

# Chapter 2

## Local-Global Integration, Diversification and Informality: Long-Term Change in Arni During the Late Twentieth Century

Elisabetta Basile

### 2.1 Introduction

This chapter explores change in Arni's business economy in the wake of the Green Revolution. Arni and its region is taken here as a useful example of India's provincial economy, i.e. the socio-economic system made of villages and small towns located in rural areas.<sup>1</sup> My aim is to show how, in the aftermath of the Green Revolution, Arni experienced major changes in both economy and society, enhancing a process of capitalist development characterized by informality, economic diversification and local/global integration.

#### 2.1.1 Method

This chapter relies on quantitative and qualitative information from three censuses and sample surveys of the town carried out in 1972–1974, 1982–1984 and in 1993–1994 supplemented by field visits in the late 1990s and secondary literature. While the quantitative information—which has been classified and elaborated into a consistent statistical database for the three surveys—is used to examine long-term

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This chapter largely relies on the analysis of long-term change in Arni presented in Chap. 6 of my book *Capitalist Development in India's Informal Economy* (2013).

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<sup>1</sup>For an introduction to provincial India, see Basile (2013, Chaps. 1 and 3).

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trends, qualitative information is used to integrate the quantitative evidence, fleshing out the main features of Arni's economy and society in the 1990s.<sup>2</sup>

The chapter is organized as follows. The following Sect. 2.2, introduces the conceptual framework within which Arni's long-term change is contextualized. Then, the trends in Arni's long-term development are identified in relation to the sources of labour and of capital and the organization of production. Finally, I build on this long-term analysis in order to draw some conclusions about Arni's capitalist economy at the turn of the millennium.

## 2.2 Analyzing Capitalist Development in Arni

The analysis of actually existing capitalist development is a difficult task. The 'purely' capitalist economy in which all social relations are money relations and individuals are rational and optimizing beings is only found in mainstream economics textbooks. Moreover, despite predictions about institutional and economic convergence, real-world economies do not converge towards a unique model. Against any predictions, power structures and institutions inherited from the pre-capitalist past are not being dissolved by capitalism. Instead they intertwine with capitalist production relations, giving birth to multiple modes of inequality and to a variety of socio-economic organizations and patterns of change. As a consequence, capitalist societies and economies are highly diversified and conflicting—with a great variety of production structures, socio-economic relations and patterns of spatial distribution of resources.

Mainstream economic theory has not addressed this complexity. The varieties of capitalism undermine concepts grounded in its uniformity and theories of convergence and so also qualify the interpretative power of mainstream economic theory. To overcome this impasse, I propose an eclectic analytical framework which combines conceptual categories and propositions borrowed from both Critical (anti-essentialist) Marxism and Evolutionary Institutionalism (i.e. the Institutionalism theory which relies on Thorstein Veblen's critique of Neoclassical Economics).<sup>3</sup> This Marxist/Institutionalist framework provides the conceptual tools for the analysis of long-term change in Arni (in this chapter) and for exploring the impact of caste on Arni's production relations (in Chap. 6).

This eclectic framework has been developed from the argument that, while both Marxism and institutionalism largely contribute to the understanding of capitalist change, neither can individually account for the variety of capitalisms or for the increasing inequalities emerging between individuals and countries. Marx's theory

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<sup>2</sup>The background of this analysis of the town is research presented in the Arni Studies by Barbara Harriss-White in the 1970s, 1980s and 1990s, and in the recent literature on the region, in particular in Harriss-White (2003a) and Harriss-White and Janakarajan (2004).

<sup>3</sup>The Marxist/Institutionalist framework is presented in Basile (2013) where it is applied to the conceptualization of capitalist development in provincial India.

points to the main traits of capitalism. Yet these analytical tools cannot alone explain the existence of the varieties of socio-economic systems. Institutionalism proposes an agency which accounts for the influence of country-specific and history-specific institutions on individual behaviour, and therefore also for the emergence of a variety of socio-economic systems. However, it misses the key roles of the commoditization of labour and capital/labour conflict in driving capitalist development.

The eclectic framework proposes a theoretical representation of the main relations of the capitalist economy, focusing on its nature, its working and its change. It describes the capitalist economy as a socio-economic system relying on the commoditization of the labour force and led by capital/labour conflicts, in which growth and change are embedded in institutions. This institutional embeddedness works at two levels: institutions shape individual preferences and desires and past culture and institutions influence institutions and individuals. As history and culture matter, change is path dependent and does not progress towards a predetermined outcome.

This framework provides the tools to explore the variety of organizational and institutional forms, accounting for the several modes of inequality that cross-capitalist society: variety is the consequence of the institutional embeddedness of capitalist development, while capitalist production relations are at the origin of class inequality, which accompanies non-class modes of inequality—reinforcing them.

This combination of Critical Marxism and Evolutionary Institutionalism has several advantages for empirical research on contemporary capitalism. With its Marxist origin, the eclectic framework explains the class origin of inequality and conflicts; with its Evolutionary/Institutionalist hypotheses about human behaviour, it explains the variety of organizational forms and social relations, their historical specificity and path dependence.

## 2.3 Trends in Arni's Long-Term Development

Here, I use the three surveys of the business economy of Arni to identify the major trends in the town's development in the period 1973–1993. The evidence shows that the process of growth and structural transformation induced by the introduction of the HYVs in the local food grains economy moved along a double track of *diversification and informality*.

### 2.3.1 A Growing Economy

Since the 1970s, Arni's economy grew constantly and at a very high rate. This growth is not fully reflected in that of the urban population which, even so, according to official information, was 60,815 at the end of the 1990s and thus had doubled from the early 1970s (Census of India 2001). Yet, as Harriss-White (2003b, p. 22) argues, this is an underestimate due to the fact that the municipality gained from state

**Table 2.1** Census of private firms in Arni (no. of units)

| Business                                              | 1973  | 1983  | 1993  |
|-------------------------------------------------------|-------|-------|-------|
| 1. Rice and paddy                                     | 62    | 121   | 159   |
| 2. Agricultural products                              | 96    | 139   | 254   |
| 3. Foods                                              | 439   | 564   | 1371  |
| 4. Farm inputs                                        | 13    | 28    | 32    |
| 5.1. Silk products                                    | 62    | 243   | 1486  |
| 5.2. Other materials                                  | 130   | 195   | 297   |
| 6. General merchants                                  | 20    | 37    | 76    |
| 7. Fuel and energy retailers                          | 12    | 18    | 59    |
| 8. Transport repairs and services                     | 82    | 136   | 194   |
| 9. Construction (included in <i>other materials</i> ) | –     | –     | –     |
| 10. Other repairs and services                        | 191   | 321   | 623   |
| 11. Money and financial services                      | 87    | 121   | 152   |
| Total                                                 | 1,194 | 1,923 | 4,703 |

Source Field Censuses of Arni's business economy (1972–1974, 1982–1984, 1993–1994)

resource allocations in being classified as small—while local villages resisted incorporation, wishing to avoid higher local taxes. A more realistic estimate that takes into account the town's suburbs, those workers who commuted from other villages plus the migrant labour force would be over 100,000 people (*ibid.*).

The growth of Arni's economy emerges clearly from the censuses of the town's businesses conducted prior to the three surveys. The overall number of firms trebled over the two decades since this research started, but the occupation sectors of the urban economy experienced this expansion unevenly (see Tables 2.1 and 2.2, and Fig. 2.1).<sup>4</sup>

Wholesale trading activities increased most, while retail trading activities did so less markedly. A high rate of expansion in numbers was observed in the food trade (a category that includes several types of food retailers), as also for fuel and energy retailers and for repairs and services. Meanwhile, suppliers of agricultural inputs show a small increase in 1993 in comparison to 1983; whereas silk production and rice milling showed a steady increase over the period, maintaining their positions as the town's economic base.

Moving from the censuses to the samples,<sup>5</sup> it is evident that the widespread increase in the number of firms over the two decades is only partially matched by the dynamics of gross output. The weighting of rice and paddy and silk in terms of the percentage of the town's gross output rose and fell over the period

<sup>4</sup>The data on Arni's businesses in all tables and figures has been grouped as follows: *rice and paddy* include rice mills and rice wholesale trade; *silk products* include silk factories and handloom weavers; *general merchants* refer to retailers; *other materials* include ready-made clothing, weaving machinery and pottery and, when indicated, also constructions.

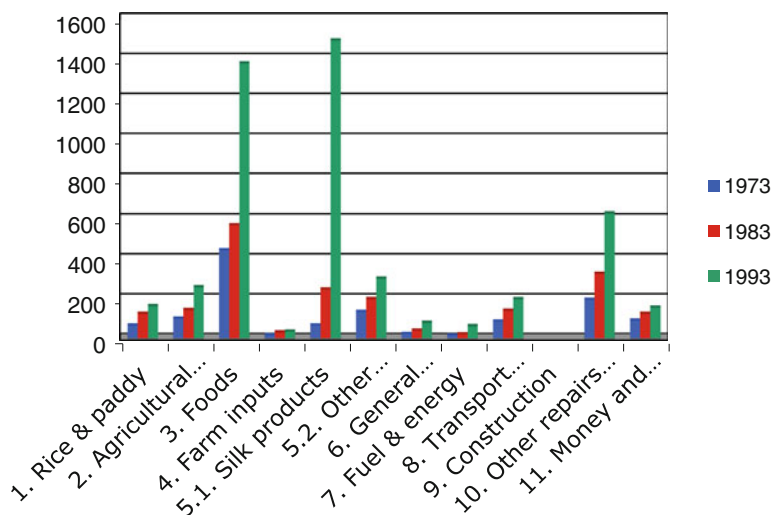
<sup>5</sup>The data I have analyzed come from 119 schedules of business histories for 1973, 127 schedules for 1983 and 209 schedules for 1993. For the basis of the functional mapping, the stratified random sampling plus research on the significantly large firms see Basile (2011).

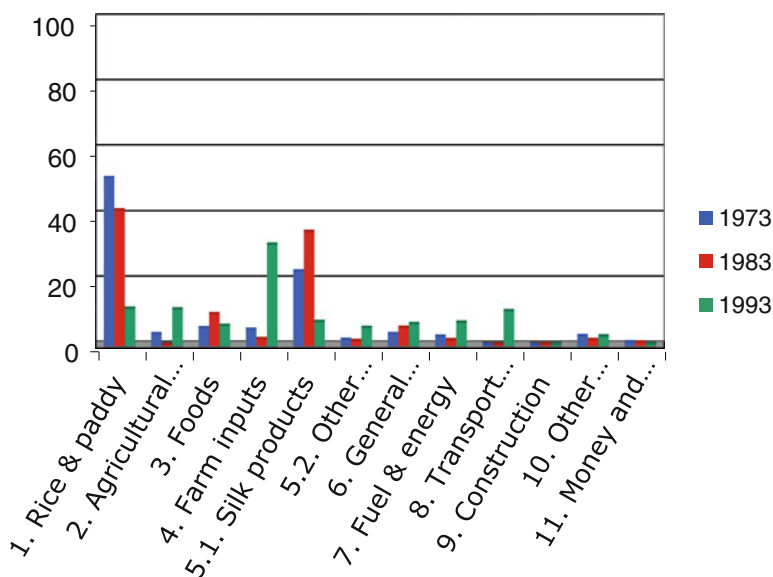
**Table 2.2** Census of private firms in Arni (simple annual rate of growth 1983–1973 and 1993–1983, %)

| Business                          | 1983  | 1993  |
|-----------------------------------|-------|-------|
| 1. Rice and paddy                 | 95.2  | 31.4  |
| 2. Agricultural products          | 44.8  | 82.7  |
| 3. Foods                          | 28.5  | 143.1 |
| 4. Farm inputs                    | 115.4 | 14.3  |
| 5.1. Silk products                | 291.9 | 511.5 |
| 5.2. Other materials              | 50.0  | 52.3  |
| 6. General merchants              | 85.0  | 105.4 |
| 7. Fuel and energy retailers      | 50.0  | 227.8 |
| 8. Transport repairs and services | 65.9  | 42.6  |
| 9. Construction <sup>a</sup>      | –     | –     |
| 10. Other repairs and services    | 68.1  | 94.1  |
| 11. Money and financial services  | 39.1  | 25.6  |
| Total                             | 61.1  | 144.6 |

Source see Table 2.1

<sup>a</sup> Construction is included in *other materials*

**Fig. 2.1** Census of economic activities (no. of units). Source see Table 2.1



**Fig. 2.2** Distribution of gross output (%) (on the vertical axis the % contribution to the economy of the town). *Source* see Table 2.3

(see Fig. 2.2).<sup>6</sup> The constant rise in gross output of agricultural products as a whole compensated for these shifts—alongside rising gross output in food, fuels and energy retail sales and transport repairs and services.

