

CREDIT, MARKETS AND
THE AGRARIAN ECONOMY
OF COLONIAL INDIA

Edited by

SUGATA BOSE

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General Editors' Preface

This series focuses on important themes in Indian history, on those which have long been the subject of interest and debate, or which have acquired importance more recently.

Each volume in the series consists of, first, a detailed Introduction; second, a careful choice of the essays and book-extracts vital to a proper understanding of the theme; and, finally, an Annotated Bibliography.

Using this consistent format, each volume seeks as a whole to critically assess the state of the art on its theme, chart the historiographical shifts that have occurred since the theme emerged, re-think old problems, open up questions which were considered closed, locate the theme within wider historiographical debates, and pose new issues of inquiry by which further work may be made possible.

This volume focuses on a theme which has been central to all discussions on the colonial economy. For nineteenth-century British officials, peasant indebtedness was a cause of worry: it was a sign of poverty and a likely reason for the lack of dynamism in agriculture. Behind all peasant revolts officials saw a long history of inherited debts, the machinations of usurers, and consequent land alienations. In nationalist discourse, indebtedness was evidence of peasant impoverishment caused by high levels of state revenue demand. Twentieth-century British officials like Malcolm Darling inverted the poverty thesis. It was not poverty, wrote Darling, but prosperity—the increased power to borrow—that led to the accumulation of debt. This was a picture reassuring to the official mind.

Discussions on rural credit have now moved away from the simple issue of poverty and prosperity. The focus is currently on a range of other questions. Why did peasants borrow? How

and in what ways does credit affect the peasant's life? How do we characterize the relationship between peasants and usurers? How do debtors perceive their creditors? Some historians have looked at the different forms of credit—at the structures of network which tied peasants to a central bank, and through which peasants were both financed and subordinated. Others have located the working of rural credit within the logic of the production system: the temporal rhythms of production, the natural constraints of the harvest calendar, the timing of *kist* payments. Still others have explored the cultural order: the relations of reciprocity which mediate debt and bondage; the symbolic processes through which the oppressed deify and resist the oppressor. The essays in the volume reflect these proliferating horizons among historians of rural credit.

In his introduction, Sugata Bose examines the issues which underlie discussions of credit and markets. He argues that it is possible to understand complex and contestatory agrarian relations in colonial India only by breaking out of the neat dichotomies which are frequently posited: continuity and change, prosperity and poverty, reciprocity and resistance, freedom and bondage. Taken in conjunction with the articles he has chosen for this volume, Dr Bose's Introduction will seem both provocative and useful to students of the Indian colonial economy.

Author's Preface

I wrote the introduction to this volume during a period of academic leave spent at the programme in Agrarian Studies at Yale University. I would like to thank Jim Scott for providing a very lively and stimulating environment at the 'plantation' to reflect on a wide array of issues concerning agrarian economy and society. Kay Mansfield and K. Sivaramakrishnan made sure that unlike most real plantations this was also a very congenial place to be an intellectual labourer. The Provost, Deans and my splendid colleagues at Tufts University were as usual generous with their understanding and support.

I have greatly benefited from careful comments on an earlier draft by Chris Bayly and Neeladri Bhattacharya. I am also grateful to Neeladri for bringing to my attention a couple of important articles which I would otherwise have missed.

None of my scholarly endeavours carried out in India, the USA and Britain would reach fruition without the nurturing support of Sisir K. Bose and Krishna Bose, the intellectual and emotional comradeship of Ayesha Jalal, the steady encouragement of Sarmila Bose and Alan Rosling, and the infectious intellectual energy and vitality of Sumantra Bose.

My involvement with the issues dealt with in this volume began some fifteen years ago when I arrived in Cambridge as a graduate student. On a beautiful autumn afternoon, as the ivy on the walls of the colleges was turning red, I was given my first supervision on the subject of peasant history (interspersed with many others, including the history of English architecture) in the course of a long, meandering walk along the Backs. I would like to dedicate this volume to the memory of Eric Stokes, who taught me that day.

