdf (last accessed June 2020).

murky arena of informality that defines the large proportion of workplaces where migrant workers end up, coupled with their visions of their returning to their villages at the end of their employment, affects their citizenship rights and entitlements. This often turns them 'from citizens to denizens' (Standing 2014a), leaving them in no position to exercise their civil and political rights. The migrant worker crisis that India is witnessing was created neither by the pandemic, nor by the consequent lockdown, which simply exposed the systematic exclusion of migrant workers from the urban provision and entitlement to citizenship to which this group has always been subject.

If industries in states like Gujarat and Maharashtra, which are largely dependent on workers from Bihar, Odisha and Uttar Pradesh (among other states), are to thrive, urgent policy interventions need to be introduced, backed by a holistic understanding of the county's migrant workforce. As the findings of this research show, anthropologically informed understanding of migrant labourers can aid such efforts. In this book I have shown how, besides the urban industrial economy, these workers also remain connected to the subsistence economy back in their villages and thus to an 'emotional economy' that 'places them between the demands of home and the promises of development' (Lindquist 2009: 18). Rather than perpetuating a system in which workers need to transfer their documentation to the cities where they work (which also involves bureaucratic hurdles, as I have shown), in order to obtain their basic entitlements, policy-makers need to recognize the different economies these workers often remain simultaneously part of. They also need to find ways to bring this population into the fold of the state's existing redistributive policies before introducing new welfare schemes.

One possible step towards realizing this goal would be to defragment the PDS system and accelerating the rollout of 'one nation, one ration card' (ONORC) scheme, which was arguably thought of back in 2011 and officially launched in 2019. The nationwide implementation of ONORC has the potential to extend food security to thousands of migrants, as it will allow the beneficiaries to collect their food-grain entitlement under the National Food Security Act (NFSA) from any fair-price shop (FPS, also known as ration shops) in any part of the country. This would constitute an improvement to the current system, where beneficiaries can only obtain their entitlements from a FPS in the state where the ration card was issued. While some state governments have agreed to participate, the task remains for the central government to find ways to convince those that have not. Had the ONORC been in place when the nationwide lockdown went into effect, migrant workers' experiences could have been different, at least in terms of the desperation borne out of food insecurity.

However, the immediate response of many states that tried to recover from the economic impact of the pandemic and the consequent lockdown seemed to be at the cost of the labourers' welfare. While Gujarat, Madhya Pradesh and Uttar Pradesh relaxed most of their labour laws to attract investment, others, like Himachal Pradesh and Punjab, revised their Factory Acts and extended permitted work hours from eight to twelve. The book has already showed that in practice labour laws have very little effect and do not serve the workers (a large proportion of whom remain beyond its purview of applicability) they are designed to protect; instead they only provide a fertile breeding ground for license-inspector-raj and rent-seeking (Bhattacharjee 2020). The economic impact of the pandemic finally drew the state's attention to labour laws. However, instead of salvaging the economy at the cost of the labourers' welfare again in the future, it is high time to rationalise archaic labour laws and establish a framework that both codifies and ensures the implementation of fundamental labour rights.

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Sudeshna Chaki is a social anthropologist who worked as a doctoral researcher at the Max Planck Institute for Social Anthropology and received her PhD from the Martin Luther University Halle-Wittenberg, Germany.

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