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EIGHT DEVELOPMENTAL ISSUES FOR FIELD RESEARCH AND ACTION

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MARKET TOWNS IN TAMIL NADU AND WEST BENGAL : EIGHT DEVELOPMENTAL ISSUES FOR FIELD RESEARCH AND ACTION

Barbara Harriss-White [1]

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Why Study Market Towns?

Market towns are not an obvious unit either for research or for 'policy'. The dominant discourse of development economics reduces space (at best) to a transport cost or distance component. It reduces time (at best) to a variable which can be wound backwards and forwards. And 'the market' is more often than not assumed to be a socially neutral, competitive and efficient mechanism of resource allocation.

None of these stylisations accord with the observable world. Here time and space are unique and market exchange is deeply embedded in overarching social institutions such as class, ethnicity/religion, locality, gender, age and the form of the state. The nature of the relationship between exchange and the social institutions in which it is embedded is specific and historical and has to be determined by empirical enquiry. One item in this list of social institutions which is particularly awkward for the economist (though not for the geographer, historian or sociologist) is 'locality'. For the village republic is long gone (indeed if it ever existed) and tendrils of global exchange creep to the remotest places. Rudra, deconstructing 'locality', found that it denoted a unit of information, a slice of the regional agrarian structure, a set of relations of power and subordination and of future expectations based thereon (1992). For certain localities, one could add a dense web of kinship relations and a unit for certain collective expressions - whether of a religious, philanthropic or secular celebratory nature. Not only are such localities, whether small (villages) or larger (local towns), necessary units for analysis, they will necessarily be quite unique units.

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[1] Queen Elizabeth House, Oxford University, OX1 3LA, UK. I am grateful to the many seminar participants who responded to the draft of this paper.

The classification of space into rural and urban is always an outcome of historical, political and socio-economic forces and subject to redefinition and challenge. A core set of urban attributes have proved quite resistant to contest, however. Urban sites contain a high density of population. Towns compress spatial accessibility. They are peculiarly concentrated epicentres of capital and its accumulation (and thus of 'financial services', of wholesale and retail commerce), of taxation, of services (including administration, law, medicine), of non-agricultural production, of transport, of education and culture, arts and science, of crime and corruption (Giddens, 1993, pp.564-591). They are political units and they may also be social units for certain ends, though intra-urban social and spatial differentiation has been marked throughout most of time and space. The nature of the non-agricultural productive activity of a town may be an expression of natural resources (soft water, saline water, minerals) of the contingent distribution of castes and associated occupations (e.g. weavers) of the legacy of aristocratic patronage (silk) of historically constructed and now spatially inert comparative advantage and of individual agency (see Neelakanthan, 1995, on Karur).

But **market towns** are special. Indian 'market towns' share with market towns everywhere the fact that a remarkably high proportion of the urban population will either be employed directly in agriculture, or control agricultural land, or will obtain at least part of their subsistence from agriculture or will control or labour on the processing, engrossing and trading of agricultural products.

It is, of course true that neither retail nor wholesale agricultural trading **require** towns. Where the density of demand for exchange goods is low, the latter may be retailed via reticulations of periodic markets. The marketed surplus may be extracted directly from the farm to factory, mill or warehouse (commonly by rural agents of urban merchants) and by-pass towns completely.

But while the growth rates of metropolitan and very large Indian cities are below that of commensurate settlements elsewhere, this is not true of small and medium sized towns. They are undergoing rapid growth and are the most manifest expression of economic growth. For this reason alone, they need to be studied. If, ironically, 'market towns' are accompanied by 'market failures', they may need to be planned; and urban planning does not have a glorious history in India. Market towns are not well defined units for planning, or for the enforcement of planning.

In this overview, it is my intention to discuss a set of issues derived from a reading of an eclectic theoretical literature, a set of issues which I believe to be of general relevance. But these stories will be illustrated very extensively with case material derived from field research carried out intermittently over 8 years in West Bengal (Harriss, 1993 a and b; Harriss-White, 1997) and 22 years in Tamil Nadu (Harriss, 1987; Harriss-White, 1996), work which is still in progress. The eight issues have been deliberately chosen because all require field research (as well as desk research) in order to be studied. There are severe limits to the analysis of market towns that is possible if research sources are confined to official and public data such as census material and maps. The issues are as follows:

i) the genesis of market towns. There are two complementary aspects to this process; first, the role of agriculture in the generation of non-agricultural resources and second, the role of generative urbanisation; market towns as centres of productive growth in their rural hinterlands;
ii) the role of agrarian structure (and therefore modes of accumulation) and the distribution and growth of market towns;
iii) the social institutions underpinning market-based urbanisation, particularly the roles of power and trust (or reputation);
iv) the organisation of productive activity within towns: industrial districts and clusters;
v) parasitic urbanisation;
vi) the resource base for urban governance and the significance of tax evasion;
vii) the underdevelopment of urban infrastructure and civic services;
viii) primitive accumulation, corruption and their implications for market-based urban development [2].

All too frequently, analysts move from abstract to concrete, from simple to complex, without taking into account the ways in which concepts and theory change. Discussion about markets is plagued by such imprecision and slippages between different levels, concepts and types of theories. But the word 'market' masks these differences: " (t)here are differences between economic and sociological or anthropological treatments of markets. Some concepts of market are abstract, some more concrete; some are restrictive, dealing with exchange, other inclusive, extending beyond exchange; some are concerned with latent or imaginary markets rather than actual ones; all vary according to the wider theoretical frameworks within which they are set" (Sayer, 1992, pp.2-3). Because market towns are epicentres of market exchange, spatial entities and economic institutions will be plaited together throughout this essay. But I have attempted to make clear where the argument is about towns and where it is about exchange.

1. Productive Inter-relationships between Rural and Urban Resources

Productive accumulation across sectors of the economy may be localised in rural territories or urban sites and the impetus for intersectoral accumulation may run from agriculture to non-agriculture or vice versa. The two sectors (agriculture and non-agriculture) and two locations (rural and urban) are not congruent. In this section a series of influential explanations couched at different scales will be interrogated with empirical evidence.

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[2] This list is far from being exhaustive. Four further issues commend themselves, but are outside the scope of this present, already long, review. They are the character of small town poverty, the evolution of labour markets and the role played by gender in the reproduction of the economic base of market towns (for all these see Harriss-White, 1996); and the nature and status of 'urban bias' (Lipton 1977), for which see ed. Varshney, 1993.

1.1. Macro-scale, demand-centred explanations are based on reasoning that regional resources are allocated between rural and urban locations so as to meet local, national and international demand, growing more complex as the spatial field of demand expands. Historically, agriculture declines in importance to the economy over time, containing, as it does, the components of its own decline: capital, labour, wage goods and raw materials. It has been an important planning objective since Indian independence to hasten this along (Visaria, 1995). The **new economics of growth** (Mellor, 1976), contains the prediction that rural economies will diversify as agriculture grows in absolute terms and declines in relative terms. Increased real agricultural incomes (consequent to the green revolution) will in turn create increased demand for income elastic goods and services. In Mellor's original formulation, agrarian structure is irrelevant; it does not matter how this increased income is distributed, but later on Mellor used the argument to justify a post-green revolution income distribution more biased than before towards large farmers (see Harriss, 1987 and Hart, 1996 for critical treatments of this justification). Such incremental demand will be met by small scale, local, labour intensive non-agricultural production which will mop up surplus labour virtuously from the agricultural sector (Mellor, 1976; Bell et al 1982). It will be the **cause** of such industrialisation and its associated urbanisation. And rural non-farm employment in India has been expanding at the rate of 4.6 per cent over the period 1972-3 to 1987-88 (Visaria, 1995, pp. 402-3). Market towns will be the consequence of this process of growth linkages.

In our most recent research on agrarian change in northern Tamil Nadu, this influential argument is scrutinised using empirical material from three villages and the local town of Arni. We find that while significant amounts of agricultural land are owned by an urban-sited agro-commercial class, the more important phenomenon is the rapid evolution of the non-farm economy, which Jayaraj (1996) has analysed in some detail. The evolution of the non-farm economy is argued to be a function of changing production conditions and the forms in which surplus is generated and redistributed. Thus (and in contrast to Mellor's theory) it may equally be the product of agrarian pauperisation and the rising share of the workforce which is not self employed, a long-standing, risk-minimising response to economic and/or environmental hazards, a more recent response to non-local demand (whether agrarian or non-agrarian), (more or less targeted) state-led employment creation [3], state-subsidised and/or regulated (foreign) investment or industrial downsizing. In the rural non-farm employment found in Tamil Nadu, caste and gender strongly structure access and stratify returns in a process which highly disadvantages scheduled caste landless people.

Harriss-White and Janakarajan (1996) have examined a hitherto neglected aspect of the generation of growth linakges from agriculture: that is, the social distribution of rural **assets**. Assets are known to be a more stable indicator of benefits from production than is income. Investment is a prior to employment. From the assets distribution and from the nature of

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[3] The most dynamic growth of non farm employment in India, 1972-3 to 1987-88 was in public utilities, with construction next (Visaria , 1995, pp. 404-5).

these investments it is then possible to comment on the assumption that (local) agricultural growth linkages were their cause.

Assets inequality is currently vast. First, there is very considerable inter-village variation, the averages varying by a factor of two[4]. Second, assets ownership are highly socially differentiated in village-specific, fractal patterns. The wealthiest agrarian classes exceed the poorest ones by a factor of 60 in the poorest village but by 370 in the most developed village. The wealthiest and poorest individual households studied differ by a factor of 2250.