SUGATA BOSE

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Introduction

Credit, Markets and the Agrarian Economy of Colonial India

SUGATA BOSE

The social relations of debt constituted a deeply unsettling presence within nineteenth-century colonial discourse which sought a semblance of coherence by wrapping itself around the binary opposition between freedom and bondage. Scraps of paper known as debt bonds were part and parcel of the economic existence of 'free' peasant proprietors engaged in commodity production for a capitalist world market. Yet bonds of debt also implied dependence and in extreme circumstances smacked 'of serfdom' that was so offensive to the tenets of bourgeois political economy. Debt was troubling because it defied the rigid binarism between freedom and the lack of it.

The more brave among scholars and historians have written extensively during the past century about the problematic as well as the *problematique* of relations between creditors and debtors in the context of colonial capitalism. Few have failed to comment on the paradoxes which appeared to riddle these relations of production and exploitation, at once nourishing and impoverishing those who were caught in their web. The question of debt has been central to debates about continuity and change under colonial rule. Fierce disagreements have surfaced over whether prosperity or poverty better explains the prodigious expansion of credit and deepening of debt in the late nineteenth and early twentieth century. Creditor-debtor social and cultural relations in colonial agrarian economies marked simultaneously by reverence and reciprocity as well as resent-

ment and resistance have formed a critical terrain for the battles between the moral-economy and rational-choice approaches to studying peasant consciousness and action. This introductory essay contends that the analytical breakthroughs in historical writing on this 'theme' have occurred when the more perceptive scholars have been able to break out of the binary mould set by nineteenth-century colonial discourse. It is only by disturbing the neat dichotomies of continuity and change, prosperity and poverty, reciprocity and resistance, and the most vexing and pernicious of all, freedom and bondage, that it is possible to unravel the complicitous, contestatory and complex labour processes and agrarian relations in colonial India.

Although the theme of credit and markets has produced a voluminous literature since the late nineteenth century, it has been by no means the primary focus of attention for agrarian historians. The formal structures of revenue and rent have certainly captivated many more scholars than the informal and somewhat elusive ties of credit networks. The search for the basic tenure of land in India among colonial officials anxious to find a peg on which to attach the right of private property gave way to encyclopaedic studies of zamindari, raiyatwari and mahalwari systems of land revenue.¹ A good number of British civilians were perplexed and agitated by the problem of peasant indebtedness since the late nineteenth century, but scholarly exercises were far fewer in number in this field. While late nineteenth-century nationalist critics of colonial rule pointed to India's export surplus as the main channel of drain of wealth from the country, the prime target of attack continued to be the state's high land revenue demand.² Once historians of the post-colonial era began to write agrarian history on the basis of colonial records, land revenue systems and the determinants and movements of rent became the staple of research articles and monographs. Credit and finance were arguably the more

¹ The best nineteenth-century example of this genre is B.H. Baden-Powell, *The Land Systems of British India* (Oxford, 1892).

² See, for instance, Romesh C. Dutt, *Economic History of India*, Vol. 2, *In the Victorian Age* (London, 1904, reprinted Delhi, 1960).

important aspects of the colonial context since the late nineteenth century than revenue and rent and certainly more critical as modes of appropriation. So the field of agrarian history was much the poorer until very recently as a result of the relative neglect of these dimensions.

If the colonial government's 'revenue-proceedings' dragged historians into an increasingly sterile engagement with the legal categories of landlord and tenant, those who preferred to bury themselves in the colonial census records advanced arguments about agrarian continuity or change by counting and evaluating a category named agricultural labourers. Quite apart from the whimsical shifts in the criteria used to define this category, this particular research orientation concentrating on wage-labour largely left out of account peasant families who formed the vast majority of workers on the land. More important, peasant labour was the key element in the process of agrarian production under conditions of colonial capitalism.³ The theme of credit, markets and the agrarian economy can be used as a strategic entry-point to address the interreaction between peasant labour and colonial capital by integrating the histories of labour, land and capital.