In sum, while still being key activities in the town, silk production and trade have lost the dominant role they had in Arni's business economy in the 1980s when it certainly seemed that Arni was about to transform into a 'silk town'.

### 2.3.2 A Diversified Economy

Arni's three surveys provide strong evidence of a process of economic diversification—in the making since the 1970s. As the urban censuses show (see Tables 2.1 and 2.2), the town's economy expanded strikingly in terms of the number of businesses. They also changed significantly in terms of their sectoral composition—two faces of the same process of growth (Harriss-White 2003a, p. 179). The outcome of this complex process is a business economy in which firms with activities in production and trade (retail and wholesale) and in agriculture and manufacturing, all co-exist.

<sup>6</sup>In the *Appendix* to this paper, information on the economic performance of the firms in the samples is available: Table 2.11 for information on average starting capital, total costs for raw materials, total output, regular monthly labour and start-up loans; and Table 2.12 for information on raw materials costs, estimated costs, labour costs and estimated profits/net income.

While the major increase in silk production and trade in 1983 had led the Arni researchers to predict an on-going process of specialization (Harriss B 1991; Harriss J 1991), the second decade actually confounded predictions by experiencing an inversion of this trend. Indeed over the whole period Arni showed a strong tendency towards economic diversification.

Table 2.3 shows that a significant, if variable, proportion of firms in almost all economic groups invested both within their sector—but in a different sub-sector—and outside their sector.<sup>7</sup> Economic diversification was more extensive in trade and services than in manufacturing. While the patterns are complex, and vary over the period, economic diversification has persisted as a basic trait and was more widespread in investment behaviour in 1993 than it was two decades before (Fig. 2.3) and there is evidence (see Appendices 2.11 and 2.12) that the trend has only been reinforced in the twenty-first century.

We conclude that diversification is a key feature of Arni's capitalism, certainly since the introduction of HYVs, even if the process varies by sector and over time. The town's specialization in silk production in the 1980s should be considered as a short-term deviation from the long-term trend.

### 2.3.3 *An Informal Economy*

Informality is a form of socio-economic organization that escapes state regulation—for which it substitutes forms of self-regulation based on business associations (see Basile Chap. 6) and on institutions grounded in culture. Rather than being dominated by the polar classes of capitalism, an informal economy is also often characterized by self-employment (India's most common form of production—see Srinivas Chap. 3) and unregistered family firms. For our evaluation of the degree of informality in Arni, we focus first on evidence about the social regulation of the economy and then turn to the organizational features of firms.

Caste is a major social institution that persists in structuring rural India's informal economy.<sup>8</sup> Are there regularities in the economic roles of caste? Table 2.4 presents the distribution of firms according to the caste of respondents for each of the three surveys, classified according to their official groups.<sup>9</sup> Arni's economy has never been dominated by 'business castes'. In 1993 most economic activity in Arni was firmly in the control of the agriculturally dominant Backward Castes (BCs) and Most Backward Castes (MBCs), while the combined presence of Forward Castes (FCs) and Scheduled Castes (SCs) was confined to about a fifth of the businesses.

<sup>7</sup>See Srinivasan, Chap. 3, for details of self-employment and Harriss-White Chap. 4, for details of diversified portfolio development by Arni's rice trading elite in the twenty-first century.

<sup>8</sup>See Srinivasan Chap. 3, and Arivukarasi Chap. 8, for the local urban and rural economies, respectively.

<sup>9</sup>See Srinivasan Chap. 3 for a fine grained analysis of individual castes in the business politics of the town.

**Table 2.3** Diversification of economic activity (firms according to their investment behaviour, %)

| Business                          | No. diversification<br>(1) | Same<br>sector (2) | Different<br>sector (3) | (2)/(2 + 3) | (1) + (2) + (3) |
|-----------------------------------|----------------------------|--------------------|-------------------------|-------------|-----------------|
| 1993                              |                            |                    |                         |             |                 |
| 1. Rice and paddy                 | 16.7                       | 66.7               | 16.7                    | 80.0        | 100.0           |
| 2. Agricultural products          | 62.5                       | 18.8               | 18.8                    | 50.0        | 100.0           |
| 3. Foods                          | 69.5                       | 15.3               | 15.3                    | 50.0        | 100.0           |
| 4. Farm inputs                    | 57.9                       | 26.3               | 15.8                    | 62.5        | 100.0           |
| 5.1. Silk products                | 77.8                       | 2.8                | 19.4                    | 12.5        | 100.0           |
| 5.2. Other materials              | 88.2                       | 0.0                | 11.8                    | 0.0         | 100.0           |
| 6. General merchants              | 0.0                        | 33.3               | 66.7                    | 33.3        | 100.0           |
| 7. Fuel and energy retailers      | 43.8                       | 25.0               | 31.3                    | 44.4        | 100.0           |
| 8. Transport repairs and services | 72.0                       | 12.0               | 16.0                    | 42.9        | 100.0           |
| 9. Construction <sup>a</sup>      | –                          | –                  | –                       | –           | –               |
| 10. Other repairs and services    | 40.0                       | 30.0               | 30.0                    | 50.0        | 100.0           |
| 11. Money and financial services  | 33.3                       | 11.1               | 55.6                    | 16.7        | 100.0           |
| 1983                              |                            |                    |                         |             |                 |
| 1. Rice and paddy                 | 12.5                       | 62.5               | 25.0                    | 71.4        | 100.0           |
| 2. Agricultural products          | 0.0                        | 50.0               | 50.0                    | 50.0        | 100.0           |
| 3. Foods                          | 55.0                       | 10.0               | 35.0                    | 22.2        | 100.0           |
| 4. Farm inputs                    | 50.0                       | 0.0                | 50.0                    | 0.0         | 100.0           |
| 5.1. Silk products                | 52.2                       | 4.3                | 43.5                    | 9.1         | 100.0           |
| 5.2. Other materials              | 85.7                       | 0.0                | 14.3                    | 0.0         | 100.0           |
| 6. General merchants              | 29.6                       | 33.3               | 37.0                    | 47.4        | 100.0           |
| 7. Fuel and energy retailers      | 50.0                       | 25.0               | 25.0                    | 50.0        | 100.0           |
| 8. Transport repairs and services | 40.0                       | 0.0                | 60.0                    | 0.0         | 100.0           |
| 9. Construction <sup>a</sup>      | –                          | –                  | –                       | –           | –               |
| 10. Other repairs and services    | 50.0                       | 25.0               | 25.0                    | 50.0        | 100.0           |
| 11. Money and financial services  | 0.0                        | 100.0              | 0.0                     | 100.0       | 100.0           |
| 1973                              |                            |                    |                         |             |                 |
| 1. Rice and paddy                 | 68.2                       | 4.5                | 27.3                    | 14.3        | 100.0           |
| 2. Agricultural products          | 25.0                       | 25.0               | 50.0                    | 33.3        | 100.0           |
| 3. Foods                          | 38.5                       | 0.0                | 61.5                    | 0.0         | 100.0           |
| 4. Farm inputs                    | 33.3                       | 0.0                | 66.7                    | 0.0         | 100.0           |
| 5.1. Silk products                | 69.2                       | 15.4               | 15.4                    | 50.0        | 100.0           |

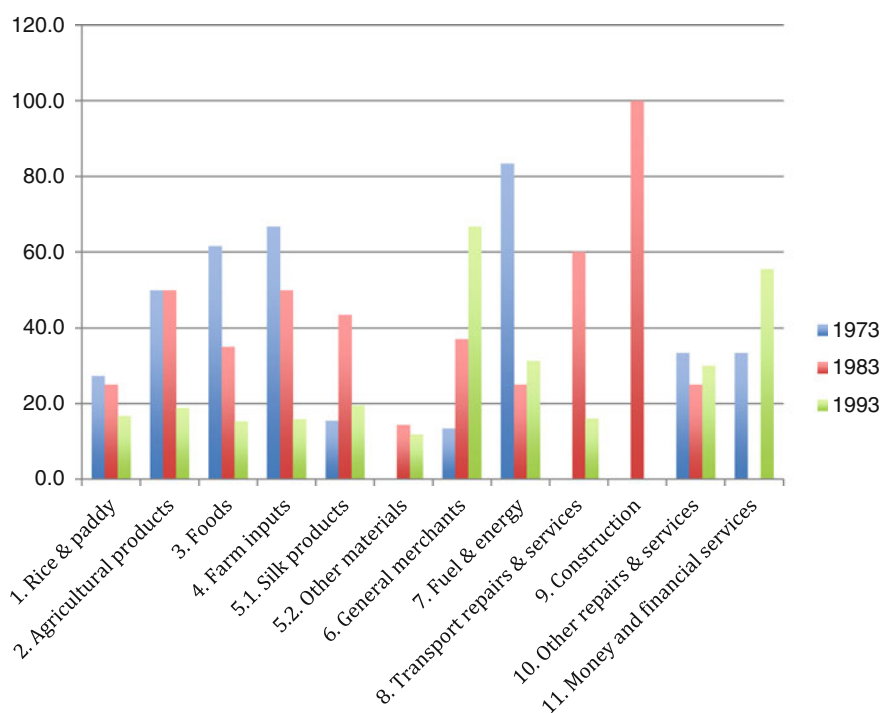
(continued)

**Table 2.3** (continued)

| Business                             | No. diversification<br>(1) | Same<br>sector (2) | Different<br>sector (3) | (2)/(2 + 3) | (1) + (2) + (3) |
|--------------------------------------|----------------------------|--------------------|-------------------------|-------------|-----------------|
| 5.2. Other materials                 | 100.0                      | 0.0                | 0.0                     | –           | 100.0           |
| 6. General merchants                 | 73.3                       | 13.3               | 13.3                    | 50.0        | 100.0           |
| 7. Fuel and energy<br>retailers      | 16.7                       | 0.0                | 83.3                    | 0.0         | 100.0           |
| 8. Transport repairs<br>and services | 100.0                      | 0.0                | 0.0                     | –           | 100.0           |
| 9. Construction <sup>a</sup>         | –                          | –                  | –                       | –           | –               |
| 10. Other repairs and<br>services    | 53.3                       | 13.3               | 33.3                    | 28.6        | 100.0           |
| 11. Money and<br>financial services  | 50.0                       | 16.7               | 33.3                    | 33.3        | 100.0           |

Source Field Surveys of Armi's business economy (1972–74, 1982–84 and 1993–4)