Third, at the same time the composition of these assets is overwhelmingly agricultural, throughout the rural class structure. Agricultural assets range from being 74 per cent of total assets in Veerasambanur, the poorest village to 65 per cent in Nesal. Among the poor mass of households (with and average of Rs 60,000 of assets) two thirds is in land, a quarter in buildings and transport and the rest is in jewellery and non-institutional finance. The village elites have very highly capitalised land, farm machinery and livestock, rice mills and informal sector financial investments. The entire local rural non-farm economy (including construction and transport) appears to operate off one third of rural assets.

Perhaps (and **pace** Mellor, 1976 and Hazell and Ramasamy, 1991) this results from the mediocre performance of agriculture such that there is a simple explanation, there being few growth linkages from agriculture. But this is too simple an explanation.

Non-agricultural investment is highly concentrated, while non-farm employment is far less socially restricted. Jayaraj's work shows that 41 per cent of males in the three villages profess employment in the non-farm economy. Only 14 per cent of females do. Land-based labour is their fall-back. Either men commute away from the locality or they work inside these villages using assets which are not theirs [5]. For this to occur when there is so little evidence for assets holding in such sectors, we must be observing **contraflows of capital** [6].

Capital is emigrating from and at the same time immigrating to these rural sites. In these case studies, capital emigration is disproportionately a phenomenon of the most developed of the three villages. We have little exact data, but if we assume that institutional finance either is sited or flows outside the village, that the samples' rice mills are outside; and if we include the land and irrigation investments which we know are outside the villages, then we can make a conservative estimate of capital emigration. While in two villages, under 2 per cent of assets has fled its rural origin, the proportion of the third village's sample's Rs 112 lakhs that is invested outside it is a striking 54.5 per cent.

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[4] One lakh is 100,000. One crore is 10 million.

[5] The 43rd NSS round for 1987-8 estimated that 2.4 m male workers and 151,000 female workers residing in rural locations commute to work, **but also** that 590,000 male and 109,000 female workers commuted from urban locations to rural ones for work (Visaria, 1995, p. 399).

[6] There is no implication that these dual flows of investment have to be equal.

Theories of labour migration can be up-ended and applied to capital migration. Hart has talked of urban push and rural pull (1996) arguing with empirical evidence from Malaysia and Taiwan that rather than rural industrialisation's being an immediate local response to agricultural growth linkages (which she calls 'rural pull'), instead it is rural-urban differentials in rents, infrastructure and the existence of dispersed and cheap labour that repell industries from urban locations into rural ones (which she calls 'urban push'). Our research would lead us to add to this list of forces the better possibility of tax evasion in rural locations and the exploitation of unvalorised female and child labour. Nagaraj et al, 1996, advance a similar argument in relation to the diffusion into villages of silk handloom weaving. **Pace** Hart, whose analysis focuses on export-led rural industrialisation, what is observed in the old North Arcot district is for a rapidly emerging national market (and always was). Some of this market is rural (a little local, but most non-local) but the vast bulk is urban/metropolitan in origin. We see that capital is far from fungible, that those exporting assets are unable to finance much of the non-farm employment growing within these villages because of factors connected to the social profile of capital ownership. Those exporting capital from urban sites to these villages are somewhat prevented from investing in (or unwilling to invest in) the activities of rural capital exporters.

For **policy**, for 'structural adjustment to accelerate diversification by reducing barriers to mobility and... relaxing regulations which previously inhibited rural non-farm productive activity' (Ellis, 1995, p.1) markets must be capable of wrenching capital from its social moorings. The modalities by which the combined activities of state and market might dissolve the social foundations of accumulation are not well understood. Education is cited as one such dissolving force. But while Jayaraj shows that higher education is association with greater diversity and greater returns to employment, we have yet to understand how education is related to assets holding, composition and location.

Similar trends in two-way capital migration may be observed throughout Tamil Nadu, not merely in the trade and services, the agro-processing and construction to be found everywhere, but in the regional specialities: matches around Sivakasi, korai and gem cutting around Trichy, cotton textiles diffusing out from Tirupur, leather tanning in and around the Palar basin, metalwork and engineering in rural settlements around Coimbatore.

The macro economic policies creating and skewing demand may be propagating urban capital outmigration. It seems that the creation of a national market (or if not a national then sets of large regional spatial markets) leads to a similar phenomenon for both agricultural products and industrial goods i.e. non-local imports and exports of income elastic agricultural products in the rapidly thickening mesh of trade flows.

1.2. Radically different from Mellor's growth linkages argument for the emergence of the non-farm economy are 'virtuous circle' models of **'generative urbanisation'** explain the development of small towns and rural hinterlands in terms of mutually reinforcing linkages - demand led but considering both supply and demand. This formulation differs from that of

Mellor first in being centrally concerned with space (which for Mellor is incidental) and second in arguing that the rural non-farm sector is a consequence of urban growth rather than, as Mellor had it, a cause of local level urbanisation. Small towns are causes of agricultural growth, argued to have a positive impact on rural hinterlands by developing markets for inputs and by supplying extension and production credit. All of which leads to a rise in productivity. Increased income generates demand for urban manufactured and urban marketed consumer goods as the goods and services constituting rural demand become 'urbanised'. This then increases urban demand for labour which is met by rural-urban migration. The rise in urban income leads in turn to rising demand for superior and income elastic consumer goods, which are supplied by the rural sector as it diversifies into rural non-farm activity (Rondinelli, 1983; 1984). Small towns then integrate their flows of trade and money with national markets which they supply with agroprocessed goods and industrial manufactures and from which they import capital.

This is exemplified by the market town of Arni in northern Tamil Nadu which acts as a central place for more than a hundred villages. It is 150 kms south west of Madras with an economic base of administration, commerce (increasingly wholesale), paddy trading and milling and silk saree weaving. Five per cent of its population is agricultural. According to the censuses, its population has grown from some 39,000 in 1971 to 49,000 in 1981 and 55,000 in 1991. The municipality, created in 1951 and converted to grade 2 status in 1971, has already engulfed 11 revenue villages. In fact the population directly associated with Arni's urban economy is likely to approach 1 lakh, the census population being inflated by transients and by regular commuting from a ring of villages (which resist incorporation into the municipality in view of the increases this would make to local taxation - a fact which makes the town chronically relatively underfunded). Parts of the third snapshot of Arni's business economy taken in 1993 are consistent with generative urbanism: (see Table 1).

During the last twenty years the number of businesses visible to our census record in Arni has trebled. A business census of the social and economic town in late 1993 reveals a staggering transformation in its economic base over the last decade. A number of agricultural and 'traditional' artisan activities have declined significantly or disappeared altogether: the maintenance of bullock carts and agricultural machinery, groundnut processing mills, pottery, the making of leaf plates, the crushing of sea-shells for whitewash and so on. Agricultural inputs firms have stagnated. The activities comprising the economic base ten and twenty years ago have consolidated their position: rice mills have doubled in number as have food wholesaling firms and durable consumer goods retail units. Urban silk manufacturing units have increased by 50 per cent and have spilled over massively into the countryside. Deregulation has led to a threefold increase in fuel depots and increased incomes to a thirty fold increase in businesses dealing in non-food agricultural products.

Table 1: PRIVATE FIRMS, ARNI 1973-93

	1973	*1983*	*1993*
Rice mills	23	46	86
Rice wholesale	17	45	56
Rice retail	22	30	17
Groundnut mills	5	3	-
Groundnut wholesalers	16	5	-
Groundnut oil retailers	10	10	7
Other foods -factory	9	7	1
-workshops	150	262	210
-wholesalers	9	22	52
- retailers	271	273	1108
Non-food agricultural products			
- workshops	4	4	116
- wholesalers	1	3	44
- retailers	60	114	87
Farm Inputs - retailers	13	28	32
Silk factories	62	243	345
Handloom weavers			1141
Other goods			
- factory	-	1	41
- workshops	53	77	112
- wholesalers	25	31	-
- retailers	52	86	144
Durables - retailers	20	37	76
Fuel and energy	12	18	59
Transport	16	38	63
Transport repair and service	66	98	131
Other repair and services	191	321	623
Financial Services	87	121	152
TOTAL	1196	1923	3529
			(4789)

Notes:

i) Bracketed 1993 total includes 1141 handloom weavers not well censused previously, 72 educational and training establishments and 47 government offices.

ii) As the urban economy changes its structure so the classification requires changing. Within-group diversity has vastly increased over the last decade.

iii) Services includes professional services as well as traditional handicraft services.

iv) Food retailing includes petty food stalls and tea stalls.

Source: Original field mapping, 1973,1983,1993

New businesses attest not only to the metropolitanisation of economy and culture but to its rapid globalisation. Brand new telecommunications technologies have appeared: satellite and cable TV (and ways to poach it) and new telecommunications rental markets have spread throughout the urban area along with courier services, xerox and video libraries. The town can now give up to 20,000 'doses' of cinema per day. The explosion of finance companies and chit funds, many not registered, many run with black money, the appearance of insurance, stocks and share dealing services, specialised commercial agencies for corporate industry, architectural, accountancy and real estate professions attest to the emergence of sizable elite markets. Tuition centres, typing and computing institutes and students' hostels indicate new patterns of skill acquisition and freedom for young people (although the town is extremely underdeveloped with respect to education). Auto sales and rentals, tourist cars and vans businesses have responded to local piety, curiosity and incomes (to service the big Sabarimalai pilgrimage to Kerala and the round-India-tour trade). Prominent expansions of hotels, bakeries and sweets stalls and booths indicate new patterns of commonality. The boom in scrap, in plastic recycling and cardboard packaging is related obscurely to that in animal feed for urban livestock and in slaughter houses for imported as well as local meat: both types of economic expansion are responses to the decline in biodegradable waste which could be recycled in the animal domain. Specialised ancillary crafts and specialised pawnbroking and financial services for these crafts have also mushroomed in the backstreets. Modernisation has not simplified the institutional fabric. Quite the reverse. All these developments have added to the institutional complexity of the town. But while in terms of numbers of enterprises the town appears a model of a growth centre, the prevalence and distribution of black finance capital suggests that there is a substantial element of accumulation which is non-productive. Most towns can be expected to have a composite role and the challenge for empirical research is to distinguish the generative from the non-productive.