It can be tempting in a volume of this sort treating the historiographical development of a theme to re-read works written ten, twenty, or fifty years ago in the light of current scholarly predilections. While taking full advantage of being located in the present, it may be best to avoid the kind of presentism which unduly privileges today's fads and fashions at the cost of losing sharp insights contained in older works and the layered corpus of knowledge accumulated over several generations. As the academic spotlight has swung away from the economy and focussed on problems of identity, much of recent historical writing influenced by cultural anthropology as well as literary and cultural criticism has tended to rediscover cultural essences with little or no reference to material contexts. The scholarly product that has resulted from this academic

³ For an elaboration of this argument and the concept of 'peasant labour' see Sugata Bose, *Peasant Labour and Colonial Capital: Rural Bengal since 1770* in *The New Cambridge History of India* (Cambridge, 1993).

enterprise has often been marked by a culture fetishism that is a mirror image of economic determinism. It has merely compounded a sense of unease with the intricacies of political economy with awkwardness in the unravelling of cultural meanings. If this introduction were to be allowed to drift with the current intellectual tide, it would indulge in a bit of polemic against economic and political analysis; get embroiled in political economy anyway in seeking to interpret colonial capitalism since that phenomenon cannot wholly be reduced to a discursive formation; and, in the end, assert that while appearing to have to do with economics and politics credit relations did not operate outside an all-important, historically given and culturally defined context of power. That would be bowing to the moment's historiographical tendency; the historiographical challenge, on the other hand, is to blend imaginatively the aspects of political economy and culture.

(CLARIFYING) CONTINUITY AND CHANGE

The theme of credit, markets and the agrarian economy began to take scholarly form in the late nineteenth and early twentieth century within the large problematique of the character and extent of social transformation under colonial rule. The yardstick that was supposed to gauge the quantity and quality of this change was the loss of peasant lands to moneylenders.⁴ The topic of numerous reports of commissions of enquiry in the late nineteenth century, this concern found expression in the shape of an early 'research monograph' in S.S. Thorburn's *Mussalmans and Money-lenders in the Punjab* published in 1886. It was a powerful indictment of the conversion of 'collective into individual ownership of land, plus the right to alienate it at pleasure' introduced by the British in 1849-50.⁴ The 'munsifs presiding over the civil courts and in league with the moneylenders were painted as the villains of the tragedy unfolding in the Punjab countryside. Thorburn's book and his report on

⁴ S.S. Thorburn, *Mussalmans and Money-lenders in the Punjab* (London, 1886), p. 49.

indebtedness prepared ten years later⁵ proved to be effective weapons in the hands of the authors and backers of the Punjab Land Alienation Act of 1900 which sought to prevent alienation of land from 'agriculturists' to 'non-agriculturists'.⁶ Thorburn might be regarded as one of the founding fathers of a 'Punjab school' of colonial writing on the theme of debt. The capstone to this 'tradition' was provided by Malcolm Lyall Darling's *The Punjab Peasant in Prosperity and Debt* first published in 1925 and put out in a revised edition in the year of Indian independence.

It is often mistakenly supposed that the colonial sociology of knowledge privileged the domain of economy at the expense of social and cultural identities.⁷ It is true that colonial discourse since the late nineteenth century was profoundly implicated in the capitalist quest of maintaining the stability of a commodity-producing peasantry, especially since this peasantry had been settled and sedenterized at great cost as revenue-generators in the first half of the century. But the project of colonial capitalism and the colonial sociology of knowledge were meshed in contradictions which did not enable an unambiguous privileging of the economy. It was not even that an uncertain colonial discourse lurched awkwardly from one moment to the next between the economy and social identities such as religion and caste as the basic organizing principles of its sociology of knowledge. An ahistorical standardization of social and cultural classifications and characteristics went hand in hand with the

⁵ Government of Punjab (S.S. Thorburn), *Report on Peasant Indebtedness and Land Alienation to Money-lenders in Parts of the Rawalpindi Division* (Lahore, 1896).

⁶ See N.G. Barrier, *The Punjab Alienation of Land Bill of 1900* (Durham, North Carolina, 1966); also, Clive J. Dewey, 'The Official Mind and the Problem of Agrarian Indebtedness in India' (Cambridge, unpublished Ph.D. thesis, 1972).