<sup>a</sup>Construction is included in *other materials*



**Fig. 2.3** Diversification of economic activity (% of firms that invest in other sectors). Source see Table 2.3

**Table 2.4** Distribution of firms by caste group (no. of firms)

| Business                          | FCs | BCs | MBCs | SCs |
|-----------------------------------|-----|-----|------|-----|
| 1993                              |     |     |      |     |
| 1. Rice and paddy                 | 2   | 4   |      |     |
| 2. Agricultural products          | 3   | 8   | 4    |     |
| 3. Foods                          | 3   | 28  | 17   | 10  |
| 4. Farm inputs                    | 3   | 12  | 3    |     |
| 5.1. Silk products                | 2   | 18  | 6    | 10  |
| 5.2. Other materials              |     | 6   | 9    | 1   |
| 6. General merchants              |     | 1   | 2    |     |
| 7. Fuel and energy retailers      |     | 13  | 2    | 1   |
| 8. Transport repairs and services | 4   | 11  | 8    | 2   |
| 9. Construction                   |     | 1   |      |     |
| 10. Other repairs and services    | 4   | 5   | 1    |     |
| 11. Money and financial services  | 1   | 4   | 4    |     |
| Total                             | 22  | 111 | 56   | 24  |
| 1983                              |     |     |      |     |
| 1. Rice and paddy                 |     | 8   |      |     |
| 2. Agricultural products          |     | 2   |      |     |
| 3. Foods                          | 1   | 16  | 2    |     |
| 4. Farm inputs                    |     | 3   | 1    |     |
| 5.1. Silk products                | 6   | 15  | 1    | 1   |
| 5.2. Other materials              | 1   | 5   | 2    |     |
| 6. General merchants              | 2   | 17  | 5    | 4   |
| 7. Fuel and energy retailers      |     | 3   | 1    | 1   |
| 8. Transport repairs and services | 1   | 2   | 1    | 1   |
| 9. Construction                   |     |     | 1    |     |
| 10. Other repairs and services    | 3   | 6   | 3    |     |
| 11. Money and financial services  | 4   | 3   |      |     |
| Total                             | 18  | 80  | 17   | 7   |
| 1973                              |     |     |      |     |
| 1. Rice and paddy                 |     | 16  | 5    |     |
| 2. Agricultural products          |     | 1   | 3    |     |
| 3. Foods                          | 1   | 9   | 4    |     |
| 4. Farm inputs                    |     | 1   | 2    |     |
| 5.1. Silk products                | 5   | 8   |      |     |
| 5.2. Other materials              |     | 3   | 2    |     |
| 6. General merchants              | 3   | 7   | 2    | 3   |
| 7. Fuel and energy retailers      |     | 5   |      |     |

(continued)

**Table 2.4** (continued)

| Business                          | FCs | BCs | MBCs | SCs |
|-----------------------------------|-----|-----|------|-----|
| 8. Transport repairs and services |     | 1   | 1    | 1   |
| 9. Construction                   |     | 2   |      |     |
| 10. Other repairs and services    | 5   | 7   | 3    |     |
| 11. Money and financial services  | 2   | 4   |      |     |
| Total                             | 16  | 64  | 22   | 4   |

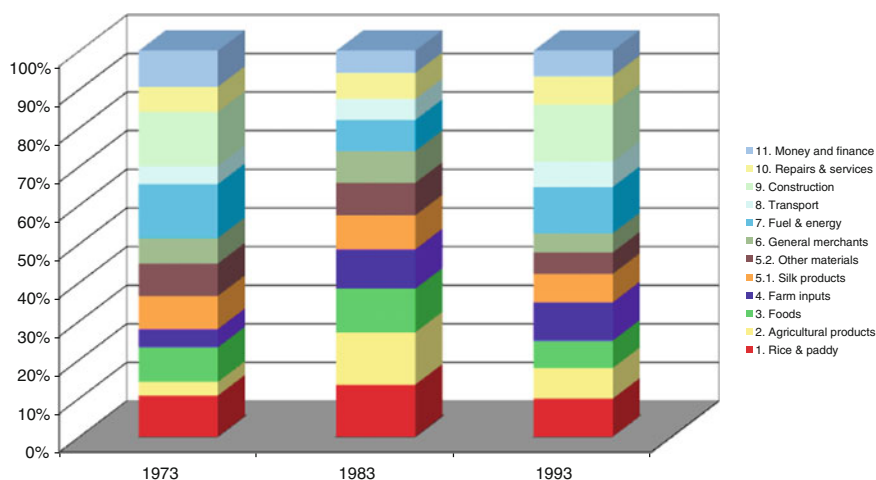
Source see Table 2.3

Notes Forward Castes = FCs; Backward Castes = BCs; Most Backward Castes = MBCs; Scheduled Castes and Tribes = SCs. For details on the specific castes in Arni region, see Table 2.13 in the Appendix to this chapter

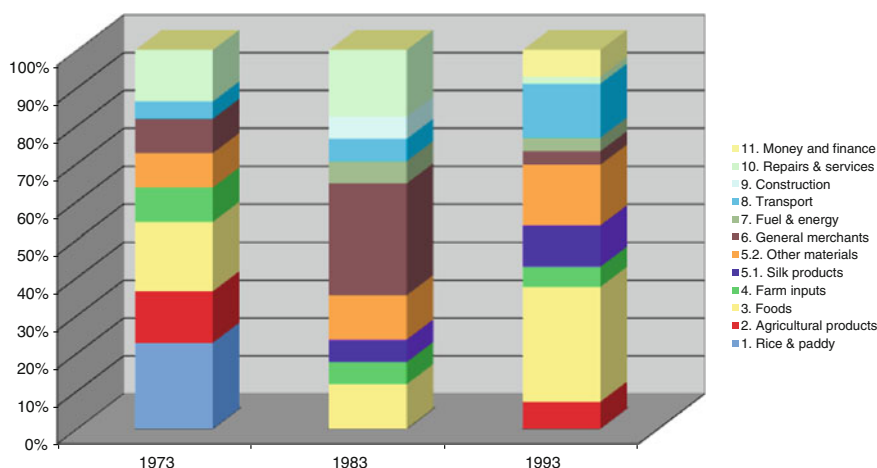
Despite the dramatic increase in the numbers of firms in the town, caste relations of control over economic activity remained stable. Yet, two interesting changes over the decades deserve recognition. The first refers to the increase in the presence of SCs. In control of just 3.8 % of businesses in the 1970s, their relative participation tripled in two decades. The second change refers to a slight decrease in the presence of FCs: controlling over 15 % of the businesses in the 1970s but 10 % in the 1990s.

However, the picture changes when we move to detail below that of the state's caste categories. Figures 2.4 and 2.5 show changes over the two decades in the economic activity of the dominant BCs and MBCs. In relation to these caste dynamics Arni's business economy was not at all stable. In particular, both of the two most important caste groups of the town (in numerical terms) diversified their activities.

Backward castes ceded control over paddy and rice and general merchants' businesses, and, to a lesser extent, silk. By contrast, their ownership of foods, agricultural products, other materials, transport and fuel and energy increased



**Fig. 2.4** Economic activities of Backward Castes (% of BC respondents according to sector of activity). Source see Table 2.3



**Fig. 2.5** Economic activities of Most Backward Castes (% of MBC respondents according to sector of activity). *Source* see Table 2.3

sharply. Most backward castes concentrated on foods, silk, other materials and transport, and reduced their presence in paddy and rice, repairs and services.

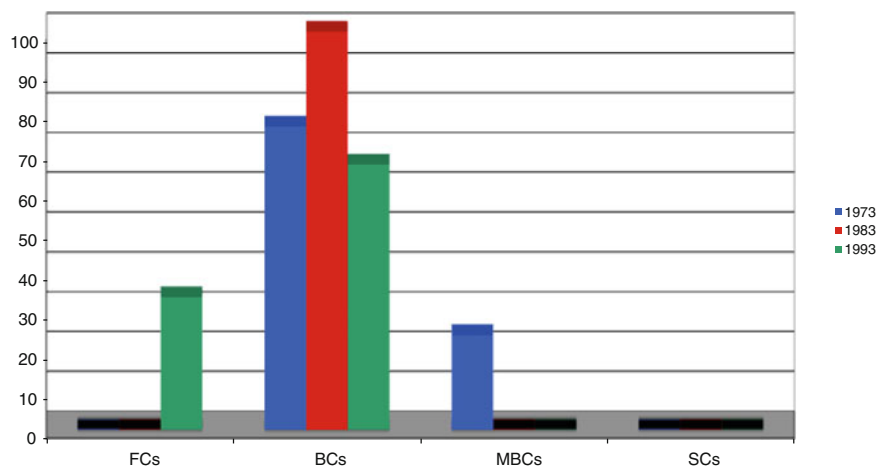
These trends are supported by the dynamics of the most important activities in the town, i.e. paddy, rice and silk products. In the case of paddy and rice (see Fig. 2.6), Forward Castes (FCs) emerged at the expense of BCs, while in the case of silk products (see Fig. 2.7) the lowest castes—MBCs and SCs had started to break into this part of Arni's economic base.

So we see that caste groups in Arni had become increasingly economically mobile and responsive to market opportunities.

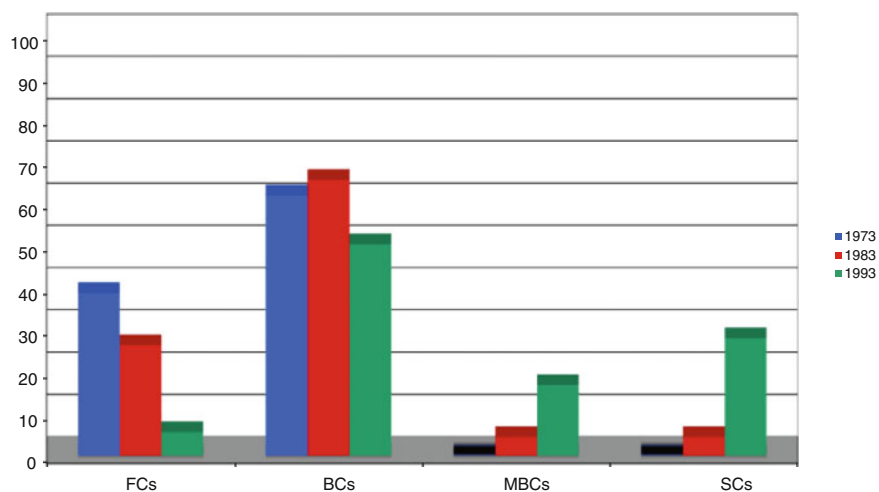
### 2.3.4 Characteristics of Arni's Informal Firms

While the first attribute of informality is its regulation through social institutions, let us turn then to the second defining feature of the informal economy: the characteristics of firms. In Table 2.5, the samples throughout the late twentieth century research period show a distribution that is strongly biased towards individually and jointly/family-owned firms. Very few firms that are owned by cooperatives, incorporated companies and local branches of firms head-quartered outside the town were captured in the samples. These family firms confirm the joint/collective entrepreneurship emphasized by Upadhyay (1997) and Rutten (1995, 2002) as being a major institutional precondition for economic diversification in contemporary provincial India.<sup>10</sup>

<sup>10</sup>Here, following Upadhyay and Rutten, I assume that economic diversification as a macro-phenomenon is the outcome of a process of individual diversification by entrepreneurs who aim to increase profit and reduce risk.