1.3. Last, among the descriptive models of rural-urban resource linkages, attention has been directed towards the micro-level **spatial adaptations** made by individual households for the purposes of maximising productive capacity (and/ or minimising of risks) across sectors and locations (Evans and Ngau, 1991). Far from 'agriculturalising' or growing increasingly specialised in agricultural production over time both peasant and capitalist households may diversify into non-farm activity. Branches of a household, still configured as a single economic unit, may relocate in urban areas (Gibbon, 1992). Scarlett Epstein has called this a 'share family'. Under such circumstances, urban households can and do have direct interests in agricultural production, migrating seasonally at times of peak labour demand in order to supervise it. (They can also have indirect interests in agriculture through the out-renting of land and/or land management via paid supervisors or via shares in agricultural estates) (Mkandawire, 1992) [7]. It is clear that such household forms could as well characterise generative as parasitic urbanisation. It is also clear that such households blur and transcend the rural-urban divide.

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[7] The indirect control that has attracted most theoretical attention is through interlocked contracts in factor and product markets (see Olsen, 1996, for a review).

The urban agro-commercial magnates dominating the markets of Bardhaman district are a good illustration of the activities of share families. The biggest eight commercial firms declared control over the following empire apart from the case-studied activities:
15 large rice mills
12 cold stores
2 oil mills
13 wholesale businesses
8 non-agricultural industries (including nails and screws, cardboard boxes etc.)
12 lorries
a large amount of urban property and storage space
140 acres of rural land, some sharecropped (out) but mostly owner-occupied and farmed using wage labour [8].

In this literature, urban development **policy** recommendations focus on the market exchange of market towns. They typically embody assumptions about the power of technocrats to set the planning agenda and of the state's 'black box' capacity to 'undistort' imperfect markets. For example:

'We start from the notion that the local urban economy in a developing region is typically a set of fragmented, overlapping, but poorly integrated markets struggling to overcome constraints and barriers. The principle task for the planner, therefore, is to improve the operation of these separate markets, to increase the level of interaction between them and to facilitate the allocation of available resources to the most productive uses ... The flow of goods and services between rural and urban areas is often constricted by a variety of official rules and regulations governing production, trade and transport... While such policies may be driven by valid concerns for public order and safety, they effectively restrict activities' (Evans, 1992, pp. 26-7).

Yet we will see in the following two sections that were it not for the non-contractual elements derived from social institutions and the (customary) regulatory rules that prevent market exchange from becoming chaotic, <u>economic transactions would not emerge</u>. Principal among the social institutions shaping the nature and rate of accumulation and of intersectoral and locational resources transfers in rural India is the structure of land control.

2. The Role of Agrarian Structure and Accumulation

The size and spacing, the economic and social character and pace of growth of market towns are argued not to be autonomous developments but instead to express in a regular way the history of the modes of organisation and the productivity of agriculture in their hinterlands, the particular social control over the supply of capital and labour and the social construction of demand. In so far as these have been the product of state policy, towns reflect that as well.

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[8] We did not ask for data on finance, or for expenditures on education, dowries or (foreign) travel but would expect these also to be considerable.

An agrarian scenario dominated by pauperised tenants, the technological basis of which is stagnant, from which surplus is extracted by a coalition of landlord-trader-moneylenders (as in Bhaduri's much criticised model of semifeudalism (1983)) is unlikely to support a dense network of market towns. Towns will perform administrative, security and political functions, some will service the retail requirements of agrarian elites and a few will be bulk agro-processing sites. Under such conditions, even where new production technology has been adopted as in the Kaveri delta in Tamil Nadu (see Bohle, 1992; Rukmani, 1994) the circulation of mass goods for the rural population is effected through periodic markets rather than towns, while the wet season timing of the crucial harvest in Thanjavur has long required the rapid export of paddy inland to the dry and sunny climate of Kongunad for storage and processing. There are remarkably few market towns to by-pass in this delta region.

On the twentieth century land frontiers around Coimbatore, where the land was colonised in substantial estates, with a migrant landless labour force to hand, the rural agricultural sector has coexisted with a precocious rural industrialisation. Based originally on local cotton, but rapidly drawing its raw material from the entire span of southern India, local agro-industry spawned related engineering sectors and locked itself in horizontally and vertically integrated sets of process-specific firms. Here, it is large 'industrial districts' rather than 'market towns' that are proliferating.

By contrast, in the northern Coromandel plain, historically a region of ryotwari cultivation with a lower degree of inequality and a marketed surplus which to an important extent is controlled by a mass of direct producers, there has long existed a dense network of small agricultural market towns.

The way in which **change** in an agrarian structure and in agricultural productivity may affect markets has been tracked in Bardhaman district, comparatively well endowed with market towns within the state of West Bengal, but poorly endowed in contrast to Tamil Nadu.

For the three staple crops of rice, mustard and potato, the structure of assets in commercial markets mirrors the concentration of control over land, but in a much exaggerated form. There are two reasons for this. First, there is no legal ceiling on commercial assets accumulation as there is on land. Second, change in tenurial security has triggered a mass basis for accumulation, which expresses itself (with a more or less long lag) by entry into commercial markets. Petty trade has been able to challenge the strongly polarised and state legitimised oligopoly of the rice mills, by the deployment of unvalorised (female and child) household labour - the mercantile equivalent of petty commodity production. In addition the substantial landless agricultural labour force (a product of agrarian structure) enters seasonal trade on a micro-scale. And the limiting technological input constraining wet-weather **(boro)** post-harvest processing has been relaxed with widespread, state-subsidised rural electrification.

As a result, the marketing systems have undergone **involution** (i) increased internal intricacy, ii) increased diversity of roles and contractual forms) and evolution (i) the emergence of agents from earlier tied commercial relations (which mirrored interlocked factor-product market contracts), ii) the 'American path' investment in trade of rich peasants and nascent agrarian capitalists, and iii) of economic migrants from Bangladesh). The markets have also been invaded by commercial capital from other regions of India (Rajasthan, Orissa, Andhra Pradesh) as national markets develop.

On the face of it, if this story is a common one, a rapid expansion of market towns constructed with sets of relatively small agro-commercial capitals can be predicted for West Bengal. However, the process may be slower than it would have been if the state had not set up blocks to commercial accumulation. Here we can see how trade **policy and regulation** affects urbanisation.

Despite a political programme stressing a mass base to livelihood creation, small traders remain unlicenced (and therefore unable to obtain credit from nationalised banks; and vulnerable to harassment from the police). Meanwhile, the mercantile magnates remain protected via legal arrangements conferring upon them a monopoly for purposes of procurement (though this is increasingly contested) and via privileged access to finance [9]. With a rhetorical position in favour of eradicating middlemen, the LFG presides over the largest explosion of middlemen in the history of West Bengal. Eradicating middlemen would actually involve the eradication of local monopoly houses with interests cutting through the entire local rural and urban economy.

The state, in not recognising the significance of mass small scale trade, fails to regulate it and now has to accept the existence of collective institutions of civil society which grow up to compensate. Their regulative functions are arbitrary, extralegal and unaccountable, except to members. In focussing on production the state has neglected class and property relations in exchange and marketing. Merchant's capital is a useful concept for analytical purposes but Marx can hardly be blamed for not anticipating the composite and deeply embedded forms it takes. Although markets may dissolve primordial agrarian social relations, their acid may act slowly.

3. Social Institutions of Market-based Urbanisation

The third issue concerns the social institutions of small scale towns. To understand and explain concrete and complex events, it is necessary to know how social agents are affected by behaviour which is open to market logic and **also** to non-market considerations. In so doing, we move from the conceptual frame of growth-centres and linkages to one operating at the micro-level of individuals and usually neglected by orthodox Marxian political economy. Market exchange behaves according to a plurality of logics, not only deploying a commercial calculus (buy cheap, sell dear), but also reflecting class specific logics (accumulation contrasted with subsistence goals) and with organisations and contractual forms embedded in caste/ethnicity, gender and other social institutions.

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[9] The eight biggest firms studied obtained formal finance equal to 20,000 IRDP loans.

When questioning the origin and evolution of socially embedded economic institutions, such as those characterising urbanisation, two issues are usually distinguished: explanations of existence and explanations of efficiency. It can be argued that a particular form of social institution originates for reasons of control, vested interests and power, but that its persistence, consequent to its establishment, depends on the routinisation of its decisions and actions (see Hodgson, 1988, pp. 214-5). Thus the social institution being established has to be 'trust-embedded' if it is to interact with other social institutions, given uncertainty, ignorance (bounded rationality) and the self interest of individual agents. The failure of such trust means that the social institution will not reproduce itself, since social 'actors' will not risk interacting with a distrusted social institution.