⁷ Gyan Prakash, for instance, argues that colonial knowledge treated the 'economy' as 'foundational' and culture as 'superstructural' in 'Writing post-Orientalist Histories of the Third World: Perspectives from Indian Historiography' in *Comparative Studies in Society and History*, 32, 2 (1990), pp. 383-408. For a critique see Rosalind O'Hanlon and David Washbrook, 'After Orientalism: Culture, Criticism and Politics in the Third World' in *CSSH*, 34, 1 (1992), pp. 141-67 followed by Prakash, 'Can the "subaltern" ride? A Reply to O'Hanlon and Washbrook', pp. 168-84.

preoccupation with economic stability. The mixing of religious and economic categories in Thorburn's title *Mussalmans and Moneylenders* captures the contradictory tendencies that co-existed in late nineteenth-century colonial discourse. This is not surprising if it is borne in mind that it was Darwin, not Marx, who cast a compelling influence on the official mind reinforced by the legal ideas of Henry Maine.⁸ If Maine's flawed empiricism helped construct the myth of India's ancient village communities, his misplaced faith in social evolution suggested to his followers that a familiarity with 'natural' traits and attributes of castes and communities was a requisite for ensuring social and economic stability, freedom and progress.

Bred in this official-intellectual milieu, Malcolm Lyall Darling was never quite able to free himself from its contradictions. In a section entitled 'the bondage of debt' towards the end of his book he writes: 'Economic freedom is a condition precedent to progress, and to the Indian cultivator no progress is possible till the power of the moneylender, whether agriculturist or bania, is broken'.⁹ If Darling seems in this passage to be a prisoner of the language of rational, bourgeois political economy, he was equally shackled by the chimera of village communities and stereotypical images of caste and religious groups. The 'indolent' Rajput, the 'sturdy' Jat and the 'parsimonious' Ahir had differing inherent propensities towards falling into debt. No one could beat the Arain in 'sheer ant-like industry', but the Gujar and the Dogar regrettably had 'little of the ant about them' and had not rid themselves of 'lazy pastoral habits' as was expected of good sedenterized peasants. Among the money-lending castes the Bania was 'the most subtle and insidious' while the Khatri was 'a trifle more human'. The Arora or Kirar was the worst because to 'the craft of the Bania' and 'the enterprise of the Khatri' he added 'a tenacity and thoroughness all his own'. Darling approvingly quotes Thorburn's

⁸ Perhaps the most influential single work was Henry S. Maine, *Village Communities in the East and West* (3rd edn., London, 1879).

⁹ Malcolm Lyall Darling, *The Punjab Peasant in Prosperity and Debt* (4th edn., London, 1947; reprinted New Delhi, 1978), p. 247. Page references are to the 1978 reprint.

authority: 'Shylock was a gentleman by the side of Nand Lal, *kirar*, as Shylock, though he spoiled the Gentiles, was yet a man of honour. Nand Lal has none, commercially speaking'.¹⁰

Despite his penchant for colourful metaphors from the animal kingdom and fascination with apparently timeless traits of communal character, Darling still had a more acute, intuitive sense of the issue of continuity and change than latterday historians who have failed to notice real change in creditor-debtor relations and have written blithely about the gradual and continuous consolidation of the power of *sahukars* 'over the centuries'.¹¹ To be sure, Darling in one of his more generous assessments of the moneylender wrote about the services he had rendered over 2,500 years 'for millions who must otherwise have perished or never been born'. Yet he read reports by his predecessors carefully and possessed the sharpness of observation to pick up that in the north-western frontier region in pre-colonial times the Arora moneylender was 'nothing but a servile adjunct to the Muhammadan cultivator'. It was only 'when British rule freed him from restraint and armed him with the power of the law . . . [that] he became as oppressive as he had hitherto been submissive'.¹²

On the specific issue of alienation of agricultural land to urban moneylenders Darling implicitly accepted or, at any rate, did not explicitly question the grim story related by Thorburn and his contemporaries. But having had the opportunity to witness the operation of the Punjab Land Alienation Act since 1901, he was not especially enthusiastic about it. The Act's success in preventing the acquisition of land by the non-agriculturist moneylender had led peasant proprietors to regard it as

¹⁰ *Ibid.*, pp. 32-6, 44, 61, 90-1, and 176-8.