**Fig. 2.6** Rice and paddy: respondents by caste (on the vertical axis the % of respondents). *Source* see Table 2.3



**Fig. 2.7** Silk production: respondents by caste (on the vertical axis the % of respondents). *Source* see Table 2.3. Legends for Figs. 2.6 and 2.7: see Table 2.4

Another key trait of informality concerns employment and labour relations, as the informal economy is largely supposed to be based on self-employment, unpaid family work and casual, unrecorded and non-state-regulated wage labour (see Srinivasan Chap. 3). Our evidence from the Arni samples is presented in Table 2.6, in which the seasonally average units of labour are given by firm for different types

**Table 2.5** Firms according to ownership (no. of firms)

| Business                       | Individually owned | Jointly owned | Family partnership | Family private co. | Private non-family co. | Public company | Local branch | Co-op. | Other |
|--------------------------------|--------------------|---------------|--------------------|--------------------|------------------------|----------------|--------------|--------|-------|
| 1993                           |                    |               |                    |                    |                        |                |              |        |       |
| 1. Rice and paddy              | 3                  |               | 2                  |                    |                        |                |              |        |       |
| 2. Agricultural products       | 9                  |               | 7                  |                    |                        |                |              |        |       |
| 3. Foods                       | 44                 | 1             | 13                 |                    |                        |                |              |        |       |
| 4. Farm inputs                 | 11                 | 3             | 4                  |                    |                        |                |              |        |       |
| 5.1. Silk products             | 28                 | 1             | 7                  |                    |                        |                |              |        |       |
| 5.2. Other materials           | 6                  | 1             | 7                  |                    |                        |                | 1            |        |       |
| 6. General merchants           | 2                  |               |                    |                    |                        |                |              |        |       |
| 7. Fuel and energy retailers   | 11                 | 1             | 4                  |                    |                        |                |              |        |       |
| 8. Transport repairs and serv. | 17                 | 1             | 8                  |                    |                        |                |              |        |       |
| 9. Construction                |                    |               | 1                  |                    |                        |                |              |        |       |
| 10. Other repairs and services | 1                  |               | 3                  |                    |                        |                | 1            |        | 2     |
| 11. Money and fin. services    | 5                  | 2             | 2                  |                    |                        |                |              |        |       |
| 1983                           |                    |               |                    |                    |                        |                |              |        |       |
| 1. Rice and paddy              | 1                  | 1             | 3                  |                    |                        |                |              |        |       |
| 2. Agricultural products       | 1                  |               | 1                  |                    |                        |                |              |        |       |
| 3. Foods                       | 12                 |               | 5                  | 2                  |                        |                |              | 1      |       |
| 4. Farm inputs                 | 3                  |               | 1                  |                    |                        |                |              |        |       |
| 5.1. Silk products             | 12                 |               | 1                  | 2                  | 1                      |                |              | 3      |       |
| 5.2. Other materials           | 4                  | 1             | 2                  | 1                  |                        |                |              |        |       |

(continued)

Table 2.5 (continued)

| Business                       | Individually owned | Jointly owned | Family partnership | Family private co. | Private non-family co. | Public company | Local branch | Co-op. | Other |
|--------------------------------|--------------------|---------------|--------------------|--------------------|------------------------|----------------|--------------|--------|-------|
| 6. General merchants           | 19                 | 2             | 4                  | 2                  |                        |                |              | 1      |       |
| 7. Fuel and energy retailers   | 4                  |               | 1                  |                    |                        |                |              |        |       |
| 8. Transport repairs and serv. | 2                  | 1             |                    | 2                  |                        |                |              |        |       |
| 9. Construction                | 1                  |               |                    |                    |                        |                |              |        |       |
| 10. Other repairs and services | 8                  |               | 2                  | 1                  | 1                      |                |              |        |       |
| 11. Money and fin. services    | 1                  |               | 1                  |                    |                        |                |              |        |       |
| 1973                           |                    |               |                    |                    |                        |                |              |        |       |
| 1. Rice and paddy              | 14                 |               | 3                  | 1                  | 2                      |                |              |        |       |
| 2. Agricultural products       | 3                  |               |                    | 1                  |                        |                |              |        |       |
| 3. Foods                       | 6                  |               |                    | 4                  |                        |                |              |        |       |
| 4. Farm inputs                 | 2                  |               | 1                  | 2                  |                        |                |              |        |       |
| 5.1. Silk products             | 6                  |               | 1                  | 5                  |                        |                |              |        |       |
| 5.2. Other materials           | 5                  |               |                    |                    |                        |                |              |        |       |
| 6. General merchants           | 9                  | 1             |                    | 4                  |                        |                |              |        |       |
| 7. Fuel and energy retailers   | 2                  |               | 2                  | 1                  |                        |                |              |        |       |
| 8. Transport repairs and serv. | 3                  |               | 1                  | 1                  |                        |                |              |        |       |
| 9. Construction                |                    |               | 1                  | 1                  |                        |                |              |        |       |
| 10. Other repairs and services | 11                 |               | 1                  | 3                  |                        |                |              |        |       |
| 11. Money and fin. services    | 3                  |               |                    | 2                  |                        |                |              |        |       |

Source see Table 2.3

**Table 2.6** Average units of labour per respondent

| Business                          | Family labour (1) | Regular non-family labour (2) | (1) + (2) | Casual labourers (F) | Casual labourers (M) |
|-----------------------------------|-------------------|-------------------------------|-----------|----------------------|----------------------|
| 1993                              |                   |                               |           |                      |                      |
| 1. Rice and paddy                 | 1.7               | 6.2                           | 7.9       | 10.7                 | 15.3                 |
| 2. Agricultural products          | 2.4               | 3.0                           | 5.4       | 14.0                 | 11.0                 |
| 3. Foods                          | 1.7               | 2.2                           | 3.9       | 1.0                  | 1.5                  |
| 4. Farm inputs                    | 2.0               | 15.9                          | 17.9      | 61.7                 | 318.4                |
| 5.1. Silk products                | 1.9               | 3.9                           | 5.8       |                      |                      |
| 5.2. Other materials              | 2.3               | 1.5                           | 3.8       | 3.0                  |                      |
| 6. General merchants              | 1.0               | 6.0                           | 7.0       |                      |                      |
| 7. Fuel and energy retailers      | 1.7               | 2.0                           | 3.7       |                      | 2.0                  |
| 8. Transport repairs and services | 2.2               | 9.4                           | 11.6      |                      | 1.0                  |
| 9. Construction                   | 3.0               | 10.0                          | 13.0      |                      |                      |
| 10. Other repairs and services    | 1.4               | 2.0                           | 3.4       |                      |                      |
| 11. Money and financial services  | 1.3               | 3.8                           | 5.1       |                      |                      |
| 1983                              |                   |                               |           |                      |                      |
| 1. Rice and paddy                 | 1.8               | 6.2                           | 8.0       | 16.8                 | 4.0                  |
| 2. Agricultural products          | 1.0               | 3.0                           | 4.0       | 1.0                  |                      |
| 3. Foods                          | 1.4               | 5.1                           | 6.5       |                      | 2.8                  |
| 4. Farm inputs                    | 1.0               | 4.0                           | 5.0       |                      | 1.7                  |
| 5.1. Silk products                | 2.6               | 22.3                          | 24.9      |                      | 1.0                  |
| 5.2. Other materials              | 2.3               | 3.0                           | 5.3       |                      | 20.0                 |
| 6. General merchants              | 2.5               | 2.2                           | 4.7       |                      | 1.9                  |
| 7. Fuel and energy retailers      |                   | 3.5                           | 3.5       |                      | 1.0                  |
| 8. Transport repairs and services | 3.7               | 1.8                           | 5.5       |                      | 9.0                  |
| 9. Construction                   | 2.0               | 2.0                           | 4.0       |                      | 2.0                  |
| 10. Other repairs and services    | 1.0               | 3.8                           | 4.8       |                      | 1.0                  |
| 11. Money and financial services  | 1.0               | 5.7                           | 6.7       |                      | 1.0                  |
| 1973                              |                   |                               |           |                      |                      |
| 1. Rice and paddy                 | 1.1               | 2.8                           | 3.9       | 5.6                  | 3.2                  |
| 2. Agricultural products          | 1.0               | 4.0                           | 5.0       | 3.7                  | 2.0                  |
| 3. Foods                          | 1.6               | 1.9                           | 3.5       |                      | 4.5                  |
| 4. Farm inputs                    | 1.0               | 3.5                           | 4.5       |                      |                      |
| 5.1. Silk products                | 2.3               | 34.0                          | 36.3      | 12.0                 | 5.0                  |

(continued)

**Table 2.6** (continued)

| Business                          | Family labour (1) | Regular non-family labour (2) | (1) + (2) | Casual labourers (F) | Casual labourers (M) |
|-----------------------------------|-------------------|-------------------------------|-----------|----------------------|----------------------|
| 5.2. Other materials              | 2.5               | 1.0                           | 3.5       |                      |                      |
| 6. General merchants              | 2.1               | 2.2                           | 4.3       |                      | 1.0                  |
| 7. Fuel and energy retailers      | 2.3               | 1.0                           | 3.3       | 1.0                  | 4.5                  |
| 8. Transport repairs and services |                   | 2.3                           | 2.3       |                      | 3.0                  |
| 9. Construction                   | 1.0               | 1.0                           | 2.0       |                      |                      |
| 10. Other repairs and services    | 2.2               | 5.7                           | 7.9       |                      |                      |
| 11. Money and financial services  | 1.0               | 1.3                           | 2.3       |                      | 1.0                  |

Source see Table 2.3

of labour. The key distinction is between regular labour (family and non-family) and casual labour (male and female).

There are differences between the number of firms declaring regular labour and casual labour.<sup>11</sup> In the case of regular labour, much of it was family labour. For silk products, foods and fuel and energy products, family labour even increased over time. In the case of casual labour, the schematic nature of the evidence provided does not support a thorough analysis, though by 1993, the use of casual labour in agriculture-related activities, such as paddy and rice, agricultural products and farm inputs had increased remarkably.<sup>12</sup>

In sum, the town's economy emerges as a diversified system, in which there is a notable social mobility in investment among sectors and activities.<sup>13</sup> A major component of this mobility is supplied by backward and most backward castes moving into sectors and lines that have been opened up in ways that are increasingly independent of caste-based occupations. Major traits of informality clearly emerge in the labour process: individual and family firms expanded in number, relying on family and casual labour. However, both the balance of forces between state regulation and non-state regulation and the role of caste ideology and institutions in the regulation of the town's economy are large questions which are addressed in Chap. 6.

<sup>11</sup>The less detailed data on the structure of employment is due to the incomplete answers of respondents on a sensitive issue where there also was considerable seasonal variation even in non-agricultural firms.

<sup>12</sup>Harriss-White and Janakarajan (2004, Chaps. 1–5).

<sup>13</sup>Srinivasan here calls them 'occupational groups'.

## 2.4 Arni's 'External Relations'

In the capitalist transformation of the local economy, the urban and rural factor contributions (capital, labour and commodities) need tracing over the long term because of the profound nature of the process. In the three survey rounds, detailed questions were therefore asked about the origin and destinations of raw materials, commodities and services and capital—as well as the spatial and social origins of the employer and the workforce.<sup>14</sup> The changing character of Arni's integration in input and output markets will be analyzed before tackling the origins of capital and labour.

Table 2.7 summarizes information from the samples on the origin of raw materials, while Table 2.8 gives the destination of products and services. Data on the origin of raw materials shows that Arni underwent a process of progressive local-global integration involving the substitution of local sources of inputs by non-local and long-distance ones. While in the 1970s, the town and the villages provided the bulk of supplies, in particular for agricultural products and rice and paddy in the 1980s, the share of inputs coming either from the villages or from the town itself sharply dropped in favour of long-distance sources, mainly from urban Tamil Nadu, Chennai in particular. This trend towards the creation of a southern regional market continued into the 1990s with the increased contribution of inputs from other sources in urban Tamil Nadu and outside the state, in particular for food, farm inputs, silk and general merchants' shops. Meanwhile Chennai came to supply or broker almost all the inputs for general merchants and a high percentage of raw materials for silk production.

The picture is markedly different for the destination of goods. Arni increasingly re-enforced its role as an entrepot/wholesaling market town. In the 1990s (with the sole exception of paddy-rice firms—which sold their products increasingly to other towns in Tamil Nadu and outside the state), the bulk of Arni's gross output was confined to the town and its surrounding villages, while other destinations received a negligible proportion of the commodities and services produced and traded.