Yet the relationships between the social institutions will **also** be the product of power relations. In stressing the importance and functional character of habits and routine, it should not be overlooked that conscious choices (which may involve the coercion of others) are involved as well. Thus the 'selective, coercive process is not confined to a fixed groove' and disrupts, and conflicts with, the routinisation of decisions and actions. This leads to conflict and crisis between institutional stability and sometimes to radical social structural discontinuities (Hodgson, 1988, p.139).

North (1990) also points out that the existence of a social institution or an economic organisation does not mean its efficiency, nor does a social institution's efficiency necessitate its existence. Further, the economic efficiency of a particular form of institution or organisation is a relative phenomenon for there is no deinstitutionalised alternative by which efficiency can be compared. Efficiency needs to be analysed comparatively not only in relation to alternative forms of social institution but also in relation to its environment - economic, political and legal. Even if this environment were to change, a given form of social institution can continue to exist even though (in some comparative sense) it might be inefficient because the routinisation of decisions and actions prevents adjustment.

The best illustration to hand, of the pluralistic nature of the institutional embeddedness of market exchange is from West Bengal, though **not** from a market town. Dasgupta (1992) pursues the dual embeddedness of institutions of market exchange in trust and power in her study of petty traders in Calcutta.

With reference to the functional nature of trustworthiness or credibility: 'as in large trading or in any exchange activity, it is also essential for the petty trader to establish his credibility. Credibility outside the petty trading sector refers to credit worthiness for bank loans and is established by the collateral that is offerred. Credibility in this '(petty)' sector refers to whether the trader can get goods on overnight credit or for a longer period which in turn determines the kind of goods he **(sic)** has access to. Hence levels of credibility refer to the period for which the petty trader has received the goods. Since he has no collateral or in most cases not even an address, (such ties) acquire great significance ... in helping the trader establish his vertical linkages' (pp.166-7).

Cases like this are also used by Jagannathan (1987) to exemplify what he calls 'intangible assets' which (as with concepts such as 'social capital' (Putnam, 1993), 'reputation' (Emler, 1994)) we take to refer to this 'functional' credibility.

At the same time, the merit of her work is that (unlike Putnam and Jagannathan) Dasgupta also shows the exploitive relations provoked by this need for credibility: 'With capital being the scarce commodity, most of the traders buy their goods on credit. The bulk of them buy from middlemen, large retailers or wholesalers generally referred to as the mahajan. The mahajan determines the rate and duration of the credit and directly affects the profit rate and the actual turnover of the petty trader. The relationship is dominated by the mahajan because of the petty trader's low bargaining power and credibility and it makes the petty trader totally dependent on the mahajan' (p 206). Mahajans can not only determine petty traders' backward linkages by dictating the length of credit duration and the type of goods accessible, but can also determine petty traders' forward linkages by dictating the crucial 'non-price' factor of a trader's selling location i.e. the precise marketplace site.

Credibility with mahajans has furthermore to be justified and reproduced daily, so that the petty trader has to establish his/her 'business credibility' as a trader in order to obtain (more) credit, get (greater) access to goods and have (better) selling locations. Convincing mahajans of their 'business credibility' allows petty traders to make more of their own decisions, be less monitored, controlled and supervised and less exploited. 'Having established a 'business credibility' the traders maximise the advantage of their backward linkages, that is, direct access to prime locations and lucrative categories of goods which give them a higher daily sale' (Dasgupta, 1992, pp.251-2).

Trust-embedded, socio-ethnic links with other traders and mahajans improve a new entrant's accessibility to credit networks just as they do that of established traders. New entrants are introduced to mahajans by friends, relatives or traders of the same socio-ethnic group or gender. Not only does sharing a particular socio-ethnic network establish economic links and so create artificial barriers to the entry of other socio-ethnic groups , but also it helps the traders to establish their own credibility thus simultaneously revealing both the critical and the functional nature of credibility (Dasgupta, 1992, p.295).

For traders without ethnic links with the commercial sector, the process of establishing their credibility with mahajans is long and slow. Dasgupta notes that as a result, these traders have relied on and trusted 'formalised' institutions such as the unions to facilitate and protect their entry. They even use union bodies to approach commercial banks for loans.

Collective, trustful horizontal links are crucial in an informal and illegal sector, as traders band together to ensure the reproduction of their sector in the face of police harassment and political manoeuvres. Some examples of activity in Calcutta which are constituted through power relations and are also highly trust -embedded include i) payments from unions to the local police, ii) a network of informants to warn traders of possible police raids, iii) assistance to traders to recover goods from police custody in the wake of raids, iv) union mediation to establish creditworthiness with the formal banking system.

While both trust and power mould rural-urban and intra-urban economic linkages, it is both difficult and important to distinguish the two. The balance depends on combinations of financial, informational, geographical and contractual independence. It is fundamentally indeterminate. Dependence and clientelisation may reduce decision making power and rates of return but also reduce risk, increase inventory and information availability, improve access to sites and credit leading to institutional parodies of vertical integration. By the same token, contractual independence may signify lack of reliability or very great power.

The 'policy implications' of such an analysis lie in empowering classes of subordinate traders, increasing choices and control over decisions. Unfortunately Dasgupta simply calls for the state ' to correct the skewed access to resources and break the nexus between small scale activities and low levels of living' (1992, pp.299-300). In a study of agricultural trade nearby it was possible to more specific and to justify inclusive licencing, reforms to the eligibility criteria for directed credit schemes so as to include small scale trade and alterations to technology policy to render small scale technology legal. However, reasons for the low priority accorded to such detail of market reform need analysis too, and these were grounded, unsurprisingly, in the economic accommodation between the state and mercantile magnates (Harriss, 1993a).

4. The Organisation of Productive Activity within Towns: Districts and Clusters

Within the institutional literature, that on flexible specialisation (Rasmussen et al, eds., 1992) and the industrial district has rediscovered the long-standing association between spatial and sectoral clustering on the one hand and between such clusters and trust and power embedded production and marketing networks on the other (Schmitz and Humphrey, 1996). The occupational and spatial markers of caste have historically created highly clustered development within Indian towns. Clusters have been argued to be the basis of 'collective efficiency' gains (internal and external economies of scale). Evidence has been found to suggest that such clusters are a characteristic of most recent global capitalist development, that they are resilient in recession and that they have thrived in the absence of deliberate state urban planning (Schmitz, 1992; Humphrey, 1995).

Nadvi (1992) - from which key ideas relevant to our current objective will be plundered - teases out some of the economic relations between firms expressed in geographical proximity, sectoral specialisation and social networks:
i) ease of information exchange, though information may be of two types - general information available to all within the cluster and particular information restricted to those groups within the cluster where more extensive production networking and interactive relations are to be found. We would want to add that agglomeration economies of both general and particular information also reduce search costs for customers;

ii) subcontracting arrangements within the cluster leading to process specialisation;
iii) an evolutionary time bound process of incremental technological innovation through multiple levels of user-producer interactions;
iv) leading to collective efficiency (1992, p.16).

We would add some social or public sector advantages:
v) infrastructural economies for public provisioning and
vi) reductions in the administrative costs of regulation.

In the main these are 'virtues' of clustering. There are also 'vices':
vii) operationally small and split units masking concentrations of ownership, a diasporic form whose objective may be a cost and welfare minimising response to implemented formal sector factories law. Collective efficiency may mask collective power;
viii) the dependence of many small firms on a few powerful controlling enterprises for information, contracts and facilities or derived markets such as credit, transport, processing and storage i.e. not free not to be clustered.
ix) unproductive and illegal activity can also be clustered, where the risks of state harassment and law-enforcement are outweighed by the benefits of agglomeration and where the activity can be concealed (typically in residential quarters).

Table 2 of the clusters inside Arni town in northern Tamil Nadu hints at the diversity of explanations required. The silk industry is a clear example of process specialisation. But that firms do not have to be linked through information, process specialisation or structures of control for them to gain from clustering is evident when we consider the clustering of consumer good firms and of cinemas. Each firm in such a group benefits from custom attracted by others. The more each can attract, then the greater the pool upon which the rest can draw - a basic principle defining central business districts. Further, the large cluster of specialised goldsmiths is spatially concentrated by caste, while fertiliser and hardware are clustered for reasons of inertia close to the former epicentre of crop selling. The latter has migrated and de-clustered on the urban periphery in response to physical and electronic communications technologies and land rents which have also de-clustered grain mills.

The fusion of the functional and exploitive roles of trust embedded institutions is clearly pointed out by Nadvi (op.cit., p.42): '(w)hereas sectoral bodies are clearly important in representing the felt needs of a cluster, they also reflect existing power structures within that cluster or industry'. Thus, institutions embedded both in trust and in vested interest may coexist with intra-sectoral linkages embedded in trust and in vested interests. Conditions inevitably arise where the vested interests served by a given set of intra-sectoral linkages clash with the collective interests of the mass of small firms thereby stunting their dynamic development.