¹¹ For instance, David Hardiman, 'The Bhils and Shahukars of Eastern Gujarat' in Ranajit Guha (ed.), *Subaltern Studies V: Writings on South Asian History and Society* (Delhi, 1987), p. 37. Ironically, Hardiman's article accuses various other scholars, who have attempted to identify elements of change under colonialism, of adopting an 'ahistorical' approach. One cannot help wondering whether the phrase 'over the centuries' is not just a mannerism of a type of author enamoured of, yet quite out of depth, in Indian 'culture'.

¹² Darling, *Punjab Peasant*, p. 178.

'a charter of his rights'. Darling felt, however, that the law might thwart 'agricultural progress' in the future. Affirming his evolutionary belief, he writes: 'The child whose hand is always held will never learn to walk; and the cultivator who is always protected will never learn to be independent.'¹³

Well before adopting the Punjab peasant the colonial state had showered its paternalistic affection and care on the peasant-debtor of the Deccan. This occurred when following the anti-moneylender riots of 1875 in the Poona and Ahmednagar districts the Deccan Agriculturists' Relief Act of 1879 imposed 'a partial interdict on the sale of land'.¹⁴ The memory of the revolt of 1857 had not quite faded in the 1870s but the cotton boom of the first half of the 1860s had. So it was in this decade that the anti-utilitarian intellectual backlash registered some success in reshaping colonial agrarian policy. The raiyatwari land revenue settlement of Goldsmid and Wingate had been instituted in the Deccan during the high point of utilitarianism in the 1830s. In Ravinder Kumar's view the utilitarian reformers failed to 'transform the kunbis into acquisitive peasants anxious to exploit the raiyatwari system'.¹⁵ The intellectual temper of the 1870s was influenced by men like Raymond West whose booklet *The Law and the Land in India* published in 1872 took account of 'traditional values and institutions'.¹⁶ Officials persuaded by the new thinking not only sponsored laws against land alienation but, as in the cases of Frederick Nicholson of Madras, H. Duper-nex of the North-Western Provinces and Denzil Ibbetson of the Punjab, were inspired enough by the Raiffeissen banks in Germany to promote a movement for cooperative markets and credit. The feeling of co-operation, they hoped, would check 'the individualism, the rationality, and the spirit of competition'¹⁷ unleashed in rural society by the utilitarians.

Although he tended to accept rather uncritically Maine's and

¹³ Ibid., pp. 156-7.

¹⁴ Ravinder Kumar, *Western India in the Nineteenth Century: A Study in the Social History of Maharashtra* (London, 1968), p. 328.

¹⁵ Ibid., p. 196.

¹⁶ Ibid., p. 203.

¹⁷ Ibid., p. 262.

West's fabrications of traditional India, Ravinder Kumar wrote perhaps the best of the scholarly works published before the 1960s arguing the case for serious dislocations wrought by colonial rule in agrarian society during the nineteenth century. He agreed with the finding of the commission which enquired into the Deccan riots that 'in one village after another the *kunbis* had been gradually dispossessed of their holdings by the *vanis* who thrived under the new dispensation'. The 'dispossessed peasant' had no option but 'to eke out a wretched existence as a landless labourer, often on those very fields which he had formerly cultivated as an independent proprietor'. Kumar readily accepted the widespread existence of rural indebtedness prior to the British conquest in 1818 but claimed that, being dependent for the security of their person and property on the *kunbis*, 'the *vani* never presented a threat to the village' in the pre-colonial era. The introduction of the individualistic raiyatwari land revenue system as well as legal contracts and courts of law by the British drastically and irrevocably skewed the balance of advantage between *vanis* and *kunbis*. The village-level *vanis* were further bolstered by the *sahukars* who were based in the market towns and had emerged as crucial players in the colonial economy. Most revealing of the wealth of illustrative evidence contained in Kumar's work is how a petition drafted in 1873 on behalf of the indebted peasants by Gopal Narsingh Deshmukh, a member of the old elite, was written in 'the romantic idiom' and fell on deaf ears. The peasant-debtors found more effective spokesmen and leaders in the young Westernized brahmins of the Poona Sarvajanic Sabha who knew how to articulate 'the rational language of political economy'.