Silk products epitomize Arni's economic integration. Figures 2.8 and 2.9 compare the old North Arcot District,<sup>15</sup> with Tamil Nadu (other than North Arcot) and the rest of the world, both as sources and destinations of silk products over the decades. We can see the increasingly long-distance procurement of raw materials and the expanding role in the 1990s of Arni and its surrounding area as a (wholesale) market for silk.

Support for this conclusion about the town's role as a wholesale market comes from information about types of firm (see Table 2.9). The three sample surveys suggest that Arni retained its role as a wholesale market town throughout the period. Yet, while in the first decade there was a significant increase in the number of workshops and small manufacturing plants, in particular for silk, in the 1990s the town reverted to trade, both wholesale and retail, and there was a striking reduction in the absolute number and relative proportion of urban workshops and small manufacturing units (ceding power to other sectors of the economy).

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<sup>14</sup>Harriss B (1991).

<sup>15</sup>Divided in 1990 into Vellore and Tiruvannamalai districts.

**Table 2.7** Origin of raw materials (distribution of estimated average quantities in Rs. %)

| Business                             | Arni | Villages | Ambedkar/<br>rural | Towns in North<br>Arcot | Chennai | Other<br>towns/TN | Rural<br>TN | Out of state<br>(urban) | Out of state<br>(rural) |
|--------------------------------------|------|----------|--------------------|-------------------------|---------|-------------------|-------------|-------------------------|-------------------------|
| 1993                                 |      |          |                    |                         |         |                   |             |                         |                         |
| 1. Rice and paddy                    | 13.1 | 7.3      | 6.8                |                         | 0.0     | 32.4              | 8.0         | 0.0                     | 32.3                    |
| 2. Agricultural products             | 4.2  | 46.3     | 0.5                | 3.8                     | 3.5     | 40.1              | 1.6         | 0.0                     | 0.0                     |
| 3. Foods                             | 28.7 | 11.1     | 4.3                | 16.5                    | 26.0    | 3.4               | 3.4         | 0.2                     | 6.4                     |
| 4. Farm inputs                       | 0.1  | 0.0      | 0.9                | 0.2                     | 17.2    | 60.2              | 1.5         | 19.6                    | 0.2                     |
| 5.1. Silk products                   | 4.3  | 0.4      | 7.8                | 17.2                    | 55.0    | 7.5               | 0.0         | 7.7                     | 0.0                     |
| 5.2. Other materials                 | 7.8  | 10.0     | 0.3                | 21.7                    | 31.8    | 26.4              | 1.8         | 0.3                     | 0.0                     |
| 6. General merchants                 | 0.1  | 0.0      | 0.0                | 0.0                     | 99.9    | 0.0               | 0.0         | 0.0                     | 0.0                     |
| 7. Fuel and energy<br>retailers      | 11.3 | 0.0      | 0.0                | 15.8                    | 25.5    | 4.4               | 0.0         | 42.9                    | 0.0                     |
| 8. Transport repairs and<br>services | 51.7 | 5.2      | 7.3                | 1.2                     | 25.1    | 9.5               | 0.0         | 0.0                     | 0.0                     |
| 9. Construction                      | —    | —        | —                  | —                       | —       | —                 | —           | —                       | —                       |
| 10. Other repairs and<br>services    | 22.4 | 63.3     | 0.0                | 0.0                     | 6.3     | 7.9               | 0.0         | 0.0                     | 0.0                     |
| 11. Money and financial<br>services  | 2.2  | 0.0      | 5.0                | 0.0                     | 92.8    | 0.0               | 0.0         | 0.0                     | 0.0                     |
| 1983                                 |      |          |                    |                         |         |                   |             |                         |                         |
| 1. Rice and paddy                    | 3.2  | 40.2     | 0.0                | 5.1                     | 0.0     | 18.4              | 6.9         | 8.9                     | 17.2                    |
| 2. Agricultural products             | 25.7 | 73.3     | 1.0                | 0.0                     | 0.0     | 0.0               | 0.0         | 0.0                     | 0.0                     |
| 3. Foods                             | 3.5  | 3.8      | 0.0                | 55.0                    | 22.9    | 0.0               | 1.1         | 13.7                    | 0.0                     |
| 4. Farm inputs                       | 9.9  | 0.9      | 0.9                | 54.6                    | 15.7    | 15.1              | 0.0         | 0.0                     | 2.9                     |
| 5.1. Silk products                   | 4.8  | 3.1      | 0.0                | 2.2                     | 22.6    | 7.3               | 0.0         | 60.0                    | 0.0                     |
| 5.2. Other materials                 | 0.4  | 0.0      | 0.0                | 14.2                    | 39.9    | 16.5              | 0.0         | 29.0                    | 0.0                     |

(continued)

Table 2.7 (continued)

| Business                             | Arni  | Villages | Ambedkar/<br>rural | Towns in North<br>Arcot | Chennai | Other<br>towns/TN | Rural<br>TN | Out of state<br>(urban) | Out of state<br>(rural) |
|--------------------------------------|-------|----------|--------------------|-------------------------|---------|-------------------|-------------|-------------------------|-------------------------|
| 6. General merchants                 | 5.9   | 0.4      | 0.0                | 19.2                    | 56.3    | 6.6               | 0.0         | 11.5                    | 0.0                     |
| 7. Fuel and energy<br>retailers      | 0.0   | 1.9      | 0.0                | 0.0                     | 0.0     | 0.0               | 5.4         | 79.9                    | 12.7                    |
| 8. Transport repairs and<br>services | 5.6   | 0.0      | 0.0                | 6.5                     | 87.9    | 0.0               | 0.0         | 0.0                     | 0.0                     |
| 9. Construction                      | –     | –        | –                  | –                       | –       | –                 | –           | –                       | –                       |
| 10. Other repairs and<br>services    | 46.0  | 20.9     | 0.0                | 25.0                    | 8.1     | 0.0               | 0.0         | 0.0                     | 0.0                     |
| 11. Money and financial<br>services  | 10.2  | 80.6     | 0.0                | 0.2                     | 9.1     | 0.0               | 0.0         | 0.0                     | 0.0                     |
| 1973                                 |       |          |                    |                         |         |                   |             |                         |                         |
| 1. Rice and paddy                    | 32.6  | 42.3     | 8.0                | 7.6                     | 2.7     | 4.4               | 2.4         | 0.0                     | 0.0                     |
| 2. Agricultural products             | 64.8  | 35.2     | 0.0                | 0.0                     | 0.0     | 0.0               | 0.0         | 0.0                     | 0.0                     |
| 3. Foods                             | 12.4  | 9.9      | 0.0                | 52.4                    | 13.5    | 11.8              | 0.0         | 0.0                     | 0.0                     |
| 4. Farm inputs                       | 3.9   | 4.0      | 0.0                | 0.7                     | 91.3    | 0.0               | 0.0         | 0.0                     | 0.0                     |
| 5.1. Silk products                   | 8.3   | 0.0      | 0.0                | 7.1                     | 7.4     | 4.6               | 0.0         | 72.6                    | 0.0                     |
| 5.2. Other materials                 | 0.1   | 0.0      | 0.0                | 0.0                     | 62.8    | 6.4               | 0.0         | 30.8                    | 0.0                     |
| 6. General merchants                 | 3.6   | 1.6      | 0.0                | 34.5                    | 32.6    | 11.0              | 0.0         | 16.6                    | 0.0                     |
| 7. Fuel and energy<br>retailers      | 0.1   | 1.3      | 4.7                | 0.0                     | 45.8    | 11.9              | 0.0         | 36.2                    | 0.0                     |
| 8. Transport repairs and<br>services | 100.0 | 0.0      | 0.0                | 0.0                     | 0.0     | 0.0               | 0.0         | 0.0                     | 0.0                     |
| 9. Construction                      | 29.5  | 0.0      | 0.0                | 70.5                    | 0.0     | 0.0               | 0.0         | 0.0                     | 0.0                     |

(continued)

**Table 2.7** (continued)

| Business                            | Arni | Villages | Ambedkar/<br>rural | Towns in North<br>Arcot | Chennai | Other<br>towns/TN | Rural<br>TN | Out of state<br>(urban) | Out of state<br>(rural) |
|-------------------------------------|------|----------|--------------------|-------------------------|---------|-------------------|-------------|-------------------------|-------------------------|
| 10. Other repairs and<br>services   | 28.4 | 0.0      | 0.0                | 63.9                    | 7.7     | 0.0               | 0.0         | 0.0                     | 0.0                     |
| 11. Money and financial<br>services | 23.0 | 75.4     | 0.0                | 1.6                     | 0.0     | 0.0               | 0.0         | 0.0                     | 0.0                     |

Source see Table 2.3

Notes In 1983 and 1993 Construction is included in other materials

**Table 2.8** Destination of goods (distribution of estimated average quantities in Rs. %)

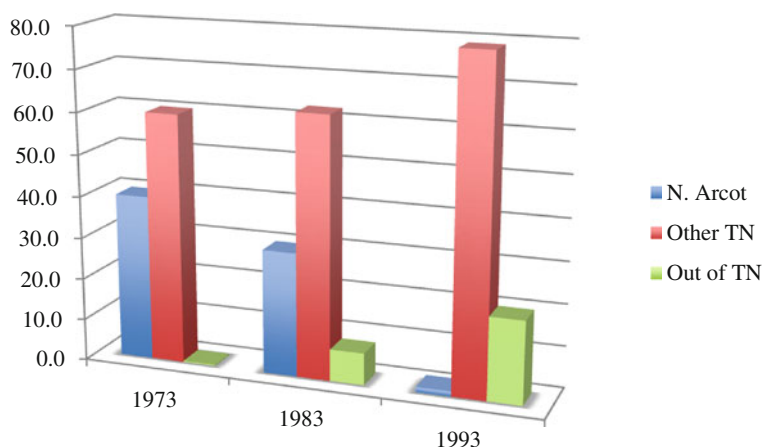
| Business                          | Ami  | Villages | Taluk | Ambedkar/<br>rural | Chennai | Other towns/<br>TN | Rural TN | Out of state (urban) |
|-----------------------------------|------|----------|-------|--------------------|---------|--------------------|----------|----------------------|
| 1993                              |      |          |       |                    |         |                    |          |                      |
| 1. Rice and paddy                 | 0.2  | 1.3      | 0.0   | 4.2                | 12.1    | 60.3               | 0.0      | 21.9                 |
| 2. Agricultural products          | 33.9 | 37.7     | 0.2   | 3.5                | 9.3     | 4.7                | 6.0      | 4.7                  |
| 3. Foods                          | 54.1 | 44.2     | 0.5   | 0.8                | 0.3     | 0.0                | 0.3      | 0.0                  |
| 4. Farm inputs                    | 6.2  | 35.6     | 1.6   | 13.8               | 21.7    | 0.0                | 0.0      | 21.1                 |
| 5.1. Silk products                | 44.2 | 55.8     | 0.0   | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 5.2. Other materials              | 44.1 | 52.1     | 0.0   | 0.1                | 0.1     | 0.0                | 0.0      | 3.6                  |
| 6. General merchants              | 94.8 | 5.2      | 0.0   | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 7. Fuel and energy retailers      | 26.8 | 32.4     | 0.2   | 1.7                | 12.9    | 25.4               | 0.0      | 0.6                  |
| 8. Transport repairs and services | 50.3 | 39.8     | 0.0   | 1.1                | 5.9     | 0.8                | 0.0      | 2.2                  |
| 9. Construction                   | 50.0 | 0.0      | 0.0   | 50.0               | 0.0     | 0.0                | 0.0      | 0.0                  |
| 10. Other repairs and services    | 45.0 | 31.0     | 17.3  | 1.3                | 1.3     | 0.0                | 0.0      | 4.2                  |
| 11. Money and financial services  | 6.7  | 21.3     | 0.0   | 5.1                | 24.0    | 18.9               | 0.0      | 24.0                 |
| 1983                              |      |          |       |                    |         |                    |          |                      |
| 1. Rice and paddy                 | 13.0 | 0.0      | 0.0   | 2.7                | 15.2    | 47.7               | 0.0      | 21.5                 |
| 2. Agricultural products          | 70.1 | 29.9     | 0.0   | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 3. Foods                          | 72.9 | 27.1     | 0.0   | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 4. Farm inputs                    | 8.2  | 91.8     | 0.0   | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 5.1. Silk products                | 7.3  | 0.0      | 0.0   | 0.0                | 51.6    | 7.7                | 0.0      | 33.4                 |
| 5.2. Other materials              | 25.7 | 74.3     | 0.0   | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 6. General merchants              | 35.2 | 64.2     | 0.5   | 0.1                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 7. Fuel and energy retailers      | 41.6 | 44.1     | 14.2  | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 8. Transport repairs and services | 9.2  | 30.9     | 14.0  | 0.4                | 0.0     | 45.5               | 0.0      | 0.0                  |