Table 2 : CLUSTERS IN ARNI TOWN

- goldsmithing, moneylending and pawnbroking: Shroff bazaar
(extreme process specialisation)

- paddy wholesale and brokerage.
(information economies, new communications technology, relinquishing of financial power to rice millers)
(20 years ago this was completely concentrated in the centre of the town. By 1993 it was a residual on this site - now given over to consumer goods - and was geographically spun to the periphery and economically vertically integrated with rice mills)

- consumer goods
(the town centre - zone of maximum consumer traffic)

- fertiliser , gunny, rope and hardware shops
(geographical inertia - originally located besides paddy wholesalers)

- scrap metal , paper and plastics recycling
(association of religion/caste and occupation)
(rapid growth in last 10 years near Suriyakulam (tank) in a Muslim ward located close to the housing colony for Municipal scavengers)

- silk weaving
(process specialised, niched, determined by caste localities, concentration of ownership and credit)
(western extremity Karthikeyan road and Saidapet and Kosapalayam)

- cinemas
(economic power of mass culture)
though land intensive occupying prime sites of consumer traffic dispersed through the centre of town

- rice mills
(land-intensive, inertia)
(south east and north eastern peripheries and residues in the centre of town e.g. near old bus stand and behind former paddy mundy)

Turning to **policy**, 'shopping lists' of credit to small enterprises, vocational training centres, marketing services, assistance with R and D, improvements to communication and transport infrastructure have the merit of being clear and non-normative responses to the absence of clusters or to slow growing clusters. But they still stand residualised as postscripts to analytical research, because government policy has

i) avoided the urban marketing and industrial sector, or

ii) failed to affect it, or

iii) had negligible impact upon it, or

iv) because the outcomes of macro economic policy were unintended and their mechanisms (political sabotage; simple incompetence) were not understood.

The distinguishing feature of most existing clusters in third world towns is said to be that they have achieved existing levels of development in the <u>absence</u> of direct state support through an explicit policy agenda. Private collective regulative institutions have been more influential in shaping collaborative alliances, confronting and negotiating with the state, with labour and other parts of organised civil society, minimising risk, reducing transactions costs, regulating production and marketing and forming services centres providing informational and technical support, physical security. However, as both Harriss (1993a) and Nadvi (1992) note, such institutions are not to be assumed efficient, with many becoming the preserve of powerful elements capable of preventing entry, colluding in market practices and sabotaging regulatory efforts of other bodies. And the capitalists creating industrial clusters in India have long histories of state concession: regulative institutions also function as strong lobbies (sometimes corruptly) in the face of a compliant state administration (Baker, 1984; Roy, 1996).

5. Developmental Pathologies of Market Towns: Parasitic Urbanisation

Set against models of urban sites as nodes of accumulation of productive capital, vicious circle models of **'parasitic urbanisation'** (Harvey, 1973; Adalemo, 1984) see market towns as the 'excreta of a consumption system' (Chattopadhyay, 1968). According to this reasoning, there is no deterministic relationship between urbanisation and agricultural productivity. Depending upon agrarian structure, rural class relations and spatial pace of accumulation and of depeasantisation, urban centres can be sinks of consumption of capital based on surplus extraction from (a stagnant) agriculture and sites of concentration of immiserised un- and under-employed labour.

While this summary has the feel of a caricature, Harriss and Harriss (1984) show, once more with the case of the town of Arni - over the decade from 1973, the extent to which Arni may display elements of parasitic urbanisation. The rate of profit had increased over time. Gross value added had increased on average from 7 per cent in 1973 to 25 per cent a decade later.

The profit element of the distributive share[10] had increased. The assets structure had increased in concentration (the top decile of the assets distribution having a gross output 66 times that of the bottom one. Not all these assets were productive. As a consequence, there was considerable inequality within the town: per capita incomes as multiples of the poverty line ranged from 0.7 (rice mill labour) to 95 (in the households of silk weaving and paddy mill bosses).

As regards the circulation of capital, the mapping of credit-deposit ratios of all nationalised banks revealed net flows away from less developed agricultural regions to more developed agricultural regions, from rural to urban sites and substantial net capital flight from the district to the metropolis. Similarly, the proportion of private commercial capital coming from agriculture halved between 1973 and 1983 and agriculture was increasingly less favoured as a destination of commercial investment. All of this indicates that rather than recycling capital productively in a growth pole type of circuit, substantial elements of capital were drawn away from rural to urban uses and thence from Arni to metropolitan destinations. The town was in process of unhitching itself from its agricultural hinterland.

Finally scrutiny of the development of pawnbroking over the decade showed a doubling of loans in real terms and a trebling of the number of firms, terms and conditions of pawn-loans increasingly adverse to borrowers and profits invested in property and moneylending. But market towns have other developmental pathologies.

6. Tax Evasion and its Implications for Governance

Widespread, large scale tax evasion is entrenched in India. As long ago as the early '80s it was estimated that 41-58 per cent of potentially taxable income from all sources escaped taxation and further that in specific instances of commercial taxation on agricultural products non-compliance amounted to possibly 80 per cent of potential revenue [11].

Tax evasion fuels a black economy, likely to be the major fraction of the market town economy, characterised by:
i) a large black financial sector,
ii) tendencies (by no means exclusive however) to unproductive investment,
iii) short term finance and investment,
iv) the privatisation of civic services (and therefore tendencies to double standards in performance) and
v) pervasive relations of corruption.

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[10] The relation between net profit and wages.

[11] Goswami et al, 1991 ; Harriss, 1984. It is estimated that only 7 million out of 1,000 m Indians pay income tax. This does not mean that 993 million people evade tax. It simply points to the fragility of this element in the tax base. The number who ought to pay income tax is unknown.

There is a trade-off between the costs of, and returns to, tax collection which creates incentives to organise production and commerce in units below the various thresholds. Above these thresholds the art of evasion and the craft of avoidance are practised often using corrupt transactions.

In Arni's business economy the failure to pay municipal (local government) taxes may seem a petty offence, but its effect on municipal finance is dire and its implications for urban development far reaching: Table 3 has aggregate details for two representative years.

On the whole municipal tax evasion - see professional tax - was lower during the representative year of democratically elected local government [12]. Taxes raised from the very poorest (with gross outputs currently estimated at less than 0.5 per cent of those of the 15 top firms) contributed in 1992-3 nearly as much as all the inhabitants with taxable property and income. The Municipality appears to tax people earning less than its own employees but

Table 3 : Municipal Taxation (Rs)

	Period of democratic rule e.g. 1986-7	/ Rule by Special. Officer 1992-3
A .Taxes from Propertied Classes		
Property Tax	9,81,162	22,38,188
Professional Tax	2,04,231	75,201
B. Taxes from Poorest Traders		
Municipal Market Fees	4,69,497	15,01,016
Cart Stand	2,76,476	2,93,304
Fines on Encroachment	19,41	9,022
B as % of A	64%	78%

is unable or unwilling to tax the elite. Three interpretations suggest themselves:
i) a class conspiracy between the commercial elite and the local bureaucratic elite;
ii) the political weakness of local government which loses the struggle over resources with the local commercial elite;
iii) the lack of legitimacy of local government, such that tax evasion represents a 'principled protest' at the high spend on salaries and the low spend on infrastructure: a set of circumstances which is likely to be self perpetuating, if not self reinforcing.

[12] Taking inflation and tax revaluation into account.

All but the pettiest of commercial firms had net returns before tax above the income tax threshold of Rs 45,000 p.a.. Little tax is paid as a matter of pride. Bus companies keep no accounts at all and the income tax of owners is collectively negotiated. Commercial taxation is implemented so as to cause preemptive development. It is also evaded. Pre-emptive development is instanced by the burgeoning scrap metal sector where commercial taxes are levied on the first purchase. The sector is structured around a sizable number of independent small wholesalers whose gross output is beneath the commercial tax threshold and who bulk and sell to a small number of large wholesalers (whose 'second purchases' are therefore tax exempt). In practice, all the apparently independent small wholesalers are completely financed by the large wholesalers and are not very well disguised wage labour.

Evasion is instanced by groundnut, subject to cascading taxes at every stage, which are extensively evaded by means of verbal, spot contracts with immediate cash payment. Thus the only commodity whose conditions of transaction remotely resemble those of perfect competition assumes this particular and rare contractual form specifically to escape state intervention.

7. The Underdevelopment of Urban Infrastructure and Civic Services

Utilities: electricity, water, drainage, sewerage, garbage disposal and public hygiene and physical security are as fundamental to the functioning of any market town as are property rights. So also are certain 'basic needs': shelter, health, education and food. Together, these civic services and basic needs shape not only the public health environment and the private quality and distribution of 'human capital', but also the capital and transactions costs of the market economy and the terms and conditions on which labour is supplied. As a result they affect production as well as trade.

Research as far apart as Nairobi (Werna, 1993) and Los Angeles (Davis, 1990) has confirmed not only the existence of extreme social and spatial differentials in peoples' access to civic services and basic needs within towns and cities, not only the wide prevalence of rationing, but also important differences in the ways that ownership and organisation contribute to the supply of such services and to performance. Here, we have to confine our analysis to the provision of, and access to, all the utilities listed (with the exception of the first and the last).

It is generally assumed that demand for such civic services and basic needs exceeds the capacity to meet them so that rationing is inevitable (Muraleedharan, 1993, p.1296). In many third world settlements, rationing is also associated with highly specific and considerable needs arising from environmental pollution [13], the close proximity of hazardous waste to residential areas, inadequate and ageing infrastructure (Appasamy, 1993, pp. 203-8).

[13] See Rodrigo, 1995, for evidence of the polluting impact on drinking water of untreated effluents from leather tanneries, silk and cotton textiles dyeing units in the Palar basin.

Granted the existence of resource constraints in local government, three interrelated empirical questions arise which, if rephrased normatively become central issues for infrastructural policy:
i) what services are citizens entitled to?
ii) who are entitled to these services?
iii) how are they provided?

Civic services and basic needs may be provided by the state, 'the market' and 'the community'. The form taken by state provision, particularly its degree of decentralisation, tells eloquently about its role in the process of social accumulation more generally. Market provision is generally a hybrid form with the state playing a significant regulatory role. Voluntary provision through NGOs, user groups or community development also is thought to have to be accountable - by regulation and inspection - to the state (Werna, 1993).