Kumar's narrative of debt and dispossession was quickly challenged by scholars who questioned the disruptive impact of colonial rule. I.J. Catanach suggested a lower estimate of land transfers, even though he did not object to the main thrust of Kumar's argument.¹⁸ It was Neil Charlesworth who boldly stated that the 'myth' of the Deccan riots had been concocted by

¹⁸ Kumar, *Western India*, ch. V and I.J. Catanach, *Rural Credit in Western India, 1875-1930* (Berkeley, 1970), especially pp. 19-20.

one faction of colonial officialdom in their opportunistic bid to win the debate about agrarian policy then raging in the corridors of government secretariats. According to his evidence alien sahumars owned about 5% of the land under the plough in the Deccan in 1875. Yet the alarmists were able to persuade their own peers and subsequent generations that the Maratha kunbis were being turned into the 'bond-slaves' of Marwari moneylenders. Any 'sober assessment' of the Deccan riots would have indicated that, other than the decline in the position of the patels or village heads, there were 'no symptoms of revolutionary social or economic change'. The sahumars may have used the courts to threaten dispossession in their efforts to collect dues, but it went against the grain of their methods of operation to carry through such threats.¹⁹ What Charlesworth neglected to consider was whether indebted peasant labour left in possession of smallholdings but brought firmly under the sway of moneylending capital represented a real measure of social and economic change under colonial rule.

A more recent intervention into the Deccan debate by Sumit Guha has provided a more careful periodicization of continuity and change in credit relations. On the basis of evidence from upland Maharashtra Guha argues that the early phase of British colonial rule did not bring about any significant difference in the sahumar's modes of operation. It was only after 1860 that alterations in the structure of a commodity-cum-credit market and the rise of a land market effected changes in the older forms of monopsony and injected a new dimension of competition in credit relations. Guha's approach inverts in an interesting way the usual debate about debt and land transfers and indicates how the existence of a land market can mould the nature of credit relations.²⁰

The most measured assessments of the moneylenders' role in social change under colonialism were offered in a number of stylish essays by Eric Stokes. The question which spurred him

¹⁹ Neil Charlesworth, 'The Myth of the Deccan Riots of 1875' in *Modern Asian Studies*, 6, 4 (1972), pp. 401-21, especially pp. 408-9, 421.

²⁰ Sumit Guha, 'Commodity and Credit in Upland Maharashtra, 1800-1950' in *Economic and Political Weekly*, 26 December 1987, A-126-A-140.

to write the essay reproduced below was whether indebtedness could be regarded 'the chief cause of the absence of effective agricultural improvement and dynamic growth in Indian agriculture'. In summarizing his finding on this question in his introduction to *The Peasant and the Raj* he wrote that indebtedness was 'in many ways as much a symptom as a cause of agrarian malaise'.²¹ Stokes was also interested in the large *problematique* of the nature and degree of socio-economic transformation under colonial rule and its implications for peasant politics before, during and after that great watershed event—the 1857 revolt. The peasant risings in 1857 had been 'complex affairs'. Although they reflected resentment caused by 'loss of land control to 'new men' or urban moneylending castes', 'the toughest peasant resistance came from groups that had been most successful in warding off this particular threat'. His case study of the Saharanpur and Muzaffarnagar districts in northern India revealed that 'Gujar hostility to the mahajans' was prompted more by 'a potential threat than actual loss'; the Pandir Rajputs in the forefront of the rebellion had 'successfully warded off alien intrusion'. Among material factors contributing to peasant disaffection Stokes lent more weight to high land revenue demand and ecological uncertainty which in interaction with feelings of relative political deprivation were seen to have generated revolt. The British officers had a convenient scapegoat in the mahajan. Stokes found it 'difficult to see the role of the mahajan in provoking violence as more than tangential'. The moneylender was just the proverbial 'fly on the wheel'.²²

In the essay reproduced below Stokes sets about to examine whether in the latter half of the nineteenth century 'the mass of agriculturists' were being reduced to 'cultivators working for the barest subsistence return under a form of debt peonage'. Yet he cannot quite get away from the question of land alienation to address squarely the question of peasant labour in debt. He finds some evidence in both Jhansi and Bundelkhand of Mar-

²¹ Eric Stokes, *The Peasant and the Raj: Studies in Agrarian Society and Peasant Rebellion in Colonial India* (Cambridge, 1978), p. 12.