(continued)

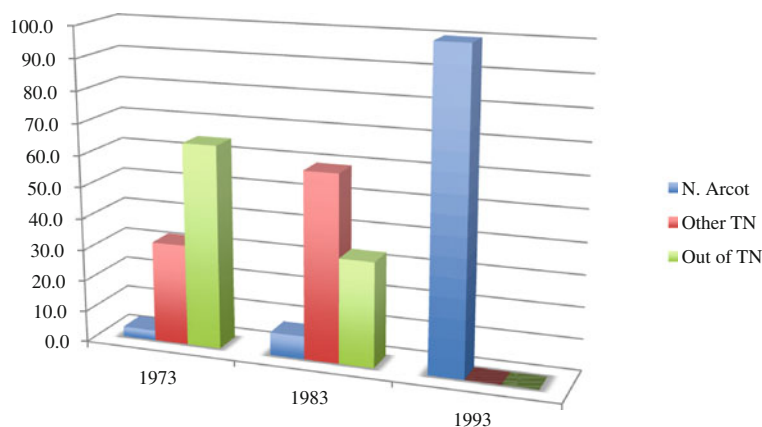
**Table 2.8** (continued)

| Business                          | Ami  | Villages | Taluk | Ambedkar/<br>rural | Chennai | Other towns/<br>TN | Rural TN | Out of state (urban) |
|-----------------------------------|------|----------|-------|--------------------|---------|--------------------|----------|----------------------|
| 9. Construction                   | 50.0 | 50.0     | 0.0   | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 10. Other repairs and services    | 39.6 | 47.8     | 0.0   | 0.0                | 12.5    | 0.0                | 0.0      | 0.0                  |
| 11. Money and financial services  | 17.3 | 45.2     | 18.8  | 0.0                | 18.8    | 0.0                | 0.0      | 0.0                  |
| 1973                              |      |          |       |                    |         |                    |          |                      |
| 1. Rice and paddy                 | 24.3 | 10.9     | 2.4   | 15.2               | 21.1    | 26.0               | 0.0      | 0.0                  |
| 2. Agricultural products          | 0.0  | 1.1      | 21.4  | 11.4               | 6.1     | 60.0               | 0.0      | 0.0                  |
| 3. Foods                          | 53.6 | 46.4     | 0.0   | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 4. Farm inputs                    | 0.6  | 89.0     | 5.2   | 5.2                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 5.1. Silk products                | 3.1  | 0.0      | 0.0   | 0.0                | 30.2    | 2.1                | 0.0      | 64.6                 |
| 5.2. Other materials              | 18.8 | 65.6     | 15.6  | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 6. General merchants              | 59.2 | 27.6     | 6.2   | 6.2                | 0.4     | 0.0                | 0.0      | 0.4                  |
| 7. Fuel and energy retailers      | 62.6 | 11.2     | 13.2  | 12.9               | 0.0     | 0.0                | 0.0      | 0.0                  |
| 8. Transport repairs and services | 16.9 | 25.3     | 3.8   | 0.9                | 16.8    | 28.8               | 0.0      | 7.5                  |
| 9. Construction                   | 25.9 | 74.1     | 0.0   | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 10. Other repairs and services    | 51.0 | 48.8     | 0.2   | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |
| 11 Money and financial services   | 23.0 | 75.5     | 1.5   | 0.0                | 0.0     | 0.0                | 0.0      | 0.0                  |

Source see Table 2.3



**Fig. 2.8** Origin of raw material: silk (respondents—%). *Source* see Table 2.3



**Fig. 2.9** Destination of goods: silk (respondents—%). *Source* see Table 2.3

The final aspect of the local-global integration of Arni's business economy involves the sources of the town's capital and labour. For capital, again, the sample surveys provide unique information summarized in Fig. 2.10, for the geographical origins of starting capital, and Fig. 2.11, for its different sectoral sources. In the 1990s the principal spatial origin of the capital invested in Arni was within the town itself, while only a small fraction came from the surrounding district; and the contribution of the rest of Tamil Nadu and other Indian states was negligible. This situation had resulted from two opposite trends: first the town's growing financial intricacy and second a set of financial linkages with the immediate district which had loosened over time.

The picture is completed by Fig. 2.11 showing the socio-economic sources of capital for the business economy. Despite a continual diversification into the 1990s,

**Table 2.9** Types of firm (no. of firms)

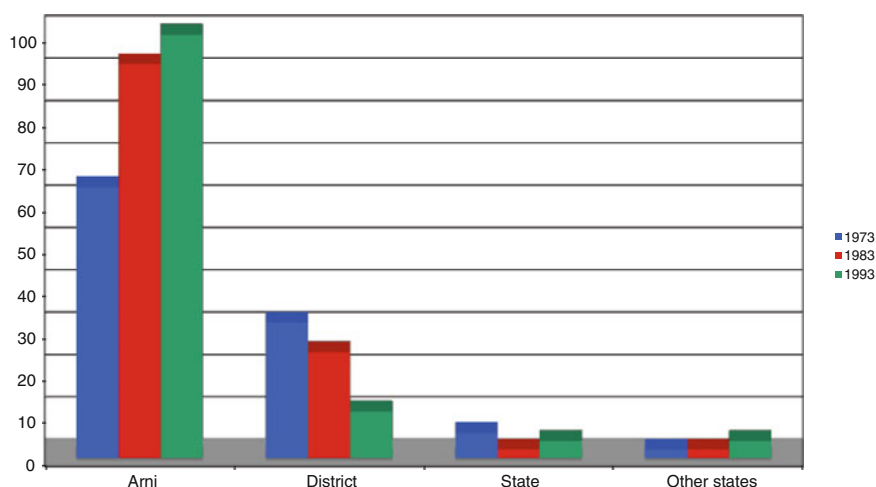
| Business                          | Wholesale | Retail | Workshop/small<br>scale mfg | Mill/<br>factory | Agent | Service |
|-----------------------------------|-----------|--------|-----------------------------|------------------|-------|---------|
| 1993                              |           |        |                             |                  |       |         |
| 1. Rice and paddy                 | 2         | 1      |                             | 4                |       |         |
| 2. Agricultural products          | 6         | 6      |                             | 5                | 1     | 1       |
| 3. Foods                          | 7         | 52     |                             | 3                |       | 1       |
| 4. Farm inputs                    | 3         | 6      |                             | 5                |       | 9       |
| 5.1. Silk products                | 3         | 33     |                             |                  |       | 1       |
| 5.2. Other materials              |           | 10     | 1                           | 1                |       | 6       |
| 6. General merchants              |           | 3      |                             |                  |       |         |
| 7. Fuel and energy retailers      |           | 4      |                             |                  |       | 14      |
| 8. Transport repairs and services | 1         | 6      | 1                           | 1                |       | 17      |
| 9. Construction                   | 1         |        |                             |                  |       |         |
| 10. Other repairs and services    |           |        |                             |                  |       | 9       |
| 11 Money and financial services   |           | 1      |                             |                  |       | 9       |
| 1983                              |           |        |                             |                  |       |         |
| 1. Rice and paddy                 | 2         |        |                             | 2                | 1     |         |
| 2. Agricultural products          |           |        |                             | 2                |       |         |
| 3. Foods                          | 5         | 15     | 3                           | 1                |       | 1       |
| 4. Farm inputs                    | 2         | 2      | 1                           |                  |       |         |
| 5.1. Silk products                |           |        | 14                          | 5                |       |         |
| 5.2. Other materials              | 2         | 4      |                             |                  | 4     |         |
| 6. General merchants              | 1         | 21     | 7                           |                  | 1     | 2       |
| 7. Fuel and energy retailers      | 1         | 3      |                             |                  | 1     |         |
| 8. Transport repairs and services |           | 1      |                             |                  | 1     | 3       |
| 9. Construction                   |           | 1      |                             |                  |       |         |
| 10. Other repairs and services    |           | 1      | 1                           |                  |       | 10      |
| 11. Money and financial services  |           |        |                             |                  |       | 2       |
| 1973                              |           |        |                             |                  |       |         |
| 1. Rice and paddy                 | 8         | 3      |                             | 13               | 4     | 6       |
| 2. Agricultural products          | 4         |        |                             |                  |       |         |
| 3. Foods                          | 4         | 9      | 1                           | 1                |       | 3       |

(continued)

**Table 2.9** (continued)

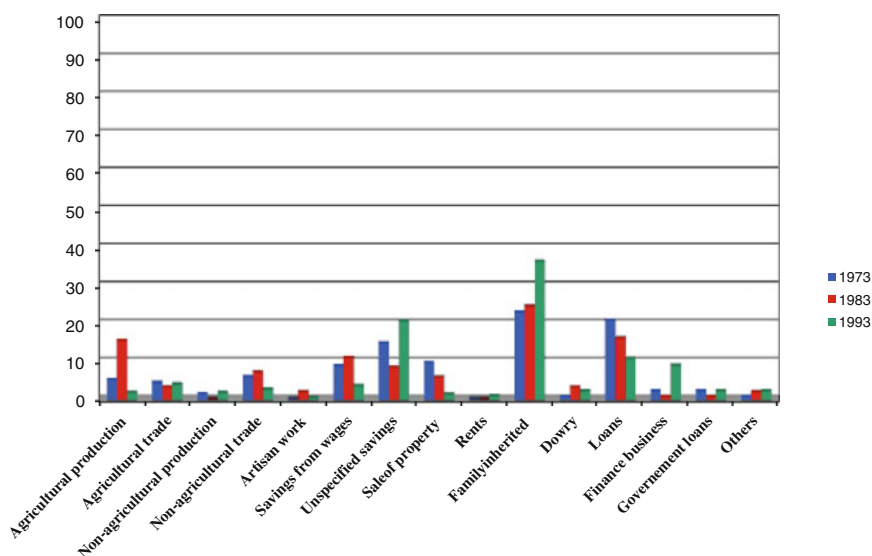
| Business                          | Wholesale | Retail | Workshop/small scale mfg | Mill/factory | Agent | Service |
|-----------------------------------|-----------|--------|--------------------------|--------------|-------|---------|
| 4. Farm inputs                    | 1         | 5      |                          | 1            | 1     |         |
| 5.1. Silk products                |           | 3      | 7                        | 5            |       | 5       |
| 5.2. Other materials              |           | 3      |                          |              |       | 2       |
| 6. General merchants              | 3         | 10     | 6                        |              |       | 1       |
| 7. Fuel and energy retailers      | 2         | 4      |                          |              | 1     |         |
| 8. Transport repairs and services |           | 1      |                          |              | 2     | 2       |
| 9. Construction                   | 1         | 3      |                          | 1            | 2     |         |
| 10. Other repairs and services    |           |        | 3                        |              |       | 15      |
| 11 Money and financial services   |           | 1      |                          |              |       | 5       |

Source see Table 2.3

**Fig. 2.10** Geographical origins of capital (respondents—%). Source see Table 2.3

the main sources of capital were from the investor's family and from own savings from previous businesses. A third of the firms had been inherited. The roles of loans and finance were also significant. As the twentieth century drew towards its close, the role of agricultural profits and rents was increasingly less important.