7.1 Planned Provision

The planned provision of civic services and basic needs faces extreme uncertainty, monitoring and informational problems, all in the context of 'market failure'. ' We simply do not know enough to be able to allocate resources efficiently. It is difficult to substitute the decisions of thousands of people as they live, work and play .., by the decisions of a planning authority' (Mohan, 1992 [14]).

It is unsurprising then that one characteristic of public provisioning is great unevenness. Kundu (1991) documents wide variation in the public provision of water and sanitation to the urban poor by local authorities across India. There are two features: i) local variation in - ii) lack of access to - these civic services. Wanmali and Ramasamy, using data for the 80s, show how local infrastructural provision in the former North Arcot District in Tamil Nadu varies spatially; and how great the budget variations are, both by subsector and over time (1994, pp. 14-20).

The finance of utilities and services is another significant problem for local administration. Bagchi (1992) shows that in the Calcutta Metropolitan Development Area, the budget constraint arising from free riding curtailed the type and extent of services that could be provided. Local urban governments have then to obtain state and central government funds. Yet such budgets are in turn constrained not only by the structure of taxation but also increasingly by conditions on expenditure prescribed by Bretton Woods Institutions. Kothari and Kothari (1993) write:' The IMF-World Bank (insistence) on increasing government efficiency by cutting spending is of particular concern... (since) countries under SAP conditionalities invariably end up chopping allocations for those social or 'soft' sectors which cannot show immediate tangible returns' (p. 465).

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[14] See also Shaw, 1996, for analysis of attempts since Independence to effect this.

The danger is then that the weakest and neediest social strata are deprived of services (see Banerji (1993) for evidence pertaining to health) while the most powerful sections of society are provided with and appropriate civic services in the most effective institutional form.

7.2 Market Provision

Issues raised by the literature on urban housing are of general relevance to the market provision of utilities and services. With respect to the market based finance of the private construction of shelter, Mehta and Mehta note that existing institutions (banks, housing finance and public housing agencies) depend on collateral and are therefore biased against the urban poor (1991, p. 1108). Collateral is required to tide institutional lenders over an uncertain period during which private housing developers require money to obtain urban land and clearance and while lenders require clear title and permissions. Institutional partnerships between (public) financiers and (private) builders are said not yet to have been tried (op. cit., p.1113). Further lenders' risks arise with working capital. When the builders are contracted to housing co-operatives or a non-trading corporation such as a house owners' association, the ownership of land or property is not easily established. Thus 'working capital is available only to established builders who generally operate in the up-market segment' (Mehta and Mehta, 1991, p.1113). And private developers catering for down-market and non-trading institutions are unable to accumulate the creditworthiness to obtain loans.

So vested interests, power relations and lack of trust combine to constrain and compartmentalise the development of urban low cost housing and thus privately to appropriate urban space for the non-poor. The question arises whether that lack of access to finance results from the lender's knowledge of risk or their experience of uncertainty and in some sense 'real' or whether it is an excuse to prop up repeated financial transactions in a set of vested interests? There are implications here for **policy**. If the former, then governments have a role in providing services or providing 'the market' with safety net regulations. If the latter then governments might coerce institutions to altering their repeated and interested behaviour.

Either way, those who benefit privately from private provision may be expected to espouse forms of politics seeking the private appropriation of benefits of infrastructure, to avoid the negative externalities of market based provision and to minimise contributions to local public sector resource bases.

7.3 Community and Household Provision

Many analysts (including Kothari and Kothari (1993), Appasamy (1993) and Wanmali and Ramasamy (1994)) argue that the management of resources ought to be organised on a decentralised level because this will ensure greater distributional equity: 'the true alternative to the economic crisis lies in getting away from both an overcentralised system, which has been the case since Independence, and an excessively privatised one, which is looming on the horizon. Community management of resources needs to be revived, with a clear set of rights and obligations for local communities, governmental agencies and voluntary organisations' (Kothari and Kothari, 1993, p. 476).

However, these polemicists neglect three important issues :
i) the inequity of decentralised revenue raising and the relationship between institutions of revenue and expenditure,
ii) the class specificity of community managed space and the tendency towards 'group privatisation' under conditions of 'state failure'. With respect to physical security, collective privatisation is accompanied by a politics of 'radical conservatism' (radical because organised at the grass roots and rejecting conventional political expression but conservative because confined to reactionary ('NIMBY' [15]) values or easily 'winnable' issues;
iii) the creation of institutional authority.

Kumar and Mukherjee (1993) see the last two emerging from a more powerful engagement of voluntary organisations in the participative monitoring of both public sector and market provisioning.

7.4 Institutional Combinations

It is clear that the public sector is not essential for all civic services (e.g. in Nairobi while it is important for sewerage and water, it is less so for health and garbage (Werna, 1993)). Public provision is least controversial for undisputed public goods
- where provision has to be on a large scale,
- where both positive and negative externalities are high and visible (Batley, 1992),
- where scale economies are manifest and
- where cross subsidy is possible for purposes of a politically endorsed 'social inclusion'.

In practice, composite combinations of institutional provision are very common. The extent to which composite provision is coordinated seems an entirely separate issue. In the example of Nairobi, health services are most pluralist (involving a variety of public sector institutions, private, voluntary and 'traditional' non-modern health care not always supplied on the basis of market exchange). This complementary system is poorly co-ordinated however such that composite systems of service provision can coexist with underutilisation of capacity. With respect to drinking water and sewerage there is institutional substitution but the different types of provision are better co-ordinated. Baru (1993) for India reveals the wide spatial variation of health provision furnished by combinations of the public, private and voluntary sectors. The evidence he reviewed suggested that there is a positive association between economic development, market provision, public provision and voluntary provision; that the three modes of provision are synergistic complements rather than substitutes. If this is

[15] An American expression for a 'Not In My Back Yard' form of politics.

generally the case, then interregional differences in the quantity and quality of provision of civic services can be predicted to increase (Baru, op. cit., pp. 966-67). The central place nature of such services cannot explain the wide variations in the provision of services.

It has been suggested in the context of structural adjustment
i) that both intra-service co-ordination of service provision between state and market and inter-service co-ordination within state and market can be improved, (though the mechanisms by which increased co-ordination might take place are unexplored) and
ii) that the state can play a facilitating role to the private system of provision in conditions where the state has been forced out or has been unable to contain private provision. In turn this allows limited access (though the mechanism by which a weak interventionist state can turn into a strong regulating state is not specified)(Werna, 1993).

7.5 Public Action

While revenue constraints have pitched many local administrations into the arms of central government grants and subventions to maintain minimal services, the Municipality of Barrackpore in Calcutta has succeeded in doubling its revenues over an 11 year period due to property tax changes which raised charges to residents without sacrificing a popular political mandate. Bagchi comments:' It would be simplistic to explain the behaviour of Barrackpore residents in terms of rational 'public choice' given the universal 'free rider' instinct of tax payers and the deep distrust of politicians so prevalent in this part of the world. Apparently what counts.... is nothing but the ability of those in charge of the civic body to overcome that distrust and to persuade their constituencies to take their word that they meant business and that they could be counted upon to deliver what they had promised... This was no mean task..' (1992, p. 1779). One of the mechanisms by means of which trust was won was through residents' noting immediate tangible changes in their urban environment as 'effective control of the utilities staff' by local elected councillors ensured better public hygiene and garbage removal. Another mechanism was exemplary. Residents saw councillors taking a lead by raising the rateable values of their own properties and by paying promptly.

7.6 Urban Utilities and Security

Beed and Bloom (1995) have noted from global research a positive association between income, consumption, waste and public health hazards - and their collective negative association with levels of political awareness of these relations! The market town of Arni is a good example of the politics of urban access under conditions of high inequality. The town has lost out in the political scramble for services[16] and, for a town of its size, Arni is

[16] Residents, especially parents of female children, are acutely aware of the location of the government college which was awarded to the successful politician representing Cheyyar, a much

relatively poorly endowed with infrastructure (Wanmali and Islam p 144-54). There are 7 slums each having between 70 and 400 huts and accommodating 15 per cent of households. On the other hand, its town plan document declares that Arni 'is well served by utilities' (Government of Tamil Nadu, 1982 p16) and the plan, while detailed on land use zoning, makes no mention of them.

7.6.1 Drinking Water

Protected water has been supplied on a mass basis since 1974 (op. cit. p12). There are now two major infiltration wells in local river beds. From these water is pumped to three overhead tanks and drawn thereafter by gravity to tap connections in 42 per cent of houses and to 152 public drinking fountains. Access to domestic tap water in Arni is on a par with that in surrounding villages! The facility is screened by ability to pay (Rs 20 per month for domestic connections and Rs 50 per month for commercial premises). The water table is not particularly high, at 9 metres, supplying 23 per cent of houses directly via private drinking wells. While in 1982-3, 73-76 per cent of residents lacked access to tap water [17], during the late eighties a World Bank loan was used to remedy the acute shortages of the drought years and 160 bore wells were sunk, which households share (privately). The poorest 30 per cent have access to some 112 public handpumps (the installation of which is sometimes triggered by local collective subscription) and 94 public wells. Clothes can be washed in the 4 public tanks, but within the last twenty years these have become extremely polluted and are avoided. Certain public utilities of Arni can be compared with those of Thanjavur in the Kaveri delta to the south east. Arni is now considerably more developed with respect to drinking water.

7.6.2 Drainage and Sanitation

When fine roads were surfaced 40-50 years' ago, part of the elite residential area and the central business area had an underground drainage system installed, which flows to a drainage tank (**eri**) on the edge of town. For the larger remaining territory of the town, open drains lead to 96 drain pits. Not only does rainwater trickle into these drains but all manner of organic waste, street waste, dead animals are shovelled and swept into these congested ditches. They are physically dangerous and a public health hazard, which the Municipality has responsibility to clean once a week.