²² *Ibid.*, pp. 131, 170, 172, 174-5, 179 and 184.

wari moneylenders gaining control of agricultural lands which led to the passage of the Jhansi Encumbered Estates Act of 1882 and the Bundelkhand Alienation Act of 1903. But he suggests that the moneylenders were not really interested in owning land but were simply cutting their losses during economic downturns. His excursion into relatively labour-scarce Jhansi and Bundelkhand leads him to conclude that 'the institutional arrangements of colonial rule were relatively powerless to bring about decisive tenurial change in the absence of a decisive expansion of agricultural production'. On the Saugor and Nerbudda territories, especially the Jabalpur haveli, Stokes airs some scepticism about the moneylenders' depredations grimly described by British officials like Bamfylde Fuller who were at one with Ibbetson and other Punjab civilians on this question. The 'major move of predominantly moneylending families into landholding did not occur', according to Stokes, 'until the great agrarian crisis and collapse of the decade 1893-1903'. That too was not a result of greed and acquisitiveness on the creditors' part but an attempt to limit losses.

More recent work has posed the question of social change under colonial rule differently. If creditors were generally uninterested in debtors' lands, could the appropriation of surplus through debt interest from peasants left in possession of their smallholdings be interpreted as a qualitatively significant transformation of social relations under conditions of colonial capitalism? In an insightful theoretical intervention for which the smallholding peasantry of late nineteenth-century Deccan was the empirical reference, Jairus Banaji suggested that the penetration of moneylending capital had brought about an important change. It signified the formal, though not real, subsumption of labour by capital.²³ Smallholding peasants had not been reduced to proletarianized wage-labourers but surplus value was being extracted from them through debt interest. Banaji's formulation was more nuanced than several others advanced in the context

²³ Jairus Banaji, 'Capitalist Domination and the Small Peasantry: Deccan Districts in the Late Nineteenth Century' in *Economic and Political Weekly*, Vol. 12, No. 33-34, August 1977, 1375-1404.

of the 'modes of production' debate of the 1970s, especially the notion of a 'colonial mode of production'. But the semantic distinctions made from this theoretical perspective were still insufficient to take account of the varieties of agrarian social structures and the complexities of capitalist economic systems and served to obfuscate the intricate modes of articulation between production and markets. Shahid Amin's article reproduced below correctly emphasises the importance of 'the problem of small peasant commodity production' for 'vast areas of the country'. While the logic of peasant production analysed by Amin can be accommodated within the theory of formal subsumption of labour under capital, that general theory cannot account for the variety of ways in which credit relates to agrarian society. Even within any particular area there were variations in the social organization of production depending on the nature of the credit relationship. My own piece relates the actual operation of credit relations to a typology of agrarian social structure.

Apparent continuities in agrarian social structure often masked significant elements of qualitative change. These elements remained uncaptured in the literature so long as the effect of rural indebtedness on land transfers remained central to the debate about social transformation under colonial rule. So it is crucial to recognize that, '[r]egardless of its impact on the land market', 'changes in rural credit relations alone [could] explain shifts in the agrarian social structure and its link with the economic system'.²⁴ This is not to say that all qualitative changes in agrarian production relations were mediated through credit. There were important shifts in labour relations, especially along lines of gender and generation within the peasant family, that were not reflected in either land transfer figures or easily identifiable changes in credit relations.²⁵ To fully grasp the transformative potential and role of moneylending capital in agrarian society it is necessary to dissect the discourse not only on the relationship of debt to prosperity and poverty but also the

²⁴ Sugata Bose, *Agrarian Bengal: Economy, Social Structure and Politics, 1919–1947* (Cambridge, 1986), p. 148.

²⁵ See Bose, *Peasant Labour and Colonial Capital in The New Cambridge History of India* (Cambridge, 1993).