The origins of some of the town's labour force are described in Table 2.10 and Fig. 2.12 giving the home locations of regular workers. The overall trend was opposite to that of capital. The share of the workforce coming from the town declined in favour of workers commuting from local villages, while the contribution



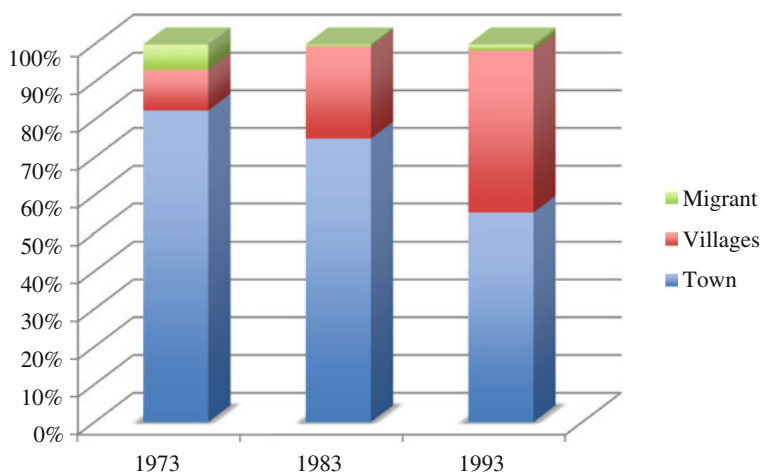
**Fig. 2.11** Sources of capital (respondents—%). *Source* see Table 2.3

**Table 2.10** Home locations of regular workers (no. of workers)

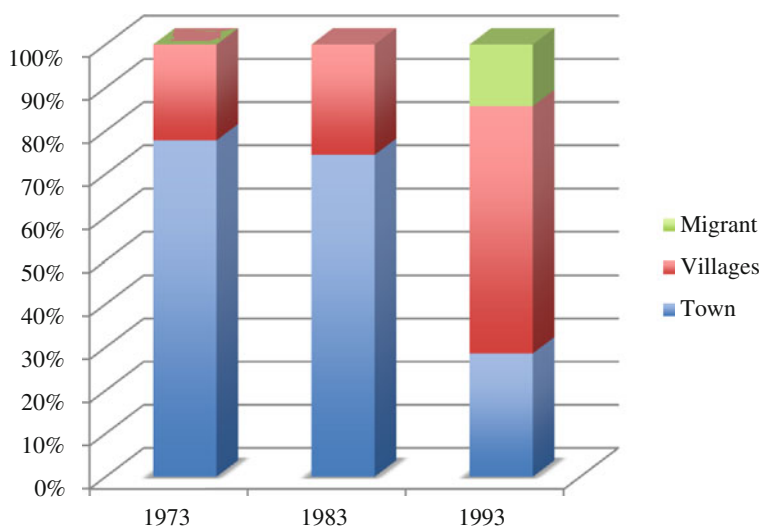
| Business                          | Town |      |      | Villages |      |      | Migrant |      |      |
|-----------------------------------|------|------|------|----------|------|------|---------|------|------|
|                                   | 1973 | 1983 | 1993 | 1973     | 1983 | 1993 | 1973    | 1983 | 1993 |
| 1. Rice and paddy                 | 17   | 16   | 3    |          | 7    | 1    |         |      |      |
| 2. Agricultural products          | 8    | 3    | 8    |          | 2    | 9    |         |      |      |
| 3. Foods                          | 4    | 23   | 20   | 3        | 8    | 14   | 1       |      |      |
| 4. Farm inputs                    | 2    | 4    | 4    | 2        | 4    | 7    |         | 1    |      |
| 5.1. Silk products                | 7    | 32   | 4    | 2        | 11   | 8    |         |      | 2    |
| 5.2. Other materials              | 2    | 4    | 7    |          |      | 1    | 2       |      |      |
| 6. General merchants              | 5    | 18   | 4    |          | 5    |      |         |      |      |
| 7. Fuel and energy retailers      | 2    | 11   | 12   |          |      | 4    |         |      |      |
| 8. Transport repairs and services | 3    | 5    | 7    |          | 1    | 10   |         |      |      |
| 9. Construction                   | 3    | 20   |      |          | 5    |      |         |      |      |
| 10. Other repairs and services    | 6    | 5    |      | 1        | 3    |      | 2       |      |      |
| 11. Money and financial services  | 2    |      | 3    |          |      | 2    |         |      |      |

*Source* see Table 2.3

of migrant labourer was negligible. Once more silk products exemplified the trend (see Fig. 2.13), while the major exceptions were in fuel and energy and transport, which drew on tightly knit local urban labour.



**Fig. 2.12** Arni's business economy: home location of regular workers (respondents—%). *Source* see Table 2.3



**Fig. 2.13** Silk products: home location of regular workers (respondents—%). *Source* see Table 2.3

In sum, the evidence points to Arni's increasing economic integration into national markets. As in the pre-Green Revolution period, so a quarter century later, the town was a marketing town. Yet there had been major changes, the extent of its integration extending to the national market. The field evidence stresses the progressive shift of the source of the workforce from the town to the surplus labour produced by agricultural development in the surrounding villages.

## 2.5 On Arni's Capitalism in the Twentieth Century

Three main conclusions may be drawn from this Marxist-institutionalist analysis of the long-term class and non-class dynamics of Arni's pattern of capitalist growth after the Green Revolution in the early 1970s.

First, the three surveys suggest that Arni's business economy diversified and persisted as deeply informalized. Second, urban–rural linkages were strengthened. The rural hinterland became a major source of the workforce and of demand for its goods and services. By contrast, financial resources were increasingly mobilized within the town itself. Third, Arni was an open system that showed dynamism in both production and trade. During the final quarter of the twentieth century, the town grew to specialize in silk and then reverted to a diversified wholesale role as silk manufacturing decentralized to the rural hinterland.<sup>16</sup> Silk sari production was still a leading activity in terms of production and employment, but by no means the most important one. The expansion of retail trade was fed by the widespread expansion of incomes in the town and in villages.

By the end of the twentieth century, Arni's economy showed a high degree of diversification, including trade, manufacturing, and service activities. Economic growth led to an increase in the number and variety of businesses, to the substitution of 'traditional' artisan activity with new commodities, for example crafted gold by mechanized gold (see Stanley Chap. 5), hand clothes-washing by dry-cleaning, crushed shells by paint and by entirely new services and commodities such as ICTs, DVDs and finance. In the post-Green Revolution period, the town's economic structure developed continuously and dynamically. Economic diversification in Arni exercised a deep systematic impact on the town's social organization. The analysis of caste dynamics shows that diversification increasingly resulted from the investment behaviour of capitalists in response to market signals *independently* of former caste-cum-occupational segmentation. By the millennium, the role of caste in the economy and society was being transformed.

Informality had been consolidated as a pillar of Arni's capitalism. The latter relies on institutions rooted in history and culture—such as individual and joint family firms, gender relations and caste. In Arni, these institutions ensured that resources were increasingly moved among activities according to market signals with increasingly less social friction.

The economic and spatial integration between Arni and its rural hinterland represents another pillar of local capitalism. There is solid evidence from the North Arcot surveys that the villages themselves have also undergone diversification and differentiation. As Harriss-White et al. (2004, pp. 38–39) show, by the mid-1990s rural economic diversification was extensive, involving both agriculture and non-farm activities. The development of non-farm activities in the villages was one of the major trends of the 1980s, influencing the employment structure and assets distribution. Details of the diversification of agricultural employment for three

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<sup>16</sup>See Arivukkarasi here.

villages in North Arcot have been provided by Jayaraj who estimates that in 1993–1994 around 40 % of male workers and 16 % of female workers reported non-farm activities as their primary occupation (2004, pp. 185–186, Tables 2.4 and 2.5). While part of the non-farm workforce was engaged in non-farm activities in the villages, another—increasing—part commuted to Arni as well as other local towns to supply wage labour for the growth of trade and manufacturing activities.

Since the Green Revolution, the town has been progressively integrated with the state, national and international markets, its supplies being mediated through the urban system—in particular Chennai, the capital city of Tamil Nadu.

In relation to the destination of traded goods, only a small percentage of Arni's traded and produced goods had the town as their final destination, it being a wholesale market town, as it had been before the Green Revolution. By the end of the century, however, it was transacting in national space and its products were being exported internationally. Retail outlets of basic consumption goods were diffusing from the town outwards into the villages.<sup>17</sup> The town was at one and the same time locally and globally integrated.

This long-term analysis enables us to review the dynamics of capitalist change, showing how processes as wide-ranging as rural diversification and local-global integration are interlinked in the course of economic growth. While in the 1970s, Arni's growth had been powered by its specialization in silk production—an activity that was independent of growth linkages from local agriculture—in the 1980s and 1990s, the main driver of growth was the process of economic diversification—the search for new and profitable investments—accounting for the rapid increase in the numbers and variety of enterprises. In turn, diversification required the combination of local and global integration: local integration was necessary to ensure the supply of capital and labour, while global integration was a condition for the supply and distribution of the commodities produced and traded.

The Green Revolution was the midwife of this process of growth, diversification and integration that characterized Arni's late twentieth century capitalism, both by liberating the resources—labour and capital—needed for the diversified economy to grow and by creating effective demand for Arni's new product markets.

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<sup>17</sup>Jayaraj (2004) and Harriss-White et al. (2004).

## Appendix

See Tables 2.11, 2.12 and 2.13.

**Table 2.11** General information

| Business                          | Unit | Average starting capital (Rs.) | Average total costs for raw materials (Rs.) | Average total output (Rs.) | Regular monthly labour | Average start-up loans (Rs.) | Present value of all investments (Rs.) |
|-----------------------------------|------|--------------------------------|---------------------------------------------|----------------------------|------------------------|------------------------------|----------------------------------------|
| 1993                              |      |                                |                                             |                            |                        |                              |                                        |
| 1. Rice and paddy                 | 6    | 543,300                        | 7,707,339                                   | 9,554,032                  | 6.2                    | 1,400,000                    | –                                      |
| 2. Agricultural products          | 16   | 27,900                         | 3,934,668                                   | 4,006,811                  | 3.0                    | 18,000                       | 10,145,714                             |
| 3. Foods                          | 50   | 17,452                         | 509,143                                     | 614,955                    | 2.2                    | 92,595                       | 1,466,719                              |
| 4. Farm inputs                    | 20   | 183,716                        | 5,957,530                                   | 8,694,699                  | 15.9                   | 21,417                       | 449,520                                |
| 5.1. Silk products                | 36   | 19,924                         | 843,154                                     | 1,017,968                  | 3.9                    | 17,985                       | 2,243,222                              |
| 5.2. Other materials              | 17   | 41,260                         | 2,054,493                                   | 1,619,568                  | 1.5                    | 10,000                       | 5,011,500                              |
| 6. General merchants              | 4    | 68,675                         | 10,879,920                                  | 11,157,017                 | 12.3                   | 6,250                        | 1,247,750                              |
| 7. Fuel and energy retailers      | 16   | 18,704                         | 1,115,455                                   | 2,223,114                  | 12.0                   | 6,250                        | 1,247,750                              |
| 8. Transport repairs and services | 25   | 59,202                         | 1,957,351                                   | 2,141,828                  | 9.4                    | 88,719                       | 5,818,357                              |
| 9. Construction                   | 1    | 15,000                         | 1,013,900                                   | 1,500,000                  | 10.0                   | 15,000                       | 5,000,000                              |
| 10. Other repairs and services    | 10   | 18,739                         | 2,672,000                                   | 1,258,358                  | 2.0                    | –                            | 200,000                                |
| 11. Money and financial services  | 9    | 30,088                         | 64,950                                      | 237,412                    | 3.8                    | 50,000                       | 15,047,500                             |
| 1983                              |      |                                |                                             |                            |                        |                              |                                        |
| 1. Rice and paddy                 | 5    | 18,000                         | 4,260,735                                   | 5,633,328                  | 5.8                    | –                            | 715,000                                |
| 2. Agricultural products          | 2    | 6,500                          | 31,500                                      | 51,655                     | 3.0                    | –                            | 137,500                                |
| 3. Foods                          | 20   | 10,879                         | 479,983                                     | 525,324                    | 6.9                    | 3,417                        | 88,526                                 |
| 4. Farm inputs                    | 4    | 25,875                         | 520,331                                     | 553,075                    | 2.7                    | 20,000                       | 84,750                                 |
| 5.1. Silk products                | 19   | 2,466                          | 1,159,480                                   | 1,646,995                  | 68.2                   | –                            | 232,157                                |
| 5.2. Other materials              | 8    | 10,612                         | 196,089                                     | 221,973                    | 3.0                    | 10,000                       | 173,814                                |
| 6. General merchants              | 28   | 10,115                         | 191,367                                     | 220,459                    | 2.2                    | 12,850                       | 95,667                                 |