This visibly deteriorating public squalor is the product of history. As a jagir, Arni was outside the jurisdiction of the Municipal Act. Little was done about sanitation until relatively recently. The built area of the town was interspersed with open spaces used systematically (rather like the village commons) for purposes of defecation (as were the outer limits of temples), the product being recycled by pigs and dogs. These areas have been encroached

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smaller settlement at some distance from Arni (also boasting for the same reason a court and a modern rice mill).

[17] Wanmali and Ramasamy, 1994, Table 3. 3, p. 47.

upon and dense population has induced certain changes in technology. Now sections of alleys in the congested central business area and residential wards are intensively deployed for defecation, no longer well recycled by animals but accumulating and slowly decomposing. Also, the paucity of public latrines allows no option to the vast population of visitors. There has been a rapid change in domestic technologies; 55 per cent of houses have flush latrines and 43 per cent (most of the remainder) dry latrines. The problem is that few are connected to septic tanks, so that untreated human sewage joins drain water and untreated chemical effluent from the dyeing of silk yarn. Both seep, via semi closed drains, to an open tank originally positioned on the southern edge of the small 19th century village [18] but now engulfed and centrally sited in the 21st century settlement.

7.6.3 The Fire Service

This also requires water. Despite a substantial population increase in the urban region and the radius of 30 kms, the fire service, established in 1974, has seen no commensurate increases in fires. This is just as well because water table depletion has robbed the fire service of its well and, starved of resources, it is now dependent on the private patronage of rice mill owners for its most crucial raw material. It is largely a rural service and the state of rural roads and the unpredictable barriers of level crossings on the railways inevitably make it slow and cumbersome for such a purpose. The fires are **agricultural** [19].

7.6.4 Garbage and Waste

This is a story of public provision with private incentives. The Municipality is charged with the daily sweeping of the central business area. This is done twice a week. In response to the tide of filth, shopkeepers organise and supplement this service privately and/or collectively. But such action displaces garbage rather than removing it. Three groups of municipal scavengers police the garbage, 160 people aged between 23 and 58 of whom 30 are women. The municipality allows these jobs to be inherited. Conditions are **relatively** privileged. The pay is Rs 1,800 per month, the working day is strictly regulated, a rest day allowed, provident fund and pensions are paid and these gangs are solidly unionised. Standing by is an army of 200 reserves who take temporary employment at Rs 40 per day. Scavengers live in 4 slums and a set of quarters managed by the Municipality. There is a gender division of labour, women cleaning latrines and men the drains and solid refuse. The labour force supplements its pay (by Rs 600 -1000 per month [20]) with private contracts and by supplying raw materials to recyclers. The Municipality is widely alleged to delay wages, appropriate the provident fund and take ages to provide pensions. In return, the passive resistance of this

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[18] Arni was 9,300 in 1901.

[19] Hot season fires occur in sugar cane fields. Rainy seasons provoke electrical fires both in the fields and in huts. As in the case of public latrines in the villages of northern Tamil Nadu, so here, the first service is used for other purposes than that intended - notably as an ambulance in the case of accidents.

[20] This fluctuates to zero.

reluctant labour aristocracy of social outcasts leads to a systemic deterioration in the quality of public service and thus to private provision by the urban elite for themselves.

7.7 Policy on Infrastructure

The collective institutions advocated as favourable forms of governance at the 'community' level by advocates of liberalisation [21] are found, in and around the town of Arni to be ad hoc and by no stretch of the imagination necessarily efficient or equitable solutions to problems of access. Rather they respond and create conflict and accentuate gender, caste and class differences, which the state, with its secularist development project in decay, is unable to regulate.

This review of small-town infrastructure raises many more questions for research than it answers:
i) the means (other than formulaic and oppressive targeting) whereby the overseers and official deliverers are supervised;

the conditions and the process by which:
ii) - local government could build relations of confidence with taxpayer-residents so that free riding does not constrain the nature and extent of civic service provision;
iii) - a public ethic of equity might be substituted for public alienation (despite a political rhetoric of equity) so as to guarantee rights and claims;
iv) - market based provision of utilities, civic services and basic needs to the poor could ever be developed through long term finance under common conditions of fuzzy or continually contested property rights and obligations and
v) - decentralised communitarian institutions might develop both the capacity and the authority to ensure equitable outcomes without creating conflict.

In fact, the preoccupation with ownership and organisation and the distinctions between them may have diverted analytical and political attention from much more important and 'prior' problems of the public ethical foundation on which both institutional innovation and institutional incentives depend.

Thus Kumar and Mukherjee conclude on health provision but with much wider relevance (1993, p. 774):
'In the field of public health services there is a lack of incentive for efficient provisioning. Improvements in management and administration .. are essential .. (but so also are the) ethics of management.. There is a need for a new consciousness among public service managers ... not only to encourage improved public provisioning but also to monitor performance and ensure accountability'.

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[21] e.g. inter alia, Rao and Gulati, 1994; Wanmali and Ramasamy, 1994.

8. The Nature of Marketplace Exchange: Primitive Accumulation and Corruption

In discussion of this final issue, three propositions about corruption will be emphasised because of their relevance to market town development:
i) that the accumulation process is as important to corruption as is the venal state bureaucrat;
ii) that bureaucratic corruption is but a subset of its commonly observed forms;.
iii) that deregulation may be accompanied by an increase in corruption and by mutations in relations of corruption.

The 'new political economy' features models of corruption as a market-clearing response to the inefficiencies of state regulation with the bureaucrat placed centrally in the analysis, able to develop private property rights over public goods and services (Jagannathan, 1987). The implication is obvious: deregulate and the niches for corruption will be dramatically reduced. In practice, it is commonly being discovered that the reverse occurs.

Field research in Arni town in Tamil Nadu in 1994 has provided insights which help explain this apparent paradox. It has become obvious that administrative corruption is but one ingredient in a stew of fraudulent and/or corrupt transactions. Other ingredients are political and judicial (Harriss-White, 1996b). The exact site of such transactions may be metropolitan but the origin and impact are in the local urban economy.

The manner in which bureaucratic corruption may become politicised over time can be illustrated with the case of bus transport. Bus routes should be allocated bureaucratically according to closed tender proceedings and bus fares are capped by administrative fiat. Administrative corruption has over time ensured a 'clearing response' type of allocation of routes which maximised returns, net of wear and tear. In the next phase, this administrative position of rent seeking discretion has been subject to political capture. Politicians have inserted themselves as regulators and fund collectors and routes are doled out periodically in a 'public' meeting of politicians and bus owners according to the latter's individual roles in electoral and party political funding. The political executive comes both to command the administration and to capture the formerly private rents they gathered. Even more recently, the **collective** political investments of bus owners themselves have been returned in the form of discriminatory policy changes timed to disadvantage the state's own public sector bus transport and to advantage private owners. This is a simple illustration both of the role of corruption in development policy paradoxes and of the more subtle form of corruption theorised by Khan (1996) and Roy (1996) wherein the state subverts its popularly mandated development project to powerful interests in society.

The relative and absolute importance of the many forms of corruption cannot be known. And although we know that party political allegiance, caste and gender structure corrupt access (such that it is inaccurate to theorise corruption as market clearing, there being no pure market), we know nothing of the relative roles of market and non-market factors in affecting corrupt access or the prices of corrupt transactions or how the relative importance of these roles might be changing over time.

While bureaucratic earnings are comparatively low, and low-risk, long and extremely costly waits are accepted by the local commercial elite in order to lodge kin (routinely and corruptly) in the bureaucracy. As with political participation so with the administration, these modes of livelihood have high economic and non-economic entry barriers, are investments (made with funds derived from primary accumulation) requiring returns (derived from corruption). Symbiotic economic relations develop between business, the administration and the ruling political party.

Furthermore, the underfunding of state institutions as a result of tax evasion (much more enduring form of underfunding than that caused by policy conditionality consequent to structural adjustment) results in undermanning and a resource scarcity. In turn this reinforces bureaucratic and political incentives for rent seeking, just as the resultant mediocre performance reinforces incentives for fiscal non-compliance.

That the centre of gravity in the discourse of economic reform concerns the cutting of public expenditure rather than fiscal compliance (irrespective of how tax regimes may also be being reformed) is eloquent testimony to the power of this 'reversed' clientelism.

Flows of money up and down political networks solidify social relations of tribute and political patronage which run closely parallel to those of state revenue and development. Political campaigning may devour funds raised lawfully and create appetite for funds raised corruptly. The distribution of gains from political corruption is central not only to party politics but also to forms of state governance. Under one regime, funds (originating mainly in the commercial economy) may flow upwards, be centralised and subsequently redistributed to the mass of potential voters in the form of money as pre-election sweeteners [22]. Whether this is generalised to patrimonial, populist or clientelist forms of state politics depends first on the relative statuses of bribers and those ultimately collecting bribes and second on the need to buy votes. But such centralised funds may also be privately appropriated and used for conspicuous consumption, or re-allocated, semi-legitimised, into forms of politicised bureaucratic provision or commercial investment. Under other circumstances, those of corrupt accommodation, there may be extensive political (or political-cum-administrative) leakage (either privately appropriated or partly redistributed downwards) at every stage of the upward and downward trajectory of money. Political corruption may bypass the bureaucracy entirely, the implementation of reciprocal favours from corrupt alignments being administered according to political command by officials in an entirely legal and orthodox manner.