(continued)

**Table 2.11** (continued)

| Business                          | Unit | Average starting capital (Rs.) | Average total costs for raw materials (Rs.) | Average total output (Rs.) | Regular monthly labour | Average start-up loans (Rs.) | Present value of all investments (Rs.) |
|-----------------------------------|------|--------------------------------|---------------------------------------------|----------------------------|------------------------|------------------------------|----------------------------------------|
| 7. Fuel and energy retailers      | 5    | 23,400                         | 417,940                                     | 463,770                    | 3.3                    | 4,000                        | 144,375                                |
| 8. Transport repairs and services | 5    | 4,200                          | 28,100                                      | 51,445                     | 3.0                    | —                            | 214,100                                |
| 9. Construction                   | 1    | 15,000                         | 412,800                                     | 438,000                    | 2.0                    | —                            | 80,000                                 |
| 10. Other repairs and services    | 12   | 17,167                         | 117,048                                     | 158,896                    | 3.8                    | 7,250                        | 37,917                                 |
| 11. Money and financial services  | 2    | 42,500                         | 134,638                                     | 172,600                    | 1.0                    | 100                          | 152,833                                |
| 1973                              |      |                                |                                             |                            |                        |                              |                                        |
| 1. Rice and paddy                 | 21   | 19,253                         | 520,417                                     | 488,872                    | —                      | 35,167                       | 71,286                                 |
| 2. Agricultural products          | 4    | 19,125                         | 200,500                                     | 187,000                    | 4.0                    | —                            | 86,500                                 |
| 3. Foods                          | 14   | 5,150                          | 74,249                                      | 84,469                     | 1.9                    | 1,363                        | 10,671                                 |
| 4. Farm inputs                    | 5    | 13,350                         | 317,585                                     | 342,133                    | 3.5                    | 5,025                        | 23,350                                 |
| 5.1. Silk products                | 17   | 14,710                         | 471,906                                     | 399,108                    | 34.0                   | 42,912                       | 39,447                                 |
| 5.2. Other materials              | 5    | 26,052                         | 77,925                                      | 76,976                     | 1.0                    | 19,566                       | 28,412                                 |
| 6. General merchants              | 32   | 1,585                          | 46,610                                      | 54,796                     | 2.2                    | 250                          | 21,654                                 |
| 7. Fuel and energy retailers      | 5    | 5,389                          | 77,451                                      | 106,200                    | 1.0                    | 250                          | 96,433                                 |
| 8. Transport repairs and services | 5    | 6,000                          | 5,200                                       | 8,217                      | 2.3                    | 5,350                        | 15,033                                 |
| 9. Construction                   | 3    | 350                            | 5,340                                       | 10,550                     | 1.0                    | —                            | 5,600                                  |
| 10. Other repairs and services    | 16   | 3,519                          | 32,444                                      | 41,396                     | 5.7                    | 3,420                        | 26,932                                 |
| 11. Money and financial services  | 5    | 10,833                         | 26,000                                      | 34,740                     | 1.3                    | 12,500                       | 40,833                                 |

Source: Surveys of Arni's business economy (1993, 1983, 1973)

**Table 2.12** Account and flows of goods and services (estimated average quantities, Rs. per firm)

| Business                          | Total raw materials costs | Total estimated costs | Labour costs | Total estimated profits/net income | Total gross output |
|-----------------------------------|---------------------------|-----------------------|--------------|------------------------------------|--------------------|
| 1993                              |                           |                       |              |                                    |                    |
| 1. Rice and paddy                 | 7,707,339                 | 898,710               | 34,120       | 930,438                            | 9,554,032          |
| 2. Agricultural products          | 3,934,668                 | 42,231                | 42,799       | 277,361                            | 4,006,811          |
| 3. Foods                          | 509,143                   | 20,352                | 16,450       | 77,049                             | 614,955            |
| 4. Farm inputs                    | 5,957,530                 | 1,365,017             | 892,483      | 1,143,327                          | 8,694,699          |
| 5.1. Silk products                | 843,154                   | 20,185                | 39,225       | 148,674                            | 1,017,968          |
| 5.2. Other materials              | 2,054,493                 | 24,044                | 16,817       | 146,142                            | 1,619,568          |
| 6. General merchants              | 10,879,920                | 51,097                | 45,400       | 195,733                            | 11,157,017         |
| 7. Fuel and energy retailers      | 1,115,455                 | 939,189               | 117,323      | 487,755                            | 2,223,114          |
| 8. Transport repairs and services | 1,957,351                 | 300,144               | 129,443      | 225,155                            | 2,141,828          |
| 9. Construction                   | 1,013,900                 | 3,600                 | 82,500       | 400,000                            | 1,500,000          |
| 10. Other repairs and services    | 2,672,000                 | 141,835               | 86,100       | 399,940                            | 1,258,358          |
| 11. Money and financial services  | 64,950                    | 74,284                | 29,180       | 109,628                            | 237,412            |
| 1983                              |                           |                       |              |                                    |                    |
| 1. Rice and paddy                 | 4,260,735                 | 927,883               | 143,922      | 277,570                            | 5,633,328          |
| 2. Agricultural products          | 31,500                    | 6,090                 | 7,302        | 6,725                              | 51,655             |
| 3. Foods                          | 479,983                   | 4,007                 | 19,617       | 25,395                             | 525,324            |
| 4. Farm inputs                    | 520,331                   | 4,738                 | 7,581        | 18,931                             | 553,075            |
| 5.1. Silk products                | 1,159,480                 | 76,656                | 157,411      | 283,330                            | 1,646,995          |
| 5.2. Other materials              | 196,089                   | 1,967                 | 6,270        | 22,707                             | 221,973            |
| 6. General merchants              | 191,367                   | 5,777                 | 5,081        | 19,473                             | 220,459            |
| 7. Fuel and energy retailers      | 417,940                   | 5,503                 | 7,760        | 29,750                             | 463,770            |
| 8. Transport repairs and services | 28,100                    | 11,239                | 7,917        | 13,650                             | 51,445             |
| 9. Construction                   | 412,800                   | 3,360                 | 450          | 22,200                             | 438,000            |

(continued)

**Table 2.12** (continued)

| Business                          | Total raw materials costs | Total estimated costs | Labour costs | Total estimated profits/net income | Total gross output |
|-----------------------------------|---------------------------|-----------------------|--------------|------------------------------------|--------------------|
| 10. Other repairs and services    | 117,048                   | 11,367                | 14,785       | 17,560                             | 158,896            |
| 11. Money and financial services  | 134,638                   | 3,415                 | 19,660       | 23,667                             | 172,600            |
| 1973                              |                           |                       |              |                                    |                    |
| 1. Rice and paddy                 | 520,417                   | 20,307                | 8,793        | 12,260                             | 488,872            |
| 2. Agricultural products          | 200,500                   | 5,861                 | 7,401        | 22,835                             | 187,000            |
| 3. Foods                          | 74,249                    | 1,371                 | 2,461        | 8,695                              | 84,469             |
| 4. Farm inputs                    | 317,585                   | 1,140                 | 3,360        | 18,440                             | 342,133            |
| 5.1. Silk products                | 471,906                   | 34,318                | 48,669       | 52,530                             | 399,108            |
| 5.2. Other materials              | 77,925                    | 780                   | 5,540        | 10,928                             | 76,976             |
| 6. General merchants              | 46,610                    | 827                   | 1,645        | 6,258                              | 54,796             |
| 7. Fuel and energy retailers      | 77,451                    | 18,079                | 18,376       | 6,623                              | 106,200            |
| 8. Transport repairs and services | 5,200                     | 1,115                 | 2,985        | 2,527                              | 8,217              |
| 9. Construction                   | 5,340                     | 480                   | 585          | 4,125                              | 10,550             |
| 10. Other repairs and services    | 32,444                    | 873                   | 7,839        | 15,846                             | 41,396             |
| 11. Money and financial services  | 26,000                    | 356                   | 1,896        | 6,400                              | 34,740             |

Source see Table 2.11

**Table 2.13** Caste in Arni's caste hierarchy

|                                                            |                             |
|------------------------------------------------------------|-----------------------------|
| BRAHMIN (IYER, IYENGAR, RAO)                               | FORWARD CASTES              |
| NAIR                                                       |                             |
| MARATHI                                                    |                             |
| NAINAR/JAIN                                                |                             |
| VISWAKARMA/ACHARI/AACHARY (sometimes called VISWA BRAHMIN) |                             |
| KARUNEEKAR                                                 |                             |
| MARWARI                                                    |                             |
| MARATHI                                                    |                             |
| CHETTIYAR/VEERASAIVA/KANNARA VEERA SAIVA/CHANNIYA CHETTIAR |                             |
| SENAI UDAIYAR                                              |                             |
| REDDIYAR                                                   | BACKWARD CASTES             |
| GIRAMANI                                                   |                             |
| BERI CHETTIAR                                              |                             |
| SAURASHTRA                                                 |                             |
| DEVAR                                                      |                             |
| MUSLIM                                                     |                             |
| UDAYAR (cobbler)/BACKWARD CASTE                            |                             |
| NAIDU                                                      |                             |
| AGAMUNDAIYA MUDALIAR (TVAM)                                |                             |
| VAANIYA CHETTIAR                                           |                             |
| SENGUNTHA VELLALAR/MUDALIAR/DEVANGA CHETTIAR               | MOST BACKWARD CASTES        |
| YADAVA/PILLAI                                              |                             |
| DEVADASI                                                   |                             |
| NAICKER/VANNIYA/GOUNDER                                    |                             |
| UPPARAVAR CHETTIAR                                         |                             |
| BOYAR (BOER)                                               |                             |
| NADAR/NATAR (fishermen and medicines)                      |                             |
| PANDITHAR/NAVITHAR/AMMATAN/BARBER                          |                             |
| DHOBI/VANNAN                                               |                             |
| ODDAR (ODDAR)                                              |                             |
| PANDARAM/POOJATI                                           | SCHEDULED CASTES AND TRIBES |
| KOSAVAR/KUZAVAR/VALLUVAR/KANAKKAR/ODEYAR (potter)          |                             |
| IRULAR/VETTAI KARAN                                        |                             |
| CHRISTIAN (SC)                                             |                             |
| SCs ADHIDRAVIDAS/HARIJANS/PARAYANS                         |                             |
| ARUNDATHIYAR/CHAKKLIYAN (cobblers)                         |                             |

*Notes* The hierarchy of castes in Arni has been defined by the late P.J. Krishnamurthy. Another attempt to define and rank Arni's castes can be found in Srinivasan here

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