Urban development is the product of negotiation and struggle, not entirely determined by the ruling classes, but structured and made possible by configurations of property, market exchange and state which are capable of continual contest and challenge. If those described here are replicated more widely, then **primary accumulation** seems rather enduringly to

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[22] Wade described similar relations for village councils and the irrigation bureaucracy in his **Village Republics** (1988).

characterise the mass of urban businesses within a national economy whose apex is dominated by corporate capital and which is being penetrated by global capital. Open and black markets function in similar ways. Primary accumulation is not only historically and logically necessary, it also takes what Marx called 'primitive' forms. Corruption is one of the aspects of this 'primitive' condition. It is a social phenomenon, not confined to public office. In a society where rent seeking is pervasive, a shift in the scope of the state may lead not to the eradication of rent seeking but to its redistribution between 'state' and 'market'[23].

Under pervasive rent seeking in both markets and state, the epicentre of corruption is not to be assumed to be the venal official. Nor is the official necessarily the most powerful party to a corrupt transaction. Conditions of corruption can be observed in which powerful clients are at the epicentre, or where political and business èlites exclude officials, or where there is no epicentre, or where there is a historical shift towards domination by political corruption which restructures the bureaucratic and judicial behaviour and which directly and indirectly affects the composition and structure of market exchange. We have identified four archetypes of party to corruption, which may act in contradictory ways in response to deregulation:

i) officials and state employees. The impact of deregulation is indeterminate. On the one hand, where demand by powerful officials is the origin of corruption then deregulation will not only reduce the supply of activity amenable to corruption it will also reduce the demand for it. On the other hand, where powerful elements in society corruptly wrench privileges from weaker officials the state may be forced to accommodate these interests not only directly by ceding rights or access but also indirectly by modifying other elements of policy and modifying the state's command over other resources in order to accord with such powerful interests. Deregulation is unlikely to affect the structures of these relationships.

ii) politicians. If ministers are the origin of corruption (with various chains of money collected for them and dispensed by them), then deregulation would simply increase the political competition over the 'residual' state employees and the resources they command. Depending on the private-political and party-political gains from money collecting corruption, the price of corrupt transactions could increase. There is no reason to assume that the quantity of corruption would decline if political corruption is the most prevalent form.

iii) businessmen. Bribes may be supplied without much coercion openendly, as an institutionalised transaction cost or in order to influence unknown future events. Then neither officials nor politicians would be the source of corruption, rather it would stem from demand for goods, services and preferential non-compliance. Merchants and business houses also

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[23] Ades and di Tella in an extraordinary global analysis of business indices of corruption, find market structure negatively associated with corruption: the less competitive the market structure proxies the higher the corruption indicators (1995). Their policy conclusion is of a routinely residualised nature: make markets more competitive. Their research gives no indication of how that might be achieved.

fund political parties directly on a large scale. They lobby systematically to protect business from threats. Their kin are placed in politics and in the bureaucracy and they can place pressure on the police and judiciary. Deregulation by itself would not set conditions requiring a significant change in such behaviour. Indeed it could strip the state of its residual capacity to curb it [24].

iv) lawyers. All the other groups are in positions to bribe the judiciary to decide and implement in their favour. Deregulation would not necessarily reduce such corruption, merely shift its content.

The relations surrounding these four types of 'actor' are complicated by two further facts. First, in every case their role in relations of corruption is subject to internal contradictions [25]. For officials do enforce the law; politicians legislate; lawyers and judges adjudicate breaches and businessmen conduct commerce. As the forms of corruption breed and mutate, the uncorrupt actor will be penalised, economically but also sometimes physically. Second, the distinction between actors (or interest groups) will often be blurred. Through ties of caste and kinship, the commercial elite may elide with that in politics and in the administration.

Resources corruptly denied the state through evasive activity and through the concessions in policy and in resource allocation made by the state to protect itself are likely to exceed those denied it through the transactions costs of corruption or through the costs of relinquishing resources sought to be state-controlled. Then the legitimacy of the state as an autonomous instrument of authority is undermined , as is its developmental project. Corruption may increase under liberalisation both to ensure the perpetuation of rent generating relations of accommodation between 'state' and 'markets' and, from other interests and directions, to enforce change in the direction of competitive deregulation. Political controls over the behaviour of state officials weaken. Meanwhile local economic influentials seek to maintain and defend rents in the face of competitors. The credibility and capacity of the public sphere is undermined.

A ganglion of relations of black economy, economic crime and corruption (increasingly political) sets and defends the conditions for its own perpetuation. The development of private protection forces and mafiosa sets in institutional stone a defiance to state authority and coercion. Parallel protection forces police sequences of complex, corrupt transactions where the roles of principal and agent are lagged and rotate.

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[24] As Goswami et al demonstrate in a formal model which specifies the conditions under which the lowering of tax and penalty rates' does not increase income tax revenues but instead increases non compliance (1991).

[25] I am indebted to Mooij, 1994, for this insight (from her deconstruction of the implementation of the Essential Commodities Act in Karnataka and Kerala) which is easy to overlook, confronted with the catalogue of small-town corruption.

When the state does not well perform the minimalist regulative role to which the reforms would reduce it, other, local, so-called 'informal' regulating institutions imperfectly fill the breach. These may then form obstacles to formal regulatory institutions necessary to underpin the non-local trade characteristic of a liberalised national market. It is time their existence is acknowledged.

9. Conclusions

From this review of literature, it is evident that research on market towns needs to draw on a variety of disciplines and be consolidated at a variety of geographical scales. At a regional level, the extent of congruence of market place and market exchange needs to be established. Whether the urban economic base is dominated (in terms of investment and employment) by agricultural product wholesale trade or by general retailing or by the market distribution of investment goods or by none of these is of salience to our understanding of the growth process on the one hand and of the need, potential and likely impact of planning on the other. Without such research the historical dynamic of market towns remains opaque. Without it, questions discussed in sections 1 and 2 here about i) the role of the agrarian structure in the process of urbanisation, ii) the impact of land relations on the size, social and spatial organisation of the marketed surplus and the wholesale trade, iii) the impact of land relations upon the distributive share in the agricultural sector and thus on the spatial and social distribution of retail demand and supply and iv) the consequences of state investment for the growth and location of capital, commodities and people, all remain but guesswork. We cannot subject to critical evaluation the demand-based and supply-based theories of urbanisation (section 1) or track the spatiality of the transformation of the structure of the economy.

In such research, the social, spatial and sectoral origins of agricultural wholesale capital and of the agro-commercial labour force need to be placed centre stage. If this is done, then the roles of trust and reputation on the one hand and of economic and political power on the other in the structure and behaviour of market exchange may begin to be disentangled. This is no 'angels on a pinhead' stuff. Such questions have a bearing on the type and the social exclusivity of rural-urban and intra-urban linkages promoting productive capital and thus on the breadth of the accumulation process which underlies 'development'. Answers to such questions will also contribute to an explanation of the extent of urban development associated with industrial clustering and process specialisation, thought (though we have suggested mistakenly) to characterise the most recent era of global capital (section 4).

Even with the restricted research on Indian market towns which exists at present, it is plain that their **growth and transformation** cannot be dissociated from their **underdevelopment**. The latter is revealed in unproductive accumulation, in their roles in extra-local capital flight (section 5); the underfinance of urban administration and public infrastructure (sections 6 and 7) and the prevalence of unrecorded crime and corruption which was rapidly increasing in the early 1990s (section 8). Market towns are visible sites of all these 'pathologies'; but to research their significance may require a kind of investigation in which the market town is but a component. The economic mediation of such places as nodes in capital flows needs a trace of origins and destinations which may lie far beyond an individual town. The paucity of municipal resources and the underdevelopment of infrastructure are the outcome of state politics, of technical possibilities, even of the politics of international aid and credit. The vexed question of the developmental role of crime and corruption problematises the law, the political settlement between state and society and public ethics. Here the market town is but a single, useful site where we may case-study social relations which are likely to be much more generally pervasive.

Our review has indicated a list of issues for public action over and above the 'pathologies' summarised immediately here. Market town development has been taken to require provision for market exchange: marketplaces; storage; communication (both by telecommunication and by transport and roads); mills and other processing technology; hotels and banks. The public goods character of many of these implicates the state in provision and there is a literature from the decade 1965-75 that sets out to explain how the state might provide such infrastructure for 'growth centres' and 'integrated regional development'[26]. Disregarding the controversy over the possibilities of deliberate planning of such centres (reviewed in section 1), if that literature is revisited, it will be seen to have diverted attention from sort of infrastructure needed in any town without which physical security and public health cannot be guaranteed: water, sanitation and drainage; waste and garbage disposal and recycling. The Indian literature is not exceptional in tending to treat these aspects of urban development policy as untouchable. Simply because these do not appear as important as do private property rights as preconditions for market exchange, this infrastructure has been neglected to the point where market towns may now repell investment.

The topics discussed in this concluding section all require an engaged and historically-informed kind of field research, without which the possibilities for bold and critical scholarship are much diminished. None of the research reported here can be driven by existing published material, the categories of which can act as blinkers or outright obstacles, as for instance when market towns are disguised in census volumes as villages, when the diversity of the urban economy is thrown into the census dustbin of 'trade, transport and services' or when the untaxed, hardly licenced, un-state-regulated, un-officially-known economy **is the only one there is**.

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[26]See the stream of publications from the National Institute of Community Development in Hyderabad, exemplified in Sen, 1972 also Johnson, 1965, Moseley, 1974 and Misra et al., 1978.

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